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IGB buys 50% stake in hotel owner for RM277.5mil

PETALING JAYA: [IGB Corp Bhd](#) is acquiring a 50% stake in [Great Union Properties Sdn Bhd \(GUP\)](#) for RM277.5mil cash.

The sum comprises the proposed acquisition of 50 million RM1 shares from [Stapleton Developments Ltd](#) and Chong Kim Weng, representing a 50% equity interest in GUP for RM101.35mil and settlement of shareholder's advance of RM176.15 mil in GUP, said IGB.

GUP is the owner of the Renaissance Kuala Lumpur Hotel, which is located in the heart of Kuala Lumpur.

Upon completion of the proposed acquisition, IGB said GUP would become a wholly-owned subsidiary of IGB, adding that it was expected to contribute positively to the future financial performance of the group.

“As the controlling shareholder of GUP, IGB will have full management control and hence will be able to execute its business plans and strategies more effectively,” adding that it expected the acquisition to be completed by the first quarter of 2012.

Based on GUP's audited financial statements for the financial year ended Dec 31, 2010, IGB said GUP recorded earnings before interest, depreciation and tax of RM24mil while its net assets were RM116.6mil.

IGB said it did not foresee any new material risk factors arising from the proposed acquisition apart from various risk factors in the group's current operations.

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