

Aseana's divestment plan to boost Ireka's results

KUALA LUMPUR: Ireka Corp Bhd, which holds a 23pc stake in London-listed Aseana Properties Ltd, could realise some of its capital returns as early as this year, as Aseana starts divesting its assets.

"Today, Aseana's RNAV (revalued net asset value) is almost US\$264 million (RM955.68 million). With Ireka owning 23pc of that, the value is RM230 million for our investment in Aseana. We look forward, over time, to have this RM230 million or more value come back to Ireka," its group managing director Lai Voon Hon said.

Aseana started making profits last year.

"Obviously that is good news to Ireka because Ireka owns 23pc of the fund as well. As Aseana starts disposing and realising their assets and investment, Aseana will return capital to their shareholders. Ireka will benefit as Aseana start distributing capital back to its shareholders," he said.

Group deputy managing director Monica Lai said the disposal of the assets will be done over the next three years, if approved by its shareholders at Aseana's AGM and EGM to be held in June.

Shareholders will vote on whether to extend the life of the Aseana fund (which is another three years if approved) and also the realisation programme, then.

"After the June meeting there will be more clarity on the realisation plan, how it is going to work, how much are the returns.. those kinds of details.

"The focus is to make money, to maximise profits for the shareholders. It's not a fire sale kind of thing. We will look at opportunities, as and when there is opportunity to sell then we will sell and maximise value for shareholders," she said.

She added that Aseana will eventually dispose of all the assets in its portfolio, which include SENI Mont' Kiara, 1 Mont' Kiara offices and retail mall, Sandakan Harbour Square, Aloft Kuala Lumpur Sentral hotel and The RuMa Hotel and Residences.

Ireka's wholly-owned subsidiary Ireka Development Management Sdn Bhd (IDM) is the exclusive development manager for Aseana.

"We as the manager have been tasked to look at what are the projects that are mature or ready to be disposed and when to dispose but all this is subject to the board and shareholders' approval," said Lai.

IDM chief investment officer Chan Chee Kian said some of Aseana's assets are still under construction for example, The RuMa Hotel and Residences in KLCC.

Meanwhile, Ireka has projects with total gross development value (GDV) of RM2 billion in its pipeline for the next five years and plans to launch about RM200 million this year.

Monica said it plans to launch two projects this year namely Dwi@Rimbun Kasia Courtyard Homes with RM130 million GDV and Phase 1 of an industrial park in Kajang with RM50 million GDV. The industrial park, named Asta Enterprise Park, has a total GDV of RM380 million.

She said the group will focus more on its property development division with a target to increase revenue contribution from the division to 50pc in the next two years from the current 15pc. The group has 65 acres of land for development in Nilai, Kajang and Mont Kiara.

On its construction division, the group has total orderbook of RM1.4 billion, of which RM900 million is outstanding. It also has a construction office in Vietnam and is on the lookout for future construction jobs in the country.

Ireka shareholders approved the disposal of 20.88 acres in Senawang, Negri Sembilan, to Aeon for RM53.66 million. The site has been earmarked for an Aeon shopping mall, for which Ireka has been appointed to construct for RM203.14 million.