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The joint-venture partners will launch the 85-unit Wilshire Residences and preview the 186-unit View at Kismis, two projects developed on sites purchased en bloc early last year.

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Teo Tong Lim of Tong Eng Group (left) and Teo Hong Lim of Roxy-Pacific Holdings



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PICTURES: SAMUEL ISAAC CHUA/EDGEPROP SINGAPORE

Roxy-Pacific and Tong Eng to roll out two residential projects in July

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| BY CECILIA CHOW |

In January 2018, Teo Hong Lim, executive chairman and CEO of Singapore-listed Roxy-Pacific Holdings, and Terence Teo, director of family-controlled Tong Eng Group, decided to lock in several residential development sites before en bloc sales in Singapore reached fever pitch. As such, they found themselves spending a lot of time together, even an entire night once.

It was on the night of Jan 25, 2018, when the two Teos discussed legal terms while the collective sale committee of the 20-unit The Wilshire went through the final details and terms of the sale. It was only at 5am the next morning that the en bloc sale of The Wilshire was finalised at \$98.8 million or \$1,536 psf per plot ratio (psf ppr), with a deal announced later that day.

Eventually, The Wilshire was purchased by a joint venture made up of three parties: TE2, the private family office of Teo Tong Lim, group managing director of Tong Eng Group (and Terence's father), with a 45% stake; Roxy-Pacific with 40%; and investment company Kim Seng Holdings, headed by Tan Kim Seng, holding the remaining 15%.

Common interests

Despite sharing the same surname (Teo) and very similar-sounding given names, Roxy-Pacific's Hong Lim and Tong Eng's Tong Lim are not related. Roxy-Pacific was established by Teo Hong Lim's father in May 1967, and was listed on the Singapore Exchange in 2008. Projects launched by Roxy-Pacific early this year include the 140-unit RV Altitude on River Valley Road in prime District 9, and the 71-unit Fyve Derbyshire on Derbyshire Road in prime District 11.

Meanwhile, Tong Eng Group, which started in the 1940s as Tong Eng Brothers, is now in its third generation with Teo Tong Lim at the helm. Recent projects by Tong Eng include the 81-unit, strata-landed housing project, Belgravia Green on Belgravia Drive, off Ang Mo Kio Avenue 5.

Last year, Tong Eng completed the neighbouring Belgravia Villas, a development with 100 terraced houses and 18 semi-detached houses. In the prime Balmoral Road neighbourhood, Tong Eng has completed and fully sold the 40-unit condo, Three Balmoral, and the 73-unit Goodwood Grand.

The Wilshire marked the Teos' second joint-venture project in Singapore. Just a week before that, they had purchased Kismis View, a 43-unit, 99-year leasehold project, in a collective sale. The purchase price was \$102.75 million, and the joint venture was a 60:40 split between Roxy-Pacific and TE2.

In February 2018, they purchased the ad-

jacent bungalow at 19 Lorong Kismis for \$5.7 million, and amalgamated the 9,473 sq ft, 99-year leasehold site with that of Kismis View to create a larger site of 100,336 sq ft. Including the top-up premium for a fresh 99-year lease and development charge based on gross plot ratio of 1.4, the land rate worked out to about \$930 psf ppr, estimates Roxy-Pacific's Teo.

Catching the wave

Less than 18 months later, the joint-venture partners are now ready to officially launch the new projects on those sites. The 85-unit Wilshire Residences on Farrer Road (the re-development of The Wilshire) is scheduled for launch on July 6, while the 186-unit View at Kismis will preview sometime in late July.

Five units at Wilshire Residences had already been sold at a quiet VIP preview over a weekend in mid-April. It was open only to friends and business associates, says Tong Eng's Teo. Average price of the units sold was \$2,660 psf,

according to caveats lodged with URA Realis.

Located in prime District 10, just off Farrer Road, Wilshire Residences has the added benefit of being within a 1km radius of a top school, Nanyang Primary. It is also just across the road from the Farrer Road MRT Station on the Circle Line.

Tong Eng's Teo also likes the fact that the Wilshire Residences site is elevated 6m above road level. Hence, even though the project is low-rise at 12 storeys, the roof terrace offers residents uninterrupted views of the surrounding neighbourhood and Botanic Gardens.

