

NEWSLETTER

September 2008



WELCOME

to our third newsletter for 2008.

We have certainly seen a shift in focus from REITs to Private Equity Property Funds in the past quarter. In this latest newsletter we explore opportunities and developments in this space.

Cheers, Andrew

Andrew Cannane, CEO Singapore

Singapore Private Equity Property Funds

The recent turmoil in global property fund markets has created a challenging environment for Asia-Pacific REITs. Since August 2007, equity markets have been impacted by a global credit crunch and regional bourses have recorded their worst returns in over two decades. Also, some of the world's largest banks have taken large write-downs to repair their damaged balance sheets.

Impact on Singapore market

Singapore REITs have also been affected with most trading below their market highs. A raft of planned REIT IPO's have been shelved until more favourable equity market conditions return.

However, the same cannot be said for Private Equity (or unlisted) property funds as observed by the 28 July 2008 article in the Straits Times entitled "Private equity real estate funds in Asia still booming". According to the article, "Private equity real estate funds - many holding Asian assets - raised 32 per cent more cash in the first half than in the same period a year ago."

Private equity real estate funds invest in property and may also engage in property development through joint ventures with locally based developers.

The current market volatility has prompted some Singapore property fund managers to raise funds from institutional rather than retail investors. The press has been awash with articles about Alpha, ARA, CapitaLand, Frasers Hospitality, MGPA and Pacific Star who have all raised funds via the private equity route.

According to research firm Private Equity Intelligence (Prequin), in the first five months of this year, 13 new Asia-focused private equity property funds were set up and raised a combined US \$13 billion. For the full year, Prequin said 78 funds are looking to raise US \$81 billion for Asian property investments.

Whilst private equity funds do not require a Trustee, the fund still requires the services of a professional Cash Administrative Agent and Custodian. Trust is pleased to provide these services to the Private Equity Property Fund market. Some of the main services performed are as follows:

Cash Administrative Agent

- Operating bank accounts
- Performing fund transfers
- Placing funds on deposit
- Booking FX rates
- Capital call monitoring
- Transaction & compliance reporting

Custodian

- Holding titles / SPV certificates
- Security pledge in financing
- Lease and contract execution in relation to property tenancing
- Periodic confirmation of the location of physical titles
- Consent to development applications

Outsourcing these roles allows a Private Equity Fund Manager to focus on its core competencies, reduce key person risk and benefit from Trust's expertise, experience and economies of scale.

For further information, please contact Andrew Cannane on +65 6435 0259 or acannane@trustcompany.com.sg.

Asia-Pacific REIT Survey 2009

In the next couple of weeks, we will launch the third consecutive Asia-Pacific REIT survey. The results will be benchmarked against previous years, to give us a better understanding of how perceptions and attitudes of the REIT market are changing. Following on from previous years, we will share the results of the survey with those who contribute. We will contact you in due course for your participation, and we urge you to please consider completing the survey. Every response is important and enhances the survey results.

NEWSLETTER

September 2008

Upcoming Events

Date	Venue	Event
15-16 September	JW Marriot Hotel, Kuala Lumpur	Current trends, developments & opportunities for REITs
23 September	Grand Hyatt, Mumbai	APREA Roundtable "REITs in India – the New Mantra"
3 November	Singapore Cricket Club	Trust Company seminar
4 December	Singapore	Issues & Challenges surrounding retail REIT structures, regulations & management in Asia

Please contact Trust for more details on these events.

Upcoming Seminar: Practical considerations in setting up a private equity property fund in Singapore

Trust is delighted to announce it will be hosting a seminar at the Singapore Cricket Club on Monday 3 November 2008. It will focus on the practical considerations of structuring and setting up a Private Equity Property Fund in Singapore.

The seminar will consist of presentations from a leading Singapore law firm, an expert on Singapore taxation and a presentation by Trust on the role of a Custodian and Cash Administration Agent in acting for a Private Equity Property Fund.

Look out for an invitation to the event which will be sent in October.

ASIC and SFC mutual recognition of retail funds

The Australian Securities and Investments Commission (ASIC) and the Hong Kong Securities and Futures Commission (SFC) have recently announced the mutual recognition of retail funds in both countries. This collaboration will open up new investment opportunities in both markets.

The changes to the Australian Corporations Act in 2001 brought in the requirement of a single responsible entity structure in Australia. These changes rendered Australian schemes incompatible with the Hong Kong market. This incompatibility will be removed when the mutual recognition class order is finalised.

If you would like to find out how Trust can help you develop new opportunities in the Australian and Hong Kong markets, contact us for further details.

About Trust Company Asia Limited

Trust has a Capital Markets Services Licence to act as Custodian for Securities under the SFA and is approved to act as Trustee for Collective Investment Schemes. This allows Trust to perform the following roles in Singapore:

- REIT Trustee
- Custodian/Cash Administrative Agent for Private Equity Property & Infrastructure Funds
- Debenture/Bond trustee
- Trustee for Private REITs and Restricted Authorised Schemes
- Trustee for Security Trusts
- Escrow agent
- Various agency roles for Business Trusts
 - Compliance plan for Trustee-Manager & Independent Directors
 - Custodian & Cash Administrative Agent

Trust Company (Asia) Limited
#12-01, 55 Market Street,
Singapore 048941

Tel: +65 6435 0255
Fax: +65 6438 0255

www.trustcompany.com.sg

Trust Company (Hong Kong) Limited
31F The Centre
99 Queens Road, Central Hong Kong

Tel: +852 2106 9374
Fax: +852 2169 0717

www.trustcompany.com.hk

The information in this document is of a general nature only and should not be relied upon as it has been prepared without taking account of anyone's objectives, financial situation or needs. It is not intended to constitute investment, legal or taxation advice as it is of a general nature only.

If you wish to unsubscribe from this newsletter, please contact acannane@trustcompany.com.sg