SINGAPORE: 2006 has been a good year for the CapitaLand group - one of Asia's largest listed property companies.

Its shares are now trading at their highest in a year, underpinned by the company's expansion into China, Middle East and India.

CapitaLand has also been active in the property trust sector and has just recently spun off some China assets into a retail REIT.

This is proving to be a successful strategy for the company.

CapitaLand's footprint spreads across some 80 cities in 20 countries.

These are mainly gateway cities in Asia Pacific, Europe and the Middle East where the group operates its property, hospitality and real estate financial services businesses.

It was the launch of the CapitaMall Trust - Singapore's first real estate investment trust four years ago - that marked the group's change in its business model.

It has since adopted an asset-light approach and successfully tapped into the capital market for rapid expansion.

To date, it has more than 10 shopping malls under its management in Singapore alone.

Associate Professor Annie Koh, Dean - Executive Education, SMU, said: "For the next 3 to 5 years, we would have hit the limit on the number of malls that we could securitise. I think Singapore is very well placed as a centre for REITs as a hub. We understand the risks of our region, the cash market, the underlying asset knowledge is very critical, and the way I'm see CapitaLand making their investments overseas, they're already gathering the underlying portfolio."

CapitaLand says the Singapore REIT market has gone through an accelerated growth in the past four years, and as the small domestic market matures, growth could stagnate.

Pua Sech Guan, CEO, CapitaMall Trust, said: "Singapore is a small country. There are opportunities to grow but at the same time it's becoming more matured, so one other way of growing is therefore in terms of merger and acquisition of the existing. But of course the current rules - the REIT code - is still not conducive in terms of paving the way for merger and acquisition and in terms of the takeover code."

CapitaLand is now looking to spin off more overseas assets into REITs following the successful IPO of the pure-play CapitaRetail China Trust (CRCT).

The institutional tranche of CRCT's IPO was 196 times subscribed.

CapitaLand is already planning to launch a trust that will hold assets in the Gulf region such as its upcoming residential project in Bahrain, some offices, malls and even serviced apartments.

It expects to more than double its number of REITs in the next three years. - CNA/ch