

IGB-REIT cautious on retail sales growth

Firm's third-quarter net profit plunge by over 68% on-year

PROPERTY

PETALING JAYA: IGB Real Estate Investment Trust (IGB-REIT), which owns Mid Valley Megamall, saw its third-quarter net profit plunge by over 68% on-year following negative net fair value changes of its both properties.

The other property of the trust is The Gardens Mall.

IGB-REIT told Bursa Malaysia that its net profit in the third quarter ended Sept 30, 2024 (3Q24) fell to RM79.58mil from RM250.75mil in the previous corresponding quarter despite higher rental income that lifted overall quarterly revenue by 3.7% year-on-year (y-o-y) to RM155.27mil.

The earnings fell due to the net fair value changes of RM13.1mil for its investment properties.

To put it into perspective, the valuation of Mid Valley Megamall and The Gardens Mall are conducted on a half-yearly basis.

As of Sept 30, 2024, the fair value of both properties remained unchanged at RM3.79bil for Mid Valley Megamall and RM1.4bil for The Gardens Mall.

Taking into account the RM13.1mil capital expenditure undertaken, this resulted in a negative net fair value change as property valuations remained the same.

The lower profits dragged down the earnings per share to 2.21 sen.

For 3Q24, IGB-REIT will distribute 97.5% of its quarterly distributable income amounting to RM97mil or 2.68 sen per unit.

This will be paid on Nov 28 to entitled unitholders.

Cumulatively, for the nine months ended Sept 30, 2024 (9M24), net profit fell by 39.1% y-o-y to RM260.73mil even as revenue rose by 4.9% to RM467.8mil.

The higher total revenue and net property income were mainly due to the higher rental income in 9M24.

The lower bottomline, on the other hand, was due to the net fair value changes of RM161.8mil in relation to the investment properties in the preceding year-to-date.

Looking ahead, IGB-REIT said it remains cautious on the retail sales' growth, which would affect tenants' performances at shopping malls and the financial performance of IGB-REIT.

Nonetheless, it said it remains committed to bringing about long-term value to its stakeholders.

"The manager intends to increase the income and the value of the investment properties through active asset management, asset enhancement initiatives, acquisition growth as well as capital and risk management strategies," it said.