

Media Coverage

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UI Boustead Reit, Boustead unit to co-invest in S\$104m Seletar aerospace facility

The real estate investment trust may fully purchase the asset after it gets a temporary occupation permit

UI BOUSTEAD Real Estate Investment Trust (Reit) and Boustead Singapore are co-investing in the development of a build-to-suit aerospace facility in Seletar Aerospace Park, in a project valued at about S\$104 million.

The manager of the Singapore-listed Reit announced in a filing on Friday (May 22) that the facility will be fully leased to “a leading global aerospace corporation” for about 22.5 years, with built-in rental escalations.

UI Boustead Reit holds a 51 per cent interest in the development. A subsidiary of Boustead Singapore holds the remaining 49 per cent, which the Reit will have the option of purchasing after the project obtains its temporary occupation permit. The facility will be located in Seletar Aerospace Park on a site of 322,800 square feet (sq ft); its projected gross floor area is about 252,100 sq ft. The land lease from JTC Corporation will run until 2050.

Including fees and related expenses, UI Boustead Reit’s effective investment value in the project is estimated at S\$53.9 million; the required capital commitment is about S\$17.9 million.

As the project’s costs will be funded progressively over the development period, the manager said that it would finance the project with internal funds, existing debt facilities or both. Funding through external borrowings would raise the Reit’s aggregate leverage from 37.9 to 39.7 per cent when the development is completed, on a pro forma basis, the manager said.

UI Boustead Reit’s 51 per cent interest in the development translates to 2.8 per cent of its deposited property. The manager said that the project has an estimated yield on cost of 8.6 per cent, above the projected 2027 net property income yield of 7.4 per cent for the Reit’s Singapore portfolio.

Tan Shu Lin, CEO of the Reit’s manager, noted that this marks UI Boustead Reit’s second co-investment since its listing on the Singapore Exchange in March.

“This underscores UI Boustead Reit’s uniquely differentiated growth strategy of undertaking co-investment opportunities in partnership with our sponsor, enabling the Reit to invest at the development stage, which enhances value accretion on a risk-mitigated basis for unitholders,” she said.

Boustead Projects will take on the engineering, procurement and construction management contract for the facility.

In a separate filing, Boustead Singapore said that the co-investment brings the total value of new contracts secured by the group since the start of FY2027 to about S\$461 million.

Units of UI Boustead Reit closed S\$0.01 or 0.65 per cent higher at \$0.78 on Friday, before the news.