

Royal Brothers plan float

SINGAPORE'S Royal Brothers group is planning to float its entire Australian and New Zealand property portfolio in a vehicle to be listed on the Singapore Stock Exchange within the next six months.

Brothers Raj and Ashok Kumar, the group's joint managing directors, have discussed the proposed float with several merchant banks and expect a listing application to be made to the exchange "within the next three to six months".

Mr Raj Kumar, the elder of the two, denied media reports that the brothers intended selling their Australian hotels and stressed the properties "were a long-term investment".

"Our hotels are not for sale," he told Singapore's *Straits Times*.

The brothers have previously said they were negotiating to sell their properties into an existing Asian listed com-

From COLIN CLIMO in Singapore

pany in return for shares in that company.

The group had been lucky to pick up the properties at half the replacement cost, the brothers said, and a minimum return of 10 per cent was virtually guaranteed for the next decade.

With the strong recovery in Australia's tourism industry, the brothers said their hotels were enjoying occupancy rates of between 85 and 95 per cent and that room rates were also starting to pick up.

Since Royal Brothers emerged on the Australasian property scene in late 1991, the brothers have acquired four hotels and two office towers in Australia, as well as two hotels in New Zealand, at a total cost of \$170 million.

It is estimated the brothers met about 40 per cent of the cost of those acquisitions,

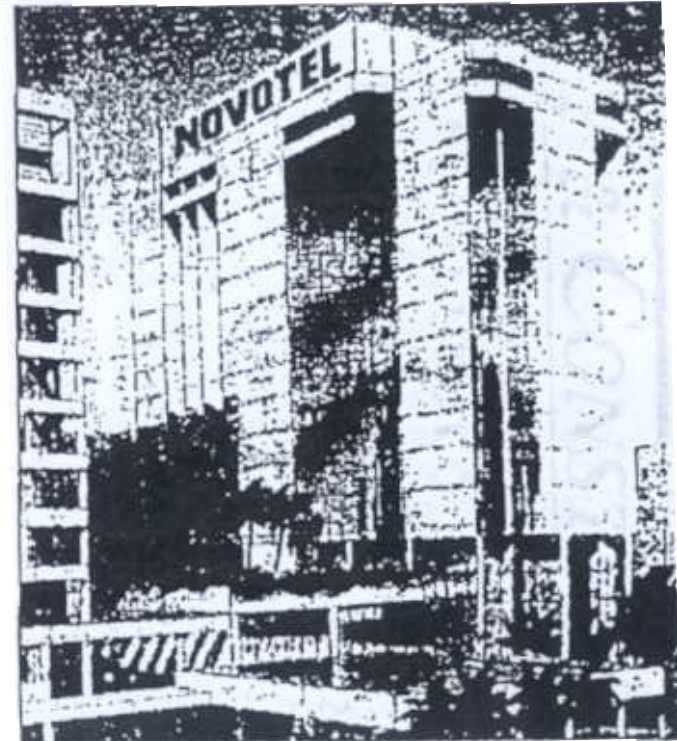
with bank loans accounting for the balance.

With that portfolio now worth an estimated \$250 million, a float would present Royal Brothers with an ideal way of unlocking some of that value to retire debt.

The properties involved in the planned float are the Quality Princes and Perth International hotels in Perth, Gateway and Times Square in Brisbane with their associated Mecure and Novotel hotels, the Novotel hotel in Auckland and the Holiday Inn in Queenstown.

In Singapore, Royal Brothers owns about 15,580 sq m of commercial property — most of it retail. Its flagship holding, The Promenade on Orchard Road, is worth an estimated \$375 million.

The group, which grew from a retail chain established in 1947, has total assets estimated at more than \$1 billion.



CROWN JEWELS: The Novotel and offices in Brisba