

FCT buys 27% of Malaysian H-Reit

M'sia is its first overseas market expansion because of its familiarity

By UMA SHANKARI

FRASERS Centrepoint Trust (FCT) yesterday said it has paid \$46.6 million to buy 27 per cent of a Malaysian real estate investment trust (Reit), kick-starting its overseas expansion.



Subang Parade: One of two suburban retail malls owned by H-Reit in Malaysia

FCT is buying 84.6 million units - or 27 per cent - of Hektar Real Estate Investment Trust (H-Reit). H-Reit was listed on Bursa Malaysia in December last year, and is now the only Malaysian-listed Reit investing purely in retail assets, FCT said.

The strategic partnership will also see FCT's parent company Frasers Centrepoint Limited (FCL) acquire 40 per cent of HReit's manager Hektar Asset Management Sdn Bhd. FCL will gain board and exco representation in the management company.

FCT paid RM1.21 (53 Singapore cents) for each unit in H-Reit, a slight premium to its closing price of RM1.18 yesterday. The trust will start to see contributions from its new purchase in the July-September financial quarter this year, said Christopher Tang, chief executive of FCT's management team.

H-Reit owns two suburban retail malls with a total net lettable area of 944,500 sq ft in Malaysia at present. The malls - Subang Parade in Selangor and Mahkota Parade in Melaka - house more than 230 major international and domestic retailers and enjoy a combined footfall of more than 279,000 people per week.

'The Reit gives us a platform to grow further in Malaysia,' said Mr Tang. 'We want to use it as a vehicle to acquire more properties.'

FCT has chosen Malaysia as its first overseas market to expand into because of its familiarity, said Mr Tang. In addition, FCT's parent company FCL has a strong network in the country. Both H-Reit's sponsor Hektar Group and FCL will work together to rebrand the Reit and the malls in its portfolio. FCT also said there could be possible collaboration between the two parent companies in real estate projects, providing a steady acquisition pipeline for H-Reit.

Mr Tang also said that the FCT is eyeing China's second-tier cities for future acquisition opportunities as it looks to continue expanding overseas. However, the majority of growth in the near future will come from Singapore, where the Reit has yet to exercise its option to acquire the flagship The Centrepoint.

FCT's shares closed one cent down at \$1.76.