

**DISPOSAL OF PROPERTIES PURSUANT TO THE JOINT VENTURE FOR EXPANSION OF  
HERSING CORPORATION LTD'S SELF STORAGE BUSINESS**

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**1. INTRODUCTION**

- 1.1 Joint Venture Agreement:** The board of directors (the "**Board**") of Hersing Corporation Ltd ("**HCL**") is pleased to announce that HCL has, today, entered into a joint venture agreement (the "**Joint Venture Agreement**") with Cap Store Pte. Ltd. ("**CSPL**"), a wholly-owned subsidiary of CapitaLand Limited, to own, expand and develop its business of providing short and long term self storage facilities to corporate and individual customers (the "**Self Storage Business**") under the "StorHub" brand (the "**Joint Venture**").

For the purpose of the Joint Venture, HCL and CSPL (the "**Shareholders**") have procured the incorporation of Storhub Holding Pte. Ltd. ("**SHPL**") and StorHub Singapore Investment Pte Ltd (the "**Intermediate Company**"), which is a wholly-owned subsidiary of SHPL, to be the holding company of the Property Holding Companies (as defined below) to hold the Property Assets (as defined below). Shareholders have also procured the incorporation of a management company Storhub Management Pte. Ltd. ("**Manco**") to, *inter alia*, provide management services to the relevant JV Group Companies (as defined below) (the "**Management Business**").

- 1.2 Property Sale and Purchase Agreements:** Pursuant to and simultaneously with the execution of the Joint Venture Agreement, StorHub Self Storage Pte Ltd ("**SSSPL**" or the "**Vendor**"), a wholly owned subsidiary of HCL, has entered into four (4) separate sale and purchase agreements ("**Property SPAs**") with four (4) property holding companies ("**Property Holding Companies**", each the "**Purchaser**") whose names are set out in paragraph 5.2 below, for disposal of the Property Assets (as defined below) (the "**Property Disposal**").

Further details on the Property Disposal are set out in paragraph 5 below.

- 1.3 Business Transfer Agreement:** In addition, simultaneously with the execution of the Joint Venture Agreement, HCL, SSSPL and Manco have entered into a business transfer agreement (the "**Business Transfer Agreement**") in relation to the transfer of the business of management of the Self Storage Business (the "**Management Business**") including (but not limited to) intellectual property rights in connection with the Self Storage Business (the "**Management Assets**"), to Manco (the "**Business Disposal**" and together with Property Disposal, the "**Disposals**").

Further details on the Business Disposal are set out in paragraph 6 below.

## 2. **INFORMATION ON THE PARTIES**

- 2.1 **Information on HCL:** HCL and its subsidiaries (the “**Group**”) are principally engaged in the business of providing professional real estate brokerage, valuation, consultancy, property management, money transfer and storage facilities services.
- 2.2 **Information on CSPL:** As disclosed above, CSPL is a wholly-owned subsidiary of CapitaLand Limited. CSPL’s main business activity is investment holding.

## 3. **RATIONALE FOR THE JOINT VENTURE**

SSSPL currently manages and operates five (5) self-storage facilities across Singapore.

The Joint Venture will enable HCL to tap into CapitaLand Limited’s strong regional network and presence to expand the Self Storage Business using the brand “StorHub” within Asia.

## 4. **THE SALIENT TERMS JOINT VENTURE AGREEMENT**

- 4.1 **Shareholding Interests:** According to the terms of the Joint Venture Agreement, the respective shareholding of CSPL and HCL in SHPL and Manco are as follows:

Shareholder	Number of shares in SHPL	Number of shares in Manco	Percentage
CSPL	62	62	62%
HCL	38	38	38%
<b>Total</b>	<b>100</b>	<b>100</b>	<b>100%</b>

