

REITS *to* RICHES

**Everything You Need to Know About
Investing Profitably in REITs**



Includes Bonus Chapters by
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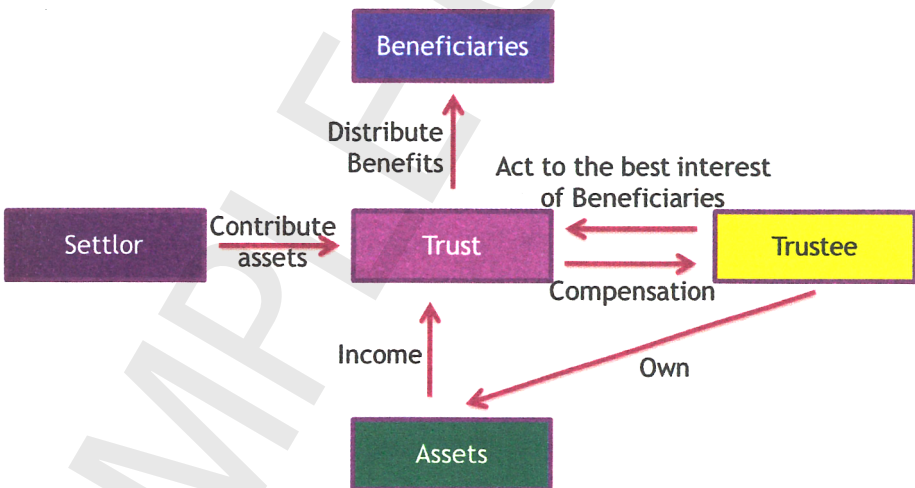
WHAT IS A REIT?

Before we begin to answer the question of what a REIT is, we must first understand what a trust is.

Trusts are legal agreements established and governed by a Trust Deed where the ownership of one's (aka Settlor/Grantor/Trustor) assets is transferred to a group (aka Trustee) entrusted to manage the assets and act on behalf of a 3rd party (Beneficiary or Beneficiaries).

It is a common misconception that the assets of the trust are legally owned by the trust. A trust is a legal agreement, not a legal entity. Therefore unlike a company, a trust cannot legally own any assets. The legal owners of the assets are the trustees.

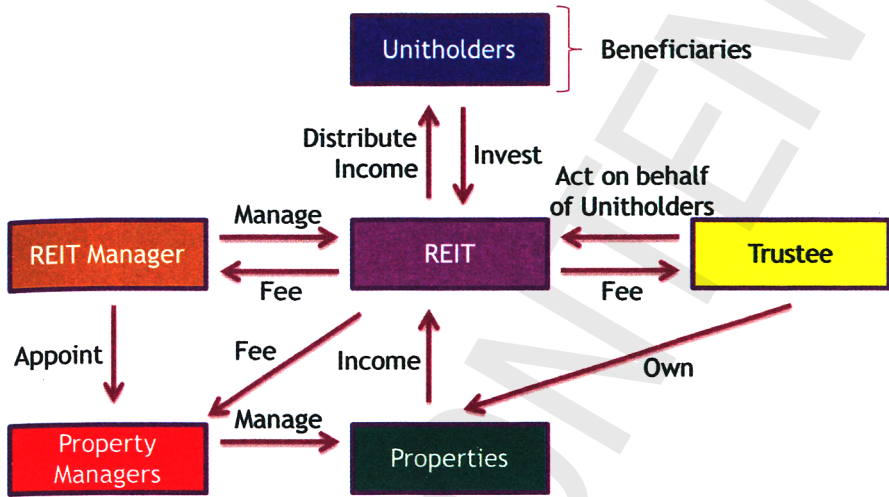
As a result of this trust structure, the legal and beneficial ownership of assets are separated. The trustees are the legal owners of the assets, but the trustees must at all times put the interest of the beneficiaries above their own. In short, a trust is a legally binding agreement where trustees own and manage assets for the benefit of another party.



Typical structure of a Business Trust

The uses of trusts are numerous, for example as an estate planning tool, for their tax advantages, wealth protection and so on. Trusts are commonly created in wills, defining how money and property will be handled for children or other beneficiaries.

A TYPICAL REIT STRUCTURE



Typical structure of a REIT

In Singapore, REITs are regulated by the Monetary Authority of Singapore (MAS) in accordance with the Code on Collective Investment Schemes, which sets out the management, operation and marketing best practices that REITs are expected to observe.

