

KOP LIMITED
(Company Registration Number: 200415164G)
(Incorporated in the Republic of Singapore)
("Company")

**PROPOSED ACQUISITION OF 92.8% INTEREST
IN PRUDENTIAL TOWER BY ASSOCIATED COMPANY**

1. INTRODUCTION

1.1 Definitions

Unless otherwise defined, all capitalised terms herein shall have the meanings ascribed to them in the circular to shareholders of the Company dated 31 March 2014 ("**Circular**").

1.2 Proposed Property Acquisition

As stated in Section B9.3 of the Circular, the Target Group has been exploring an opportunity with respect to a commercial asset located in Singapore and the transaction is subject to a definitive agreement being signed on terms acceptable to the parties, as well as all relevant regulatory and other approvals having been obtained.

Further to the above, the Board wishes to announce that 30 wholly-owned subsidiaries¹ ("**Purchasers**") of the Company's associated company, Epic Land Pte. Ltd. ("**Epic Land**") have today entered into 30 sale and purchase agreements (collectively, "**SPAs**") with RBC Investor Services Trust Singapore Limited, in its capacity as trustee of Keppel REIT ("**Vendor**"), for the proposed acquisition of the Vendor's 92.8% interest of the aggregate strata area of Prudential Tower for an aggregate purchase consideration of S\$512 million (excluding goods and services tax thereon) on and subject to the terms and conditions set out in the SPAs ("**Proposed Property Acquisition**").

1.3 Information on Prudential Tower

Prudential Tower is a 30-storey, Grade A office building located at the Raffles Place precinct with a leasehold term of 99 years commencing from 15 January 1996. The property is located at 30 Cecil Street, at the junction of Church Street and Cecil Street. It is also located near the Raffles Place and Telok Ayer Mass Rapid Transit stations and near major expressways. As at 31 March 2014, Prudential Tower had a 100% committed occupancy and 40 tenants. The total strata area of the Prudential Tower Property is 21,433 square metres.

The Vendor owns 92.8% of the aggregate strata area of Prudential Tower over levels 1 and 10 to 29 of the building except part of level 16 (the "**Prudential Tower Property**").

1.4 Information on the Purchasers and joint venture in respect of Epic Land

The Purchasers are wholly-owned subsidiaries of the Company's associated company, Epic Land. Epic Land has an issued and paid-up capital of S\$100 comprising 100 ordinary shares. The Company, through KOP Cecil Pte. Ltd. ("**KOP Cecil**"), will own 25% of the issued shares

¹ The Purchasers are Epic Land (01) Pte Ltd, Epic Land (10-1) Pte Ltd, Epic Land (10-2) Pte Ltd, Epic Land (11-1) Pte Ltd, Epic Land (11-2) Pte Ltd, Epic Land (12-1) Pte Ltd, Epic Land (12-2) Pte Ltd, Epic Land (13-1) Pte Ltd, Epic Land (13-2) Pte Ltd, Epic Land (14-1) Pte Ltd, Epic Land (14-2) Pte Ltd, Epic Land (15-1) Pte Ltd, Epic Land (15-2) Pte Ltd, Epic Land (16-1) Pte Ltd, Epic Land (17-1) Pte Ltd, Epic Land (17-2) Pte Ltd, Epic Land (18-1) Pte Ltd, Epic Land (18-2) Pte Ltd, Epic Land (19-1) Pte Ltd, Epic Land (19-2) Pte Ltd, Epic Land (20) Pte Ltd, Epic Land (21) Pte Ltd, Epic Land (22) Pte Ltd, Epic Land (23) Pte Ltd, Epic Land (24) Pte Ltd, Epic Land (25) Pte Ltd, Epic Land (26) Pte Ltd, Epic Land (27) Pte Ltd, Epic Land (28) Pte Ltd and Epic Land (29) Pte Ltd.

in Epic Land. The balance 75% of the issued shares in Epic Land will be held by Lian Beng Capital Pte. Ltd., KSH Commercial Investment Pte. Ltd. and Centurion Cecil Pte. Ltd. (collectively, "**JV Partners**") holding 32%, 28% and 15% of the shares in Epic Land respectively. Accordingly, following completion of the Proposed Property Acquisition ("**Completion**"), the Company will hold an effective 25% interest in the Prudential Tower Property.

KOP Cecil has today entered into a joint venture agreement ("**JVA**") with the other JV Partners to govern their rights and obligations as shareholders of Epic Land. Under the JVA, the JV Partners will contribute proportionately (based on their respective shareholding interests in Epic Land), to the purchase consideration required for the Proposed Property Acquisition, whether by way of equity, shareholder loans and/or other forms of financial support, to enable Epic Land to effect the Proposed Property Acquisition. The obligations of KOP Cecil under the JVA shall be conditional upon, *inter alia*, the passing of a resolution by the shareholders of the Company approving the transactions contemplated by the JVA (if necessary).

