



(a real estate investment trust constituted on 5 June 2006 under the laws of the Republic of Singapore)  
Sponsored by Frasers Centrepoint Limited, a wholly-owned subsidiary of Fraser and Neave, Limited

## ANNOUNCEMENT

### ACQUISITION OF UNITS IN HEKTAR REAL ESTATE INVESTMENT TRUST IN MALAYSIA

In relation to the initial public offering of units in Frasers Centrepoint Trust in July 2006 (the "**Offering**"), the joint financial advisors were DBS Bank Ltd ("**DBS Bank**") and Oversea-Chinese Banking Corporation Limited ("**OCBC Bank**"). The joint lead underwriters and bookrunners of the Offering were DBS Bank, OCBC Bank and UBS AG, acting through its business group, UBS Investment Bank.

#### 1. INTRODUCTION

Frasers Centrepoint Asset Management Ltd., as manager of Frasers Centrepoint Trust ("**FCT**", and manager of FCT, the "**Manager**"), has identified an aggregate of 86,400,000 units (the "**Sale Units**") in Hektar Real Estate Investment Trust ("**H-REIT**", and units in H-REIT, "**H-REIT Units**"), representing 27.0% of the total issued and outstanding H-REIT Units, for acquisition by FCT (the "**Acquisition**"). The Sale Units will be acquired from (i) Hektar Black Sdn Bhd ("**HBSB**") and (ii) certain individuals (the "**Individual Vendors**", and together with HBSB, the "**Vendors**"). HBSB is a corporation incorporated in and existing under the laws of Malaysia and the Individual Vendors are residents of Malaysia. The Vendors are the registered and beneficial holders of the H-REIT Units.

H-REIT is a real estate investment trust constituted in Malaysia under a trust deed dated 5 October 2006 entered into between Hektar Asset Management Sdn Bhd ("**H-REIT Manager**") as manager of H-REIT and AmTrustee Berhad. H-REIT Units are listed on Bursa Malaysia Securities Berhad ("**Bursa Malaysia**").

HBSB and H-REIT Manager are related entities under the Hektar Group of companies.

For the purpose of the Acquisition, HSBC Institutional Trust Services (Singapore) Limited, as trustee of Frasers Centrepoint Trust (the "**Trustee**"), has today entered into:

- (i) a sale and purchase agreement with HBSB to purchase 32,000,000 H-REIT Units from HBSB (the "**First Sale and Purchase Agreement**"); and

- (ii) a sale and purchase agreement with the Individual Vendors to purchase 54,400,000 H-REIT Units from them (the “**Second Sale and Purchase Agreement**”, and together with the First Sale and Purchase Agreement, the “**Sale and Purchase Agreements**”).

## **INFORMATION ON HEKTAR REAL ESTATE INVESTMENT TRUST**

The principal investment objective of H-REIT is to invest in income-producing real estate in Malaysia, which is primarily used for retail purposes and to provide unitholders with a secure income distribution and to enhance the long-term value of the fund. The current property portfolio of Hektar REIT comprises two shopping complexes, being Subang Parade in Selangor and Mahkota Parade in Melaka (the “**Properties**”), which have a total net lettable area of approximately 944,500 square feet.

According to the valuation reports dated 19 October 2006 which were included in H-REIT’s initial public offering prospectus dated 15 November 2006, the Properties have an aggregate market value of RM523.0 million.

According to H-REIT’s unaudited results for the quarter ended 31 March 2007, H-REIT’s Net Asset Value per Unit was RM1.04.

H-REIT Units traded at RM1.16 per unit as at the close of trading hours on Bursa Malaysia on 15 May 2007, giving H-REIT a total market capitalization of RM371.20 million.

## **2. PRINCIPAL TERMS OF THE ACQUISITION**

### **2.1 Consideration**

The 86,400,000 Sale Units will be acquired at a purchase consideration of RM1.21 per Sale Unit at an aggregate purchase consideration of RM104.544 million. The purchase consideration was arrived at on a “willing buyer, willing seller” basis and has been agreed to after arms-length negotiations.

