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HD **CDL to step up the pace as it expands overseas**

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Developer eyeing markets such as Japan, Australia

PROPERTY developers in Singapore continue to head overseas and City Developments (CDL) is no exception.

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Executive chairman Kwek Leng Beng said yesterday that CDL will speed up its expansion abroad and is on the lookout in countries such as Japan and Australia.

It might then move into fund management and spin off more hotels into a real **estate** investment trust (Reit), he said at a second-quarter results briefing.

"First, we develop properties overseas; fund management will come later," he said.

"One day, if it is prudent and viable, why not throw all our hotels into a Reit? Make it the biggest Reit ever in Singapore," he added.

"As another example, why don't we get all the provincial hotels in the United States and Britain, and put them in a Reit? That would be another model for fund management."

For the three months to June, the **company** saw net profit drop 32.8 per cent from levels in the previous year to \$137.9 million.

Previously, it had enjoyed one-off gains from the **sale** of an industrial **property** at Pasir Panjang Road, CDL said.

With the one-time gains stripped out, "core" net profit would have registered an increase of 89.7 per cent for the period, the **company** said. Revenue rose 5.9 per cent to \$861.1 million for the second quarter.

Most of CDL's profits came from **property** development, followed by hotels. It owns 60 per cent of **hotel** chain Millennium & Copthorne Hotels.

Chief executive Grant Kelley said yesterday that CDL would focus on growing its **property** business overseas, particularly in Britain, **China**, Japan and Australia.

In **China**, it is developing a project called Hong Leong City Centre in Suzhou, he said. It also has two projects in Chongqing - Eling Residences, a 126-unit, high-end **residential** project, and Huang Huayuan, a mixed-use development.

As for Japan, the Millennium Mitsui Garden **Hotel** Tokyo in the upscale Ginza district is expected to open in December.

Mr Kwek said yesterday that "the world is short of hotels", and that hotels are more profitable than serviced apartments, even though serviced apartments might require less manpower.

He added that CDL would like to convert some of its luxury **residential** developments in Singapore into serviced apartments, but suggested that the proposal had encountered roadblocks.

"In the old days, it was very easy to convert apartments into serviced apartments, but currently, it's not so easy... we're talking to the Government."

CDL said yesterday that it plans to launch the high-end New Futura condominium at Leonie Hill Road by the end of this year.

The office component of its South Beach integrated development near City Hall is expected to be completed by the year end as well. So far, about 20 per cent of the office space has secured committed leases.

The **group's** earnings per share for the second quarter stood at 14.5 cents, down from a restated 21.8 cents the previous year. Net asset value per share rose from \$8.50 as at Dec 31 last year to \$8.67 as at June 30 this year.

CDL shares fell 27 cents, or 2.7 per cent, to \$9.78 yesterday.

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ART Artist's impressions of Hong Leong City Centre (above) in Suzhou and Eling Residences in Chongqing - two of the projects being developed by CDL in **China**. The **Chinese** market is among the **company's** top priorities in its drive to grow its presence overseas. -- PHOTO: CDL

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