

Media Coverage

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Boustead Projects to beef up real estate presence in Vietnam through joint venture with local firm

REAL estate player Boustead Projects:AVM 0% announced on Thursday (May 5) that its wholly-owned subsidiary, BP Vietnam Development (BP-VD), has entered into a strategic collaboration with Khai Toan Joint Stock Company (KTG) to acquire, develop and own a portfolio of logistics and industrial properties in Vietnam.

Following the collaboration, BP-VD will own a portfolio of properties in Vietnam via acquiring and holding 60 per cent of the issued and paid-up share capital in KTG & Boustead Joint Stock Company (KBJSC), which will be transferred from KTG at a consideration of 651 billion dong (S\$39.1 million).

KBJSC is the parent company of KTG & Boustead Industrial Logistics Joint Stock Company (KBIL), which owns logistics and industrial properties through special-purpose vehicles (KBIL SPVs). The properties held by KBIL SPVs have a total market value of US\$84.2 million.

The strategic collaboration will strengthen Boustead Projects' business presence in Vietnam, and is made in the ordinary course of Boustead Projects' real estate business, the company said. This falls within Boustead Projects' existing business of "owning, developing and managing real estate, in line with its strategy to grow its income-yielding leasehold portfolio and expand within the region," it added.

Boustead Projects describes KTG as a "strong and reputable" local partner with a large industrial real estate footprint in key logistics regions within Vietnam. In particular, KTG has developed and owns numerous industrial real estate assets in the Greater Hanoi and Greater Ho Chi Minh regions.

On Jun 2, 2021, Boustead Projects entered into an option agreement with KTG for the acquisition of 49 per cent equity interest in KBJSC, for which BP-VD had paid a deposit amount of 289.25 billion dong. The deposit amount will be set off against the purchase price on completion.

The strategic collaboration is not expected to have any material impact on the results of the group for the current financial year ending Mar 31, 2023. The company added that based on the latest audited financial statements of the Group for the financial year ended Mar 31, 2021, and assuming that the strategic collaboration had been effected as at the end of FY2021, there is no material impact to the group's net profit or net asset value by 20 per cent or more.

Shares of Boustead Projects last traded at S\$0.955 on Apr 27. (*see amendment note)

***Amendment note:** An earlier version of this story incorrectly said that shares of Boustead Projects closed at S\$0.96 on Thursday before the announcement. The counter last traded at S\$0.955 on Apr 27.