

Media Coverage

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Boustead Singapore to hive off real estate business; subsidiary to take 24.1% stake in Unified Industrial

Boustead Singapore's subsidiaries have entered into a master share subscription agreement with Hong Kong-based real estate company Unified Industrial and will form a new logistics platform called UIB.

The Singapore-listed company has agreed to transfer its fund and property-management businesses to Unified Industrial.

As part of the agreement, Boustead Singapore's subsidiary BP-Unity will take a 24.1 per cent stake in Unified Industrial.

The 35,505,812 new ordinary shares which will be issued will have a total subscription value of US\$78.6 million.

Boustead Singapore said on Wednesday (Mar 12): "For over 20 years, the group has worked closely with government agencies to provide local and foreign end-users with industrial real estate solutions in Singapore. During this time, with Singapore's evolving industrial scene, project costs have risen significantly in tandem with increasingly complex and sophisticated real estate solutions, particularly in high-value segments that require specialised fit-outs.

"In providing such real estate solutions to industrial end-users, (the group) has had to invest substantial capital from its balance sheet to comply with regulatory and commercial requirements for the company to own majority stakes in certain industrial projects."

Boustead Singapore said that it is of the view that the proposed transaction will be in the best interest of the group as it will facilitate future capital-raising opportunities.

The group may no longer need to commit substantial co-investment positions for funding future development projects in Singapore and Vietnam, which allows for the allocation of capital to other investments that may generate potentially higher returns for the shareholders of the company, added Boustead Singapore.

"The proposed transaction will result in geographic diversification into the Japan and China markets and potentially to other identified growth markets."

Subject to the successful execution of business plans in the next five years, the transaction could potentially create value for the group given its stake in a regional Pan-Asian logistics and industrial platform.

On a pro forma basis, the proposed acquisition is expected to lift Boustead Singapore's net tangible assets attributable to owners of the company to S\$524.2 million from S\$502.5 million, assuming the transaction had taken place on Mar 31, 2024, at the end of the company's last financial year.

Earnings per share would have risen to 16.8 Singapore cents from 13.4 Singapore cents.

The new platform, UIB, will target real estate opportunities in high-growth sectors, particularly in logistics and data centres, both of which are experiencing growing demand driven by e-commerce, digitisation and regional supply chain realignment in the Pan-Asia region.

UIB will have US\$3.5 billion of assets under management across Japan, China, Singapore and Vietnam.

Shares of Boustead closed flat at S\$1.03 before the announcement.