

# Looking ahead with the third generation

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As I was ushered into his office in Mid Valley City, I was greeted by IGB Bhd CEO Tan Boon Lee with a warm handshake and smile. We sat down to discuss his journey so far as the new head of a company that has grown from being just a property developer into a diversified group with various business holdings and activities.

The youngest son of the late Datuk Tan Chin Nam, who founded IGB Group and Tan & Tan Developments Bhd, he took over the company in January after his cousin Datuk Seri Robert Tan retired. He also sits on the board of IGB REIT (real estate investment trust). Since then, he has been busy overseeing the company and grooming the next generation of family members, who are buzzing with ideas.

"I was mentored by Robert and my sister Lei Cheng (who is chairman of IGB Bhd), so it is the same [working] style. The Tan & Tan spirit is still there. We like to continue doing innovative projects," says Tan.

Founded by his father in 1971, Tan & Tan is a wholly-owned subsidiary of IGB Bhd known for developing several "firsts" in the country. It built Desa Kudalari, the nation's first condominium, and MiCasa, the first development to combine serviced apartments with hotel facilities.

He continues, "We always try to be the first to introduce something — some work, some don't — but we still believe in [doing] that. We are not able to do mass housing projects — like big property developers such as S P Setia Bhd and EcoWorld Development Group Bhd — with a gross development value (GDV) of RM3 billion or RM4 billion. We're not like that. We're more of a niche boutique builder, whether it is office, retail or residential."

Tan has been prepared to take the reins at IGB. "I know this company like the back of my hand. It is quite easy to step forward, it is not a major change for me. The next level — the division, the department heads — they all know their jobs," he says.

"And the company has encouraged the second and third liners to bring forth ideas and budgets, and it has always been led by the people at the front anyway. It is not like big targets were set from the start... they set them, these could be conservative targets. But the company has done well over the years, even during the pandemic, and we've come out stronger."

In 1Q2023, IGB recorded revenue of RM396.1 million, a 37% increase from RM288.2 million achieved in the previous corresponding period, while its profit before tax increased 30% to RM135 million from RM104.1 million.

In 2Q2023, IGB REIT reported revenue of RM141.5 million, a 5.8% increase from RM133.8 million in the previous corresponding period. Its net property income stood at RM102.8 million, a 2.8% drop from RM105.7 million previously, while profit after tax amounted to RM81 million, down 3% from RM83.5 million.

## Preparing the next generation

Besides planning various projects, Tan has been thinking about the future and is very clear about his main role in the group. "My role is to prepare the next generation. My aspiration is that they will manage this company better than what we [the older generation] have done ... and take it to a different level."

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LOW YEN YU/THE EDGE



Mid Valley City with its varied components like office, malls and hotels is centrally located and accessible for all citizens of the Klang Valley. Southpoint Residences, which will be launched by year-end, is in the tall building on the right, Menara Southpoint.

"IGB REIT is very self-contained and regulated. It is very tightly governed. It is very structured with independent directors and they run it quite independently from the rest of the group because they have to follow the guidelines for REITs. That takes away the retail and commercial [properties] already, so what we are left with is property development and hotels.

"Obviously, we have succession planning for both sides. And it involves a large number of family members that are being groomed to take roles alongside professionals on both management teams. I think the succession planning is all in place."

On grooming the younger generation, Tan admits to having some "old school" thinking but knows he can learn from the younger ones while providing them space to experiment and grow.

"You don't want to direct too much. You want to empower them, you want to encourage them to step up. That is also quite challenging, trying to get them to step up and take on more responsibilities and make important decisions," he says.

Tan has embraced the younger generation's



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Mid Valley Southkey in Johor is a mixed-use development that features office towers, a mall and a hotel



varied interests and forward-looking views. For instance, he shares how his son, who is involved in hospitality, suggested the Japanese technology of flash freezing food that can be thawed later without loss of quality. This can help mitigate the issue of getting good chefs who can consistently produce quality food.

