

BOUSTEAD PROJECTS SIGNS OPTION AGREEMENT FOR PROPOSED ACQUISITION OF 49% INTEREST IN KTG & BOUSTEAD INDUSTRIAL LOGISTICS JOINT STOCK COMPANY

SINGAPORE, 2 JUNE 2021

1) Introduction

Boustead Projects Limited (“Boustead Projects”) – a leading provider of innovative real estate solutions – is pleased to announce that its wholly-owned subsidiary, BP-Vietnam Development Pte. Ltd. (“BP-VD”) has on 1 June 2021 signed an option agreement (“Option Agreement”) with Khai Toan Joint Stock Company (“KTG”).

As part of the Option Agreement, BP-VD will pay a fully-refundable option deposit (“Option Deposit”) to KTG in three tranche payments totalling Vietnamese Dong (“VND”) 289,250,000,000 (equivalent to USD12.5 million), based upon the fulfilment of conditions by KTG for each tranche. KTG will provide BP-VD with a call option to purchase 49.0% of the issued and paid-up share capital of the holding company (“KBJSC”) for KTG & Boustead Industrial Logistics Joint Stock Company (“KBIL”), while BP-VD will provide KTG with a put option to sell 49.0% of the issued and paid-up share capital of KBJSC to BP-VD, upon the satisfaction of all conditions precedent as specified in the Option Agreement. Upon exercise of either the call or put options (“Options”), BP-VD and KTG (and/or its nominee) will enter into a share purchase agreement for 49.0% of the issued and paid-up share capital of KBJSC.

KBIL is envisaged to be a Vietnam development fund, co-sponsored by KTG and Boustead Projects. KBIL will consist of 13 industrial real estate seed assets (collectively “Seed Assets”, and each a “Seed Asset”) held through various special purpose vehicles (“KBIL SPVs”) and expand via further acquisition and development opportunities within an identified pipeline.

KTG is a leading conglomerate in electrical appliances, building materials and industrial real estate in Vietnam. Boustead Projects, through its subsidiaries and joint ventures, had established partnerships with KTG for the acquisition of a jointly-owned industrial real estate manager, Boustead & KTG Industrial Management Company Ltd (“BKIM”) (see announcements dated 31 August 2020 and 19 November 2020) and the proposed acquisition of 49% interest in KTG Industrial Bac Ninh Development Joint Stock Company (“KTG Bac Ninh”) (see announcement dated 1 February 2021).

2) Information on KBJSC

KBJSC is a joint stock company which will be established under the laws of Vietnam prior to the payment of the first tranche payment of the Option Deposit by BP-VD to KTG. KBJSC is expected to have a paid-up share capital that is equivalent to the fair value adjusted net asset value of the KBIL SPVs, which will be determined at the time KBIL acquires the KBIL SPVs.

KBJSC and its nominees will hold 100.0% of KBIL which will in turn hold 100.0% of the KBIL SPVs.

Prior to the exercise of the Options, KTG (and/or its nominees) will hold 100.0% of the issued and paid-up share capital in KBJSC.

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3) Information on KBIL

KBIL is envisaged to be a leading logistics and industrial real estate development fund in Vietnam, which will develop and own logistics and industrial parks in strategic locations, including ready-built industrial facilities.

The Seed Assets are located in established and mature industrial zones in the Greater Hanoi and Greater Ho Chi Minh regions, with the average occupancy of completed industrial facilities among the Seed Assets in excess of 95%. Among the Seed Assets, KTG will provide 10 assets, while Boustead Projects will provide three (3) assets, primarily Boustead Industrial Park Phases 1, 2A and 2B in Vietnam. Two (2) of the 10 Seed Assets to be provided by KTG are held under KTG Bac Ninh. As part of the Option Agreement, the earlier proposed acquisition of 49% interest in KTG Bac Ninh will be unwound to facilitate the injection of the two (2) Seed Assets into KBIL.

Under KBIL Phase 1, the Seed Assets will be acquired and transferred to KBIL and amount to about USD141 million in gross asset value covering about 840,000 square metres of land area and about 550,000 square metres of gross leasable area.

Under KBIL Phase 2, other than the Seed Assets, KBIL intends to acquire other potential industrial real estate assets under an identified pipeline of targets, which would have the potential to double the land area and gross leasable area in the portfolio.

4) Rationale for Option Agreement

The Option Agreement is made in the ordinary course of Boustead Projects' real estate business as a developer-owner of industrial properties and is in line with Boustead Projects' existing strategy of growing its income-yielding leasehold portfolio and expanding regionally. Ownership of KBJSC and in turn, KBIL, is also expected to rapidly extend Boustead Projects' presence in the key market of Vietnam, as KTG is a strong and reputable local partner with a large industrial real estate footprint in key logistics regions of Vietnam and in particular, has developed and owns numerous industrial real estate assets in the Greater Hanoi and Greater Ho Chi Minh regions.

The participation in KBIL is expected to generate management fees for BKIM, which will be appointed as the manager of KBIL. Such management fees will include:

- Asset management fees;
- Development management fees;
- Leasing management fees; and
- Property management fees.

