

HD UGL deal agreed as rival trumps bid

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WC 543 words

PD 14 October 2014

SN Canberra Times

SC CANBTZ

PG A004

LA English

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A secret \$7million payment to **Hong Kong** chief executive C.Y. Leung by Australian engineering **company** UGL was agreed on the same day that a rival bidder trumped UGL's offer for his **property firm** by about \$184million. The higher bid was rejected and Sydney-based UGL bought DTZ for \$177million and is now selling it, with other assets, to United States private equity **group** TPG Capital for about \$1billion. One condition of the \$7.3million payment to Mr Leung, pictured, was that he $\frac{1}{2}$ support the acquisition of the DTZ **group** by UGL $\frac{1}{2}$, 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 $\frac{1}{2}$ confidential $\frac{1}{2}$ offer that valued DTZ at roughly \$184million 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 that they believed the offer from Tianjin was superior. $\frac{1}{2}$ We felt we had a better offer, $\frac{1}{2}$ said one banker who declined to be named. $\frac{1}{2}$ It was very frustrating at the time. $\frac{1}{2}$ Another banker said: $\frac{1}{2}$ The seller [DTZ] had the ultimate right to decide who the winning bidder was. $\frac{1}{2}$ Concerns about the bidding process were raised by London's Daily

Telegraph in 2012. The paper quoted a source close to the **Chinese company** saying that $\frac{1}{2}$ DTZ sacrificed value to get the deal with UGL done $\frac{1}{2}$. "The **Chinese** offer was significantly better for everyone, for employees, the shareholders and the creditors, $\frac{1}{2}$ the paper said. At this time, the secret payment from UGL to Mr Leung was not known.

A spokesman for UGL said the **company** had no firsthand knowledge of any higher offer. $\frac{1}{2}$ 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, $\frac{1}{2}$ UGL said.

It said the general offer to Mr Leung was made almost three weeks before the December 2 letter that sealed the payment, which has been referred to **Hong Kong**'s Independent Commission Against Corruption. The city's Department of Justice has also asked its director of public prosecutions to decide $\frac{1}{2}$ whether any prosecution against any persons is warranted $\frac{1}{2}$. The Australian Federal Police has been asked to investigate. The disclosure has put further pressure on the embattled Mr Leung, who is grappling with the largest pro-democracy rallies seen in **Hong Kong**. The demonstrators are demanding **China** give them a greater say in elections scheduled for 2017 and are calling on Mr Leung to resign - a demand he has repeatedly rejected.

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

IN icre : Real Estate/Construction | ifinal : Financial Services | iinv : Investing/Securities

RE hkong : Hong Kong | china : China | austr : Australia | tianji : Tianjin | apacz : Asia Pacific | asiaz : Asia |
ausnz : Australia/Oceania | bric : BRICS Countries | chinaz : Greater China | devgcoz : Emerging Market
Countries | dvpcoz : Developing Economies | easiaz : Eastern Asia

PUB Federal Capital Press of Australia Pty Ltd

AN Document CANBTZ0020141013eaae0001j