



Largest Residential Transaction of the Year: Phoenix acquired 90% ownership of Arts Mansion at HK\$1.85 billion

(Translated from HKEJ 信報)

18-Jun-2011 (Hong Kong) - Private equity investment manager, Phoenix Property Investors (“Phoenix”), recently acquired 90% ownership of Arts Mansion, Mid-Levels at close to HKD1.85 billion. So far, this is the largest residential transaction of the year at

HKD10,000/ft² AV.

Arts Mansion was built in 1961 at No.31 Conduit Road. It is a 12-storey building with 144 units and 3 floors of carpark space. The old building is categorized as “Residential Type B” in the Zoning Plans. The current plot ratio is 5x, which brings the GFA of the redeveloped project to 149,000 ft².

According to market insiders, Arts Mansion has been put on the market a few times in the past few years. Richfield Realty Limited (HKSE 183) and Chun Wo Development Holdings Limited (HKSE 711) have both attempted to acquire the building, but failed due to the high asking price and disagreements among the owners. Phoenix recently acquired 90% ownership at close to HK\$1.85 billion.

Phoenix thinks that there is tremendous supply shortage on Hong Kong Island. Conduit Road is a traditional luxury residential area and Arts Mansion is very close to the Mid-Levels escalator, which has very high redevelopment potential. This is the group’s second acquisition in the Mid-Levels area. In 2007, Phoenix acquired 5 old buildings at No. 38 Caine Road and redeveloped it into a 27-storey high luxury residential building with 106 units. The property was launched in last September and sold 96 typical units.

Earlier in 2010, Phoenix used about HK\$2.7 billion to acquire 98% ownership of Central Mansion in Causeway Bay. According to Phoenix, Central Mansion’s building plan has been approved and construction will commence next year. Central Mansion will be redeveloped into a Ginza style commercial building. In addition, Cubus, which is owned by Phoenix (40%), The Hong Kong Parkview Group Ltd (35%), and CSI (25%) was launched last year.

Phoenix Property Investors was founded in 2002 with capital from Mr. Samuel Chu and other investors. Now, 90% of the capital managed by the group comes from the world’s most sophisticated institutional investors, including foundations and endowments.