

L&H eyes Bt10-billion hospitality REIT in 2015

LHSC READY FOR LAUNCH AT END OF THE YEAR, TO CASH IN ON TERMINAL 21

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THE NATION

LAND AND HOUSES might launch a hospitality real-estate investment trust next year worth Bt10 billion after offering its first retail REIT, the Bt6.22-billion LH Shopping Centres Leasehold Real Estate Investment Trust or LHSC at the end of this year.

The company also plans to raise Bt10 billion next year by selling debentures to redeem those maturing that year and to buy land and construct residential projects for sale in that year, managing director Adisorn Thananun-Narapool told a press conference yesterday.

The company may spend nearly the same to buy vacant land next year as the Bt7 billion that it budgeted this year, as will launch nearly the same or more than this year's 21 projects worth Bt41.3 billion.

In September the company filed its initial-public-offering plan for the LHSC to the Securities and Exchange Commission. The SEC is now considering it and may approve it in time for it to be listed next month.

The company will transfer the current 2015-2040 Terminal 21 leasehold contract to the LHSC. This means the REIT will get 26 years of rental income from the shopping centre on Asoke in Bangkok.

L&H and its group including Singaporean partners will hold at least 15 per cent of the LHSC, which will raise Bt5.03 billion via the IPO



FROM LEFT: Vorada Thangsurbku, executive vice president of Siam Commercial Bank; Adisorn Thananun-Narapool, managing director of Land and Houses; and Piangdao Wattanayakorn, chief investment officer of Land and Houses Fund Management Co, brief the press yesterday on the LH Shopping Centres Leasehold Real Estate Investment Trust that L&H plans to launch next month.

and Bt1.2 billion via bank loans.

Terminal 21's total rental space of 34,058 square metres is now 98 per cent occupied. The project has raised its rental rates by an average 6.6 per cent a year since it opened in 2012.

"We will spend the funds from issuing LHSC for expanding our investment in the retail business next year," Adisorn said.

L&H holds major stakes in three hospitality properties - Grand Centre Point Hotel and Residence on Ratchadamri Road, L&H Villa Sathorn and Grand Centre Point on Sukhumvit Soi 21. Its revenue comes 10 per cent from recurring income and 90 per cent from residential sales.

Its residential presales reached Bt26 billion in the first nine months, thanks to the market recovery in the

third quarter. It has revised its target for presales this year from Bt32 billion to nearly Bt35 billion and for the value of its 21 project launches from Bt38 billion to Bt41.3 billion.

"Our new project launches still maintain the pace of our releases early this year but their value is rising after we revised new projects to be larger than estimated," he said. Although presales show strong growth this year, the company has kept its growth target for revenue at 9 per cent from Bt27.85 billion last year. Its Bt22 billion backlog will be booked as revenue from this quarter to 2016.

Its net profit climbed 6.1 per cent to Bt5.13 billion and its revenue gained 6.8 per cent to Bt22.17 billion in the first nine months from the same period of last year.