

UOB collaborates with CapitaLand on Singapore's first dual tranche SORA-SOFR loan

Singapore, 3 September 2020 – United Overseas Bank Limited (UOB) and CapitaLand today announced that they have entered into an agreement for a two-year S\$200 million term loan. The dual tranche loan, which references both the Singapore Overnight Rate Average (SORA)¹ and the Secured Overnight Financing Rate (SOFR)², is the first of its kind in Singapore.

The bilateral loan facility between UOB and CapitaLand comes ahead of a global transition from Interbank Offer Rates, including the London Interbank Offer Rate (LIBOR)³, to alternative risk-free rates (RFRs). As RFRs are overnight interest rate benchmarks based on actual transactions, they are more transparent and more reflective of market conditions. SORA and SOFR have been identified by the relevant regulatory and industry bodies as the alternative benchmark rates to replace the Swap Offer Rate (SOR) in Singapore and the US Dollar LIBOR respectively.

The interest rate on the loan's two tranches will be based on the compounded averages of daily SORA and SOFR, both calculated in arrears, and with respective applicable margins⁴. The loan proceeds will be used for general corporate purposes.

Mr Leong Yung Chee, Head of Corporate Banking Singapore, UOB, said, "The dual tranche SORA-SOFR loan facility is yet another milestone that reflects the strength of UOB's longstanding relationship with

¹ For more information on SORA, please refer to The Association of Banks in Singapore's website: <https://abs.org.sg/benchmark-rates/about-sora>

² For more information on SOFR, please refer to the Federal Reserve Bank of New York's website: <https://www.newyorkfed.org/arrc/index.html>

³ The Financial Conduct Authority in the United Kingdom announced that it would not compel banks contributing to the calculation of LIBOR to continue doing so beyond 2021. This means that LIBOR may be discontinued and/or it may be declared as non-representative prior to actual cessation.

⁴ The daily rates of SORA and SOFR will be compounded in arrears respectively over the observation period using a day-weight shift methodology, which commences five business days preceding the first day (inclusive) of the interest period to five business days preceding the last day (exclusive) of the interest period. Payable on an agreed date, the interest amount for each tranche in respect of an interest period – calculated based on the outstanding loan principal, the compounded-in-arrears SORA or SOFR, an applicable margin and the number of days in the interest period divided by 365 (for SORA) or 360 (for SOFR), will be determined after the end of the observation period and prior to the end of such interest period.

CapitaLand⁵. It is also a major step in driving the adoption of new benchmark rates for financial products in Singapore. We will continue to work closely with the regulators, industry partners and our clients for a smooth transition process.”

Mr Andrew Lim, Group Chief Financial Officer, CapitaLand Group, said, “With our first SORA-SOFR dual tranche structure, CapitaLand continues to proactively prepare for the global transition to alternative benchmark rates. As a globally diversified real estate company, CapitaLand’s early adoption of these new interest rate benchmarks across different currencies enables us to work with our key banking partners such as UOB, to ensure that the Group’s ongoing transition of our loan book to alternative benchmark rates proceeds smoothly.”

Through this collaboration, UOB and CapitaLand aim to enhance market confidence in adopting SORA, which will in turn help accelerate the transition from the use of SOR to SORA. This is in line with the Monetary Authority of Singapore’s initiatives to support the adoption of SORA as a key interest rate benchmark in Singapore and the development of vibrant and robust SORA markets⁶.

In June 2020, CapitaLand was the first company in Singapore to obtain a SORA-based loan and continues to pave the way for greater market acceptance of SORA- and SOFR-based interest rate benchmarks.

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About United Overseas Bank

United Overseas Bank Limited (UOB) is a leading bank in Asia with a global network of more than 500 offices in 19 countries and territories in Asia Pacific, Europe and North America. Since its incorporation in 1935, UOB has grown organically and through a series of strategic acquisitions. UOB is rated among the world’s top banks: Aa1 by Moody’s Investors Service and AA- by both S&P Global Ratings and Fitch Ratings. In Asia, UOB operates through its head office in Singapore and banking subsidiaries in China, Indonesia, Malaysia, Thailand and Vietnam, as well as branches and representative offices across the region.

Over more than eight decades, generations of UOB employees have carried through the entrepreneurial spirit, the focus on long-term value creation and an unwavering commitment to do what is right for our customers and our colleagues.

⁵ In May 2020, UOB provided CapitaLand with a S\$500 million sustainability-linked loan, which remains the largest sustainability-linked loan in Singapore’s real estate sector.

⁶ For more information, please refer to the MAS’ news release:

<https://www.mas.gov.sg/news/media-releases/2020/mas-announces-key-initiatives-to-support-sora-adoption>

We believe in being a responsible financial services provider and we are committed to making a difference in the lives of our stakeholders and in the communities in which we operate. Just as we are dedicated to helping our customers manage their finances wisely and to grow their businesses, UOB is steadfast in our support of social development, particularly in the areas of art, children and education.

About CapitaLand Limited (www.capitaland.com)

CapitaLand Limited (CapitaLand) is one of Asia's largest diversified real estate groups. Headquartered and listed in Singapore, it owns and manages a global portfolio worth about S\$134.7 billion as at 30 June 2020. CapitaLand's portfolio spans across diversified real estate classes which includes commercial, retail; business park, industrial and logistics; integrated development, urban development; as well as lodging and residential. With a presence across more than 220 cities in over 30 countries, the Group focuses on Singapore and China as its core markets, while it continues to expand in markets such as India, Vietnam, Australia, Europe and the USA.

CapitaLand has one of the largest real estate investment management businesses globally. It manages seven listed real estate investment trusts (REITs) and business trusts as well as over 20 private funds. Since it pioneered REITs in Singapore with the listing of CapitaLand Mall Trust in 2002, CapitaLand's REITs and business trusts have expanded to include Ascendas Real Estate Investment Trust, CapitaLand Commercial Trust, Ascott Residence Trust, CapitaLand Retail China Trust, Ascendas India Trust and CapitaLand Malaysia Mall Trust.

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