

Boustead rides to the rescue of TT Int'l's project

by Ven Sreenivasan

It's pumping \$150m to revive stalled Big Box project in Jurong East

MAINBOARD-LISTED conglomerate Boustead Singapore has emerged as a 'white knight' to rescue troubled TT International's stalled Big Box project in Jurong East and facilitate a financial restructuring which will boost the company's cashflow and lift its balance sheet back into the black.

Boustead is pumping in some \$150 million to revive TT International's stalled 56,000 sq metre Jurong East Gateway project.

In doing so, Boustead buys itself a 60 per cent stake in the special purpose vehicle known as Big Box Pte Ltd, which will eventually own and operate a mega retail-cum-warehouse complex next to the Jurong East MRT.

TT International, which has already pumped in some \$95 million to acquire the land from JTC and construct the foundation works and part of the basement, will retain 40 per cent stake in the project. It will also be the master lessee of the 125,000 sq m eight-storey building which will house hypermarkets, warehouses, various retail outlets and even offices.

The total cost of development is estimated to be some \$247 million, of which \$95 million has already been sunk in by TT International before it was hit by financial woes arising from payment defaults by customers during the 2008 financial crisis.

The emergence of Boustead could also be a catalyst for the recovery of TT International's finances, as the jump-start of the Big Box project would trigger positive cashflow, enable it to regain profitability and help it with its debt restructuring.

Banks started pulling back TT International's credit facilities, including some \$83 million which was cancelled or frozen, by October last year.

The firm sought to restructure its liabilities and hired financial adviser nTan Corporate Advisory

and sought legal counsel from Wong Partnership, who drew up a scheme of arrangement to manage the debts and impose a complete moratorium on any action against the firm until the scheme ended.

Justice Judith Prakash approved this scheme in the High Court to address total debts of some \$600 million owed to several banks and other creditors. Most of the creditors have approved the scheme, with the only hold-outs being OCBC and building firm Ho Lee Construction, who are appealing the High Court decision.

Part of the restructuring will include a Reverse Dutch Auction, whereby creditors will take an 85 per cent haircut on some \$89 million in debt. The bulk of the remaining debt will become convertible bonds subject to staggered repayment over a period of time.

This restructuring will see TT International's balance sheet recovering to a positive NTA position of some \$7.6 million, from negative equity of \$67.4 million now.

The Big Box is also a critical project as it will be the first JTC Warehouse Retail Scheme (WRS) awarded to a local company. The previous three WRS - located in Tampines/Pasir Ris area - were awarded to foreign companies Giant, Courts and Ikea.

The Big Box is also located in a vicinity which will serve a captive market of some 2 million residents in the Jurong East Gateway region, making it the biggest installation of its kind on the western part of the island.

For Boustead, participation in the project means an exponential increase of its recurrent income rental portfolio.

The mainboard-listed company, which specialises in construction of industrial real estate, energy-related engineering, geo-spatial services and wastewater solutions, has some \$200 million in cash and currently holds a portfolio of some 65,000 sq m of industrial/commercial real estate.