

## 10 in 10 – Boustead Projects Limited (SGX Code: [AVM](#))

10 Questions in 10 Minutes with SGX-listed companies



### BOUSTEAD PROJECTS

SGX Code: AVM	BBG: BOCJ.SP	RIC: BOUS.SI
Market cap on 26 Apr (S\$m)		293.6
Price on 26 Apr (S\$)		0.945
52 wk high/low		0.96 – 0.78
12m ADTV (S\$)		56,990
Shares Outstanding (m)		310.7
Float		29.4%
P/E (LTM)		9.6
P/B (LTM)		1.1
Dividend Yield		1.6%

Source: Bloomberg (26 Apr 2019)

## 10 Questions for Boustead Projects Limited

### Company Overview

Established in 1996, Boustead Projects Limited is a leading industrial real estate solutions provider in Singapore, with core engineering expertise in the design-and-build and development of industrial facilities for multinational corporations and local enterprises. It has constructed and developed over 3 million sq m of industrial real estate in Singapore, China, Malaysia and Vietnam to-date. Boustead Projects is a 53%-owned subsidiary of Boustead Singapore. [Link to StockFacts company page.](#)

### 1. What are some notable developments that Boustead Projects' shareholders can look forward to?

- In FY19, we secured record contract wins at over S\$675m, raising our orderbook to a new high of c.S\$741m which is expected to be recognised over the next 2 years. Contract wins for FY19 include our largest public and private sector contracts to-date, which are respectively the JTC Multi-Storey Recycling Facility (S\$242m contract) and Surbana Jurong Campus (over S\$200m contract) projects, reinforcing our position as Singapore's market leader in industrial real estate solutions.
- On the development front, c.80% of the net leasable area at our recently completed ALICE@Mediapolis has been committed or is under advanced negotiations, and we expect this project to contribute to future profitability. We have secured 4 Singapore projects (Ammcor, Bombardier, Braddell Road smart development, and Razer's Southeast Asia HQ) that are expected to be completed over the next 2 years and contribute towards our leasehold portfolio.
- On the regional front, we expect the completion of Phase 1 of our Boustead Industrial Park in Vietnam sometime in 1HFY20, and we are exploring a number of built-to-suit opportunities for our joint venture (JV) with Malaysia Airports Holdings Berhad (MAHB) within the Subang Aerotech Park in Selangor, Malaysia.

### 2. What are some of Boustead Projects' main business segments and their growth drivers?

- As an integrated industrial real estate solutions provider, our capabilities cover most of the industrial real estate value chain. Our solutions include design-and-build, leasehold portfolio management and asset and facilities management services for industrial and business parks. We have 2 main segments:
  - **Design-and-Build (84% of FY18 revenue)** – Offer clients a turnkey solution where we undertake the design, value engineering, construction and project management, and delivery of a new building – enabling savings in cost, coordination, equipment, materials and time as compared to conventional approaches for construction projects.
  - **Real Estate (16% of FY18 revenue)** – Complements our design-and-build segment through the provision of development, leasing, asset and facilities management services such as land sourcing, planning and financing. This segment has allowed us to build a growing base of quality leasehold portfolio properties which provides long-term recurring income.

### 3. Tell us more about your Design-Build-Lease model and how this sets you apart from your peers?

- Under the design-build-lease approach that we pioneered since 2003, we assume dual roles as developer and design-and-build partner to deliver a custom-built industrial facility for clients leased on a long term basis. This enables clients to lease from us custom-built facilities without having to manage risks associated with development and ownership.
- We believe few competitors are able to offer clients with this dual and flexible approach for custom-built industrial facilities, either through
  - **Design-and-build** (where the client is both a developer and owner, and we are the design-and-build partner), or
  - **Development** (where we are the developer, owner and design-and-build partner, and the client is a long-term tenant).

