

GuocoLand seeks expansion into Britain, Australia

Property firm to take 27% stake in Malaysian developer with projects in London, Sydney

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In Kuala Lumpur

Mainboard-listed property developer GuocoLand is planning to make its first forays outside of Asia – to both Britain and Australia – as it seeks to further diversify its sources of income.

To date, GuocoLand has established a presence in Singapore, Malaysia, China and Vietnam.

The firm is mounting its further global expansion via an investment in a Malaysian property developer.

It yesterday announced that it will take a 27 per cent stake in Eco World International (EWI) when the real estate firm launches its initial public offering (IPO) on the Malaysian bourse in the first quarter of next year, likely in March.

The cost of GuocoLand's investment will be determined by the pricing of the IPO.

The proposed listing of EWI is targeted to raise more than RM2 billion (about S\$665 million) to fund the development of its four projects in London and Sydney, predominantly residential developments.

The move will give GuocoLand an immediate pipeline of ongoing projects in the two cities.

"The UK and Australia property markets offer scalability, and we believe that with the right products and locations, they provide reasonable returns," said GuocoLand group president and chief executive Raymond Choong.

The upcoming IPO will see EWI issuing about 2.15 billion new shares, on top of the existing 246.5 million shares owned by its executive

vice-chairman Liew Kee Sin.

That brings the total enlarged paid-up capital of EWI post-listing to 2.4 billion shares.

Of these, GuocoLand will subscribe to 27 per cent – or 648 million shares – as would Malaysian property developer Eco World Development Group, of which Mr Liew is chairman, the companies said at a signing ceremony held in Kuala Lumpur yesterday.

Mr Liew currently holds 99.9 per cent of the unlisted EWI. Post-listing, his stake will represent 10.3 per cent of the total shares.

EWI said that 17 per cent, or 408 million shares, of the total stake will be offered to retail investors and 18.7 per cent to institutional investors.

Pricing of the new IPO shares has not been fixed and will be determined by way of a bookbuilding process, EWI added.

The banks involved in advising on the IPO exercise are Maybank, CIMB Bank, Hong Leong Bank and United Overseas Bank.

In signing a shareholders' agreement – which was negotiated over nine months – with Eco World Development Group and GuocoLand, Mr Liew said that the strategic partnership will enable EWI to grow further and extend its market reach.

"Property development is a financial game... we need financial resources and GuocoLand provides that and land banking opportunities... GuocoLand is very strong in Singapore, with their brand maybe we can increase our 2 per cent customer base from Singapore to maybe 10 per cent," Mr Liew noted.

EWI's three projects in London are Embassy Gardens, Warden London and London City Island, while the Australia project is West Village in Parramatta, Sydney.

The projects have achieved cumulative sales amounting to £1.06 billion (S\$1.8 billion) – or 44 per cent of their total estimated gross development value – as at Oct 3.

Mr Liew expects the remaining units to be sold in the next 18 months and EWI will continue to source for new projects.

"So far, the impact (from Brexit) is not so bad, people are still buying and investing... most people buy because of the faith in the UK system, the transparency of the legal system and the rule of law," Mr Liew added.

GuocoLand said entering Britain and Australia in partnership with EWI accelerates its understanding



of these markets and reduces the uncertainty arising from venturing into new markets.

"We are still very Singapore-centric in terms of profitability and revenue, but... the Singapore market, like many markets today, is extremely challenging. So the aim of Guoco Group is to diversify our in-

come...; we hope to have at least 50 per cent or more of our revenue coming from outside Singapore," Mr Choong added.

Singapore accounted for about 60 per cent of the group's revenue in the 2016 financial year.

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From left: Mr Chang Khim Wah, president and CEO of Eco World Development Group; Mr Liew Kee Sin, chairman of Eco World Development Group and executive vice-chairman of Eco World International; and Mr Raymond Choong, group president and CEO of GuocoLand. PHOTO: ECO WORLD DEVELOPMENT GROUP