"Some of them are looking at investments in healthcare, in non-property-related areas. It may not have to be that IGB stays forever a property development-based company. We could diversify into things like AI (artificial intelligence) ... It depends on the individuals, if they have interest, if they read about it and understand the business, then putting some seed money in new fields may not be wrong," he says.

Tan says the third generation of family members has formed a committee to look at new opportunities and investments. While they have a free hand to try new ideas, due diligence is always done to ensure they don't lose too much money. There is always a handbrake that can be pulled to save a situation before things get out of hand.

However, he acknowledges that while he wishes for the younger generation to flourish, they have more challenges than he had when he was coming up in the business world. Thus, he needs to provide them with the worldly wisdom he has garnered over the years.

"My generation, we embrace opportunities, we're not frightened to do so. We took opportunities. Of course, we had failures, but we had more successes than failures. And we don't shy away. But for the next generation, obviously the [business] climate and environment have changed. Opportunities are harder to come by. And whatever comes by, the size of it is much bigger, the risk attached is much bigger. They are worried," says Tan.

"Back in the day, we never had this sort of issue because if you had a little bit of money, and you were willing to put in some effort and you had good innovative ideas, you could push through. But now, it is not [that easy]. Now, you need speed, you need social media marketing, you have to really do it well and fast, and you have to be very, very efficient. There are many more challenges for them."

With this in mind, he has set a long-term objective. "In the longer term, we're looking to make the company leaner and meaner. I think, with a

future that is not as clear as before, we want an organisation that is smaller," he says.

"We want to look at outsourcing certain activities. It may not be a whole department, just a part of it. It is not that we want to retrench people, but more like retrain them for something else ... The ones we have, we want them to do more and reward them with more."

## The work never ends

IGB has several projects in hand. One of them is Southpoint Residences in Mid Valley City, which was curtailed by Covid-19. "We are going to finish it, meaning we will build and sell completed units. It will not be off plan," says Tan, adding that the launch will be at the end of the year.

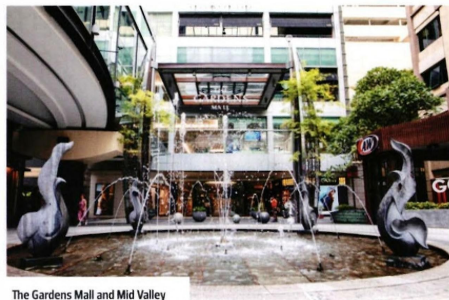
"During Covid, we didn't want to commit [to launching it] because we didn't know when we could deliver, or when the workers were coming back. So, we decided to finish the product, build everything and sell it. It is also easier for the buyers, who can go and see the units themselves."

Southpoint Residences will have 172 units with built-ups of 1,100 to 5,800 sq ft, and located on Levels 40 to 58 of Menara Southpoint, which also comprises Southpoint Offices & Retail (Level 39 and below), which were completed in 2019 and have been rented out.

Another project that IGB is finishing is in Kundang, Selangor. It features 38 shopoffices with built-ups of about 2,800 sq ft. There are also two office towers in Johor Baru, with a net lettable area of 654,000 sq ft (about 327,000 each). The office towers are part of the Mid Valley Southkey mixed-use development, which includes a hotel and mall.

"On top of that, we are doing asset enhancement to the retail malls and hotels. During the Covid years, we didn't do that much in terms of renovation or upgrading or anything like that. So, the hotels have to go through a massive renovation programme," says Tan.

The hotels that will be upgraded this year are Garden Residences in Mid Valley City, Cititel Express Ipoh and Cititel Express Kota Kinabalu. The total cost of the upgrading will be about RM50 million. Tan adds that the company will reopen Boulevard Hotel in Mid Valley City in the second half of this year.

