

General Announcement

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Company Name : **GENTING PLANTATIONS BERHAD**
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Type : Announcement
Subject : Proposed Joint Venture to establish Premium Outlets in Malaysia

Contents : Genting Plantations Berhad (formerly known as Asiatic Development Berhad) is pleased to announce that Azzon Limited, a wholly-owned subsidiary of the Company, has signed a joint venture agreement with Chelsea Malaysia LLC, a division of Simon Property Group (NYSE: SPG) to establish Chelsea Premium Outlet Centres in Malaysia.

For further details, please refer to the attached announcement and Press Release.

Attachments : [Chelsea JV\(announcement\).pdf](#)
[Genting Press Release Sept09.pdf](#)

Announcement Details :

PROPOSED JOINT VENTURE TO ESTABLISH PREMIUM OUTLETS IN MALAYSIA

1. INTRODUCTION

The Board of Directors of Genting Plantations Berhad (*formerly known as Asiatic Development Berhad*) ("**GENP**" or the "**Company**") is pleased to announce that Azzon Limited ("**Azzon**"), a wholly-owned subsidiary of GENP, had on 29 September 2009 signed a Joint Venture Agreement ("**JVA**") with Chelsea Malaysia, LLC ("**Chelsea**"), a division of Simon Property Group, Inc. ("**Simon**") to establish Chelsea Premium Outlet Centres in Malaysia ("**Proposed JV**").

Under the JVA, GENP and Simon will form a 50:50 joint venture to invest and operate Premium Outlet Centres in Malaysia under Genting Chelsea Sdn Bhd. Under this maiden collaboration, the first project under development is Johor Premium Outlets in Kulai Johor on a site currently owned by Genting Property Sdn Bhd (*formerly known as Asiatic Land Development Sdn Bhd*) ("**Genting Property**"), a wholly-owned subsidiary of GENP and it is expected to be the iconic flagship outlet centre in the South East Asian retail market. Johor Premium Outlets will be strategically located at the intersection of the two major highways that serve this region and is expected to attract area residents as well as international visitors from the South East Asian market.

2. DETAILS OF THE PROPOSED JV

2.1 Structure of the JV companies

Under the JVA, Azzon and Chelsea shall invest in the share capital of Chelsea Genting Limited ("**Holdco**") on a 50:50 basis and Holdco shall in turn invest in Genting Chelsea Sdn Bhd ("**Malaysian Co**"). Holdco and Malaysian Co are collectively referred to as "**JVCo**".

2.2 Information on the JVCo

(i) Holdco

Chelsea Genting Limited was incorporated in the Isle of Man under the Companies Act 2006 on 12 August 2008 as a company limited by shares.

As at 31 August 2009, the share capital of the company is USD1.00 whereby 1 ordinary share has been issued and is fully paid-up. Holdco is currently a wholly-owned subsidiary of Azzon.

The principal activity of Holdco is that of investment holding.

(ii) Malaysian Co

Genting Chelsea Sdn Bhd was incorporated in Malaysia under the Companies Act, 1965 on 21 March 2008 as a private limited company.

As at 31 August 2009, the authorised share capital of Malaysian Co is RM100,000 comprising 100,000 ordinary shares of RM1.00 each, of which RM2.00 comprising 2 ordinary shares have been issued and are fully paid-up. Malaysian Co is a wholly-owned subsidiary of Holdco.

Malaysian Co is currently a dormant company.

2.3 Sallent terms of the JVA

2.3.1 The JVA is conditional upon the following being fulfilled within six (6) months from the date of the JVA (or within such other period as may be mutually agreed between the parties):

- (i) the approval or exemption by the Foreign Investment Committee for the investment by Holdco in Malaysian Co, if applicable;
- (ii) the financing policy, development budget and the administrative budget for the first fiscal year shall be mutually agreed between the parties. The total development cost is estimated at RM158 million and is expected to be funded through a combination of bank borrowings and equity;
- (iii) the parties agreeing on a term sheet for third party financing required for the JVCo's operations;
- (iv) the prior permission of the Controller of Foreign Exchange for (or in connection with) the remittance of the capital contribution and/or investment shall have been obtained, if required;
- (v) Malaysian Co having secured certain level of firm commitments from prospective tenants of the Johor Premium Outlets;
- (vi) the parties reaching agreement on the terms of a development agreement ("**Development Agreement**") and a sale and purchase agreement ("**SPA**") for the purchase by Malaysian Co from Genting Property of a piece of land for the development of the Johor Premium Outlets;

