



**Boustead REIT Managers Sdn Bhd** (90953-K)

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Malaysia

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P R O S P E C T U S



Established in Malaysia under the Deed dated 11 December 2006 entered into between Boustead REIT Managers Sdn Bhd (formerly known as Emas Jeep Sdn Bhd) and CIMB Trustee Berhad (formerly known as Bumiputra-Commerce Trustee Berhad) as an Islamic real estate investment trust

Initial Public Offering by



**Boustead REIT Managers Sdn. Bhd.** 90953-K

as the manager of Al-Hadharah Boustead REIT of 220,000,000 new units representing undivided interest in Al-Hadharah Boustead REIT ("Issue Unit") comprising:-

- (i) 20,000,000 Issue Units made available for application by the Malaysian public at the retail price of RM0.99 per Issue Unit payable in full upon application;
- (ii) 2,000,000 Issue Units made available for application by the eligible Directors and employees of Boustead REIT Managers Sdn Bhd, Investment Committee members of Al-Hadharah Boustead REIT, Directors and employees of Boustead Estates Agency Sdn Bhd and the Directors of Boustead Holdings Berhad and Boustead Properties Berhad (collectively the promoters of the Al-Hadharah Boustead REIT), at the retail price of RM0.99 per Issue Unit payable in full upon application; and
- (iii) 198,000,000 Issue Units made available for application by institutional and selected investors at the institutional price of RM1.05 per Issue Unit payable in full upon application,

in conjunction with the listing of Al-Hadharah Boustead REIT on the Main Board of Bursa Malaysia Securities Berhad.

Principal Adviser  
and Underwriter



**MIMB INVESTMENT BANK BERHAD**  
10209-W

Joint Financial Adviser, Joint Placement Adviser,  
Managing Underwriter and Underwriter



**AFFIN BANK BERHAD**  
25046-T

Joint Financial Adviser and  
Joint Placement Adviser



**PACIFIC ALLIANCE CAPITAL SDN BHD**  
508013-D

Placement Agent  
and Underwriter



**AFFIN INVESTMENT BANK BERHAD**  
9999-V

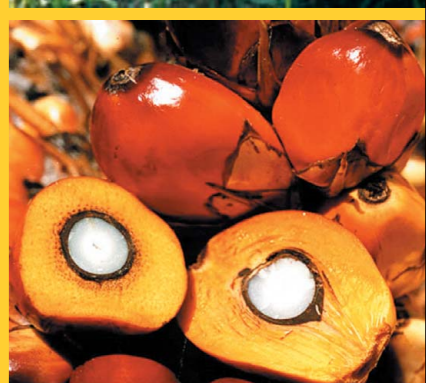
Trustee



**CIMB TRUSTEE BERHAD**  
167913-M

INVESTORS ARE ADVISED TO READ AND UNDERSTAND THE CONTENTS OF THIS PROSPECTUS. IF IN DOUBT, PLEASE CONSULT YOUR PROFESSIONAL ADVISER. FOR INFORMATION CONCERNING CERTAIN RISK FACTORS WHICH YOU SHOULD CONSIDER, SEE "RISK FACTORS" IN SECTION 4 HEREIN

THIS PROSPECTUS IS DATED 15 JANUARY 2007 AND EXPIRES ON 14 JANUARY 2008

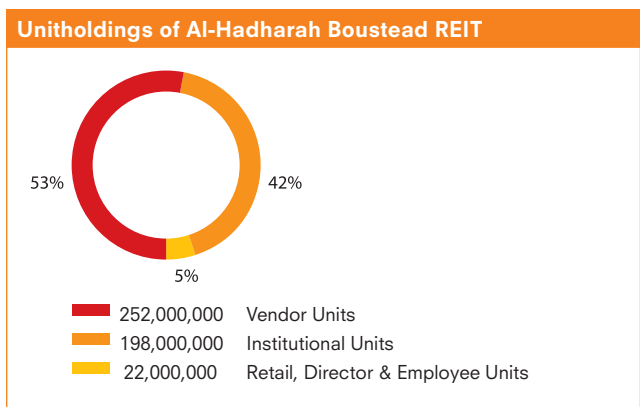


# KEY INVESTMENT HIGHLIGHTS

## INTRODUCTION

The Al-Hadharah Boustead REIT is the first Islamic oil palm plantation real estate investment trust (REIT), marking a milestone for the REIT market in Malaysia. It is the largest Islamic REIT in Malaysia, based on asset value at listing date.

Total units to be issued will be 472 million units comprising :



Al-Hadharah which means “civilisation” is a Shariah-compliant REIT that involves the sale of plantation assets to a fund established by the Boustead Group. These assets will subsequently be leased back to certain subsidiaries of the Boustead Group, who will then become tenants.

