

IGB raising RM1bil to part finance one of Johor's biggest malls
by [thean lee cheng](#)



A JV development between IGB Corp and Southkey City Sdn Bhd to build one of Johor's mixed integrated project Southkey which comprises a retail mall, three hotels, serviced apartment blocks and four office blocks. The 32.5-acre joint venture development, to be undertaken by JV company Southkey Megamall Sdn Bhd, will be a blend of Mid Valley Megamall and The Gardens. (Inset: New mall: Tan and Southkey City MD Datuk Mohamed Zaini Amran sharing a light moment after the signing ceremony between IGB and Southkey City to set up a funding programme for the project)

KUALA LUMPUR: [IGB Corp Bhd](#) is raising RM1bil to part finance one of Johor's biggest retail malls in a move to replicate its Mid Valley Megamall success.

IGB Corp Bhd group managing director Datuk Seri Robert Tan said: "We cannot promise that it will be as successful as the Mid Valley Megamall.... it may be 70% as successful."

The 32.5-acre joint venture development, to be undertaken by JV company Southkey Megamall Sdn Bhd, will be a blend of Mid Valley Megamall and The Gardens, Tan told a press conference to announce the proposed RM1bil financing via a medium term notes (MTN) programme.

IGB Corp Bhd is principally an investment holding and property development company engaged in property investment and management, retail, hotel operations and construction. It also has the IGB REIT, a retail real estate investment trust. The group's largest project is the 50-acre Mid Valley Megamall/Gardens mall, which it had injected into the REIT. It also had interest in Australia and the UK.

Southkey City Sdn Bhd is a property development company affiliated to SELIA Group which has a flagship development in Iskandar Region A Johor Baru which spans over 330 acres.

It would take seven to 10 years for the Southkey mall to mature and they would then consider whether to inject it into the IGB Reit, he said.

"We will see how the mall is," he said.

Tan said they had taken into consideration the demographics and population on a three, five and 10km radius.

"So it is something similar to the Klang Valley. Within a 5km radius, we have five million people. We don't need five million people, but we need 1% of that, which is 50,000 people, but we need the

spending power, not just the numbers.

"It will not be a Bangsar crowd in Johor. It will be more like a Cheras crowd so we will appeal to the mid-range crowd," he said.

He declined to reveal the cost of funding, other than saying that they have concluded a win-win situation. The MTN programme is its latest step to realise the Southkey mall as one of Johor's largest integrated retail and commercial developments.

IGB Corp Bhd recently sold its Renaissance Kuala Lumpur Hotel for RM765mil, making a gain of RM85mil net of tax in the next financial year, with the intention to use the proceeds for working capital and to support its development in the Southkey mall project.

The project has a total of 6,000 parking bays. It will have six retail floors, four office blocks with a net lettable area of about one million sq ft which it is targeting companies from Singapore to take up as a backroom office with a targeted rental of between RM5 and RM5.50 per sq ft.

The Southkey project will also have three hotels offering a range of three-, four- and five- star service and some serviced apartments.