- (vii) the parties finalising the terms of the following:
 - (a) service agreements between:
 - (i) Simon's affiliate and Malaysian Co with respect to development and leasing consultancy and advisory services to be provided by Simon's affiliate to Malaysian Co ("**Chelsea Service Agreement**"); and
 - (ii) GENP's subsidiary and Malaysian Co with respect to the development and management consultancy and advisory services to be provided by GENP's subsidiary to Malaysian Co ("**GENP Service Agreement**"); and
 - (b) royalty agreements between:
 - (i) Simon's affiliate and Malaysian Co with respect to royalty payments by Malaysian Co for use of the Chelsea Property Group's trade mark "Premium Outlets" ("**Chelsea Royalty Agreement**"); and
 - (ii) Genting Berhad and Malaysian Co with respect to royalty payments by Malaysian Co for use of the "Genting" name by Malaysian Co ("**Genting Royalty Agreement**").

2.3.2 Completion of the JVA shall take place on the date falling on the third business day after the last of the conditions referred to in Section 2.3.1 above are satisfied or waived in accordance with the JVA, or such other date as the parties may mutually agree ("**Completion Date**"). On the Completion Date, Malaysian Co will enter into the Development Agreement, the SPA, the Chelsea Service Agreement, the GENP Service Agreement, the Chelsea Royalty Agreement and the Genting Royalty Agreement with the relevant parties (collectively, the "**Ancillary Agreements**").

2.3.3 Upon fulfilment of the conditions of the JVA, the parties shall subscribe for shares in Holdco and Malaysian Co as follows:

- (i) An initial capital contribution in the aggregate amount of RM125,000.00 shall be made by Chelsea, and a capital contribution of RM125,000.00 less the value of one (1) share shall be made by Azzon in the share capital of Holdco; and
- (i) Immediately thereafter, the parties shall cause Holdco to subscribe for such number of ordinary shares in Malaysian Co equivalent to the initial capital contribution of Holdco.

2.3.4 Either party may terminate the JVA by giving notice of such termination in writing to the other party within six (6) months from the date of the JVA.

2.4 Information on Chelsea

Chelsea Malaysia, LLC is a Delaware limited liability company with its principal office located at 105 Eisenhower Parkway, Roseland, NJ 07068, United States of America. Chelsea is a division of Simon.

Simon is an S&P 500 company and the largest public United States real estate company. Simon is a fully integrated real estate company which operates from five retail real estate platforms: regional malls, Chelsea Premium Outlet Centres, The Mills®, community/lifestyle centres and international properties. It currently owns or has an interest in 387 properties comprising 263 million square feet of gross leasable area in North America, Europe and Asia. Simon is headquartered in Indianapolis, Indiana and employs more than 5,000 people worldwide. Simon is publicly traded on the NYSE.

2.5 Information on Azzon

Azzon Limited was incorporated in the Isle of Man on 13 October 1987 as a private limited company.

As at 31 August 2009, the share capital of the company is RM3.00 whereby 3 ordinary shares have been issued and are fully paid-up.

The principal activity of Azzon is that of investment holding.

3. RATIONALE FOR THE PROPOSED JV

The opening of Johor Premium Outlets will bring the Chelsea Premium Outlets concept of upscale outlet shopping to Malaysia. The Chelsea Premium Outlets brand is recognised as a mark of quality and authenticity by shoppers from around the world. Chelsea centres bring together the finest designer labels and name brands in unique outdoor settings offering savings of 25 to 65 percent every day. Each centre is a unique and distinctive shopping experience and is an attraction and destination in its own right.

The centre will be operated by Malaysian Co and is expected to open in 2011 and to synergise with GENP's existing property operations and the Genting Berhad group's leisure and hospitality footprint in the region including its integrated resort on Singapore's holiday island of Sentosa, namely the Resorts World at Sentosa. In addition, the Johor Premium Outlets will put Malaysia and Iskandar Development Region on the retail tourism map as a destination of choice.

The Proposed JV will act as a catalyst to spur growth and enhance the value of both the commercial and residential properties in the region of Genting Indahpura flagship development in Kulai, Johor undertaken by Genting Property. Furthermore, the Johor Premium Outlets will be able to provide recurring rental income to GENP in addition to the existing revenue from the sale of properties.