- 4.2 **Management Agreement:** The Shareholders shall procure SHPL, the Intermediate Company and each of the Property Holding Companies to appoint Manco to provide management services to SHPL and its subsidiaries (the “**JV Group Companies**”) on terms and conditions acceptable to Manco (“**Management Agreement(s)**”).
- 4.3 **Option for the Tampines Property:** HCL has agreed under the terms of the Joint Venture Agreement, to procure SSSPL to grant to SHPL an option, exercisable by SHPL or its nominee, to purchase the property at Lot 6921M of Mukim 28 (also known as Land Parcel 684 at Tampines Street 92 / Simei Avenue) at the address of 23 Tampines Street 92, Singapore 528892 (the “**Tampines Property**”), on such terms and conditions to be agreed upon.
- 4.4 **Irrevocable Undertaking:** To facilitate the Joint Venture, Mr. Harry Chua Wah Eng, who is a Director and controlling shareholder of HCL, has agreed to provide an irrevocable undertaking to CSPL to vote all of his shareholding in HCL in favour of any resolution approving the entry by HCL into the Joint Venture Agreement and the Disposals, at a general meeting of HCL shareholders (if any).

## 5. PROPERTY DISPOSAL

5.1 **Property Assets:** The assets to be disposed of pursuant to the Property SPAs (“**Property Assets**”) consist of the four (4) properties described in the table in paragraph 5.2 below (the “**Properties**”) and the related contracts, licences, guarantees and warranties to be transferred to the relevant Property Holding Companies, as set out in the Property SPAs, including but not limited to the occupation agreements and building maintenance contracts in relation to each Property.

5.2 **Consideration:** The total purchase price for the purchase of the Property Assets from SSSPL under the Property SPAs is S\$60 million (the “**Purchase Consideration**”). The Purchase Consideration was arrived at on a “willing-buyer willing-seller” basis. The value was derived taking into account the net income, location and remaining tenure of the Properties.

Based on a valuation report in respect of the Property Assets, commissioned by CSPL and issued by CB Richard Ellis (Pte) Ltd, as at 8 April 2010, the Properties have a total market value of S\$63 million.

The Properties, its Purchasers, the Purchase Consideration and the valuation placed by CB Richard Ellis (Pte) Ltd on each of the Properties, is set out in the table below.

<u>PROPERTIES</u>	<u>PURCHASERS</u>	<u>PURCHASE CONSIDERATION</u>	<u>INDEPENDENT VALUATION</u>
15 Changi South Street 1, Singapore 486783 (“ <b>15 Changi</b> ”)	StorHub 15 Changi Pte. Ltd.	S\$5.87 million	S\$6.50 million
25A Changi South Street 1, Singapore 486049 (“ <b>25A Changi</b> ”)	StorHub 25A Changi Pte. Ltd.	S\$8.03 million	S\$8.60 million
615 Lorong 4 Toa Payoh, Singapore 319516 (“ <b>615 TP</b> ”)	StorHub 615 Toa Payoh Pte. Ltd.	S\$20.57 million	S\$21.90 million
743 Lorong 5 Toa Payoh, Singapore 319457 (“ <b>743 TP</b> ”)	StorHub 743 Toa Payoh Pte. Ltd.	S\$25.53 million	S\$26.00 million
	<b>Total:</b>	S\$60.00 million	S\$63.00 million

The Purchase Consideration will be paid in the following manner:

- (a) S\$4 (i.e. S\$1 each for each Property SPA) together with the applicable goods and services tax (“**GST**”) will be paid to SSSPL on the date of signing of each Property SPA;
- (b) a further amount of S\$1,999,996 for the Properties together with the applicable GST, will be paid to SSSPL within 7 days from the date of signing of the respective Property SPAs; and
- (c) The balance of the Purchase Consideration will be paid to SSSPL on the date of completion of the respective Property SPAs.

**5.3 Material Conditions:** The completion of the Property SPAs are conditional, *inter alia*, upon the following:

- (a) approval of Jurong Town Corporation in respect of the sale of 15 Changi and 25A Changi and approval of Housing and Development Board in respect of the sale of 615 TP and 743 TP;
- (b) approval of board of directors and shareholders of SSSPL; and
- (c) approval of the shareholders of HCL in a general meeting for the sale of, *inter alia*, the Properties in connection with the Joint Venture and all other matters relating to the Joint Venture.

