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Hatten Land acquiring two development sites in Malacca for RM108.6m

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By Rachel Mui

DEVELOPER Hatten Land is acquiring two parcels of land in Malacca for RM108.6 million (S\$35.32 million) to develop separate integrated projects, the firm said on Thursday night. This amount will be satisfied in full by the issue of 140.16 million shares at S\$0.25 apiece, or a 28.1 per cent premium to Hatten Land's volume weighted average price of S\$0.1952 as of Nov 15. The Catalyst-listed developer will acquire a 85 per cent stake in Rico Development Sdn Bhd, which owns the 6.1 acre (2.5 hectares) freehold land parcel, for RM46.75 million, as well as a 75 per cent stake in Rico Ventures Sdn Bhd, which owns the 6.7 acre leasehold land of 99 years expiring in May 2108, for RM61.88 million. Remaining stakes in both companies are owned by Hatten's deputy managing director Edwin Tan, who is a passive investor in both entities, the firm said. This deal will also increase Hatten's property portfolio to seven mixed-used developments and one retail mall. The group believes that "demand for mixed developments in the area will be robust, underpinned by new township developments and riding on the momentum of China's Belt and Road Initiative". It added that the two parcel of lands are "strategically located along the upcoming new towns" in Malacca. Upon completion of the acquisition, Hatten's net tangible assets per share will rise from 16.50 Malaysian cents to 22.13 Malaysian cents. Assuming that the proposed acquisitions had been completed on July 1, 2016, earnings per share will be reduced from 0.63 Malaysian cents to 0.58 Malaysian cents. Executive chairman and managing director of Hatten Land, Colin Tan said: "In a span of nine months since our public listing, we have expanded our development portfolio through value-accretive acquisitions of projects with attractive value propositions to our customers. We will continue to explore other opportunities including options to generate recurring revenue."

Source: Business Times Breaking News