

Media Coverage

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Boustead Projects-led consortium to acquire mezzanine debt for Orchard Hills Residences

BOUSTEAD Projects on Thursday announced that its wholly-owned subsidiary BP-Real Estate Investments, together with private investor-held Roark Capital and Lim Teck Lee Investments, have agreed to acquire S\$110 million of notes due 2020 for a consideration of S\$117 million.

Upon completion of the acquisition, Boustead Projects will own 50 per cent of the notes after paying S\$58.5 million of the consideration, with its investment consortium partners holding the remaining 25 per cent each.

Among others, the notes are secured by a charge over shares in SC Aetas Holdings, which owns the Orchard Hills Residences at 30 Bideford Road.

The 18-storey mixed development, which obtained temporary occupation permit on Jan 10, 2020, spans a site area of 2,006.9 square metres (sq m) with an approximate gross floor area of 14,637.9 sq m.

SC Aetas has an existing loan, which is secured by a mortgage over Orchard Hills, owed to the senior secured creditors of the notes.

The notes carry an interest rate of 13 per cent per annum. Their original maturity date was 12 months from the issue date of July 30, 2019. This was extended to Nov 30, 2020 following a supplemental trust deed dated Oct 2, 2020.

In its announcement, Boustead Projects said it views its proposed purchase of the notes as beneficial to the group as it "generates a good financial return, and is adequately secured by various instruments".

It also highlighted the possibility of taking legal and beneficial ownership of Orchard Hills together with its consortium partners by either exercising a call option in terms of the notes, or acquiring the property through potential enforcement or negotiated sales. In such an event, Boustead Projects and its consortium partners will hold interests in the property in proportion to their respective holdings of the notes.

According to Boustead Projects, a successful acquisition of Orchard Hills or SC Aetas will be beneficial to the group's property investment and fund management business.

This will enable the group to expand and diversify its property portfolio, as well as increase its revenue stream through the ownership and management of Orchard Hills, it said.

Shares of Boustead Projects were trading flat at S\$1.03 as at 9.15am on Thursday, after the announcement was made.