In respect of condition (c) above, HCL will be making an application to the Singapore Exchange Securities Trading Limited (the “**SGX-ST**”) seeking a waiver from the requirement of obtaining its shareholders approval for the Disposals. Please refer to paragraph 9.2 below for more details.

The completion of the Property SPAs shall take place on 30 June 2010 or such other date as may be mutually agreed upon by both parties.

## **6. BUSINESS DISPOSAL**

**6.1 Transfer:** Pursuant to the Business Transfer Agreement, HCL and SSSPL will transfer the Management Business and the Management Assets, which are necessary for Manco to carry on the business of managing the Self Storage Business.

**6.2 Consideration:** The Consideration for the transfer of the Management Business and the Management Assets is S\$3,225,806 (the “**Business Transfer Consideration**”). The Business Transfer Consideration was arrived at on a “willing-buyer willing-seller” basis.

The Business Transfer Consideration will be paid by Manco to SSSPL on the date of completion of the Business Transfer Agreement.

**6.3 Material Conditions:** The completion of the Business Transfer Agreement is conditional, *inter alia*, upon the following:

- (a) all third party consents and all necessary governmental, regulatory and other approvals and/or consents being obtained and where such approval is subject to conditions, such conditions being satisfactory to Manco in its sole and absolute discretion;
- (b) the approval of the shareholders of HCL in a general meeting for the sale of the Property Assets to the relevant Property Holding Companies, the transfer of the Management Business and the Management Assets to Manco in connection with the Business Transfer Agreement and all other matters relating to the Joint Venture Agreement being obtained;
- (c) the completion of the sale and purchase of all the Properties pursuant to the relevant Property SPAs; and
- (d) the execution and delivery of all of the Management Agreements to be entered into with each of the relevant JV Group Companies for the provision of management services.

## **7. FINANCIAL EFFECTS OF THE DISPOSALS**

**7.1 The value of assets being disposed of and use of proceeds:** Based on the audited consolidated financial statements of the Group for the financial year ended 31 December 2009 ("FY 2009") (which is also the latest available published financial statements of the Group as at the date of this announcement), the value of the Property Assets is S\$37.8 million.

The excess funds from the disposals of properties and the intellectual properties is S\$23.4 million and the surplus from the Disposals is S\$14.5 million.

HCL intends to use the funds from the Disposals to inject into the Joint Venture as committed capital to expand the Self Storage Business in Asia.

**7.2 Financial Effects: For purposes of illustration only,** and based on the audited financial statements of the Group for FY 2009, the financial effects of the Disposals on the Group are set out below:

**7.2.1 Share Capital:** The Disposals have no impact on the issued and paid-up share capital of HCL.

7.2.2 **Net Asset Value (“NAV”) per Share:** Assuming that the Disposals had been completed on 31 December 2009 and, taking into account, as far as possible, adjustments considered necessary to confirm to the Group’s accounting policies, the effect of the Joint Venture on the NAV of the Group as at 31 December 2009 is as follows:-

	<b>Before the Disposals</b>	<b>After the Disposals</b>
NAV (S\$’000)	65,936	80,471
NAV per share (Singapore cents)	11.40	13.91

7.2.3 **Earnings per Share (“EPS”):** Assuming that the Disposals had been completed on 1 January 2009 and, taking into account, as far as possible, adjustments considered necessary to confirm to the Group’s accounting policies, the effect of the Disposals on the EPS of the Group for FY 2009 is as follows:-

<b>For FY 2009</b>	<b>Before the Disposals</b>	<b>After the Disposals</b>
Group Profit after tax (S\$’000)	12,716	27,251
Weighted Average Number of shares Applicable to –		
Basic earnings per share	582,026,024	582,026,024
Diluted earnings per share	582,075,191	582,075,191
<b>EPS (cents):</b>		
Basic	2.18	4.68
Fully Diluted	2.18	4.68

## 8. **DISCLOSURE OF INTEREST**

8.1 **Interest of Directors and controlling shareholders:** Save as disclosed herein, none of the Directors or controlling shareholders of HCL has any interest, whether direct or indirect, in the Joint Venture.

