

Guocoland, Eco World pool expertise in IPO candidate

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GUOCOLAND and Eco World Development Group Bhd are pooling their strengths and expertise in soon-to-be-listed developer Eco World International Bhd (EWI).

The companies – which said on Thursday the tie-up will help them better compete and expand amid stiff competition in international markets – plan to subscribe for 640,000 of EWI's initial public offering (IPO) shares, giving them an equal 27 per cent share in the enlarged paid-up capital of 2.4 billion shares post-listing. Scheduled for early next year, the IPO is targeting to raise more than RM2 billion (\$\$663.6 million) to fund three projects in London and one in Sydney.

Liew Kee Sin – Eco World founder and EWI executive vice-chairman would own 10.3 per cent of the listed entity as EWI will issue about 2.153 billion new shares pursuant to the IPO. He presently holds 246,541 shares or 99.9 per cent of EWI.

A shareholders' agreement between GuocoLand, Eco World and Mr Liew was signed on Thursday.

"Going forward GuocoLand will be a full-fledged partner. If it was a pure investor, we would not have been interested," Mr Liew said, stressing the "financial power, reputa-

tion and vast landbank" the Quek Leng Chan controlled company, which is part of the Hong Leong group, would bring to the partnership. "You can't turn anywhere in London without seeing their assets," he said of the numerous hotels owned by GuocoLand in the city. On its part, Singapore-based GuocoLand said that the partnership would give it a foothold into two "scalable" markets and "an immediate pipeline of on-going projects in London and Sydney".

GuocoLand group president and chief executive Raymond Choong said that the builder had been looking to expand into new markets and while Brexit had caused many uncertainties for the UK it also provided "a unique opportunity to enter the market on the back of a weaker sterling".

"Project risks have been significantly reduced as the locked-in sales of these four projects are approximately one billion."

The portfolio projects – Embassy Gardens in Nine Elms, London City Island in Leamouth Peninsula, East London and Wardian London in Canary Wharf, and West Village in Parramatta, Sydney – have an estimated gross development value of £2.4 billion (\$\$4.1 billion).

Both companies wish to diversify their revenue beyond their home base and Guoco said that its investment would be funded by internally generated funds. Both partners are en-



Mr Liew (left) revealed he and Mr Choong had planned to collaborate from their early days as bankers. "This (deal) took nine months to negotiate, but it has been in the pipeline for 32 years." FILE PHOTO; BLOOMBERG

titled to nominate three board members each in the 10-member board.

Depending on the opportunities and project size, Mr Choong said the companies could still operate individually.

The partnership would be flexible, Mr Liew said, adding GuocoLand could be the land owner in future projects because of its heftier balance sheet, for instance, and EWI the builder.

The Malaysian tycoon who previously

helmed SP Setia said EWI would need to find new landbanks as the remaining units in the developments are expected to be sold within 18 months.

He envisages "co-branding" and working "hand-in-hand" with GuocoLand in markets where both companies have projects. He also plans to leverage its customer base as Singapore buyers comprise only 2 per cent of total purchasers.

Mr Liew revealed he and Mr Choong had

planned to collaborate from their early days as bankers. "This (deal) took nine months to negotiate, but it has been in the pipeline for 32 years."

Maybank, CIMB, Hong Leong Bank and UOB Bank have been appointed advisers for the IPO, which share price would be determined by a book-building process. Some 450,000 shares or 18.7 per cent would be allocated for institutional investors and 48,000 shares or 2 per cent for the retail portion.