

Manulife US Reit aims to double AUM in 2 years

Its Reit manager says it is open to partnerships, investment programmes as well as other new ideas

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Singapore

MANULIFE US Reit is looking to double its assets under management (AUM) to US\$2.6 billion in the next two years.

To achieve that aggressive target, nothing is off the table. Its Reit manager is open to acquiring accretive assets from its sponsor Manulife Financial Corp or from third parties, or partnering others to acquire a portfolio of assets.

"We are definitely open to partners and investment programmes and other new ideas," said Jennifer Schillaci, the newly appointed chief investment officer of the Reit manager Manulife US Real Estate Management.

"Given the quality of the sponsor and depth of its expertise, we will be

able to hit two to three acquisitions per year," she told *The Business Times*. Jill Smith, CEO of the Reit manager, said in a briefing on Tuesday that "there are many ways to skin this cat in terms of inorganic growth".

Amid keen interest from global investors for US commercial assets, Ms Smith said the market is big enough, with the influx of buyers actually encouraging more property owners to sell.

The Reit manager is also looking at a range of fundraising options to support these acquisitions beyond traditional bank loans and tapping capital markets.

As at end-2017, the Reit's gearing ratio stood at 33.7 per cent, with 100 per cent fixed-rate loans and an average debt maturity of 3.4 years. Its weighted average interest cost was 2.83 per cent per annum.

Manulife US Reit

	Q4 FY17 (US\$ MILLION)	Q4 FY16 (US\$ MILLION)	Y-O-Y % CHANGE
Gross revenue	29.26	19.31	51.5
Net property income	18.42	12.37	48.9
Distributable income	14.64	9.71	50.8
DPU (USc)	1.42	1.54	

Its loan facilities of US\$546.9 million consisted of an initial funding of US\$461.1 million, as well as facilities of up to US\$85.8 million for financing future capital expenditures and leasing costs.

It also has a US\$10 million three-year committed revolving credit facility for working capital purposes and a one-year uncommitted US\$120 million revolving credit facility

to provide bridge financing for future acquisitions.

"We will continue our investment strategy focused on core and prime properties in large diversified markets, leveraging on Manulife expertise," Ms Schillaci said.

Manulife US Reit reported on Tuesday distribution per unit (DPU) of 1.42 US cents, 7.8 per cent lower than a year ago. But after adjusting for the rights issue in October, the DPU would have been flat compared to a year ago.

Net property income for the fourth quarter grew 48.9 per cent to US\$18.42 million on the back of two office acquisitions in New Jersey last year. For the full-year, its DPU was 5.77 US cents. There was no actual comparative figure for the full fiscal 2016 as the Reit was listed in May 2016. After adjusting for the rights issue, however, its full-year DPU would beat the Reit manager's forecast by 1.8 per cent.

With the two acquisitions and re-

valuation gains, Manulife US Reit's portfolio of freehold offices has grown 57.4 per cent from US\$833.8 million as at end-2016 to US\$1.3 billion as at end-2017.

Initiating a "Buy" call a day before the results release, UOB KayHian pointed out that Manulife US Reit is offering a yield of 6.5 per cent, about 150 basis points higher than its Singapore peers despite the latter having mostly leasehold properties. "There is limited new supply and stable demand across the Northern New Jersey, Orange County, Los Angeles and Atlanta submarkets that the Reit operates in."

Vijay Natarajan, property and Reits analyst at RHB Research Institute Singapore, noted that the Reit manager's AUM target is "slightly ambitious but achievable".

"The speed of acquisition is possible given the yields are still around 5.5 to 8 per cent in many US cities," he said. "It's just a question of whether they can find the right asset to acquire in terms of portfolio diversification."

In reviewing future acquisitions in at least 20 cities flagged, Ms Schillaci said the assets have to tick a number of boxes. They have to be trophy or Class A assets, have a long weighted average lease expiry and high occupancy, as well as enjoy a live-work-play environment in a location with strong economic fundamentals. The current capitalisation rate of Manulife US Reit's portfolio is around 5.5 per cent.

The Reit manager plans to kick-start a US\$5 million renovation of the lobby in its Los Angeles property, Figueroa, in the second quarter and a US\$12 million renovation at its New Jersey property, 10 Exchange Place, in the third quarter. It also intends to launch a euro medium-term note programme, unencumbered property-level mortgages and implement a distribution reinvestment plan this year.

Units of Manulife US Reit closed one cent lower at 91 US cents on Tuesday.

Yoma's Q3 profit surges to S\$16.8m after tour business spin-off

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Singapore

MAINBOARD-LISTED Yoma Strategic Holdings on Tuesday announced a third-quarter net profit of S\$16.75 million, about 50 times more than its net profit of S\$334,000 in the year-ago period.

