

THE EDGE THE WEEK OF SEPTEMBER 29, 2014

City & Country

Unit at The Tate Residences sold for \$2,725 psf

Price returns to original purchase price in 2008, alarming some property agents marketing units in the condo

Boston's tallest tower beckons

Following success of Millennium Tower San Francisco, US developer launches Millennium Tower Boston in Singapore

Jewel of Rangoon Road

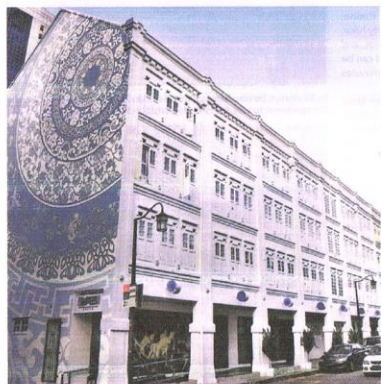
For more than a decade, entrepreneur Jason Lee has been known for his K Box karaoke centres, and investments in Japanese restaurant chains and forlorn cinemas. Some of his boldest bets have been in property, and his recent launch, Forte Suites, is the biggest and most upscale yet.



Showflat of a 678 sq ft two-bedroom unit at Forte Suites with quality kitchen fittings

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For more than a decade, entrepreneur Jason Lee has been known for his K Box karaoke centres, and investments in Japanese restaurant chains and forlorn cinemas. Some of his boldest bets have been in property, and his recent launch, Forte Suites, is the biggest and most upscale yet.



The Porcelain Hotel on Mosque Street marked Lee's first foray into hospitality

BY CECILIA CHOW

Jason Lee turns off his mobile phone in mid-ring and slips it into the pocket of his well-cut granite-coloured Gucci suit. He then leads the way into one of the showflats at Forte Suites, where the main highlight is a black-and-gold tiled Jacuzzi ingeniously built into the balcony of a master bedroom.

"You are not going to find apartments anywhere else with a Jacuzzi right next to the bed," says the raspy-voiced 50-year-old entrepreneur. "It is a heated pool with water jets and very relaxing, like water therapy."

Lee, developer and chairman of JForce Group of Companies, is eager to point out aspects of Forte Suites that make it stand out amid the milieu of nondescript condominium blocks in the Rangoon Road neighbourhood. He says the 106-unit condo is the most upmarket and biggest project in his stable in terms

of the number of units.

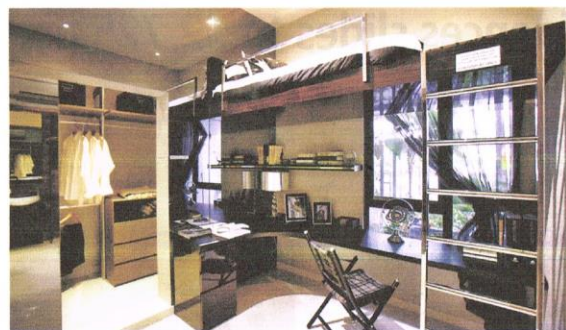
The other developments in his portfolio have so far been boutique freehold projects of less than 100 units. For example, the newly completed 52-unit Jool Suites and 34-unit condo 8 Farrer Suites are located in the Rangoon Road neighbourhood as well. Two other developments — Central Imperial and 28 Imperial Residences — are in Geylang Lorong 14 and Lorong 26 respectively.

While his portfolio of residential projects may sound relatively modest, Lee could well be on track to become another Ching Chai Kwong of Oxley Holdings, James Koh of Fragrance Group or some version of the two.

Both entrepreneurs had their start in developing shoox apartments in equally inglorious neighbourhoods but have since morphed into diversified property groups with market capitalisation well above \$1.5 billion. Lee knows both gentlemen well, and pronounces them to be "very hard-working and growing very fast". Lee believes everything is about

"timing". Regardless of good or bad timing, he reckons his latest development presents a "low-risk" investment opportunity. With a prosperous-sounding address of 88 Mergui Road, Forte Suites is within walking distance of Connexion, the Farrer Park medical cluster comprising a private hospital, medical centre and hotel-and-spa linked to the Farrer Park MRT station. Across the road from Connexion is the upcoming Farrer Square by RR Capital, which is also linked to the MRT station, and contains medical suites as well as a 300-room Park Hotel.

