

# IGB may inject Iskandar assets into REIT

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**KUALA LUMPUR:** Property group IGB Corp Bhd may inject properties from its RM2 billion project in Iskandar Malaysia, Johor into its real estate investment trust (REIT) currently valued at RM4.5 billion, once the integrated commercial development is fully developed in five years.

“That is a possibility in the future,” group managing director Robert Tan Chung Meng (pix) told reporters after a signing ceremony between IGB Corp’s subsidiary Megan Prestasi Sdn Bhd and Distinctive Ace Sdn Bhd here yesterday.

“For IGB Corp, we prefer to keep buildings for recurring income and so far, this strategy has worked well. Iskandar Malaysia is an up and coming area and it is a good idea to hold properties for future

recurring income,” he added.

Tan was asked whether the group plans to inject the new Medini project into IGB REIT.

Earlier, Megan Prestasi signed an agreement with Distinctive Ace for the purchase of a 50% controlling stake plus one share in the latter for RM33 million. Distinctive Ace is the developer of the 7.28ha land.

Key components in the mixed development are expected to include three to four blocks of residential building, one block of commercial building and one hotel.

The Medini project marks IGB’s second major project in Johor. The first was the RM6 billion Southkey Megamall.

“Southkey is about to commence. We just got the development order and hopefully we’ll be on the ground in three months,” Tan said.

“We’ve done a lot in Johor already... the



two projects and we're talking about RM7 billion to RM8 billion worth of projects. For the time being, it is enough. If there's too much on our plate, we may not be able to swallow," Tan added.

Commercial and hotel segments currently contribute 80% to IGB Corp's profit and moving forward, it will shift its focus on long term investments.

Tan said following yesterday's signing, Distinctive Ace will now become a subsidiary of IGB Corp.

Distinctive Ace had in November last year signed a lease purchase agreement with Iskandar Investment Bhd to develop the land with a gross floor area of 2.75 million sq ft for RM99 million. The land is now valued at RM166 million.

The project is expected to start by year-end or early next year. This will be Distinctive Ace's third foray into the Johor property market, after its Tebrau and Iskandar Residences located in Johor Baru and Medini Iskandar respectively. It has a landbank of 11.53ha in Johor.