

Media Coverage

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Metro, Boustead Projects and independent third party to jointly acquire high-spec industrial property

MAINBOARD-LISTED property players Metro Holdings and Boustead Projects, together with an independent institutional third party, will jointly acquire J'Forte Building, an eight-storey high-spec industrial property at 26 Tai Seng St, for S\$98.8 million via the Boustead Industrial Fund (BIF).

The acquisition marks BIF's first in the open market, both Metro and Boustead Projects said in a joint statement on Monday (Jan 30). The consideration of S\$98.8 million excludes any upfront land premium payable to JTC Corporation.

BIF will acquire J'Forte Building from food and beverage operator Suki Sushi at a purchase price of S\$98.8 million, negotiated on a willing buyer willing seller basis. The total cost of the acquisition is estimated to be S\$109.5 million, factoring in the estimated upfront land premium for the balance of the property's first 30-year leasehold land tenure.

BIF will fund the investment with the issuance of up to S\$10.9 million of units in BIF and S\$50 million of 7 per cent notes due 2031 as part of BIF's S\$1 billion notes programme, in addition to bank borrowings. BIF's sponsor is Boustead Projects and the manager is Boustead Industrial Fund Management.

Under this joint acquisition, Metro Group, through its indirect wholly-owned subsidiary Metrobilt Construction, and Boustead Projects, through its wholly-owned subsidiary Boustead Projects Real Estate Investment, as well as the independent third party, will subscribe to 26 per cent, 25 per cent and 49 per cent respectively, in both the units in BIF and the 7 per cent notes.

For Metro, this investment via BIF through the subscription of units is up to S\$2.8 million, while that of the notes is S\$13 million, the group said. This totals to S\$15.8 million, and the amount will be funded from internal cash sources, it added.

This acquisition builds upon the three partners' entry into the industrial real estate market in Singapore on Dec 31, 2020, with an initial acquisition of 14 assets via BIF. On Oct 22, 2021, BIF acquired a high-spec industrial property at 351 Braddell Road.

The completion of this latest acquisition will bring the total number of properties under BIF's portfolio to 16. This comprises six industrial properties, one business park, six high-spec industrial properties and three logistics properties located across Singapore and within proximity to transportation nodes.

This will bring the trust's total assets under management to approximately S\$749 million, with a high committed average occupancy rate of 98 per cent and a long weighted average lease expiry of approximately 6.1 years.

Boustead Projects executive deputy chairman Wong Yu Wei said: "The J'Forte Building is a good addition to the BIF portfolio given its high-specifications, prime location, long remaining leasehold land tenure of about 44 years and zoning for food processing operations, which is in limited supply in the area."

Metro Holdings group chief executive Yip Hoong Mun noted that investment in the "resilient and growing" industrial sector would be a "stable and recurring" source of income for the Metro Group.

Shares of Metro closed flat at S\$0.63 on Monday before the announcement, while shares of Boustead Projects last traded at S\$0.845 on Jan 26.