Management fees are expected to grow in line with KBIL's plans to grow its portfolio of development and income-yielding industrial properties, as well as potential syndication to third-party institutional investors.

Vietnam remains one of the fastest growing economies in the world and has built a credible track record in providing multinational corporations with the ideal business environment to invest in and undertake manufacturing operations and logistics networks.

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5) Material Terms of Option Agreement

a) Option Deposit

Under the Option Agreement, the Option Deposit of VND 289,250,000,000 (equivalent to USD12.5 million) will be payable in three tranches:

- First tranche payment of VND 115,700,000,000 (equivalent to USD5.0 million);
- Second tranche payment of VND 115,700,000,000 (equivalent to USD5.0 million); and
- Third tranche payment of VND 57,850,000,000 (equivalent to USD2.5 million).

Each tranche payment will be based upon the fulfilment of conditions by KTG and will be secured by share pledges to be held by BP-VD. The Option Deposit is fully refundable should the conditions precedent not be fulfilled.

b) Option Exercise Conditions

The Options can only be exercised upon the satisfaction of all conditions precedent being fulfilled as specified in the Option Agreement. Upon the exercise of the Options, BP-VD and KTG (and/or its nominee) will enter into a share purchase agreement for BP-VD to purchase 49.0% of the issued and paid-up share capital in KBJSC.

c) Option Exercise Period

The Options have an expiry date of 18 months from the date that the first tranche payment of the Option Deposit is paid.

d) Other Key Conditions

Among a number of conditions, other key conditions include:

- Satisfactory due diligence by Boustead Projects;
- KTG structuring KBJSC, KBIL and KBIL SPVs according to the Option Agreement;
- Appointment of Boustead Projects' representatives as joint legal representatives and co-bank account signatories of certain KBIL SPVs;
- Execution of management agreements between BKIM and KBIL SPVs; and
- Reversal of the proposed acquisition of KTG Bac Ninh.

6) Financial Effects

The Option Agreement is not expected to have a material effect on the earnings per share or net tangible assets per share of the Boustead Projects Group for the current financial year ending 31 March 2022.

7) Interest of Directors and Controlling Shareholders

None of the directors of the Company has any interest, direct or indirect, in the Option Agreement, other than through their respective shareholding interests in Boustead Projects.

-- END OF COMPANY ANNOUNCEMENT --

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About Boustead Projects Limited

Established in 1996 and listed on the SGX Mainboard (SGX:AVM), Boustead Projects Limited is a leading provider of innovative real estate solutions with an international presence across Singapore, China, Malaysia and Vietnam. Our core businesses are uniquely integrated to support the business park and industrial real estate ecosystem, comprising:

- Turnkey engineering, full-fledged integrated digital delivery (“IDD”), and construction and project management encompassing design-and-build;
- Real estate development, leasing and asset management; and
- Real estate fund management including being the sponsor and manager of Boustead Industrial Fund, a scalable private property trust platform for business park, logistics and industrial leasehold properties, and joint owner of Echo Base-BP Capital Pte Ltd, an Asia-centric fund management and services platform focused on smart buildings and integrated developments.

To date, we have constructed and/or developed more than 3 million square metres of real estate internationally for clients including Fortune 500, S&P 500 and Euronext 100 corporations, across diverse industries like aerospace, business park, food, healthcare and pharmaceutical, high-tech manufacturing, logistics, research & development, technology and waste management, among others. Under the Boustead Development Partnership with a reputable Middle East sovereign wealth fund, we have developed or redeveloped more than half a million square metres of real estate in Singapore including landmark developments like ALICE@Mediapolis and GSK Asia House.

Our in-house capabilities are backed by core engineering expertise, the progressive adoption of transformative methodologies including full-fledged IDD and Industry 4.0 technologies and augmented by strategic partnerships which enable the co-creation of smart, eco-sustainable and future-ready developments. Our wholly-owned engineering & construction subsidiary in Singapore, Boustead Projects E&C Pte Ltd (“BP E&C”) is the eco-sustainability leader in pioneering Green Mark Platinum-rated new private sector industrial developments under the BCA’s Green Mark Programme and a national champion of best practices for quality, environmental and workplace safety and health (“WSH”) management. BP E&C’s related achievements include being the quality leader on the BCA’s CONQUAS all-time top 100 industrial projects list, one of only eight bizSAFE Mentors and also bizSAFE Star, receiving numerous awards for exemplary WSH performance.

We were also awarded the Singapore Corporate Governance Award in the Newly Listed Category at the Securities Investors Association (Singapore) Investors’ Choice Awards 2017 and are one of only 92 SGX-listed corporations on the SGX Fast Track Programme – which aims to affirm listed issuers that have been publicly recognised for high corporate governance standards and for maintaining a good compliance track record – with prioritised clearance for their corporate action submissions. We are also listed on the MSCI World Micro Cap Index and FTSE ST Fledgling Index.

Boustead Projects is a 53%-owned subsidiary of Boustead Singapore Limited (SGX:F9D), a progressive global infrastructure-related engineering and technology group which is separately listed on the SGX Mainboard.

Visit us at www.bousteadprojects.com.

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