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## ACQUISITIONS AND DISPOSALS :: DISCLOSEABLE TRANSACTION :: INVESTMENT IN DEBT SECURITIES RELATING TO RESIDENTIAL DEVELOPMENT, SYDNEY OLYMPIC PARK, AUSTRALIA

*\* Asterisks denote mandatory information*


Name of Announcer *	THAKRAL CORPORATION LTD
Company Registration No.	199306606E
Announcement submitted on behalf of	THAKRAL CORPORATION LTD
Announcement is submitted with respect to *	THAKRAL CORPORATION LTD
Announcement is submitted by *	Anil Daryanani
Designation *	Group Financial Controller
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## &gt;&gt; ANNOUNCEMENT DETAILS

*The details of the announcement start here ...*

Announcement Title *	INVESTMENT IN DEBT SECURITIES RELATING TO RESIDENTIAL DEVELOPMENT, SYDNEY OLYMPIC PARK, AUSTRALIA
Description	Please refer to attachment.

## Attachments

 [ThakralCorp\\_Annmt\\_AustraliaTowers\\_20110420.pdf](#)  
 Total size = **21K**  
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**THAKRAL CORPORATION LTD**  
(Incorporated in the Republic of Singapore on 7 October 1993)  
(Company Registration No. 199306606E)

## **ANNOUNCEMENT**

### **INVESTMENT IN DEBT SECURITIES RELATING TO RESIDENTIAL DEVELOPMENT, SYDNEY OLYMPIC PARK, AUSTRALIA**

The board of directors (the "Board") of Thakral Corporation Ltd (the "Company") is pleased to announce that its indirect wholly-owned subsidiary, Hanbest Limited ("Hanbest") has subscribed for A\$4 million in debt securities issued by Australia Avenue Investments Pty Ltd ("AAIPL") to assist in the funding of the construction of a 216 residential units and 2 commercial units development in Sydney Olympic Park known as 1-11 Australia Avenue, Sydney Olympic Park (the "Project").

#### **Details of the Investment**

The Company and its subsidiaries (collectively, the "Group") has subscribed for 4 million Class B subordinated notes of A\$1.00 each ("Class B Notes") issued by AAIPL in relation to the development of the Project.

The Project is the first stage of a development of about 685 apartments across four towers to be developed over 3 stages. The Project is Stage 1 of the proposed development, and is presently under construction. It comprises 216 apartments, 434 sqm of retail/commercial space and 286 car park lots, being built across two towers.

AAIPL is a new single purpose entity established by the same underlying owners of the Project for the purpose of raising mezzanine capital by way of issue of Class A and Class B Notes for a total of A\$16.5 million for the development of the Project.

The Group through Hanbest has subscribed for all the Class B Notes equal to A\$4 million at par (the "Investment"), payable in cash.

#### **Material terms and conditions of the Investment**

Both the Class A Notes and the Class B Notes mature on 1 July 2012 but may be redeemed earlier by AAIPL.

Both classes of notes rank equally in all other respects except that the Class B Notes are subordinated so that holders of Class B Notes are not entitled to any distribution of principal or interest until the Class A Notes have been fully redeemed. The Class B Notes are entitled to a higher rate of return compared to the Class A Notes.

The repayment of the capital and return in respect of the Class A Notes and Class B Notes is to be by a bullet payment on maturity or on early repayment and is expected to be made out of the settlement proceeds from the sale of the apartments.

The Company's indirect wholly-owned subsidiary, TCL Properties Pty Ltd ("TCLP"), is the manager of AAIPL and security trustee on behalf of the Note holders. TCLP as Security Trustee holds the mezzanine project security in trust and on behalf of all the Note holders.

Hanbest is also entitled to an arrangement fee.

The Notes are secured by a first fixed and floating charge over the assets and undertaking of AA IPL and over the Project (subject to priority rights of the senior lender) as well as the rights relating to the development of Stages 2 and 3.

Stage 1 of the Project has booked gross pre sales totaling about A\$119 million so that the whole of the senior debt including capitalized interest as well as the whole of the interest and return to the Class A Notes and the whole of the principal under the Class B Notes is covered by the pre sales. Construction of the Project has reached Level 12. Practical completion of the Project is expected in mid-January 2012.

