



PRESS RELEASE

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For Immediate Release

Perennial Real Estate Holdings Limited Seals 40-60 Joint Venture with Guangdong Boai Medical Group to Expand into Hospital/Medical Services Business in China

- *Joint Venture to acquire first operational business, Modern Hospital Guangzhou, one of the leading tumour and cancer hospitals in Guangzhou*
- *Strategic move into healthcare a natural extension of real estate business to ride on strong growth trajectory of China's healthcare industry*
- *Reposition Perennial Dongzhan Mall, part of Chengdu East High Speed Railway Integrated Development, as an international medical and healthcare hub to meet significant domestic demand for healthcare services*

Singapore, 3 July 2015 – Perennial Real Estate Holdings Limited (the “**Group**”) has entered into a 40-60 joint venture with Guangdong Boai Medical Group Co., Limited (“**Guangdong Boai Medical Group**”) to acquire, develop and manage hospital/medical services business in China (“**Joint Venture**”). Guangdong Boai Medical Group is a subsidiary of the China Boai Medical Group (“**BOAI**”), one of the largest private hospital/medical services operators in China. The Joint Venture will focus on eight core medical fields at its hospitals/medical centres, being (1) Oncology, (2) Fertility, Obstetrics and Gynaecology (3) Plastic Surgery and Aesthetic Medicine, (4) Orthopaedics, (5) Paediatrics, (6) Ear, Nose, Throat and Eye Specialty Medicine, (7) Dentistry, and (8) Cardiology and Cardiovascular Surgery.

The Joint Venture will acquire its first operational medical business, Modern Hospital Guangzhou in Guangzhou, from BOAI. Modern Hospital Guangzhou, one of the more profitable hospitals within BOAI's portfolio of assets, has established itself as among the leading private tumour and cancer hospitals in Guangzhou.

The Group, through its wholly-owned subsidiary, Perennial HC Pte. Ltd., will acquire a 40% stake in a joint venture entity for RMB286.7 million (approximately S\$63.0 million) (“**Consideration**”). The remaining 60% stake will be held by a wholly-owned subsidiary of BOAI.

Modern Hospital Guangzhou has enjoyed steady year-on-year growth of 10% to 12% in Earnings Before Interest, Tax, Depreciation and Amortisation (“**EBITDA**”) since 2011. The Consideration was derived taking into account the medical business of Modern Hospital Guangzhou, which is valued at about 12-times the average EBITDA for the financial year ended 2014 and forecast financial year ending 2015, and is in-line with market comparables.

The Group will fund its 40% stake via internal funds and bank borrowings. The equity injection of RMB286.7 million will be used to fund the expansion plan for Modern Hospital Guangzhou, where in-patient bed capacity is expected to be increased from its current 246 to close to 300, as well as the Joint Venture’s future acquisition and growth plans.

The Group’s existing portfolio of large-scale integrated developments in China, such as Chengdu East High-Speed Railway Integrated Development, Xi’an North High-Speed Railway Integrated Development and Beijing Tongzhou Integrated Development, are all directly-connected to major transportation hubs. These well-connected developments are easily accessible via various modes of transport, including subway, high-speed rail, long and short distance buses and taxis, and enjoy an extensive reach to large population catchments way beyond their immediate precincts.

Currently, these integrated developments comprise largely retail, residential, office and/or hotel components. To further enhance the value of these developments, the Group intends to introduce healthcare real estate as a new asset class. Hospitals/medical centres will take up anchor leases, whilst complemented by health and wellness-related trades. Well-designed integrated developments with enhanced offerings will create synergy among the various components and stimulate cross-spending, further defining these developments as landmark one-stop destinations.

The Joint Venture has in place a growth pipeline with immediate access to the Group’s greenfield and/or completed integrated developments, as well as BOAI’s existing portfolio of hospitals/medical centres and future acquisition pipeline across China. Broadly, each greenfield hospital/medical centre would require a gross floor area (“**GFA**”) of between 50,000 square metres (“**sqm**”) to 80,000 sqm and cater to an in-patient bed capacity of 500 to 800.

In line with the Group’s new growth strategy and to meet the significant domestic demand for healthcare services, Perennial Dongzhan Mall, part of the Chengdu East High-Speed Railway Integrated Development and currently under-development, will be repositioned from a retail mall to an international medical and healthcare hub.

Renamed as '**Perennial International Health and Medical Hub**', the project will be positioned as the first predominantly-healthcare cum retail integrated development in Chengdu and Sichuan. The 280,000 sqm GFA development will hold an international hospital, medical suites, and complemented by healthcare and wellness-related services, including Traditional Chinese Medicine ("**TCM**"), maternity care centres, rehabilitative centres and medical aesthetic services. To-date, Perennial International Health and Medical Hub has received expressions of interest for more than 90% of its leasable area set aside for healthcare services.

Mr Pua Seck Guan, Chief Executive Officer of the Group, said, "The joint venture with BOAI sets the stage for the Group's strategic business expansion into the rapidly growing medical/healthcare industry in China, driven by rapid urbanisation, growing affluence of the Chinese consumers, favourable regulatory changes and aging population. The hospital/medical services strategy is also a natural extension of the Group's real estate business through the creation of a new asset class which complements the other components within the Group's prime large-scale integrated developments in China. We are pleased to have on board Dr Wong Weng Hong, a healthcare industry veteran with over 20 years of experience in setting up, acquiring and managing medical assets in Singapore and China, to develop and scale up the Group's new engine of growth."

