


Confidence in IGB REIT




BUSINESS

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KUALA LUMPUR: [IGB Real Estate Investment Trust](#)  has set a tight price range for the institutional tranche of its up to US\$266mil (RM823mil) initial public offering (IPO), according to a term sheet seen by Reuters, indicating confidence in demand for the offer.

The IPO, potentially the fourth largest in the South-East Asian country this year, will be offered to institutions at a price range of RM1.15 to RM1.25 per unit, the term sheet showed. IGB REIT launched its retail offer on Monday at a maximum price of RM1.25 per unit.

A wide indicative price range for an IPO would show that the sponsors are testing the strength of demand for the offering, while a narrow range shows they are reasonably certain about the take-up.

The unit of property firm [IGB Corp Bhd](#)  is offering up to 670 million units in the IPO, comprising 469 million units for sale to institutional investors and another 201 million to employees and the public. Listing is set for Sept 21.


The bookbuilding range translates to a forecast 2013 yield of 5.4% to 5.8%, according to the term sheet. The book opened yesterday and closes no later than Sept 6.

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Based on the top end of the IPO price, IGB REIT would have a post-IPO market capitalisation of RM4.25bil, the largest in Malaysia ahead of [Pavilion Real Estate Investment Trust](#)  's RM4.05bil.

The property trust, which owns two Kuala Lumpur shopping malls the Mid Valley Megamall and the Gardens Mall expects to use the IPO proceeds for future expansion.

It has hired CIMB Investment Bank and Hong Leong Investment Bank as the principal advisers and joint managing underwriters for the IPO.

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