

BRDB's RM2.90 offer deemed reasonable

Shareholders to realise investment and invest proceeds for higher yield

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PETALING JAYA: Independent adviser AmInvestment Bank said Ambang Sehati Sdn Bhd's offer to acquire Bandar Raya Developments Bhd (BRDB) at RM2.90 per share was not a fair deal but a reasonable one.

In a circular to shareholders, the bank said the offer was not fair in view of the 23.88% discount to the property developer's estimated RNAV (revised net asset value) of RM3.81. However, the offer was not detrimental to holders of the company's shares and warrants. Hence, the adviser recommended that holders of the shares and warrants accept the offer.

AmInvestment Bank pointed out that BRDB's shares and warrants had been consistently trading below the offer prices of RM2.90 per share and RM1.80 per warrant for the past three years. At RM2.90, the offer has a premium of 15.54% over the five day VWAP (volume weighted average price) up to July 30, 2012.

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For the three years ending July 30, the highest and lowest traded price of BRDB shares were RM2.54 on Nov 15, 2010 and RM1.34 on Dec 14, 2009 respectively.

Meanwhile, for the warrants, the highest and lowest price during the three-year period was at RM1.57 on July 30, 2012 and 50 sen on Dec 16, 2009.

Based on the offer price, the adviser said that the annual gross dividend yield of the stock for the past two years stood at 2.59%.

“The offer provides an opportunity for shareholders to realise their investment in BRDB and to invest the cash proceeds in other forms of investment, which may potentially generate a higher income yield,” noted the circular released yesterday.

“Going forward, the prospects of the BRDB group are generally expected to be positive, supported

by its track record, assets and management capabilities. Nevertheless, there remains risks associated with the uncertain macroeconomic environment,” it added.

On the privatisation exercise, Minority Shareholder Watchdog Group commented on Ambang Sehati's previous offer in June last year to purchase four selected properties for RM914 million cash.

Ambang Sehati, a substantial shareholder in BRDB, had informed the board of its intention to take the latter private on July 30.

The company, controlled by BRDB chairman Datuk Mohamed Moiz Jabir Mohamed Ali Moiz, made a conditional offer worth RM1.5 billion at the end of August.

Ambang Sehati has an 18.49% stake in BRDB and held 19.12% of its total outstanding warrants.

Ambang Sehati said it did not intend to maintain the listing of BRDB, that it wanted to increase its equity interest in BRDB and where possible, take the company private and obtain full ownership of the company as it viewed the latter as a long-term investment opportunity.

The offer for BRDB shares will close at 5pm on Oct 1, being the first closing date, while the offer for the warrants will close at 5pm on Sept 26.