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IGB REIT 4Q net profit rises 8% y-o-y to RM158m

The Editor / TheEdge

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KUALA LUMPUR (Jan 28): IGB Real Estate Investment Trust (IGB REIT) reported a fourth quarter net profit of RM158.08 million, up 7.6% from RM146.89 million in the previous corresponding quarter.

In a statement to the exchange today, IGB REIT which owns the Mid Valley Megamall and The Gardens Mall here, said revenue rose to RM114.32 million from RM102.98 million.

The group attributed the higher net profit to “higher total rental income during the quarter.” Property revaluation gains of RM105 million had also supported bottom line.

"A revaluation on Mid Valley Megamall and The Gardens Mall had been conducted by Henry Butcher Malaysia Sdn Bhd and based on the valuation letters dated 6 January 2014, the market value of Mid Valley Megamall and The Gardens Mall as at 31 December 2013 were respectively at RM3.560 billion and RM1.245 billion, from RM3.5 billion and RM1.2 billion as at 31 December 2012, indicating revaluation surplus of RM60 million and RM45 million respectively," IGB REIT said.

Cumulatively, IGB REIT's full-year net profit more than doubled to RM311.95 million from RM153.29 million a year earlier. Revenue soared to RM430.73 million from RM115.29 million.

IGB REIT plans to make an income distribution of 3.61 sen a share for the quarter in review. This brings total distributed income for the year to 7.04 sen.

The full-year payout translates into a 6% yield based on IGB REIT shares' closing price of RM1.17 today, calculations by the theedgemalaysia.com shows.

Going forward, IGB REIT expects a tough year ahead. This is due to new policies on bank borrowing implemented by Bank Negara Malaysia and slower growth for the Malaysian retail industry.

“In view of the above, the manager expects 2014 to be a challenging year, and hence, is cautiously optimistic that its financial performance for the year ending 31 December 2014 will be satisfactory,” IGB REIT said.

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