

# Yoma plans 1-for-4 rights issue, \$102.2m placement

**Group also plans to convert Yangon's former railway HQ into five-star hotel**

By **KENNETH LIM**

YOMA Strategic Holdings will pursue its second rights issue this year to help fund an US\$81.28 million acquisition of economic rights to a major mixed-use development project in downtown Yangon.

Yoma is also raising about S\$102.2 million through a share placement, reported Reuters, citing a source with knowledge of the matter.

OCBC Research analyst Eli Lee, who last called a "hold" on the stock with a target price of 51 Singapore cents, said his valuation of the counter already assumed a high probability of the company pursuing the acquisition.

He was also not surprised at the prospect of another rights issue.

"Yoma is still in a very rapid growth mode, so it is reasonable that they will raise capital for allocation into their pipeline of Myanmar projects," said Mr Lee about Yoma's capital needs.

The Myanmar property developer said yesterday that it planned to buy 80 per cent of Meeyahta International Hotel Ltd (MIHL), which holds the rights to the economic benefits of the land development rights (LDRs) to the 10-acre development at Pabedan Township, including the heritage Railway Headquarters building. The seller is Yoma executive chairman Serge Pun's privately held

Serge Pun & Associates (SPA Group), which will retain control of the remaining 20 per cent of MIHL.

"The provision of first-class hotel rooms, offices, apartments and retail is badly needed in the capital to cope with the dramatic increase of interest in the country," said Yoma chief executive Andrew Rickards, who hailed the project as a "landmark development".

The acquisition price represents about 77.6 per cent of the average valuation of about US\$104.75 million from two valuers, Jones Lang LaSalle and Robert Khan & Co. The valuers also estimated further development costs of US\$330 million to US\$350 million.

"The price for the site was reasonable," said OCBC Research's Mr Lee. "It was in line, but towards the lower half of our range. We believe this would likely be a landmark project in Yangon and see this project to be a fairly attractive one in terms of the price paid, given the anticipated growth in demand for high-grade commercial space as Myanmar macro conditions further improve."

Sitting in downtown Yangon's business district, the project's current landmarks include the FMI Centre Tower and the Grand Meeyahta Hotel.

Yoma plans to convert the former Railway Headquarters into a five-star

hotel. It will also build a four-star hotel, a luxury condominium building, a serviced apartment complex, two office towers with more than 700,000 square feet of gross floor area and a retail podium with more than 400,000 sq ft of gross floor area in the project.

Yoma plans to pay for the acquisition via a renounceable rights issue of one rights share for every four shares held.

The rights shares will be sold at a discount of 25 to 35 per cent of Yoma's relevant market share price. The stock, which was halted yesterday, last changed hands at 56 Singapore cents on Nov 16.

Mr Pun has committed to subscribe for his full enti-

tlement and acquire any additional rights required to cover the consideration amount for the transaction.

This will be the second rights issue that Yoma is pursuing over the past year. The company completed a four-for-five rights issue in June that raised about \$101 million for its Star City project.

Yoma is also offering up to 192.9 million new shares in a range of 51.5 to 53 Singapore cents apiece, or a discount of 5 to 8 per cent from Friday's close, according to Reuters.

One US investor agreed to buy nearly half of the shares on offer, Reuters said.

Yoma declined to comment on the share placement.