



PRESS RELEASE

31 July 2017

For Immediate Release

Perennial-led Consortium Contemplates Enbloc Sale of AXA Tower at S\$1.65 billion

Buoyant office market drives enquiries; Attractive post-AEI value of about S\$2,333 per sq ft

Singapore, 31 July 2017 – Perennial Real Estate Holdings Limited (“**Perennial**”) and its consortium of investors (together, the “**Perennial-led Consortium**”) are considering the enbloc sale of AXA Tower at no less than S\$1.65 billion, equivalent to about S\$2,150 per square foot (“**sq ft**”) based on its post-asset enhancement initiative (“**AEI**”) total strata area of about 767,358¹ sq ft. Taking into account the AEI cost of S\$140 million that is fully debt-funded which will be borne by the potential new owner, the post-AEI strata value would be about S\$2,333 per sq ft. The consideration for enbloc sale follows the receipt of a number of enbloc sale enquiries for the development, as a result of the improved Singapore office market environment and strong interest in the commercial office segment.

AXA Tower, a predominantly-office landmark integrated development, is strategically sited within Singapore’s Central Business District (“**CBD**”). The development has received strata subdivision approval which provides the flexibility for it to be held as a whole for long-term investment or for sale as individual strata units. Currently undergoing AEI works, the development scheme will create additional areas of about 106,000 sq ft, thereby increasing the development’s post-AEI total strata area to about 767,358¹ sq ft. Separately, AXA Tower still encompasses unutilised gross floor area of about 185,850 sq ft post-AEI, which could be harnessed to create further value.

The AEI includes increasing the footprint of the retail podium spanning Basement 1 and Level 1 to about 60,000 sq ft, building a new 32,000 sq ft two-storey annex block fronting Maxwell Road to house medical suites, improving the efficiency of the offices, upgrading the office lifts with the destination controlled system and integrating with the security turnstiles, elevating the main entrance to street level facing Shenton Way with a brand new office lobby, as well as enhancing the building’s overall connectivity and drop-off points.

The strata sale of selective office floors at AXA Tower was officially launched at the end of 2016. The Grade ‘A’ office’s typical column-free floor plate measures about 14,510 sq ft and is divided into eight strata units, ranging from about 1,745 sq ft to about 1,960 sq ft.

¹ Excluding the strata areas sold to-date.

To-date, the total strata sales achieved at AXA Tower is about S\$41 million, and the average transacted price of the office units was about S\$2,559 per sq ft. Units on the low-zone were transacted at about S\$2,450 per sq ft, while those in the middle-zone were transacted close to S\$3,000 per sq ft. With impressive unobstructed views of Marina Bay, Singapore Strait, CBD, Tanjong Pagar precinct and Chinatown Heritage District, coupled with private lift access, units on the high-zone are expected to command a price of over S\$3,000 per sq ft. AXA Tower also presents ample parking spaces for office tenants as the development enjoys four times more parking provision than new developments in the CBD.

AXA Tower has excellent transport connectivity with underground access to Tanjong Pagar Mass Rapid Transit (“**MRT**”) Station and the upcoming Prince Edward MRT Station, which is expected to be completed in 2025. It is also in close proximity to the Shenton Way Bus Terminal and has quick access to major expressways, namely the Marina Coastal Expressway and the East Coast Expressway. Furthermore, the prime development is anchored by multi-national tenants, namely AXA Insurance (Singapore), BOC Aviation, Red Hat Asia Pacific and Lazada South East Asia Pte. Ltd., and leasing interests remain strong with a number of renowned tenants taking up more space at recent renewals.

The Perennial-led Consortium intends to appoint JLL and CBRE as joint marketing agents to manage enquiries on the potential enbloc sale of AXA Tower.

