



CHIP ENG SENG CORPORATION LTD

Co. Reg. No. 199805196H

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## ACQUISITION OF PROPERTIES IN SOUTH PERTH THROUGH A JOINT VENTURE

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The Board of Directors of Chip Eng Seng Corporation Ltd (the “**Company**”) is pleased to announce that CES South Perth (WA) Pty Ltd (“**CES South Perth**”), a newly incorporated wholly-owned subsidiary of the Company, has entered into a 70:30 joint venture today with Sirona Lyall Street Pty Ltd (“**Sirona Lyall Street**”) to acquire two adjoining properties located at 31 Labouchere Road and 24 Lyall Street, South Perth, Western Australia (the “**Properties**”) (collectively, the “**Transaction**”).

CES South Perth was incorporated in Australia on 15 November 2017, for the purpose of undertaking the Transaction. CES South Perth has an issued and paid-up capital of A\$100.

### Information on the Transaction

Sirona Asset Management Pty Ltd (as trustee for the Glass House Property Trust) had contracted for an option to purchase the Properties (the “**Option Holder**”). Sirona Lyall Street is the indirect owner of the Glass House Property Trust.

CES South Perth entered into a share subscription agreement dated 22 November 2017 to subscribe for 7,355,000 new shares in CES Sirona Lyall (WA) Pty Ltd (the “**JVco**”), representing 70% of the issued and paid-up share capital of the JVco (the “**Share Subscription**”). The consideration for the Share Subscription is A\$7.4 million.

Sirona Lyall Street holds the remaining 30% of the issued and paid-up share capital of the JVco. The JVco is incorporated in Western Australia and was wholly owned by Sirona Lyall Street prior to the subscription of new shares by CES South Perth. Following the Share Subscription, the JVco is now a subsidiary of the Company.

Concurrent with the Share Subscription, the Option Holder exercised the option to purchase the Properties for a consideration of A\$10.9 million (inclusive of GST) and the JVco acquired the Properties from the Option Holder for the same consideration. The consideration was arrived at following internal evaluation.

The acquisition of the Properties by the JVco was completed today.

### Information on the Properties

The Properties, located at 31 Labouchere Road and 24 Lyall Street, South Perth, Western Australia, are adjoining to each other. The Properties, which have an aggregate site area of 2,040m<sup>2</sup>, currently house three residential style buildings which till recently were leased for commercial office purposes. Since the expiration of the lease, the Properties have been vacant.

CES South Perth and Sirona Lyall Street intend to redevelop the site for a mixed use development, comprising residential apartments and retail/office suites (the “**Development**”).

The Properties are in the inner city suburb of South Perth and is approximately 1.5 kilometres from Perth's central business district as well as in close proximity to the Swan River. The location presents an excellent development opportunity in a highly sought-after Perth residential location. Situated on the South Perth peninsula, the site offers excellent skyline views on all levels of the Swan River, Perth's central business district, Elizabeth Quay and Perth Zoo.

#### Further Information on the Joint Venture Arrangements

To fund the ongoing capital expenditure of the JVco, each of CES South Perth and Sirona Lyall Street has entered into a shareholder loan agreement to provide an interest free shareholder loan not exceeding A\$14.5 million and A\$6.2 million respectively to the Company. The availability period for the shareholder loan to be provided by CES South Perth is from 22 November 2017 to 30 September 2019 while the availability period for the shareholder loan to be provided by Sirona Lyall Street is from 1 January 2019 to 30 September 2019.

Sirona Developments Pty Ltd ("**Sirona Developments**"), a related company of Sirona Lyall Street, is engaged as the development and project manager pursuant to a development and project management agreement dated 22 November 2017 entered into between the JVco and Sirona Developments. Sirona Developments will be responsible for overseeing all aspects of completion of the Development, including obtaining planning approvals, overseeing marketing and pre-sales, securing project finance and undertaking construction project management.

#### Information on Sirona Lyall Street

Sirona Lyall Street is a subsidiary of Sirona Capital, a specialist alternative funds manager with a focus on urban renewal and private real estate development in Western Australia. The company invests across a diversified range of asset classes and capital structures with a focus on opportunistic, value investing and lending.

The consideration for the Share Subscription as well as the shareholder loan from CES South Perth are funded by internal sources, which will meet part of the funding requirements of the Development. Further funding requirements of the Development will be financed by external borrowing.

The Transaction is not expected to have significant impact on the net tangible assets and earnings per share of the Company for the current financial year ending 31 December 2017.

None of the Directors and, to the best knowledge of the Directors, none of the controlling and substantial shareholders of the Company, has any direct or indirect interest in the Transaction.

Submitted by Hoon Tai Meng, Executive Director, on 22 November 2017 to the SGX.