



## PRESS RELEASE

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For Immediate Release

### Perennial Registers 4Q 2016 Total PATMI of S\$25.6 million

*Strata sales of AXA Tower office space transacted at above S\$2,710 per sq ft;  
Proposes dividend of 0.4 cents per share*

Singapore, 8 February 2017 – Perennial Real Estate Holdings Limited (“Perennial” or the “Group”) registered a total profit after tax and minority interest (“PATMI”) of S\$25.6 million in 4Q 2016 and S\$35.1 million in 12M 2016.

The Group’s 4Q 2016 revenue of S\$21.5 million was lower than the S\$28.4 million registered in the same period last year. The decrease was mainly due to lower rental revenue from TripleOne Somerset as expiring leases were not renewed due to asset enhancement works which have commenced since 2Q 2016. Revenue for 12M 2016 of S\$110.2 million was marginally lower than 12M 2015<sup>1</sup> of S\$117.7 million due to the absence of the acquisition fee of AXA Tower earned in 12M 2015<sup>1</sup> and lower rental revenue from TripleOne Somerset as mentioned above, but was mitigated by strata sales of office units in TripleOne Somerset.

Earnings before interest and tax (“EBIT”) for 4Q 2016 of S\$50.7 million was lower than the S\$83.4 million recorded in 4Q 2015. The decrease was due to lower fair value gains, impairment provision and lower operating results from joint ventures. For 12M 2016, the Group registered an EBIT of S\$111.2 million which was lower than the S\$144.5 million registered in 12M 2015<sup>1</sup>, mainly due to the absence of acquisition fee of AXA Tower, lower operating results from joint ventures, write-off of intangible assets and impairment provision.

Overall, the Group’s 4Q 2016 total PATMI of S\$25.6 million was lower than the S\$41.1 million recorded in 4Q 2015 mainly due to lower share of operating results from joint ventures, lower net fair value gains on revaluation of investment properties and impairment provision. 12M 2016 total PATMI of S\$35.1 million was lower than 12M 2015<sup>1</sup> total PATMI of S\$58.1 million.

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<sup>1</sup> In 2015, the Group changed its financial year end from 30 June to 31 December. Unaudited 12-month results are presented for comparison purposes.

	4Q 2016 (S\$M)	4Q 2015 (S\$M)	Change (%)	12M 2016 (S\$M)	12M 2015 <sup>1</sup> (S\$M)	Change (%)
<b>Revenue</b>	21.5	28.4	(24.2)	110.2	117.7	(6.4)
<b>EBIT</b>	50.7	83.4	(39.2)	111.2	144.5	(23.0)
<b>PATMI</b>	25.6	41.1	(37.8)	35.1	58.1	(39.6)

As at 31 December 2016, the Group's Net Debt to Equity Ratio ("**DE Ratio**") was 0.66 times. The DE Ratio is expected to improve significantly to 0.46 times, assuming the divestment of the 20.2% stake in TripleOne Somerset is completed as at 31 December 2016. A first and final dividend of 0.4 cents per share has been proposed and will be payable on 19 May 2017.

In FY2016, the Group continued to focus strategically on the core markets of China and Singapore, with these markets constituting about 68% and 30% of total assets (effective stake basis) respectively. Completed projects in Singapore and China, which together accounted for about 70% of total property value (effective stake basis), continued to provide income stability. China development properties contributed about 25% of total property value (effective stake basis) while accounting for about 59% of total attributable gross floor area. The completion of these large scale developments over time will drive the Group's net asset value growth.

In FY2016, the Group also pushed forward with its integrated real estate and healthcare strategy in China through acquisitions and joint ventures to scale up the medical and healthcare-related business. The Group has since put together three core lines of healthcare business in the areas of hospital and medical services, maternal and child health management services, and eldercare and senior housing with a total portfolio comprising 2,865 in-patient beds in China.

Mr Pua Seck Guan, Chief Executive Officer of Perennial, said, "FY2016 has been an eventful year as we commenced strata sales of the office and medical suites at TripleOne Somerset and AXA Tower for trading profit, and recycled our capital to increase our investment in a higher yielding asset, Chinatown Point mall, in Singapore. In China, the key focus was to manage the development of Perennial International Health and Medical Hub ("**PIHMH**") and Chengdu East High Speed Railway ("**HSR**") Integrated Development Plot D2 ("**Chengdu Plot D2**") to create the signature showcase of our integrated real estate and healthcare strategy. Much effort was also spent on building the platform of our healthcare business in China through partnerships and joint ventures with the best operators in the market."

Mr Pua added, "This year, we remain focused on the core markets of Singapore and China with our efforts centred on accelerating the strata sales at TripleOne Somerset and AXA Tower, preparing PIHMH and Chengdu Xiehe International Eldercare and Retirement Home ("**Chengdu Xiehe Home**") at Chengdu Plot D2 for the commencement of business, and strengthening the performance of our operating assets in Singapore and China, all of which will boost recurrent income streams. With the commitment by the Beijing government to establish Beijing Tongzhou District as the new sub-centre of Beijing, Beijing Tongzhou Integrated Development is ideally positioned to benefit from the enhanced infrastructure and connectivity, and the escalating property value."

Mr Pua further added, “On the healthcare business front in China, we intend to scale up our eldercare business, where we have a vision to become one of the largest eldercare operators in Yangtze River Delta Region in the next few years, expand our medical/hospital business and actively explore the acquisition of prime integrated real estate and healthcare projects. With our unique integrated real estate and healthcare strategy, which is well supported by our quality portfolio of iconic developments and three core healthcare business lines which enjoy burgeoning local consumer demand, we are well poised to create synergistic value and drive long term growth for shareholders.”

