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IPO-bound Titijaya to focus on Klang Valley for growth



Pic by Ismail Che Rus

Titijaya Land ED Lim Puay Fung (left) and Lim at the prospectus launch in Kuala Lumpur yesterday. Lim says the average dividend payout for property development companies range from 30% to 70%

by AZLI JAMIL

PROPERTY developer Titijaya Land Bhd, enroute to the Main Board of Bursa Malaysia, will use RM30 million of its RM196.82 million initial public offering (IPO) proceeds to expand its landbank.

"Our group owns 470 acres of strategic landbank in the Klang Valley and we are allocating RM30 million to acquire additional land," said Titijaya COO Lim Poh Yit at the prospectus launch in Kuala Lumpur yesterday.

Lim said the company aims to remain focused on Klang Valley for its projects but does not discount venturing into Penang and Johor in the future.

Titijaya's IPO comprises 38.59% of the companies enlarged share capital of 340 million shares.

A total 81.7 million new shares (24.03%) is issued at RM1.50 sen per share, raising RM122.55 million where RM49.5 million will be used as working capital, RM39.3 million will be used to pay bor-

rowings and advances while RM30 million is to buy land.

Lim said 24.7 million shares allocated for placement to selected investors has attracted Armed Forces Fund Board and Lembaga Tabung Haji into its fold.

"They bought in quite a big block of shares and are considered as anchor investors," said Lim.

The other part of the IPO involves an offer for sale of up to 49.5 million (14.56%) existing shares at RM1.50 per share to selected investors, raising up to RM74.25 million that will entirely accrue to the offerors.

Rationalising the 30% dividend payout policy mentioned in the prospectus, Lim said, "We are a medium-sized company and need capital reserve so our board decided on the 30% dividend payout policy."

The average dividend payout for property development companies range from 30% to 70%, said Lim.

Titijaya has a gross development value (GDV) of RM1.08 billion for its ongoing projects

and plans to launch two projects in Selangor with a combined GDV of RM780 million in the first-quarter of 2014.

The projects are H2O@Ara Damansara, a mixed development project valued at RM570 million and a RM210 million Embun@Kemensah Heights residential project in Ulu Kelang.

Since it started in 1997, the group has completed about 3,000 units of properties, with a total GDV of approximately RM1.14 billion.

The company is slated for a Nov 27, 2013, listing date where all 340 million ordinary shares will be listed and at RM1.50 per share, the company will have a market capitalisation of RM510 million upon listing.

Apart from the 340 million shares there are also 100 million redeemable convertible preferences shares (RCPS) of 50 sen each that will not be listed.

The RCPS are currently held by the promoters and is convertible over a five year period on the basis of one new shares for every three RCPS held.