

IGB REIT to raise RM838m



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BUSINESS

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The listing of IGB's retail REIT is to unlock the value of its retail assets - Mid Valley Megamall (seen here) and The Gardens Mall.

PETALING JAYA: [IGB Real Estate Investment Trust](#) (IGB REIT) expects to raise RM837.5mil from the initial public offering (IPO) of 670 million units on Bursa Malaysia's Main Market.

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IGB REIT will invest in a diversified portfolio of primarily income-producing retail real estate in Malaysia as well as overseas.

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The retail offer of 201 million units represents approximately 5.9% of the total units upon listing. 24 million of those units will be made available to the public via balloting. The remaining 167 million units are reserved for application by eligible directors and employees. The IPO will see 469 million units available for institutional offering at a price to be determined by a bookbuilding exercise. This represents 13.8% of the total units upon listing. The retail offering will be opened to the public on Aug 23, 2012 while the institutional offering will start on Aug 28, 2012.

The listing expenses are estimated to be RM27mil and will be funded via internally generated funds. IGB REIT said it would utilise the funds contributed from the rental income of its properties. "The expenses will be fully settled within one month of the listing," it said.

Via the IPO, IGB REIT aims to enhance liquidity, raise funds for future real estate acquisitions, and provide investors stable dividends and potential capital appreciation.

Prior to its establishment, IGB REIT did not have any portfolio of real estate save for Mid Valley Megamall and The Gardens Mall.

Its total revenue comprises of gross rental income and other income earned from its properties, which include car park income amongst others. IGB REIT has forecasted revenue of RM197.8mil and RM408.1mil for the forecast period 2012 and 2013 respectively, which assumes that the first financial year is the six-month period ending Dec 31, 2012 and an establishment date of July 1, 2012.

— CIMB Investment Bank and Hong Leong Investment Bank are the joint principal advisers and joint

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KrisAssets had proposed to convert the main and related assets to IGB Corp for RM 1.1 billion, which will be paid for in cash and the issuance of the 3.4 billion units in IGB REIT.

KrisAssets had also proposed the 670 million units by Mid Valley City Gardens Sdn Bhd through the IPO. It had intended to distribute the remaining 2.73 billion units as well as the cash proceeds from the sale and the IPO to its shareholders at a later date.

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