With about 1.84 million shares outstanding, this translates to an earnings per share of 0.91 Singapore cent for the quarter ended Dec 31, up from 0.02 Singapore cent a year ago.

The increase was a result of gains from the disposal of the group's tourism-related businesses as well as higher revenue from its automotive and heavy equipment and consumer businesses, the group said.

Significantly, net other income increased to S\$27.16 million for Q3 FY18 from S\$12.86 million for Q3

FY17, mainly due to a gain by selling off the group's tourism-related businesses. In December 2017, Yoma completed the disposal of MM Myanmar Pte Ltd and its subsidiary corporations, comprising the Balloons over Bagan business, the Pun Hlaing Lodge business, the Bagan Land business, the Hpa An Lodge business and the Destination Management Company business.

Following this deal, the group recorded a net gain of about S\$27.7 million, being the excess of fair value of consideration shares issued by Memories Group to the company's wholly-owned subsidiary corporation, Yoma Strategic Investment. The group now holds a 47.6 per cent stake in Memories Group, which was listed on the Singapore Exchange's Catalyst board on Jan 5, 2018.

For the three months ended Dec 31, the Myanmar-focused conglomer-

Yoma Strategic

	Q3 FY18* (S\$ MILLION)	Q3 FY17 (S\$ MILLION)	Y-O-Y % CHANGE
Revenue	24.1	24.0	0.1
Net profit	16.754	0.334	4,916.2
EPS (c)	0.91	0.02	

*For the third quarter ended Dec 31, 2017

ate with property, automotive, consumer and investment businesses, also recorded a revenue of S\$24.1 million, 0.1 per cent higher than a year ago. Taken together, the automotive & heavy equipment, and consumer sectors contributed 74 per cent of the group's total revenue.

Revenue from Yoma's automotive & heavy equipment business increased by 36.3 per cent year-on-year to S\$13.9 million for Q3 FY18. This

was largely driven by the significant growth in the New Holland tractors business which grew 43.9 per cent to S\$11.8 million, Yoma said.

Meanwhile, revenue from the group's KFC business grew by 30 per cent to S\$3.9 million from last year, mainly due to the addition of new stores.

In addition, revenue from the group's real estate development business contributed S\$1.4 million or 5.7 per cent to its Q3 FY18 revenue, a decrease from S\$6.1 million from the year-ago period. This decrease was mainly attributed to the group's change in sales strategy for StarCity's Zone C following the recent buyback of the development to keep some units for long-term rental, while redesigning other units to meet the demand for smaller units, Yoma said.

No dividend has been declared for the current financial year, unchanged from the preceding year.

Yoma's chief executive officer Melvyn Pun said: "We are pleased with the high growth in our heavy equipment, Yoma fleet leasing and KFC businesses and expect them to contribute meaningfully to the group in the coming years. The current market provides us with attractive expansion opportunities which focus on domestic consumption patterns, namely in the consumer and financial services sectors."

The group now has 21 KFC stores in Myanmar and aims to operate at least 32 KFC stores by the end of March next year.

Borrowings for the group increased to S\$178.4 million as at Dec 31 from S\$165.9 million a year ago, with the group's net financial gearing ratio standing at 14.9 per cent for the period.

Yoma Strategic closed down 2 per cent, or one Singapore cent to S\$0.48 apiece on Tuesday.

Ellipsiz

	Q2 FY18 (S\$ MILLION)	Q2 FY17 (S\$ MILLION)	Y-O-Y % CHANGE
Revenue	10.5	10.1	3
Net profit	5.8	1.7	251
EPS (c)	3.48	0.99	
DPS (c)	10.0*	2.5	

*For H1 ended Dec 31, 2017

Ellipsiz records big jump in Q2 profit

Singapore

SEMICONDUCTOR equipment provider Ellipsiz reported a sizeable leap in its net income for the second quarter ended Dec 31, 2017, from the year before.

Its net profit attributable to shareholders totalled S\$5.8 million, from S\$1.7 million a year ago. Earnings per share was 3.48 cents, from 0.99 cents. The group's revenue inched up 3 per cent year-on-year to S\$10.5 million in Q2 FY2018.

For the six months ended Dec 31, 2017, Ellipsiz's revenue was up 8 per cent from the year before to S\$21.9 million. It said growth came mainly from its Singapore, China and Taiwan operations.

During H1 FY2018, Ellipsiz also recorded a gain on disposal of subsidiaries of S\$14.2 million. It had entered into a conditional sale and purchase agreement in August 2017 to dispose its entire stake in its wholly owned subsidiary, SV Probe Pte Ltd, and certain of its subsidiaries - a disposal which was completed in October 2017.

The group also recorded one-off expenses amounting to S\$7.6 million and suffered an exchange loss of S\$2.3 million during the first six months of FY2018. For the period, Ellipsiz reported a net profit of S\$8.1 million, up from S\$2.3 million last year.

