

Fraser Centrepoint to buy 27pc stake in Hektar REIT

RM105m deal will enable Singapore property trust to invest in Malaysia’s retail malls

■ **By Chong Pool Koon**
 poaikoon@nstp.com.my

FRASER Centrepoint Trust, a Singapore property trust backed by Fraser and Neave Ltd, will buy 27 per cent of Hektar Real Estate Investment Trust (REIT) for some RM105 million as part of a strategic alliance that will lead to joint investments in Malaysia’s retail malls.

Fraser Centrepoint Ltd, manager of the Singapore trust and a key developer in the city-state, is also taking a 40 per cent share in Hektar Asset Management Sdn Bhd, which manages Hektar REIT.

The deal still needs the authorities’ approval.

“Once the purchase is completed, Fraser Centrepoint Ltd will have a representation on the board and exco of Hektar Asset Management,” Fraser Centrepoint told investors in Singapore yesterday, according to presentation materials obtained by Business Times.

Hektar REIT will also undergo a rebranding post-acquisition to better reflect the strategic alliance, the company said.

“This transaction represents the first step in a strategic partnership between the two groups,” Hektar Asset’s chairman and chief executive officer Datuk Jaafar Abdul Hamid said in a press release.

The partnership will allow Hektar REIT to speed up acquisitions with the strong financial backing from Fraser Centrepoint.

The two groups, which share similar strategy in retail mall investments, are also expected to collaborate in building a pipeline of greenfield assets for Hektar REIT in the future.

Fraser Centrepoint Trust was listed on the Singapore Stock Exchange in July last year. It has three suburban malls in the city-state worth a combined S\$936 million (RM2.1 billion).

Hektar REIT is the owner of Subang Parade and Makhota Parade in Malaysia, valued at RM523 million in total.

For Fraser Centrepoint, the partnership will give it the opportunity to become a key property player in Malaysia, following in the footsteps of rival

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Jaafar (right) and Tang at the signing ceremony for the acquisition

Assets owned by Hektar REIT & Fraser Centrepoint Trust

<ul style="list-style-type: none"> ■ Subang Parade, Selangor ■ Mahkota Parade, Malacca ■ Total value: RM523 million 	<ul style="list-style-type: none"> ■ Causeway Point, Singapore ■ Northpoint, Singapore ■ Anchorpoint, Singapore ■ Total value: RM2.1 billion

‘Hektar REIT excellent investment platform’

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CapitaLand Group, which has recently tied up with a Malaysian group to launch Quill Capita Trust.

“Hektar REIT represents an excellent investment platform for investing in retail properties in Malaysia,” Christopher Tang, chief executive officer of Frasers Centrepoint Asset Management Ltd said.

“Hektar has a portfolio of well-located, good-quality suburban and regional shopping malls. It

is also aggressively seeking growth opportunities,” Tang said in a statement.

Fraser Centrepoint Trust is buying 27 per cent of Hektar REIT at RM1.21 per unit, or a 2.6 per cent premium to its RM1.18 closing price yesterday. The Singapore trust will buy 10 per cent of the share from Jaafar, while the balance is from other individual unitholders.

Fraser Centrepoint Trust also has the first right of refusal for another 13 per cent in Hektar REIT.

