

The Edge Property Excellence Awards 2025

Creating a balanced revenue portfolio

By Rachel Chew / The Edge Malaysia

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IGB Bhd's (KL:IGBB **ASK EDGE**) results for the financial year ended Dec 31, 2024 (FY2024) clearly reflect the group's strong teamwork, disciplined execution and unwavering focus on strategic priorities. Revenue rose 5% to RM1.67 billion, while profit before tax surged 22% to RM748.1 million.

IGB Bhd group CEO Tan Boon Lee attributes the growth to the steady contribution of all business segments, particularly property investment, which encompasses retail and hospitality, as well as property development.

Reflecting on the group's performance, Tan highlights that the retail division remains the backbone of the company, contributing around 75% of total revenue. Other divisions — hospitality, residential, construction and commercial — also delivered encouraging results, supported by the strong performance of the mixed-use development in Johor Bahru, Mid Valley Southkey.



Tan (fifth from left) with (from left) The Edge Malaysia editor-in-chief Kathy Fong, editor emeritus Au Foong Yee, ARTELIA director Alex Toh, GSPARX Sdn Bhd managing director Sansubari Che Mud, Housing and Local Government Minister Nga Kor Ming, The Edge Media Group publisher and group

CEO Datuk Ho Kay Tat and City & Country senior editor E Jacqui Chan (Photo by Mohd Izwan Mohd Nazam/The Edge)

In an exclusive interview with City & Country, he expresses optimism that Mid Valley Southkey will gain further traction from the Johor-Singapore Special Economic Zone (JS-SEZ) initiative, which is set to enhance cross-border economic activity and investor confidence.

Buoyed by its positive financial results and improving market sentiment, the group has acquired two parcels of land adjacent to The Mall, Mid Valley Southkey for RM214.97 million, with the aim of expanding the development into a landmark destination comparable in scale and vibrancy to its Mid Valley City in Kuala Lumpur.

While retail continues to be the group's bread and butter, Tan is steering IGB towards a more balanced portfolio. His goal is to shift the revenue contribution from the current 75:25 retail-to-other ratio to an even 50:50 within the next two to three years. To achieve this, the company is planning several new property launches in FY2026, including its maiden industrial project in Labu, Negeri Sembilan. He is also placing emphasis on the group's wellness and lifestyle developments to capture the rising demand over the next decade.

Concurrently, IGB will continue upgrading its hotels while scouting for new strategic locations to broaden its hospitality footprint.

In the following excerpts from the interview, Tan shares his expansion strategies, insights into Malaysia's evolving property market and how IGB plans to strengthen its position as a diversified real estate leader.



City & Country: What were some key milestones and achievements reached in FY2024?

Tan Boon Lee: In FY2024, we performed strongly across all our business segments, with particularly encouraging results from the retail division, which has now fully recovered and surpassed pre-pandemic levels in terms of footfall, rental rates and occupancy. As consumer preferences continue to evolve, we have proactively adapted to stay ahead of the curve. A key initiative was the reconfiguration of 300,000 sq ft of space at Mid Valley Megamall to enhance tenant diversity, improve circulation and introduce more community-focused areas that strengthen the mall's position as a lifestyle destination.

Our commercial properties in KL also saw a notable uplift in occupancy, driven by the expansion of our build-to-lease model and the steady return of office workers to physical workplaces. Meanwhile, the hospitality division experienced renewed momentum as global travel rebounded. Upgrading works at St Giles Gardens Residences and Cititel Express Kota Kinabalu, along with our partnership with EVT Hotels and Resorts to transform The Tank Stream Hotel in Sydney into the rebranded Rydges Australia Square, have positioned us to capture the recovery in both domestic and international tourism. Strategic

collaborations with travel partners and a more agile pricing strategy also contributed to our robust occupancy growth.



The build-then-sell Southpoint Residences in Mid Valley City has received encouraging market response, with about half of the 172 units sold (Photo by IGB)

We have continued to diversify our portfolio through innovative living concepts such as ReU Living, our assisted-living brand, and Coliv @ Damai Residence, a co-living venture catering to younger urban professionals. In addition, the recent launch of our build-then-sell Southpoint Residences in Mid Valley City has received encouraging market response — about half of the 172 units have been sold — underscoring sustained demand for well-located, high-quality developments.

