



PERENNIAL REAL ESTATE HOLDINGS LIMITED

(Incorporated in the Republic of Singapore)

(Company Registration No.: 200210338M)

RESPONSES TO SGX QUERIES

Perennial Real Estate Holdings Limited (“Perennial” or the “Company”) refers to its announcement dated 6 May 2020 on the “Proposed Disposal by Perennial-Led Consortium of 50% Stake in AXA Tower & Redevelopment of AXA Tower” and wishes to provide the following clarifications in response to queries received from the Singapore Exchange Trading Limited (the “SGX”) on 11 May 2020.

SGX Queries:

1) We refer to the Company’s announcement on the proposed disposal of AXA Tower on 6 May 2020. In relation to interested persons HPRY and Piermont, as well as Perennial Newco and the Vendor PSIPL, please clarify:

a) What was the effective interest of HPRY and Piermont in PSIPL.

Company’s Response

Please refer to Annex A for the shareholding structure before and after the divestment transaction. HPRY and Piermont each holds 10.1% effective interest in PSIPL.

b) The respective equity interests of HPRY and Piermont in Perennial Newco.

Company’s Response

The equity interests of HPRY and Piermont in Perennial NewCo are 20.0% and 18.0% respectively.

c) Please elaborate on the rationale for the formation of Perennial Newco.

Company’s Response

Perennial NewCo was formed to address the changes in shareholding proportion as the existing shareholders have different risk appetite and investment limit to invest in the redevelopment project. In addition, the sale transaction involves providing the usual indemnity and warranties, and due to the changes in shareholding, it is necessary to separate and clearly identify the investment entity for the redevelopment purpose, from PSIPL, which is the seller and is taking on the warranties and indemnities to Alibaba Singapore.

- d) **To disclose whether there are any changes in the proportionate interests of the shareholders in Perennial Newco in comparison to the original shareholding interest of PSIPL. Please tabulate.**

Company's Response

Please refer to table below showing the original shareholdings, shareholdings in Perennial NewCo and effective interests in the redevelopment project via Perennial NewCo: -

Name of Shareholders	Original Shareholding Interest in PSIPL	Current Shareholding Interest in Perennial Newco	Effective Shareholding in PSHPL
PSIHPL	31.2%	20.0%	10.0%
HPRY Holdings Limited	10.1%	20.0%	10.0%
Piermont Holdings Limited	10.1%	18.0%	9.0%
Huatland Development Pte. Ltd.	20.0%	20.0%	10.0%
PE One Pte. Ltd.	5.3%	2.0%	1.0%
Other minority shareholders	23.3%	20.0%	10.0%

- 2) **In relation to the shareholders' loan outstanding, please disclose what is the total current value outstanding. Please provide a breakdown of the Agreed Property Price of S\$1.68 billion attributable to the shareholders' loan and to the equity interest.**

Company's Response

The shareholders' loan outstanding amounts to S\$364.7 million.

The agreed property price of S\$1.68 billion is the price of the whole property that was agreed between the buyer (Alibaba Singapore) and the seller (PSIPL).

- 3) **In relation to the deposit of S\$16.0 million under the SPA, please disclose if this deposit is refundable.**

Company's Response

The deposit of S\$16.0 million is refundable if completion does not occur as a result of (i) the conditions precedent as set out under the SPA not being satisfied or waived or (ii) a breach of the seller's obligations under the SPA.

- 4) **In relation to the Sale and Share Transfer:**
a) **Please disclose separately the amount of cash receivable from the disposal of the Company's effective 31.2% interest in PSHPL and the amount of cash required for the injection of the Company's effective 20% interest in Perennial Newco.**

Company's Response

The net cash proceeds from the sale of 31.2% interest based on the balance sheet as of 31 December 2019 and agreed property price of S\$1.68 billion is about

S\$196.4 million, and the cash required for Perennial's 20% interest in Perennial NewCo (effective interest in the project is 10%) is about S\$58.8 million.

- b) Please disclose the use of proceeds from the disposal of the net 21.2% effective interest in AXA Tower.**

Company's Response

The net cash proceeds received will be used to pare down borrowings.

- c) To disclose the cost of the 20% interest in Perennial Newco to be reflected and what is the cost of the Company's 31.2% interest PS IPL current recorded in the Company's statement of financial position.**

Company's Response

The group cost of Perennial's 31.2% interest in PS IPL is currently recorded as S\$141 million (based on net asset value as of 31 December 2019). The cost of Perennial's 20% interest in Perennial Newco is S\$58.8 million.

