

SingXpress Land also keen on rental-property segment

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ing loans. Thereafter, it ventured into the travel business, only to experience a slump brought on by the subprime crisis of 2008.

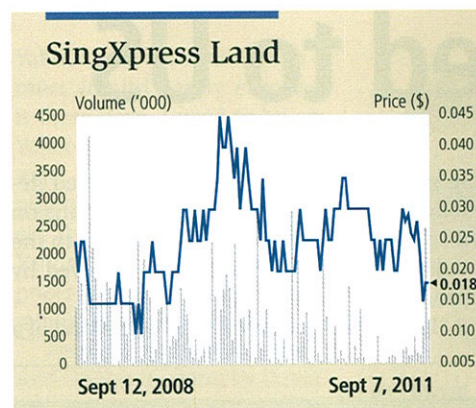
In 2009, Chan decided to exit the travel business and identified property development as SingXpress Land's next core business. As an experienced property investor who had doubled and even tripled his property investments in Singapore, including The Arcadia at Bukit Timah and The Sail at Marina Bay, Chan was convinced about the long-term sustainability of the property market. While shedding its old business, SingXpress Land also acquired some units in mass-market private-housing projects in Hong Kong and leased them out.

Currently, SingXpress Land is jointly managed by Chan, who is also the company's managing director, and his sons Tony Chan and Chan Tung Moe, who are both directors.

Focus on low-risk public housing

Chan tells *The Edge Singapore* that SingXpress Land intends to develop public-housing projects, especially DBSS homes and Executive Condominiums (ECs). "As long as DBSS and EC land tenders remain open, public housing will be our focus," he says. "We will develop private properties when the opportunity presents itself and if it is in line with our risk profile," Chan says.

But why the focus on public housing when margins are higher for private properties? Chan says he prefers to build public housing for the masses as the risk profile is low. He, however, adds that he is seeking "modest" profits from



SingXpress Land's Pasir Ris DBSS project.

Chan says the world-class standard of public housing in Singapore is in line with SingXpress Land's objectives as a quality property developer. "The standard of Singapore's public housing is a thousand times better than Hong Kong's," says Chan. "We want to position ourselves as a developer with well-designed affordable houses," he adds. Now that the sale of DBSS sites has been put on hold, SingXpress Land is on the lookout for an EC site for its next project, he says.

SingXpress Land beat eight other developers to clinch the Pasir Ris DBSS site. Executive director Tony says the site was too attractive to pass up. "It is right next to the White Sands shopping centre and across from the MRT station. It is close to schools and the beach. We were shocked that such a quality piece of land would be put up as a DBSS site."

But he says the company would have missed



Chan says SingXpress Land will focus on developing public housing sites

the investment opportunity had it not obtained a \$30.5 million bridging loan from Xpress Group to fund the land acquisition. "I think this is what makes the group unique. Despite our tiny size, we can still bid for the site. If we did not have the backing of the parent company, we would not have had enough time to raise the funding necessary."

Apart from bridging loans, UOB is also partially funding the DBSS project through traditional bank loans, adds Tony.

In August, SingXpress Land conducted a rights issue to raise up to \$30 million, of which \$18.7 million will be used to pay off the bridging loan and \$10.7 million allocated

as working capital for the DBSS project.

Chan says the Xpress Group is prepared to bankroll more land acquisitions for SingXpress Land if necessary. And with the parent company providing interest-free bridging loans, SingXpress Land can manage its risk better, says Tony. "You could say it allows for better profitability because we can take our time and do the right form of financing without any time pressure," he adds. Now that SingXpress Land is more established, Tony says he intends to bring in more partners and co-investors for future projects.

"We are accelerating the company's growth by a few years. To achieve what we are doing now without the support of our parent may take an extra five years, because we would be relying on organic growth," says Tony.

Besides property development, SingXpress Land is also looking to expand its rental-property segment in Singapore. Chan says he will lease out unsold units of the company's latest projects for recurring income or hold them over the long term as a hedge against inflation. In fact, he intends to do this with half of the units in SingXpress Mansions.

Currently, Chan says SingXpress Land's Hong Kong properties are driving the bulk of rental income. He adds that the properties in the city are fully leased and are contributing yields of 5%. On the home front, the company already owns one retail unit and 27 home-office units at the 197-unit Southbank, a leasehold condo sitting along the Kallang River. Chan says SingXpress Land's units at Southbank are 95% leased at yields of 3%. **E**