### 4. What are some of Boustead Projects' strategic partnerships and how will this benefit the Group?

- **Boustead Development Partnership (BDP)** – Partnership with a reputable Middle East sovereign wealth fund, which allows access to competitive financing to develop select high-specification industrial and business park buildings in Singapore. Projects completed/or to be completed since the BDP's inception include:
  - Safran Helicopters Engines' regional HQ at Seletar Aerospace Park (SAP)
  - GSK Asia House at one-north
  - ALICE@Mediapolis at one-north – the 1<sup>st</sup> truly smart building in Singapore
  - Continental Building Phase 3 at Kallang iPark
  - Bombardier Aerospace Singapore Service Centre Phase 2 at SAP (under construction)
  - Amcor Flexibles Singapore's integrated production and logistics facility (under construction)
- **Echo Base-BP Capital real estate fund management platform** – Joint venture with Singapore entrepreneur, Min-Liang Tan and experienced real estate investment banker, Bryan Lim. Echo Base seeks to disrupt traditional real estate development by focusing on smart buildings and smart cities in Asia Pacific. Echo Base's maiden project is Razer's upcoming Southeast Asia HQ at one-north, with more activities to come from around Asia.



*ALICE@Mediapolis – the 1<sup>st</sup> truly smart building in Singapore*



*Razer's upcoming Southeast Asia HQ*



*iBP@Nusajaya, a premier freehold business park*

- **THAB strategic partnership** – Formed with AME Construction, Tat Hong Holdings and CSC Holdings to support our growing presence in Malaysia. THAB has completed 2 developments in Johor Bahru:
  - iBP@Nusajaya – premier freehold business park in Nusajaya (Flagship Zone B)
  - A multi-tenanted logistics hub at the Port of Tanjung Pelepas in Iskandar Puteri (Flagship Zone C).
- **MAHB Partnership** – To develop an aerospace and high-tech park within the Subang Aerotech Park in Selangor.
- **Strategic investment (25% stake) in DSCO Group Holdings** – DSCO is a provider of specialised building engineering consulting services in Asia Pacific. We believe the investment will support our future expansion and widen our range of expertise in high-tech and high-value specialised projects such as data centres.
- **4% stake in Beijing Tongzhou Integrated Development Phase 1** – This is a mixed-use Grade A iconic landmark development in Beijing Tongzhou's new Central Business District, through a consortium led by Perennial Real Estate Holdings. Construction will commence this year and is expected to complete progressively from 2023.

## 5. Given the increasing popularity of green buildings and environmental awareness, does Boustead Projects have any projects that encompass this area?

- We view Boustead Projects as a leading private-sector builder of Green Mark Platinum-rated industrial buildings – the highest level of eco-sustainability under the Building & Construction Authority’s Green Mark Programme. ALICE@Mediapolis – our 9<sup>th</sup> and latest Green Mark Platinum-certified project – was recently featured as an eco-sustainable exhibit in Singapore’s Draft Master Plan 2019 by the Urban Redevelopment Authority.
- In addition, 1 of 5 new private-sector Green Mark Platinum industrial facilities on B1 or B2-zoned industrial land has been built by us. We are currently completing the design-and-build of Bolloré Logistics Singapore’s Blue Hub logistics facility which has achieved both Green Mark Platinum and LEED Gold certification under the US Green Building Council’s Leadership in Energy & Environmental Design Programme. Back in 2012, we completed Bolloré Logistics Singapore’s Green Hub logistics facility which was then the 1<sup>st</sup> Green Mark Platinum-certified facility in Singapore’s logistics industry and Asia’s largest LEED Gold logistics facility.
- For our upcoming development at Braddell Road, we intend to incorporate leading eco-sustainable features into the building design and are exploring zero-emissions for the common areas.



## 6. Tell us more about ALICE@Mediapolis, Boustead Projects’ recent smart building at one-north.

- We believe that ALICE can be seen as the most intelligent building to-date with the greatest number of building facilities integrated on a single platform, transforming the user experience for tenants, visitors, asset managers and the landlord, and enabling greater productivity through automation.
- Aside from being sustainable and energy efficient, ALICE is also equipped with a mobile app for tenants to monitor their energy and water consumption. The app also acts as a mobile access card for tenants and visitors, with a destination control system restricting access to a tenant’s or visitor’s respective floors as an added security feature. The app and user portal also allows tenants to self-manage visitor access, staff passes, season/guest parking and extend air-conditioning hours, to name a few.

