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CapLand private fund in exclusive talks to buy ABI Plaza

The price is expected to be about S$206m for the 12-storey office block, with redevelopment potential

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A PRIVATE fund managed by CapitaLand is understood to be the frontrunner for ABI Plaza, a 12-storey freehold office building in the Tanjong Pagar area.

Talk on the grapevine is that an entity linked to the private fund is in exclusive discussions to buy ABI Plaza at about S$206 million. This is significantly lower than the guide price of above S$280 million, when the property was put on the market in June.

It was marketed by JLL and Quillion Global through an expression of interest exercise that closed on July 30. Both declined to comment.

The building, on a freehold site area of 20,338 square feet with triple frontages along Keppel, Tanjong Pagar and Lim Teck Kim roads, is owned by listed MYP Ltd. The group, controlled by the family of Indonesian tycoon Tahir, paid S$175 million for the property in 2011. This worked out to around S$1,890 psf on its net lettable area of about 92,500 sq ft.

At the time, the property was known as RCL Centre.

The building was completed in 1994 and stands to benefit from the Urban Redevelopment Authority's Central Business District (CBD) Incentive Scheme. Unveiled last year, the scheme aims to spur owners of older, predominantly office buildings in some parts of the CBD to redevelop their properties into mixed-use projects. By promoting a wider diversity of uses – for example, having more residences and hotels – the idea is to inject a live-in population into the CBD and liven up the district in the evenings and on weekends.

The site on which ABI Plaza stands is zoned for commercial use with a 5.6 gross plot ratio under the URA's Master Plan 2019. The building's existing gross floor area (GFA), though, reflects a slightly higher plot ratio.

Under the CBD Incentive Scheme, the ABI Plaza site stands to gain up to 25 per cent more GFA if it were to be redeveloped under either a hotel scheme, or for commercial and residential use. If the site is redeveloped into residential with commercial at first-storey use, the GFA can be expanded by up to 30 per cent.

In June, some analysts estimated that, assuming a potential buyer is planning a commercial and residential redevelopment scheme, a price of S$280 million for ABI Plaza would work out to slightly more than S$2,000 psf per plot ratio inclusive of development charges payable to the state. Market watchers said they would not be surprised if CapitaLand Asia Partners I (CAP I) – the property giant's first discretionary real estate equity fund announced last year – may be involved in the purchase of ABI Plaza.

An entity of the fund was part of a group that last year acquired a chunk of the strata office space at Plus (formerly GSH Plaza) at 20 Cecil Street from a fund led by Hongkong-listed Fullshare Holdings. The space transacted added up to about 230,000 sq ft and was priced at around S$2,320 psf, resulting in a total sum of more than S$500 million.

Located beside Republic Plaza, Plus is on a site with a remaining leasehold tenure of about 69 years at the time of the deal last year.

The other parties with whom CAP I teamed up for that purchase are said to have included entities linked to South Korea's Daishin Securities and Switzerland-headquartered private equity firm Partners Group.

BT understands that the new owners recently appointed Savills Singapore and PropNex to find buyers for some of their office space at Plus – 56 strata units ranging from 600 sq ft to 1,800 sq ft.

ABI PLaza, with triple frontages on Keppel, Tanjong Pagar and Lim Teck Kim roads, is owned by listed MYP, which paid S$175 million for the freehold property in 2011. PHOTO: GOOGLE MAPS