On the digital front, we are strengthening engagement with our customers through technology. The MV Club app now seamlessly connects our key malls, providing enhanced convenience and loyalty benefits, while the CHM Club programme has deepened our relationship with hotel guests through personalised offers and rewards. Overall, FY2024 was a year of resilience, renewal and reinvention, a reflection of our team's commitment to adapt, innovate and deliver sustainable value across all divisions.





The Mall, Mid Valley Southkey is the first megamall in Johor. It performed remarkably well since its opening in 2019 despite the challenges of the pandemic years (Photo by IGB)

Given the Overnight Policy Rate cut and improving consumer sentiment, what is your outlook for the retail and hospitality segments? How might the rationalisation of fuel subsidies and expanded sales and service tax (SST) affect your margins?

The expanded SST and rising cost of living have certainly had an impact on consumer spending, particularly within the luxury retail segment. However, as a mall operator, we have yet to fully feel the effects. The real test will likely come during the next cycle of tenancy renewals, when some tenants may seek to renegotiate terms or request greater flexibility in their contracts. We are monitoring these developments closely and remain confident that our strong tenant mix and strategic asset management will help mitigate potential pressures.

That said, shopping malls continue to play a central role in the daily lives of Malaysians. They are not merely retail spaces but vibrant social hubs with places for entertainment, family gatherings, dining and lifestyle experiences. I believe that large-scale integrated developments such as Mid Valley City will continue to perform well despite macroeconomic headwinds, as they offer a comprehensive ecosystem that goes beyond shopping to deliver convenience and connection.

On the other hand, malls in second- and third-tier cities may face stiffer challenges, especially in sustaining occupancy and achieving rental growth, as local purchasing power and retail diversity can be more limited. Nevertheless, neighbourhood malls within major township developments will continue to hold their ground. Their purpose extends beyond profitability; they serve as essential community anchors that provide everyday goods, services and a sense of place for the surrounding residents.

In short, while the market may face near-term headwinds, the long-term fundamentals of Malaysia's retail landscape remain resilient and community-driven.

IGB's recent land acquisition in Johor Bahru — next to Mid Valley Southkey — signals a major expansion. Can you share your vision for this project and your outlook on the Johor market?

Our The Mall, Mid Valley Southkey, which opened in 2019 as the first megamall in the state, has performed remarkably well despite the challenges of the pandemic years. Today, the mall maintains an impressive occupancy rate of 98%, reflecting its strong tenant mix, strategic location and the growing consumer base in southern Malaysia. This encouraging performance has prompted us to explore further expansion of this integrated development.

In August this year, we acquired two parcels of leasehold land in Johor Bahru for RM214.97 million. This acquisition marks the next phase of our long-term growth plan, a major mixed-commercial development designed as an extension of the successful Mid Valley City concept, anchored by The Mall, Mid Valley Southkey. The new parcels will significantly expand our footprint in Johor, building on the success of the existing 36-acre Mid Valley Southkey. Our goal is to replicate the vibrancy and commercial synergy achieved by our Mid Valley Megamall and The Gardens Mall, while tailoring the project to meet Johor's evolving market dynamics.

Separately, we have also completed the disposal of The Mall, Mid Valley Southkey, to IGB Real Estate Investment Trust (KL:IGBREIT  ) for RM2.65 billion. This strategic move allows the group to unlock value from the asset while providing IGB REIT with a third major property and its first investment outside the Klang Valley.

In my opinion, Johor's retail market is becoming increasingly competitive, driven by several catalytic developments such as the JS-SEZ and the upcoming Johor Bahru–Singapore RTS (Rapid Transit System). To capture emerging opportunities, we are considering fresh retail and lifestyle concepts for the next phase of Southkey's expansion, including the possibility of a pet-friendly concept, with elements such as edutainment, sports and health to attract different groups of people.

While it is still early to share details, we believe the mall stands to benefit substantially from the spillover effects of the nearby RTS Bukit Chagar. The positive impact could be further amplified if the proposed Johor ART (Autonomous Rapid Transit) system materialises, providing seamless last-mile connectivity from Singapore to Bukit Chagar and directly enhancing accessibility to Southkey.



