SIM LIAN GROUP LIMITED
(Company Registration No. 200004760C)

PORTFOLIO ACQUISITION IN AUSTRALIA

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1. INTRODUCTION

Sim Lian Group Limited (“SLG” and together with its subsidiaries, the “Group”) is pleased to announce that the Group has, on 24 February 2014 entered into sale and purchase agreements (the “Sale and Purchase Agreements”), via its trusts, sub-trusts and Special Purpose Vehicles to acquire 100% interest in a portfolio of investment grade neighbourhood shopping centres in Australia (the “Portfolio”). The proposed acquisition of the Portfolio by the Group pursuant to the Sale and Purchase Agreements is hereinafter referred to as the “Acquisition”. The transaction value of the Portfolio pursuant to the Acquisition is A$133 million. The Portfolio will be acquired through an off-market transaction from Fabcot Pty Limited (the “Vendor”), a wholly owned subsidiary of Woolworths Limited (“Woolworths”). Each of the shopping centres in the Portfolio is anchored by a full line Woolworths supermarket as the major anchor tenant. Woolworths is Australia’s largest supermarket chain and operates more than 800 stores across Australia. In connection with the Acquisition, the Group will also enter into a lease-back arrangement with Woolworths for the relevant anchor space in the shopping centres constituting the Portfolio.

2. INFORMATION ON THE PROPERTY

The Portfolio comprises five shopping centres in total, two in New South Wales (“NSW”), two in Victoria (“VIC”) and one in Queensland (“QLD”). Construction of four out of the five shopping centres, being the shopping centres at Lake Munmorah, Lucas, Tarneit and Jordan Springs have been completed and these shopping centres are in operation (collectively known as the “Operating Centres”), while construction of the shopping centre in Rothwell (the “Centre under Development”) is expected to be completed in April 2014. Subject to the due satisfaction of the relevant condition precedents of the Sale and Purchase Agreements and the approval of the Foreign Investment Review Board (“FIRB”), completion of the Acquisition in relation to the Operating centres is estimated to take place by end of March 2014, while completion of the Acquisition in relation to the Centre under Development would be subject to physical completion, obtaining the relevant occupancy certificates and regulatory approvals.

The particulars of the five shopping centres in the Portfolio are as follows:

s/n	Shopping Centre Location / State	Gross Leaseable Area ("GLA") square metres (approximate)	Status
1	Lake Munmorah / NSW	5,669	Completed and in operation
2.	Jordan Springs / NSW	6,248	
3.	Lucas / VIC	5,511	
4.	Tarneit Gardens / VIC	6,427	
5.	Rothwell / QLD	5,020	Construction to be completed around April 2014
	Total Portfolio	28,875	

Within the Portfolio, Woolworths supermarkets occupy an average of 71% of the total GLA of approximately 28,875 square metres. The Portfolio has a Weighted Average Lease Expiry profile of 28 years for the anchor space. The other retail leases in the Portfolio include but are not limited to specialty tenancies such as cafes, pharmacies, bakeries, news agencies, food and beverages, and other trades and services which seek to be convenient retail areas for shoppers in the trade area of the shopping centres and who have non-discretionary retail needs.

3. RATIONALE

The acquisition of this Portfolio is aligned with SLG's strategy to invest in investment grade income producing assets with stable and recurring income streams in a bid to smoothen the Group's fluctuating development profits.

The Portfolio represents the Group's entry into the Australian shopping centre market which will further enhance the quality, diversity and income profile of the Group's existing investment portfolio.

The Portfolio consists of strong, stable and strategically-located neighbourhood shopping centres which serve the daily shopping needs of the immediate and growing catchment population.

The stability of the Portfolio is underpinned by the long-term lease to Woolworths and the market positioning of the shopping centres, which target to cater to the non-discretionary shopping needs of the local community looking for convenience.

The Portfolio also includes land of approximately 4.8 hectares adjoining the shopping centres at Tarneit and Lake Munmorah, providing the Group with future development and expansion opportunities ("Land for future development").

4. PURCHASE CONSIDERATION

The consideration for the Acquisition (the "Consideration") was arrived at on a willing-buyer and willing-seller basis, taking into account several considerations including current market conditions and an independent valuation of the Portfolio by Jones Lang LaSalle, commissioned by SLG, which appraised the Property as at 31 December 2013 to have a market value of A$131,470,000 using the Capitalisation Approach and Discounted Cash Flow Approach method in respect of the five shopping centres, and Capitalisation Approach and/or Direct Comparison method in respect of the plots of vacant land at Tarneit Garden and Lake Munmorah. The Consideration will be settled in cash in the following manner:

(a) 10% of the Consideration will be paid upon execution of the Sale and Purchase Agreements;

(b) 90% of the Consideration in respect of the Operating Centres and adjoining lands will be paid on satisfaction of relevant conditions in the Sale and Purchase Agreements and FIRB approval. Transaction completion of the Operating Centres is expected by end of March 2014; and

(c) 90% of the Consideration in respect of the Centre under Development will be paid upon completion of the Centre under Development which is subject to conditions including without limitation, physical completion and the receipt of relevant regulatory approvals for the Centre under Development.

