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# IGB REIT's 2Q net property income jumps 67%

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KUALA LUMPUR (July 27): IGB Real Estate Investment Trust saw its net property income (NPI) for the second quarter ended June 30, 2022 (2QFY22) jump 67.4% to RM105.715 million, as compared with RM63.14 million a year earlier.

The investment trust, which owns the Mid Valley Megamall and The Gardens Mall, saw its revenue grow 57.5% to RM133.76 million in 2QFY22, up from RM84.92 million in the same period last year.

The higher earnings were mainly due to the lower rental support provided to tenants in the quarter under review, arising from the economic reopening and improving retail sales of tenants, IGB REIT told Bursa Malaysia on Wednesday (July 27).

The REIT also declared an income distribution per unit (DPU) of 2.45 sen for 2QFY22 — comprising 2.43 sen taxable and 0.02 sen non-taxable — payable on Aug 29.

“The distributable income for the current quarter amounted to RM89.8 million,

consisting of realised profit of RM83.5 million and the non-cash adjustments arising mainly from manager fee payable in units of RM6 million,” it said.

For the six months ended June 30, the REIT's NPI soared 70% to RM213.42 million from RM125.52 million a year ago, while six-month revenue climbed 45.1% to RM267.57 million from RM184.36 million.

Nevertheless, IGB REIT acknowledged that the Malaysian retail industry is still facing several major headwinds for the rest of 2022.

“The Russia-Ukraine conflict and China's Zero Covid-19 policy have contributed to global supply chain disruptions. Prices of basic necessities and commodities have continued to rise.

“In addition, Bank Negara Malaysia has raised the Overnight Policy Rate twice, so far: by 25 basis points (bps) to 2.00% on May 11, and a further 25 bps to 2.25% on July 6. The supply-driven inflation and interest rate hikes have affected the purchasing power and lifestyle of Malaysians,” it said.

Despite the developments, IGB REIT stressed that it will stay resilient and remains committed to bringing about long-term value for its stakeholders.

Year to date, IGB REIT's share price had declined by five sen or 3% to close at RM1.59 on Wednesday, giving it a market capitalisation of RM5.69 billion.