

TAE's growth drivers

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TA Enterprise Bhd (TAE) (4898) said its property business will drive the group's growth for the next few years, with a portfolio possibly worth RM6 billion comprising five new residential and commercial projects in the Klang Valley targeted for launch between now and 2012.

The property and financial services firm, which has over 400ha of undeveloped land, will also buy or build one hotel a year to grow its hotel portfolio, possibly under the Aava brand, managing director and chief executive officer Datin Alicia Tiah said.

"While we are focused on the new (property) launches, our aim is to build our hotel portfolio. So, if any irresistible deals come by, we will buy. Now is the best time to buy assets as they are cheap and the exchange rates are low," she said after the company's annual general meeting and extraordinary general meeting in Kuala Lumpur yesterday.

TAE is looking for new assets to buy in Malaysia, Canada and Australia.

It is also eyeing new markets such as Hong Kong and London, and other cities close to financial centres.

Tiah said TAE has over RM400 million in its coffers to use for asset acquisition.

The group now runs Radisson Hotel (Sydney), Aava Whistler hotel (Canada) and Westin Hotel (Melbourne). It paid almost RM700 million for the properties.

It is buying Swissotel Merchant Court Singapore, owned by Singapore's Merchant Quay Pte Ltd. It is learnt that TAE will pay more than RM250 million for the hotel deal, which will conclude by August 25.

TAE is also building a six-star and a five-star hotel, located directly opposite the Petronas Twin Towers and at the Jalan Bukit Bintang/Jalan Imbi junction in Kuala Lumpur, respectively. They form part of TAE's new projects.

"I believe the worst (of the economic crisis) is over. You can see some green shoots, even in the US. "We hope that by the time we launch our new projects, the market would have recovered. We will undertake piling works first before launching to minimise risks," Tiah said.

TAE expects to do better this year, thanks to housing sales at its ongoing projects, and the acquisition of new investment assets which have contributed immediately to earnings, Tiah said.

Last year, TAE made a net profit of RM91.9 million on revenue of RM535.4 million.

"Our net profit fell by 59 per cent last year as we made heavy provisions. I am very confident to write back 80-100 per cent of these this year.

"The stock market performance will be better than last year. So this year, we also expect to do better as far as financial services are concerned," Tiah said.

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