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Tahir is top bidder for 110 Robinson Road

Indonesian tycoon is understood to have offered close to the S\$45m indicative price for the freehold office block

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INDONESIAN tycoon and philanthropist Tahir looks poised to buy another Singapore office block. BT understands he is the highest bidder for 110 Robinson Road, which was put up for sale through a tender exercise that closed late last month.

Mr Tahir is understood to have offered close to the S\$45 million indicative price for the 12-storey freehold office block. At S\$45 million, the price translates to about S\$3,162 per square foot based on the building's net lettable area (NLA) of 14,233 square feet.

The property - which is situated between Finexis Building at 108 Robinson Road and Robinson 112 - was developed in the 1980s. OCBC is divesting the building as it does not use it for its own operations and has received unsolicited offers.

The bank has yet to award the tender, though market watchers expect the award to be made to Mr Tahir.

Office market watchers generally described the price offered by Mr Tahir as bullish. Most investors would typically require a yield of at least 3 per cent for an investment in the Singapore office market.

However, a price of S\$45 million for 110 Robinson Road would translate to a gross yield of just 1.38 per cent based on information on the building's income stream in late June, when the tender for the property was launched by Cushman & Wakefield. At the time, the occupancy rate was 76 per cent and the average passing rent on existing leases was around S\$4.80 per square foot a month.

That said, there is upside for rental income from leasing out the vacant space as well as from achieving positive rent reversion for the space that is currently leased.

During the June tender launch, 110 Robinson Road's gross floor area (GFA), yet to be verified at the time, was estimated at 22,123 sq ft. This would translate to a plot ratio of 11.94. This exceeds the 11.2 plot ratio designated for the commercial-zoned site (with a land area of 1,853 sq ft) under the Urban Redevelopment Authority's Master Plan 2014.

Though the property does not have untapped GFA, there is scope to upgrade it through a major refurbishment exercise, and thereafter to achieve higher rentals, or even to do strata office sales (probably with one strata title per floor).

However, BT understands that Mr Tahir, assuming he clinches 110 Robinson Road, is unlikely to embark on any major works on the asset in the near term.

Rather, his strategy in bidding for the office block appears to be one of adding to his collection of Singapore income-generating real estate.

Earlier this year, Mr Tahir made the headlines for picking up the 999-year leasehold Straits Trading Building on Battery Road for S\$560 million or a record price (for an entire office building) of S\$3,524 psf on the NLA of 158,902 sq ft. Mr Tahir is making that acquisition through Singapore-listed MYP Ltd, which is controlled by his family. The deal is slated for completion in December this year.

Mr Tahir also owns MYP Plaza at 135 Cecil Street and ABI Plaza (formerly known as RCL Centre) along Keppel Road - both held through MYP Ltd. In addition, he owns a dozen units at the Grange Infinite condo.

Mr Tahir founded the Mayapada Group, an Indonesia-based conglomerate with interests in the banking, retail, property and healthcare businesses. Born to working-class parents in Surabaya, he came to Singapore for his education, earning a business degree from the then-Nanyang University. Mr Tahir is a son-in-law of Indonesian magnate Mochtar Riady.

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