

IGB-REIT to acquire Johor's largest mall

Firm's RM2.65bil purchase set to raise its gearing level

PROPERTY

PETALING JAYA: IGB Real Estate Investment Trust (REIT) is acquiring Johor's largest mall for RM2.65bil and this will be funded by a RM1bil debt and the issuance of new IGB-REIT units.

The proposed acquisition of The Mall, Mid Valley Southkey will raise IGB-REIT's gearing level, albeit manageable, to 26.49% as total borrowings will increase to RM2.24bil.

As at end-2024, the REIT's gearing level was just above 21%.

With the purchase, which is likely to be completed by the fourth quarter of 2025, IGB-REIT will be making its maiden entry into Johor and raising its total investment properties value to exceed RM8bil.

Currently, IGB-REIT owns Mid Valley Megamall and The Gardens Mall, both located in Kuala Lumpur.

It was announced yesterday that MTrustee Bhd, acting for and on behalf of IGB-REIT, had entered into a conditional sale and purchase agreement with Southkey Megamall Sdn Bhd (SMSB) for the proposed acquisition of the six-storey The Mall, together with the related assets and rights.

The Mall, which spans 1.53 million square feet, had an occupancy rate of

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IGB Real Estate Investment Trust

94.98% as of May 9, 2025. In 2024, the mall made a revenue of RM268.68mil.

IGB Bhd indirectly controls 70% of SMSB, while Southkey City Sdn Bhd owns the remaining 30%.

It is noteworthy that IGB Bhd is the single-largest unitholder of IGB-REIT.

Meanwhile, Southkey City is wholly-owned by Tasik Zamrud Sdn Bhd, which in turn is owned by Datuk Mohamed Zaini Amran.

To fund the purchase of The Mall, medium-term notes will be issued by a special-purpose vehicle to be incorporated, which will be wholly-owned by the MTrustee for and on behalf of IGB-REIT.

While this will provide RM1bil in cash, the remaining RM1.65bil will be raised via the issuance of about 699.15 million new units at an issue price of RM2.36 per unit.

The total number of new units repre-

sent 16.18% of IGB-REIT's enlarged issued units upon the completion of the proposed acquisition.

In a statement, IGB-REIT said The Mall is poised to be a significant addition to its portfolio, providing stable recurring income and strong growth potential.

"This is underpinned by its prime location within the integrated Mid Valley Southkey development in Johor Baru, a key economic zone."

The REIT anticipates the acquisition to be yield-accretive, with a net property income (NPI) yield of approximately 7.2%.

This is based on The Mall's NPI for the financial year ended Dec 31, 2024 and the purchase consideration, it added.

Meanwhile, shareholders of IGB will be rewarded with part of the consideration units via a distribution-in-specie by IGB.