

Beach Rd building sold for \$70m

Hirsch Bedner and Irish private equity firm turning asset into boutique offices

By KALPANA RASHIWALA

AN Irish private equity firm and renowned international interior design firm Hirsch Bedner Associates have bought 700 Beach Road, currently a small office, home office development named In-City Lofts, for a total \$70 million.

The duo will pump in a further \$3.5 million to upgrade the eight-storey building and reposition it as a boutique office block.

The building has 8,500 to 12,000 sq ft floor plates, 4.5-metre ceiling heights and a roof terrace with a full-sized lap pool and gym facilities. When the refurbishment is completed in August this year, the property—located between Golden Mile Tower and Golden Mile Complex—will be re-named 700 Beach.

The spruce-up will increase the building's existing net lettable area by about 5,000 sq ft to 67,000 sq ft—of which 12,000 sq ft will be owned by Hirsch Bedner and 55,000 sq ft by Fine Grain Property Consortium (Singapore) Pte Ltd.

The all-in investment of \$73.5 million by the two parties works out to \$1,097 per square foot of the enlarged total net lettable area. Hirsch Bedner has taken about one-and-a-half floors while Fine Grain has bought the remaining six-and-a-half levels.

The site's lease was extended to 99 years starting April 2004, after the building was completed.

The interior design process of the refurbishment for

the entire building is being handled by Hirsch Bedner, which will also move into the space it has bought. This will be the Los Angeles-based firm's regional office, housing its 80-strong design team.

Fine Grain has appointed Jones Lang LaSalle to lease its space in the building. "The gross monthly per square foot asking rent is in the high single-digit range and we're targeting MNCs who're sensitive to high office rents in the CBD," says JLL regional director and head of markets Chris Archibold. JLL is in talks with three potential tenants for areas of various sizes, Mr Archibold added.

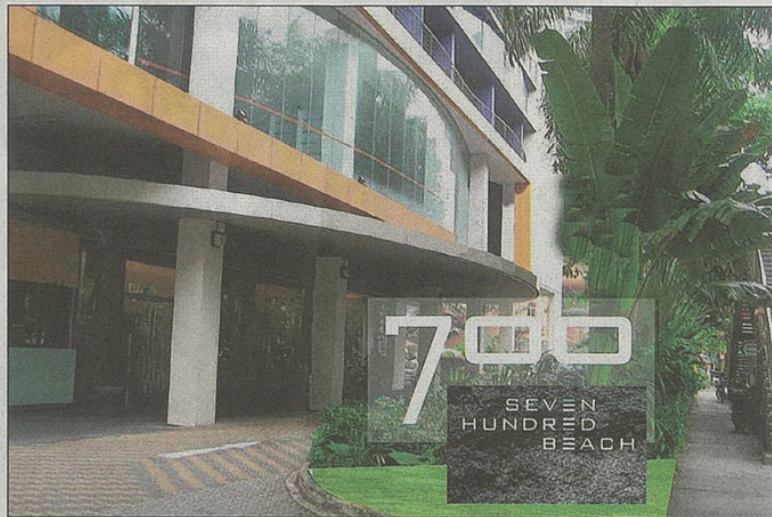
Assuming an average rent in the high-single digit range, the net property yield would be about 8 per cent, analysts say.

Fine Grain is 65 per cent controlled by Ireland-based investors led by Ronald

Bolger, Singapore's Honorary Consul General in Ireland and former managing partner of KPMG Ireland.

The other 35 per cent is controlled by Singapore-based investors led by Colin MacDonald and Wan Fook Kong. (Mr MacDonald is also managing director of McCraic Holdings, owner of Molly Malone's Irish pub and BQ Bar). Mr MacDonald, his brother Alastair (a chartered accountant), Mr Bolger and Mr Wan are directors of Fine Grain.

700 Beach Road is Fine Grain's first property acquisition in Singapore and the firm has allocated about \$70-80 million more for further property purchases here in the next six months or so. "We're targeting undervalued assets, overlooked by investors perhaps because of the properties' current use or the way they're being managed. We can refurbish and reposition



such assets and seek to add value to existing buildings rather than build something from scratch," says Mr MacDonald, who is also Fine Grain's CEO.

Fine Grain's portion of the acquisition will be fund-

ed by 70 per cent debt, provided by Munich-based Hypo Real Estate Group.

700 Beach Road was sold by In-Space Pte Ltd, whose shareholders include Wee Chwee Heng of Kumpulan Akitek.

700 Beach: The total investment of \$73.5m works out to \$1,097 psf of the enlarged total net lettable area

Sun Venture awarded Scotts Road site

It bid \$32.99m or \$226 psf ppr for the office site

By ARTHUR SIM

DB&B subsidiary Sun Venture Investments has been awarded a transitional office site at Scotts Road after emerging as the highest bidder last week.

Its bid of \$32.99 million or \$226 per square foot per plot ratio (psf ppr) for the 97,284.1 sq ft site was 3 per cent higher than the next highest bid received by the Urban Redevelopment Authority in the public tender.

DB&B develops and

manages property assets and its CEO Billy Siew Kim Leng revealed that the overall construction costs could be in the region of \$35 million, taking the overall development cost to about \$68 million, including land cost.

The project, which has a maximum permissible gross floor area of 145,926.2 sq ft, will be partially funded through bank loans but even in the light of tightening credit markets, "funding will not be an issue", Mr Siew said. This is probably because of the positive response from potential tenants.

Mr Siew had said last

week that DB&B was in talks with two potential anchor tenants when it first ventured to bid for the site. However, since emerging as the top bidder, DB&B has received between eight and 10 expressions of interest, he said.

And the asking rent of \$9.50 psf a month has apparently not put potential tenants off either, even though the first transitional office building being leased by Prudential Assurance Company Singapore on the other side of Scotts Road is being leased for \$6.50 psf a month.

Mr Siew explained that as a built-to-suit office



Coming up: Artist impression of DB&B's transitional office building at Scotts Road

space provider, the office building will come fully fitted with raised floors, back-up generator and, more importantly, interior

fittings, representing a cost savings for the future tenants.

The completion date is set for mid-2009.