Mapletree Investments plans to launch S$2.5b Asian property funds

SINGAPORE — Real estate firm Mapletree Investments plans to launch three Asian property funds worth US$2 billion (S$2.5 billion) over the next few years.

The funds will invest in commercial and mixed-use properties in China, Vietnam and Japan. Mapletree, the real estate arm of Temasek Holdings, expects to use US$500 million to US$1 billion for its China fund.

The fund, which is likely to be launched next year or 2013, will acquire mainly commercial properties, with some mixed development properties with residential components, in China.

Mr Chua Tiow Chye, Mapletree Investments’ group chief investment officer, said yesterday: “The idea of doing mixed development in second-tier cities is because the land prices are less bubbly than those in the first-tier coastal cities of Beijing, Guangzhou and Shanghai.

“We think there’s more value that we can add in terms of bringing in new ideas of development into these cities.”

Mapletree hopes to attract institutional investors to its three new funds. Investors are looking at annual rate of returns of between 12 and 22 per cent from these funds, it said.

For the Japan Fund, Mapletree will use US$300 million to US$500 million to buy more office properties on the outskirts of Tokyo city centre. Three of such properties are already present in the fund as seed assets.

The firm is targeting an 18.5 per cent rate of return from the fund and it is expected to launch this year.

A similar amount will be used for the Vietnam fund, which focuses on mixed retail, office and serviced apartment projects in major Vietnamese cities. It is expected for launch in 2013. Analysts say Mapletree’s long-term strategy for China is on the right track.

Mr Bernard Lee, visiting associate professor at the Singapore Management University, said: “It is an economy that has a shortage of high grade, especially grade A offices. An entity with a very well known track record in terms of managing these properties is going to make these projects successful over the medium to long-term.”

Mapletree’s revenues last year grew 30 per cent to S$454 million. Higher rental income from Vivocity, Mapletree Anson and Mapletree Business City drove revenues higher.

It also announced a 90-per-cent increase in its profit after tax to S$747 million for the full year ended March 31.