

IGB REIT IPO set to be 4th largest this year



BUSINESS

Friday, 07 Sep 2012 12:00 AM MYT



The Gardens Mall is one of the properties of IGB REIT.

KUALA LUMPUR: [IGB Real Estate Investment Trust](#)  (REIT) has priced its initial public offering (IPO) to institutional investors at the top of an indicative range in a deal that will raise about US\$260mil in the buoyant Malaysian market, according to sources.

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The institutional tranche of the offer was about 30 times oversubscribed, one of the sources said, underscoring the growing interest in Malaysian deals and the emergence of South-East Asian capital markets.

Equity issuance in Malaysia year-to-date stands at about US\$7.9bil, compared with US\$3.9bil last year, and Malaysian IPOs have gained 17% year-to-date on average, according to Thomson Reuters publication IFR.

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The IGB REIT was likely to yield 5.1% to 5.2% a year, IFR reported, making it appealing to investors looking to bolster returns amid volatile stock markets and with global interest rates near record lows.

Demand was also buoyed by the relatively small size of the deal, compared with FGVH's US\$3.1bil IPO and US\$2.1bil IHH dual-listing.

The property trust owns two Kuala Lumpur shopping malls the Mid Valley Megamall and the Gardens Mall.

Meanwhile, MIDF Research has placed a fair valuation of RM1.43 per share based on the resilient earnings of Malaysian REITs. The research house said there had been strong interest in IGB REIT with the retail and institution portions of the offer for sale oversubscribed.

“Hence we believe our estimated fair value (capital gain potential of 14%) is not overly optimistic,” it said. Reuters

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