

IGB REIT's NPI up 10% while sister company IGB Commercial REIT's NPI jumps 22% | EdgeProp.my

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KUALA LUMPUR (Oct 13): Higher rental income helped IGB Real Estate Investment Trust (IGB REIT) record a 9.99% increase in net property income (NPI) to RM111.29 million for the third quarter ended Sept 30, 2023 (3QFY2023), from RM101.19 million a year earlier.

The REIT, whose portfolio includes the [Mid Valley Megamall](#) and [The Gardens Mall](#), posted a 6.82% rise in revenue to RM149.68 million versus RM140.12 million previously.

Distributable income rose 6.89% to RM95.76 million as compared to RM89.59 million a year ago. The REIT declared an income distribution per unit (DPU) of 2.6 sen, payable on Nov 20.

Meanwhile, IGB Commercial REIT's NPI jumped 21.66% to RM31.44 million in 2QFY2023, as compared to RM25.84 million a year earlier, driven by higher revenue of RM52.91 million during the quarter, a 16.33% increase from last year.

The higher revenue was driven by a higher average occupancy rate across its properties, which are made up of office buildings in MidValley City as well as Menara Tan & Tan, Hampshire Place Office and GTower in the

Kuala Lumpur (KL) city centre.

Its distributable income rose 20.16% to RM20.87 million from RM17.37 million previously.

Touching on prospects, IGB REIT said it remains cautious about the challenges for growth in retail sales in 2023, which would affect its tenants' performance at shopping malls, and in turn, the REIT's financial performance.

"Nonetheless, IGB REIT remains committed to bringing about long-term value to its stakeholders," it added.

As for IGB Commercial REIT, it said rental rates in the KL city centre continue to face pressure due to competition from newly constructed premier office buildings, while rental rates for the fringe areas of KL are on the rise as demand for high-quality decentralised space grows.

"In response to market pressures affecting rental rates and occupancy levels, IGB Commercial REIT is committed to actively enhancing tenant retention and maintaining a leading position in the market.

"To achieve this, we have implemented a multi-faceted approach, including substantial asset upgrades to ensure our properties remain contemporary and relevant for our tenants," it said.

IGB Commercial REIT said this has yielded positive results, citing improved occupancy rates in both MidValley City and the KL city centre.

Units in IGB REIT closed two sen or 1.19% higher at RM1.70, valuing the REIT at RM6.12 billion. Meanwhile, IGB Commercial REIT's units ended half a sen or 1.01% lower at 49 sen, giving it a market capitalisation of RM1.14 billion.

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