

FCOT to sell Market Street property for S\$216.8m

By Tan Hwee Hwee, The Business Times

BRITISH and Malayan Trustees as the trustee of Frasers Commercial Trust (FCOT) has entered into an agreement for the sale of a commercial property at 55 Market Street, in Raffles Place for a sale consideration of S\$216.8 million.

Manager of the trust, Frasers Commercial Asset Management Ltd, said the transaction is expected to be completed by Aug 31, 2018.

The sale consideration of S\$216.8 million is equivalent to S\$3,020 per square foot based on the building's net lettable area. This was achieved from a marketing process conducted by an appointed property consultant, the manager of the trust said.

The sale consideration represents a 44.5 per cent premium above the property's valuation of S\$150 million as at July 1, 2018, almost three times the original purchase price of S\$72.5 million in 2006.

FCOT is expected to recognise an estimated net gain of about S\$76.5 million over the property's book value of S\$139 as at Sept 30, 2017.

The sale consideration implies an annualised net property income yield of 1.7 per cent, based on the net property income of 55 Market Street for the financial quarter ended March 31, 2018.

Assuming all net divestment proceeds are used to repay existing debt, FCOT's aggregate leverage as at Sept 30, 2017 would reduce from 34.7 per cent to 26.5 per cent on a pro-forma basis.

RHT Health Trust: The auditors of RHT Health Trust from Ernst & Young have flagged a material uncertainty related to the trust's [ability to continue as a going concern](#). The EY auditors noted that RHT's current liabilities exceeded its current assets by S\$129.4 million as at March 31, 2018. Included in these current liabilities is S\$120 million of bonds due in January 2019. "The ability of the group to continue as a going concern is dependent on the group's ability to obtain refinancing to repay the bonds ... and generating cashflows from its operations," they said.