Doctors and others in the medical profession who have their practices in the Farrer Park medical cluster and want to live near their workplace will find Forte Suites appealing, he says. Even medical tourists who come to Singapore regularly for treatment and travel with their family members will find it more worthwhile to purchase a residential unit than staying in a hotel or serviced apartment, he reasons.



A common bedroom of a two-bedroom showflat, where the built-in wardrobe has been dressed up as a walk-in wardrobe

'Hotel-style condo'

Lee has therefore positioned Forte Suites as a "hotel-style condominium", with fills such as 24-hour concierge service, a 37m swimming pool and sky gardens on the upper floors, with facilities such as Jacuzzis, an outdoor gym, a yoga deck, sports lounge and billiard lounge.

Buy-to-let investors will find ready demand from nurses and other personnel working in the medical hub who want to live close to their workplace, he explains. He calculates that a master bedroom, especially one with an en suite Jacuzzi, can be leased for up to \$1,800 a month, while a common bedroom with shared bathroom can be tenanted for \$1,000 to \$1,400, depending on the size. A three-bedroom apartment at Forte Suites with a price tag of just over \$1 million can therefore fetch a monthly rental rate of \$4,000, he estimates, translating into a rental yield of 4%.

Soft-launched on Sept 6, about 20% of the units in Forte Suites have been sold prior to the official launch on Sept 27. Prices start from \$1,600 psf, or more than \$700,000, for a one-bedroom unit of 441 sq ft. There are only 16 one-bedroom units, measuring 441 to 474 sq ft. Another 68 units are two-bedroom apartments measuring 603 to 700 sq ft, of which 19 come with the en suite private Jacuzzis. Another 16 units are three-bedroom apartments of 624 sq ft, with six penthouses of 1,033 to 1,227 sq ft.

The Forte Suites site is a redevelopment of an old block of apartments with shops on the first level. The site was purchased three years ago, but the process took two years to complete, as he had to buy each unit from the individual owners in private treaty deals. By early next year, he will be tearing down the block of apartments to build Forte Suites, which is scheduled to be completed in 2018.

The project sits directly across from the soon-to-be-completed 250-unit Cityscape @ Farrer Park by listed construction company-cum-property developer KSH Holdings and Malaysia's ICI Group. As at end-August, 224 units were sold, with the latest transaction at a median price of \$1,515 psf.

Hotel player

Another sector that Lee is actively invested in is hospitality. He was instrumental in bringing listed construction company and property

developer Lian Beng Group into the acquisition of Midlink Plaza, a nine-storey strata-titled commercial building, purchased three years ago for \$126.8 million. The deal was said to be done "in just 24 hours" — over drinks at KTV lounge Lido Palace around midnight, and concluded at noon in Lee's office the following day. Lian Beng Group invested in the joint venture through its associated company, Millennium Land, which took a 50% stake. Lee's Billion Land held the remaining 50%.

Midlink Plaza had 68 years left on its 99-year lease but, given its prominent frontage on Middle Road and Queen Street, it could be redeveloped into a 16-storey hotel property with 450 to 500 rooms. Last month, however, the joint-venture partners agreed to sell the property to China's Nanshan Group for \$270 million, according to a Singapore Exchange filing by Lian Beng.

The property that marked Lee's foray into hospitality sector was the conversion of a row of conservation shophouses on Mosque Street four years ago into the Porcelain Hotel. He had originally purchased three adjacent shophouses in a joint venture with listed beauty and wellness centre operator, Mary Chia Holdings, whose CEO is Lee's wife, Wendy Ho. The joint-venture company, called Hotel Culture, paid \$20 million for the three shophouses and pumped in another \$6 million to refurbish and fit out the rooms. The 84-room Porcelain Hotel opened in February 2010. Two years later, Lee purchased the remaining two shophouses on Mosque Street from CTC Tourism Holdings, owner of travel agency CTC Travel. This added another 52 rooms to the inventory.

"When I first did it [Porcelain Hotel], everybody said I was crazy," he recalls. "But the value of the hotel has appreciated."

The Porcelain Hotel is the only property investment in his portfolio that Mary Chia Holdings' Ho has participated in. "We both work very hard," says Lee. He first met Ho when he went for a facial at one of Mary Chia's beauty and wellness centres. Besides reaping the benefits of healthy glowing skin, he walked out of the centre with a wife as a bonus. The couple has three children: a son aged 17 and two daughters aged 12 and 13.