REITs achieve separation of powers and duties by segregating the roles of ownership and management of the REIT assets between the Trustee and REIT Manager. The Trustee is responsible for the ownership and safe custody of the REIT's assets. They act on behalf of unitholders to ensure the REIT Manager complies with applicable laws and performs its requisite duties as laid out in the Trust Deed. For example, during acquisition and disposal of real estate assets from and to interested parties, the trustee is responsible to appoint at least 2 independent valuers to appraise the value of the properties, and to verify the REIT Manager acquires or disposes these assets in line with unitholders' interests.

The REIT Manager, on the other hand, is appointed to manage the REIT in the best interests of the unitholders, which include setting strategic direction, managing assets and liabilities, as well as providing recommendations to the Trustee on the acquisition, divestment or enhancement of assets in accordance with the REIT's stated investment mandate. In short, the REIT Manager acts as an investment portfolio manager, and is usually paid a base fee for its service, as well as bonus

The following table summarizes the list of S-REITs & Stapled Securities and Business Trusts Listed in Singapore with sorted according to the market capitalization as at time of writing (February 2017).

NO	NAME OF REIT OR STAPLED SECURITY	SGX CODE	MKT CAP SGD'BIL	GICS® SUB INDUSTRY NAME
1	Ascendas Real Estate Investment Trust	A17U	7.12	Industrial REITs
2	CapitaLand Mall Trust	C38U	7.02	Retail REITs
3	CapitaLand Commercial Trust	C61U	4.65	Office REITs
4	Suntec Real Estate Investment Trust	T82U	4.45	Diversified REITs
5	Mapletree Commercial Trust	N2IU	4.38	Retail REITs
6	Keppel REIT	K71U	3.38	Office REITs
7	Fortune Real Estate Investment Trust	F25U	3.09	Retail REITs
8	Mapletree Industrial Trust	ME8U	3.02	Industrial REITs
9	Mapletree Greater China Commercial Trust	RW0U	2.72	Diversified REITs
10	Mapletree Logistics Trust	M44U	2.66	Industrial REITs
11	SPH REIT	SK6U	2.48	Retail REITs
12	Ascott Residence Trust	A68U	1.91	Residential REITs
13	Frasers Centrepoint Trust	J69U	1.89	Retail REITs
14	Starhill Global Real Estate Investment Trust	P40U	1.64	Retail REITs
15	Parkway Life Real Estate Investment Trust	C2PU	1.49	Health Care REITs
16	Fraser Logistics & Industrial Trust	BUOU	1.38	Industrial REITs
17	CDL Hospitality Trusts	J85	1.36	Hotel & Resort REITs
18	Keppel DC REIT	AJBU	1.34	Specialized REITs
19	CapitaLand Retail China Trust	AU8U	1.29	Retail REITs
20	Frasers Hospitality Trust	ACV	1.27	Hotel & Resort REITs
21	OUE Hospitality Trust	SK7	1.23	Hotel & Resort REITs
22	Lippo Malls Indonesia Retail Trust	D5IU	1.09	Retail REITs
23	Far East Hospitality Trust	Q5T	1.07	Hotel & Resort REITs
24	Frasers Commercial Trust	ND8U	1.02	Office REITs
25	First Real Estate Investment Trust	AW9U	1.00	Health Care REITs

REF NO.	AREA	EVALUATION CHECKLIST	RESPONSE	REMARKS
7a		<p>What is the percentage of Income Support to total NPI?</p> <p>Are there any other special arrangements which may temporarily increase the yield?</p>		If Income Support or Special Arrangement percentage is higher than 10%, avoid investing in this Trust.
8		What is the total Net Property Income (NPI) in the last 12 months?		
9		What is the total Revenue in the last 12 months?		
10		What is the total Interest Expense in the last 12 months?		
11		What is the total Distribution Per Unit (DPU) in the last 12 months?		
12		What is the latest reported Gearing Ratio?		
13		What is the latest Net Asset Value per Unit (NAVPU)?		
14		What is the latest closing price per share of the Trust?		
12		What is the NPI Yield of the Trust?		$NPI \text{ Yield} = NPI / \text{Revenue} * 100\%$
13		What is the DPU Yield of the Trust?		$DPU \text{ Yield} = \text{Annual DPU} / \text{Share Price} * 100\%$