Whilst maturity date of the Notes is 1 July 2012, it is expected that the Notes will be redeemed before that date.

TCLP as Manager of AA IPL originated the investment opportunity, packaged the transaction and secured the subscribers for the Class A Notes. The A\$12.5 million of Class A Notes are held by three corporate and institutional investors identified by TCLP.

### **Source of funds**

The Investment shall be funded from the Group's bank borrowings and internal resources.

### **Valuation of the Investment**

The Investment is in unquoted debt securities issued by AA IPL. The subscription for the debt securities, the Class B Notes, is at the issue price of A\$1.00 per note. In the circumstances, no independent valuation of the debt securities is required. AA IPL is a single purpose entity established as a new entity only for the purpose of raising funds that will ultimately be used to extend a mezzanine loan to the developer of the Project. AA IPL will not have any liabilities or assets apart from those arising under these transactions. As such, the book value and net tangible asset value of the Investment made by the Group is A\$4 million.

### **Net Profits Attributable to the Investment**

The return on the Class B Notes commences to accrue from the date that funds are advanced to AA IPL until maturity (on 1 July 2012) or earlier redemption. On the assumption that the Investment is made at the beginning of the 2010 financial year, the net profit attributable to the Investment for a full financial year would be approximately S\$1.8 million.

### **Financial effects of the Investment**

The following describes the financial effects of the Investment on the Group's net tangible assets and earnings per share:

#### **(a) Net Tangible Assets ("NTA")**

Assuming that the Investment had been effected at the end of the Group's financial year ended 31 December 2010 and based on the Group's audited consolidated

financial statements for the year ended 31 December 2010, the financial impact on the consolidated NTA of the Group would be as follows:

As at 31 December 2010	Before Investment	After Investment
NTA (S\$'000)	99,984	99,984
NTA per share (cents)	3.83	3.83

Note: The Investment in the notes shall be financed by an equivalent cash outflow from the Group.

(b) **Earnings per share**

Assuming that the Investment had been effected at the beginning of the Group's financial year ended 31 December 2010 and based on the Group's audited consolidated financial statements for the year ended 31 December 2010, the financial impact on the consolidated earnings per share of the Group would be as follows:

As at 1 January 2010	Before Investment	After Investment
Profit after tax and minority interests (S\$'000)	37,542	39,340
Earnings per share (cents)	1.44	1.51

Note: The earnings per share above are based on the profits attributable to shareholders for the year ended 31 December 2010 as adjusted for the net return expected to be generated from the Investment over a 12-month period. The expected earnings also include a one-time arrangement fee receivable from the developer.

The pro-forma financial effects presented above are for illustrative purposes only and do not represent the actual financial position and/or results of the Group and/or the Investment.

**Relative figures of the Investment under Chapter 10 of the Listing Manual**

Based on the audited consolidated financial statements of the Group for the year ended 31 December 2010, the relative figures computed on the bases set out in Rule 1006 of the Listing Manual are as follows:

(a) Rule 1006(a)

Not applicable since this is not a disposal.

(b) Rule 1006(b)

The comparison between the profit arising from the Investment (approximately S\$1.8 million at the average exchange rate for the year ended 31 December 2010) and the Group's net profit for the year ended 31 December 2010 (being approximately S\$39.2 million), is approximately 4.6%.

(c) Rule 1006(c)

The comparison between the aggregate consideration payable for the Investment (being approximately S\$4.8 million) and the Company's market capitalisation (based

on the total number of issued shares) as at the close of trading on 18 April 2011 (the market day preceding the date of the Investment) (being approximately S\$78.4 million), is approximately 6.1%. There are no treasury shares held by the Company.

(d) Rule 1006(d)

Not applicable as no equity securities will be issued by the Company as consideration for the Investment.

**Rationale and Benefits for the Investment**

The Investment is in line with the Group's stated intention to invest in real estate investment opportunities to create a sustainable second revenue stream and contribute to positive shareholder value.

**Directors and Controlling Shareholders' Interests**

None of the directors or the controlling shareholders of the Company has any interest, direct or indirect, in the Investment.

**Service Agreements**

No additional person shall be appointed to the Board in connection with the Investment and no service contracts in relation thereto will be entered into by the Company.

By Order of the Board

Natarajan Subramaniam  
Deputy Chairman  
20 April 2011  
Singapore