

# Landed on his feet

About 30 years ago the housing market first took shape in Thailand, when most people preferred constructing their own houses as opposed to buying finished ones.

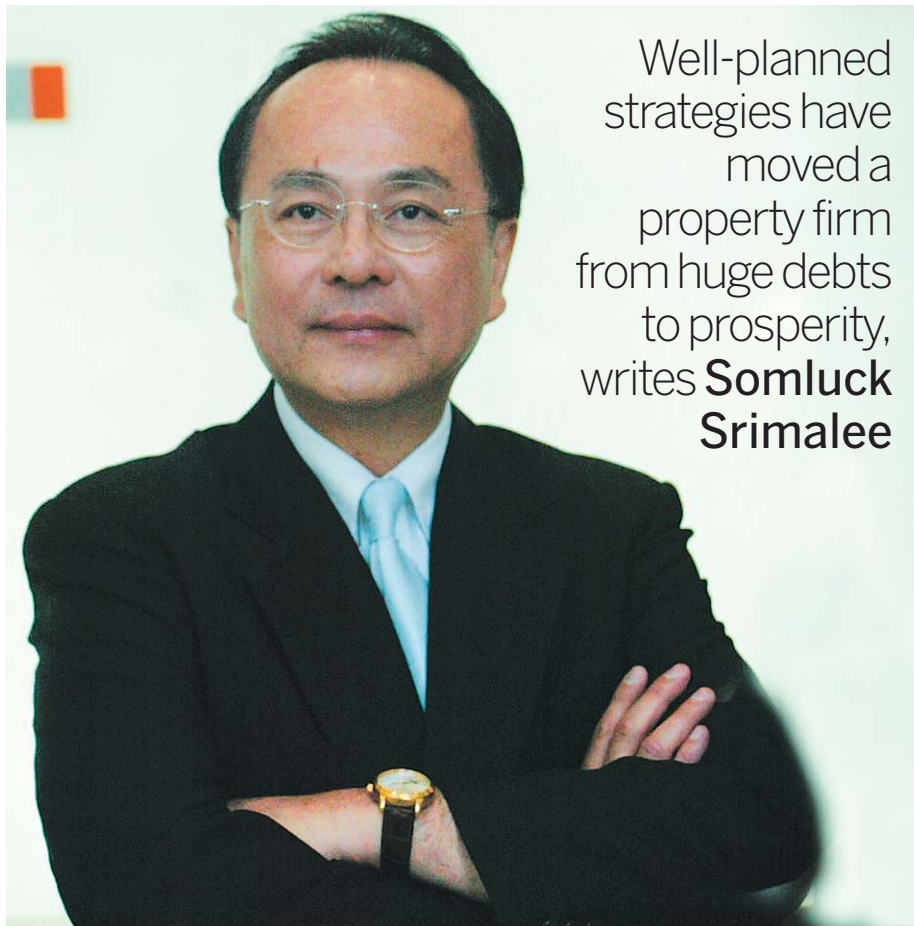
Starting with a few developers, there are now hundreds, but none could be as outstanding as Anant Asavabhokin, president of Land & Houses Plc, which has become the country's largest housing development company in less than 10 years.

The company has maintained this position despite the financial crisis in 1997 that plunged most developers into bankruptcy. Anant's wise strategies have moved Land & Houses from a mountain of debt to a highly successful company and he has become the envy of all.

"Anant is the man who has been behind big changes in the property sector in the past three decades," said Chainid Ngow-Sirimanee, CEO of Property Perfect Plc, a rival company.

The enthralling success story first took shape in the 1990s, when, under Anant, Land & Houses adopted a new development strategy. Back then, most developers preferred buying large land plots and concentrating all their energy into filling the entire plots. Land & Houses was the first to acquire small- and medium-sized plots here and there around Bangkok and suburban areas to accommodate its projects.

Attracting overwhelming responses from residents in Bangkok and neighbouring provinces who were looking for houses at different locations, Land & Houses closed sales quickly, raising enough money for the aggressive, but conservatively implemented, expansion.



Well-planned strategies have moved a property firm from huge debts to prosperity, writes **Somluck Srimalee**

Soon the other developers followed suit. Those who owned land plots, large or small, adopted the idea and that opened up opportunities for house seekers to buy houses in a variety of locations in and out of Bangkok.

Success also opened wide the opportunity for Anant to raise funds from every possible means. Land & Houses was the first non-financial Thai company to issue warrants – the first derivative product that was introduced to the Thai market.

With huge funds, Land & Houses was in a better position than others to expand its business.

As such, Anant succeeded in raising the company's market capitalisation of Bt200 million in 1989 to Bt100 billion before the financial crisis.

Another change Anant introduced to the Thai property market

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was in 2000, three years after the financial crisis. Land & Houses was the first company that offered buyers complete houses, while others still sold papers to buyers who had to wait up to two years before the construction of their units was complete.

This concept required the company to have a large pool of financial resources, but it helped restore consumers' confidence in the housing market.

Even before the financial crisis many buyers were cheated as developers took in down payments but could not finish construction. Following Land & Houses' move, other developers had to follow suit and buyers returned to the market.

Anant himself was proud of the "Baan Sabai" concept.

"After the crisis, home buyers lost confidence and delayed their decision to buy houses. It was a good way to restore confidence," he said.

The concept screened out unethical developers and those without large financial support as developers needed to pump huge investments into the projects to sell them as complete units.

Moreover, it helped save developers who would then know the actual development cost before putting the complete units on the market.

Supporting the complete house concept was the company's sound financial position, which has been maintained through Anant's realisation of the necessary steps to keep the company afloat.

After the financial crisis, like other companies, Land & Houses was not spared.

Its foreign-currency denominated loans backfired, increasing the company's high debt burden.

To survive, Anant's family decided to unload its share in the company and the Government of Singapore Investment Corporation stepped in as a strategic partner and bought a 25-percent stake.

The company did more than survive. Despite a large number of property development companies, Land & Houses is still the largest with subsidiaries and affiliates that cover every segment of housing development. The company was even financially strong enough to open its own bank to serve the group's expansion with a licence awarded last year to LH Bank.

This is a phenomenal move given that all other Thai banks were created decades ago by traders who wanted to primarily serve the commercial sector.

LH Bank turned the picture around – a borrower turned banker – the combination of Land & Houses Credit Foncier Co and Book Club Finance Plc.

To Anant, the banking business is a way to integrate the property investment business, as clients of all projects could be facilitated when tapping loans.

"We will continue to be a land developer but banking is one of our strategies to expand our property business," said the visionary whose advice is seldom ignored. ■