### **2.2 Completion**

Completion of the sale and purchase of the Sale Units will take place following the satisfaction, or if applicable waiver of, the condition precedent set out in paragraph 2.3 below, and is expected to take place on or before 14 June 2007 (“**Completion**”), but in no event later than forty-five (45) days from today, unless otherwise agreed by the Vendors and the Trustee.

### **2.3 Condition Precedent**

The Acquisition is conditional upon both the First Sale and Purchase Agreement and the Second Sale and Purchase Agreement becoming unconditional and completing simultaneously (the “**Condition Precedent**”), unless specifically waived.

### **2.4 Completion by way of Direct Business Transaction**

The sale and purchase of the H-REIT Units will be completed by way of direct business transaction in accordance with the rules or directives for the time being in force issued by

Bursa Malaysia and Bursa Malaysia Securities Clearing Sdn. Bhd. (the “**Clearing House**”) in respect of the procedure for the settlement of direct business transactions settled through the Clearing House or such other rules or directives which may be issued from time to time by the Clearing House or such other relevant authority or clearing house in place of the current rules or directives.

## **2.5 Right Of First Refusal**

The Trustee shall have the right of first refusal granted by HBSB, to acquire an additional thirteen percent (13%) or such other percentage of the issued units of the H-REIT as may be agreed between the Trustee and HBSB on terms no less favourable than those offered to any third party.

## **2.6 Trustee’s Right of Termination**

Notwithstanding the above and any other provisions of this Agreement, the Trustee shall have, *inter alia*, the right to elect to terminate each of the Sale and Purchase Agreements in the event that the Condition Precedent is not satisfied within 45 days of the date of the Sale and Purchase Agreements, unless otherwise agreed between the Trustee and the relevant Vendors.

## **3. ESTIMATED ACQUISITION COSTS**

The current estimated costs of the Acquisition amount to approximately S\$47.58 million, comprising:

- (i) a sum of RM104.544 million (or approximately S\$46.58<sup>1</sup> million) for the 86,400,000 Sale Units; and
- (ii) other estimated fees and expenses (including acquisition fees, professional fees and expenses) of approximately S\$1.00 million incurred or to be incurred by FCT in connection with the Acquisition.

## **4. METHOD OF FINANCING**

The Trustee intends to finance the Acquisition, at least initially, wholly with debt, save for the acquisition fee payable to the Manager, computed as one percent (1.0%) of the acquisition price of the Sale Units, which will be payable in the form of FCT units issued to the Manager. The Trustee and the Manager may subsequently consider other options for the long term financing of the Acquisition.

## **5. RATIONALE**

The Trustee believes that the Acquisition will bring the following benefits to unitholders of FCT (“**Unitholders**”).

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<sup>1</sup> Based on assumed exchange rate of RM1.00 = S\$0.4456, which will be adopted throughout this announcement unless otherwise stated.

## **5.1 Exposure to Malaysia's Retail Property Market**

The Acquisition allows FCT to tap into the robust outlook and growth potential of Malaysia's retail property market.

## **5.2 Strategically Located Asset**

The Acquisition allows FCT to invest in two quality suburban regional retail malls, namely Subang Parade in Klang Valley and Mahkota Parade in Melaka. These properties are sited in strategic locations within stable micro markets and enjoy high occupancy rates supported by strong tenant demand and large shopper catchments.

## **5.3 The Acquisition is in line with the Manager's Investment Strategy**

The Manager aims to maximise the rate of return for Unitholders and to make regular distributions by, *inter alia*, pursuing opportunities for asset acquisitions that are yield accretive.

The Acquisition will be in line with this as well as FCT's strategy of investing, directly or indirectly, in a diversified portfolio of income-producing real estate which is primarily used for retail purposes.

## **5.4 The Acquisition will be Yield-Accretive**

The Manager believes that Unitholders can expect to enjoy a higher distribution per Unit due to the yield-accretive nature of the Acquisition. This expected increase in distribution per Unit will result from, *inter alia*, the Acquisition at an attractive price relative to the cash flows that it generates.