Mr Pua, added, "We are pleased to partner BOAI, one of the largest private hospital operators in China with an extensive local footprint and growing overseas presence, good operational track record and strong expertise, and is well-managed by a professional team of managers and medical staff. Through leveraging on BOAI's established medical platform, coupled with the Group's complementary real estate skill sets and well-located real estate projects, we are confident of creating a sizeable presence in the healthcare services business in China."

Dr Wong Weng Hong, Managing Director, Healthcare Asset Management Services of the Group, said, "Our partnership with BOAI covers eight core medical fields jointly-established as areas of significant local demand and recognised hallmark specialties of BOAI. Modern Hospital Guangzhou, the Joint Venture's first acquisition, has made its mark as one of the leading private tumour and cancer hospitals in Guangzhou, offering a complete suite of oncology treatment and is particularly renowned for immunotherapy. The hospital's Joint Commission International ("**JCI**") accreditation and appointment as one of the training facilities of the Guangzhou Medical University further enhances its professional standing locally and overseas."

Dr Wong, added, "The demand for comprehensive oncology treatment is growing rapidly in China and Modern Hospital Guangzhou has in recent years seen a significant increase in foreign patients from South East Asian, Middle Eastern and African markets. In the near term, the Joint Venture intends to tap on Modern Hospital Guangzhou's branding, experience and expertise in tumour and cancer therapy, and set-up affiliations with internationally-recognised medical and research institutions to grow the oncology treatment franchise across China."

About Modern Hospital Guangzhou 广州现代医院 (www.22221111.com)

Modern Hospital Guangzhou is located at 42 Lian Quan Lu (濂泉路) and adjacent to Guangyuan East Road, one of the main arterial roads in Guangzhou. Sited at the boundary of Tian He and Yue Xiu Districts, the hospital is about 15 minutes and 30 minutes by car from the Guangzhou city centre and the Guangzhou Baiyun Airport respectively. The hospital is also easily accessible via public bus and subway.

Modern Hospital Guangzhou commenced operations in 2005 and has since established itself as one of the leading private tumour and cancer hospitals in Guangzhou, offering a full suite of oncology treatment ranging from chemotherapy, surgery and radiotherapy, to immunotherapy, radiological interventional procedures, cryotherapy and TCM for late stage cancer. The hospital is also renowned for its aesthetic medicine and plastic surgery practices, and provides a wide range of other services including internal medicine, surgery, gynaecology and dentistry.

Modern Hospital Guangzhou occupies a total leased area of about 16,080 sqm in a nine-storey building with a basement level and a three-storey annex block, and has an in-patient bed capacity of 246. Since 2014, the hospital has achieved the highly-regarded Joint Commission International ("JCI") accreditation, widely-recognised as the 'Gold-Standard' for international quality standards for patient care and organisation management. In addition, the hospital has been appointed as one of the training facilities of the Guangzhou Medical University and is a China social health insurance-accredited institution (医保定点医疗机构).

About China Boai Medical Group 博爱 (中国) 企业集团 (www.boaigroup.com.cn)

Founded in 1989, China Boai Medical Group ("BOAI") is one of the largest private hospital/medical services operators in China, managing over 100 hospital facilities in major cities such as Beijing, Shanghai, Shenzhen, Guangzhou, Nanjing, Nanchang and Guiyang. The company also operates overseas offices in South East Asian, Middle Eastern and South African markets and employs over 20,000 employees. BOAI medical facilities have an extensive footprint measuring a total of over 500,000 square metres and an in-patient bed capacity of over 6,200.

BOAI specialises in the following medical fields: Oncology, Orthopaedics, Fertility, Obstetrics and Gynecology, Cardiology and Cardiovascular Surgery, Dentistry, Ear, Nose, Throat and Eye Specialty Medicine, Aesthetic Medicine, Plastic Surgery and Health Management. BOAI believes in grooming its staff and setting up robust processes to ensure high quality and safe treatment in all its hospitals. Its management team has a long and successful track record of setting up hospitals in many parts of China. BOAI's leadership and medical staff interact regularly with the World Health Organisation, China's Ministry of Health, national medical and hospital associations, renowned local and foreign hospitals, research institutes and academia so as to instill the best practices in management and clinical services at all its facilities.

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About Perennial Real Estate Holdings Limited 鹏瑞利置地集团 (www.perennialrealestate.com.sg)

Perennial Real Estate Holdings Limited (the "Group") is an integrated real estate owner, developer and manager listed on the Mainboard of the Singapore Exchange. Headquartered in Singapore, the Group focuses strategically on large scale mixed-use developments primarily in the People's Republic of China ("PRC") and Singapore. The Group owns interests in and/or manages a diversified portfolio measuring about 36.5 million square feet and over 3.0 million square feet in gross floor area in the PRC and Singapore respectively. The Group's footprint also extends to Malaysia, where it is invested in and manages a waterfront integrated development of over 4.0 million square feet in Penang.

The Group is a dominant commercial developer with sizeable integrated developments in the PRC, of which two are the largest high speed railway commercial hubs in the country, being Chengdu East High Speed Railway Integrated Development and Xi'an North High Speed Railway Integrated Development. Other landmark projects in the Group's portfolio include the Beijing Tongzhou Integrated Development, the Shenyang Longemont Integrated Development and the Zhuhai Hengqin Integrated Development.

In Singapore, the Group is invested in and manages prime and iconic properties located predominantly in the Downtown Civic District, Central Business District and Orchard Road precinct, such as CHIJMES, Capitol Singapore, TripleOne Somerset, AXA Tower and the House of Tan Yeok Nee. The Group also holds stakes in and manages 112 Katong mall and Chinatown Point mall.

Issued by Perennial Real Estate Holdings Limited

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