Al-Hadharah Boustead REIT will be managed by Boustead REIT Managers Sdn Bhd, a subsidiary of Lembaga Tabung Angkatan Tentera (LTAT), one of the premier and leading funds in the region.

## UNIQUE INVESTMENT

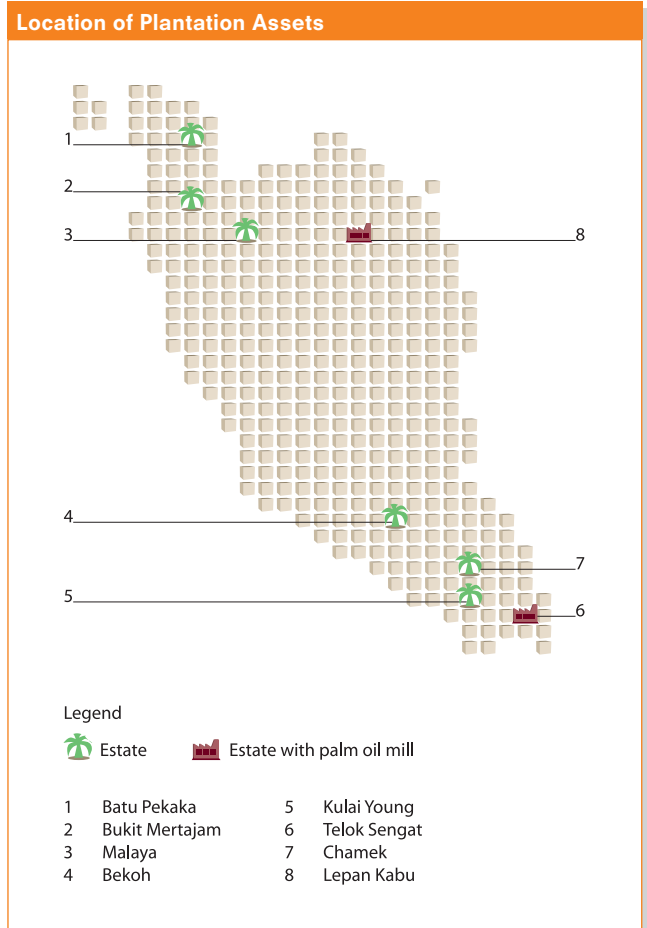
Al-Hadharah Boustead REIT enables the Boustead Group to realise the fair value of its plantation assets while retaining the assets' productive use by leasing them back from the REIT.

This is a unique opportunity for discerning investors to participate in plantation ownership with a small capital outlay. Unitholders will enjoy stable income with the prospect of potential capital appreciation.

## MARKET VALUATION

Al-Hadharah Boustead REIT will involve eight oil palm estates and two palm oil mills, all located within Peninsula Malaysia. The total purchase consideration for these plantation assets, which forms the basis of this fund, would be RM472 million.

This purchase price represents a discount of 3.42% from the market valuation of RM489 million undertaken by independent valuer, CH Williams Talhar & Wong Sdn Bhd. By virtue of this fact, the Al-Hadharah Boustead REIT has potential capital appreciation.



## INCOME STREAMS

Under the Al-Hadharah Boustead REIT, plantation assets will be leased back to the vendors for a three-year renewable tenancy with a cumulative period of up to thirty years.

At the end of every three years, the fixed rental will be reviewed and a new rental will be agreed between the parties. The new rental will be determined based on historical crude palm oil (CPO) prices, prevailing and expected future CPO prices, cost of production, extraction rates and yield per hectare.

Hence, income sources for Al-Hadharah Boustead REIT include:

### i. Fixed Rental

Tenants will pay a cumulative fixed rental of RM41.3 million per annum for the first tenancy term of three years. This will be payable on a bi-monthly basis.

### ii. Performance-Based Profit Sharing

In addition to a fixed rental, the Al-Hadharah Boustead REIT may enjoy an annual profit sharing of net incremental income based on a formula pegged to CPO and fresh fruit bunch (FFB) prices.

This net incremental income is determined based on the actual CPO price realised for the year, above the reference price of RM1,500 per MT for the first three years. It will be shared on a 50:50 basis between the tenants and the fund.

This profit sharing payment is the first of its kind in the REIT market and may translate into more handsome dividend yields for investors.

### iii. Capital Gains

Given the development potential of some of the plantation assets, especially those located in prime locations; there is a potential upside for capital gains. The gains realised may be distributed as bonus dividends.

## DIVIDENDS

### i. Projected Dividends

At least 98% of the distributable earnings of the REIT will be paid to unitholders for the first three financial years. It is projected that the REIT will be well positioned to declare a dividend distribution of 7.38 sen for the next three years.

