



(Company Registration No. 191200018G)  
(Incorporated in Singapore)

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**ANNOUNCEMENT – (1) INCORPORATION OF SUBSIDIARY  
(2) ACQUISITION OF PROPERTY BY SUBSIDIARY**

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**1. INTRODUCTION**

The Board of Directors of United Engineers Limited (the “**Company**”) wishes to announce that the Company’s wholly-owned subsidiary, United Engineers Developments Pte Ltd (“**UED**”) has incorporated a wholly-owned subsidiary known as UE Development (Alexandra) Pte. Ltd. (“**UEDA**”) with an initial issued and paid-up capital of \$2. UEDA is a special purpose vehicle for the proposed acquisition referred to below.

UEDA has today entered into a Property Purchase Agreement (“**PPA**”) with Hewlett-Packard Singapore (Private) Limited and Hewlett-Packard Singapore (Sales) Pte. Ltd. (respectively, “**HP Singapore**” and “**HP Sales**”, and jointly the “**Vendors**”), pursuant to which, UEDA shall purchase from the Vendors the freehold industrial building at 452 Alexandra Road, Singapore and the freehold commercial office tower at 450 Alexandra Road, Singapore (collectively, the “**Property**”) (the “**Acquisition**”). The Property is held by the Vendors as tenants-in-common in unequal shares.

Upon completion of the Acquisition, UEDA will enter into a lease of the industrial building with HP Singapore and a lease of the commercial office tower with HP Sales, respectively. The lease for the industrial building will be for an initial term of 5 years with three options to renew for 5-year terms each, while the lease for the commercial office tower will be for an initial term of 3 years with two options to extend for periods of 6 months each.

**2. INFORMATION ON THE PROPERTY**

The Property is situated on a 191,484 sq ft freehold site zoned as part Industrial B1 and part Commercial. The 12-storey commercial office tower was built in 1976 with a gross floor area of 155,932 sq ft, while the adjoining 8-storey industrial building was built in 1998 with a gross floor area of 345,101sq ft.

The Property is located prominently along Alexandra Road, which will form part of the Southern Waterfront City identified by the Government in the recent Land Use Plan. The Property is also well connected to major arterial roads, the Ayer Rajah Expressway and is only 450 m from the Labrador Park MRT Station.

**3. PURCHASE CONSIDERATION**

The total purchase price for the Property of S\$402 million (the “**Consideration**”) was negotiated on a willing buyer willing seller basis taking into account various factors including an independent valuation of the Property by Colliers International Consultancy & Valuation (Singapore) Pte Ltd, commissioned by UEDA, which appraised the Property as at 12 September 2013 to have a market value of \$415 million. The valuation was based on the Sales Comparison Method and Income Capitalisation Method.

10% of the Consideration, including GST, has been paid to the Vendors upon the signing of the PPA. The remaining 90% of the Consideration, including GST, is payable to the Vendors at completion of the sale and purchase of the Property pursuant to the PPA, scheduled for 15 November 2013.

The Consideration will be wholly satisfied in cash, and will be funded by internal resources and external borrowings.

#### 4. RATIONALE AND BENEFITS OF THE ACQUISITION

A core business of the Company and its subsidiaries (the “**Group**”) is the provision of integrated property services, namely, property development and property rental and services.

The Group has been steadily building up a portfolio of well-located and tenanted commercial and industrial properties across Singapore to complement its property development activities and, whenever possible, to provide a land bank with future redevelopment potential. The yield from such properties generates a more sustainable stream of recurrent rental and services income for the Group while it evaluates future plans, for instance, the redevelopment of such properties to capitalise on their optimal permissible land use or repositioning to maximize returns. In line with this overarching strategy, in February this year, UED (through a wholly owned subsidiary) completed the acquisition of 79 Anson, a 99% tenanted freehold commercial building in Tanjong Pagar within the Central Business District (CBD)<sup>1</sup>. In July this year, the Company announced the proposed divestment by UED of its built-to-suit mixed use development at Changi Business Park known as UE BizHub EAST under a structure that will (among others) allow the Group to continue to manage the business park and retail spaces in this property post-divestment.

The Property’s acquisition will further broaden the portfolio of industrial and commercial properties, including hotels and serviced apartments, under the Group’s management as well as provide potential future cross-marketing opportunities for the property rental and services division.

The Property thus complements the existing properties owned and managed by the Group for their recurring income and/or redevelopment potential. The Property’s acquisition will add to the existing portfolio of properties with over \$2 billion of net book value under the Group’s management.

In line with the Group’s branding of its property portfolio, following completion of the Acquisition, the Property will be named as UE BizHub WEST, subject to approval from the relevant authority.

The Acquisition will bring with it the following key benefits:

(a) Redevelopment Potential from upcoming Southern Waterfront City Initiative

The Property is located within the Alexandra precinct which will form part of the new Southern Waterfront City highlighted in the 2030 Land Use Plan. This Government led initiative will comprise offices, hotels, waterfront housing and a host of lifestyle and tourist attractions, which will be built on the land vacated by the ports when their lease ends. The 1,000 hectare Southern Waterfront City is envisioned to stretch from Tanjong Pagar to Pasir Panjang. The Property’s redevelopment potential is expected to benefit from the “Work, Live, Play” concept introduced at the Southern Waterfront City.

