

Company Announcement



Boustead Projects Limited
(Co. Reg. No. 199603900E)

82 Ubi Avenue 4
#07-01 Edward Boustead Centre
Singapore 408832

TERMINATION OF LEASE IN RELATION TO 36 TUAS ROAD

Singapore, 25 January 2017

1) Background

The Board of Directors of Boustead Projects Limited (the "Company") wishes to announce that the Company's wholly-owned subsidiary, Boustead Trustees Pte Ltd (the "Landlord"), as trustee of Boustead Real Estate Fund (the Company's wholly-owned private property business trust), has entered into a surrender agreement (the "Surrender Agreement") with Ausgroup Singapore Pte Ltd (the "Tenant") in respect of the land and buildings on 36 Tuas Road, Singapore 638505 (the "Surrender Premises"). Under a lease agreement dated 2 October 2013 entered into between the Landlord and the Tenant, a lease of the Surrender Premises was granted to the Tenant for a term of 12 years (the "Lease"). Subsequent to this, the Landlord and the Tenant had engaged in confidential discussions with a view to an amicable surrender of the Surrender Premises notwithstanding that the Lease has yet to expire.

2) Surrender Agreement

The Landlord and the Tenant have entered into a Surrender Agreement on 25 January 2017 under which:

- a) In consideration for the payment of outstanding rental and property tax in the amount of S\$549,012.99, reduced rental of S\$147,879.53 for the period from 16 January 2017 to 31 January 2017 and an additional lump sum of S\$9,407,184.14 (the "Surrender Sum"), the Landlord consents to the Tenant's surrender and return of the Surrender Premises on 31 January 2017;
- b) The sum of S\$9,407,184.14 is to be paid partly by forfeiture of the existing security deposit of S\$3,235,862.74 held by the Landlord in cash and with the remainder paid by monthly instalments over a period of two (2) years, with the last instalment to be paid on 31 December 2018;
- c) The outstanding rental and property tax in the sum of S\$549,012.99 and reduced rental of S\$147,879.53 for the period from 16 January 2017 to 31 January 2017 will be paid by the Tenant to the Landlord upon execution of the Surrender Agreement;
- d) To secure the Tenant's obligations under the Surrender Agreement, the Tenant has also agreed to provide a bank guarantee for the sum of S\$6,171,321.40 (which sum will be progressively reduced upon

confirmation of instalment payments being made), and corporate guarantees from Ausgroup Limited and AGC Australia Pty Ltd; and

- e) An existing deposit of S\$300,000 will continue to be held by the Landlord to secure the Landlord's anticipated costs of constructing a driveway for access to the adjacent lot, Lot 2643T of Mukim 7 to and from Tuas Road (the "Access Way"). Any amount remaining is to be refunded to the Tenant within seven (7) days of completion of the construction of the Access Way or after the Tenant hands over all of the keys to the Surrender Premises and returns vacant possession of the Surrender Premises to the Landlord, whichever occurs later.

The Landlord has obtained approval from the head lessor of the Surrender Premises, JTC Corporation ("JTC") for the proposed surrender.

3) Prospects for Surrender Premises

The Landlord is presently seeking new tenants to take a lease of the Surrender Premises, subject to the consent of JTC.

4) Financial Effects

The Boustead Projects Group had engaged an independent valuer to value the Surrender Premises immediately after the execution of the Surrender Agreement. Based on the independent valuation, the Boustead Projects Group expects to make an impairment charge of S\$3,550,574.78 upon the execution of the Surrender Agreement, which is equivalent to the difference between the net book value of the Surrender Premises and the revised fair value of the Surrender Premises.

S\$9,407,184.14 to be received as part of the Surrender Sum will be recognised immediately upon execution of the Surrender Agreement. Due to the recognition of additional income of S\$9,407,184.14, notwithstanding the impairment of S\$3,550,574.78 to the Surrender Premises, the execution of the Surrender Agreement is expected to have a positive overall material impact on the earnings per share of the Boustead Projects Group for the financial year ending 31 March 2017 but no material impact on the net tangible asset ("NTA") value per share of the Boustead Projects Group for the financial year ending 31 March 2017.

Boustead Projects Limited's admission to and listing on the Singapore Exchange Securities Trading Limited was sponsored by CIMB Bank Berhad, Singapore Branch. CIMB Bank Berhad, Singapore Branch assumes no responsibility for the contents of this announcement.

About Boustead Projects Limited

Established in 1996, Boustead Projects Limited (SGX:AVM) 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. To date, we have constructed and developed more than 3,000,000 square metres of industrial real estate regionally in Singapore, China, Malaysia and Vietnam. We are approved by the Building & Construction Authority ("BCA") of Singapore for Grade CW01-A1 and General Builder Class One License to execute building construction contracts of unlimited value.

Our in-depth experience in designing and constructing custom-built facilities covers the aerospace, commercial, electronics, food processing, healthcare, high-tech manufacturing, lifestyle, logistics, oil & gas, petrochemical, precision engineering, R&D, resource recovery, technology and transportation industries. We are also a leader in pioneering advanced eco-sustainable facilities under the BCA's Green Mark Programme and the U.S. Green Building Council's Leadership in Energy & Environmental Design Program. In Singapore, we are one of only 10 bizSAFE Mentors and also a bizSAFE Star, the highest qualification that can be attained in recognition of a company's health, safety and environmental management programmes.

On 30 April 2015, Boustead Projects listed on the SGX Mainboard.

Boustead Projects is a 51%-owned subsidiary of Boustead Singapore Limited (SGX:F9D), a progressive global Infrastructure-Related Engineering Services and Geo-Spatial Technology Group which is separately listed on the SGX Mainboard.

Visit us at www.bousteadprojects.com.

Contact Information

For media and investor enquiries related to Boustead Projects Limited, please contact:

Mr Winson Teo
Boustead Projects Limited
Assistant Manager
Corporate Marketing & Investor Relations

Main: +65 6748 3945
DID: +65 6709 8109
Fax: +65 6748 9250
E-mail: winson.teo@boustead.sg

For media and investor enquiries related to Boustead Singapore Limited, please contact:

Mr Keith Chu
Boustead Singapore Limited
Senior Vice President
Corporate Marketing & Investor Relations

Main: +65 6747 0016
DID: +65 6709 8112
Fax: +65 6741 8689
E-mail: keith.chu@boustead.sg