

Low Keng Huat to sell Westgate Tower stake, buy remaining 45% of Paya Lebar Square in shift to retail

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Low Keng Huat will acquire shares of Paya Lebar Square Pte Ltd, which owns the Paya Lebar Square commercial office and retail development at 60 Paya Lebar Road.

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PROPERTY player Low Keng Huat has entered agreements to sell its interests in Westgate Tower for S\$97.1 million, while buying the remaining 45 per cent of Paya Lebar Square that it does not already own for S\$90.5 million.

Low Keng Huat hopes to focus on retail instead of commercial office developments, as it has more experience in managing the former, the mainboard-listed company said in a Friday bourse filing after trading hours.

"Accordingly, the proposed transactions are suitable opportunities for the company to streamline its property investment business by divesting its commercial office developments and expanding and focusing on retail developments instead," it said.

The purchase and sale prices are subject to adjustments.

The buyer of the Westgate Tower stake and seller of the Paya Lebar Square shares are Sun Venture Homes (SVH) and Sun Venture Realty (SVR) respectively. They are joint venture partners of Low Keng Huat in both properties.

Low Keng Huat's interests in Westgate Tower to be sold comprise a 40 per cent stake in each of Westgate Tower Pte Ltd (WTPL) and Westgate Commercial Pte Ltd (WCPL). Both entities collectively own 295 office units in Westgate Tower, a commercial office development at 1 Gateway Drive.

The sale price for the Westgate Tower interests represents an excess of S\$14.33 million over the net book value of the relevant sale shares. It also includes shareholders' loans of an aggregate amount of S\$80.5 million owing to Low Keng Huat.

For the financial year ended January, the net loss attributable to WTPL and WCPL were S\$2.6 million and S\$3.2 million respectively. Low Keng Huat said that there is a S\$8.11 million gain on disposal with WTPL and a S\$6.23 million gain on disposal with WCPL.

In the other transaction, Low Keng Huat will acquire shares of Paya Lebar Square Pte Ltd (PLSPL), which owns the Paya Lebar Square commercial office and retail development at 60 Paya Lebar Road, with 159 retail units and one office unit. Low Keng Huat already owns 55 per cent of PLSPL.

For the financial year ended January, the net loss attributable to PLSPL was S\$1.4

million. Its book value and net tangible asset value stood at S\$39.8 million as at end-January.

The S\$90.5 million purchase price for the PLSPL stake includes a shareholder's loan of S\$47.6 million owing to SVR.

Low Keng Huat said the proposed transactions are in line with its capital recycling strategy to deliver a divestment gain and reallocate resources to new properties.

Its other property investments include BT Centre at 207 Balestier Road and the retail podium of lyf@Farrer at 2 Perumal Road.

In line with its shift away from office properties, the company had also entered into options to purchase on April 20 with unrelated third parties to dispose of four office units at Paya Lebar Square. The completion for these disposals is scheduled to take place on or about June 29.

Shares of Low Keng Huat closed at S\$0.465 on Friday, up 1.09 per cent.