

## HK\$4b retail-office tower for Causeway Bay

**Sandy Li**

In breathing new life into an ageing, dilapidated building in Causeway Bay, the Hong Kong-based equity fund Phoenix Property Investors is living up to its name.

Like the legendary phoenix, a nearly HK\$4 billion retail-office building will rise on the site now occupied by the 46-year-old block, Central Mansion, at the junction of Cannon Street and Jaffe Road.

'The ugly duckling will have a big facelift,' said Samuel Chu, a managing partner and chief investment officer for the fund.

Two weeks ago, Phoenix announced it had successfully acquired more than 90 per cent ownership of Central Mansion, signing agreements for sale and purchase with more than 200 individual owners.

Their acceptances were sufficient to trigger the Land [Compulsory Sales for Redevelopment] Ordinance, opening the way for a compulsory takeover of all the flats, since the developer had achieved the threshold of 90 per cent of the owners agreeing to sell.

The fund said it was in the process of applying to the Lands Tribunal for the compulsory sale to it of the remaining properties.

Chu said the remaining owners had not agreed to sell their flats to the fund for a combination of reasons. 'Some want us to pay a higher price. Some of the owners are not in Hong Kong and some units have unclear ownership,' he said.

Phoenix's purchase offer has turned more than 200 individual owners at Central Mansion into instant multimillionaires.

The fund set aside HK\$2.6 billion to acquire the 11-storey building, where there are 249 owners. At present, the ground level and basement are occupied by the President shopping centre.

According to agents, the fund managed to acquire 90 per cent ownership within about a year of offering about HK\$7 million per flat.

Some shop owners received cheques for as much as HK\$100 million. 'It is at least 80 per cent higher than market level,' the agent said.

Chu expects it will take a year to buy the remaining properties in the building, and that the project will be completed in 2014.

Central Mansion occupies a site area of about 15,235 square feet. It will be redeveloped into a 230,000 sqft Ginza-style complex with shops, speciality restaurants and a grade A office tower.

Taking into account the construction cost, Chu estimates the total investment at up to HK\$3.9 billion. 'It will be our largest property investment in Hong Kong,' he said.

Besides Central Mansion, the fund owns two other development projects in Causeway Bay. These are the nearly completed Cubus, a Ginza-style retail complex in Hoi Ping Road, and a site in Tang Lung Street, which will be redeveloped into a commercial tower.

In addition, it plans to launch an upmarket block of flats, Gramercy, on Caine Road, Mid-Levels, in the fourth quarter. The project comprises 106 flats ranging in size from 430 sq ft to 2,620 sqft each.

Besides Hong Kong, Phoenix has invested on the mainland and in Taiwan and Japan. The fund is managing private equity capital of more than US\$1 billion, of which more than 40 per cent is invested in Hong Kong property.

Old and new

Central Mansion is 46 years old and 11 storeys high

The total investment cost for the tower to replace it, in HK dollars: \$3.9b

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