



OXLEY HOLDINGS LIMITED

(Incorporated in the Republic of Singapore under Registration No. 201005812G)

RESPONSE TO FURTHER QUERIES FROM SGX-ST

The Board of Directors of Oxley Holdings Limited (the "**Company**", and together with its subsidiaries, the "**Group**") refers to the further queries below raised by the Singapore Exchange Securities Trading Limited ("**SGX-ST**") in relation to the announcement on 30 April 2019 relating to the sale of the Company's entire interest in the capital of Oxley Beryl Pte. Ltd., the owner of the property known as Chevron House at 30 Raffles Place Singapore 048622, as well as the announcement on 9 May 2019 in response to the earlier queries from the SGX-ST. All capitalised terms herein shall, unless otherwise defined herein, bear the meanings ascribed thereto in the said announcements.

- (a) We refer to the announcement issued by the Company on 30 April 2019 entitled "Sale of the entire issued and paid-up share capital of a subsidiary" and the announcement issued by the Company on 9 May 2019 entitled "Response to SGX Queries". Please provide a timeline for the completion of (i) AEI works and (ii) divestment of the retail and banking units, if any.

Reply: The AEI Works have already commenced, and the Group targets to complete these works no later than the first quarter of the year 2020. The Group intends to divest the retail and banking units as soon as practicable, taking into consideration market conditions, and in any event, before the final completion of the Proposed Sale ("**Final Completion**"), which is also expected to take place by the end of the first quarter of the year 2020.

- (b) How is the Agreed Amount in relation to the divestment of the retail and banking units determined, including the factors taken into consideration?

Reply: The Agreed Amount was arrived at by arms' length negotiations between the Purchaser and the Company and on a willing buyer, willing seller basis, taking into consideration the expected market value of the retail and banking units after the AEI Works are completed. In determining such expected market value, the Company took into consideration its experience and readily available information on the market prices of comparable properties in the vicinity and in comparable locations through consultation with reputable marketing agents, as well as prevailing market conditions.

- (c) The second set of retention sums are (A) up to 10% of an agreed value of the office tower; and (B) 10% of the divestment value of the banking hall and retail units. How is the agreed value of the office tower determined?

Reply: The agreed value of the office tower for the purpose of determining the relevant component of the retention amount is the difference between the Consideration for the Proposed Sale and the Agreed Amount (referred to in (b) above).

- (d) In relation to part (A) of the second set of retention sums, please provide further information on the statement "provided that the Purchaser shall be entitled to retain certain amounts as provided in the SPA".

Reply: The Parties have agreed under the SPA that at the Final Completion, a sum of monies will be retained in an account jointly-operated by the Purchaser and the Company to cover any potential liability of the Company under certain warranties and indemnities. The Company's liability under such warranties and indemnities is limited under agreed provisions, and the monies so retained will be released to the Company upon the expiry of agreed limitation

periods and/or resolution of claims (if any), as provided under the SPA. In the opinion of the Company, none of the warranties and indemnities given under the SPA are unusual in the context of the transaction.

- (e) Please disclose the remaining salient terms of the Sale and Purchase Agreement.

Reply: All salient terms of the SPA have been disclosed.

- (f) Please disclose how the Purchaser, Golden Compass (BVI) Limited, was selected, as well as provide further pertinent information on the Purchaser.

Reply: On 14 March 2019, the Company announced that it had accepted an Expression of Interest from a US-based real estate fund to acquire 100% interest in the capital of Oxley Beryl. The same announcement further stated that while the Expression of Interest was unsolicited, the Board of the Company decided to accept the same after taking into consideration (i) the prevailing conditions in the property market; and (ii) that the unsolicited offer generally meets the Group's long-term investment objectives contemplated during the acquisition of the Property.

The Purchaser is an investment holding vehicle, indirectly owned by AEW Value Investors Asia III, L. P. (Jersey) and AEW Value Investors Asia III Parallel, L. P. (Luxembourg), which are funds managed by AEW Value Investors Asia III GP Limited (a Jersey-incorporated company) and AEW Value Investors Asia III GP Partners, S.a.r.l. (a Luxembourg incorporated company) respectively, both managers being affiliates of a US-based SEC-regulated real estate fund manager, AEW Capital Management, L.P.. The funds' assets under management are approximately S\$1.4 billion, comprising commercial assets in key cities in the Asia Pacific region. The funds' investors are made up of institutional investors.

- (g) Please disclose as to whether there are other milestones/terms and conditions between First Completion and the Final Completion of the Proposed Sale.

Reply: All the key milestones for the transfer of shares in Oxley Beryl and the release of retention sums have been disclosed. As previously disclosed, the key milestones between First Completion and the Final Completion are:

- (i) Completion of the AEI Works and issuance of Temporary Occupation Permit; and
- (ii) Divestment of the retail and banking units.

- (h) Please disclose the reason for transferring 82.35% of the issued and paid-up capital of Oxley Beryl, when S\$210m of the consideration was received upon the First Completion. What are the factors considered by the Company to transfer 82.35% of the issued and paid-up capital of Oxley Beryl, upon receipt of S\$210m.

Reply: The percentage of shareholding interest in Oxley Beryl to be transferred upon the First Completion was derived with reference to the consideration to be received at the First Completion (being S\$210,000,000) as a percentage of the total cost of the Company's investment in Oxley Beryl up to First Completion (estimated at S\$255,000,000).

- (i) Please disclose how the Company intends to fund the AEI Works.

Reply: The majority of the costs for the AEI Works will be funded by way of bank loans to Oxley Beryl, which bank loans the Purchaser is to procure discharge of at the Final Completion.

The balance of the costs for the AEI Works are to be funded by the proceeds from the First Completion.

(j) What are the safeguards (including placement of retention sums in escrow accounts) that have been put in place to ensure that the retention sums will be receivable by the Company?

Reply: The retention sums will be held either in escrow accounts or in accounts jointly-operated by the Purchaser and the Company.

(k) What is the Board's consideration in relying on the valuation report dated 30 June 2018, instead of requiring an updated valuation report for the Property to be disposed?

Reply: While there was a formal valuation report dated 30 June 2018, the Company did obtain a valuation report on the basis of the AEI Works being completed, dated 12 March 2019, which indicated a value of S\$1.025 billion, and which was taken into consideration in determining the Consideration agreed for the Proposed Sale.

By Order of the Board

Ching Chiat Kwong
Executive Chairman and CEO
21 May 2019