



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

**PROPOSED DISPOSAL OF
A 20.2 PER CENT. EQUITY STAKE IN TRIPLEONE SOMERSET**

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, on 25 January 2017 executed a sale and purchase agreement (the “**SPA**”) for the proposed disposal of its 20.2 per cent. equity stake in Perennial Somerset Investors Pte. Ltd. (the “**Target**”), an entity which holds, through an indirect wholly-owned subsidiary, the property known as TripleOne Somerset situated at 111 Somerset Road, Singapore 238164 (the “**Property**”) to Simply Swift Limited (the “**Buyer**”), a wholly-owned subsidiary of Shun Tak Holdings Limited (the “**Buyer Parent**”). The Buyer Parent is a company listed on the Main Board of The Stock Exchange of Hong Kong Limited.

2. PRINCIPAL TERMS OF THE PROPOSED TRANSACTION

2.1 SPA. Pursuant to the terms of the SPA, the Buyer has entered into an agreement with PSIH and several other vendors (together, the “**Vendors**”) to acquire an aggregate of 1,396,900 ordinary shares and 1,396,900 preference shares in the Target, together with junior bonds for an aggregate principal amount of S\$139,690,000 issued by the Target (together, the “**Sale Securities**”), representing an equity stake of 61 per cent. in the Target. As one of the Vendors, PSIH has agreed to sell and the Buyer has agreed to purchase 462,580 ordinary shares in the Target, 462,580 preference shares in the Target and an aggregate principal amount of S\$46,258,000 in junior bonds (the “**PSIH Sale Securities**”). The PSIH Sale Securities represent an equity stake of 20.2 per cent. in the Target.

2.2 Consideration. The consideration for the PSIH Sale Securities is S\$101,001,273 (the “**Base Consideration**”) in cash, which consideration is subject to adjustment based on the net strata area of the Property (excluding units sold and handed over as at the date of the completion of the SPA (the “**Completion Date**”). The Base Consideration has been determined as follows:

2.2.1 it is based on an agreed Property price of S\$2,200 per square feet for the net saleable strata area of the Property as at the Completion Date (excluding units sold and handed over as at the Completion Date); and

2.2.2 it will be subject to adjustments based on the adjusted net asset value of the Target as at the Completion Date, which assumes, *inter alia*, that the asset enhancement works have been completed.

The Base Consideration was determined after arm’s length negotiations among the Vendors and the Buyer, taking into consideration of, among others, the following factors:

(i) the current and expected market value of the Property upon completion of an asset enhancement program which is currently underway;

(ii) the total assets and liabilities of the Target Group (defined below) other than the Property; and

(iii) the equity interest in the Target represented by the PSIH Sale Securities.

2.3 Terms of Payment. The consideration for the PSIH Sale Securities will be satisfied as follows:

2.3.1 5 per cent. of the Base Consideration will be paid in cash, as a deposit (the “**Deposit**”), within 5 business days of 25 January 2017;

2.3.2 85 per cent. of the Base Consideration will be paid in cash within 5 business days after the Completion Date; and

2.3.3 the remaining 10 per cent. of the Base Consideration (after making such adjustments as shall be required following the determination of the adjusted net asset value of the Target at Completion Date) shall be paid within 5 business days of the date on which the completion accounts and the computation of the adjustment amount is agreed in accordance with the terms of the SPA.

2.4 Conditions Precedent. The completion of the proposed sale (the “**Proposed Transaction**”) is subject to the satisfaction or waiver, as the case may be, of all the conditions (the “**Conditions**” and each, a “**Condition**”) set out below:

