



GKE CORPORATION LIMITED

(Company Registration No.: 200001941G)
Incorporated in the Republic of Singapore

GKE ENTERS INTO AN OPTION AGREEMENT WITH VIVA INDUSTRIAL REIT

- **Sale of Pioneer Road property at S\$45.0 million, which nets a gain of S\$12.7 million**
- **Strengthens cash position for business expansion opportunities to enhance shareholder value**
- **Redevelopment of adjoining Benoi Road property to boost the Group's net lettable area by approximately 200,000 sq ft**
- **Potential gain of additional S\$3.0 million upon completion of the ramp and link works between Pioneer Road and Benoi Road properties**

SINGAPORE, 28 August 2015 – GKE Corporation Limited (锦佳集团有限公司), together with its subsidiaries (“**GKE**” or the “**Group**”), a leading integrated logistics solutions provider, announced today that its wholly-owned subsidiary, GKE Warehousing & Logistics Pte Ltd (“**GKE Warehousing**”), had entered into a put and call option agreement (the “**Option Agreement**”) with the Trust Company (Asia) Limited, in its capacity as trustee of Viva Industrial Real Estate Investment Trust (“**Viva Industrial REIT**”), for the sale and leaseback of its existing headquarters cum warehouse property located at 30 Pioneer Road (the “**Pioneer Road property**”) (the “**Proposed Disposal**”).

The sale consideration of the Pioneer Road property is S\$45.0 million. The consideration does not include an estimated land premium of approximately S\$6.1 million for the balance of the Pioneer Road property's initial 30-year lease term, which will also be payable by Viva Industrial REIT upon the confirmation by Jurong Town Corporation (“**JTC**”).

Mr. Neo Cheow Hui (梁昭辉), Chief Executive Officer of GKE Group said, “**The sale and leaseback of this Pioneer Road property is in line with the Group’s intention to unlock value for shareholders and deploy the proceeds to pursue strategic opportunities, which could further strengthen our core competence in the logistics industry to further enhance our profitability and create greater value for shareholders.**”

The Pioneer Road property, with slightly under 22 years left on its lease, comprises a 4-storey warehouse building with a 7-storey ancillary office building. Completed in September 2010, it has a gross floor area of approximately 280,000 square feet (“**sq ft**”). On completion of the Proposed Disposal, GKE Warehousing will lease back the Pioneer Road property for a term of 5 years, with a rental escalation of 5% in the 3rd and 5th year of the lease term. The rental for the 1st year of the lease is S\$4.36 million.

Use of proceeds

The Group intends to use the net proceeds of the Proposed Disposal to (i) embark on the expansion of its property at 39 Benoi Road (the “**Benoi Road property**”) which is adjacent to the Pioneer Road property, and (ii) build up its cash reserves to explore strategic opportunities to grow the business further.

Redevelopment of Benoi Road Property

The Group had acquired the Benoi Road property for S\$25.6 million in 2013. The Benoi Road property has an area of approximately 306,315 sq ft and a remaining lease of 16 years ending 1 March 2031, which would be extended to 15 February 2037 subject to approval from JTC.

The Group intends to redevelop the Benoi Road property with a level for chemical storage. This would mark the Group’s foray into chemical warehousing. The redevelopment would result in an increase in the Group’s total net lettable area from approximately 700,000 sq ft to approximately 900,000 sq ft.

As part of the redevelopment plan, the Group shall construct a 40-footer container ramp (the “**Ramp**”). Viva Industrial REIT is entitled to construct a vehicular link (the “**Link**”) to connect the Ramp to the Pioneer Road property. This would enable

ingress and egress of 40-footer container trucks to and from the Pioneer Road property via the Ramp and the Link.

When the Ramp and Link is completed, Viva Industrial REIT shall pay the Group an additional S\$3.0 million and a monthly maintenance fee for maintenance and repair of the Ramp.

