

Perennial, partners sell majority stake in TripleOne Somerset for S\$350m

by Kenneth Lim

PERENNIAL Real Estate Holdings has led a consortium of vendors to sell a 70 per cent stake in TripleOne Somerset to Hong Kong-listed Shun Tak Holdings for S\$350 million.

The deal will allow four Singapore-listed companies to recognise about S\$86 million of gains.

Perennial, which will receive about S\$101 million for the 20.2 per cent interest that it is selling, will retain a 30 per cent share in the office and retail development. The real estate developer said it will use its share of the proceeds to fund existing or future investments.

Perennial expects to book a S\$34.3 million pre-tax gain from the sale.

Also selling is SingHaiyi Group, which is completely divesting its 20 per cent stake for about S\$100 million. SingHaiyi, a property developer as well, expects to recognise a S\$33.2 million gain on disposal. Proceeds will be used to strengthen the company's financial position.

Boustead Projects will also sell its entire 5.5 per cent holding for about S\$27.5 million. The industrial real estate solutions provider expects to recognise an S\$8.9 million gain, and intends to redeploy the proceeds for investment and growth of its core business.

BreadTalk Group is also fully exiting from its 5.3 per cent holding for S\$26.5 million, which will result in a gain of S\$9.3 million for the bakery and restaurant operator. It will use the proceeds for working capital.

Also selling to Shun Tak in the transaction are the vehicles of Ronald Ooi and Gloria Lee of Kim Eng Securities fame; and Unified Elite, a connected entity of Shun Tak. Together, their stakes represent a 19 per cent interest in TripleOne.

The consideration for the deal represents a valuation of S\$2,200 per square foot for TripleOne, which sits next to the Somerset MRT station. The development comprises two premium-grade office towers and a retail podium.

The property is currently undergoing a S\$120 million renovation programme.

Perennial and Shun Tak are no strangers. The two companies are partners in the Beijing Tongzhou Integrated Development and Zhuhai Hengqin Integrated Development in China. TripleOne will, however, be Shun Tak's first major commercial investment in Singapore.

Perennial chief executive Pua Seck Guan said: "Shun Tak's investment in TripleOne Somerset is a strong testament of their confidence in the Singapore market and the long-term value which can be created at the integrated development from the strata sale of the office space and medical suites and repositioning of the retail podium. The retention of a 30 per cent stake in TripleOne Somerset will provide Perennial with income stability and the opportunity to enjoy the upside from the strata sales and enhancement works."