

The Sydney Morning Herald

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HD **Singapore turns focus on us**
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Singaporean-based Aquaint Capital Holdings is undertaking due diligence on a mixed-use development project in Fremantle, Western Australia, but has its sights firmly fixed on the Sydney and Melbourne suburban office and retail markets, according to chief operating officer Daniel Tan.

Speaking in Sydney during the week, Mr Tan, said the opportunities for the **group** in Australia were positive and in time a float of a new fund, upwards of \$100 million, could occur, depending on seed assets.

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"We like the eastern seaboard initially, but the mixed-use **site** at Fremantle also meets our investment criteria," Mr Tan said.

"We aim for income-producing, high-yield assets, mainly in retail and office."

The **company** will use cash raised from the recent **sale** of a **residential** block in the London suburb of Kensington, with the 12-unit **apartment** block **sold** for £2.55 million (\$4.62 million).

The expansion of Aquaint comes as more than \$11 billion of office, retail and industrial assets are forecast to be offered for **sale**, as wholesale funds come to the end of existence, but buyers could be hard to find if the quality of the properties is not up to scratch, according to agents.

The assets will come from the closed-end wholesale funds that were created before the global financial crisis and are now up for renewal or closure. If the latter is the case, there is a concern that because they may not be of investment-grade quality, investors waiting for a promised return may not see the cash for a while.

Based on the typical fund life of eight years, CBRE believes that about 84 funds are set to terminate between 2013 and 2016, but the peak is tipped in 2015 and 2016, when about 50 funds with a gross asset value of about \$US40 billion will expire.

These funds were focused in the opportunistic risk segment and showed a strong preference for assets in major markets in the Asia-Pacific region, in particular assets in Australia, Japan and **China**, whose value was greatly affected by the financial crisis.

The shortfall between the potential liquidity of funds ending their lifespan and the market's ability to absorb these assets would be about \$US10 billion in the coming two years, said Nick Crockett, executive director, CBRE Capital Advisors, Asia Pacific.

"The combined effects of a wave of fund dispositions and a market with a limited capacity to absorb them have critical implications to fund managers over how they should position their funds and the options they should consider beyond termination. These assets could therefore face difficulties in finding buyers or being disposed of at desirable terms," he said.

Fund managers wanted to maximise returns, yet were trying to balance an optimal approach between market cycle and scrutiny from investors, said John Wills, senior director, CBRE Capital Advisors,

Asia Pacific. "Options for exit will need to be carefully planned and executed to retain ongoing investor support. Dependent on assets and investors, managers in Australia are likely to employ a variety of strategies."

CO aqcaph : Aquaint Capital Holdings Ltd

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