“ We plan to ... achieve a more balanced revenue mix, shifting from the current 75:25 ratio between retail and other divisions to 50:50 within the next two to three years.” — Tan (Photo by Patrick Goh/The Edge)





FINANCIAL YEAR END (RM MIL)	2024	2023	2022	2021	2020
Revenue	1,670.6	1,596.9	1,291.2	930	1,016.4
Pre-tax profit	748.1	614.3	421.1	351.4	147.6
Paid-up capital	1,394.1	1,394.1	1,394.1	1,393.8	1,338.5
Shareholders' funds	4,306.8	4,199.7	3,996.1	4,122.4	3,673.8
Profit attributable to shareholders	416.2	311.9	159.1	161.8	9.2
Dividend payout ratio (%)	39	30	28	94	183

ONGOING PROJECTS

PROJECT/LOCATION	TYPE	GDV (RM MIL)	LAUNCH DATE (MONTH/YEAR)
Kundang Jaya Retail Park	Commercial	37	May 2024
Southpoint Residences, Mid Valley City	Residential	439	Sales by invitation and appointment only

IN THE PIPELINE

PROJECT/LOCATION	TYPE	GDV (RM MIL)	EXPECTED LAUNCH DATE (MONTH/YEAR)
The Batai, Damansara Heights	Residential	358	1Q2026
Industrial park, Labu, Negeri Sembilan	Commercial	156	2Q2026
Integrated development, Kerinchi	Mixed-use development	655	3Q2026

IGB has a very diverse portfolio across retail, office, hospitality, residential, and now co-living and assisted living. How do you plan to balance and prioritise investments across these different segments?

As mentioned earlier, our hotel business has shown steady improvement both within Malaysia and overseas. To stay competitive, we are currently undertaking refurbishment works across all our hotels to enhance the guest experience and operational efficiency. At the same time, we are exploring opportunities to expand our hospitality footprint in high-potential markets.

Kota Kinabalu, in particular, has emerged as a strong performer. Our Cititel hotel there has been delivering solid results, supported by robust tourism growth and increasing air connectivity. With the Kota Kinabalu International Airport now ranked as the second-busiest airport in Malaysia after Kuala Lumpur International Airport, the city continues to attract both business and leisure travellers, making it a prime market for expansion.

While we also have hotels in the UK and Australia, we are not actively seeking to expand in those markets at the moment. Our focus remains on Malaysia, where we see greater room for growth. That said, we have been exploring opportunities in new markets such as Japan, which we view as a strong market. However, we have yet to identify a location that fully meets our investment criteria.

For any new hotel, location remains our top priority. It must be conveniently situated, surrounded by amenities, safe and vibrant. It doesn't necessarily have to be in the heart of the city, but it must be where the energy and activities are.

Looking ahead, we plan to launch more property developments in the coming years as part of our strategy to achieve a more balanced revenue mix, shifting from the current 75:25 ratio between retail and other divisions to 50:50 within the next two to three years.

For FY2026, we are preparing to introduce two new residential projects in Damansara Heights and Kerinchi, one being a low-density landed residential [project] and another is a high-rise development. We are also

launching our maiden industrial development in Labu, Negeri Sembilan. The first phase of the 800-acre industrial park is set to launch early next year. This phase will focus primarily on land plots aimed at large manufacturers seeking to build their own facilities, with us providing the necessary infrastructure. In later phases, we plan to introduce ready-built factories and more curated industrial components once we gain better insights into market demand.

Industrial properties are currently in high demand, and Labu's strategic location near the airport positions it well for long-term growth. We are also open to exploring complementary opportunities within the site, such as logistics hubs or data centres, although we intend to proceed prudently given that this is a new segment for us. Our approach will be measured: start with the first phase, assess market feedback and expand progressively as we build expertise in this promising new area.

Apart from our core businesses, we have also ventured into the assisted-living segment with our ReU Living brand. We are actively exploring more opportunities within the wellness sector, which we believe will play an increasingly important role in Malaysia's property landscape over the next decade.

Like it or not, Malaysia is transitioning into an ageing society, with a steadily rising median age and a shrinking average household size. While demand for assisted-living and wellness-focused developments is still nascent today, we anticipate it will accelerate significantly, likely within the next 10 to 15 years. By then, it may be too late to start from scratch, so it is essential for us to lay the groundwork now.

Although the current market for such properties remains relatively small, our strategy is to build a strong foundation, establishing our reputation, refining our operating model and positioning ourselves early to capture future demand. ReU Living allows us to better understand customer needs in this growing segment while demonstrating our commitment to long-term sustainability and social responsibility.

We see great potential in the broader wellness segment, encompassing not only senior living but also preventive healthcare, lifestyle and community well-being. Over time, we believe this business will evolve into a meaningful contributor to the group's revenue, aligning with IGB's vision to create developments that enhance quality of life and deliver enduring value to both residents and investors.