



Oxley selling Stevens Rd hotels for close to S\$1b

Some see deal as bid to pare debt; OCBC Investment Research says Oxley's net gearing is highest among developers

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PROPERTY developer Oxley Holdings has accepted a letter of intent (LOI) for the purchase of its Mercure and Novotel hotels along Stevens Road for S\$950 million, in what market watchers call an urgent attempt by the developer to pare its debt.

The *Business Times* understands that the buyer is Indonesian magnate Tahir.

In a late announcement on

Thursday, Oxley said the LOI is non-binding and subject to the parties entering into a definitive sale-and-purchase agreement.

Oxley had bought the plot of land from motoring tycoon Peter Kwee's Eksklusiv Resorts in March 2013 for S\$318 million. The leasehold estate came with a 103-year tenure starting in July 2013.

In late 2017, the 254-room Novotel Singapore and 518-room Mercure Singapore on Stevens began operations.

Going by Oxley's latest corporate

presentation slides in November 2018, the two hotels generate a total recurring income of S\$53 million per annum, based on an 83-per-cent occupancy rate.

The slides also indicated a valuation of S\$905 million for the hotels, and a valuation of S\$1 billion for the whole development, including the retail and food-and-beverage units.

These hotels were Oxley's maiden foray into the hospitality business, and in fact Oxley's only hotel assets globally.

During the en bloc fever in 2017

and 2018, Oxley, known for its aggressive expansionary appetite, participated actively, acquiring sites at Mayfair Gardens, and joining forces with partners to buy out Serangoon Ville and Rio Casa; it also completed a S\$660 million acquisition of Chevron House at Raffles Place.

As a result of the financing required to complete these acquisitions, its net gearing rose to 2.45 times as at end-September 2018, from 2.17 times just three months before, and 1.9 times as at end-2017.

A recent report by OCBC Invest-

ment Research named Oxley Holdings as the developer with the highest net gearing ratio among all the Singapore developers the brokerage tracks.

At a whopping 244.9 per cent, this was nearly four times the average of 65.5 per cent for all the developers as at Sept 30, 2018.

On Thursday, Oxley said that under the terms of the LOI, upon paying the sum of S\$9.5 million as a non-refundable deposit, the buyer will be entitled to carry out due diligence until April 15, 2019.

The buyer will pay S\$38 million on Feb

sum of S\$47.5 million on the signing date of the definitive sale-and-purchase agreement or April 15, whichever is earlier.

Shares in the developer will resume trading when the market opens on Friday, after a trading halt kicked in from 3pm on Thursday.

Oxley's shares added one cent to finish at S\$0.295 before the trading halt. They have halved from a high of S\$0.60 a year ago.

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The latest deal is understood to be brokered by Michelle Lek, director of investments at Quillion Global, a real estate investment advisory company.

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As the world usher in the new year, Quillion Global is very pleased to announce on the successful brokering of the Mercure & Novotel Hotels for our client!

The closure of the **near-billion-dollar deal** (S\$950,000,000) encapsulates the pure dedication and effort from the Quillion Global team as we seek to ensure full confidentiality for a high-profile deal in our clients' interests. The closure also signifies a great milestone into the Hospitality industry for Quillion Global.

All esteemed clients and investors can be rest assured of Quillion Global's long lasting professionalism as we strive to provide only the best advisory and brokerage services.

More potential investment opportunities? Please contact us at:

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