



KSH Holdings Limited

(Company Registration Number: 200603337G)
(Incorporated in the Republic of Singapore on 9 March 2006)

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

1. Introduction

Further to the announcement of the Company dated 12 May 2014, the Board of Directors of KSH Holdings Limited ("**Company**", and together with its subsidiaries, "**Group**") wishes to announce that the Company's 28% associated company, Epic Land Pte. Ltd. had on 15 May 2014, through its wholly-owned 30 special purpose companies ("**Purchasers**")¹ 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 92.8% of the aggregate strata area of Prudential Tower ("**Property**") for an aggregate purchase consideration of S\$512 million (excluding goods and services tax thereon), from the Vendor ("**Proposed Acquisition**").

2. 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 Vendor owns 92.8% of the aggregate strata area of Prudential Tower over levels one and 10 to 29 of the building except part of level 16 ("**Prudential Tower Property**"). The total strata area of the Prudential Tower Property is 21,433 square metres.

3. Purchase Consideration

The aggregate purchase consideration ("**Purchase Consideration**") of S\$512 million for the Proposed 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 aggregate purchase consideration of S\$512 million. 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:-

¹ The 30 special purpose companies 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.

- (i) An aggregate of S\$25.6 million payable on the date falling six weeks after the date of the SPAs; and
- (ii) 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 of the Proposed Acquisition, which is expected to take place around 26 September 2014.

4. Rationale

The Proposed Acquisition is in line with one of the Group's core business activities in property development and investments. The Group views the Proposed 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 Property on strata lots basis, which will be added to the earnings of the Group.

As the Proposed Acquisition is in line with the Group's ordinary course of business and is of a revenue nature, Chapter 10 of the Singapore Exchange Securities Trading Limited's listing manual, in particular, seeking Shareholders' approval under Rule 1014 where the relative figures as computed on the bases set out in Rule 1006 exceeds 20%, does not apply to the Proposed Acquisition.

As the Purchasers holding company is an associated company of the Company which it owns 28% of the total equity, the aggregate cost to be borne by the Group for the Proposed Acquisition (including its share of the guaranteed liability under the bank loan to be obtained by the Purchasers to fund the Proposed Acquisition) is approximately 28% of the Purchase Consideration, being S\$143.36 million. Based on the market capitalization of the Company as at the date of the SPAs being S\$215.46 million, the aggregate cost to be borne by the Group for the Proposed Acquisition exceeds 20% but is below 100% of the relative figures computed under Rule 1006 of the Listing Manual.

5. Other Principal Terms of the SPAs

The 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 of 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 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.

6. Source of Funds

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

7. Financial Effects

The Proposed Acquisition is not expected to have any material impact on the earnings and net tangible assets per share of the Group for the current financial year ending 31 March 2014.

8. Interest of Directors and Controlling Shareholders

None of the directors or controlling shareholders of the Company has any interest, direct or indirect, in the Proposed Acquisition.

9. Documents for Inspection

Copies of the SPAs are available for inspection during normal business hours at the registered office of the Company at 29 Harrison Road, Singapore 369648 for 3 months from the date of this Announcement.

BY ORDER OF THE BOARD

CHOO CHEE ONN

Executive Chairman and Managing Director

15 May 2014