4. INDUSTRY PROSPECT

Resilient private consumption contributed to a sustainable retail market. In total, 29 new shopping complexes were completed increasing the stock level to 9.2 million square metres as at end- 2008 (2007: 8.6 million square metres). Rentals were relatively stable, while tenants had several options in terms of location and type of properties. Occupancy rate increased slightly to 81.1% in 2008 (2007: 80.5%).

Businesses in the wholesale and retail trade sub-sector are also expected to expand their operations, though more selectively and at strategically located new outlets.

(Source: Bank Negara Malaysia Annual Report 2008)

The wholesale and retail trade sub-sector is expected to perform favourably, registering growth of 9.4% in 2008 (2007: 12.5%), while the accommodation and restaurant sub-sector is estimated to expand 7.6% (2007: 10.8%). The growth momentum of both sub-sectors is supported by higher consumer spending, sustained domestic investment and higher tourist arrivals.

International branded outlets have entered the local retail market, selling designer fashions and goods, thereby creating new businesses and investment opportunities for local suppliers and investors. The presence of foreign retailers complements the Government's efforts to attract more tourists and increase receipts, particularly from high-spending tourists. In line with efforts to promote Malaysia as the preferred shopping destination, tourist expenditure on shopping is expected to increase 8.1% to RM13.3 billion in 2008 (2007: 31.5%; RM12.3 billion) and remains the second largest component of total tourist receipts.

The tourism industry continues to spur growth in the services sector. In 2008, Malaysia is expected to receive 21.5 million tourists, with average length of stay of 6.7 nights and generating a total revenue of RM48 billion, following the extension of the Visit Malaysia Year programme to August 2008. The Government's efforts to strengthen domestic tourism and develop tourist attractions in the growth corridors are anticipated to further drive the growth of the industry.

During the first six months of 2008, tourist arrivals increased 2.6% to 11 million (January - June 2007: 24.8%; 10.7 million). The higher tourist arrivals were attributed to continuous marketing efforts, the hosting of various international events, increased flight frequencies and connectivity as well as competitive fares offered by domestic airlines. The top three tourist generating markets were Singapore (49.9%), Indonesia (10.0%) and Thailand (6.9%). Apart from Association of Southeast Asian Nations (ASEAN) countries, other markets that offer high growth opportunities for the tourism industry are China, India, Europe and West Asia.

The overall occupancy rate of retail space remained high at 80.9% (end-June 2007: 79.8%), reflecting retailers' confidence in consumer spending.

(Source: Ministry of Finance, Malaysia Economic Report 2008/2009)

5. RISK FACTORS

The Board of GENP does not foresee any extraordinary or material risk factors pertaining to the Proposed JV, save for the business/operating risks normally associated with the property and retailing industry.

(i) New market business venture

The Proposed JV is a new business venture for GENP and its subsidiaries ("GENP Group"). Hence, time and concerted effort is required to grow the market and the initial years are important in developing, engaging and sustaining the interest of the target market.

The above risk is mitigated by the participation of Simon/Chelsea in the Proposed JV, with their vast experience in the retail sector and solid track record in developing and operating Premium Outlet Centres.

(ii) Dependence on key tenants

Malaysian Co's operations and financial results may be adversely affected by the insolvency or downturn in the business of its key tenants. The loss of the key tenants could result in periods of vacancy, which could adversely affect Malaysian Co's rental income.

Notwithstanding the above, Malaysian Co intends to negotiate long-term leases with the key tenants and will leverage on Chelsea's strong relationship with key tenants (brands) including those with established brands.

(iii) Economic, political and regulatory risks

Given the nature of the property and retailing industry and the location of Johor Premium Outlets, JVCo's operations are closely linked to the economic performance of Malaysia, Singapore and South East Asia ("SEA"). Any adverse developments in the political and economic environment and uncertainties in Malaysia, Singapore and SEA can materially and adversely affect the financial performance of JVCo. These include the risks of war, global economic downturn and unfavourable changes in the respective government's policies such as changes in rates of tax, methods of taxation or introduction of new regulations.

6. SOURCE OF FUNDS

The source of funds for the financing of the Proposed JV will be from internally generated funds and/or external borrowings of the GENP Group.

7. FINANCIAL EFFECTS

7.1 Share Capital and Major Shareholders' Shareholding

The Proposed JV will not have any effect on the share capital or the major shareholders' shareholdings in the Company.

7.2 Net Asset and Gearing

The Proposed JV is not expected to have any material impact on the net assets and gearing of the GENP Group based on its audited financial statements for the financial year ended 31 December 2008.

