

## TA Global to launch RM1.4 billion in projects next year

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Friday, 30 October 2009 15:39 - Last Updated Friday, 30 October 2009 15:55

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KUALA LUMPUR: TA Global Bhd, the property arm of TA Enterprise Bhd (TAE), aims to launch at least three projects in the Klang Valley with a total gross development value (GDV) of RM1.14 billion next year.

The three launches are the shopoffice and apartment components in its Seri Suria development in Sri Damansara, condominium developments in U-Thant, Ampang and Dutamas residential development in Mont'Kiara, TA Global director Datin Alicia Tiah told the media after the launch of its prospectus for its initial public offering (IPO) on Oct 30. Seri Suria spans 48.06 acres and will have a development mix of retail, serviced apartments, a hotel and a mall.

According to its prospectus, the shopoffice and serviced apartment components in Seri Suria with a GDV of RM517 million and RM218 million respectively are expected to be launched by May and September next year. The 106.5 million low-rise condominium project in U-Thant is planned for launch in October, while Phase 1 of Dutamas is scheduled for launch by November.

The developer also has 6.7 acres with a GDV of RM2.6 billion in the KLCC area. On a 2.26-acre site opposite the Petronas Twin Towers, the developer said it has obtained approval to build two 50-storey towers which will house a 6-star boutique hotel of 80 rooms at the top portion of one of the towers with the lower portion to house serviced apartments. The other tower will comprise serviced residences. There will also be an upscale retail podium to be kept by the developer for recurring income. The developer hopes to launch this project by end-2011.

At the junction of Bukit Bintang and Jalan Imbi, its Nova Square project on a 2.98-acre plot comprising an office tower, an apartment block and a five-star hotel, is still pending approval.

According to Alicia, the Seri Suria project, the KLCC project and the Nova Square project will give a GDV of RM6 billion over a period of 7 to 10 years.

TA Global also owns 242.7 acres of land in Ukay Heights, Mont'Kiara and Fraser's Hill for development.

Upon its listing scheduled on Nov 23, TA Global will be one of the largest property companies listed on the Main Market of Bursa Malaysia in terms of market capitalization. It is expected to see market capitalisation of RM2.4 billion.

The IPO offers 460 million shares of 50 sen, or 12.78% of the company's enlarged issued and paid-up share capital of 3.6 billion shares and 1.2 billion irredeemable convertible preference shares (ICPS), comprising 360 million shares for private placement to selected Bumiputera institutions; public issue of 90 million shares to Malaysian Bumiputera citizens, companies, societies, co-operatives and institutions; as well as 10 million shares to eligible directors and employees of TA Global.

It expects to raise gross proceeds of RM135 million that will be utilized for renovation of its hotel in Canada as well as for working capital and listing expenses.

Upon its listing, TAE will hold 58.7% or 2.1 billion shares in TA Global, while its executive chairman Datuk Tony Tiah Thee Kian will hold 8.1%. TA Global is recommending a dividend policy of 25% to 50% in annual profit.

"We expect to maintain our profitability in FY10 ending Jan 31, 2010. Revenue may be lower, but profit margin is higher," Alicia said.

In its FY09, TA Global's net profit fell 16% to RM92.9 million, from RM110.6 million a year earlier, despite higher revenue. Its revenue increased 53.6% to RM440.7 million in FY09, from RM208.6 million in FY08.

For its first quarter ended April 30, 2009 (1QFY10), net profit dropped 20.5% to RM15.8 million from RM19.84 million while its 1QFY10 revenue decreased 41.5% to RM49.23 million, from RM84.15 million in the same period the previous year.

Businesses under TA Global including hotel operations, property management, construction, property investment and property development. Tiah expects a major portion of the company's revenue in FY10 to come from property investment and hotel operations, as it is looking to expand its hotel operations to four hotels by year-end. Currently it has three hotels in Australia and Canada. The fourth hotel will be acquired from TAE. Revenue from the hospitality division is expected to increase threefold with these hotels.

Other properties under its investment portfolio are two office towers— Menara TA in Malaysia and Terasen Centre in Vancouver. It is looking at refurbishing the 37-storey Menara TA to fetch higher yield from the current yield of 6.5%. Radisson Plaza Hotel in Sydney and The Westin Melbourne Hotel will also be refurbished.