2. PRINCIPAL TERMS OF THE PROPOSED PROPERTY ACQUISITION

2.1 Sale and Purchase

Pursuant to the SPAs, the Vendor will sell the Prudential Tower Property to the Purchasers, for an aggregate purchase consideration of S\$512 million ("**Purchase Consideration**"). Completion is expected to take place on 26 September 2014.

2.2 Purchase Consideration

The Purchase Consideration of S\$512 million for the Proposed Property Acquisition was negotiated on a willing-buyer and willing-seller basis, after taking into account the current market prices of properties in the surrounding vicinity.

The total deposit of S\$76.8 million ("**Deposit**") payable by the Purchasers to the Vendor under the SPAs is 15% of the Purchase Consideration. The Purchasers have paid an aggregate initial deposit of S\$25.6 million to the Vendor upon execution of the SPAs and the balance of S\$51.2 million of the Deposit will be payable via two further tranches as follows:

- (a) an aggregate of S\$25.6 million payable on the date falling 6 weeks after the date of the SPAs; and
- (b) an aggregate of S\$25.6 million payable on the date falling 14 weeks after the date of the SPAs.

The balance 85% of the Purchase Consideration, which is S\$435.2 million, will be paid by the Purchasers to the Vendor on Completion.

2.3 Other Principal Terms of the SPAs

The other principal terms of the SPAs include, among others, the following:

- (a) the Prudential Tower Property is sold in its present state and condition as regards access, repair, physical state, light, air, drainage, sewerage, utility services, encroachments, use and in all other respects and no warranty on the part of the Vendor is given or is to be implied as to correctness of description or suitability for any particular purpose or purposes or condition or state of repair or otherwise howsoever and the Purchasers shall not be entitled to make or raise any enquiry, requisition or objection whatsoever in respect thereof;
- (b) the sale and purchase of the Prudential Tower Property is on a collective sale and purchase basis and the completion is conditional on and subject to concurrent

completion of the sale and purchase of all the strata area of the Prudential Tower Property in accordance with the 30 SPAs; and

- (c) the Purchasers reimbursing the contributions made by the Vendor as subsidiary proprietor of Prudential Tower (prior to the Proposed Property Acquisition) towards the costs of certain upgrading or retrofitting works carried out by the management corporation based on an agreed formula less certain agreed deductions.

3. RATIONALE FOR THE PROPOSED PROPERTY ACQUISITION

The Proposed Property Acquisition is in line with one of the core business activities of the Company and its subsidiaries (“**Group**”) in property development and investments and the Group’s strategy of growing its business through acquisitions of new projects including commercial properties. The Proposed Property Acquisition will provide the Group with the opportunity to acquire a strategically located quality asset and expand its footprint in the commercial properties market in Singapore. The Proposed Acquisition is in line with the Group’s ordinary course of business and is of a revenue nature. The Group views the Proposed Property Acquisition as a good opportunity to participate in a strategic investment of a Grade A office building located at the Raffles Place precinct, where the Group can derive both rental returns and gain from subsequent sale of the Prudential Tower Property on strata lots basis, which will be added to the earnings of the Group.

4. SOURCES OF FUNDS AND FINANCIAL EFFECTS OF THE PROPOSED PROPERTY ACQUISITION

4.1 Sources of Funds

The Group will finance its share of the cost of the Proposed Property Acquisition by internal funds and/or bank borrowings.

4.2 Financial Effects

Please refer to **Appendix 1** of this announcement for certain financial effects of the Proposed Property Acquisition.

5. INTEREST OF DIRECTORS AND CONTROLLING SHAREHOLDERS

Save as disclosed in the announcement by the Company on 12 May 2014 and this announcement:

- (a) none of the directors of the Company (“**Directors**”) has any interest, direct or indirect, in the Proposed Property Acquisition, save through his shareholding in the Company (if any);
- (b) to the best of the knowledge of the Directors, none of the controlling shareholders of the Company has any interest, direct or indirect, in the Proposed Property Acquisition, save through such shareholders’ shareholding in the Company.

6. OTHER INFORMATION

6.1 Directors’ Service Contracts

Save as disclosed in this announcement, as at the date of this announcement, the Company has not entered into any service contract with any person proposed to be appointed as director in connection with the Proposed Property Acquisition.

Leny Suparman, a Director, has been appointed as a director of the Purchasers.

6.2 Relative figures under Chapter 10 of the Catalist Rules

Assuming that the Purchasers acquire the Prudential Tower Property pursuant to the Proposed Property Acquisition, the relative figures for the Proposed Property Acquisition computed on the bases in Rule 1006 of the Catalist Rules are set out below:

Rule 1006	Bases	Percentage (%)
(a)	NAV of the assets to be disposed of, compared with the Group's NAV	Not applicable for acquisitions
(b)	Net profits attributable to the Prudential Tower Property to be acquired compared with the net profits of the Group ⁽²⁾	89.9% ⁽¹⁾
(c)	Aggregate amount of consideration payable for the Prudential Tower Property to be acquired ⁽³⁾ compared with the market capitalisation of the Company ⁽⁴⁾	52.1%
(d)	Number of equity securities to be issued compared with the number of equity securities previously in issue	Not applicable as no shares of the Company will be issued pursuant to the Proposed Property Acquisition
(e)	Aggregate volume or amount of proved and probable reserves to be disposed of, compared with the aggregate of the Group's proved and probable reserves	Not applicable for acquisitions

