

# IGB REIT's NPI falls 43% on higher rental support

*Despite that, the group says the retail industry is expected to possibly recover by year-end*

by SHAFIQQUL ALIFF

IGB Real Estate Investment Trust (REIT) net profit in the third quarter ended Sept 30, 2021 (3Q21), fell by 49.9% to RM38.5 million against RM76.8 million previously.

It saw its net property income (NPI) decline by 42.8% to RM55.9 million in 3Q21 from RM97.8 million last year, on lower revenue.

In a filing to Bursa Malaysia yesterday, IGB said quarterly revenue fell 26.73% to RM95.8 million from RM130.75 million.

It declared an interim income distribution per unit of 1.18 sen — of which 1.16 sen is taxable and 0.02 sen is non-taxable to be paid on Nov 30.

“The lower revenue, NPI and profit after taxation were mainly due to the higher rental support provided to tenants as well as higher allowance for impairment of trade receivables in the current quarter arising from the Covid-19 pandemic, and Kuala Lumpur was placed in Phase 1 and Phase 2 of National Recovery Plan,” said IGB REIT.

The current quarter's distributable income was RM43.1 million, consisting of RM38.5 million in realised profit and RM4.2 million in non-cash adjustments, primarily due to a manager fee payable in units.



Although there are some initial signs of recovery in business and economic conditions, IGB REIT remains cautiously optimistic to stay resilient throughout the Covid-19 pandemic and the subsequent endemic phase

On the group's prospect, IGB REIT said the retail industry is expected to possibly recover by the end of 2021.

“The Retail Group Malaysia has revised downwards its forecast for Malaysia's 2021 retail industry growth rate to 0.8% from 4% projected in June 2021 after taking into consideration the lower growth in 2Q21 and the revision of its 3Q's estimate, the Enhanced Movement Control Order enforced in large parts of Selangor and

selected locations in Kuala Lumpur in July 2021,” it stated.

Despite the current reopening of retail trades and some initial signs of recovery in business and economic conditions, IGB REIT remains cautiously optimistic.

The group is determined to stay resilient throughout the Covid-19 pandemic and the subsequent endemic phase, and remains committed to bringing about long-term value for its stakeholders.