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Indian REIT market gains traction

More than 10 realtors and private equity funds including Embassy group, DLF Ltd., RMZ Corp, Xander and Red Fort Capital are planning to list their commercial property portfolios through REITs in the near future, as there seems to be more clarity on the horizon for India's REIT regime, India's Hindustan Times reported.

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Last week in its maiden budget for the fiscal year ending March 31, 2015, the new Narendra Modi-led government proposed incentives to foster an Indian REIT market. The budget seeks to provide REITs a pass-through status for taxation purposes, according to the report.

The proposal addresses a "long-pending" demand from the industry, The Economic Times noted, as REITs are expected to help attract long-term funds from both foreign and domestic investors.

BUSINESS TODAY noted that the pass-through status means that the income generated by REITs will be taxed in the hands of investors, and the fund will not be required to pay any taxes on it.

The Securities and Exchange Board of India had released draft REIT regulations in October 2013, but the final guidelines that were to be released in December 2013 were shelved due to ambiguity over taxation.

M&A news from Down Under

In Australia, Goldman Sachs has been hired to advise on the sale of residential property developer Devine after its majority shareholder, Leighton Holdings, decided to exit the business, The Australian reported. Some believe that Devine could trade hands for as much as A\$1.32 per share, valuing the business at A\$210 million.

The publication noted that the A\$3 billion pipeline is expected to interest potential buyers, with private developers as well as larger listed groups expected to run a ruler over the Brisbane company, which has housing estates and apartment projects in Queensland, Victoria and South Australia.

Firms such as Peet and Sunland are "thought to be cool on buying Devine," according to the report. Lend Lease Corp. Ltd. and David Devine's Metro Properties are also being touted as possible buyers. However, Japan's Sekisui House and Daiwa House and Singapore-controlled AVJennings have all but pulled out of the race.

Devine had been flagged as a takeover target after Leighton Holdings decided to unload its 50.6% stake in the firm.

The Australian noted in a separate report that Leighton Holdings, Australia's biggest construction firm, weighed the sale of a range of assets including its property development services and John Holland units to reduce debts.

ARA Asset Management is eyeing the Leighton Properties business, according to sources.

The Australian Financial Review reported that Mirvac Group figures among the strong contenders eyeing Leighton Properties. DEXUS Property Group, which was "quietly mulling a bid behind the scenes" by

teaming up with a capital partner, is no longer looking at Leighton Properties. Lend Lease has also dropped out of the race.

Muted response to **Hong Kong** double stamp duty law

Property giants in **Hong Kong** were "surprisingly calm" after the double stamp duty designated to cool the city's **property** market finally came into force, local media reported.

Buyers of all properties costing HK\$2 million or more will pay double the normal stamp duty, up to a ceiling of 8.5%. The double duty has been collected on **transactions** since its implementation in February 2013 but will only now be paid to the government as it is enshrined in law.

Leading developers such as Cheung Kong Holdings Ltd., Sun Hung Kai Properties Ltd. and Henderson Land Development Co. Ltd. previously stood up against any market-cooling measures but this time have not said a single word, **Chinese**-language newspaper Ta Kung Pao reported, adding that the market expected the passage of the law and already factored in potential impacts on housing prices.

Of the lawmakers present, 49 endorsed the bill while only seven voted against it. The legislation will be reviewed in the next 12 months to assess whether there is need for adjustments.

Other activities

* Mirvac **Group** secured approval for the construction of a A\$100 million tower in Melbourne. The 30-level tower will hold 229 apartments at the **company**'s Yarra's Edge precinct in Docklands.

* Mitsubishi **Estate** Co. Ltd. discovered a natural hot spring in Tokyo's Otemachi financial district. The **company** plans to develop an 18-story building at the location that will house a **hotel** and next to it a 31-story office tower that may include fitness and spa facilities.

* LaSalle Investment Management said it has raised US\$1 billion of equity since the beginning of 2014. It seeks to use the money for its Asian investment strategies.

Now featured on SNL

Data Dispatch: Asia-Pacific real **estate** IPOs total \$2.54B year-to-date: Eleven SNL-covered real **estate** companies in the Asia-Pacific region have completed IPOs year-to-date in 2014, raising an aggregate of \$2.54 billion.

The Eastern Front: Asian insurers set to pump billions more into **property** market: The real **estate** world will see additional inflows of as much as US\$75 billion by 2018 from Asian insurers, global consultancy **firm** CBRE predicts.

Q&A: Challenges in **Chinese** market come in many forms (Part 2 of 2): SNL Financial discussed **China** market trends with Kenneth Rhee, the Urban Land Institute's chief representative in mainland **China**, co-author of the 2014 ULI Mainland **China** Real **Estate** Markets Report and CEO of Huhan Business Advisory (Shanghai) Co. Ltd.

The Eastern Front: Longfor Properties taps private equity well: Standard Chartered's private equity arm just gave Longfor Properties a capital injection, which reflects a larger trend where tightening liquidity opens doors for private equity funds in **China**, industry observers told SNL Financial.

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