



PERENNIAL REAL ESTATE HOLDINGS LIMITED

(Incorporated in the Republic of Singapore)

(Company Registration No.: 200210338M)

**PROPOSED DISPOSAL BY PERENNIAL-LED CONSORTIUM OF 50% EQUITY STAKE
IN AXA TOWER AND REDEVELOPMENT OF AXA TOWER**

1. INTRODUCTION

Pursuant to Rule 703 of the Listing Manual of the Singapore Exchange Securities Trading Limited (the "**Listing Manual**"), Perennial Real Estate Holdings Limited ("**Perennial**", together with its subsidiaries, "**Perennial Group**") wishes to announce that Perennial Shenton Investors Pte. Ltd. ("**PSIPL**" or "**Seller**"), which comprises a consortium of investors led by Perennial (including HPRY Holdings Limited ("**HPRY**") and Piermont Holdings Limited ("**Piermont**")), has today entered into a share purchase agreement (the "**SPA**") with a subsidiary of ("**Purchaser**" or "**Alibaba Singapore**"), Alibaba Group Holding Limited, a company listed on the New York Stock Exchange and the Hong Kong Exchanges and Clearing Limited, whereby the Seller has agreed to the sale of 50% of the issued shares (the "**Sale Shares**") in Perennial Shenton Holding Pte. Ltd. ("**PSHPL**"); and a transfer of 50% of the shareholders' loan outstanding (the "**Loan**") as at closing, to the Purchaser (the "**Sale**").

PSHPL holds 100% of the equity stake in Perennial Shenton Property Pte. Ltd. ("**PSPPL**"), which in turn is the owner of AXA Tower, a 50-storey landmark Grade A office development with a retail podium strategically sited within Singapore's Central Business District ("**CBD**") ("**AXA Tower**" or the "**Property**"). Perennial Group currently holds an effective interest of 31.2% in PSIPL through its subsidiary, Perennial Singapore Investment Holdings Pte. Ltd. ("**PSIHPL**").

AXA Tower currently has an existing gross floor area ("**GFA**") of approximately 1.05 million square feet ("**sq ft**"). Based on Urban Redevelopment Authority's Master Plan 2019, AXA Tower has already secured an approved uplift in its gross plot ratio which would increase the development's existing GFA from approximately 1.05 million sq ft to approximately 1.24 million sq ft. Approval has also been obtained to further increase AXA Tower's GFA to 1.55 million sq ft should it integrate hotel and residential usage under the CBD Incentive Scheme.

Concurrently, the Seller has entered into a share purchase agreement (the "**Agreement**") with PRE 13 Pte. Ltd. ("**Perennial Newco**") for the transfer of the remaining 50% equity stake in PSHPL (the "**Balance Shares**") and 50% of the Loan outstanding as at closing (the "**Share Transfer**", and together with the Sale, the "**Transaction**"). Perennial Newco is a joint venture (the "**Newco Joint Venture**") comprising a consortium of investors, led by Perennial, who are also invested in the Seller. Perennial indirectly holds an equity interest of 20.0% in Perennial Newco.

The closing of the Sale and the Share Transfer are to take place contemporaneously. Subject to closing taking place, Perennial will hold, through its equity stake in Perennial Newco, an effective equity interest of 10% in PSHPL. Each of Perennial Newco and Alibaba Singapore will, at closing, enter into an agreement for the redevelopment of AXA Tower (the "**Redevelopment**").

2. CONSIDERATION, TERMS OF PAYMENT AND CONDITIONS PRECEDENT

2.1 Consideration for the Sale Shares. The consideration for the Sale Shares is based on the net asset value of PSHPL as at closing, calculated based on the agreed property price of S\$1.68 billion (the “**Agreed Property Price**”). The consideration is subject to certain adjustments for the net asset value of PSHPL as at closing. The consideration for the Sale Shares was determined after arm’s length negotiations between the Seller and Alibaba Singapore taking into consideration the Agreed Property Price. The consideration for the Loan will be 50% of the principal outstanding under the Loan as at closing.

2.2 Terms of Payment for the Sale. The consideration for the Sale Shares and the Loan will be satisfied as follows:

2.2.1 within a prescribed period from the date of the SPA, a deposit of S\$16.0 million will be paid into an escrow account which will be retained by the Seller absolutely on closing; and

2.2.2 on closing, the balance consideration for the Sale Shares and the Loan will be paid in cash once such computation has been derived based on agreed terms in the SPA.

