Raffles Medical's new mall to open soon

First property venture, Raffles Holland V, will have medical services and F&B, retail options

Wong Wei Han

Raffles Medical Group (RMG) will soon open its first property venture, but the hospital and clinic operator said it will remain focused on its core healthcare operations.

The firm will receive the temporary occupation permit for the Raffles Holland V mall this month.

The centre, which will have medical services as well as food and beverage and retail offerings, will be open for business by the middle of the year. The group expects a 6 to 7 per cent rental yield from the mall's 40 commercial units.

Chief executive Loo Choon Yong said the property venture is very much in keeping with its healthcare operations.

"We're not interested in doing property (business) for the sake of it. We remain a healthcare company and will own a property only when it makes sense, for instance, to help us mitigate clinic rental in prime locations," he said.

"But don't expect to see us developing a residential or commercial project that doesn't have medical services at its core. The only reason we own a property is to deliver our healthcare services."

The mall, which is on a site bought from DBS Group for $54.8 million in 2013, has five floors and a basement level, with a total lettable area of around 41,850 sq ft.

RMG's medical centre will occupy the entire fifth floor, with a DBS branch taking up the second floor.

Several food and beverage and retail operators are in line to be tenants, Dr Loo added, with the mall shaped to become a lifestyle hub targeting Holland Village's affluent residents.

The Raffles Holland V forms just one part of RMG's ambitious growth plan. Investors are also anticipating the completion next year of the Raffles Hospital extension project, which will expand the floor size of the Singapore flagship hospital by 70 per cent.

In China, the development of Raffles Hospital Shanghai was announced last May. When completed in 2018, the joint-venture hospital in the glitzy Pudong New Area will be the biggest international hospital in China, Dr Loo said.

He added: "With the deregulation in 2014, foreign companies are now allowed to 100 per cent own and operate a hospital in China.

"We are now exploring hospital projects in Shenzhen and Beijing.

"We also want to open at least one medical centre a year in the Pearl River Delta area before the Pudong hospital is completed."

Meanwhile, the 10 International SOS clinics acquired by RMG last August will finish their rebranding this month to become full-service clinics, which are open to public and not just corporate members only, as in the past.

They serve key cities including Beijing, Nanjing and Shenzhen in China, as well as Ho Chi Minh City in Vietnam and Phnom Penh in Cambodia. Dr Loo said: "In Japan, our new Osaka medical centre is also performing well, and you can expect a new one in Tokyo within the next year or two."

The expansion plans have made RMG an investors' favourite among healthcare stocks. Its stock is up about 113 per cent over the past five years, including a 13 per cent jump in the past 12 months despite the bearish market.

But ambition has not come cheap. Last year, the company had to shell out $179.8 million to finance its investments, and RMG's cash and cash equivalent for the period plunged 43 per cent year-on-year to $86.1 million.

Dr Loo shrugged off the notion that RMG may need to raise capital or risk overstretching itself.

"We're very comfortable with our financial position. If need be, there are various options to raise capital.

"We are not against bank loans as the interest rate now is still low, and we now have at least $190 million in unused credit lines," he added.

"But the bottom line is, we don't need to worry. The big investments that we have are all multi-year projects, so the expenditure is phased out. Our remaining cash and business cash flow is more than enough to fund our growth plans."

He said RMG's aggressive investments for growth are necessary.

"We must reinvest our earnings into growth opportunities. It's easy to preserve our financials and watch the profit go up in percentage, but slowly we will become a boutique player on the fringe.

"In life, there's no such thing as standing still. If we don't grow, we go downhill."

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Raffles Medical Group (RMG) chief executive Loo Choon Yong says the group will remain focused on its core healthcare operations and "will only own a property when it makes sense, for instance, to help us mitigate clinic rental in prime locations". The Raffles Holland V forms just one part of RMG's ambitious growth plan. ST PHOTO: ALPHONSUS CHERN

VERY MUCH A HEALTHCARE GROUP

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DR LOO CHOON YONG,
chief executive of Raffles Medical Group