

PERENNIAL REAL ESTATE HOLDINGS LTD



PERENNIAL ENTERS INTO MOU TO ESTABLISH
40-40-20 JOINT VENTURE WITH
SHANGHAI SUMMIT AND SHANGHAI RENSHOUTANG
TO SET UP AND MANAGE ELDERCARE AND
RETIREMENT HOME IN CHENGDU



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OVERVIEW OF THE JOINT VENTURE

40-40-20 Joint Venture Between Perennial, Shanghai Summit & Shanghai Renshoutang to Develop & Manage at least 85,000 sqm GFA Premium Eldercare and Retirement Home in Chengdu Plot D2

- Perennial Real Estate Holdings Limited (“**Perennial**”) entered into a Memorandum of Understanding (“**MOU**”) with Shanghai Summit Property Development Limited (上海长峰房地产开发有限公司) (“**Shanghai Summit**”) and Shanghai RST Chinese Medicine Co. Ltd (上海人寿堂国药有限公司) (“**Shanghai Renshoutang**”) to establish a 40-40-20 joint venture management company to operate a premium eldercare and retirement home at Chengdu East High Speed Railway (“**HSR**”) Integrated Development Plot D2 (“**Chengdu Plot D2**”) (“**Joint Venture**”).
- Perennial and Shanghai Summit jointly-own (50-50) Chengdu Plot D2. Shanghai Renshoutang is one of the largest pioneer and most established private eldercare home operators in Shanghai.
- The Joint Venture’s total investment sum amounts to approximately RMB150 million (~S\$39.6 million).
- In line with Perennial’s strategic extension of its real estate business into the healthcare business, Chengdu Plot D2 will be repositioned from a mixed-use residential and retail development to a holistic eldercare and retirement home development with complementary eldercare trades and services.
- Under the MOU, the Joint Venture partners will master lease no less than 85,000 square metres (“**sqm**”) in gross floor area (“**GFA**”) under Phase 1 at Chengdu Plot D2, with subsequent phases expected to be rolled-out over time on the same plot. For a start, three out of the six 37-storey blocks on Chengdu Plot D2 will be converted to house Chengdu Xiehe International Eldercare and Retirement Home (成都协和国际颐养院) (“**Chengdu Xiehe Home**”), positioned as a premium brand targeted at the middle-income elderly and retiree market, and operated by the Joint Venture partners.
- Chengdu Xiehe Home, together with the complementary eldercare trades and services, is expected to commence operations in 2017.

EXPANDING THE SCOPE OF HEALTHCARE BUSINESS

Joint Venture In Line with Perennial's Strategic Move into Healthcare Business in China

Expansion into Eldercare and Retirement Home Strengthens Healthcare Business Strategy

- In July 2015, Perennial made a strategic move into the healthcare business in China to ride on the strong growth trajectory of China's healthcare industry driven by rapid urbanisation, growing affluence of the Chinese consumers, favourable regulatory changes and aging population.
- Healthcare business is a natural extension of Perennial's real estate business with potential synergy that can be achieved between the various components within its portfolio of large-scale integrated developments which are directly-connected to major transportation hubs.
- Perennial's two-pronged healthcare business strategy:
 - a) Introduce healthcare real estate as an asset class within its large-scale integrated developments to create synergy between the various components thus enhancing the value of the entire development.
 - Perennial International Health and Medical Hub was introduced at Chengdu East HSR Integrated Development and positioned as the first predominantly healthcare cum retail integrated development in Chengdu and Sichuan. Chengdu ParkwayHealth Hospital has since been secured as an anchor tenant.
 - b) Form strategic partnerships with established local and foreign medical operators with extensive local and international network, and strong operating track record to scale the business.
 - Established 40-60 joint venture with Guangdong Boai Medical Group Co. Limited, one of the largest private hospital operators in China, to acquire, develop and manage hospital/medical services business in China.
- Expansion of healthcare business scope to include eldercare and retirement home further strengthens Perennial's healthcare strategy and creates another recurring income stream overtime. In addition, it creates more value for the real estate on Chengdu Plot D2 as compared to a strata-sale strategy.

Shift Towards Integrated Medical & Eldercare Services with Strong Demand in Chengdu

Repositioning of Chengdu Plot D2 Further Defines Chengdu East HSR Integrated Development as a Landmark Destination and a Regional Medical and Healthcare Hub

Aging Population Drives Strong Demand for Integrated Medical and Eldercare and Senior Housing Facilities

- China's government growing emphasis on the integration of medical and eldercare and senior housing facilities to support the country's aging population.
- China's healthcare sector expected to grow rapidly as its elderly population is estimated to double to 400 million by 2040¹
- Strong demand for eldercare services in Chengdu with insufficient supply of eldercare and senior housing facilities. As at end-2014, there were 2.49 million people in Chengdu who were aged 60 and above (about 20.6% of the total population of Chengdu), while there were only 257 eldercare homes with less than 71,000 beds².

