



PRESS RELEASE

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For Immediate Release

Perennial's FY2017 Total PATMI Increased 186% to S\$100.3 million

*Perennial International Health and Medical Hub in Chengdu secured to-date committed occupancy of about 85% ahead of opening in 1H 2018;
Proposes dividend of 1.0 cent per share (FY2016: 0.4 cent)*

Singapore, 8 February 2018 – Perennial Real Estate Holdings Limited (“**Perennial**” or the “**Group**”) achieved a total profit after tax and minority interest (“**PATMI**”) in FY2017 of S\$100.3 million, 186.1% higher than FY2016 of S\$35.1 million. FY2017 PATMI of S\$100.3 million comprised operating PATMI of S\$48.1 million, which was significantly higher than FY2016 operating PATMI of S\$0.3 million, and net fair value gain of S\$52.2 million, which was higher than S\$34.7 million registered last year. The increase in operating PATMI was mainly due to gains from the divestment of a 20.2% equity stake in TripleOne Somerset and the effective share of results from United Engineers Limited (“**UEL**”). 4Q 2017 total PATMI of S\$27.6 million was 7.9% higher than 4Q 2016 of S\$25.6 million.

The Group's 4Q 2017 revenue of S\$16.0 million was lower than the S\$21.5 million registered in the same period last year, largely due to the absence of revenue from the partial divestment of TripleOne Somerset. Similarly, FY2017 revenue of S\$74.5 million was lower than FY2016 of S\$110.2 million due to the deconsolidation of TripleOne Somerset, as well as lower project management fees. However, the decrease in revenue was mitigated by a one-off divestment fee received in respect of TripleOne Somerset and a one-off management consultancy fee earned from the UEL transaction.

Earnings before interest and tax (“**EBIT**”) for 4Q 2017 of S\$63.6 million was higher than 4Q 2016 of S\$50.7 million. For FY2017, the Group registered an EBIT of S\$219.6 million, which was 97.4% higher than the S\$111.2 million registered in FY2016, mainly driven by the gain from the partial divestment of TripleOne Somerset, net fair value gains from investment properties in China and Singapore, and the effective share of results from UEL.

4Q2017 and FY2017 Financial Results Summary

	4Q 2017 (S\$M)	4Q 2016 (S\$M)	Change (%)	12M 2017 (S\$M)	12M 2016 (S\$M)	Change (%)
Revenue	16.0	21.5	(25.7)	74.5	110.2	(32.4)
EBIT	63.6	50.7	25.2	219.6	111.2	97.4
PATMI	27.6	25.6	7.9	100.3	35.1	186.1

As at 31 December 2017, the Group's Net Debt to Equity Ratio was 0.57 times (FY2016: 0.66 times). A first and final dividend of 1.0 cent per share has been proposed (FY2016: 0.4 cent per share) and will be payable on 18 May 2018 after shareholders' approval.

In FY2017, the Group remained focused on its core markets of China and Singapore, which constituted about 72% and 26% of total assets (effective stake basis) respectively. Completed projects in Singapore and China, which collectively accounted for about 70% of total property value (effective stake basis), continued to provide stable recurring income. Further income growth is expected over the coming years with the completion of enhancement works at AXA Tower and TripleOne Somerset in Singapore, as well as the progressive opening of the large scale integrated developments in China.

At the same time, the completion of the China development properties, which constituted only about 25% of total property value (effective stake basis) but 60% of total attributable gross floor area, is expected to spur the Group's net asset value growth over time.

The Group continued to expand its medical and healthcare-related services business in China during the year, with its portfolio of total operating beds growing 45.4% to reach 4,167 in-patient beds. The increase was mainly driven by the eldercare and senior housing segment, which added 1,152 beds to the portfolio. The total number of committed pipeline and potential pipeline of beds has also soared to reach 7,858 and 13,500 respectively.

To drive the strategic implementation of the Group's integrated real estate and healthcare model in China, the Group has outlined two main business segments that it will pursue, being *Hospitals and Medical Centres* and *Eldercare and Senior Housing*, to become an international medical and healthcare services provider in the country.

Under the *Hospitals and Medical Centres* segment, the Group will develop its expertise in five core lines, namely *General Hospitals*, *Specialist Medical Centres*, *Women and Children Hospitals*, *Geriatric and Rehabilitation Hospitals* as well as *Traditional Chinese Medicine Hospitals*. Under the *Eldercare and Senior Housing* segment, the Group will operate senior housing facilities for independent living, assisted living and nursing care. Underpinning these two business segments will be supporting specialties in *Genomics and Diagnostic Imaging*, *Aesthetics and Plastic Surgery*, as well as *Maternal and Child Health Management*.

Mr Pua Seck Guan, Chief Executive Officer of Perennial, said, “Our focused efforts over the past three years in China, guided by our integrated real estate and healthcare strategy, have laid a strong foundation for us to become a dominant player in the high speed railway (“**HSR**”) and transportation hub real estate space, and in the medical, healthcare and eldercare services market in the country. This year will mark the opening of Perennial International Health and Medical Hub (“**PIHMH**”) and Chengdu Xiehe International Eldercare and Retirement Home (“**Chengdu Xiehe Home**”), bringing our first signature integrated real estate and healthcare showcase in China to fruition. Moving forward, we will build on our integrated strategy and leverage on the recently established up to US\$1.2 billion Perennial-syndicated joint venture to grow our portfolio of HSR projects in China.”

