

Mapletree Logistics Trust to acquire 5 more Singapore properties for S\$778.3m

By Nisha Ramchandani, The Business Times

MAPLETREE Logistics Trust is planning to acquire five modern, ramp-up logistics properties in Singapore from CWT and its subsidiaries for about S\$778.3 million.

The sum includes the purchase price of S\$730 million, and the estimated upfront land premium for the balance lease terms payable to JTC Corporation of S\$48.3 million.

The acquisitions, which are on a sale-and-leaseback arrangement for terms ranging from five to ten years, are subject to approvals from JTC and the shareholders of CWT International.

The properties comprise five ramp-up warehouses located in the western part of Singapore with a total gross floor area of around 3.2 million square feet, and a weighted average age of 4.8 years. The price tag of S\$730 million represents a discount of approximately 3.3 per cent to the independent valuation of S\$755.2 million as at June 27 by Colliers International Consultancy & Valuation.

Ng Kiat, chief executive of Mapletree Logistics Trust Management, said: "This acquisition will strengthen MLT's position as one of the largest modern specs warehouse space providers in Singapore. Total gross floor area in our Singapore portfolio will increase by almost 20 per cent to over 20 million square feet, allowing us to benefit from Singapore's continued growth as a global logistics hub."

Mapletree highlighted that the proposed acquisition is in line with its strategy to acquire modern logistics facilities. At the same time, this will allow the manager to focus on other areas such as the "selective divestment of older low-yielding properties with limited redevelopment potential", so as to protect its portfolio's rental yield.

With a combined weighted average lease expiry of 8.7 years and built-in rent escalation of 1.5 per cent per annum, the acquisitions are expected to generate an initial net property income yield of approximately 6.2 per cent, based on the purchase price of S\$778.3 million.

The manager is reviewing various financing options for the purchase, including proceeds from an equity fund raising, proceeds from potential divestments and/or debt, it said. The deal is slated for completion by September, after which Mapletree's total assets under management will increase to about S\$7.6 billion.