Notes:

- (1) Based on the net property income of S\$14.559 million attributable to the Prudential Tower Property in Keppel REIT's financial year ended 31 December 2013, the estimated net profits attributable to the Group's 25% interest in the Prudential Tower Property is S\$3.64 million.
- (2) The net profits of the Group is S\$4.05 million, based on the unaudited proforma financial information of the Enlarged Group for the financial year ended 31 March 2013.
- (3) Assuming the amount contributed by the Group for the Proposed Property Acquisition is S\$128 million (representing approximately 25% of the Purchase Consideration).
- (4) Based on the Company's market capitalisation of S\$245.88 million as at 14 May 2014, being the market day on which the shares were trading immediately preceding the date of execution of the SPAs. The Company's market capitalisation is calculated by multiplying the number of shares in issue by the volume weighted average traded price of S\$0.2774 on 14 May 2014.

Pursuant to Chapter 10 of the Catalist Rules, the Proposed Property Acquisition constitutes a "discloseable transaction".

6.3 Documents for Inspection

Copies of the SPAs are available for inspection during normal business hours at the registered office of the Company at 152 Beach Road, #27-01 The Gateway East, Singapore 189721 for a period of 3 months from the date of this announcement.

7. CAUTION IN TRADING

Shareholders and potential investors are advised to exercise caution in the trading of their shares in the Company. The Proposed Property Acquisition is subject to, *inter alia*, the fulfilment of the conditions of the SPAs. There is no certainty and assurance as at the date of this announcement that the Proposed Property Acquisition will be completed or that no changes will be made to the terms thereof.

The Company will make the necessary announcements when there are further developments on the Proposed Property Acquisition and other matters contemplated by this announcement. Shareholders and potential investors should consult their stock brokers, bank managers, solicitors or other professional advisers if they have any doubt about the actions they should take.

BY ORDER OF THE BOARD

Ong Chih Ching
Executive Director and Group Chief Executive Officer
15 May 2014

This announcement has been prepared by the Company and its contents have been reviewed by the Company's sponsor, Hong Leong Finance Limited ("**Sponsor**"), for compliance with the relevant rules of the SGX-ST. The Sponsor has not independently verified the contents of this announcement.

This announcement has not been examined or approved by the SGX-ST and the SGX-ST assumes no responsibility for the contents of this announcement, including the correctness of any of the statements or opinions made or reports contained in this announcement.

The contact person for the Sponsor is Ms. Joan Ling, Senior Vice President, Head of Corporate Finance, at 16 Raffles Quay, #40-01A Hong Leong Building, Singapore 048581, Telephone: (65) 6415 9886.

Appendix 1
Financial effects of the Proposed Property Acquisition

The financial effects of the Proposed Property Acquisition as set out herein are based on the assumption that the assets and liabilities of the Prudential Tower Property are based on acquisition cost and no fair valuation exercise has been undertaken in respect of such assets and liabilities.

1.1 Net tangible assets (“NTA”)

For illustrative purposes only, assuming the Proposed Property Acquisition had been completed on 31 March 2013 and based on the unaudited proforma financial information of the Enlarged Group for the financial year ended 31 March 2013, the effects of the Proposed Property Acquisition on the NTA of the Group as at 31 March 2013 would be:

	As at 31 March 2013	
	Before the Proposed Property Acquisition	After the Proposed Property Acquisition ⁽¹⁾
NTA (S\$'000)	47,280	47,280
Number of Shares	886,369,771	886,369,771
NTA per Share (cents)	5.33	5.33

Note:

(1) The financial effects as set out above are presented before taking into account the fees and expenses to be incurred in relation to the Proposed Property Acquisition.

1.2 Earnings per Share (“EPS”)

For illustrative purposes only, assuming the Proposed Property Acquisition had been completed on 1 April 2012 and based on the unaudited proforma financial information of the Enlarged Group for the financial year ended 31 March 2013, the effects of the Proposed Property Acquisition on the EPS of the Group for the financial year ended 31 March 2013 would be:

	For the financial year ended 31 March 2013	
	Before the Proposed Property Acquisition	After the Proposed Property Acquisition ⁽¹⁾
Net profit after tax attributable to shareholders of the Company (S\$'000)	35	3,675

Number of Shares	886,369,771	886,369,771
EPS per Share (cents)	0.004	0.415 ⁽³⁾

Notes:

- (1) The financial effects as set out above are presented before taking into account the fees and expenses to be incurred in relation to the Proposed Property Acquisition.
- (2) Based on the net property income of S\$14.559 million attributable to the Prudential Tower Property in Keppel REIT's financial year ended 31 December 2013, the estimated net profits attributable to the Group's 25% interest in the Prudential Tower Property is S\$3.64 million.