

IGB REIT to focus on its 2 retail assets

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KUALA LUMPUR: IGB Real Estate Investment Trust (REIT), a unit of property developer IGB Corporation Bhd that is en route to a listing on Bursa Malaysia's Main Market, will focus on growing its two retail assets in the next few years besides looking at potential acquisitions overseas.

IGB Corp's 75 per cent subsidiary KrisAssets Holdings Bhd, which owns the two retail assets under the IGB REIT - Mid Valley Megamall and The Gardens Mall - has formed IGB REIT Management Sdn Bhd to manage and set the strategic direction of the trust.

"We are looking at a year-on-year revenue growth of between five per cent and eight per cent, mostly from rental space of The Garden Mall and Mid Valley Megamall," said IGB REIT Management managing director Robert Tan Chung Meng at the trust's prospectus launch yesterday.

Tan said The Gardens Mall and Mid Valley Megamall registered turnover growth of six per cent and 10 per cent, respectively, in the six-month period ending June 30, 2012.

"Our total rental income from the group's office buildings have increased by nine per cent in the same period, compared to the corresponding period in 2011," he said.

Tan said the company is looking to acquire properties in Europe and the United States due to low replacement cost of properties in the two markets.

"We can get good deals in Europe and the US, where we can get some properties for below the replacement cost."

Meanwhile, the trust, which offers 670 million units at an initial retail price of RM1.25 per unit, is expected to raise RM837.5 million from the initial public offering with a forecast 5.1 per cent yield annualised.

"The offer price is a fair deal looking at other REITs' performance, and we are very conservative when it comes to pricing," Tan said.

He said the listing will provide an avenue for investors to invest in one of the largest REITs in Malaysia with a total net lettable area of approximately 2.5 million sq ft.

IGB REIT, slated to be listed on September 21, is expected to achieve a market capitalisation of RM4.25 billion upon listing.