Two years ago, Lee took over the operations of the 70-room Kam Leng Hotel on Jalan Besar on a 20-year lease. The owners of the Kam Leng Hotel are the Chow brothers, who formerly owned Chow House on Robinson Road. Lee retained the nostalgic feel and charm of the property, and made only minor additions and updates, he says.

Malaysian bets

In recent years, Malaysia has also beckoned. In May 2013, he and a Singaporean business partner purchased the 458-room Radius International Hotel in the prime shopping district of Bukit Bintang, Kuala Lumpur for RM160 million (\$62.4 million). The property will be renamed Hotel Sokai before October, and additions and alterations to increase the room count to 562 will begin next year.

In Melaka, Lee is a stakeholder of four plots of coastal land in the vicinity of Mahkota Hotel and Holiday Inn. The parcels are reclaimed land with 99-year leases and purchased in joint ventures with other investors, includ-



The highlight of the showflat is the balcony of the master bedroom with a built-in Jacuzzi

ing billionaire Sam Goi, the "Popiah King" turned property player, and listed Centurian Group, which owns and operates students' and workers' accommodation assets. One of the sites will be developed into a mixed-use scheme with a hotel, shopping mall and cultural village. It is scheduled for launch in 1H2015.

Lee says his forte lies in repositioning commercial assets, especially cinemas. In 2000, for instance, he purchased the former Broadway Cinema, adjacent to the Ang Mo Kio Central market and hawker centre, for \$9 million. He turned it into Broadway Plaza, an entertainment and retail complex with a K Box karaoke centre. The property was sold three years ago to a group of private investors. Likewise, he purchased the former Plaza Cinema on the upper floors of Textile Centre for \$4.7 million in 2007. He turned it into a performance theatre, and subsequently it became Singapore's biggest Thai discotheque, Club Atlantis. The club closed in 2010, and Lee sold

the property for \$12 million. The space is now occupied by a church. The first property he purchased was back in 1986, when he was just 22. It was a shophouse near Jalan Besar Stadium that he bought for \$500,000, and sold three years later for \$1.2 million. In the early to mid-1990s, some of his investments were strata-titled factory units in Henderson industrial estate, an office building and a stake in Punggol Marina. During the Asian financial crisis in 1997/98, he suffered losses, along with everyone else, he says.

"True grit" Lee, the 11th of 12 children who grew up in a kampung in Ang Mo Kio, knows the difference of sheer grit and hard work. His parents were vegetable sellers with a stall in the Ghim Moh Market and, from a young age, Lee helped at the vegetable stall after school and on weekends. "When you work for your father, you don't get paid," he says. To earn an income, he worked in an assortment of jobs — as a labourer unloading sacks of rice, a waiter with a catering company, helping one of his brothers who runs an electrical appliances store, and painting tombstones during the Qingming Festival of Tomb Sweeping Day. At one point, after he left school, he even operated a "mobile market" in the evenings, selling vegetables and fish to the construction workers in the Yishun area, as there were many construction sites there.

"It was very tough because we were very poor," he recounts. "We had to work from morning to night, 365 days a year."

Before the age of 22, the only break he enjoyed each year was a half day on the eve of Chinese New Year.

He has long left those days of selling vegetables behind, and is now a Gucci-clad entrepreneur, with his primary residence in the exclusive Chanery Hill area, a Good Class Bungalow under development on Cluny Hill, and a weekend bungalow on Sandy Island in the upscale Sentosa Cove.

Beyond property, Lee owns Suki Group of Restaurants, with a chain of family-friendly Japanese restaurants, which he invested in 12 years ago. That was also when he launched K Box, a chain of karaoke entertainment centres that are family-friendly and not sleazy, he emphasises. The first outlet opened in Choa Chu Kang in 2002 and, by 2011, there were 12 K Box outlets, with a turnover of \$33.5 million. The K Box chain was sold in March this year to a Japanese group. Will he eventually list his group of companies? "If the timing is right," says Lee. For now, he wants to focus on his hotel investments, mixed-use developments in Melaka and residential plays on Singapore's city fringe. "We try to build something that's different from others, so even in the worst crisis, we can survive."



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