The project is designed by JGP Architecture as two interlocking L-shaped 12-storey blocks. Each block contains four units per floor, and the units do not look into each other, he adds. Apartments range from one- to four-bedroom-plus-guest-room with sizes from 463 to 1,270 sq ft. There are also eight penthouses with double-volume ceiling height and floor areas ranging from 603 to 1,485 sq ft.

A flurry of land sales

In the months subsequent to the sale of The Wilshire, there was a flurry of other en bloc sales in the Holland Road-Farrer Road area. Hollandia was sold for \$183.4 million (\$1,703 psf ppr) in March 2018, followed by the neighbouring The Estoril for \$223.9 million (\$1,654 psf ppr) in April. The buyers of both sites were Far East Consortium International and Koh Brothers Group in an 80:20 joint venture respectively.

Meanwhile, Koh Brothers purchased the former Toho Mansion on Holland Road for \$120.43 million (\$1,805 psf ppr) in March last year.

Tulip Garden on Farrer Road was sold en bloc for \$906.9 million (\$1,790 psf ppr) in April last year, with the sale to a joint venture between MCL Land and Yanlord Land Group



Teo Hong Lim (left) of Roxy-Pacific Holdings and Teo Tong Lim of Tong Eng Group at the showflat of Wilshire Residences, which is expected to launch on July 6

SAMUEL ISAAC CHUA/EDGEPROP SINGAPORE



The showflat of a two-bedroom-plus-guest unit at View at Kismis. There will be 75 such units in the 186-unit residential development, with sizes from 667 to 710 sq ft

SAMUEL ISAAC CHUA/EDGEPROP SINGAPORE



View at Kismis has a mix of two- to five-bedroom units with sizes ranging from 517 to 1,292 sq ft

completed only in January 2019.

However, the biggest land sale in the Holland Road area was the government land sale (GLS) of the residential and commercial site at Holland Village. It was a hotly contested site with 15 bids, and was sold for \$1.213 billion or a prosperous-sounding \$1,888 psf ppr, to a consortium made up of Far East Organization, Japanese developer Sekisui House and Hong Kong-based property company, Sino Group, in May last year.

The new development, called One Holland Village, will be a mixed-use development with over 400 residential apartments, a 10-storey serviced apartment tower, retail and F&B spaces as well as five levels of office space. The project is located within a short walk of the Holland Village MRT Station and is expected to revitalise the Holland Village neighbourhood.

'First to launch'

Roxy-Pacific's Teo feels that Wilshire Residences will be the first new launch to reap the benefits of proximity to the upcoming massive development at One Holland Village. "Our land cost [for The Wilshire] is also one of the lowest [in psf ppr terms] in the area," he points out.

Like Wilshire Residences, View at Kismis is also situated on elevated ground. "In fact, the site is located on the highest point in the Kismis area," says Roxy-Pacific's Teo. "Even from the fifth floor, you have good, unblocked views."

Roxy-Pacific's Teo is familiar with the Kismis and Toh Tuck Road neighbourhood in District 21 as he had developed the 124-unit freehold Nottingham Suites nearby. Nottingham Suites was a joint venture between Roxy-Pacific and Macly Group. Launched in 2011, it was fully sold and completed in 2014.

Both Teos subscribe to the same view. "The most important thing is to buy sites with the right attributes and at the right price," says Tong Eng's Teo. Roxy-Pacific's Teo agrees, adding that this will allow them to launch projects that are reasonably priced.

'Competitively priced'

The land rate for View at Kismis worked out to about \$930 psf ppr, which is almost on a par with S P Setia's site next door, which

was purchased for \$939 psf ppr in a GLS in April 2017. SP Setia's site has been launched as the 327-unit Daintree Residence last July. Prices of units sold at Daintree Residence ranged from \$1,532 psf to \$1,877 psf in the three months from April to late June.

Last September, China Overseas Holding and CSC Land Group, the property development arm of China Construction (South Pacific) Development Co, paid \$215 million for a GLS site at Jalan Jurong Kechil. That worked out to a land rate of \$1,002 psf ppr, which was 6.7% higher than what SP Setia had paid for its site in 2017. Property consultants estimated the breakeven price for the new project on the Jalan Jurong Kechil site to be in the range of \$1,640 to \$1,700 psf.