“The growth of our logistics business depends on the efficient utilization of the land and space that we have. The scarcity of land parcels in Singapore prompted us to seize the opportunity to acquire the Benoi Road property back in 2013. With the sale of the Pioneer Road property, it frees up our cash to allow the Group to pursue our redevelopment plan for the Benoi Road property. We believe that the redevelopment of the Benoi Road property will allow the Group to capture greater growth opportunities and business areas with higher yield,” added Mr. Neo.

The Proposed Disposal, along with its balance net proceeds from the Rights Issue carried out during FY2015, would boost GKE’s cash balance. GKE will continue to explore ways to reward shareholders for their support, while staying committed to delivering value for shareholders.

~~ End ~~

This news release is to be read in conjunction with the Company’s announcement posted on the SGX website on 28 August 2015.

*This news release has been prepared by GKE Corporation Limited (the “**Company**”) and its contents have been reviewed by the Company’s sponsor, RHT Capital Pte. Ltd. (the “**Sponsor**”), for compliance with the relevant rules of the Singapore Exchange Securities Trading Limited (the “**SGX-ST**”). The Sponsor has not independently verified the contents of this news release.*

This news release has not been examined or approved by the SGX-ST. The SGX-ST and the Sponsor assume no responsibility for the contents of this news release, including the correctness of any of the statements or opinions made or reports contained in this News Release.

The contact person for the Sponsor is Ms. Amanda Chen (Telephone: (65) 6381-6757) at Six Battery Road, #10-01, Singapore 049909.

ABOUT GKE CORPORATION LIMITED

(Stock Codes – SGX: 595 | Bloomberg: GKEC SP | Reuters: GKEC.SI)

GKE Corporation Limited (“**GKE**” or together with its subsidiaries, the “**Group**”) is a leading integrated logistics solutions provider offering one-stop, door-to-door multi-modal solutions for supply chain management. The business activities of GKE can be divided into three distinctive segments: (i) third party logistics, (ii) shipping logistics, and (iii) infrastructural logistics.

The Group’s facilities host one of the best material handling equipment, and the most up-to-date safety and security features. It leverages on information technology to increase order visibility, maximise operational efficiency, minimise surplus inventory, and reduce overall supply chain costs for its customers.

GKE operates its third party logistics business under the “**GKE**” brand name. It provides total integrated and comprehensive logistics solutions and services that include general warehousing, conventional transportation, container trucking, project logistics, international multi-modal sea and air freight forwarding services as well as non-ferrous metal storage. It is also an approved London Metal Exchange (“LME”) non-ferrous warehouse operator.

GKE started its shipping logistics business, through a 50% joint venture which has entered into a shipbuilding contract to construct an 83,000 cubic metres (m³) liquid natural gas (“LNG”) carrier vessel, to leverage on the potential of natural gas as a cleaner fuel for power generation. The vessel is a 53,800 deadweight tonnes LNG carrier registered under Lloyds Register of Shipping. The vessel is expected to be completed by 2016.

The Group’s infrastructural logistics business is carried out through its wholly-owned subsidiary, Wuzhou Xin Jian Readymix Co., Ltd. (梧州市星建混凝土有限公司) and an associated company, Maoming City Hung Ji Construction Materials Co., Ltd. (茂名市宏基建材有限公司). Both companies are primarily engaged in the manufacturing of environmentally-friendly lightweight bricks, building materials and cement products for supply to the domestic construction sector of the People’s Republic of China (the “PRC”).

For more information, please visit the company website at www.gke.com.sg

Issued on behalf of **GKE CORPORATION LIMITED** by:

WATERBROOKS CONSULTANTS PTE LTD

Tel: +65 6100 2228

For more information, please contact:

Contact: Ms Rosalina Soh / Ms Lynette Tan

Mobile: +65 9677-6683 / +65 9687-2023

Email: rosalina@waterbrooks.com.sg / lynette@waterbrooks.com.sg
