

AMDB to buy Paddington property

KUALA LUMPUR: AMDB Bhd has proposed to buy two freehold office buildings known as 40 and 50 Eastbourne Terrace in Paddington, Westminster, London via the acquisition of a 60% stake in Westlink Global Investments Ltd (WLG).

In a statement yesterday, AMDB said WLG had inked a sale and purchase agreement with LS Victoria Properties Ltd to purchase the property for £50.5 million (RM287.33 million).

AMDB said its subsidiary Walleng Enterprises Sdn Bhd had yesterday subscribed for 60 ordinary shares representing a 60% stake in WLG at par for cash.

Pursuant to the subscription, Walleng has committed to commit shareholder's advances to WLG of up to £13.5 million.

AMDB said the property provided a net lettable space of 146,000 sq ft of retail and office accommodation which are currently let to a variety of tenants with about 94% occupancy.

It said based on current rentals, the net rental yield on the property was about 8.65%.

AMDB said property values had dropped significantly and fundamentals showed it was now the right time to invest in the London property market, which is Europe's largest

and offered prime properties in a highly liquid market. It added that the outlook at a macro level for the UK economy in the medium term was very robust.

"These factors together with other London commercial real estate structural elements, for example, five-yearly upwards-only rent reviews, generate a positive outlook for commercial property capital growth and presents an opportunity to make superior risk adjusted returns," it said.

Stemming from the proposed shareholder's advances to WLG, the group's gearing (net of cash and cash equivalents) will rise from

0.18 times to 0.39 times.

Meanwhile, in a separate statement, AMDB said its subsidiary AMDB Technics Sdn Bhd was proposing to dispose of its entire 35% stake in AM SGB Sdn Bhd to SGB-SMIT International GmbH for RM31.25 million cash.

AM SGB is involved in the manufacturing and repairing of transformers for the local and overseas markets. AMDB expects to record a gain of about RM9.7 million from the disposal of the non-core assets and it will increase both the group's earnings per share and net assets per share by 1.8 sen. The proceeds will be used to repay borrowings.

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