

PRESS RELEASE

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For Immediate Release

Perennial's 2Q 2017 Total PATMI Increased Significantly to S\$17.1 million

Singapore, 8 August 2017 – Perennial Real Estate Holdings Limited (“**Perennial**” or the “**Group**”) registered a total profit after tax and minority interest (“**PATMI**”) of S\$17.1 million in 2Q 2017, which was significantly higher than the S\$0.6 million recorded in the same period last year. The increase was mainly due to the fair value gain of S\$16.6 million from the revaluation of Xi'an North High Speed Railway Integrated Development Plot 4 (“**Xi'an Plot 4**”).

Revenue of S\$17.9 million in 2Q 2017 was lower than the S\$24.1 million registered in the same period last year, largely due to lower project management fees as well as the absence of revenue from TripleOne Somerset as a result of the deconsolidation following the divestment of a 20.2% equity stake on 31 March 2017. The remaining 30% stake held in TripleOne Somerset is now recognised under the share of results. The decrease in 2Q 2017 revenue was partially offset by a one-off divestment fee received in respect of TripleOne Somerset.

Earnings before interest and tax (“**EBIT**”) for 2Q 2017 of S\$57.1 million was significantly higher than the S\$18.6 million registered in same period last year, primarily due to the fair value gain from the revaluation of Xi'an Plot 4. Xi'an Plot 4 was reclassified as an ‘Investment Property’ after a strategic review to hold it for long-term investment and to lease the various components within the integrated development for rental. Talks are currently underway to lease out the hotel component. The increase in EBIT was partially offset by lower share of results and foreign exchange loss.

As at 30 June 2017, the Group's Net Debt to Equity Ratio stood at 0.51 times, unchanged from the position as at 31 March 2017.

The Group achieved a total PATMI of S\$55.8 million in 1H 2017, which was significantly higher than the S\$9.1 million registered in the same period last year. The increase was largely due to the divestment of a 20.2% equity stake in TripleOne Somerset and net fair value gain from Xi'an Plot 4, which was partially offset by lower share of results from joint ventures and higher finance cost.

	2Q 2017 (S\$M)	2Q 2016 (S\$M)	Change (%)	1H 2017 (S\$M)	1H 2016 (S\$M)	Change (%)
Revenue	17.9	24.1	(25.9)	38.1	53.6	(28.9)
EBIT	57.1	18.6	206.4	118.5	44.7	165.4
PATMI	17.1	0.6	nm	55.8	9.1	nm

Mr Pua Seck Guan, Chief Executive Officer, said, “Our portfolio of large scale integrated developments which are close to transportation hubs in Chengdu, Xi’an and Beijing are starting to take shape as construction works progress, allowing us to recognise their immense capital value and income yield in stages over time. In addition to our real estate management platform in China, we have also built a range of medical, healthcare and eldercare businesses which can operate within our integrated real estate portfolio. With the growing demand for quality medical, healthcare and eldercare services, our signature developments are opening up significant growth opportunities in both the real estate and healthcare fronts which we can pursue to deliver long-term growth to shareholders.”

Real Estate Business

In Singapore, major enhancement works continued to progress at TripleOne Somerset and AXA Tower, and the full suite of works are expected to complete progressively by 2019.

Total strata sales to-date at TripleOne Somerset has increased to about S\$21.6 million, with a number of strata office units transacted at an average price of about S\$2,788 per square foot (“**sq ft**”). Potential buyers are also provided with an option to buy the strata office units with tenancy.

In end-July 2017, Perennial and its consortium of investors announced that it has received a number of enbloc sales inquiries and is contemplating the enbloc sale of AXA Tower at no less than S\$1.65 billion, equivalent to about S\$2,150 per sq ft based on its post-enhancement total strata area of about 767,358 sq ft¹. Taking into account the enhancement cost of S\$140 million that is fully debt-funded, which will be borne by the potential new owner, the post-enhancement strata value would be about S\$2,333 per sq ft.

To-date, total strata sales at AXA Tower amount to about S\$41 million, with a number of strata office units transacted at an average price of about S\$2,559 per sq ft. Units on the low-zone and mid-zone were transacted at about S\$2,450 per sq ft and close to S\$3,000 per sq ft respectively.

