

**HD Capital: Insider Moves - Chinese billionaire Tong Jin Quan raises stakes in Singapore REITs**

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**Chinese** billionaire Tong Jin Quan, the chairman of Shanghai-based Summit **Property** Development, saw his stakes in Singapore real **estate** investment trusts (REITs) grow in the month of February. Tong has been named the 35th richest man in **China** by Forbes, with a net worth of US\$2.7 billion. Since Feb 18, shares in Suntec REIT, Soilbuild Business Space REIT and Cambridge Industrial Trust had been acquired on Tong's behalf by Wealthy Fountain Holdings Inc. According to filings with the Singapore Exchange, Wealthy Fountain Holdings is wholly owned by Tong, through Shanghai Summit Pte Ltd. Tong's other shareholdings include newly listed Viva Industrial Trust, Lippo Malls Indonesia Retail Trust, and OUE **Commercial** REIT.

On Feb 18, 5.1 million units of Suntec REIT were acquired by Wealthy Fountain, bringing Tong's indirect stake to 114.4 million units, or 5.04% of the REIT. With that **transaction**, he is now the second-largest shareholder of Suntec REIT, after Suntec City Development.

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Suntec REIT recently broke ground at its North Sydney asset on 177 Pacific Highway, where construction had begun on a 31-storey **commercial** tower. The Grade A **commercial** space is expected to be North Sydney's first new **commercial** tower in six years. With an estimated A\$413.2 million (\$472 million) price tag to build, the tower is expected to be completed in early 2016. 177 Pacific Highway, which will offer a net lettable area of 423,915 sq ft, has been fully pre-committed, with Australian **property** development **group** Leighton **Group** taking the head lease of 76% of the total net lettable area.

For its FY2013 results released on Jan 23, Suntec REIT reported a 9% decrease in net **property** income to \$148.7 million, and a 0.9% decrease in distributable income to \$211.2 million. The decrease was due the partial closure of Suntec City mall, which is undergoing asset enhancement, mitigated by the positive rental reversions from Suntec City Office and **Park** Mall Office during the year. Distribution per unit was 9.3 cents, 1.7% lower than that for FY2012.

On Feb 19, 502,000 units of Soilbuild Bizspace REIT were acquired by Wealthy Fountain. Tong's indirect stake in the REIT, which specialises in industrial business parks, now stands at 48.7 million units, or 6.04% of the REIT, making him the third-largest unitholder.

Soilbuild Bizspace REIT was listed on the Mainboard of the SGX last Aug 16, with a 3.2 million sq ft portfolio of business parks, multi-user factories and single-user factories valued at \$935 million. It has the right of first refusal to four assets from Soilbuild Construction **Group**, the first of which is expected to be acquired in 2015.

For 4QFY2013, Soilbuild Bizspace REIT announced a 1.51-cent DPU, 3.4% higher than forecast figures in its IPO prospectus. Its net **property** income of \$13.7 million and distributable income of \$12.2 million were, respectively, 2.1% and 2.5% above IPO forecasts. The group's overall portfolio occupancy rate rose 0.1 percentage point to 99.9%, owing to the expansion of an existing tenant at its Eightrium business **park**. Seventeen per cent of the group's net lettable area is due for renewal in 2014 and about 47% of that has been pre-committed, with the rest under negotiations. Soilbuild's management told reporters on Jan 23 that rental reversions for the year are expected to be positive as current spot rentals were signed in 2010 and are below the current market rate.

Tongâ€™s latest **transaction** was on Feb 21, where 8.2 million units of Cambridge Industrial Trust were acquired on his behalf by Wealthy Fountain. Now, Tong has an indirect stake of 103.8 million units, or 8.32% of Cambridge Industrial Trust, and is the single-largest unitholder.

CIT owns a portfolio of 47 properties with a total gross floor area of approximately 7.6 million sq ft, valued at \$1.2 million. The properties range from logistics and warehousing to light industrial, and are located close to major transportation hubs and in key industrial zones throughout Singapore.

For FY2013, CIT announced a DPU of 4.976 cents, compared with the 4.784 cents announced in FY2012. Net **property** income rose 5.5% to \$80.4 million, while distributable income rose 6.4% y-o-y to \$61.3 million. The trust completed four acquisitions worth \$92.7 million and started two asset enhancement initiatives valued at \$58.2 million that will complete in 4Q2014. Its \$32 million proposed acquisition of 11 Chang Charn Road, a 97,546 sq ft six-storey, purpose-built warehouse and light industrial building located in Bukit Merah, is expected to be completed by 1Q2014.

**CO** lipmap : Lippo Malls Indonesia Retail Trust | ouecre : OUE Commercial Real Estate Investment Trust | sbbzzr : Soilbuild Business Space REIT | sutrei : Suntec Real Estate Investment Trust | vivaii : Viva Industrial Trust

**IN** i815020602 : Real Estate Investment Trusts | i8150206 : Investment Trusts/Funds | i81502 : Trusts/Funds/Financial Vehicles | icre : Real Estate/Construction | ifinal : Financial Services | iinv : Investing/Securities | ireest : Real Estate | idivreit : Diversified REITs | iindreit : Industrial/Office REITs

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