

Singapore's IREIT aims to be channel to Europe for Asia

IREIT Global, which in summer raised €222m in an IPO to become the first Singapore-based Europe-focused REIT, has a wealthy Chinese businessman and leading Singapore entrepreneur as senior investors, and is set up as a channel for Asian wealth.

CIO Adina Cooper told PIE Singapore was chosen as the location of the Europe-focused REIT because of general interest from investors but also its corporate governance framework. "It's a very vibrant market, where there are a lot of different investors looking at REITs and interested in REITs," she said. "It attracts not just Singaporeans but also institutional investors throughout Asia and is a very good market from the regulatory standpoint. Investors understand it and invest in it."

IREIT Global is the first Singapore-based REIT exclusively investing in Europe and will focus directly or indirectly on income-producing real estate, initially offices in Germany and UK. The firm is headed by Israeli-based CEO Itzhak Sella, who has been involved in over \$2bn worth of property transactions in Europe, US and Israel. IREIT is the third REIT he has founded following an office REIT in Washington D.C. and, in 2008, the first-ever in his native Israel, Sella Capital Real Estate, which opened up the segment in the nation.

He said the offering attracted particularly strong interest and the public part was 7.6 times oversubscribed. IREIT Global offers an 8% dividend in the first year from its European investments, based on the offer price. "We are greatly heartened by the strong support shown towards our IPO," Sella told PIE. "The robust subscription rate clearly reflects confidence of investors in the quality of our properties and our attractive value proposition as Singapore's first pure-play REIT with assets in Germany." The firm prior to listing also secured €96.6m in a term loan facility from DekaBank.

Cooper told PIE: "Basically, we see ourselves as a gateway to the European real estate market for investors in the Asia-Pacific region - especially for Singapore and Hong Kong but really for the whole region." IREIT Global aims for strong growth over the next 12 months, with a initial target portfolio size of around €500m. The firm has an 'ABBA' strategy in European real estate - seeking A quality properties in B cities or locations, and vice-versa. The first portfolio is already secured: four freehold office properties in the cities of Bonn, Darmstadt, Münster and Munich. **Legal adviser Dentons** said one asset leased to

Deutsche Telekom was bought from an Israel-based investor for €225m and a second in Munich from a subsidiary of Austrian listed UBM. In a separate transaction, IREIT bought several offices leased long-term to Deutsche Telekom, including the telecommunication giant's headquarters in Bonn.

The two Asian senior investors in IREIT Global are Tong Jinquan, placed 35 on Forbes' China rich list, who acquired 60% of equity in a prior private placement - and Singapore-born Lim Chap Huat, who bought 19% of total in the public IPO that followed for the remaining 40% of the equity. Shanghai-based Tong is founder and chairman of Summit Group which has total assets of RMB22.2bn (€2.74bn), comprising high-end hotels and the Longemont shopping centre in Shanghai. The South China Morning Post reported he has holdings in nine Singapore-listed REITs worth around US\$780m. Lim controls Soilbuild, a Singapore developer he started in 2005 and took private five years later, acquiring the stakes of partners who retired. He then listed Soilbuild and also launched a business parks REIT. ■ pie



IREIT Global CIO Adina Cooper, CEO Itzhak Sella and CFO Boon Poh Choo (l. to r.) head the first Singapore REIT investing in Europe.