7.3 Earnings

The Proposed JV is not expected to have any material impact on the earnings of the GENP Group for the financial year ending 31 December 2009 and is expected to contribute positively towards the earnings of the GENP Group in the long-term.

8. APPROVALS REQUIRED

The approvals required for the Proposed JV are set out in Section 2.3.1 of this announcement.

9. DIRECTORS' AND MAJOR SHAREHOLDERS' INTEREST

Tan Sri Lim Kok Thay ("TSLKT") will be appointed as a director of Malaysian Co on the Completion Date. Notwithstanding that he is also a director of GENP, the Development Agreement, the SPA and the GENP Service Agreement (which will be executed on the Completion Date between subsidiaries of GENP and Malaysian Co) are not normally regarded as related party transactions pursuant to the Main Market Listing Requirements. In addition, as Malaysian Co will cease to be a subsidiary of GENP on the Completion Date, the Genting Royalty Agreement is also not normally regarded as a related party transaction pursuant to the Main Market Listing Requirements.

Save as disclosed above, none of the directors and/or persons connected with the directors of the Company has any interest, direct or indirect, in the Proposed JV (including the Ancillary Agreements). To the best of knowledge of the directors, none of the major shareholders or persons connected with the major shareholders of the Company has any interest, direct or indirect, in the Proposed JV.

10. DIRECTORS' RECOMMENDATION

The Directors, after careful deliberation, are of the opinion that the Proposed JV is in the best interest of the Company.

11. PERCENTAGE RATIO

The highest percentage ratio applicable to the Proposed JV pursuant to paragraph 10.02(g) of the Main Market Listing Requirements is 3.37%.

12. ESTIMATED TIME FRAME FOR COMPLETION

The Proposed JV is expected to be completed by 28 March 2010, being six (6) months from the date of the JVA.

13. COMPLIANCE WITH AND DEPARTURE FROM THE GUIDELINES ON THE OFFERING OF EQUITY AND EQUITY-LINKED SECURITIES ISSUED BY THE SECURITIES COMMISSION ("SC GUIDELINES")

The Board is not aware of any departure from the SC Guidelines in relation to the Proposed JV (including the Ancillary Agreements).

14. DOCUMENTS FOR INSPECTION

The JVA will be available for inspection at the registered office of the Company during normal office hours on any working day for a period of three (3) months commencing from the date of this announcement.

This announcement is dated 30 September 2009.

TAN SRI MOHD AMIN BIN OSMAN
CHAIRMAN
GENTING PLANTATIONS BERHAD
(FORMERLY KNOWN AS ASIATIC DEVELOPMENT BERHAD)



PRESS RELEASE

For Immediate Release

30 SEPTEMBER 2009

GENTING AND SIMON'S CHELSEA DIVISION SIGN JOINT VENTURE AGREEMENT TO ESTABLISH PREMIUM OUTLETS IN MALAYSIA, JOHOR PREMIUM OUTLETS® EXPECTED TO OPEN IN 2011

Kuala Lumpur, September 30, 2009 – Genting Group via Azzon Limited, a wholly owned subsidiary of Genting Plantations Berhad (“GENP”) has signed a joint venture agreement (“JVA”) with Chelsea Malaysia LLC, a division of Simon Property Group (NYSE: SPG) (“Simon”) to establish Chelsea Premium Outlet Centres® in Malaysia.

The JVA follows the signing of an exclusive memorandum of understanding (MOU) between Genting Berhad, the parent company of GENP, and Chelsea Property Group, a division of Simon, that was previously announced on 22 January 2008.

Under the JVA, GENP and Simon will form a 50:50 joint venture called Genting Chelsea Sdn Bhd to invest and operate Premium Outlet Centres® in Malaysia. The first project under development in this maiden collaboration is the Johor Premium Outlets®. Located on a site owned by GENP in an upcoming township of Kulai in Johor, it is set to be the iconic flagship outlet centre in the South East Asian retail market. Johor Premium Outlets® will be strategically located at the intersection of two major highways that serves this region and is expected to attract the local residents as well as international visitors from the South East Asian market. Expected to open in 2011, the centre aims to synergise with Genting’s existing property operations and the group’s leisure and hospitality footprint in the region.

