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HD **China's dominant developer moves to the big leagues**
BY Megan Zhao
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Wanda **Commercial** Properties, **China's** largest **commercial** developer, said Aug. 11 that it will form a joint venture valued at HK\$12.5 billion, or about A\$1.7 billion, with its parent **company** to invest in real **property** projects in Australia.

The companies will first pay out HK\$2.1 billion to acquire a 55% stake in the 11,355-square-meter Jewel project **site**, which is on Old Burleigh Road in Surfers Paradise in Queensland. With a planned gross floor area of 146,000 square meters, the mixed-use project will comprise three towers. The **Hong Kong**-listed unit of Wanda **Group** plans to shovel US\$900 million into building a luxury **hotel** and serviced apartments on the **site**.

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The news marked the Beijing-based developer's first investment in Australia and came within only a week of it beating more than 10 bidders to acquire a land parcel in Beverly Hills, Calif., where it plans to invest US\$1.2 billion to build a mixed-use project that could reportedly aid in **China's** entry into Hollywood's film industry.

Also in early July, the **property**-and-entertainment conglomerate was reportedly looking to pay US\$900 million for what would be Chicago's third-tallest building, at 89 stories.

The **group's** hunt for overseas assets included Spain as well. In March, it offered €260 million to **buy** a 25-story building in Madrid from Spanish bank Banco Santander SA.

Controlled by **China's** richest man, Wang Jianlin, Wanda is among the most aggressive **Chinese** deal-makers abroad, with a goal of becoming "a world leading **company** by 2015 and a truly iconic and international **Chinese** brand," according to its website.

The **group** has made headlines not only in **property** investment but also in M&A in other sectors. In 2012, it acquired the U.S.-based cinema chain AMC Theatres for US\$2.6 billion and in 2013 bought the British yacht builder Sunseeker International for US\$500 million.

In its home market, Wang's Wanda empire includes 93 Wanda Plazas, 59 five-star hotels, 83 department stores in major **Chinese** cities, 1,247 film screens and 89 karaoke outlets. The conglomerate claims that its shopping malls rank second worldwide in terms of total lettable area of 17.04 million square meters. The massive scale dwarfs its closest **commercial**-play peers, including SOHO **China** Ltd., which owns a portfolio of 5.4 million square meters, and Shui On Land Ltd., which has 10.3 million square meters. The **China** unit of Singapore's CapitaMalls Asia Ltd., one of the top players in the market, also falls short compared to Wanda, with only 62 shopping malls.

Wanda had revenue of 18.66 billion **Chinese** yuan in 2013, while SOHO **China** and Shui On registered revenue of 14.62 billion yuan and 9.83 billion yuan, respectively. For financial year 2014, Wanda aims to fetch revenue of 18.3 billion yuan from Wanda **Commercial** and 31.75 billion yuan from its entertainment subsidiary.

Yan Yuejin, a Shanghai-based **property** analyst with **China** R&D Institute, said it is a "natural step" for the renowned developer to diversify its sources of income abroad. "Just like Greenland Holding **Group** and other **property** behemoths, Wanda wants to take on new challenges in some new markets and diversify risks," he said.

The analyst expects Wanda to focus on **hotel** projects overseas. "There is significant demand for hotels as **Chinese** travel more. It is also easier to manage compared to building shopping malls," Yan said.

Chairman Wang Jianlin indeed has his own plans. The veteran who served in the army for 16 years now makes his battlefield decisions in the boardroom.

By 2020, Wanda will have built 15 five-star hotels in eight to 10 global gateway cities, Wang said in a July 17 meeting. For the second half of this year, the **group** will complete one-third of that target, Wang said, adding that Wanda is also in talks to acquire two large-scale entertainment enterprises overseas.

Elaborating on the drive to develop hotels abroad, the billionaire said, "It is not simply because **Chinese** tourists can enjoy **Chinese** food and have easier communication, more importantly, our aim is to break the western companies' monopoly on the high-end **hotel**."

"**China** is able to make satellites and nuclear bombs, but cannot export a world's leading luxury **hotel** brand, this is abnormal," he added.

As of Aug. 13, US\$1 was equivalent to 6.16 **Chinese** yuan.

IN ihotel : Hotel Construction | i501 : Building Construction | iconst : Construction | icre : Real Estate/Construction

NS ccat : Corporate/Industrial News

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