

No property development plan for IGB this year

PETALING JAYA: IGB Bhd, which is known for its Mid Valley City development in Kuala Lumpur, said it has no property development project plan for this year in view of the continuous difficult and challenging market.

"The group's development projects were completed in 2019 and there are at present no plans for any new launches.

"The group will concentrate its efforts on disposing of its current stock of completed properties while at the same time planning for future launches," it said in a filing with Bursa Malaysia yesterday.

IGB posted a 34% decline in net profit to RM59.9mil for the fourth quarter ended Dec 31, 2019, from RM92mil a year earlier.

The property group attributed the decline in profits was due to depreciation and finance costs being charged upon commencement of

business of Mid Valley City Southpoint Sdn Bhd and Southkey Megamall Sdn Bhd.

Nonetheless, IGB recorded higher revenue growth of 18.4% to RM427.5mil in the fourth quarter compared to RM361.1mil previously, thanks to higher rental revenue from its new office building Menara Southpoint located at Mid Valley City as well as rental revenue from The Mall, Mid Valley Southkey which opened for business on April 23, 2019.

IGB said its revenue recognition from the property development division during the current quarter decreased by 23% to RM50.3mil compared to the same period last year of RM65.5mil as its development project "Stonor 3", a 400-unit condominium located in the vicinity of KLCC was completed in the previous quarter.

Cumulatively, its earnings for the full year

of financial year 2019 (FY19) dropped by 11% to RM208.7mil from RM235.6mil a year earlier.

Revenue for the year jumped more than 10.7% to RM1.44bil from RM1.30bil recorded previously.

For its property investment segment, IGB expected it would be more challenging in the near-term with the scheduled increase in supply of new retail space and slower demand for office space in Kuala Lumpur.

"However, with the prime location of the Group's retail malls and office buildings, the Board expects contribution from this segment to be satisfactory," it said.

IGB said its mall in Mid Valley Southkey, located in Johor Baru had its soft opening in April last year and is expected to contribute to the growth of the group's retail division.