- 5) It was disclosed that "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". As the sales consideration for an effective 50% stake is \$1,680 million and the Company had a 31.2% stake, the sales proceeds amount attributable to PREH's 31.2% interest in the sale should work out to \$524.16 million. Please reconcile this (a) to the Company's share of sales proceeds of only \$196.4 million; (b) to show computation and elaborate how the Company's retention of its effective stake in PSHPL requires further additional investment; and (c) please provide a diagrammatic depiction of Company's interest in AXA Tower before and after the disposal of interest in AXA Tower to Alibaba Singapore.**

Company's Response

- (a) The consideration for the Sale Shares is calculated based on revalued net asset value of PSHPL as at closing at an agreed property price of S\$1.68 billion. The S\$1,680 million is not the sales consideration but the agreed property price

Table below sets out the calculation of Perennial's share of proceeds of S\$196.4 million based on its 31.2% share:

	S\$'M
Sales consideration	1,680.0
Less bank loan	(848.7)
Agreed property price less bank loan	831.3
Less transaction costs and net assets/liabilities	<u>(201.7)</u>
PSIPL's Proceeds	629.6
PSIHPL's share of proceeds	<u>196.4</u>

- (b) As stated in the announcement, the joint venture with Alibaba Singapore is to redevelop AXA Tower, accordingly the redevelopment project will require partial reinvestment of proceeds received from the divestment. The maximum equity required by Perennial based on its proportionate share for the redevelopment of the project is estimated at about S\$114.1 million. The estimated equity required depends

on among others, the final development plans and the loan-to-value ratio for the redevelopment financing.

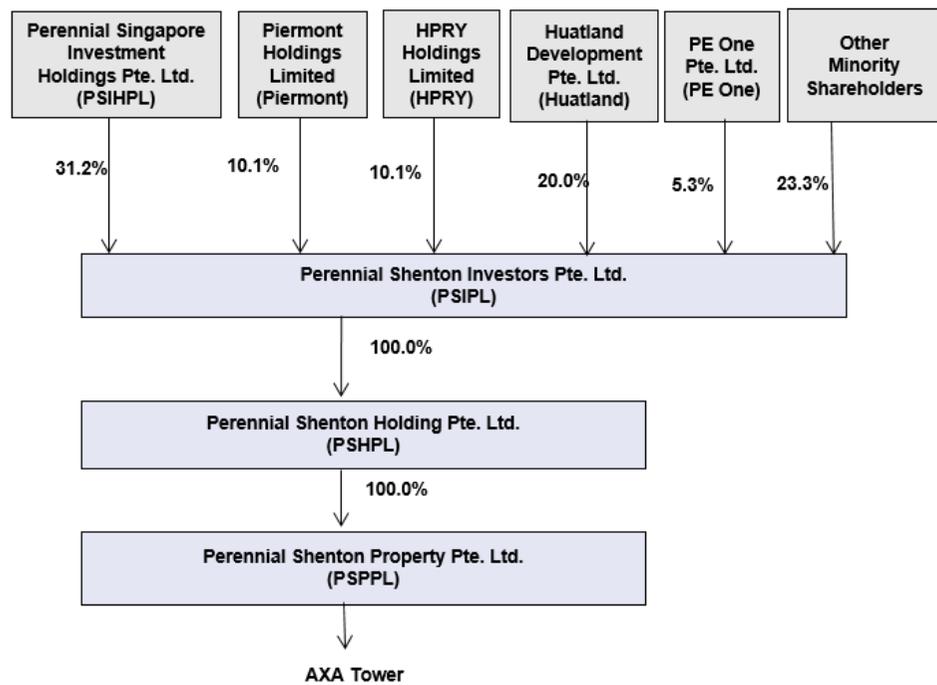
- (c) Please refer to Annex A for shareholding details of Perennial before and after divestment of interests in AXA Tower project.

BY ORDER OF THE BOARD

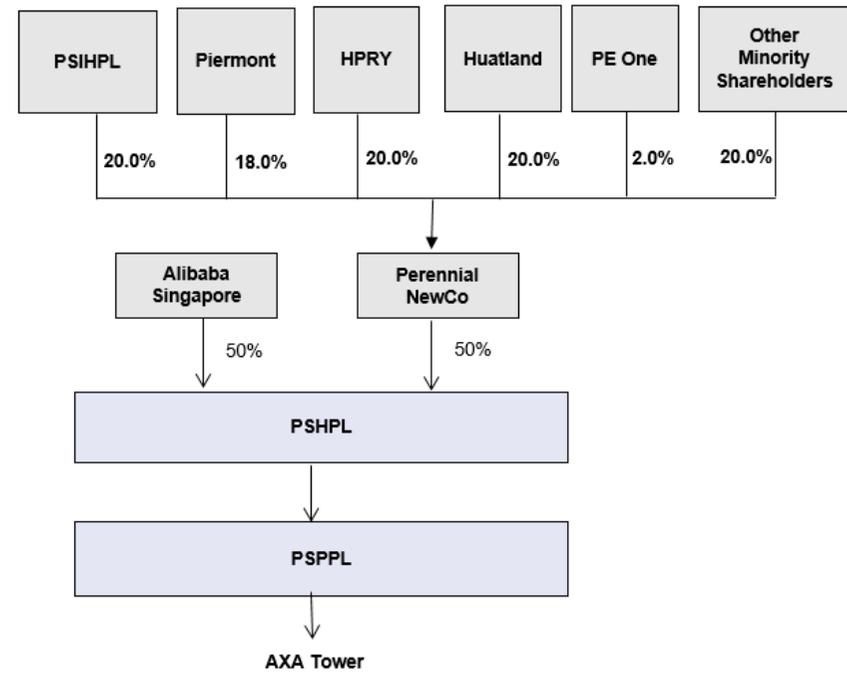
Wong Chuen Shya
Company Secretary

13 May 2020
Singapore

Before Divestment



After Divestment



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.