- 2.4.1 the Buyer or the Buyer Parent having obtained such consents or approvals as may be required by any governmental authority in Hong Kong to complete the transactions contemplated in the SPA;
- 2.4.2 (i) all necessary consents or waivers from the relevant banks which have provided banking facilities to the Target and its subsidiaries (together, the “**Target Group**”) which are required for the performance of the SPA or Completion having been obtained on terms and conditions reasonably satisfactory to the Buyer and such consents or waivers not having been revoked or amended prior to Completion;
- (ii) the lenders to the senior loan facilities (the “**Senior Loan Facilities**”) granted to Perennial (Somerset) Pte. Ltd. (the “**Owner**”), having:
 - (A) discharged or released the Vendors (other than PSIH) and their respective affiliates from their undertakings given in relation to the Senior Loan Facilities on terms and conditions reasonably satisfactory to the Vendors; and
 - (B) in respect of PSIH, having consented to a variation of the undertakings given by PSIH and its affiliates on terms and conditions reasonably satisfactory to PSIH, in each case subject only to Completion taking place; and
- (iii) DBS Trustee Limited having executed the supplemental trust deed subject only to Completion taking place;
- 2.4.3 the Vendor’s warranties in the SPA remaining true and accurate and not misleading in any material respect if they were repeated at Completion (as defined below) by reference to the facts and circumstances then existing; and
- 2.4.4 the auditor of the Target having completed the audit of and issued an unqualified opinion on the financial statements of the Target Group for the financial year ended 31 December 2016.

Neither the Vendors nor the Buyer shall have the right to waive the Condition at paragraph 2.4.1. The Buyer may at its discretion waive any of the Conditions in paragraphs 2.4.3 and 2.4.4 by notice in writing to the Vendors. The Condition specified in paragraph 2.4.2 may be waived only with the written consent of the Buyers and the Vendors.

Completion will take place on the later of 28 February 2017 or the date falling 5 business days from the date on which the Conditions (other than Condition at paragraph 2.4.3 above) is satisfied, provided that Completion remains subject to the Condition at paragraph 2.4.3 being satisfied.

In addition, the Buyer is obliged to complete the Proposed Transaction only if all the Vendors complete the sale and purchase of all the Sale Securities contemporaneously.

- 2.5 Post-Completion.** As at the date of this announcement, PSIH holds 1,149,580 ordinary shares in Target, 1,149,580 preference shares in Target and an aggregate principal amount of S\$114,958,000 junior bonds issued by the Target, representing in aggregate a 50.2 per cent. equity interest in the Target. On completion of the Proposed Transaction (“**Completion**”), the Company will continue to hold a 30 per cent. equity interest in the Target.
- 2.6 Ancillary Arrangements.** Upon Completion, PSIH will enter into (i) a tax deed of indemnity with the Buyer; and (ii) a shareholders’ agreement with the Buyer. Upon Completion, the Owner will enter into a supplemental asset management agreement and a supplemental property and project management agreement in relation to the provision of asset management, property and project management services in relation to the Property with subsidiaries of PREHL, who will continue in their roles as the asset manager and the property and project manager to the Property following Completion.
- 2.7 Termination.** If the Conditions are not fulfilled or waived on or before 30 June 2017 (or such later date as the Buyer and the Vendors may agree in writing) then the SPA will terminate (except for rights and obligations under certain surviving provisions which shall remain in full force and effect), and no party shall have any claim against any of the others, except in respect of any antecedent breach of the terms of the SPA.

In the event the SPA is terminated prior to Completion for any reason other than as a result of a breach of the SPA by the Buyer, PSIH shall pay the Deposit, on behalf of the Vendors, to the Buyer, within 5 business days of said termination.

3. INFORMATION ON TARGET AND THE PROPERTY

- 3.1 Target.** The Target is a company incorporated in Singapore with limited liability and is an investment holding company whose shares and junior bonds are held by PSIH and certain other investors. The principal asset of the Target is the Property, which the Target holds indirectly through its wholly-owned subsidiary.

- 3.2 The Property.** The Property, namely TripleOne Somerset, is a 17-storey commercial landmark development situated at 111 Somerset Road, Singapore with a gross floor area of approximately 766,550 square feet.
- 3.3 Asset Value.** Based on the latest unaudited consolidated accounts of the PREHL Group for the nine months ended 30 September 2016, the book value and net tangible asset value of the PSIH Sale Securities was S\$67.4 million.
- 3.4 Net Profits.** The net profits before income tax, non-controlling interests and exceptional items attributable to the PSIH Sale Securities by the Company for the nine months ended 30 September 2016 is S\$2.0 million.
- 3.5 Gain on Disposal.** Assuming the Proposed Transaction had been completed on 30 September 2016 and there is no adjustment to the Base Consideration, the Company's gain on disposal from the Proposed Transaction is approximately S\$34.3 million.