Meanwhile, Goodluck Garden was sold en bloc to Qingjian Realty for \$610 million (\$1,210 psf ppr) in May last year. However, the sale of the 210-unit, freehold development hit a stumbling block when minority owners objected to it. Even though the High Court gave the green light for the sale to proceed last November, the dissenting owners took it to the Court of Appeal. Their appeal was dismissed in March this year, and the sale has gone ahead.

Roxy-Pacific's Teo believes that View at Kismis "offers good value". The project will have a mix of two- to five-bedroom apartments with sizes from 517 to 1,291 sq ft. Selling prices have yet to be finalised, although Roxy-Pacific's Teo says the entry point for a two-bedroom unit will be "below \$1 million".

He adds: "We will be pricing our project very competitively." Given the location and unit mix of Wilshire Residences and View at Kismis, he sees the projects as appealing to a mix of owner-occupiers and investors.

New home sales in the residential property market have slowed as a result of the property cooling measures that came into effect last July. However, Tong Eng's Teo remains optimistic. "Singapore is a safe haven in this region, and foreigners still see Singapore as a desirable place to set up their business, and have a home, and for their children's education. After all, Singapore is not the only country that has introduced a higher stamp duty for foreign buyers." **E**



Roxy-Pacific and Tong Eng Group jointly purchased the office building at 33 Argyle Street in Parramatta, Sydney, for A\$40.8 million last November. The deal was completed in early January this year

TONG ENG GROUP

Teo encounters in Australia

| BY CECILIA CHOW |

Teo Hong Lim, executive chairman and CEO of Roxy-Pacific Holdings, was surveying a 14-storey, freehold commercial building at 117 Clarence Street in the CBD in Sydney, Australia, one day in late-2015, when he bumped into fellow Singaporean and developer Terence Teo, director of family-owned Tong Eng Group. Incidentally, the latter was also eyeing the same building.

Instead of going head-on with each other, they decided to join forces to purchase the property for A\$81 million in a 50:50 split. That was in December 2015. Just 2½ years later, the joint-venture partners sold the property for A\$153 million, or 89% higher, in August 2018. "This is a one-off thing; you can't make that kind of return all the time," says Teo Tong Lim, group managing director of Tong Eng Group and father of Terence Teo.

In November 2017, Roxy-Pacific and Tong Eng also purchased a freehold building at 312 St Kilda Road in Southbank, near Melbourne's CBD, in a 45:55 joint venture. The purchase price of the building was A\$74.1 million. The freehold building is mixed-use, and contains a conference centre, apartments, offices and basement carpark.

The latest joint purchase by the duo was the NSW Aboriginal Land Council's building at 33 Argyle Street in Parramatta, Sydney, for A\$40.8 million last November. Tong Eng Group holds a 60% stake in the property, with Roxy-Pacific holding the balance 40% stake.

"We feel we need to adopt a cautious approach when we venture overseas. So, we look for buildings that offer good yields," says Roxy-Pacific's Teo.

On top of yields, the property at 33 Argyle Street has potential for redevelopment in the future, adds Tong Eng's Teo. The building is located across the road from the A\$3.2 billion Parramatta Square development by Walker Corp. It will be the biggest commercial office development in Australia, with four office towers located on top of a shopping mall, transport hub and public spaces.

The two Singapore-based property groups have also been pursuing property investments in Australia independently. For instance, Roxy-Pacific's maiden purchase was a 28-storey office building at 59 Goulburn Street in Sydney's CBD. Bought in July 2014 for A\$90.2 million, it was sold in 2017 for A\$158 million.

Tong Eng Group's first foray was the former Harley-Davidson building at 111-125 A'Beckett Street in the Melbourne CBD, purchased for A\$38 million in early 2015. Tong Eng sold it for A\$61 million in July 2017 to S P Setia. As the building came with a permit to build a 210m high tower designed by Elenberg Fraser, S P Setia announced early last year that it is developing a new project called UNO Melbourne, with 486 apartments and 256 hotel rooms on the site.

"In Australia, our strategy is to look for properties that provide yields and also offer an opportunistic twist," says Roxy-Pacific's Teo. **E**



Roxy-Pacific and Tong Eng Group jointly purchased the office building at 312 St Kilda Road in Southbank, Melbourne, for A\$74.1 million in November 2017

TONG ENG GROUP