Ideal Location and Synergy with Other Components within Chengdu East HSR Integrated Development

- Chengdu Plot D2, with its strategic location and excellent transport connectivity (directly-connected to Chengdu East HSR Station with extensive train, subway and bus lines), is easily accessible by visitors and staff of Chengdu Xiehe Home.
- Perennial International Health and Medical Hub will be well-poised to support the medical needs of the elderly occupants with tenants such as the Chengdu ParkwayHealth Hospital, an international rehabilitation hospital, and other complementary healthcare and wellness-related services.
- Other components within the integrated development, such as the hotels, commercial and retail, serve to support the supplementary needs of the sizeable community.

1. Southern China Morning Post article dated May 2015
<http://www.scmp.com/article/topics/invest-china/1796323/china-offers-incentives-develop-elderly-care-face-alarming-population-ageing>

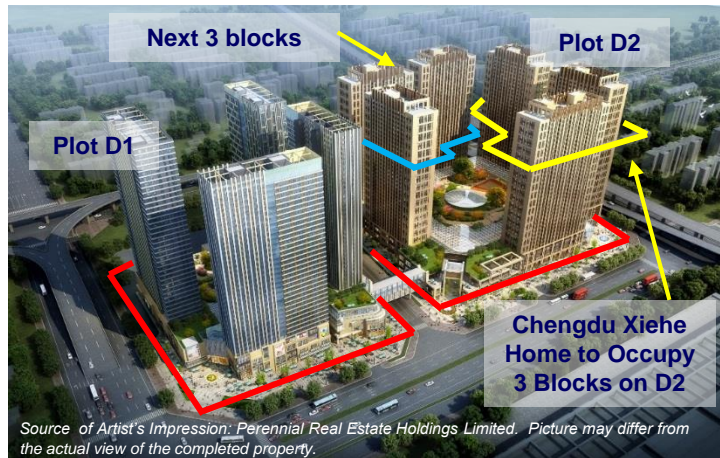
2. Chengdu Municipal Government Report 2015

Chengdu Plot D2 – Part of Chengdu East High-Speed Railway (“HSR”) Integrated Development



Chengdu Plot D2 – Conversion of Three Apartment Blocks to House Chengdu Xiehe Home

Artist's Impression – Plot D



On-Site Photo – Plot D2



- Chengdu Plot D2, measuring about 230,000 sqm in GFA (excluding car park), was planned as a mixed-use residential and retail development with six 37-storey apartment blocks comprising more than 2,200 units and some strata retail space. To-date, three out of the six blocks have topped out and construction of another two blocks have passed ground level.
- Under Phase 1, the Joint Venture partners will master lease no less than 85,000 sqm in GFA at Chengdu Plot D2:
 - For a start, three out of the six apartment blocks will be converted to house Chengdu Xiehe Home which will comprise a Retirement Home (for occupants who are independent), a Nursing Home (for occupants who require round-the-clock professional continuing care) and a Rehabilitation Home (for occupants who require special care, such as medical treatment or rehabilitation).
 - The retail spaces will be converted into a rehabilitation hospital, ancillary medical facilities, supermarket and complementary retail trade and services to meet the lifestyle needs of the occupants and visitors.
- Subsequent phases on Chengdu Plot D2 are expected to be rolled-out at an appropriate time.

ABOUT SHANGHAI RENSHOUTANG

Shanghai Renshoutang – One of the Top and Largest Operators in Shanghai

Renowned Private Eldercare and Retirement Home Operator with Strong Investment and Management Track Record, and Good Understanding of Integrated Healthcare



Shanghai Xijiao Xiehe Eldercare Centre



Outdoor rest pavilion



Courtyard



5-bedder



1-bedroom suite



Elder-friendly toilet



Dining hall



Mahjong room



Gym



Lobby rest area



Cafe



Lobby

- Founded in 1994, Shanghai Renshoutang is one of the largest private eldercare and retirement home operators in Shanghai, with 10 retirement institutions and one nursing home comprising a total of over 2,700 beds.
- Operates two renowned brands, being Yixian Eldercare and Retirement Home (逸仙养老) - targeted at the low-to-middle income, and Xiehe Eldercare and Retirement Home (协和颐养院) - targeted at the middle-to-higher income.
- Company also invests in eldercare facilities and traditional chinese medicine retail business. Pioneered high-tech digital retirement homes, where occupants' health and lifestyle data are monitored and managed digitally.
- First company to successfully integrate medical and eldercare services, with a current pipeline of ~5,000 beds, and a future projected pipeline of ~150,000 beds within the Yangtze river delta region in the next three years.

THANK YOU

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