## **Real Estate Business**

In Singapore, the Group commenced FY2017 with the divestment of a 20.2% stake in TripleOne Somerset and expects to record a divestment gain of S\$34.3 million. The remaining 30% stake in TripleOne Somerset will provide the Group with income stability and opportunity to enjoy upside from the enhancement works and strata sales.

This year, the Group will focus on executing two major asset enhancement programmes planned at TripleOne Somerset and AXA Tower, both of which are expected to complete in 2018 / 2019. The total development cost of both enhancement initiatives amount to about S\$270 million. The Group will also adopt a balanced strata sales and leasing strategy at the two premium-grade predominantly office integrated developments. At AXA Tower, a number of office units were sold at above S\$2,710<sup>2</sup> per square foot (“**sq ft**”) and the top three anchor tenants, comprising AXA Insurance, BOC Aviation and Red Hat Asia Pacific who collectively took up 23.8%<sup>2</sup> of the total net lettable (“**NLA**”) office area, renewed their leases. Similarly at TripleOne Somerset, a few office units have been sold at an average price of above S\$2,600<sup>2</sup> per sq ft and it successfully renewed/secured key tenants who collectively took up 23.2%<sup>2</sup> of the total NLA office area.

On 14 April 2016, the Group announced that it has filed applications for its associated companies, namely, Capitol Investment Holdings Pte Ltd, Capitol Retail Management Pte Ltd and Capitol Hotel Management Pte Ltd (collectively, the “**Capitol Entities**”) to be wound up by the Court. The Court has heard the winding up applications on 3 and 20 January 2017 respectively and had reserved judgement at the end of the hearing. The Group will update as and when there is material development.

In China, the Group focused on executing the first signature showcase of its integrated real estate and healthcare strategy, comprising PIHMH and Chengdu Plot D2 at the Chengdu East HSR Integrated Development. PIHMH and Chengdu Plot D2 are expected to commence operations progressively from 3Q 2017. To-date, PIHMH’s committed occupancy stands at about 60%. One block on Chengdu Plot D2 will be handed over to Chengdu Xiehe Home under the first phase.

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<sup>2</sup> As at 31 December 2016.

With the completion of PIHMH and Chengdu Plot D2 this year, Beijing Tongzhou Integrated Development is set to be the next major development to take centre stage. To-date, the integrated development has received two construction permits, with the remaining four permits expected to be received by 2Q 2017. Beijing Tongzhou District, where the integrated development is located, is on track to become Beijing's new sub-centre. The first batch of the Beijing municipal government administrative offices is expected to move there by the end of 2017. The government has also announced major infrastructure projects which will further enhance the district's connectivity and accessibility.

The Group will continue to drive the development timeline of Beijing Tongzhou Integrated Development and Xi'an North HSR Integrated Development, while executing the repositioning of the West Wing of the Shenyang Red Star Macalline Furniture Mall into a medical and healthcare centre following receipt of in-principle approval from the local authorities.

### **Healthcare Business**

In FY2016, the Group made significant headway in the pursuit of its healthcare business in China. The Group launched the St. Stamford International Medical brand, which operates the St. Stamford Modern Hospital in Guangzhou and the upcoming St. Stamford Plastic Surgery and Aesthetic Hospital at PIHMH in Chengdu. The new brand is a 40-60 joint venture between the Group and Guangdong Boai Medical Group Co., Ltd. The Group also ventured into managing the first upcoming specialist medical centre concept in China, called Perennial International Specialist Medical Centre at PIHMH, and has successfully secured over 260 local doctors from various renowned hospitals across China.

The Group is the second largest single shareholder (effective interest of 20%) of Shenzhen Aidigong Modern Maternal and Child Health Management Co., Ltd ("**Aidigong**"), a leading maternal and child health management company with four maternal and child centres and one post-natal centre located in Shenzhen and Beijing. Aidigong will be opening a new centre in Shenzhen in March 2017 and another centre in PIHMH by 4Q 2017.

The Group also announced the acquisition of a 49.9% stake in Shanghai RST Chinese Medicine Co., Ltd, ("**Renshoutang**") one of the largest private integrated eldercare operators in Shanghai ("**Transaction**"). Renshoutang has an existing portfolio of 2,425 beds and access to a committed pipeline and pipeline under negotiation of over 6,210 beds and 15,400 beds respectively. The opening of Chengdu Xiehe Home in 3Q 2017 at Chengdu Plot D2 would mark Renshoutang's first facility outside of the Shanghai market. Chengdu Xiehe Home, which will comprise a retirement home, a rehabilitation home and a nursing home, is expected to have a bed capacity of about 960 beds in the first phase. Renshoutang is set to be the largest eldercare services operator in the affluent and populous Yangtze River Delta Region in the next few years. Upon expected completion of the Transaction in 1Q 2017, Perennial will be the largest single shareholder of Renshoutang.

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**Investor Relations and Media Contact:**

Ms TONG Ka-Pin

DID: (65) 6602 6828

HP: (65) 9862 2435

Email: [tong.ka-pin@perennialrealestate.com.sg](mailto:tong.ka-pin@perennialrealestate.com.sg)

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**About Perennial Real Estate Holdings Limited ([www.perennialrealestate.com.sg](http://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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