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## IGB plans St Giles in Australia

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[IGB Corp Bhd](#) has submitted plans to the Australian authorities to convert a recently purchased office building into a three to four-star St Giles hotel.

[Executive director Tan Boon Lee](#) says the purchase of 34, Hunter Street in Sydney, Australia will be its eighth hotel under the St Giles brand. It was purchased at a price of A\$36mil and will be given a A\$20mil makeover.

“If we can get an average room rate of A\$180 to A\$200 for the 250-odd rooms, we would be able to get our money back in seven to eight years, which is normal period of investment,” he said. It is expected to be ready in two and-a-half years.

The real estate developer, with interest in hotels and malls has two St Giles hotels each in London, New York and Makati, the Philippines and is building a seventh in Penang.

IGB Corp Bhd, through its associate company St Giles Hotels, bought two hotels in New York City for US\$78mil (RM2.55mil) from [Starwood Hotels & Resorts Worldwide Inc](#) in June last year to grow its St Giles brand.



**Prime land:** The recently purchased Sydney property has a net lettable area of about 60,000 sq ft (5,436 sq m) with three retail floors and 10 upper levels of office space and a basement parking for 16 cars. IGB bought the building from a Charter Hall Group fund. Savills brokered the deal.

The hotels, located in midtown Manhattan, were previously operated by Starwood under the W brand. Among the group's other brands are the MiCasa and Cititel chains.

“We would like our investments in hotels, offices and retail to contribute a third each to our property investment portfolio,” Tan says.

IGB achieved a net profit of RM174mil for financial year 2010, representing a 10% jump from its RM159 mil net profit in financial year 2009. This expansion in its bottom line was mainly due to improved results from property development and property investment as well as management divisions.

The property investment and management divisions contributed 59.2% to IGB's RM719.4mil revenue for the 2010 financial year.

Its hotel and property development segments contributed 28% and 10% respectively.

“Property development is the icing on the cake. When times are good, we will do more. When times are bad, we will acquire land. We have always liked KL,” Tan says.

IGB has its base in Ipoh. It was founded in the early 1960s by two brothers - the late [Datuk Tan Kim Yeow](#) and [Datuk Tan Chin Nam](#). IGB's forerunner, [Ipoh Garden Sdn Bhd](#) was named after its maiden Ipoh project. It has since transformed itself from being a mere developer into a mega asset-based company involved in various facades of real estate development here and overseas.

On the purchase of 34 Hunter Street, Sydney, Tan said the group would like to develop “the kangaroo route from Britain to Australia.

“Once we have developed the hotel business along that route with Malaysia being the mid-way point, we can talk about (tourism) packages with the airlines. This will help us to promote our hotels from London to Australia,” he says.

IGB is no stranger to Australia. Among its most prized Australian asset at one time was the Queen Victoria Building (QVB) which IGB restored more than 20 years ago. That property later went to Singapore Government's [Investment Corp \(GIC\)](#) when it bought [Ipoh Ltd](#) of Australia. QVB was Ipoh Ltd's core asset.

The recently purchased Sydney property has a net lettable area of about 60,000 sq ft (5,436 sq m) with three retail floors and 10 upper levels of office space and a basement parking for 16 cars.

Tan says they will retain the facade of the building but will retro-fit the inside and have between 240 and 270 rooms with windows to every room as it is a stand-alone building located at the corner of Hunter Street and Pitt Street. It is three to four blocks away from the Sydney Opera House and is located mid-way between the Sydney Opera House and the Queen Victoria Building.

“Location wise, it is very strategic. In terms of timing, the local government there is trying to revive the city's night life. Over the last four years, there has been hardly any hotel so ours will be the only one,” says Tan.

He says there are several hotels in the vicinity. This includes the InterContinental Sydney, owned by [Mulpha International Bhd](#), Grace Hotel owned by the Low Yat group, the Grand Hyatt at The Rocks, Radisson and Four Seasons.

“There is no three to four-star hotels in that area, all of them are five-star hotels. Our strategy is to provide a comfortable business class hotel, with a good bath, bed and free Internet facilities. Breakfast will be simple and our rates will be a third lower than those hotels around us.”

On the group's strategy in today's challenging times, Tan says there are plans to acquire other assets, in order to expand its hotel operations and business.

“Our first preference will be hotels. A lot of funds are selling so it is a good time to accumulate assets. If the site is big enough, then we would like to do a mixed development but for that to happen, it has to be about half or three-quarters the size of the Mid-Valley site (which is about 20 ha).

“Mid-Valley took us 15 years. It is not possible to find a piece of land this size in places like London or Sydney but it may be possible in China. Whatever we do, it must be near a local transportation hub,” Tan says.

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