(b) Stable Rental Income from a Multinational Corporation

The Property’s purchase is coupled with a lease back to Hewlett-Packard Company, a reputable multinational corporation (MNC), via its entities, HP Singapore and HP Sales. This arrangement provides an immediate and steady rental income stream for the Group during the tenure of the leases as well as an opportunity for the Group in the interim to evaluate its redevelopment plan or reposition its marketing strategy for the Property upon expiry of the leases.

(c) Expansion of the Group’s UE BizHub Brand in Commercial Nodes

The Acquisition further reinforces the Group’s strategy of expanding its UE BizHub Brand into prime commercial nodes through selective positioning of its portfolio of commercial and industrial properties. The Property’s location in the Alexandra precinct will complement the existing commercial and industrial properties owned and managed by the Group in Tanjong Pagar (79 Anson) and One North (*The Rochester Mall*), all of which are within or in close proximity to the new Southern Waterfront City.

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<sup>1</sup> The Company announced the proposed acquisition on 17 December 2012.

## 5. FINANCIAL EFFECTS OF THE ACQUISITION

**The Acquisition is not expected to have a material impact on the earnings per share and net tangible assets per share of the Group for the current financial year ending 31 December 2013.**

The illustrative financial effects of the Acquisition set out below are provided purely for information only, and are based on the audited consolidated financial statements of the Company for the financial year ended 31 December 2012 (“FY2012”).

### (a) Net tangible assets (“NTA”)

Assuming the Acquisition had been completed on 31 December 2012, the financial effects on the consolidated NTA of the Group for FY2012 would be as follows:

	Before the Acquisition	After the Acquisition
NTA (\$'million)	1,214	1,214
Number of shares ('000)	305,408	305,408
NTA per share (\$)	3.98	3.98

### (b) Earnings per Share (“EPS”)

Assuming the Acquisition had been completed on 1 January 2012, the financial effects on the EPS of the Group for FY2012 would be as follows:

	Before the Acquisition	After the Acquisition
Net profit attributable to owners of the Company (\$'million)	72.2	76.4
Weighted average number of shares ('000)	296,231	296,231
EPS (¢)	24.3	25.7

### (c) Net Profit Before Tax

The net profit before tax attributable to the Property to be acquired as at 30 June 2013 is approximately \$2.55 million<sup>2</sup>.

## 6. RELATIVE FIGURES

For illustrative purposes only, the relative figures computed on the bases set out in Rule 1006 of the Listing Manual of the Singapore Exchange Securities Trading Limited are as follows:

<sup>2</sup> Relates to an estimated net profit before tax for the six months ended 30 June 2013, extrapolated from projected annualised basis after deducting financing cost expected to be incurred on the Acquisition.

<b>Bases</b>	<b>Relative Figure</b>
Rule 1006(a) – Net asset value of the assets to be disposed, compared with the Group's net asset value as at 30 June 2013 (being the date of the latest announced consolidated accounts of the Group)	Not applicable <sup>(1)</sup>
Rule 1006(b) – Net profits attributable to the Property (the asset) to be acquired as at 30 June 2013 (being the date of the latest announced consolidated accounts of the Group), compared with the Group's net profits for the same period	6.1%
Rule 1006(c) – Aggregate value of the purchase consideration to be given, compared with the Company's market capitalisation based on the total number of issued shares excluding treasury shares	36.47% <sup>(2)</sup>
Rule 1006(d) – Number of equity securities issued by the Company as consideration for an acquisition, compared with the number of equity securities previously in issue	Not applicable <sup>(3)</sup>

Notes:

(1) Not applicable as this is an acquisition.

(2) Computed based on the Consideration of \$402 million, divided by the market capitalisation of the Company of \$1.1 billion as at 13 September 2013, which include 21,712,000 stock units of the Company held by its subsidiary, WBL Corporation Limited.

(3) Not applicable as no equity securities are proposed to be issued by the Company as consideration for the proposed Acquisition.

## **7. INTERESTS OF DIRECTORS AND CONTROLLING SHAREHOLDERS**

None of the Directors or controlling shareholders of the Company has any direct or indirect interest in the Acquisition (other than through their shareholdings in the Company).

## **8. DOCUMENTS FOR INSPECTION**

The following documents are available for inspection during normal business hours at the registered office of the Company at 12 Ang Mo Kio Street 64, #01-01 UE BizHub CENTRAL, Singapore 569088 for 3 months commencing from the date of this announcement:

- (a) the PPA (to which is appended, each in the agreed form, the proposed industrial building lease and commercial office tower lease); and
- (b) the independent valuation report on the Property.

BY ORDER OF THE BOARD

Heng Fook Pyng, Jeslyn  
Company Secretary

16 September 2013