The opening of Johor Premium Outlets® will bring the Chelsea Premium Outlets® concept of upscale outlet shopping to Malaysia. The Chelsea Premium Outlets® brand is recognised as a mark of quality and authenticity by shoppers from around the world. Chelsea centers bring together the finest designer labels and name brands in unique outdoor settings offering savings of 25 to 65 percent every day. Each center is a unique and distinctive shopping experience and is an attraction and destination in its own right. Chelsea’s existing portfolio comprises industry-leading properties including Woodbury Common Premium Outlets (near New York City), Orlando Premium Outlets (Orlando, Florida), Desert Hills Premium Outlets (near Palm Springs, California), Las Vegas Premium Outlets (Las Vegas, Nevada), Gotemba Premium Outlets (near Tokyo, Japan) and Yeosu Premium Outlets (near Seoul, Korea). In 2008, Chelsea Premium Outlet Centres® in the United States were 99% leased and generated sales of USD513 per square foot.

John Klein (Chief Executive Officer of Chelsea Property Group) said, "We are thrilled to be expanding our successful brand of upscale outlet shopping to Malaysia. Shoppers who have visited our Chelsea Premium Outlet Centers® while travelling to the U.S., Japan and beyond will now have one closer to home. We look forward to working with Genting on this new venture."

Dato' Justin Leong (Director of Azzon Limited and Head of Strategic Investments & Corporate Affairs for Genting) commented, "We are very excited about this new strategic venture with Simon Property Group that will put Johor and Malaysia on the retail tourism map. Johor Premium Outlets® will definitely cater to both local and international tourists who are looking for a unique shopping experience at an iconic luxury destination."

Jointly issued by Genting Berhad, Genting Plantations Berhad and Chelsea Property Group.

About Genting Group (www.genting.com)

GENTING or the Genting Group is recognised as one of Asia's leading and best-managed multinationals. The Group is involved in the leisure & hospitality, power generation, oil palm plantation, property development, biotechnology and oil & gas related activities. The Group comprises four listed companies, namely Genting Berhad, Genting Malaysia Berhad (formerly known as Resorts World Bhd), Genting Plantations Berhad (formerly known as Asiatic Development Berhad) and Genting Singapore PLC (formerly known as Genting International P.L.C.), with a combined market capitalisation of about RM70 billion (US\$20 billion), as at 31 August 2009. With over 27,000 employees, 4,500 hectares of prime resort land and about 133,000 hectares of plantation land, GENTING is committed to be the leading Malaysian conglomerate at the forefront of global businesses.

About Genting Plantations Berhad (www.gentingplantations.com)

Genting Plantations, a 54.7%-owned subsidiary of Genting Berhad, commenced operations in 1980. Over the years, Genting Plantations has embarked on several significant acquisitions in Malaysia, thus increasing its landbank from a mere 13,700 hectares in 1980 to nearly 66,000 hectares currently. It has expanded operations into Indonesia since 2005 and is currently developing more than 67,000 hectares in Kalimantan through joint ventures. With this expansion, the Company now has a total landbank of around 133,000 hectares. It also owns 6 palm oil mills with a total milling capacity of 265 tonnes per hour. Reputed to be one of the lowest cost palm oil producers, Genting Plantations is one of the early members of the Roundtable on Sustainable Palm Oil (RSPO).

Genting Plantations, through its subsidiary, Genting Property Sdn Bhd, is involved in the development of several major residential and commercial properties in Malaysia.

About Simon Property Group (www.simon.com)

Simon Property Group, Inc. is an S&P 500 company and the largest public United States real estate company. Simon is a fully integrated real estate company which operates from five retail real estate platforms: regional malls, Chelsea Premium Outlet Centers®, The Mills®, community/lifestyle centers and international properties. It currently owns or has an interest in 387 properties comprising 263 million square feet of gross leasable area in North America, Europe and Asia. The Company is headquartered in Indianapolis, Indiana and employs more than 5,000 people worldwide. Simon Property Group, Inc. is publicly traded on the NYSE under the symbol SPG.

About Chelsea Property Group

Chelsea Property Group, previously a New York Stock Exchange-listed company, was acquired by Simon Property Group in October 2004, and continues to operate from its headquarters in Roseland, New Jersey as a division of Simon. Chelsea is the world's largest owner, developer and operator of upscale outlet centers. Its portfolio includes 51 Premium Outlet Centers® including 41 in the United States, eight in Japan, one in Korea and one in Mexico. Chelsea Premium Outlet Centers® in the United States are located primarily in or near major metropolitan markets such as New York, Los Angeles, Boston and Chicago and visitor markets such as Orlando, Las Vegas and Palm Springs.

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