DIAMONDS may be Sarin's (pronounced "serene") technological development. The company — which produces software for manufacturers to cut diamonds — is raising about $22 million in an initial public offering (IPO) of 6.29 million shares at 35.5 cents apiece.

The public can subscribe to 6.2 million shares. Of the net proceeds of $16 million, about half will go towards acquisitions and product development.

In an interview with TODAY, Sarin's chairman Daniel Glinert said that a listing in Singapore provides "a political and financial gateway" into Asia when it comes to acquiring businesses or intellectual property.

In particular, the company — which has been profitable since 1988, but its cutting-edge machines and software have already grabbed about two-thirds of the global market for cutting precious stones, he added.

Technology had a big part to play — its software can help manufacturers cut a stone within seconds, compared to the days taken via the manual technique. The company is also planning to patent a new technology to spot defects in diamonds later this year.

Sarin expects net profit to be US$4.6 million ($7.7 million) for the year ended Dec 31, down 13 per cent from the previous year due to a taxation issue. It plans to distribute about US$2.5 million as dividends.

Applications for the IPO close tomorrow and trading of the shares will start on Friday. — Christie Loh

Opportunity to tap into global Reits

The fund also aims to invest a large part of its assets into real estate investment trusts (Reits), especially those listed in the United States and Europe. Reits have grown in popularity with local investors as they have yielded good returns. However, Mr Mann thinks that Singapore-listed Reits are still valued at current levels and better opportunities can be found elsewhere.

"Take Europe, for example. The region's property market is still fragmented and under-securitised, which offers plenty of opportunities for a re-rating with the potential introduction of Reits," said Mr Mann. "Reits will improve liquidity, market pricing efficiency and capital allocation in the European property sector."

Real estate continues to offer attractive value

Mr Mann does not think that these property markets are overvalued as some news headlines may suggest. Headlines have a tendency to generalise. Although we do agree that some residential markets in selected developed markets have had a good run in recent years, we are of the view that good opportunities can still be found in other segments of the property market.

"For example, we like the US retail property sector given the continued strength in retail sales, low vacancies, low occupancy cost and strong tenant demand."

"In Asia, we also like the Hong Kong property market, which we think will offer healthy returns for at least another 12 months given the current supply shortages in all property sectors."

Through First State Global Property Investments, investors will be able to access global opportunities not available here and can tap into the expertise of an investment team with a combined experience of 26 years.

Chinese billionstrycoon Wee Cho Yaw has raised his stake in United Overseas Land (UOL). His sons, Mr Wee Ee Cheong and Mr Wee Ee Lim, also saw their stakes increased as a result of the purchase.

Last week, UOB announced its plans to sell an almost 35-per-cent stake in UOL through a share distribution exercise and a bond issue. — Channel NewsAsia

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Wealth Management. Ask OCBC.

Look beyond Singapore's property market

Long-term prospects of global property securities promising

IN LAND-scarce Singapore, property is an asset class which has captivated the hearts and pockets of Singaporeans for many years. Most Singaporeans own their own homes and some even own second and third properties, not to mention property stocks listed on the local bourse.

Singapore properties have attracted a disproportionate amount of investments from local investors, because Singaporeans are familiar with the domestic property scene.

But it would be unwise to overinvest in the local property sector simply because of familiarity. After all, there could be attractive opportunities elsewhere which you may be missing. So it makes sense to look beyond the property market by investing in a portfolio of property securities listed worldwide.

In fact, global property securities have outperformed equities and bonds in the last ten years. That's more, you stand to enjoy the benefits of diversification across countries, economic cycles and property sectors, not to mention access to greater returns as securitisation becomes more widespread.

The long-term potential for global property securities is promising.

Given the ageing population in developed countries, investors are likely to allocate more money to property securities, as they seek income-yielding assets whose prices vary less than the broader stock market.

A global property fund that's worth a second look

If you are looking to invest in global property securities, First State Global Property Investments is worth considering.

It has a four-star rating from Mercer, a reputable global investment consultant. The fund is managed by First State Investments (Singapore) and sub-managed by Colonial First State Investments, Australia’s largest fund manager and the largest Australian-listed property trust manager.

It aims to make regular annual distributions and is targeting an initial rate of 4 per cent of net asset value per year — with the first distribution in November next year. This is attractive relative to the low deposit rates in Singapore.

One distinct feature about the fund is the exclusive alliance that Colonial First State has with Colliers International, a leading commercial real estate organisation with 247 offices worldwide.

"This alliance gives us access to real-time proprietary information on every major property market globally, allowing us to identify pricing anomalies in listed markets quickly and efficiently," said Mr Lindsay Mann, CEO of First State Investments (Singapore).

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