

# Oxley Holdings Ltd

## Company update highlights



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### SINGAPORE | REAL ESTATE | CREDIT COMMENTARY

- We attended a conference call by Oxley Holdings on 8 April. Below are some highlights.

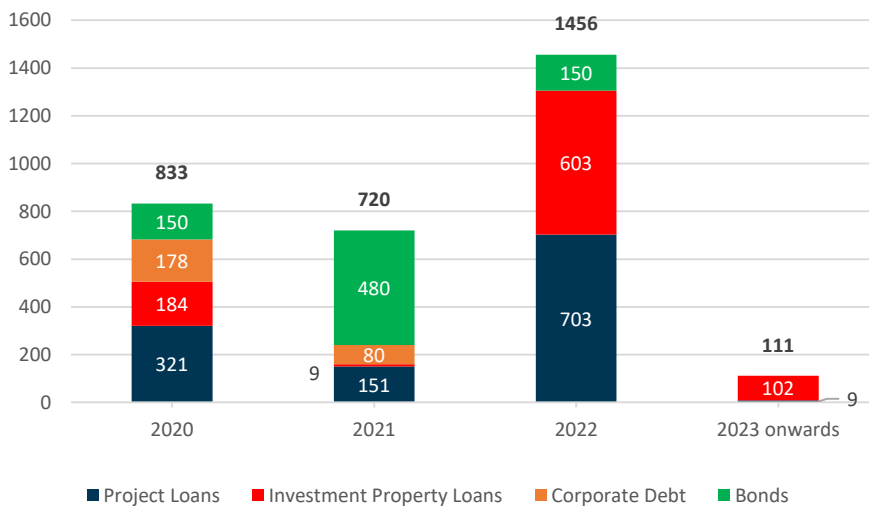
**The primary goal is to conserve and accumulate cash to settle the maturing debt.** This was indicated to be achieved by (i) not entering into any new construction projects, (ii) focusing on completing projects with most achieved sales to receive sales proceeds, and (iii) driving Singapore project sales by compressing margins.

(ii) Projects put on hold include Mozac in Vietnam (effective stake of S\$38mn gross development value (GDV)) and parts of Oxley Towers Kuala Lumpur (S\$848mn GDV). Construction will still proceed for parts of Oxley Towers Kuala Lumpur to unlock existing progress billings of S\$114mn.

(iii) Strive for 95-100% Singapore projects sold by CY20. By having the early-mover advantage and lower construction costs, Oxley is able to sweeten deals by offering lower prices.

**Project completions have been delayed, however no cashflow issues for now.**

**Figure 1: Debt maturity profile (S\$m) as of Feb 2020. Project loans are paid at project completion, while investment property loans are refinanced**

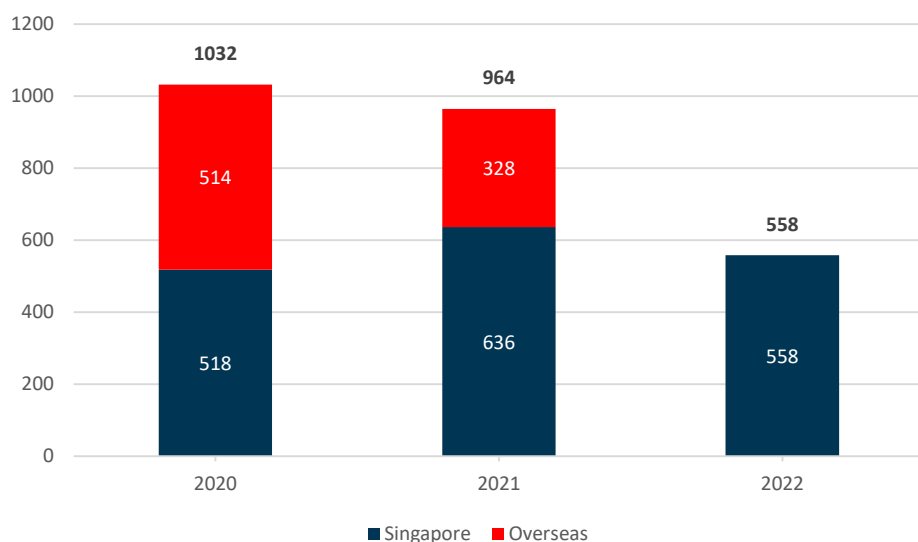


Source: Company, PSR

Key loans to note are corporate debt and bonds, which have to be paid at maturity. For the other loans, management indicated that project loans are only due when projects are completed and are repaid with project sales proceeds, while investment property loans are refinanced on a recurring basis.

S\$150mn of bonds maturing in May 2020 are expected to be redeemed with existing cash. The company reported S\$323mn cash on hand as at 31 December 2019.

**Figure 2: Expected cash inflows (S\$mn). Cash flow visibility show adequate cover for maturing debt for the next two years, assuming projects are completed on time. Expected cash flow in 2020 includes proceeds from Chevron House assuming the deal is secured**



Source: Company, PSR

Projects in Singapore (4 to TOP in CY20) are expected to be delayed by one month, and overseas projects including the Royal Wharf, The Peak and Dublin Landings pushed back three months by shut down orders and constrained supply chains.

The group does not foresee any cashflow issues for now and has additional financing avenues if needed. Some funding sources can be secured through (i) the group's unbilled revenues (S\$2.4bn from Singapore projects), and (ii) unencumbered hotels in Cambodia (indicative valuation S\$150mn as of Feb 2020).

**Low completion risk for key projects.** For The Peak, 50% down payment is received from buyers, providing a good buffer for Oxley to resell the units for a discount if buyers fall out. For Royal Wharf in London, the UK government subsidises buyers and take on part of the default risk, while management indicated that Dublin Landings has a strong buyer.

**Chevron House sale delayed by due diligence process during the lockdown.** However, the buyer remains keen. If the retail podium is not sold by 30 Jun 2020, Oxley will have to purchase it at a steep discount from valuation and attempt to sell it in the market at current valuation at a profit. S\$295mn remains to be received from the Chevron House sale.

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**Positive ("Pos")** – We view the issuer's credit profile as strong or expected to become strong over the next six months.

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