

Media Coverage

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Boustead Projects launches Boustead Industrial Fund, completes divestment of 14 properties

Boustead Projects has completed transactions related to the establishment of Boustead Industrial Fund (BIF), a private business trust for the purposes of holding and managing Boustead Project's real estate assets.

Following its initial announcement of the proposed fund on Dec 31, 2020, Boustead Projects obtained unanimous shareholder approval for the setup of the fund via an extraordinary general meeting (EGM) held on Feb 25.

Pursuant to the EGM, Boustead Projects has completed an initial subscription in BIF via its wholly-owned subsidiary BP-Real Estate Investment and now holds a 25% stake in BIF through the subscription of units and notes issued.

The other initial investors in BIF have also completed similar subscriptions, with AP SG 21 and Metrobilt Construction now holding 49% and 26% of the total units and notes respectively.

BIF has been seeded with 14 properties, which it acquired in full or partial interest from Boustead Projects and its joint venture partners. The total market valuation of these properties is \$511.3 million and their envisaged total consideration is \$519.9 million (assuming BIF had acquired 100% interest in all 14 properties).

Boustead Projects states that the exercise has unlocked value from the company's leasehold portfolio, which will enable Boustead Projects to recycle capital towards strategic plans.

The company raised \$328.4 million in gross proceeds from the transactions, of which \$95.82 million has been utilised to discharge bank loans and encumbrances related to the seed properties, \$72.7 million was spent for the initial subscription in BIF, and \$20.5 million allotted for other agreed costs including professional, legal, rectification and other potential top-ups.

The balance proceeds of approximately \$139.4 million will go towards the expansion of Boustead Projects' businesses in Singapore and overseas, general corporate and working capital requirements, along with the potential declaration of a special dividend.

Samuel Lim, Director (Real Estate) at Boustead Projects says the fund marks a significant milestone in transforming Boustead Projects' real estate business from a developer-owner model to one focused on development and management.

"BIF is well-positioned for growth through the further acquisition of stabilised properties, with a visible pipeline of assets under development or stabilisation by Boustead Projects, in addition to other third-party assets available on the open market," he adds.

As at 10.26am, shares in Boustead Projects are up 1 cent or 1.0% at \$1.00.