

IGB to unlock RM2.6b in value from Southkey Mall disposal

IGB Bhd has revealed a strategic plan to unlock the value of its Johor-based landmark asset — The Mall, Mid Valley Southkey (MVS Mall) — through a RM2.65 billion disposal to IGB Real Estate Investment Trust (IGB REIT), in a move expected to enhance capital efficiency and deliver improved shareholder returns.

The disposal will be executed via its 70%-owned indirect subsidiary Southkey Megamall Sdn Bhd, which has entered into a conditional sale and purchase agreement with MTrustee Bhd (the trustee of IGB REIT) for the sale of the mall.

The consideration will be satisfied through a combination of cash and new units in IGB REIT.

As part of the deal, IGB plans to undertake a distribution-in-specie (DIS) of a portion of the REIT units it receives from the disposal to its shareholders, allowing them direct exposure to IGB REIT's yield-accretive business.

IGB said the transaction will be carried out at the mall's fair value of RM2.65 billion, based on an independent valuation, unlocking significant value above its existing net book value of RM1.1 billion. Located within the Mid Valley Southkey integrated development in Johor, the mall is a flagship retail asset in the group's portfolio.

In a statement, the group said the proposed disposal and distribution-in-specie — collectively referred to as "the proposals" — are intended to streamline the group's asset ownership structure, improve its cost of capital and provide shareholders with greater flexibility.

"This exercise allows IGB



Source: MVS Mall's Facebook

Shareholders to benefit from direct exposure to REIT income as IGB restructures mall ownership for long-term returns

Group to streamline its asset holding structure by injecting MVS Mall into a REIT structure that focuses on regular and high distributions, thereby providing greater value and enhancing returns to the shareholders," the group said.

IGB will retain effective control of the mall through its majority stake in IGB REIT post-transaction.

The proposed disposal is also expected to enable the refinancing of existing loans on the mall under SMSB, replacing them with more competitively priced borrowings under IGB REIT's medium-term note programme.

The upcoming in-specie distribution will involve issuing IGB REIT units to IGB shareholders, structured in a way that ensures IGB retains a 51% majority control in the REIT post-distribution.

The entitlement date will be announced at a later stage.

"The proposed DIS offers IGB shareholders dual benefits, namely continued dividends from IGB shares as well as stable and recurring distribution from IGB REIT. Additionally, IGB share-

holders may benefit from potential future upside and growth of IGB REIT with the flexibility to monetise their IGB REIT units for cash via the open market," the group said.

Both the disposal and the DIS are subject to approval from IGB's shareholders and the unitholders of IGB REIT.

The group expects the transaction to be completed by the fourth quarter of 2025 (4Q25).

MVS Mall opened in 2019 and is part of the larger Mid Valley Southkey development, which spans over 36 acres and includes office towers, hotels and residential components.

The asset has emerged as a key growth driver in IGB's property portfolio outside of the Klang Valley.

Upon completion of the transaction, IGB will continue to have a stake in the recurring income generated by the mall via its controlling interest in IGB REIT, while also providing investors the opportunity to benefit from both capital gains and income from direct REIT ownership.

— TMR