

Mapletree rejects appeal for rent cuts

Former JTC tenants vexed by refusal despite new landlord's offer to help them in other ways

By FRANCIS CHAN

TENANTS of former JTC Corp factories are vexed at the refusal of the new landlord, Mapletree Investments, to lower rents in these difficult times.

A group of 123 bosses – about 90 per cent of the tenants at the Toa Payoh North Industrial Estate – petitioned Mapletree last December to cut rents by 25 per cent to 30 per cent.

"They wrote recently and told me they would not accede to our request for the rent reduction," said Mrs Lee Yoke Keng, director of UST Technology, a tenant there since 1974.

Like Mrs Lee, most tenants run small and medium-sized enterprises (SMEs) that have operated out of the former JTC property since as far back as the 1970s.

And like most export-driven manufacturing firms, a majority have reported a fall of 50 per cent to 80 per cent in sales, and are looking for ways to cut costs.

In response, Mapletree spokesman Shae Hung Yee told The Straits Times that it had considered the tenants' re-

quest but was unable to accede to the rental reduction. "We cannot support such an across-the-board rental cut. We are running a business just like they are."

Nonetheless, Mapletree – a wholly owned unit of Temasek Holdings – is trying various other means to help the tenants. These efforts, however, are cold comfort to SME bosses trying to manage declining order books and rising business cost amid increasing uncertainty.

The root of their frustrations: Had the property not been sold by JTC and taken over by Mapletree last July, they would have enjoyed 15 per cent rental rebates announced during this year's Budget.

As part of the Resilience Package, tenants of JTC, the Housing Board, the National Environment Agency and the Singapore Land Authority are entitled to a rental rebate of 15 per cent.

"I've been left out in the cold through no fault of my own," said Mrs Lee. "In the past, JTC's original objective was to provide a stabilising force in the rental market for industry but now we're under Mapletree, that becomes meaningless."

JTC sold \$1.7 billion worth of its flat-factories, stack-up buildings and ready-built assets to Mapletree last July.

"I've cut staff wages and my salary, so surely rental is something my landlord can work with me on," said Mrs Lee.

A director of Small Tools Technologies, Mr Dick Lee, who leases five units at



POOR MAINTENANCE

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Mr Alan Hoong, managing director of Apex Technologies International, who says facilities have not improved despite higher rents

LEFT ADRIFT

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BAD BUSINESS

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ST PHOTO: SHAHRIYA YAHAYA

the property, echoed the sentiments. "We need to let go of some units because business is not good – I'm down to just 20 per cent to 30 per cent in sales...but I've got to finish the lease."

Mr Lee, who employs 130 staff, added: "I don't want to cut any jobs, but if there are no orders, what can I do?"

Mr Sim Wee Chuan, managing director of Norton Precision Engineering, said: "My orders are down 50 per cent but my rental will be up 10 per cent in March."

While Mapletree does not intend to cut rent across the board, it will be passing on a 40 per cent property tax rebate – announced in the Budget – in full to ten-

ants. Other measures offered to tenants include lease restructuring, instalment programmes and finding replacement tenants for all or part of their spaces.

"We feel this focused approach will better channel our limited financial resources to cases where help is most needed, rather than an across-the-board rental rebate," Ms Shae said.

Tenants The Straits Times spoke to last week said recent lease renewals had seen rent increases of between 10 per cent and 15 per cent. Mr Alan Hoong, managing director of Apex Technologies International, says he has not seen any value-added or improvements to the

property since Mapletree took over, despite the rent hike.

"All you need to do is go to the toilets. There are doots hanging on one hinge instead of two, flushing systems that are not working...They have not maintained the amenities," he said.

Ms Shae says Mapletree is working on building improvements and asset enhancements. "We will announce the initiatives to tenants as and when we are ready to do so," she added.

A second petition to Mapletree was started last Friday. The tenants hope Mapletree will give a 15 per cent rent cut.

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