2.3 Conditions Precedent for the Sale. The completion of the Sale is subject to the satisfaction or waiver, as the case may be, of the following conditions:

2.3.1 PSPPL securing financing for a principal amount of not less than 65% of the Agreed Property Price; and

2.3.2 other customary conditions precedent.

Subject to the conditions precedent being satisfied, the Transaction is expected to close around June 2020.

2.4 Consideration for the Balance Shares. The consideration for the Balance Shares is determined after arm’s length negotiations between the Seller and Perennial Newco taking into consideration the Agreed Property Price and is based on the net asset value of PSHPL as at closing, calculated based on the Agreed Property Price. The consideration is subject to certain adjustments for the net asset value of PSHPL as at closing. The consideration for 50% of the Loan will be 50% of the principal outstanding under the Loan as at closing.

2.5 Terms of Payment for the Share Transfer. The consideration for the Balance Shares and 50% of the Loan will be satisfied by way of a promissory note pursuant to which Perennial Newco promises to pay the Seller such consideration due. The proceeds received by the Seller from the Sale and the Balance Shares will be upstreamed proportionately to Perennial and other consortium members invested in the Seller in accordance with their shareholding percentage in the Seller. Perennial will then utilise a portion of such proceeds (including the promissory note from Perennial Newco) to reinvest into the Perennial Newco.

2.6 Conditions Precedent for the Share Transfer. The completion of the Share Transfer is subject to the satisfaction or waiver, as the case may be, of the conditions precedent under the SPA.

3. INTERESTED PERSON TRANSACTION

- 3.1 Newco Joint Venture.** HPRY is a controlling shareholder of Perennial and is wholly-owned by Mr Kuok Khoon Hong (“**Mr Kuok**”), a director and controlling shareholder of Perennial. Piermont is an indirect 100% subsidiary of Wilmar International Limited (“**WIL**”), a controlling shareholder of Perennial. Hence, HPRY and Piermont are regarded as interested persons. The entry into the Newco Joint Venture by PSIHPL with several investors, including with HPRY and Piermont, would constitute an interested person transaction (“**IPT**”) for the purposes of Chapter 9 of the Listing Manual.
- 3.2 Share Transfer.** PSIPL is an associated company of Perennial. As Perennial and associates of its interested persons, HPRY and WIL, hold more than 50 per cent. of the issued shares of PSIPL, PSIPL is considered an entity at risk for the purposes of Chapter 9 of the Listing Manual. Accordingly, the Share Transfer from PSIPL to Newco would constitute an IPT for the purposes of Chapter 9 of the Listing Manual. Based on Perennial’s effective stake in PSIPL, the value of Perennial’s proceeds in the Share Transfer is S\$98.2 million, representing approximately 3.7% of Perennial’s audited net tangible asset value of S\$2,654.3 million as at 31 December 2018.
- 3.3** The Audit Committee of Perennial (the “**Audit Committee**”), having reviewed and carefully considered the terms of the Newco Joint Venture and the Share Transfer, is of the view that they are on normal commercial terms and not prejudicial to the interests of Perennial and its minority shareholders. In addition, the Audit Committee is of the view that the risks and rewards of the Newco Joint Venture are in proportion to the equity of each joint venture partner. Accordingly, the Audit Committee has approved the entry into the Newco Joint Venture by PSIHPL and the entry into the Share Transfer by PSIPL to Perennial Newco.
- 3.4** In addition, Perennial Newco is a newly incorporated special purpose vehicle incorporated for the purposes of the Newco Joint Venture and Mr Kuok, HPRY and Piermont did not have an existing equity interest in Perennial Newco prior to such incorporation. Accordingly, the Newco Joint Venture falls within the exemption under Rule 916(2) of the Listing Manual and Perennial is exempted from the requirement to obtain shareholders’ approval for the Newco Joint Venture pursuant to Rule 906(1) of the Listing Manual.
- 3.5** For the current financial year:
- 3.5.1 the aggregate value of IPTs entered into by Perennial with WIL and its associates (excluding the Newco Joint Venture and the Share Transfer) is S\$25.5 million, representing approximately 1.0 per cent. of Perennial’s audited net tangible asset value of S\$2,654.3 million as at 31 December 2018 (“**Last NTA**”) and the aggregate value of IPTs entered into by Perennial with WIL and its associates (including the Newco Joint Venture and the Share Transfer) is S\$296.7 million, representing approximately 11.2 per cent. of Perennial’s Last NTA;
- 3.5.2 the aggregate value of IPTs entered into by Perennial with Mr Kuok and his associates (excluding the Newco Joint Venture and the Share Transfer) is S\$26.3 million, representing approximately 1.0 per cent. of Perennial’s Last NTA and the aggregate value of IPTs entered into by Perennial with Mr Kuok and his associates (including the Newco Joint Venture and the Share Transfer) is S\$297.5 million, representing approximately 11.2 per cent. of Perennial’s Last NTA; and

