

Nomad strengthens regional foothold

Company allocates RM100m for expansion, eyes more deals

By **Vasantha Ganesan**

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THE Nomad Group Bhd, an office space provider, has allocated some RM100 million to expand its serviced apartment portfolio and is eyeing properties in Thailand and Singapore.

The group is now negotiating to buy an 80-room serviced apartment in Bangkok, Thailand, for up to RM60 million. Chief executive officer Hew Thin Chay said the deal could be completed as early as

next year.

The average occupancy at this property is now only 40 per cent while its average room rate (ARR) is around RM200, providing ample room for improvement.

In an interview with Business Times, Hew said The Nomad was also eyeing Singapore but has yet to find a suitable property there.

In Malaysia, The Nomad was not keen to buy more hotels or serviced apartments but it was open to managing them instead.

It has been approached to convert a 200-unit condominium on

Jalan Tun Razak into a serviced residence and manage it.

In other countries, it is looking at the possibility of operating serviced apartments in Chennai, India, and may consider Indonesia in the future.

Meanwhile, Hew said he expects the group to return to the black this year, as it sees the money coming in from the various investments it made last year.

For the financial year ended December 31 2008, The Nomad incurred a net loss of RM7.63 million on the back of RM25.85 million in revenue as a result of start-up costs.

"We have had eight openings, six of which are offices. It takes start-up businesses about 12 months to mature," Hew said.

Its investment last year include The Nomad Offices at Etiqa Twins, The Gardens Mid Valley and Pavilion Kuala Lumpur.

'A RM60 million deal to buy a serviced apartment in Bangkok may be completed as early as next year'

Hew Thin Chay, CEO Nomad Group

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Raffles Place is group's cash cow

□ From B1

Together with its space in Menara Hap Seng (which opened in December 2007), it has 80,000 sq ft space, making it the largest serviced office provider in the capital.

The Nomad has ventured into the Gemadep Tower in Ho Chi Minh City, Vietnam, and Interchange 21 in Bangkok, Thailand. It also bought the iOffice and Menteng Office Park in Jakarta, Indonesia.

"In the first half of 2009, we will incur a loss but post positive earnings before interest, taxes, depreciation and amortisation. But I think, by end of the year, we should make profits," he said.

In the first quarter to March 31 2009, it posted revenue of RM7.44 million and net loss of RM235,000.

Its cash cow is the Raffles Place in Singapore, which provides it with RM1.6 million a year in operating profit. The group makes 60 per cent of its revenue from foreign markets.

It is eyeing Hong Kong, South Korea and Taiwan for the serviced office business.

Tanjung Bungah hotel to be rebranded



The Nomad Group is confident that repositioning the 200-room Tanjung Bungah Beach Hotel will work in its favour.

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SERVICED office and residence specialist The Nomad Group Bhd has taken over the management of the Tanjung Bungah Beach Hotel in Penang as part of a branding exercise.

The hotel will be renamed The Nomad Penang after a facelift to raise its rating to four stars from three.

The property is set to undergo a RM2 million refurbishment exercise, which will see it being transformed to cater for a market mix of business travellers and the information technology-savvy. The Nomad Group chief executive officer Hew Thin Chay said.

"We have a five plus five-year contract to manage the hotel. We plan to reposition it towards a new market segment," Hew told Business Times. The hotel is owned by Plenitude Bhd.

"We are in Penang to establish a network and have a branding presence," Hew said.

The 200-room hotel enjoys 80 per cent occupancy and garners an average room rate (ARR) of RM100 a night.

Currently, most of its business comes from the low-yielding sector, such as through travel agencies.

Hew is confident that repositioning

The beachfront property will be given a facelift to become the four-star The Nomad Penang

the hotel will work in its favour, especially since it is located close to the island's city centre.

He described the hotel as "a city hotel with a beachfront", noting its position along Jalan Tanjung Bungah, which is between George Town and Batu Feringhi.

The hotel has already seen an improvement since The Nomad Group took over its management in March this year. Occupancy has touched 90 per cent and the ARR is RM110.

The Nomad Group expects to make a net profit of RM300,000 in the first year of operating the hotel.

Hew expressed his optimism that occupancy will be as good and its ARR can reach RM120 after the upgrade is completed early next year.

The Nomad Group is also managing the The Nomad SuCasa serviced suites in Kuala Lumpur and is in the process of acquiring the Novotel Kuala Lumpur City Centre.