

# Ireka secures record price for Westin

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**PETALING JAYA:** The sale price of RM1mil a room for the Westin Hotel in Kuala Lumpur has set a record in the local property scene.

Construction and property development group Ireka Corp Bhd announced to Bursa Malaysia on Monday that it proposed to sell wholly-owned subsidiary Ireka Hotels Sdn Bhd to a Thai group for RM455mil.

Ireka Hotels owns the 452-room Westin Hotel. The sale price works out to about RM1mil a room.

"Such a price was never, ever, obtained before," said an analyst, who added that it was not surprising as that was now the cost of developing a new five-star hotel in the city.

Interestingly, the buyer is not from the US, Europe or Japan but Thailand. The new owner of the Westin comprises the shareholders of TCC Land International (Thailand) Co Ltd, a member of the TCC group owned by liquor tycoon Charoen Sirivadhanabhakdi, reputedly the richest Thai.

The sale will give rise to a net profit of RM27mil and cash proceeds of about RM200mil to Ireka group after settling debts related to the hotel.

There is a possibility that part of the proceeds may be used for a special dividend.

"With their paid-up capital of just about RM110mil, a dividend of 10% would cost about RM10mil, after tax credit," said the analyst.

Ireka, in its announcement, said its directors would evaluate plans on the optimal use of the cash proceeds.

Company executive director Monica Lai said Ireka's debt-to-equity ratio would drop to about 2.5 times after the Westin sale, but the proceeds would not be used to settle borrowings that were not linked to the hotel.

"Those are tied to our construction and property development projects and there is no need to repay those borrowings (with cash from the sale of the hotel)," she told *StarBiz* yesterday.

Those borrowings, she added, would be repaid with cashflow from the respective projects. The sale would strengthen the group's balance sheet as well as improve its earnings.

Lai said the group was burdened with a loss of about RM10mil a year from the hotel.

Ireka would explore options to use the net cash of about RM200mil to acquire land bank for its property development division, she said.

The group is currently engaged in property development in Mont Kiara in Kuala Lumpur, and Sandakan and Kota Kinabalu in Sabah.



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