Separately, in July 2017, Perennial led a consortium with Yanlord (together, the “**Consortium**”) to acquire a 33.5% stake in United Engineers Limited (“**United Engineers**”), triggering mandatory offers for the remaining shares in United Engineers. The Consortium also acquired a 10% stake in WBL Corporation Limited (“**WBL**”) and may acquire another 19.9% stake in WBL subject to certain conditions. The Offer documents were dispatched to United Engineers’ shareholders on 1 August 2017 and the Offer will close at 5.30pm on 29 August 2017, or such later date(s) that may be announced from time to time by or on behalf of the Offeror.

¹ Excluding the strata areas sold to-date.

In China, construction works at Chengdu East High Speed Railway (“**HSR**”) Integrated Development, Beijing Tongzhou Integrated Development and Xi’an North HSR Integrated Development continued to make good progress.

At Perennial International Health and Medical Hub (“**PIHMH**”), part of Chengdu East HSR Integrated Development, the committed occupancy now stands at about 62%. BGI (华大基因) was secured as a new mini-anchor tenant which will take up about 5,000 square metres of space. BGI (华大基因) is one of the largest genome sequencing organisations in the world focusing on research and applications in healthcare, agriculture and environmental industries. BGI is also responsible for establishing the first gene pool in China. The addition of BGI will expand the suite of medical and healthcare-related offerings at PIHMH, reinforcing its standing as a regional healthcare facility that will serve the community of Sichuan Province.

The other mini-anchor tenants at PIHMH, such as Chengdu St. Stamford Plastic Surgery and Aesthetic Hospital, Perennial International Specialist Medical Centre, AND Maternal and Child Health Centre and Gu Lian Rehabilitation and Nursing Centre, have commenced fitting-out works. Together with BGI (华大基因), they are all expected to commence operations in 4Q 2017.

On Chengdu East HSR Integrated Development Plot D2, the last of six towers is undergoing façade cladding works, while internal fitting out works continued to be in progress in one tower which will be occupied by Chengdu Xiehe International Eldercare and Retirement Home (“**Chengdu Xiehe Home**”)

Perennial’s joint venture project in Penang, Malaysia was officially unveiled as The Light City in May 2017. The 4.1 million sq ft gross floor area iconic waterfront integrated development will comprise a retail mall, Penang’s largest convention centre, named as Penang Waterfront Convention Centre, two hotels, an office tower, and two residential projects, named as Mezzo and The Essence. Construction works are expected to commence in end-2017 and complete in 2021.

Healthcare Business

In line with Perennial’s vision to establish itself as an integrated real estate and healthcare company, it entered into a strategic partnership with Beijing Hospital of Traditional Chinese Medicine (“**TCM**”) 北京中医医院 to jointly set up Ming Yi Guan, *in partnership with Beijing Hospital of TCM* (北京中医医院明医馆) (“**Ming Yi Guan 明医馆**”) at the House of Tan Yeok Nee, part of Perennial’s real estate portfolio. Ming Yi Guan 明医馆, the largest premier TCM treatment facility in Singapore, officially commenced business in end-June 2017, marking Perennial’s first entry into the healthcare business in the country.

In China, Perennial’s three core healthcare business lines, being hospital and medical, maternal and child care, and eldercare and senior housing, are growing from strength to strength.

The marketing show suites for Chengdu St. Stamford Plastic Surgery and Aesthetic Hospital and Perennial International Specialist Medical Centre at PIHMH were completed in June 2017. Together with AND Maternal and Child Health Centre, the three facilities would extend Perennial's healthcare businesses' presence into Chengdu when they commence operations in 4Q 2017.

Separately, Chengdu Xiehe Home's commencement of operations has been delayed to 2Q 2018 due to the longer than expected approval process taken to incorporate nursing home services at the high-rise facility. Shanghai RST Chinese Medicine Co., Ltd ("**Renshoutang**") has started renovation works at two upcoming centres, being the 502-bed Zhenjiang Jurong Eldercare and Retirement Home, which includes a 92-bed Nursing Home, and the 300-bed Zhenjiang Yixian Eldercare and Retirement Home. The two new facilities are expected to commence operations in 3Q 2017, extending Renshoutang's operating presence beyond its stronghold in Shanghai.

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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.

Issued by Perennial Real Estate Holdings Limited

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