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HD UGL's bid trumped on same day as \$7m payment planned

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A secret \$7 million payment to **Hong Kong** chief executive C. Y. Leung by Australian engineering **company** UGL was agreed on the same day a rival bidder trumped UGL's offer for his **property firm** by about \$184 million.

The higher bid was rejected and Sydney-based UGL bought DTZ for \$177 million and is now selling it, with other assets, to US private equity **group** TPG Capital for about \$1 billion.

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One condition of the \$7.3 million payment to Mr Leung was that he "support the acquisition of the DTZ **group** by UGL", according to a letter outlining the agreement.

The letter does not mention the rival bid. But an administrators' report into DTZ after the **sale** mentioned a rival "confidential" offer that valued DTZ at roughly \$184 million more than UGL.

The other bidder was later revealed as **China's** state-owned Tianjin Innovation Financial Investment **Company**.

The higher bid from Tianjin was rejected by the DTZ **board**, which included Mr Leung, who ran DTZ's fast-growing **Hong Kong** and **China** business. DTZ's creditors agreed with the decision and deemed the bid too risky because it would have taken eight weeks to complete and required shareholder approval.

Two bankers who worked on the deal confirmed they believed the offer from Tianjin was superior.

"We felt we had a better offer," said one banker who declined to be named. "It was very frustrating at the time."

Another banker said: "The seller [DTZ] had the ultimate right to decide who the winning bidder was."

A spokesman for UGL said the **company** had no firsthand knowledge of any higher offer.

"UGL negotiated and entered into the agreement with Mr Leung to protect UGL's **commercial** interests in North Asia by preventing him from competing with DTZ or employing DTZ staff for two years following UGL's acquisition of the subsidiaries of DTZ Holdings plc," UGL said in a statement.

CO tpgpar : TPG, Inc. | uncont : UGL Ltd.

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