4. RATIONALE AND USE OF PROCEEDS

The Board is of the view that the Proposed Transaction represents an opportunity to partially monetize its stake in its investment in TripleOne Somerset while continuing to maintain an interest in the investment and continuing to maintain its stream of management fee income. This is also consistent with the Company's capital recycling strategy. The proceeds (net of transaction costs) from the Proposed Transaction represents an excess of S\$34.1 million over the aggregate book value of the PSIH Sale Securities as at 30 September 2016.

The proceeds from the Proposed Transaction will further strengthen the financial position of the Company and allow it to focus its resources on existing investments and future business opportunities for the Company, and enable the Company to achieve its aim of maximising shareholder returns.

5. CHAPTER 10 OF THE SGX-ST LISTING MANUAL

The relative figures of the Proposed 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 (S\$ '000)	PREHL Group (S\$ '000)	Relative Figures (%)
(a)	Net asset value of the PSIH Sale Securities to be disposed of, compared with the PREHL Group’s net asset value	67,389	3,646,835	1.8
(b)	Net profits attributable to PSIH Sale Securities to be disposed pursuant to the Proposed Transaction, compared with the PREHL Group’s net profits	1,958	22,525	8.7
(c)	Consideration payable for the PSIH Sale Securities compared with PREHL’s market capitalisation ⁽¹⁾	101,001	1,232,207	8.2

Notes:

- (1) The PREHL Group’s market capitalisation is based upon 1,665,144,368 PREHL shares in issue (excluding treasury shares) as at 24 January 2017, being the last market day prior to the date of the SPA on which PREHL shares were traded on the SGX-ST, of S\$0.74 per PREHL share.

As the relative figures under Rules 1006(b) and 1006(c) exceeds 5 per cent. but does not exceed 20 per cent., the Proposed Transaction constitutes a discloseable transaction for the purposes of Rule 1010.

6. FINANCIAL EFFECTS

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

- 6.1.1 the pro forma financial effects have been computed based on the unaudited consolidated financial statements of PREHL for the nine months ended 30 September 2016 as the financial statements of PREHL for the financial year ended 31 December 2016 have yet to be released;
- 6.1.2 there will be no adjustment to the Base Consideration;
- 6.1.3 the remaining 30 per cent. equity stake in the Target has been accounted for at its current carrying value of S\$100.1 million without taking into account any change that may be required upon revaluation on Completion at fair value; and
- 6.1.4 the issued share capital of 1,665,144,368 PREHL shares.

6.2 Earnings. For illustrative purposes only and assuming that the Proposed Transaction had been completed on 1 January 2016, the pro forma financial effects on the earnings of the PREHL Group are as follows:

	Before the Proposed Transaction	After the Proposed Transaction
Profit after tax and non-controlling interests (before fair value adjustments and exceptional items) (S\$ million)	9.5	39.7
Earnings per PREHL share (cents)	0.57	2.40

6.3 NTA. For illustrative purposes only and assuming that the Proposed Transaction had been completed on 30 September 2016, the pro forma financial effects on the net tangible assets ("NTA") of the PREHL Group are as follows:

	Before the Proposed Transaction	After the Proposed Transaction
NTA (S\$ million)	2,613.8	2,646.0
Number of ordinary shares of PREHL	1,665,144,368	1,665,144,368
NTA per PREHL share (S\$)	1.57	1.59

7. FURTHER INFORMATION

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

7.2 Interests of Directors and Substantial Shareholders of the Company. None of the directors or substantial shareholders of the Company has any interest, direct or indirect, in the Proposed Transaction, save for their shareholdings in the Company.

7.3 Documents for Inspection. A copy of the SPA is available for inspection during normal business hours at the registered office of the Company at 8 Shenton Way, #45-01, AXA Tower, Singapore 068811 for a period of three months commencing from the date of this announcement.

BY ORDER OF THE BOARD

Pua Seck Guan

Chief Executive Officer

26 January 2017

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 and Ghana with a combined portfolio spanning over 45 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 Mall.