

# IGB extends gains on UK asset disposal, trades at record high

*Shares in the property company ended the day at an all-time high with 485,900 units traded*

by MARK RAO

IGB Bhd jumped 15.3% to close at a fresh high of RM3.92 yesterday, bolstered by the company's plan to sell its stake in a UK-based property asset and a proposal to list its commercial real estate portfolio.

Shares in the property company ended the day at an all-time high with 485,900 units traded, giving the company a market capitalisation of RM2.67 billion.

On Tuesday, the firm said its indirect wholly-owned subsidiary, Verokey Sdn Bhd and Tower Ray Ltd, entered into a non-binding heads of terms agreement to dispose of their entire 100% interest in Black Pearl Ltd for £235 million (RM1.27 billion).

Verokey and Tower Ray each hold a 50% stake in Black Pearl, which is the owner of a freehold title to a land known as 18 Blackfriars Road, SE1 in London — a pro-



IGB also plans to establish and list a commercial REIT, comprising commercial properties in KL currently owned by IGB subsidiaries

erty asset initially earmarked for a mixed-development.

The heads of terms agreement provide exclusivity for the purchasers of the asset, namely Hero Inc Ltd, Staycity Ltd and BSW Land and Property Ltd, until Feb 7 next year.

According to Public Investment Bank Bhd (PublicInvest), the land

in London was initially purchased for approximately £122 million in 2014 and was earmarked for a mixed-development to be launched in the first half of last year.

However, this was deferred due to the change of design to meet authorities' requirements.

"With current Brexit-related

uncertainties, we believe that the outright land disposal is positive to monetise the asset (50% stake worth some RM635 million) immediately and minimise development risks," its analyst Tan Siang Hing wrote in a report yesterday.

The research firm maintained an 'Outperform' call on the stock at a RM4.70 target price. This is pegged at an approximately 50% discount to its revalued net asset value estimates and represents a potential upside of 19.9% to the company's last closing price.

Meanwhile, IGB is also planning to establish and list a commercial real estate investment trust (REIT), comprising commercial properties in Kuala Lumpur (KL) currently owned by IGB subsidiaries.

The REIT's initial investment portfolio will comprise nine properties, seven of which are located in Mid Valley City and two along Jalan Tun Razak, KL.

The exercise is geared at allowing IGB to unlock the value of its commercial property portfolio, the group said in a Bursa Malaysia filing on Nov 21.

The proposed exercise is a posi-

tive for the company, with the value of the commercial assets estimated to be in excess of RM3 billion, Tan said.

"Assuming IGB is keeping a 51% stake, the listing could monetise at least RM1.5 billion for shareholders," he wrote in a PublicInvest note last month.

The announcement triggered strong buying support for IGB, which rose 45.2% or RM1.22 from Nov 21 this year up to market close yesterday, resulting in a market capitalisation gain of RM831.03 million over that period.

For the third quarter ended Sept 30 this year, IGB's net profit dipped 2.7% year-on-year to RM66.45 million on lower contributions from the commercial segment, which comes under the property investment business, and the hotel division.

Turnover for the quarter was 3.1% YoY higher at RM364.36 million due to stronger contributions from the retail and commercial divisions under property investment.

For the nine-month period, the company's net profit increased 3.6% YoY to RM148.76 million as revenue rose 7.9% to RM1.01 billion.