## 7. Tell us more about Boustead Projects' operations outside of Singapore. What are the main differences in doing business overseas as compared to Singapore?

- We currently offer our Design-and-Build and Real Estate solutions in both Malaysia and Vietnam. Our latest ongoing regional developments include the Boustead Industrial Park in Vietnam and our recent JV development with MAHB within Malaysia's Subang Aerotech Park. In China, we developed and manage the Wuxi Boustead Industrial Park. While we recognise the strategic importance of the Chinese market, we will likely be involved only on an opportunistic basis.
- The gestation time for overseas development projects is relatively longer than in Singapore. This is because we are likely to be working with different land owners for different projects (vs. a single industrial landlord, typically). Seeking relevant authority approvals overseas may not be as streamlined or straightforward as in Singapore. The type of end-products in demand may also be different, as end-users may be attracted by comparatively lower costs offered by such countries in the first place, leading to price sensitivity. The operating risks overseas may also be higher given our limited regional experience. Hence, we work with local partners with expertise to mitigate some of those risks.

## 8. Any plans to expand beyond Singapore, Malaysia, China and Vietnam? If yes, which are the locations being considered and why?

- We have earmarked Indonesia for development opportunities (specifically in the logistics industry).
- Geographic expansion for industrial real estate is more challenging. Building up a local team and having both good knowledge of local construction by-laws and strong local subcontracting network are crucial in supporting development and design-and-build projects (which vary across countries). Hence, we only select countries in which we have a good understanding in terms of the market, cultural, social and legal framework and trusted potential partners.

## 9. We note that Boustead Projects' has an inaugural Longevity Report, what are some notable ESG goals or key points that are detailed within the report that investors should know?

- We think the Boustead Group engenders the true meaning of sustainability (or longevity, as we call it).
- We believe in building a sustainable future through our designs, processes, products, services and solutions, (particularly our Green Mark Platinum-rated buildings). While helping our clients build their growth, we want to ensure other key stakeholders grow and benefit as well (healthily and with minimal ecological footprint).
- We have identified in our Longevity Report how our business and performance, policies and practices in relation to environmental, social and governance (ESG) issues contribute to achieving 12 of the 17 United Nations' Sustainable Development Goals (UN SDGs). Above all, our report shares important insights on how we approach ESG performance across many non-financial factors, allowing shareholders and other stakeholders to assess our holistic performance and sustainability, and why we truly stand out from the competition.

Click [here](#) for the Longevity Report.

