



PERENNIAL REAL ESTATE HOLDINGS LIMITED
(Incorporated in the Republic of Singapore)
(Company Registration No.: 200210338M)

**PROPOSED ACQUISITION OF
31.2% EQUITY INTEREST IN AXA TOWER**

1. INTRODUCTION

The Board of Directors (the “**Board**”) of Perennial Real Estate Holdings Limited (“**PREHL**” or the “**Company**”, together with its subsidiaries, “**PREHL Group**”) wish to announce that Perennial Singapore Investment Holdings Pte Ltd (“**PSIH**”), a wholly owned subsidiary of the Company, has today executed a letter of participation (the “**LOP**”) in connection with the acquisition of a 31.2 per cent equity interest (the “**Transaction**”) in an entity which will be acquiring a property known as AXA Tower which is located at 8 Shenton Way, Singapore 068811 on the whole of Lots 144C and 147V, both of Subdivision 30 (the “**Property**”).

2. TERMS OF THE TRANSACTION

2.1 Terms of LOP. Under the terms of the LOP:

- 2.1.1 the proposed investment by PSIH into the Property is by way of a subscription of junior bonds with attached ordinary shares (the “**Investment Securities**”) which will be issued by a special purpose vehicle (the “**Issuer**”);
- 2.1.2 the Issuer (directly or indirectly) will acquire all the issued shares of Raffle AXA Tower Pte. Limited (the “**Property SPV**”) at the Purchase Consideration (as defined below). The Property SPV is the sole owner of the Property; and
- 2.1.3 the purchase consideration for all the issued shares of the Property SPV (the “**Purchase Consideration**”) comprises the net asset value of the Property SPV, on the basis that the value of the Property is fixed at S\$1.17 billion. The Purchase Consideration is subject to adjustments based on the net asset value of the Property SPV on completion. Further, the Purchase Consideration was arrived at on a willing buyer willing seller basis after taking into account *inter alia* the expected net income to be derived from the Property.

2.2 Subscription Amount. It is intended that the Purchase Consideration will be funded by way of:

- 2.2.1 external bank borrowings to be taken up by the Property SPV and/or its related corporations (the “**Senior Borrowings**”); and
- 2.2.2 subscription proceeds from the issuance of Investment Securities.

The Issuer has obtained letters of participation from a consortium of investors to subscribe for the Investment Securities. The aggregate principal amount to be raised from the Investment Securities (the “**Aggregate Subscription Amount**”) will be finalised once the final amount of Senior Borrowings to be obtained has been determined. PSIH, as a member of the consortium of investors, has agreed to subscribe for 31.2 per cent. of the Aggregate Subscription Amount. Based on the intended level of Senior Borrowings, the current estimated Aggregate Subscription Amount is S\$378.0 million, with PSIH’s committed stake of 31.2 per cent. being approximately S\$117.9 million. The Issuer shall determine the final Aggregate Subscription Amount and PSIH’s corresponding 31.2 per cent. stake (the “**PSIH Investment Amount**”) in due course. PSIH intends to satisfy the PSIH Investment Amount through external borrowings.

- 2.3 Terms of Payment.** PSIH has paid a deposit to the Issuer, which will be applied towards PSIH’s obligation to pay the PSIH Investment Amount upon the closing of the subscription for the Investment Securities. This deposit will be refunded to PSIH in the event that the acquisition of the Property SPV is not completed in accordance with the terms of the LOP.
- 2.4 Value of Property SPV.** Based on the audited financial statements of the Property SPV as at 31 December 2013, the book value and the net tangible asset value of the issued shares of the Property SPV is S\$458.6 million.

3. CHAPTER 10 OF THE SGX-ST LISTING MANUAL

The relative figures of the Transaction computed on the applicable bases set out in Rule 1006 of the SGX-ST Listing Manual (“**Listing Manual**”) are as follows:

Rule 1006	Bases	Proposed Transaction (\$ '000)	PREHL Group (\$ '000)	Relative Figures (%)
(b)	Net profits attributable to equity interest to be acquired pursuant to the Transaction, compared with the PREHL Group’s net profits ⁽¹⁾	1,902	11,922	15.95
(c)	Consideration payable for the Transaction compared with PREHL’s market capitalisation ⁽²⁾	365,040	1,315,709	27.74

Notes:

- (1) As the Issuer is a special purpose vehicle, the net profits attributable are calculated on the assumption that the Issuer has indirectly acquired the Property SPV and the profits attributable to the 31.2 per cent. interest to be acquired pursuant to the Transaction is derived from the audited financial statements of the Property SPV for the year ended 31 December 2013 (“**FY2013**”). Such profits are compared with the PREHL Group’s net profits on a pro forma basis before tax, non-controlling interests and exceptional items for the three months ended 31 March 2014 under Scenario A as set out in the pro forma unaudited consolidated financial information published in the circular dated 18 September 2014 issued by PREHL (“**3MFY2014**”).
- (2) The value of the consideration payable for the Transaction is computed on the assumption that the Purchase Consideration will be S\$1.17 billion, without any net asset value adjustment, and on the basis that the PSIH Investment Amount is approximately 31.2 per cent. of the Purchase Consideration. The PREHL Group’s market capitalisation is based upon 1,265,104,374 PREHL shares in issue (excluding treasury shares) as at 29 January 2015, being the latest practicable date prior to the date of this Announcement on which PREHL shares were traded on the SGX-ST, at a closing share price of S\$1.04 per PREHL share on 29 January 2015.