Its board has approved an interim dividend of two Singapore cents per share, and a special interim dividend of eight cents per share, in respect of the first half of FY2018.

For the second half of its fiscal year, the group said it is cautiously optimistic of its performance prospects. It added that it would continue to be vigilant of its "volatile operating environment", while exploring opportunities for growth. Ellipsiz shares closed 2.5 Singapore cents lower at S\$0.76 on Tuesday.

CORPORATE DIGEST

Ascendas India Trust

A PRIVATE placement for Ascendas India Trust (a-iTrust) has been oversubscribed, said its trustee manager. The placement was about two times covered and the number of new units to be issued has been raised from 73 million to 97.4 million.

Based on the issue price of S\$1.027 - a discount of 7 per cent to the volume-weighted average price of units traded on Feb 5 - the total proceeds raised has increased from about S\$75 million to about S\$100 million. This will be used to repay a bridging loan and existing debts.

Addvalue Technologies

ADDVALUE Technologies has entered into a collaboration agreement with a Beijing-based partner to develop, market and distribute satellite broadband products for fishing vessels in China and South-east Asia.

Addvalue, a provider of mobile

satellite communications solutions, will team up with Beijing-based Huanan Xingke Information Technology to integrate the China Beidou navigation and satellite communications technology for a number of vertical markets.

Addvalue expects the collaboration to deliver products over three years beginning from the second half of 2018 with a combined revenue of more than US\$12 million. An initial order of about US\$1 million is expected to be fulfilled in 2018.

OKH Global

PROPERTY developer OKH Global reported a net profit of S\$3 million for its second quarter ended Dec 31, 2017, up from S\$859,000 a year ago. Revenue stood at S\$6.3 million for the quarter - a jump from S\$2.9 million previously. Earnings per share came to 0.27 Singapore cent for the quarter, up from 0.08 cent previously. No dividend was declared for the quarter.

ESR-Reit

ESR-REIT announced on Tuesday that its trustee, RBC Investor

Services Trust, has entered into an option to purchase with MSS Bukit Batok for the sale of 9 Bukit Batok Street 22 for S\$23.9 million.

The sale consideration, excluding divestment costs and applicable goods and services tax, is 1.3 per cent above the property's current book value of S\$23.6 million, and is subject to approval by JTC Corporation. The transaction is expected to take place in the first half of 2018.

ST Engineering

ST ENGINEERING'S electronics arm, ST Electronics, has signed an agreement with Satifx UK to create a joint venture company, aimed at developing a satellite antenna system to deliver "enhanced" in-flight connectivity for commercial aviation.

ST Electronics will invest US\$20 million for a 49 per cent stake in the JV, with the remaining 51 per cent controlled by Satifx UK, which describes itself as a provider of baseband modem and electronically steerable antenna chips, products and solutions, and is headquartered in Israel.

Capital World posts Q2 net profit of RM17.4m

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Singapore

MALAYSIAN property developer Capital World posted a net profit of RM17.4 million (S\$5.9 million) for its second quarter ended Dec 31, 2017, up 90 per cent from RM9.2 million a year ago, on the back of an increase in revenue due to higher percentage of works completed.

Revenue soared to RM46 million for the quarter, up from RM18 million previously, mainly due to higher revenue recognition from Capital 21, the retail podium component of the group's mixed development project in Johor, Malaysia, and its serviced suites component, Capital Suites, which is in line with higher percentage of works completed.

Earnings per share stood at RM1.37 cents for Q2, up from RM0.85 cent a year ago.

No dividend was declared for the quarter.

In its outlook, Capital World pointed out that Singapore and Malaysia

Capital World

	Q2 FY17 (RM\$M)	Q2 FY16 (RM\$M)	Y-O-Y % CHANGE
Revenue	46	18	156
Net profit	17.4	9.2	90
EPS (RMc)	1.37	0.85	

have inked a legally binding bilateral agreement to build a cross-border MRT system, allowing commuters to travel seamlessly between Woodlands and Johor Bahru. The construction is expected to be completed by end-2024.

"These positive developments will augur well for the group's existing and upcoming development projects in Johor Bahru," said the group in a filing to the Singapore Exchange.

The group has also launched an indoor theme park concept at its Project Capital City in Johor on Jan 13. Upon completion, it will be one of the five largest indoor theme parks in the world and is expected to commence operations in 2018.

Capital World fell 0.5 Singapore cents to end at 7.8 cents on Tuesday.

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REITS MASTERCLASS WITH GABRIEL YAP 31 MARCH 2018

Gabriel Yap
GCP Global

REITS Guru Mr Gabriel Yap uses an eclectic mix of serious in-depth analysis and five examples of REITS in his lively class to tackle the most critical issues in understanding and making stable and consistent profit from REITS. He shares in the liveliest manner, his manner of reaping a steady annual 20 - 30% total returns from REITS in the past 15 years.

