

TA Global aims to beef up hotel portfolio

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TA GLOBAL Bhd, set to become Malaysia's fifth biggest listed property group, plans to double the number of hotels it owns in five years, adding to a portfolio that includes the Radisson Plaza in Sydney and the Westin Melbourne.

It wants to build at least two hotels in Kuala Lumpur and make acquisitions in overseas markets from London to Canada, said Datin Alicia Tiah, managing director and co-founder of parent company TA Enterprise Bhd.

"Definitely, we want more. We want to develop our own chain. I want to buy hotels in gateway cities like London," she said in an interview in Kuala Lumpur.

"But some are not cheap; some too big, some too small. It takes time to get the right fit. I want people to show me what they have." TA Enterprise, shares of which have more than doubled this year, folded all its property assets into TA Global, which will be listed on Bursa Malaysia on November 23 to tap a resurgent stock market.

The FTSE Bursa Malaysia KLCI Index has gained 46 per cent so far this year. TA Enterprise closed 0.7 per cent down at RM1.46 yesterday. Shares earlier gained as much as 1.4 per cent.

TA Global, which currently owns four hotels, is being spun off into a separate listing to realise its value and help it expand. The group spent about RM756 million from December last year to August to buy the Westin Melbourne hotel, the Swissotel Merchant Court hotel in Singapore and the Coast Whistler Hotel in Canada, taking advantage of depressed prices during the global recession.

The acquisitions will triple hotel revenue at TA Global next year, Tiah said, without giving the current figure.

"A lot of hotels were going for below their replacement costs," she said. "We managed to get great assets at a time when things were so gloomy." TA Global will have a market value of RM2.4 billion when it is listed and will be ranked the fifth largest property group, HwangDBS Vickers Research Sdn Bhd said in a September 29 report.

"The timing is quite good to list," Tiah said. "We have accumulated great assets." TA Global, which has total assets valued at RM2.4 billion, has lined up more than RM6 billion of property development projects from now till 2012, said Tiah.

The company also owns the 24-story Terasen Centre, an office building in Vancouver, Canada, and Menara TA One, a 34-storey office in Kuala Lumpur.

By listing the property unit, TA Enterprise will be "unlocking the hidden value" of its property assets, ECM Libra Capital Sdn Bhd said in a report yesterday.

TA Global will raise RM230 million from the share sale. It also owns offices in Kuala Lumpur and Canada. TA Enterprise will retain a 57 per cent stake after the listing, said Tiah.

"We have a good stream of income: good time, bad time, it will be there," she said, referring to the hotels.

"I love hospitality, you can up the rates", as opposed to office buildings where rates are fixed by contracts, she added. - Bloomberg

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