Although the relative figure computed based on Rule 1006(c) of the Listing Manual exceeds 20 per cent., the Transaction does not constitute a “transaction” for the purposes of Rule 1002(1) of the Listing Manual as it is a transaction in the Company’s ordinary course of business. Accordingly, the Transaction does not fall within the ambit of Rule 1014 of the Listing Manual.

4. RATIONALE FOR THE TRANSACTION

The Transaction represents an opportunity for the PREHL Group to acquire a significant equity stake in a property which provides a strong upside potential. Currently, AXA Tower has unutilised plot ratio that translates to an additional gross floor area of over 210,000 square feet. The property is also allowed to house medical suites amounting to no more than 32,000 square feet. The Consortium will explore the most efficient asset plan to utilise the additional gross floor area and permissible medical suite usage to maximise the value of the asset. The strata-sale of the office space at the prime property will also be explored, where feasible.

In conjunction with the proposed investment, the PREHL Group will be appointed as the asset manager, property manager and project manager for the Property SPV. This will provide an additional stream of management fee income for the PREHL Group.

5. FINANCIAL EFFECTS

5.1 Bases and Assumptions. The following pro forma financial effects of the Transaction on the PREHL Group are theoretical in nature and are therefore not necessarily indicative of the future financial position and earnings of the PREHL Group following the Transaction. The pro forma financial effects have also been prepared based on the following bases and assumptions:

- 5.1.1 the pro forma financial effects have been computed based on (a) the pro forma unaudited consolidated financial statements of PREHL for 3MFY2014, as set out in the circular dated 18 September 2014, and is subject to the assumptions set out therein; and (b) the audited consolidated financial statements of the Property SPV for FY2013;
- 5.1.2 the Purchase Consideration will be S\$1.17 billion;
- 5.1.3 the Purchase Consideration will be funded through a combination of (a) Senior Borrowings of an amount not less than S\$819.0 million and (b) the Aggregate Subscription Amount to be provided by the Consortium of approximately S\$378.0 million;
- 5.1.4 the PSIH Investment Amount will be approximately S\$117.9 million, and it will be funded through a combination of existing and new borrowings;
- 5.1.5 the profits are calculated on the basis that there has been no revaluation gain arising from the Proposed PREHL Transaction for both the Asset Owner and the PREHL Group; and
- 5.1.6 the issued share capital of PREHL is 1,265,104,374 shares.

- 5.2 Earnings.** For illustrative purposes only and assuming that the Transaction had been completed on 1 January 2014, the pro forma financial effects on the earnings of the PREHL Group are as follows:

	Before the Transaction	After the Transaction
Profit after tax and non-controlling interests (before fair value adjustments and exceptional items) (S\$ million)	10.6	10.7
Earnings per PREHL share (cents)	0.84	0.85

- 5.3 NTA.** For illustrative purposes only and assuming that the Transaction had been completed on 31 March 2014, the pro forma financial effects on the net tangible assets (“**NTA**”) of the PREHL Group are as follows:

	Before the Transaction	After the Transaction
NTA (S\$ million)	1,748.5	1,748.6
Number of ordinary shares of PREHL	1,265,104,374	1,265,104,374
NTA per PREHL share (S\$)	1.38	1.38

6. INTERESTED PERSON TRANSACTION

- 6.1 Interested Person.** The consortium of investors includes HPRY Holdings Limited (“**HPRY**”) which has committed to subscribe for 10.1 per cent. of the Aggregate Subscription Amount in respect of the Investment Securities. HPRY may subscribe for the Investment Securities directly or through its subsidiaries. HPRY is wholly owned by Mr Kuok Khoon Hong (“**Mr Kuok**”), a controlling shareholder and director of PREHL. As HPRY is an associate of Mr Kuok, HPRY is considered an interested person of PREHL. Mr Kuok and/or his immediate family also hold an interest (directly or indirectly) of less than 20 per cent. in two other members of the consortium of investors and such other members are not interested persons of PREHL.

6.2 Rule 916(2) of the Listing Manual. Based on the terms of the Transaction, the Audit Committee of the Company is of the view that:

6.2.1 the risks and rewards of the Transaction are in proportion to the equity of each member of the consortium; and

6.2.2 the terms of the Transaction are not prejudicial to the interests of the Company and its minority shareholders.

As the risks and rewards of the Transaction are in proportion to the equity of each consortium member and the interested person does not have an existing equity interest in the Issuer prior to the participation of PSIH, the transaction falls within the scope of Rule 916(2) of the Listing Manual.

