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IGB REIT's 2Q NPI flat at RM86.64m, declares lower 1H DPU of 4.41 sen

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KUALA LUMPUR (July 26): IGB Real Estate Investment Trust (IGB REIT) reported flat growth in net property income (NPI) for the second quarter ended June 30, 2016 (2QFY16) of RM86.64 million from RM86.35 million a year ago, mainly due to higher total rental income and higher property

costs in the current quarter.

The trust's revenue rose 2.6% to RM124.6 million in 2QFY16 from RM121.36 million in 2QFY15, mainly due to higher total rental income.

It also declared a lower distribution per unit (DPU) of 4.41 sen for the first half of 2016, which is lower than the DPU of 4.47 sen a year ago, payable on Aug 29.

In a filing with Bursa Malaysia today, IGB REIT said the distributable income for 2QFY16 amounted to RM75.5 million or 2.16 sen per unit, consisting of realised profit of RM66 million and the non-cash adjustment arising mainly from manager fee payable in units of RM8.2 million.

For the cumulative six months (1HFY16), NPI was RM180.26 million, up 2.2% compared with RM176.39 million a year ago, mainly due to higher total rental income in the period. Revenue grew 3.6% to RM255.81 million from RM246.8 million in 1HFY15.

The distributable income for 1HFY16 amounted to RM158.1 million or 4.53 sen per unit, consisting of realised profit of RM138.8 million and the non-cash adjustment arising mainly from manager fee payable in units of RM16.7 million, IGB REIT said.

On prospects, IGB REIT said the greatest challenge in 2016 for the retail industry is still consumers' sentiment. "Consumers are still cautious on spending. Further increases in cost of living would worsen it," it added.

On its part, IGB REIT will continue to embark on proactive asset management as well as asset enhancement initiatives of both Mid Valley Megamall and The Gardens Mall, to maintain stable distribution and create long-term value for its unitholders.

IGB REIT's units closed one sen or 0.61% higher at RM1.65 today, making its trailing 12-month yield at 4.93%. The trust is valued at RM5.75 billion.

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