Seminar Details
MAR 31 31 March 2018, Saturday
10.00am - 5.00pm
(Registration starts from 9.30am)
Maybank Kim Eng Securities
Event Hall, Level 3
50 North Canal Road, Singapore 059304
\$5888

Speaker Profile
Mr Gabriel Yap, CFA, was an eminent stockbroker who retired from stockbroking in 2009 to devote himself to philanthropy to help the needy, poor and handicap globally.
Mr Yap is also Executive Chairman of GCP Global Pte Ltd, an investment firm that invests in both direct capital markets, bonds, real estate, commodities, foreign exchange and builds businesses. Mr Yap appears regularly for the TV media like Channel News Asia and Bloomberg and radio channels like FM93.8 for their various investment programs.

Learning Points

- Analysing the Key Profitability Variables
- How to undertake a proper and thorough financial evaluation of REITS
- How to detect if management deliver on their financial objectives
- How to value a REIT correctly and assess the key risks in REITS before investing
- How to see through all the noise and Size Up a REITS Manager
- How to detect and spot potential conflict of interests for REITS Manager in major deals
- Analysing Corporate Actions of REITS - how to critically analyse each acquisition, placement and rights issue
- How to pick the correct REITS at the right price for your Retirement Portfolio

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PICTET

Pictet-Absl Rtn Fxd Inc-HP EUR	01/02/2018	EUR	103.09
Pictet-Asian Equities Ex Japan-P USD	02/02/2018	USD	308.81
Pictet-Asian Local Currency Debt-P USD	02/02/2018	USD	159.97
Pictet-Biotech-P USD	01/02/2018	USD	760.42
Pictet-Clean Energy-P USD	01/02/2018	USD	96.08
Pictet-Em Lci Ccy Dbl-P USD	01/02/2018	USD	178.68
Pictet-Emerging Europe-P EUR	01/02/2018	EUR	383.84
Pictet-Digital-P USD	01/02/2018	USD	362.29
Pictet-Emerging Markets-P USD	02/02/2018	USD	688.32
Pictet-EUR Bonds-P	01/02/2018	EUR	549.92
Pictet-EUR Corporate Bonds-P	01/02/2018	EUR	197.98
Pictet-EUR Government Bonds-P	01/02/2018	EUR	158.16
Pictet-EUR High Yield-P	01/02/2018	EUR	253.52
Pictet-EUR Short Mid-Term Bonds-P	01/02/2018	EUR	134.10
Pictet-European Equity Selection-P EUR	01/02/2018	EUR	706.19
Pictet-European Supt Eq-P EUR	01/02/2018	EUR	257.16
Pictet-Europe Index-R EUR	01/02/2018	EUR	183.36
Pictet-Global Bonds-P EUR	01/02/2018	EUR	153.52
Pictet-Greater China-P USD	02/02/2018	USD	657.08
Pictet-Health-P USD	01/02/2018	USD	264.05
Pictet-Indian Equities-P USD	02/02/2018	USD	565.13
Pictet-Japanese Equity Selection-P JPY	02/02/2018	JPY	16738.40
Pictet-Japan Index-R JPY	02/02/2018	JPY	18970.16
Pictet-LATAM Lc Ccy Dbl-P USD	01/02/2018	USD	137.70
Pictet-Multi Asset Global Opportunities-P EUR	01/02/2018	EUR	120.13
Pictet-Pacific Ex Japan Index-R USD	01/02/2018	USD	439.06
Pictet-Security-P USD	01/02/2018	USD	243.18
Pictet-Short-Term Money Market CHF-P	02/02/2018	CHF	121.03
Pictet-Short-Term Money Market EUR-P	02/02/2018	EUR	136.36
Pictet-Short-Term Money Market JPY-P	02/02/2018	JPY	10074.52
Pictet-Short-Term Money Market USD-P	02/02/2018	USD	135.84
Pictet-Small Cap Europe-P EUR	01/02/2018	EUR	1263.93
Pictet-Sovereign Short-Term Money Mkt-P EUR	02/02/2018	EUR	100.94
Pictet-Sovereign Short-Term Money Mkt-P USD	02/02/2018	USD	104.07
Pictet-Timber-P USD	01/02/2018	USD	197.62
Pictet-USA Index-R USD	01/02/2018	USD	241.86
Pictet-US Equity Selection-HP EUR	01/02/2018	EUR	165.16
Pictet-US Equity Selection-P USD	01/02/2018	USD	233.53
Pictet-Water-P EUR	01/02/2018	EUR	294.48
Pictet-Water-P USD	01/02/2018	USD	367.23