6.3 Value of Interested Person Transactions. For the current financial year commencing 1 July 2014: (i) save for the Transaction, there are no interested person transactions¹ relating to Mr Kuok and his associates; and (ii) save for the Transaction, there are no other interested person transactions.¹

7. FURTHER INFORMATION

7.1 Service Contracts. No director is proposed to be appointed to PREHL or its subsidiaries as a result of the Transaction.

¹ The transactions approved by the shareholders of PREHL on 10 October 2014 relating to assets acquired or to be acquired by PREHL from certain vendors including Mr Kuok and his associates and other interested persons of PREHL have not been included as the transactions were not interested person transactions of PREHL at the time it was entered into and/or approved.

7.2 Interests of Directors and Substantial Shareholders of the Company. Save as disclosed in this Announcement, none of the directors or substantial shareholders of the Company has any interest, direct or indirect, in the Transaction. The interests of the directors and the substantial shareholders of the Company in the Company as recorded in the register of directors' shareholdings and register of substantial shareholders of the Company as at 30 January 2015 are set out below:

Name of Shareholder	Direct Interest		Deemed Interest	
	Number of Shares	%	Number of Shares	%
Kuok Khoon Hong ⁽¹⁾	-	-	680,413,258	53.78
Ron Sim Chye Hock ⁽²⁾	154,790,805	12.24	6,552,875	0.52
Pua Seck Guan ⁽³⁾	524,225	0.04	510,935,344	40.39
HPRY Holdings Limited ⁽⁴⁾	150,012,966	11.86	510,935,344	40.39
Perennial Real Estate Holdings Pte. Ltd. ⁽⁵⁾	438,178,311	34.64	72,757,033	5.75
Perennial (Capitol) Holdings Pte. Ltd.	72,757,033	5.75	-	-
Name of Directors				
Kuok Khoon Hong ⁽¹⁾	-	-	680,413,258	53.78
Ron Sim Chye Hock ⁽²⁾	154,790,805	12.24	6,552,875	0.52
Pua Seck Guan ⁽³⁾	524,225	0.04	510,935,344	40.39
Lee Suan Hiang ⁽⁶⁾	200,000	0.015	200,000	0.015

Notes:

- (1) Mr Kuok's deemed interest in the shares arises from his shareholdings in Perennial Real Estate Holdings Pte. Ltd., Perennial (Capitol) Holdings Pte. Ltd., HPRY, Hong Lee Holdings (Pte) Ltd, Longhlin Asia Limited, through Madam Yong Lee Lee (spouse of Mr Kuok) and through Langton Enterprise Ltd, a company wholly-owned by Madam Yong Lee Lee.
- (2) Mr Ron Sim Chye Hock's deemed interest in the shares arises from his shareholdings in OSIM International Ltd, and through Madam Teo Sway Heong (spouse of Mr Ron Sim Chye Hock).
- (3) Mr Pua Seck Guan's deemed interest in the shares arises from his shareholdings in Perennial Real Estate Holdings Pte. Ltd. and Perennial (Capitol) Holdings Pte. Ltd..
- (4) HPRY's deemed interest in the shares arises from its shareholdings in Perennial Real Estate Holdings Pte. Ltd. and Perennial (Capitol) Holdings Pte. Ltd..
- (5) Perennial Real Estate Holdings Pte. Ltd.'s deemed interest in the shares arises from its shareholding in Perennial (Capitol) Holdings Pte. Ltd.
- (6) Mr Lee Suan Hiang is deemed to be interested in the 200,000 shares held by DBS Nominees Pte. Ltd.

BY ORDER OF THE BOARD

Pua Seck Guan

Chief Executive Officer

30 January 2015

Singapore

DBS Bank and Standard Chartered Bank acted as Joint Financial Advisers in relation to the reverse take-over of the Company which was completed on 27 October 2014.
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This announcement has not been examined or approved by the SGX-ST and the SGX-ST assumes no responsibility for the contents of this announcement, including the correctness of any of the statements or opinions made or reports contained in this announcement.

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

Perennial Real Estate Holdings Limited and its subsidiaries (the "Group") is an integrated real estate owner, developer and manager listed on the Mainboard of the SGX-ST. Headquartered in Singapore, the Group focuses strategically on large scale mixed-use developments primarily in the People's Republic of China ("PRC") and Singapore. The Group owns interests in and/or manages a diversified portfolio measuring about 36.5 million square feet and over 2.0 million square feet in gross floor area in the PRC and Singapore respectively.

The Group is a dominant commercial developer with sizeable integrated developments in the PRC, of which two are the largest high speed railway commercial hubs in the country, being Chengdu East High Speed Railway Integrated Development and Xi'an North High Speed Railway Integrated Development. The Group is also invested in the Zhuhai Hengqin Integrated Development.

In Singapore, the Group is invested in and manages prime and iconic properties located predominantly in the Downtown Civic District and Orchard Road precinct, such as CHIJMES, Capitol Singapore, TripleOne Somerset and the House of Tan Yeok Nee. The Group also holds stakes in and manages 112 Katong mall and Chinatown Point mall.