## **5.5 Income Diversification and Enlargement of Asset Portfolio**

The Acquisition will enlarge FCT's existing portfolio and improve income diversification through an enlarged portfolio of assets as well as through geographical diversification.

# **6. FINANCIAL EFFECTS OF THE ACQUISITION**

## **6.1 Assumptions**

The pro forma financial effects of the Acquisition presented below are strictly for illustration purposes and do not reflect the actual financial position of FCT after completion of the Acquisition. FCT was listed on the Singapore Exchange in July 2006 and H-REIT was listed on Bursa Malaysia in December 2006. Both FCT and H-REIT do not yet have audited financial statements for any period since their respective listings. The pro forma effects of the Acquisition presented below have been prepared based on: (i) the unaudited financial statements of FCT for the financial period which commenced on 1 January 2007 and ended on 31 March 2007 (the "**Financial Period**"); and (ii) H-REIT's profit forecast for the financial period commencing from 1 December 2006 and ending on 31 December 2007 as presented

in H-REIT's prospectus dated 15 November 2006<sup>2</sup> (the "**H-REIT Prospectus Forecast**"); as well as the financing assumptions stated in paragraph 4 of this Announcement.

## **6.2 Net Profits**

The net profits (before Singapore income tax, minority interests and extraordinary items) attributable to the Acquisition in relation to the Financial Period is approximately S\$317,000<sup>3</sup> (equivalent to S\$1.27 million on an annualized basis).

## **6.3 Net Tangible Assets**

The Acquisition will not have a significant effect on the net tangible assets per unit in FCT.

## **6.4 Distribution**

Assuming that the Acquisition had been completed on 1 January 2007, the distribution per unit in FCT will increase by 0.05 Singapore cents (equivalent to 0.21 Singapore cents on an annualized basis) or 3.0% for the Financial Period.

## **7. INTERESTS OF DIRECTORS AND CONTROLLING SECURITY HOLDERS**

Frasers Centrepoint Limited ("**FCL**") has entered into a sale and purchase agreement for the acquisition of 40.0% of the issued and paid up capital of Hektar Asset Management Sdn Bhd, the manager of H-REIT, from Hektar Klasik Sdn. Bhd. (the "**H-REIT Manager Acquisition**"). FCL is a controlling Unitholder of FCT. Messrs Han Cheng Fong, Anthony Cheong Fook Seng and Lim Ee Seng (the "**Common Directors**") are members of the board of directors of FCL and of the Manager and Mr Christopher Tang Kok Kai is a director of the Manager. Although neither the Acquisition nor the H-REIT Manager Acquisition is conditional one upon the other, the Common Directors and Mr Christopher Tang have declared their interest in relation to the Acquisition and/or the H-REIT Manager Acquisition and had abstained from voting on resolutions in relation thereto. Other than as aforesaid, based on information available to the Manager as at the date of this Announcement, none of the directors of the Manager or the controlling Unitholders of FCT<sup>4</sup> have an interest, direct or indirect, in the Acquisition.

## **8. OTHER INFORMATION**

### **8.1 Director's Service Contracts**

No person is proposed to be appointed as a director of the Manager in connection with the Acquisition or any other transaction contemplated in relation to the Acquisition.

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<sup>2</sup> In H-REIT's unaudited financial statements for the period commencing from 1 December 2006 and ending on 31 March 2007, which was released on 23 April 2007, H-REIT reported a net income per unit of 3.51 *sen* for the aforesaid 4-month period. However for the purpose of paragraph 6 of this Announcement, the assumption adopted is a lower net income per unit of 2.22 *sen* for a 3-month period coinciding with the Financial Period. The 2.22 *sen* figure is an estimate that has been arrived at on the basis of the H-REIT Prospectus Forecast.

<sup>3</sup> In addition to the other assumptions stated in this Announcement, the figure has been derived net of 20% withholding tax and FCT's estimated financing costs and trust expenses.

<sup>4</sup> A person with an interest in one or more units constituting not less than 15.0% of all outstanding units in FCT.

