

London-listed Aseana Properties selling Aloft Hotel for RM419mil

BY THEAN LEE CHENG



Good price: Following the disposal of the Aloft Hotel, Aseana will carry out a capital distribution of about US\$10mil (RM39mil) to its shareholders

PETALING JAYA: London-listed Aseana Properties Ltd (Aseana Properties) is disposing of the Aloft Kuala Lumpur Sentral Hotel for RM418.7mil or about US\$104.6mil. The deal works out to about RM870,000 a room for the 482-room hotel.

Following the disposal, Aseana will do a capital distribution of about US\$10mil to shareholders.

In a statement to the Main Market of the London Stock Exchange, Aseana Properties said the buyer was Malaysia-based plantation group Prosper Group Holdings Ltd. Property developer Aseana is a 23.07% associate company of Bursa-listed Ireka Corp Bhd.

Ireka chief investment officer Chan Chee Kian said Aseana Properties was set up as a property investment fund with the objective to invest in property projects in Malaysia and Vietnam. "There is an investment timeline and upon maturing, we will realise the investment and the gains distributed to our shareholders."

Chan said although Aseana had made previous divestments, the Aloft sale was by far the largest.

Previous divestments were in the region of US\$10mil to US\$20mil.

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Chan said Prosper Group was essentially buying two companies which owned the hotel, namely ASPL M3B Ltd and Iringan Flora Sdn Bhd. Prosper Group will also assume certain debts, assets and liabilities of these two companies.

The transaction is expected to be completed in the third quarter of this year, after the due diligence process by Prosper Group, and after consent from Starwood Asia Pacific Hotels & Resorts Pte Ltd, the operator of the Aloft Hotel.

Aseana will record a gain of about US\$35.9mil when the sale is completed. The hotel cost Aseana Properties about RM300mil to develop.

Besides capital distribution, proceeds from the sale will be used to repay the medium-term notes issued for the Aloft Hotel and to partly repay the medium term notes issued for the Harbour Mall Sandakan and Four Points Sheraton Sandakan Hotel.

On repayment, Aseana Properties net gearing would be reduced from 1.12 times to 0.48 times, based on unaudited accounts as at Sept 30, 2015, the statement to LSE said.

The 34-storey hotel with two basement floors in Jalan Stesen Sentral 5, Kuala Lumpur Sentral is one of three blocks developed on a joint-venture basis by Aseana Properties and Malaysian Resources Corp Bhd (MRCB) several years ago.

Excellent Bonanza Sdn Bhd was jointly set up on a 40:60 basis with Aseana Properties taking a smaller stake.

The other two blocks are office buildings Nu Tower 1 and 2. Aseana Properties, subsequently, bought over the hotel but sold its stake in Excellent Bonanza back to MRCB for RM20mil in 2014.

The hotel was completed in early 2013 and officially launched the same year. The Aloft Hotel achieved an occupancy rate of 79% in 2015.