



PRESS RELEASE

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For Immediate Release

Perennial Real Estate Holdings Acquires 49.9% Stake in Renshoutang, the Largest Integrated Eldercare Services Operator in Shanghai

Set to be the largest eldercare operator in Yangtze River Delta Region in the next few years

Singapore, 13 September 2016 – Perennial Real Estate Holdings Limited (“**Perennial**” or the “**Group**”) has, through its wholly owned subsidiary, entered into an Investment Agreement to acquire an equity interest of 49.9% in Shanghai RST Chinese Medical Co., Ltd (上海人寿堂国药有限公司) (“**Renshoutang**”) via a capital injection into Renshoutang (the “**Transaction**”).

Renshoutang is one of the pioneer and most established private integrated eldercare companies in China, and also the largest private eldercare operator in Shanghai with retirement, nursing and rehabilitation homes, hospital, day care centres, pharmacies and traditional chinese medicine (“**TCM**”) clinics. It currently operates a portfolio of 11 eldercare facilities, with over 2,400 beds, and four pharmacies, each with a dedicated TCM clinic, and all of which are located predominantly in Changning District in Shanghai.

Earlier in January 2016, Perennial had entered into a Memorandum of Understanding with Shanghai Summit Property Development Limited (上海长峰房地产开发有限公司) and Renshoutang to establish a 40-40-20 joint venture management company to operate Chengdu Xiehe International Eldercare and Retirement Home (“**Chengdu Xiehe Home**”) at Chengdu East High Speed Railway Integrated Development Plot D2 (“**Chengdu East HSR Plot D2**”). Chengdu Xiehe Home will comprise retirement, nursing and rehabilitation homes with over 1,000 beds when it commences operations in 2017.

Upon completion of the Transaction, Perennial will be the largest single shareholder of Renshoutang, followed by Dr Feng Qiang, the founder of Renshoutang. Renshoutang will become an associated company of Perennial and contribute a new stream of recurring income to the Group.

The consideration for the Transaction is RMB735.5 million (approximately S\$148 million), arrived on a willing-buyer, willing-seller basis and taking into account the existing operations and business pipeline of Renshoutang, which translates to about 12.9 times Earnings Before Interest, Tax, Depreciation and Amortisation (“**EBITDA**”) based on Renshoutang’s financial statements for full year 2015. The capital injected into Renshoutang will be mainly used for the acquisition of new projects, and a small part of which will be used to upgrade Renshoutang’s existing portfolio of facilities. Perennial will fund the Transaction via internal funds and external borrowings. The transaction is expected to be completed in 1Q 2017.

Renshoutang is one of the first eldercare services companies in China to have successfully integrated medical, eldercare and pharmacy services and has over 15 years of operating experience. The company operates two renowned brands, namely Yixian Eldercare and Retirement Home (逸仙养老) for the low-to-middle income, and Xiehe Eldercare and Retirement Home (协和颐养院) for the middle-to-higher income. Renshoutang’s pharmacies operate under a well-known brand in Shanghai, Renshoutang Medicine (人寿堂国药), which has been awarded the China Time-honoured Brand Award (中华老字号). In addition to serving the general public, the pharmacies supply medicine to Renshoutang’s portfolio of eldercare facilities. Physicians at the TCM clinics also provide treatments to the residents at the various homes.

Renshoutang has an existing portfolio of over 2,400 beds and access to a committed pipeline and pipeline under negotiation of over 5,700 beds and 16,000 beds respectively, positioning it to be the largest eldercare services operator in the affluent and populous Yangtze River Delta Region in the next few years.

Mr Pua Seck Guan, Chief Executive Officer of Perennial Real Estate Holdings, said, “Our investment in Renshoutang provides immediate access to the largest integrated eldercare company in Shanghai with a strong operating track record and strengthens our ‘asset-light’ strategy to drive steady long term income for the Group. The acquisition of Renshoutang allows us to leverage on its established platform, value add to further elevate its business and operations standards, and subsequently scale the business to become the largest eldercare services operator in the Yangtze River Delta Region to meet the rising demand for integrated medical and eldercare driven by China’s aging population. Ultimately, the shareholders’ vision is to position Renshoutang as one of the largest eldercare operators in China.”

Mr Pua added, “Together with our hospital/medical and maternal/child health management businesses, Perennial has put together a holistic suite of offerings in three core healthcare sectors with significant growth potential, and the offerings can also be introduced into our medical and healthcare real estate. We will continue to actively explore real estate and healthcare-related opportunities to become a dominant integrated real estate and healthcare company in China.”

Dr Feng Qiang, Chairman of Renshoutang, said, “Renshoutang has established a strong presence in Shanghai and is recognised as a market leader in integrated eldercare services. Perennial and its major shareholders, with their strong understanding of the China market, good operating track record and extensive network of relationships, coupled with Perennial’s real estate business in China, will contribute significantly to Renshoutang’s business expansion plans. Our combined expertise, relationships and pipeline of projects would enable us to capitalise on the vast opportunities in the eldercare market in China.”

The inclusion of Renshoutang’s eldercare business to Perennial’s healthcare business dovetails with Perennial’s strategy to introduce healthcare real estate within its prime large-scale integrated developments which are close to transportation hubs. The strategy was executed at Chengdu East HSR Integrated Development, where Chengdu Xiehe Home was introduced at Chengdu East HSR Plot D2.

Furthermore, having a sizeable stake in Renshoutang would allow Perennial to value add to the existing platform to elevate the business standards to a higher level, and subsequently leverage on the strengthened platform to scale the business. The owner and operator model for Perennial’s healthcare business in China has been similarly adopted for its hospital and medical business (St. Stamford International Medical) and maternal and child health management business (Shenzhen Aidigong Maternal and Child Health Management Co., Ltd).

China’s Aging Population Drives Demand for Professional Integrated Elderly Care

The Chinese government has placed strong emphasis to expedite the integration of medical, eldercare and senior housing facilities with professional services to support the country’s aging population¹. China’s elderly population is expected to double to 400 million by 2040. By 2050, it is estimated that 35% of China’s total population would be above 60 years old. Currently, there is a severe lack of eldercare facilities in China, with only 30.3 beds available for every 1,000 elderly persons². In 2015, Shanghai’s elderly population above 60 years old was 4.4million, or 30.2% of Shanghai’s total population, and there were 29 beds for every 1000 elderlies³. By 2050, Shanghai’s elderly population is expected to reach 44.5%, exceeding 42.7% in Japan to become one of the “most-aged” cities in the world⁴.

¹ Shanghai Civil Affairs Bureau: Shanghai Civil Affairs Reform and Development’s Thirteenth-Five Plan.

² Ministry of Civil Affairs of the PRC: Social Service Development Statistical Communique 2015.

³ China.org.cn: Shanghai’s population above 60 years old exceeds 30% for the first time.

⁴ Fenghuang Online News: Shanghai to surpass Japan with an expected 44.5% ageing population by 2050.

About Renshoutang (www.renshoutang.com)

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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 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.

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