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HD **Frasers Centrepoint to boost presence in Thailand**

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Talks with Thai majority shareholder TCC on joint ventures, hospitality Reit

FRASERS Centrepoint (FCL) will raise its profile and increase its investments in Thailand as part of its future strategy for growth as a stand-alone entity.

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Group chief executive Lim Ee Seng told The Straits Times in an interview on Monday that he expects greater synergy with its Thai majority shareholder, TCC Group.

FCL and TCC are jointly exploring the possibility of building two or three mixed-development projects in Bangkok.

TCC is owned by Thai beer baron Charoen Sirivadhanabhakdi, who now controls Fraser & Neave (F&N) after a $14 billion buyout last year.

"For us, we see potential in the Thai market. So, tapping TCC's local network and local experience will benefit us," said Mr Lim.

Thailand's property market is not a major revenue contributor for FCL at the moment.

It derived $20.3 million in turnover from the kingdom for its financial year ended Sept 30 last year, which made up about 1 per cent of its total group revenue of $2.05 billion.

Assets in Thailand, as of Sept 30 last year, amounted to $87 million, a far cry from the $1.6 billion in Australia and $937 million in China, FCL's two core overseas markets.

FCL developed a condominium project in Thailand with a joint venture partner, Krungthep Land (KLand), of which it has a 40 per cent interest. The joint venture also owns some 269,000 sq ft of land in the kingdom.

In contrast, TCC is one of the largest land owners in Thailand. It has about 19,400ha in its land bank for development, primarily in Thailand.

FCL is currently reviewing its partnership with KLand - with Mr Lim saying the firm is working towards "an amicable solution to the current situation" - in order to focus on its tie-up with TCC.

Thanks to the TCC connection, discussion of a possible hospitality real estate investment trust (Reit) is also ongoing.

FCL has been asked by TCC to manage its portfolio of about 15 hotels outside Thailand. Part of that may be injected into the hospitality Reit.

FCL chief financial officer Chia Khong Shoong said: "On our own, our portfolio is a bit small, but if we include some of the assets that TCC has, we would have a more sizeable portfolio that could potentially go into a Reit."

The possibility of a hospitality Reit was first made known in August last year, when it was announced that FCL, the property arm of conglomerate F&N, would be spun off into a separate listing entity.

FCL shares will be listed on the Singapore Exchange next Thursday by way of an introduction, which means neither F&N nor FCL will receive cash proceeds from the listing. F&N shareholders will get two FCL shares for each F&N share they own.

Last Friday was the final date on which an investor could buy F&N shares to be eligible for the FCL shares.

Political unrest in Thailand may affect tourism and home launches there, but Mr Lim believes there is sustainable demand during periods of relative calm.

He added that although FCL will make a bigger play for Thailand, its key overseas markets will continue to be Australia and China.

Demand in Australia for high-quality homes still outstrips supply, said Mr Lim.

FCL is looking at developing residential projects in Brisbane and Melbourne, in addition to Sydney and Perth.

In China, the company will keep its sights on first- and second-tier cities such as Shanghai, Suzhou and Chengdu.

Mr Lim said: "It is TCC's intention to use FCL as the international platform for its real estate investment.

"That's why for anything outside of Thailand, there is the right of first refusal. It will not compete with FCL outside of Thailand."

Home market Singapore will also be FCL's mainstay, as evidenced by two recent tender bids that it submitted for land, which were described as aggressive by some market watchers.

It submitted a winning bid of $1.43 billion for the mixed-use plot in Yishun Central 1 in September last year. The offer was 47 per cent higher than the next highest bid.

The month before, it had put in a $924 million winning bid for a commercial site between Cecil Street and Telok Ayer Street. This bid was 19 per cent above the second-highest offer.

Mr Lim said: "Our bids reflect our optimism in the market. The two bids are not for short-term trading purposes."

He added that FCL does not consider the bids to be high as they are supported by valuations. The commercial site is one of the last few plots of prime land in the Central Business District.

As for the Yishun land parcel, FCL was willing to pay a premium as the developer had an existing mall, comprising Northpoint 1 and 2, next to the site.

The addition of the future Northpoint 3 will make the integrated mall one of the largest in the country.

On the outlook for Singapore's residential market, Mr Lim is unfazed even though property cooling measures and the likelihood of an increase in interest rates due to tighter monetary policies could affect buying demand in the short term.

"There is still business to be done, it's a question of dollars and cents," he said.

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ART Frasers Centrepoint group chief executive Lim Ee Seng says the company sees potential in the Thai market and tapping TCC Group's local network and local experience will be beneficial. -- PHOTOS: THE BUSINESS TIMES

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