### DEFINING LONGEVITY

# LONGEVITY

1. Long life.
2. Long existence or service.

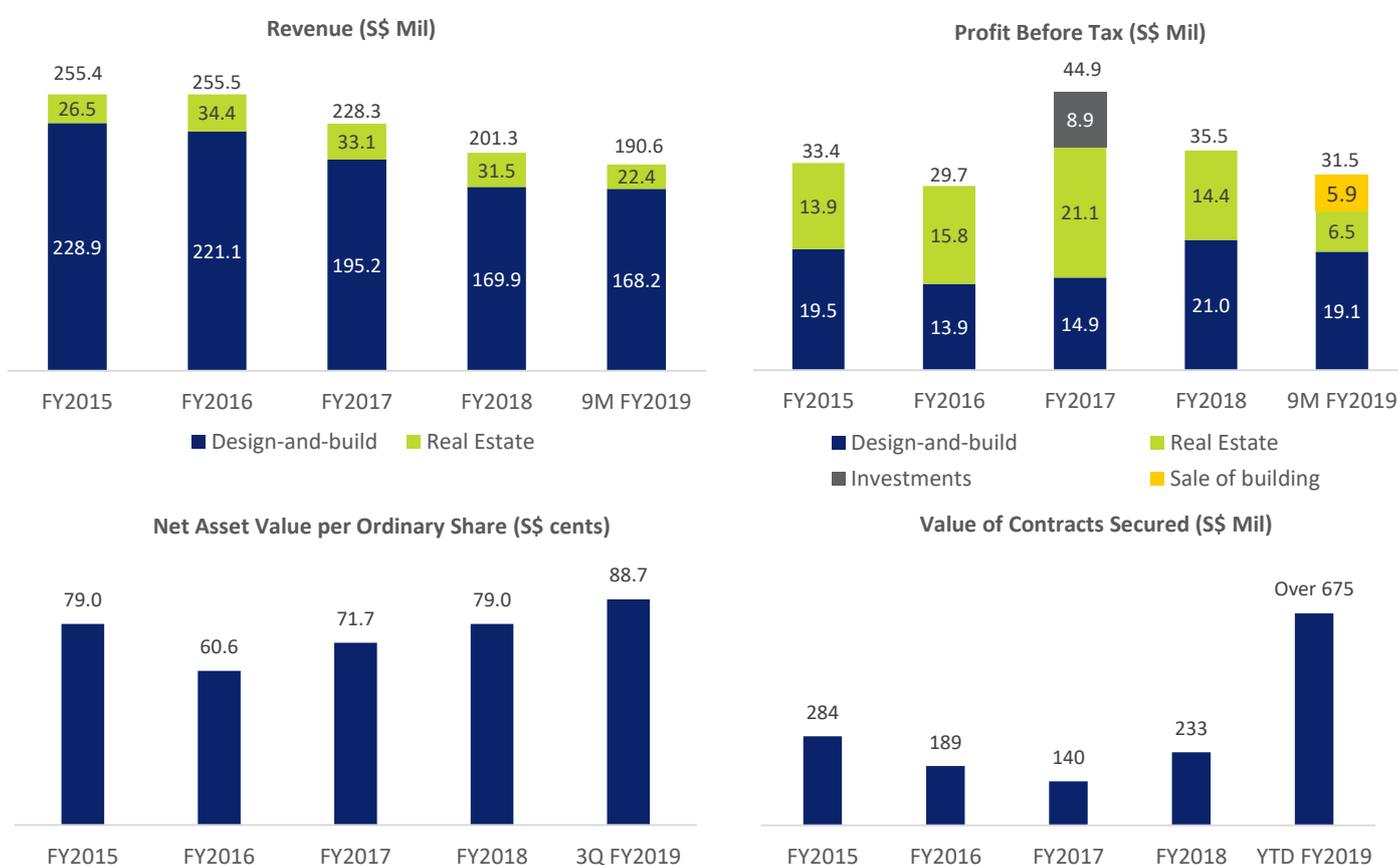
- Oxford Living Dictionaries<sup>1</sup>



## 10. What is Boustead Projects' value proposition to its shareholders and potential investors? What do you think investors may have overlooked about its business?

- We believe we are the only SGX listco to create value for our clients, shareholders and stakeholders across the entire industrial real estate value chain. We continue to invest substantially in advanced capabilities with Industry 4.0 transformation and market-leading standards including integrated digital delivery (IDD), 7D building information modelling (BIM), virtual design and construction (VDC), design for manufacturing and assembly (DfMA), augmented and virtual reality, and drone technology. Our strategic partnerships augment our core capabilities and enable us to both create and capitalise on emerging opportunities driven by trends in Industry 4.0, smart buildings and smart cities, and regionalisation.
- We are also the private sector market leader in Green Mark Platinum industrial facilities. We have the most industrial buildings on the CONQUAS all-time top 100 projects list (8 projects), and are 1 of 8 bizSAFE Mentors in Singapore. We are also confident of unlocking value for shareholders once our leasehold portfolio reaches a certain level (our wholly-owned properties are recorded on our balance sheet at cost less depreciation, while the total market value of these leasehold assets is much higher).

### Financials & Charts



Source: Company data

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Designed to be a short read, 10 in 10 provides insights into SGX-listed companies through a series of 10 Q&As with management. Through these Q&As, management will discuss current business objectives, key revenue drivers as well as the industry landscape. Expect to find wide-ranging topics that go beyond usual company financials.

This report contains factual commentary from the company's management and is based on publicly announced information from the company.

For more, visit [sgx.com/research](http://sgx.com/research).

For company information, visit [www.bousteadprojects.com](http://www.bousteadprojects.com)  
Click [here](#) for FY2019 3<sup>rd</sup> Quarter Earnings Announcements

## Notes

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