5. FINANCIAL EFFECTS

The Group intends to fund the acquisition of the Portfolio with a combination of internal funds and bank borrowings. The Acquisition is not expected to have any material impact on the consolidated earnings and net tangible assets per share of SLG for the current financial year ending 30 June 2014.

The financial effects of the Acquisition on the net tangible assets and earnings per share of the Group in respect of the financial year ended 30 June 2013 ("FY2013") have been prepared based on the following assumptions:

(a) the financial effects of the Acquisition on the net tangible assets and earnings per share of the Group are based on the audited consolidated financial statements of the Group for FY2013;

(b) for the purpose of computing the net tangible assets of the Group after completion of the Acquisition, it is assumed that the Acquisition was completed on 30 June 2013; and

(c) for the purpose of computing the net profit attributable to owners of SLG and basic earnings per share of SLG after completion of the Acquisition, it is assumed that the Acquisition was completed on 1 July 2012. The computation of the estimated net profit is based on the assumption that the Portfolio achieves full tenancy.

The financial effects of the Acquisition set out in (a), (b) and (c) below are purely for illustrative purposes and should not be taken as an indication of the actual financial performance of the Group following the Acquisition nor a projection of the future financial performance or position of the Group after completion of the Acquisition.

(a) Net tangible assets ("NTA")

	Before the Acquisition	**After the Acquisition**
NTA (S$'000)	859,350	864,238
Number of shares	1,005,890,466	1,005,890,466
NTA per share (S$)	0.85	0.86

(b) Earnings per Share ("EPS")

	Before the Acquisition	**After the Acquisition**
Net profit attributable to owners of the Company (S$'000)	166,852	171,740
Weighted average number of shares	967,900,129	967,900,129
EPS (S$)	0.17	0.18

(c) Net profit before tax

The net profit before tax attributable to the Portfolio to be acquired is approximately S$7.0 million per annum.

6. RELATIVE FIGURES

For illustrative purposes only, the relative figures for the Acquisition computed on the bases set out in Rule 1006 of the Listing Manual of the SGX-ST are as follows:

Bases	Relative Figure
Rule 1006(a) - Net asset value of the assets to be disposed, compared with the Group's net asset value(1)	Not applicable
Rule 1006(b) - The net profits attributable to the assets acquired, compared with the Group’s net profits(2)	3.1%
Rule 1006(c) - Aggregrate value of the purchase consideration to be given(3), compared with the issuer’s market capitalisation based on the total number of issued shares excluding treasury shares(4)	16.8%
Rule 1006(d) - Number of equity securities issued by the issuer as consideration for an acquisition, compared with the number of equity securities previously in issue(5)	Not applicable

Notes:

(1) Not applicable as there is no disposal of assets.

(2) “Net profits” is defined as profit or loss before income tax, minority interests and extraordinary items. Based on the net profits of approximately S$3.5 million attributable to the Portfolio, as if they are all completed, for the half year ended 31 December 2013 and the unaudited consolidated net profits of S$112.6 million of the Group for the half year ended 31 December 2013 announced on 11 February 2014.

(3) For the purpose of computation of the ratio under Rule 1006(c), purchase consideration excludes approximately A$13 million relating to Land for future development.

(4) The market capitalisation of SLG is based on 1,005,890,466 ordinary shares in the capital of SLG (the “Shares”) in issue and the weighted average price per Share of the issuer's shares transacted on the SGX-ST on 21 February 2014 of S$0.8119.

(5) Not applicable as the Consideration will be fully settled in cash.

As the relative figures computed on the basis set out under Rule 1006(c) exceeds 5% but does not exceed 20%, the Acquisition constitutes a “Discloseable Transaction” as defined in Chapter 10 of the Listing Manual.

7. INTERESTS OF DIRECTORS AND CONTROLLING SHAREHOLDERS

None of the directors of SLG has any interest, direct or indirect, in the Acquisition (other than in their capacity as directors or shareholders of SLG). As far as the directors of SLG are aware, no controlling shareholder of SLG has an interest, direct or indirect, in the Acquisition (other than in their capacity as shareholders of SLG).

8. DOCUMENTS FOR INSPECTION

The following documents are available for inspection during normal business hours at the registered office of SLG at 205 Upper Bukit Timah Road, #02-01, Sim Lian, Singapore 588181 for a period of three months from the date of this announcement:

(a) the Sale and Purchase Agreements; and

(b) the independent valuation reports on the Portfolio issued by Jones Lang LaSalle.

9. CAUTION IN TRADING

Shareholders are advised to exercise caution in trading their Shares. The Acquisition is subject to numerous conditions. There is no certainty or assurance as at the date of this announcement that the Acquisition will be completed, or that no changes will be made to the terms thereof. SLG will make the necessary announcements as and when there are further developments on the Acquisition. Shareholders are advised to read this announcement and any further announcements by SLG carefully. Shareholders should consult their stock brokers, bank managers, solicitors or other professional advisors if they have any doubt about the actions they should take.

On behalf of the Board
Sim Lian Group Limited

Kuik Sin Pin
Group Chief Executive Officer
24 February 2014