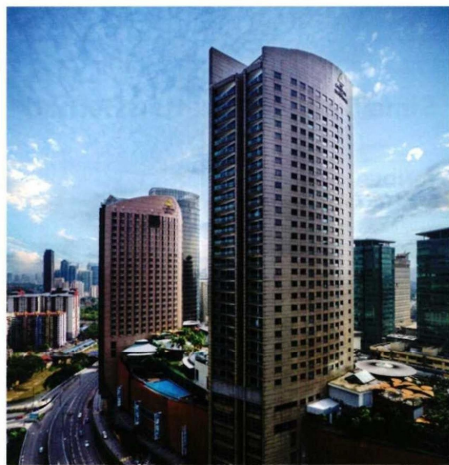


The Gardens Mall and Mid Valley Megamall continue to draw crowds with their retail offerings

ZAHID IZZAN/THE EDGE



The Gardens Hotel (shorter building on the left) has had its lobby refurbished and The Gardens Residences (right) is being fully refurbished and will reopen partially next March



"We are on the lookout for land for residential and commercial developments, as well as asset management for a retail mall. We are exploring acquisitions as a means of growing the REIT as well. Of course, it is not easy to find projects to buy," he says.

The group has an overseas project in the planning stage. "In Bangkok, we have submitted plans for a mixed-use development. It will be by the Chao Phraya River and next to the new parliament building."

Tan says IGB is on the lookout for overseas acquisitions but nothing has stood out or been at a good price so far. "The other projects that we are growing are the elder care and co-living projects," he adds.

"On the project development front, rather than go through the approval process, we are

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## Focus on repurposing old buildings near public transport

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more focused on repurposing buildings — old buildings that we can buy and repurpose, and gentrify the area. I think that is an easier, faster and cheaper route for us, and the risk is lower."

Tan explains that the old buildings, near public transport and within the Klang Valley, will be repurposed into offices, residences or a mall. "You can then do affordable units because if they are near transport hubs, you'll find a lot of single or newly married couples who don't mind an older building as long as they can get to a transport hub and get to work."

He also highlights that the repurposing of buildings is aligned with the company's environmental, social and governance (ESG) goals. The move is something he strongly believes in considering that good land is hard to come by and the lengthy approval process for new developments.

Speaking of ESG, the group is looking to reduce its carbon footprint internally as well, says Tan.

"We're trying to move to a more digital [environment]. We want to save a lot of paperwork. The company spends a lot of money photocopying, so we have tons of paperwork to reduce. That's the first thing we are trying to do for all departments," he adds.

IGB is also looking to add solar panels to its shopping malls. "We have land in Johor and we are looking at the numbers to build a solar farm and use the energy for the malls, but more study is needed," says Tan.

"On the waste front, [we're] cutting down on disposable plastic. The hotels are getting rid of

plastic bottles [for shampoo and so on] by the end of the year."

As for the social aspect of the group, there is a programme to match autistic children with mall tenants for certain roles, the hotels hire those with dyslexia, and at the aged-care facility in MiCasa, senior citizens are able to engage with each other and the public while working part-time at the F&B outlets. On the governance side, IGB has implemented measures to deal with corruption and protect whistleblowers.

Meanwhile, IGB International School has signed up for accreditation from Switzerland so that its students are able to continue their studies in the alpine country or other countries.

## The evolving future

As part of IGB's long-term plans, the younger generation is looking to develop an eco-resort and explore options for a large tract in Labu, Negeri Sembilan.

"We are exploring [what to do with] our large tract in Labu [of nearly 800 acres]. We are looking [to do something in] the industrial sector," says Tan.

"The third generation is very keen to explore Pangkor Island. We have a hotel and 70 to 80 acres of beachfront there. We closed the hotel, so the third gen is very keen to do something that is environmentally friendly and low density [there]. It will be an eco-resort. We have nearly 1.2km, a private beachfront. It's very, very nice."

Having lived through the golden age of development in Malaysia, Tan is prepared to help the next generation take their place as movers and shakers in an ever-changing world.