

BERNAMA - IGB REIT 2Q 2023 NET PROFIT LOWER AT RM80.97 MLN

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KUALA LUMPUR, July 26 (Bernama) -- IGB Real Estate Investment Trust's (IGB REIT) net profit for the second quarter ended June 30, 2023 (2Q 2023) slid three per cent to RM80.97 million from RM83.47 million in the same quarter last year.

Revenue increased 5.8 per cent to RM141.54 million from RM133.76 million previously.

In a filing with Bursa Malaysia today, the company said the higher revenue was mainly due to higher rental income in the current quarter.

However, it noted that the lower net property income of RM102.79 million against RM105.72 million a year ago and lower net profit were mainly due to higher utility expenses in the current quarter and higher reversal for impairment of trade receivables compared with the corresponding quarter in 2022.

Its distributable income for the current quarter amounted to RM87.2 million.

On prospects, the filing said Retail Group Malaysia (RGM) has revised Malaysia's annual retail industry growth rate for 2023 upwards from four per cent to 4.8 per cent.

However, 3Q 2023 growth rate is estimated at two per cent only due to the high base effect in 3Q 2022, which saw a 96 per cent retail industry growth.

As for 4Q 2023, the industry is hopeful for a three per cent growth after a rosy 2022 performance, the filing said.

"Shortage of workers, higher operating costs particularly in the electricity hikes, intense competition and expansion plans remain as key challenges to the domestic retail industry in 2023.

"Retailers' profit margins would be depleted unless such cost escalations could be passed on to domestic consumers in the form of cost-pushed price hikes," it said.

Moving forward, IGB REIT added that it is cautious about 2023 retail sales growth, which will affect tenants' performance at shopping malls and the company's financial performance.

The company's portfolio comprised two investment properties Mid Valley

Megamall and the Gardens Mall, which as at June 30 2023, were independently valued at RM3.70 billion and RM1.32 billion, respectively.

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