

PNSB repeats RM844mil demand from Tropicana

Kinibiz.com

Apr 3 , 2014

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Selangor state's wholly owned subsidiary Permodalan Negeri Selangor Berhad (PNSB) has reiterated that Selangor state government will be demanding RM844 million from Tropicana over the sale of 1,172 acres of land in Kuala Langat in 2013.

"Based on Tropicana's recent land disposal to Eco World, the state government has gained new perspective on the agreement between PNSB and Tropicana," PNSB said in an official statement, echoing a similar demand made by the office of Selangor's Menteri Besar (MB) Khalid Ibrahim previously.

PNSB reconfirmed that the state government through Menteri Besar Selangor Inc (MBI) is planning to offer Tropicana a lump sum cash sale based on RM844 million Net Present Value (NPV) instead of the RM1.29 billion that Tropicana is supposed to pay over 20 years.

Tropicana (formerly known as Dijaya Corp) recently sold 308 acres of land in Kuala Langat (previously known as Canal City) to Eco World for RM470 million.

This land sale has triggered the RM844 million demand from the Selangor state government as full payment for the land acquisition in 2013.

The land sold by Tropicana to Eco World is a small portion of a total 1,172 acres that Tropicana had purchased for from Selangor state in April 2013 for the Tropicana Aman township development.

Tropicana had acquired the eleven parcels of leasehold land in Kuala Langat for a total sum of RM1.3 billion from PNSB in April 2013 with a deferred payment over a period of up to 20 years.

"The purchase consideration comprises the land purchase price of RM587 million, interest cost, a share of gross development value (GDV) and the profit entitlement from the development of the land," Tropicana said then in a filing to Bursa Malaysia.

PNSB further explains that originally the 1,172 acre land was part of the flood mitigation project or Projek Tebatan Banjir (PTB) development. This project was

subsequently cancelled after survey reports decided that it wasn't necessary to due to existing facilities being sufficient. PTB was cancelled by the Selangor state government in 2010.

"In 2011 PNSB's board of directors agreed to issue a "Request of Proposal (RFP) for the land and formed a valuation committee that comprised PNSB's management and board members, as well as individuals and professionals from various fields to evaluate the recommendations on the RFP," said PNSB.

Subsequently, upon the management's recommendations PNSB's board of directors agreed to offer Dijaya Corporation (now Tropicana) the RFP tender for a minimal return of RM1.297 billion.

PNSB believes that the land sale to Tropicana was good for the Selangor state at the time not only in the form of returns on land valuation but also in terms of profit sharing in Tropicana's development projects.

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