It is not proposed that any director be appointed to HCL in connection with the Joint Venture and/or the Disposals.

## 9. THE DISPOSALS AND THE LISTING MANUAL

9.1 **Rule 1006 of the Listing Manual:** The relative figures computed on the bases set out in Rule 1006 of the Listing Manual (the “**Listing Manual**”) of the SGX-ST are as follows:-

Rule 1006(a) – the net asset value of the assets to be disposed of, compared with the Group’s net asset value.	53% <sup>1</sup>
Rule 1006(b) – The net profits attributable to the assets disposed of, compared with Group’s net profits.	114% <sup>2</sup>
Rule 1006(c) – The aggregate value of the consideration given, compared with HCL’s market capitalization based on the total number of issued shares excluding treasury shares.	30% <sup>3</sup>
Rule 1006(d) – The number of equity securities issued by HCL as consideration for an acquisition, compared with the number of equity securities previously in issue.	<b>This basis of computation is not applicable as no equity securities will be issued.</b>

### Notes:

1. The net asset value of the assets to be disposed of is S\$37,772,293. The net asset value, in accordance with the audited consolidated financial statements of the Group for FY2009, is S\$71,295,441. The relative figure for the net asset value of the assets to be disposed of, compared with the Group’s net asset value is S\$37,772,293 / S\$71,295,441, which is equivalent to 53%.
2. The net profits attributable to the assets to be disposed of for FY 2009 (assuming that the Disposals were completed on 1 January 2009) would have been S\$14,534,764. The Group’s attributable net profit for FY 2009 is S\$12,716,174. The relative figure for the net profits attributable to the assets to be disposed of compared to the Group’s net profit is S\$14,534,764 / S\$12,716,174, which is equivalent to 114%.
3. The aggregate value of consideration given is S\$63,225,806. HCL’s market capitalization as at 31 December 2009 is S\$208,251,078. The relative figure for the aggregate value of consideration received compared to HCL’s market capitalization is S\$63,225,806 / S\$208,251,078, which is equivalent to 30%.

As the relative figures under Rules 1006(a), 1006(b) and 1006(c) exceed 20%, the Disposals constitute a major transaction as defined in Chapter 10 of the Listing Manual. Accordingly, the Disposals are subject to approval of the shareholders of HCL in a general meeting.

9.2 **Application to the SGX-ST for Waiver:** HCL will be applying to the SGX-ST seeking an exemption from the requirements of Rule 1014 of the Listing Manual whereby HCL is required to seek the approval of its shareholders for the Disposals.

Further announcements will be made by HCL in due course informing its shareholders of the outcome of such application.

**10. DOCUMENTS FOR INSPECTION**

Copies of the following documents are available for inspection by shareholders during normal business hours at the registered address of HCL at 50 Raffles Place, Singapore Land Tower #32-01, Singapore 048623 for a period of three (3) months from the date of this announcement:

- (a) Joint Venture Agreement;
- (b) the Property SPAs;
- (c) the Business Transfer Agreement; and
- (d) the audited consolidated financial statements of HCL for FY 2009.

**11. RESPONSIBILITY STATEMENT**

The directors of HCL (including those who have been delegated supervision of this announcement) collectively and individually accept full responsibility for the accuracy of the information given in this announcement and confirm, after making all reasonable enquiries, that to the best of their knowledge and belief, the facts stated and opinions expressed in this announcement are fair and accurate in all material respects as at the date hereof, and that there are no material facts the omission of which would make this announcement misleading in any material respects.

Where any information has been procured from CapitaLand Limited, CSPL, SHPL or has been extracted from published or otherwise available sources, the sole responsibility of the directors of HCL has been to ensure that such information has been accurately and correctly extracted from these sources or, as the case may be, reflected or reproduced in this announcement.

By Order of the Board

CHUA KHEE HAK

Director

16 April 2010