Mr Greg Hyland, International Director and Head of Singapore Capital Markets of JLL Singapore, said, “The positive shift in investors’ sentiment since the beginning of 2017 has been supported by underlying leasing momentum in newly completed projects and positive rental growth in Q2. Over the next two to three years, rental growth is expected to accelerate as new supply is subdued and take up, underpinned by steady economic growth, remains buoyant. Prudent investors are looking to position themselves for this upswing and actively looking for opportunities to deploy capital before values appreciate. There is also an increased interest from foreign buyers who see the relative value of the Singapore commercial market. Although the transaction size is relatively large at S\$1.65 billion, the pricing on a per sq ft basis is attractive given that AXA Tower is an iconic Singapore building with a good office address and excellent connectivity.”

Mr Jeremy Lake, Executive Director of Capital Markets Singapore of CBRE, said, “The sentiment towards the Singapore office investment market has been improving as witnessed by the rising prices paid for office buildings and commercial land tenders. Developers and investors are actively looking for opportunities to position themselves for the recovery. With a strata value of about S\$2,333 per sq ft, AXA Tower presents a good investment proposition when compared to recent commercial transactions and tender land sales, with further value supplemented by its retail and medical components. In addition, the fact that strata approval has been obtained gives the new owner the flexibility to sell strata units at higher prices which will be made easier by the rising market.”

The Perennial-led Consortium comprises Perennial, HPRY Holdings Limited (“HPRY”) and some other investors. HPRY is an investment vehicle which is wholly-owned by Mr Kuok Khoon Hong, who is one of the largest sponsors of Perennial and the Chairman of Perennial. Perennial and HPRY hold equity interests of 31.2% and 10.1% respectively, amounting to a total interest of 41.3%, in AXA Tower.

About AXA Tower

AXA Tower is a 50-storey landmark Grade ‘A’ predominantly-office development strategically sited within the CBD and is one of the tallest skyscrapers in Singapore. The prime property enjoys three major frontages along Shenton Way, Anson Road and Maxwell Road, and is located on a site adjacent to the future Greater Southern Waterfront, offering commanding unobstructed views of Marina Bay, Singapore Strait, CBD, Tanjong Pagar precinct and Chinatown Heritage District.

The prime development is connected via an underground pedestrian link to Tanjong Pagar MRT Station and the upcoming Prince Edward MRT Station, which is expected to be completed in 2025. It is also in close proximity to the Shenton Way Bus Terminal and has quick access to major expressways, namely the Marina Coastal Expressway and the East Coast Expressway.

Address	8 Shenton Way, Singapore 068811
Tenure	99 years expiring on 18 July 2081
Land Area	118,230 sq ft
Gross Floor Area	1.03 million sq ft (Current) 1.06 million sq ft (Post-AEI)
Components	<u>Office</u> 1 50-storey Grade ‘A’ office tower <u>Retail</u> 2 level retail podium <u>Medical (New)</u> 2-storey annex block <u>Car Park</u> 3 basement levels
Strata Area	Office: 680,020 sq ft Retail: 60,773 sq ft Medical: 26,565 sq ft Total: 767,358 sq ft
Anchor Tenants	AXA Insurance, BOC Aviation Limited, Red Hat Asia Pacific and Lazada South East Asia Pte. Ltd.
Car Park Lots	612
Owner	Perennial Shenton Property Pte. Ltd.
Project Manager / Asset Manager / Property Manager	Perennial’s Subsidiaries
On-going Enhancement Works	S\$140 million works expected to complete in 2019

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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 and Ghana with a combined portfolio spanning about 54 million square feet in gross floor area. Perennial is also a healthcare services owner and operator focused predominantly on China and its healthcare business services include medical, hospital, eldercare and senior housing, and maternal and child health management.

Perennial is a dominant commercial developer with sizeable integrated developments in China, of which two are regional commercial hubs adjacent to the two largest high speed railway stations in the country, being Chengdu East High Speed Railway Integrated Development and Xi'an North High Speed Railway Integrated Development. Other landmark projects in Perennial's portfolio include Beijing Tongzhou Integrated Development, Shenyang Longemont Integrated Development and Zhuhai Hengqin Integrated Development.

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

Issued by Perennial Real Estate Holdings Limited

(Company Registration: 200210338M)