

IGB Commercial REIT

set to be listed on Bursa

➤ Initial portfolio will comprise selected properties in Mid Valley City, and Menara Tan & Tan and G Tower on Jalan Tun Razak, Kuala Lumpur

PETALING JAYA: The local stock exchange is set to welcome a new real estate investment trust (REIT) as IGB Bhd is planning to establish and list IGB Commercial REIT on the Main Market of Bursa Malaysia Securities.

This would be the second REIT under IGB in addition to IGB REIT which has Mid Valley Megamall and The Gardens Mall in its portfolio.

The group told Bursa Malaysia that the initial investment portfolio of IGB Commercial REIT will comprise Menara IGB, Centrepont South, Centrepont North, The Gardens South Tower, The Gardens North Tower, Menara Southpoint (excluding the residential units), Boulevard Offices (Blocks 25 and 27). All of them are located within Mid Valley City in Kuala Lumpur.

Menara Tan & Tan and G Tower on Jalan Tun Razak, Kuala Lumpur, are also part of the portfolio.

The establishment and the listing of the REIT entail the proposed disposal of its subsidiaries' interests in the properties to IGB Commercial REIT with the sale sum to be satisfied through a combination of cash and issuance of new units in IGB Commercial REIT.

Upon the disposal, IGB shareholders will receive IGB Commercial REIT units through the proposed restricted offer for sale and distribution-in-specie.

IGB will also place out IGB Commercial REIT units to institutional and selected investors to meet the public unitholding spread requirement of at least 25% pursuant to the Main Market Listing Requirements of Bursa Securities.

IGB said the listing of IGB Commercial REIT will allow the group to unlock the value of its commercial property portfolio.

"The proposed REIT establishment and listing will be subject to, amongst others, valuation of the subject properties to be conducted, finalisation of the structure, terms and conditions, the necessary approvals, waivers and/or consents from

Menara Southpoint, excluding the residential units, is one of the assets to be included in the new REIT. – *WEBSITEPIX*



the relevant authorities and the approval of the shareholders of IGB."

Hong Leong Investment Bank Bhd has been appointed as the principal adviser and bookrunner for the listing exercise.

Separately, IGB announced that its net profit for the third quarter ended September 2019 slipped 2.7% to RM66.46 million against RM68.29 million in the previous corresponding period, due to lower contribution from the property investment (commercial) and hotel divisions.

Its revenue, however, rose 3.2% to RM364.36 million from RM353.22 million.

IGB REIT, meanwhile, reported total gross revenue and net property income of RM136.3 million and RM100.7 million respectively, an increase of about 2% and 4% respectively.

In the property investment (commercial) division, average occupancy rates for the group's commercial buildings in the third quarter were above 80% with average rental rates at RM6 per square foot.

However, revenue recognition from the property development division fell 52% to RM30.8 million as the group's only project currently under construction, Stonor 3, is nearly complete.

The hotel division's revenue fell 10% to RM70.6 million mainly as a result of lower average occupancy rates and lower average room rates by a majority of its hotels.

For the first nine months of the year, IGB's net profit rose 3.6% to RM148.76 million from RM143.64 million, with revenue expanding 7.9% to RM1.02 billion from RM940.91 million.