- 3.5.3 the aggregate value of all IPTs (including the Share Transfer and the Newco Joint Venture) entered into by the Perennial Group is approximately S\$594.2 million.

4 RATIONALE

The Transaction is in line with Perennial's active capital recycling strategy to deliver a divestment gain and allows Perennial to undertake the large-scale redevelopment with Alibaba Singapore to create an iconic landmark in Singapore's CBD.

5. FINANCIAL IMPACT

Based on the last published accounts of the Perennial Group as at 31 December 2019, the book value and net asset value of the Perennial Group's effective stake in PSHPL is S\$147.7 million. Perennial's share of the net proceeds following the Sale and the Share Transfer is expected to be approximately S\$196.4 million and its share of the divestment gain is approximately S\$45.0 million. The balance net proceeds from the Transaction, net of Perennial's reinvestment into Perennial Newco, is S\$137.6 million.

6. FURTHER INFORMATION

- 6.1 Interests of Directors and Substantial Shareholders of Perennial.** Mr Pua Seck Guan ("Mr Pua") is a director and substantial shareholder of Perennial. Mr Pua is also a director of PSIHPL, PSIPL, PSHPL, PSPPL and Perennial Newco. Save as disclosed in this announcement and save for their shareholdings in Perennial, none of the directors or substantial shareholders of Perennial has any interest, direct or indirect, in the proposed Transaction.
- 6.2** A copy of the SPA and the Agreement is available for inspection during normal business hours at the registered office of Perennial at 8 Shenton Way, #36-01, AXA Tower, Singapore 068811 for a period of three months commencing from 2 June 2020, or the date on which the circuit breaker measures are lifted by the Government of Singapore, whichever is later.

BY ORDER OF THE BOARD

Wong Chuen Shya
Company Secretary

6 May 2020

Singapore

About Perennial Real Estate Holdings Limited (www.perennialrealestate.com.sg)

Perennial Real Estate Holdings Limited ("**Perennial**") is an integrated real estate and healthcare company headquartered and listed in Singapore. As a real estate owner, developer and manager, Perennial focuses strategically on large-scale mixed-use developments and has a presence in China, Singapore, Malaysia, Indonesia, Myanmar, Sri Lanka and Ghana with a combined portfolio spanning over 65 million square feet in gross floor area.

Perennial is also a healthcare services owner, operator and provider in China with two core business segments, being hospitals and medical centres as well as eldercare and senior housing.

In China, Perennial is a dominant commercial developer with large-scale mixed-use integrated developments. Four of Perennial's developments, Chengdu East High Speed Railway ("**HSR**") Integrated Development, Xi'an North HSR Integrated Development, Perennial Tianjin South HSR International Healthcare and Business City and Perennial Kunming South HSR International Healthcare and Business City, are regional healthcare and commercial hubs which are situated adjacent to four of the country's largest HSR stations and incorporate medical, healthcare and eldercare facilities. Other notable projects in Perennial's portfolio include Beijing Tongzhou Integrated Development, Shenyang Longemont Integrated Development, Zhuhai Hengqin Integrated Development, Perennial Jihua Mall in Foshan and Perennial Qingyang Mall in Chengdu.

In Singapore, Perennial has invested in and/or manages prime iconic properties located in the Civic District, Central Business District and Orchard Road precinct, such as Capitol Singapore, CHIJMES, AXA Tower, 111 Somerset, Chinatown Point and House of Tan Yeok Nee.