

Bold moves forward

ZACD forays into the Asia-Pacific region for fund management and real estate investment opportunities

SINCE 2011, ZACD has structured and managed 25 real estate projects with a portfolio of over S\$290 million equity currently invested in Singapore, Malaysia and Indonesia. Amid a challenging environment of rising land costs at home, with ever more intense competition against foreign property developers eager to expand their market share in Singapore, the wealth and asset management company has started to seek out opportunities and demand beyond Singapore's shores.

Group chairman Kain Sim says: "The decline in yields and returns has prompted us to look further afield in the region where we can utilise our expertise in real estate to generate a better performance for our investors."

Equipped with capital from investors who are reaping the dividends for projects invested five years back, ZACD says it is now ready to venture into the Asia-Pacific region where there are more opportunities to invest in assets and where more liquidity is also needed. Ms Sim says: "ZACD Group is able to give our investors higher returns with lower risks through its integrated services provided throughout the group's value chain."

"ZACD International provides project consultancy and management services, while ZACD Capital manages the real estate funds. The group also helps investors to manage their assets through its property management and asset management arm, POSH (Property One Stop Haven)."

When it comes to investing outside its home ground, ZACD ventures into countries where it has strong local partners and which also has legal transparency so that it can better manage risks for its clients.

One such venture was in the Iskandar region in Johor, Malaysia. While other developers focused largely on residential developments, ZACD instead ventured into a premium industrial park development with local partner WB Land in 2014. Frontier Industrial Park turned out to be a roaring success and outperformed other industrial parks in sales.

Another significant venture was in Jakarta where ZACD partnered one of Indonesia's top developers, Pollux Group, to develop a commercial-cum-residential project in the new Jakarta central business district (CBD), Mega Kuningan, where prime land is in high demand. "ZACD has consistently been able to identify blue-ocean opportunities to capture growth trends and off-radar opportunities for our investors," Ms Sim says.

In recent months, the group also started exploring investment opportunities in Australia – a market which Ms Sim is familiar with because she had previously worked there as an international investment sales director for five years in a global real estate company. Through its managed funds, ZACD has recently invested in an office building with excess land for future development there.

"We seek out opportunities where we can further enhance the performance of the assets, thereby creating a stronger stream of rental income and capital appreciation," Ms Sim says.

Even in the challenging market in Perth, ZACD has also invested in a serviced apartment in the West Perth CBD at below the replacement cost, giving it plenty of upside as the Perth market continues to pick up.

Another project being explored in the pipeline is the development of a multi-level food factory near the Melbourne airport with a locally renowned construction and land owner group. "This is an opportunity for us to transfer our knowhow in multi-user industrial project development to countries where there is rising demand for land-efficient solutions," Ms Sim says.

To scout out these "hidden gems", ZACD is also building partnerships with foreign developers and diversifying its fund investment focus from land acquisitions in mature districts to asset acquisitions with lucrative yields and potential for capital appreciation.

The group is also exploring an asset yield-based fund that will give investors a stable yield return and attractive internal rates of return with a maturity period of within three to five years.

ZACD Group now employs more than 100 full-time staff, mostly based in Singapore, with others working out of its Hong Kong office.



PHOTO: YEN MENG JIN

One significant milestone for ZACD Group was when its Hong Kong company, ZACD Financial Group Limited, was granted the Types 1, 4 and 6 licences by the Securities and Futures Commission of Hong Kong, which enabled the group to further expand its business in dealing in and advising on securities as well as offering corporate finance advisory services.

Through its Singapore and Hong Kong offices, ZACD is targeting to distribute its real estate fund series and financial services to the regional network. The group now has a professional team to manage its project consultancy, asset acquisition and fund management businesses.

Meanwhile, ZACD continues to expand outside Singapore into the Asia-Pacific region by attaining licences across key geographies such as Hong Kong. The group is currently licensed to conduct fund management activities in Singapore through its capital market services licence granted by the Monetary Authority of Singapore.

So far, the group's investment management services remain largely Asean-based. With the establishment of the Hong Kong office in 2016, the group is positioning itself to expand into the wider Asia-Pacific region.

"One group of customers we want to reach out to is the small- and medium-sized enterprises (SMEs). We hope to provide them corporate advisory services to help them expand regionally," Ms Sim says. The company has an extensive network of SME relationships, harnessed through its well-established and long-term relationships with its business partners.

Many other changes are also afoot at ZACD Group. For example, to stay ahead of the times and to promote greater transparency for its investors, ZACD is exploring technological solutions that will give investors greater control and oversight over all their investments with the ZACD Group.

ZACD is also seeing the value in actively managing the development funds that it partners developers to co-invest in, in order to ensure the quality of the final product and stable returns for the in-

vestors in its development funds.

For example, its fund invested alongside Chinese developer Qingjian Realty into the development of the Shunfu Ville site. Qingjian reportedly bought the Shunfu Ville en-bloc site for S\$638 million in June last year, at a price that made it Singapore's third-largest en-bloc project by quantum. The plot of land is currently planned for the construction of some 1,000 homes.

With these plans in place, ZACD is not fazed by the decline in the primary real estate market over the last few years due to government measures and the challenges this poses to local developers. In fact, Ms Sim is optimistic of the long-term prospects of the local property market.

"We remain steadfast and firmly believe that demand will continue to rise, as the property market has begun to correct itself since the government made small changes in its policy intervention earlier this year," she says.

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– ZACD group chairman Kain Sim