



YEN MENG JIN

Working together: (from left) Madam Oei Siu Hoa, also known as Suknawati Widjaja, executive chairman of Top Global; Ng Lang, CEO of Urban Redevelopment Authority; Mr Pua; Michael Palladino, design partner, Richard Meier and Partners Architects; Mr Maeloa; and Mr Kwee looking at a model of the project

Developer shoots for moon on Capitol site but braces for chill

By **KALPANA RASHIWALA**

[SINGAPORE] The \$750 million mixed development project that will come up on the Capitol site will include some 60-70 luxury apartments which are expected to be launched in the third or fourth quarter of this year.

The consortium developing the project has secured debt financing from OCBC. Market watchers reckon the project's gearing ratio could be about 70 per cent.

Internal rates of return will be "very fantastic... more than the teens", Pua Seck Guan, CEO of Perennial Real Estate Pte Ltd, told reporters yesterday. He and his co-investors hold a 40 per cent stake in the consortium developing the retail/theatre, hotel and residential project that will be developed on the Capitol site.

The historic Capitol Theatre, Capitol Building and Stamford House will be conserved and restored for adaptive re-use while a new 15-storey structure will be built on the existing Capitol Centre site.

The other members of the consortium - Chesham Properties (controlled by members of the Kwee family who own Pontiac Land Group) and Suknawati Widjaja's Top Global - each hold a 30 per cent stake.

Mr Pua said the consortium is in "a very comfortable position" with regard to its breakeven costs for all components of the project, given the competitive price it paid for the site - \$250 million or nearly \$461 per square foot per plot ratio.

"We can make very good money from this project, but it's not just about making money. We must do justice to this project," he said.

The final pricing for the apartments, which are slated for launch later this year, will depend on mar-

ket conditions prevailing at the time. For now, the pricing expectation has been clipped to about \$2,500-3,000 per square foot from an initial range of \$3,000-3,500 psf following the introduction of the Jan 13 property cooling measures, according to Hano Maeloa, CEO of Top Global.

The apartments will range from 1,200 sq ft to over 2,000 sq ft and likely comprise two- to four-bedroom units. They will be housed on the third to 15th levels of the building that will be built on the current location of Capitol Centre.

Levels one and two, and basements one and two, of the same building will house retail space. The existing street between Capitol Theatre and Stamford House/Capitol Building will be transformed into a glass-covered pedestrianised galleria lined with eateries.

There will also be an underground mall link to City Hall MRT Station, and retail space on the ground floors of Capitol Building and Stamford House.

The development will have at least eight flagship retail and 30 F&B stores, and at least 40 per cent of total retail space in the project will be dedicated to new-to-market brands, revealed Mr Kwee Liang Seen, director of Chesham Properties.

Said Mr Pua: "We will be different because this site is unique and deserves a lot of our careful attention and effort to make it different. So if you are just another Bugis Junction, I think we will fail and we will not have done this site justice."

The \$750 million total development cost includes the land price of \$250 million, construction costs (inclusive of at least \$30 million to restore Capitol Theatre) and the cost of fitting out a luxury hotel with

about 200 rooms on the second to fourth levels of the four-storey Capitol Building and Stamford House.

A building agreement was signed yesterday between the consortium members and the Singapore government, which sold the Capitol site to the consortium in 99-year leasehold tenure.

Capitol Theatre will be restored and upgraded into a single-screen cinema with about 800 seats and alternate as a performance theatre. Ground level access will enable the hosting of a wide range of activities from first-run screenings to red carpet movie premieres, to in-house theatre and dance productions.

The project is slated for completion by end-2014.

Richard Meier, managing partner of the eponymous US firm that is the design and concept architect, said: "The new structure will complement the existing historical architecture, creating a new civic centre that will look to the future while it is respectful of the past."

The consortium's bid was selected following a dual-envelope tender last year, which drew 14 bids. The winning consortium offered the highest land price among the three bidders that were shortlisted based on their concept proposals.