Mr Pua added, “Our strategic venture into the healthcare business in China has given us not only a competitive edge in securing large scale healthcare integrated developments, but also the capability to furnish these developments with a holistic range of medical, healthcare and eldercare content. In addition, a significant number of downstream businesses has been created which are expected to grow our management income streams over time. With the rapidly ageing population in China and the government’s focus on quality integrated elderly care, our eldercare and senior housing business segment is set to become the leading growth platform for our healthcare business.”

Mr Pua further added, “In Singapore, our earlier investments in prime office developments, AXA Tower and TripleOne Somerset, were well-timed, allowing us to now ride on the office market recovery to monetise and unlock the values of the buildings through strata or enbloc sales. We will also focus on the execution of the major works to create the value uplifts at both buildings.”

Real Estate Business

In FY2017, the Group actively reconstituted its portfolio to maximise returns in Singapore. In addition to the partial divestment of TripleOne Somerset, the Group acquired an additional interest of 5.49% in Chinatown Point, raising its effective stake in the property from 45.15% to 50.64%. The Group is now exploring value creation opportunities at Chinatown Point.

The Group will continue to focus on the execution of asset enhancement works at TripleOne Somerset and AXA Tower, which are progressing well and expected to progressively complete by 2019. The new two-level retail podium at TripleOne Somerset, positioned as a gourmet marketplace and complemented by a variety of specialty food, health, wellness and lifestyle options, is expected to receive its temporary occupation permit by 2H 2018.

Good leasing interest underpinned both developments in FY2017, with new tenancies, renewals and committed expansions by existing tenants taking up 47.4% and 27.3% of office net lettable office area at AXA Tower and TripleOne Somerset respectively. Strata sales also remained steady in FY2017, with TripleOne Somerset registering total sales of S\$41 million at an average price of S\$2,726 psf and AXA Tower registering total sales of S\$17 million at an average price of S\$2,376 psf.

In China, the Group focused on delivering its first integrated real estate and healthcare signature showcase, being the Chengdu East HSR Integrated Development which comprises PIHMH and Chengdu East HSR Integrated Development Plot D2 (“**Plot D2**”).

To-date, PIHMH has achieved a total committed occupancy of 84.6%, securing one international hospital as an anchor tenant and five medical/healthcare-related mini-anchor tenants. Mini-anchor tenant Care Alliance Rehabilitation Hospital of Chengdu soft opened in 4Q 2017, with other mini-anchor tenants such as Perennial International Specialist Medical Centre, St. Stamford Plastic Surgery and Aesthetic Hospital, AND Maternal and Child Health Centre and Chengdu BGI Perennial Genomics Diagnostic Imaging Centre slated to commence operations in 1H 2018.

On Plot D2, all six towers have completed external façade works. Chengdu Xiehe Home is expected to commence operations in one tower between 2Q to 4Q 2018, while appropriate usage plans for the other five blocks are being finalised to support the various communities in the precinct.

At the Xi’an North HSR Integrated Development, construction on Plot 4 is progressing well with three towers topped out. Written approval has also been secured for Plot 5 to be designated for medical and healthcare usage.

The Group is also actively driving the execution of the Beijing Tongzhou Integrated Development, though the expected completion of Phase 1 and Phase 2 has been pushed back to 2021 and 2020 respectively due to environmental-related regulatory considerations. The sale of the residences is expected to be launched this year. In the meantime, various functions of the Beijing municipal government are already in the process of relocating from Beijing to Tongzhou District, setting the pace for the district to become a bustling ‘sub-centre’ of Beijing.

Healthcare Business

In FY2017, the Group set in motion its long-term growth plan and significantly expanded the operating presence of its healthcare business in China.

Under the *Hospitals and Medical Centres* segment, St. Stamford Modern Hospital in Guangzhou continued to enhance its facilities to elevate treatment standards, particularly in the field of oncology. In addition, Perennial International Specialist Medical Centre at PIHMH, one of the first specialist medical centre concepts in China, obtained its medical institution practice license in January 2018 ahead of its opening in 1H 2018.

Under the *Eldercare and Senior Housing* segment, Shanghai RST Chinese Medicine Co. Ltd. (“**Renshoutang**”) made steady progress towards its target of becoming one of the largest integrated eldercare service operators in the Yangtze River Delta Region in the next few years, through leveraging on a three-pronged leasing, public-private-partnership (“**PPP**”) and acquisition model approach to achieve scale.

Renshoutang's portfolio grew significantly from 2,425 beds in FY2016 to 3,577 beds in FY2017, with the upward growth trajectory expected to continue into FY2018 as three new facilities commence operations, including the first PPP facility at Wuhan Jiuzhoutong. Renshoutang has also secured a committed pipeline and potential pipeline of 7,750 and 13,500 beds respectively.

On the supporting specialties front, the first St. Stamford Plastic Surgery and Aesthetic Hospital will commence operations at PIHMH in 1H 2018, while Shenzhen Aidigong Modern Maternal and Child Health Management Co., Ltd ("**Aidigong**") also saw its portfolio grow by more than twofold from 140 beds in FY2016 to 290 beds in FY2017. This year, Aidigong is set to open the new AND Maternal and Child Health Centre at PIHMH, which will be the largest maternal and child health centre in Chengdu providing a comprehensive suite of premium specialised post-natal and neonatal services.

The Group also strengthened its supporting specialties with a 40-60 joint venture with BGI Genomics, one of the world's largest genome sequencing organisations, to launch the first BGI Perennial Genomics Diagnostic Imaging Centre at PIHMH in 1H 2018. Positioned as a health screening and diagnostic imaging centre for health management and medical diagnosis, the facility is well-positioned to serve the two main segments of the Group's healthcare business.

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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 about 54 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.

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