

# IGB to expand hotel operations to Africa, Europe

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**KUALA LUMPUR:** IGB Corp Bhd, which plans to develop properties with a total gross development value (GDV) of RM15 billion in the next three to four years, is looking to tap the European and African markets in expanding its hotel business.

According to managing director Datuk Seri Robert Tan Chung Meng (*pix*), the group will either build its own hotels or acquire them under the "St Giles" brand.

"We've identified (the project) in Africa, but (we are) not in a

position to let you know, and for Europe, it will be located in



major cities," he told a press conference after the company's AGM here yesterday.

IGB Corp will allocate RM500 million as an initial injection for its overseas expansion plans, with an added capacity to gear up to RM2 billion for the rest of its plans.

Its borrowings currently stand at RM2 billion, with a gearing ratio of 0.2 times.

Tan said the new developments in the next few years consist of local and overseas projects, namely Southkey Megamall and i8@Medini in Johor, an office tower in Mid Valley City in Kuala Lumpur, a mixed development in London and a hotel in Sydney.

On its venture into the London market, he confirmed that the GDV for the mixed development is about RM4 billion and it will be launched in the next six months.

IGB Corp's unit has bought a 1.81-acre site in London for RM628.4 million, which is the largest land acquisition by a Malaysian company after Battersea, which was acquired for RM1.59 billion.

Commenting on the

possibility of setting up more real estate investment trusts (REITs), Tan stressed that it is not the right time as borrowing from banks would be a better choice to get fresh capital, instead of paying 5.5% to 6% yield for REITs.

"We (could) potentially have hotel and office REITs, but we're not doing that at the moment, because of the US (quantitative easing) tapering and (a possible) interest rate hike (which will) not favour REITs," he said.

IGB REIT, which owns Mid Valley Megamall and The Gardens Mall, contribute 50% to 60% to IGB Corp's profit.

Asked if there will be injections of more assets into IGB REIT, Tan said there is difficulty in finding assets that are better than Mid Valley Megamall. "Even (if) we can find it, the price is not cheap."

For the first quarter ended March 31, 2014, IGB Corp posted a net profit of RM58.35 million, an increase of 21.41% from RM48.06 million in the previous corresponding period.

Tan expects the financial performance for the subsequent quarters to be satisfactory.