

# IGB in talks to expand hotel business overseas

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**KUALA LUMPUR:** IGB Corp Bhd is presently in discussion to expand its hotel business in Africa and Europe.

According to group managing director Datuk Seri Robert Tan (*pic*), the company is allocating an initial sum of RM500mil to be invested into these regions for either greenfield or brownfield projects.

"We are already one foot in Africa today while we are in the process (of evaluating) Europe. Europe is not an easy place as their labour law is quite tough unless you can get a property that is very cheap or build it rather than take over existing properties," Tan said at a press conference after the company's AGM yesterday.

"The St Giles hotels are located in the major cities. Our RM500mil injection can be geared up further in the future to build up to RM2bil," he added.

Meanwhile, IGB which had breached its revenue figure of RM1bil in the financial year 2013 (FY13) is hopeful of achieving better sales in FY14.

IGB recorded a 21.4% year-on-year (y-o-y) growth in its first quarter ended 31 March net profit to

RM58.35mil on the back of higher revenue of RM296.1mil from RM243mil previously.

"We expect progressive growth in earnings in the next three to four years with our upcoming projects that are in the pipeline," Tan said.

The company's total ongoing projects are presently worth RM15bil in gross development value that will keep it busy for the next three to four years.

These included the Johor Southkey project, the London Blackfriars Road project, The Tank Stream-St Giles Hotel in Sydney, 18@Medini at Iskandar Malaysia, The Wembley-St Giles Premier Hotel, Cititel Express in Penang and the Mid Valley Southpoint Office Tower in Mid Valley.

"Yields can vary as Cititel Hotel's (Kuala Lumpur) yields are fantastic while the Renaissance Hotel is not so good. The best yields are at Cititel and the London hotel. Cititel at Mid Valley was paid back in two years. It depends on the location: five star hotels take longer (to pay back) and three star a shorter time," he said.

Tan said IGB's average yields for its hotel investments are in the 'high tens'.

On another matter, he said IGB did not completely rule out listing a hotel and commercial real estate investment trust (Reit) but was not looking at it at the moment.

"There are many ways we can raise money and it does not only mean through Reits. At the moment, Reits are not the flavour of the month," he said. The company presently derives 50% of its net profit from the Mid Valley (retail outlets), 20% from hotels, 20% from offices and another 10% from property development.

