

IGB-REIT maintaining cautious outlook for this year

PETALING JAYA: IGB Real Estate Investment Trust (IGB-REIT) is maintaining a cautious outlook due to several challenges facing retail sales this year.

The trust, which has the Mid Valley Megamall and the Gardens Mall in its portfolio, said the shortage of workers, higher operating costs, intense competition are among the hurdles for the retail industry.

IGB-REIT released its financial results for its second quarter ended June 30 (2Q23) yesterday, with net profit just nudging

down 3% year-on-year (y-o-y) to RM81mil, despite revenue growing by 5.8% y-o-y to RM141.5mil.

It attributed the higher total revenue to the increase in rental income during the quarter in review, while escalated utility expenses and higher reversal for impairment of trade receivables in the corresponding quarter of last year were the reasons for the marginally lower net earnings.

Year-to-date net profit rose 4.9% y-o-y to RM177.2mil as revenue rose 10.7% y-o-y to

RM296.2mil due to the higher rental income in the first six months of 2023, arising from the improving retail sales of tenants.

Meanwhile, IGB Commercial Real Estate Investment Trust (IGB Commercial-REIT) said the reduced electricity surcharge rate for non-domestic users with medium voltage and high voltage, from 20 sen/kWh to 17 sen/kWh, would have a positive impact on the commercial real estate industry.