### ii. Variable Dividends

In addition to income from fixed rentals, the REIT will also see earnings derived from profit sharing between the REIT and its tenants based on a formula. This may also contribute to additional dividend distribution to the unitholders.



### ii. Bonus Dividends

Unitholders may also enjoy enhanced dividend yield from the sale proceeds of selected plantation assets with developments potential located in prime areas.



## FUTURE GROWTH

With the Boustead Group's well established and proven track record in the plantation sector since the 1900s, the Al-Hadharah Boustead REIT offers an investment opportunity spearheaded by an organisation that has strong operating cashflows complemented with a professional management team.

The Al-Hadharah Boustead REIT is unique as it features embedded growth potential. There is a planned second phase injection of plantation assets. The Group also has a total plantation portfolio in excess of RM1 billion in value which provides new opportunities for further growth.

## CONCLUSION

The Al-Hadharah Boustead REIT is an attractive investment alternative. It offers investors a projected dividend yield of over 7%. This compares favourably to the average dividend yield of 3.0% for selected plantation stocks. In light of the current debt free status of the fund, the Al-Hadharah Boustead REIT affords greater flexibility in achieving enhanced growth for its unitholders.

## PLANTATION ASSETS

### TELOK SENGAT ESTATE



Location	: Along both sides of the road leading to Telok Sengat Village about 28.8 kilometers south-east of Kota Tinggi town, Johor
Land Area (Hectares)	: 3,693.32
Tenure	: Freehold
Average Production of FFB <sup>^</sup>	: 74,616 MT

### TELOK SENGAT PALM OIL MILL



Location	: Telok Sengat Palm Oil Mill, P.O.Box 513, 81909 Kota Tinggi, Johor
Land Area (Hectares)	: 19.24
Tenure	: Freehold
Mill capacity	: 30 MT/hour
Average mill throughput <sup>^</sup>	: 125,407 MT of FFB

### LEPAN KABU ESTATE\*



Location	: At the 75th kilometerpost Kota Bharu/Gua Musang main road, Kuala Krai, Kelantan
Land Area (Hectares)	: 2,036.23
Tenure	: Freehold
Average Production of FFB <sup>^</sup>	: 32,332 MT

### LEPAN KABU PALM OIL MILL\*



Location	: Lengan Kabu Palm Oil Mill, Pahi, 18000 Kuala Krai, Kelantan
Land Area (Hectares)	: 8.00
Tenure	: Freehold
Mill capacity	: 20 MT/hour
Average mill throughput <sup>^</sup>	: 55,245 MT of FFB

### CHAMEK ESTATE



Location	: Along the eastern side of the train tracks next to Kampung Chamek, Johor
Land Area (Hectares)	: 816.86
Tenure	: Freehold
Average Production of FFB <sup>^</sup>	: 14,293 MT

\* The beneficial ownership of Lengan Kabu Estate and Lengan Kabu Palm Oil Mill shall be transferred to the Trustee within six months from the date of listing of the Fund or such other extended period as maybe approved by the Securities Commission.

## PLANTATION ASSETS

### BEKOH ESTATE



Location	: Approximately 13 kilometres north west of Tangkak Town, Johor
Land Area (Hectares)	: 1,226.12
Tenure	: Freehold
Average Production of FFB <sup>^</sup>	: 19,993 MT

### MALAYA ESTATE



Location	: Within the precinct of Kubu Gajah, Selama, Perak
Land Area (Hectares)	: 922.14
Tenure	: Freehold
Average Production of FFB <sup>^</sup>	: 19,751 MT

### KULAI YOUNG ESTATE



Location	: Along Jalan Alor Bukit, about 15 kilometers north of Pekan Nenas town, Johor
Land Area (Hectares)	: 816.19
Tenure	: Freehold
Average Production of FFB <sup>^</sup>	: 19,191 MT

### BUKIT MERTAJAM ESTATE



Location	: Along the Kulim - Mahang main road (Kelang Baru Division) and Batu Puteh - Labu Besar/Karangan main road (Batu Puteh Division) Kulim, Kedah
Land Area (Hectares)	: 2,173.22
Tenure	: Freehold
Average Production of FFB <sup>^</sup>	: 42,888 MT

### BATU PEKAKA ESTATE



Location	: Along the Sungai Petani/Baling main road, Baling, about 18 kilometers from Sungai Petani town, Kedah
Land Area (Hectares)	: 968.73
Tenure	: Freehold
Average Production of FFB <sup>^</sup>	: 16,347 MT

<sup>^</sup> The average production of FFB and mill throughput are based on the past five years performance.

