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SE BUSINESS

HD **Frasers eager to grow overseas business**

BY FELDA CHAY
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AN AGGRESSIVE overseas expansion plan is in the works at Frasers Centrepoint Ltd (FCL), which is looking to grow its foreign assets to make up half of the **group**'s overall portfolio, and raise earnings from overseas **residential**-development projects to equal those from its Singapore operations.

The **property group**, a unit of conglomerate Fraser & Neave, also wants to reduce its reliance on the development business by raising recurring income from its investment properties.

In an interview with The Business Times ahead of its listing on Jan 9, FCL chief executive officer Lim Ee Seng said: “There is an eagerness to grow the business (overseas), more than what we are currently doing. From a strategic point of view, it’s necessary to grow business beyond Singapore.”

Overseas assets currently make up 36 per cent of FCL’s $9-billion portfolio as at the end of FY2013 on Sept 30. The bulk of these assets are in its core markets Australia and **China**, which account for 15 per cent and 9 per cent respectively of its overall portfolio.

“We are trying to hit 50-50 (between Singapore and foreign assets). Hopefully we can hit 50-50 in five years’ time,” said Mr Lim.

For its **residential**-development business, overseas projects currently contribute less than $80 million in profits before income tax (PBIT) per year on average, while PBIT from its Singapore projects average above $200 million a year, said Mr Chia Khong Shoong, FCL’s chief financial officer. The plan is for both the Singapore and overseas **residential**-development business to respectively sell 1,000 units and contribute PBIT of at least $200 million each.

Mr Lim said that FCL’s overseas push will continue to focus on Australia and **China**. But the **group** may develop a new core market: Thailand.

Said Mr Lim: “The problem with the Thai market is that if you are a foreign developer, most of the time you are not allowed majority control.”

But this hurdle is now cleared because FCL’s majority shareholder is Thailand-based TCC **Group**, whose main business interests include **property**.

“TCC is our parent, so if we do a joint venture with them it is as good as us going there ourselves in terms of the levels of trust, corporate governance and control. Also, TCC knows the local market well,” said Mr Lim.

Overall, the plan for FCL's overseas ventures is to build more mixed-used developments, which would fulfil FCL's aims of boosting earnings from overseas **residential** projects, growing its foreign assets and raising recurring income.

"We are very strong in mixed developments," said Mr Lim.

FCL, together with Sekisui House, is already developing One Central **Park** in Sydney – a 5.8ha parcel of inner-city land that, when completed, will have **residential**, office and retail facilities.

This year, FCL will be launching more **residential** units for **sale** overseas than in Singapore. After the **Chinese** New Year period, it will launch the 99-year-leasehold Fernvale Close project being developed with Far East Orchard and Sekisui.

Said Mr Chia: "We may have quite a lot of units that we will launch in **China**, so that may push the numbers up. We do have quite a large pipeline there."

The **group**'s **residential** landbank is in Suzhou and Shanghai.

In Australia, FCL expects launches at three projects during the course of the year, involving hundreds of units, said Mr Chia. Two of these projects are in Sydney while the other is in Perth.

myp@sph.com.sg

ART GAME PLAN: Mr Lim (left), seen here with Mr Chia, said that FCL's overseas push will continue to focus on Australia and **China**. This year, it will be launching more **residential** units for **sale** overseas than in Singapore.

CO ceprol : Frasers Centrepoint Ltd | frasen : Fraser and Neave Limited

IN i8396 : Diversified Holding Companies | ibcs : Business/Consumer Services

RE singp : Singapore | austr : Australia | apacz : Asia Pacific | asiaz : Asia | ausnz : Australia/Oceania | seasiaz : Southeast Asia

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