## **8.2 Disclosure under Rule 1010(13) of the Listing Manual**

**8.2.1** Chapter 10 of the Listing Manual classifies transactions into (i) non-discloseable transactions, (ii) discloseable transactions, (iii) major transactions, and (iv) very substantial acquisitions or reverse takeovers, depending on the size of the relative figures computed on, *inter alia*, the following bases:

- (a) the net profits attributable to the assets acquired or disposed of, compared with FCT's net profits;
- (b) the aggregate value of the consideration given, compared with the market capitalisation of FCT; and
- (c) the number of units issued by FCT as consideration for the Acquisition, compared with the number of FCT units previously in issue.

**8.2.2** Based on the unaudited financial statements of H-REIT for the period commencing from 1 December 2006 and ending on 31 March 2007 and the unaudited financial statements of FCT for the Financial Period, the relative figure for the basis of comparison set out in sub-paragraph 8.2.1 (a) is approximately 8.8<sup>5</sup>%.

**8.2.3** The purchase consideration for the Acquisition would be RM104.544 million (or approximately S\$46.58 million). Based on this and FCT's market capitalisation of approximately S\$1,091.12 million as at the close of trading hours on the Singapore Exchange on 15 May 2007, the relative figure for the basis of comparison set out in sub-paragraph 8.2.1 (b) is approximately 4.3%.

**8.2.4** The relative figure of the basis of comparison set out in sub-paragraph 8.2.1(c) does not apply because no units are issued by FCT as consideration for the Acquisition.

**8.2.5** As the relative figure under Rule 1006(b) of the Listing Manual exceeds 5.0%, as described in paragraph 8.2.2 above, the Acquisition constitutes a discloseable transaction as defined in Chapter 10 of the Listing Manual. The relative figures under Rule 1006 do not however exceed 20.0% and the Acquisition does not therefore constitute a major transaction as defined in Chapter 10 of the Listing Manual.

## **8.3 Documents for Inspection**

Copies of the following documents are available for inspection during normal business hours (prior appointment will be appreciated) at the registered office of the Manager located at 438 Alexandra Road, #21-00 Alexandra Point, Singapore 119958 for a period of 3 months commencing from the date of this Announcement:-

- (i) the First Sale and Purchase Agreement; and
- (ii) the Second Sale and Purchase Agreement.

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<sup>5</sup> Computed based on: (i) a 27% share in H-REIT's Net Income as reported in its unaudited financial statements for the period commencing from 1 December 2006 and ending on 31 March 2007 (but pro-rated for the purpose of providing an estimate in respect of the Financial Period), net of withholding tax of 20%; and (ii) FCT's Net Investment Income before tax as reported in its unaudited financial statements for the Financial Period.

Anthony Cheong  
Company Secretary  
Frasers Centrepoint Asset Management Ltd.  
(Company registration no. 200601347G)  
(as Manager of Frasers Centrepoint Trust)

16 May 2007

**Important Notice**

The value of Units and the income derived from them, if any, may fall or rise. Units are not obligations of, deposits in, or guaranteed by, the Manager or any of its affiliates. An investment in Units is subject to investment risks, including the possible loss of the principal amount invested.

Investors should note that they will have no right to request the Manager to redeem or purchase their Units for so long as the Units are listed on Singapore Exchange Securities Trading Limited (the "SGX-ST"). It is intended that holders of Units may only deal in their Units through trading on the SGX-ST. The listing of the Units on the SGX-ST does not guarantee a liquid market for the Units.

The past performance of FCT is not necessarily indicative of the future performance of FCT. This announcement contains forward-looking statements that involve risks and uncertainties. Actual future performance, outcomes and results may differ materially from those expressed in these forward-looking statements as a result of a number of risks, uncertainties and assumptions. Representative examples of these factors include (without limitation) general industry and economic conditions, interest rate trends, cost of capital and capital availability, competition from similar developments, shifts in expected levels of H-REIT rental income, changes in operating expenses, including employee wages, benefits and training, H-REIT expenses and governmental and public policy changes. You are cautioned not to place undue reliance on these forward-looking statements, which are based on the Manager's current view of future events.