

GuocoLand

GuocoLand's Grade A buildings a bulwark for revenue, earnings and valuation

BY RUTH CHAI

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Navigating through the grey monotony of the Central Business District (CBD), it is not easy to spot a building that really stands out architecturally.

GuocoLand's integrated developments, however, reflect thoughtfulness in design that is a sight for sore eyes.

Located at the intersection of two key development corridors along Beach Road and Ophir-Rochor Road, Guoco Midtown is a mixed-use development comprising Grade A offices, public and retail spaces, residences and the former Beach Road Police Station, which has been conserved.

Guoco Tower, atop Tanjong Pagar MRT Station, and Singapore's tallest building, is the group's first integrated mixed-use project in Singapore. Standing at 290m, its floor space totals 1.7 million sq ft and comprises a 38-storey Grade A office block, six levels of retail and food and beverage (F&B) space, 181 residential units, and Sofitel Singapore, a luxury business hotel.

With both buildings conveniently connected to train station exits, they boast functionality and convenience. In 1H FY2025 ended Dec 31, 2024, GuocoLand's Property Investment revenue grew 19% y-o-y

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to \$130.6 million, driven mainly by higher recurring rental revenue from Guoco Tower and Guoco Midtown. However, in 1H FY2025, total revenue declined 5% y-o-y to \$1.01 billion, partly due to the timing of progressive revenue recognition from the Property Development business in Singapore, as well as lower sales from China.

Nonetheless, GuocoLand's gross profit grew 16% y-o-y to \$247.9 million in 1H FY2025, while operating profit grew 35% y-o-y to \$214.5 million and patmi grew 13% y-o-y to \$74.6 million.

As at end-December, the Grade A office spaces at both Guoco Tower and Guoco Midtown achieved 100% occupancy, while 20 Collyer



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Quay maintained a high occupancy rate of 96%.

Overseas, GuocoLand also has Guoco Changfeng City in Shanghai, and Damansara City in Kuala Lumpur. But it is Singapore that accounts for 80% of the group's 1H FY2025 revenue and 75% of total assets.

Some of GuocoLand's iconic residential property projects include Wallich Residence, Martin Modern, Meyer Mansion, Midtown Modern, Midtown Bay, Lentor Modern and Lentor Mansion.

"Over the years, we have built up two strong business engines — property investment and property development — and both are performing well. Our development properties in Singapore continue to see steady sales, driven by sustained demand for well-located and high-quality projects. Meanwhile, rental revenue from our Grade A investment properties provides a stable and recurring income stream for the group," says group CEO Cheng Hsing Yao, in a Feb 10 statement.

GuocoLand listed on the Singapore Exchange in 1978. Chairman Quek Leng Chan has a deemed stake of 71.85% in GuocoLand as at Sept 2, 2024, according to GuocoLand's 2024 annual report.

In the annual report, Cheng, a one-time nominated member of parliament and a trained architect, said: "The office market has evolved significantly over the years. Hybrid work arrangements and the anchoring of regional headquarters in Singapore have led to tenants expecting better quality offices and more efficient spaces, as these tenants use the office to attract and retain talent."

"For both our commercial and residential projects, we incorporate flora biodiversity and public spaces. People are generally biophilic, and they also enjoy the sense of being part of a bigger community," Cheng said, giving the example of the multitude of green spaces across Guoco Midtown, which house 350 different species of plants.

"This provides office workers and residents with the space to decompress and rejuvenate. The public spaces also serve communal activities and raise recognition of our projects," he added.

As at July 22, GuocoLand's share price is up 17.8% since the start of the year, but it is still trading at just 0.44 times its end-December net asset value of \$3.91. **E**