

PRESS RELEASE

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For Immediate Release

Perennial Registers FY2018 PATMI of S\$78.1 million

*Strong committed occupancy for core Singapore assets;
Renshoutang continues strong growth trajectory, achieving year-on-year
operational in-patient bed growth of about 66%*

Singapore, 13 February 2019 – Perennial Real Estate Holdings Limited (“**Perennial**” or the “**Group**”) registered a total profit after tax and minority interest (“**PATMI**”) of S\$78.1 million in FY2018, 22.2% lower than S\$100.3 million in FY2017 due to the absence of divestment gain, higher finance costs arising from the consolidation of Capitol Singapore’s debt post-acquisition of the 50% stake to take full ownership of the asset, new loans to fund investments, higher interest rate, and the non-capitalisation of interest expenses for Perennial International Health and Medical Hub, Chengdu (“**PIHMH**”) upon its completion of works.

FY2018 Revenue of S\$78.3 million was higher than the S\$74.5 million recorded last year mainly attributable to the consolidation of revenue from Capitol Singapore and new revenue stream from PIHMH which commenced operations in 2Q 2018, but was partially offset by the absence of revenue from TripleOne Somerset and lower management fee post the sale of its 20.2% equity stake in FY2017 as part of the Group’s capital recycling strategy.

FY2018 Earnings Before Interest and Tax (“**EBIT**”) of S\$376.2 million was 71.3% higher than FY2017 of S\$219.6 million mainly due to higher fair value gains as the respective development properties achieved certain key milestones and were identified for lease, and operating properties improved on its performance. The higher FY2018 EBIT was partially offset by the absence of a one-off gain from the partial divestment of TripleOne Somerset totalling S\$55.7 million.

The Group’s 4Q 2018 Revenue of S\$23 million was higher than 4Q 2017 of S\$16 million, while 4Q 2018 EBIT of S\$62.3 million, largely driven by fair value gains on revaluation of investment properties comprising Xi’an North High Speed Railway (“**HSR**”) Integrated Development Plot 4, Chinatown Point and Perennial Qingyang Mall, was marginally lower than 4Q 2017 of S\$63.6 million. Overall, 4Q 2018 PATMI of S\$16 million was 42% lower than 4Q 2017 of S\$27.6 million.

4Q2018 and FY2018 Financial Results Summary

	4Q 2018 (S\$M)	4Q 2017 (S\$M)	Change (%)	FY2018 (S\$M)	FY2017 (S\$M)	Change (%)
Revenue	23.0	16.0	43.6	78.3	74.5	5.0
EBIT	62.3	63.6	(1.9)	376.2	219.6	71.3
PATMI	16.0	27.6	(42.0)	78.1	100.3	(22.2)

As at 31 December 2018, the Group's Net Debt to Equity Ratio was 0.72 times (FY2017: 0.57 times). A first and final dividend of 0.4 cent per share has been proposed (FY2017: 1.0 cent per share) and will be payable on 22 May 2019 after shareholders' approval.

In FY2018, the Group continued to focus on its core markets of China and Singapore, which constituted approximately 65% (FY2017: 72%) and 34% (FY2017: 26%) of total assets (effective stake basis) respectively. The increase in the Singapore market's weightage was due to the acquisition of the 50% stake in Capitol Singapore. Completed projects in China and Singapore, which collectively accounted for about 66% of total property value (effective stake basis), continued to provide stable recurring income.

The Group continued to pursue its asset-light healthcare services business in China in FY2018, with its portfolio of total operating beds growing 64.6% to reach 6,382 in-patient beds from 3,877 a year earlier. The increase was mainly driven by Renshoutang, the Group's eldercare and senior housing business arm, which added 2,350 in-patient beds to the portfolio. To-date, Renshoutang has secured a committed pipeline and potential pipeline of beds of over 9,650 and 13,500 respectively. The Group will continue to leverage on a three-pronged leasing, Public-Private-Partnership ("PPP") and acquisition model approach to achieve scale for Renshoutang. Going forward, the Group will continue to focus on two main healthcare business lines, being *Hospitals and Medical Centres* and *Eldercare and Senior Housing*, to drive the implementation of the Group's integrated real estate and healthcare strategy in China.

Mr Pua Seck Guan, Chief Executive Officer of Perennial, said, "FY2018 marked a new and exciting chapter on many fronts ranging from the launch of PIHMH, acquisition of two new HSR projects in Tianjin and Kunming by the Perennial-led healthcare joint venture, to the acquisition of the remaining 50% stake in Capitol Singapore to take full ownership of the prime property."

Mr Pua added, "PIHMH is now an operating model of our HSR regional healthcare and commercial hub, which we will fine-tune and replicate in Xi'an, Tianjin and Kunming. Our integrated real estate and healthcare business strategy, as an owner, developer and manager on the real estate front and as an owner, operator and provider on the healthcare services front, not only facilitates the creation of multiple income streams to deliver recurrent income but will also drive the creation of value of our real estate and businesses over time. This year, we will also actively explore capital recycling opportunities to maximise returns in China and Singapore."

Real Estate Business

At Capitol Singapore, The Capitol Kempinski Hotel Singapore recently enhanced its food and beverage (“F&B”) experience with the launch of 15 Stamford by Alvin Leung, conceptualised by three Michelin-starred chef Alvin Leung. Separately, IWG’s premium co-working space concept No 18 will be launching its first Asia flagship measuring over 20,600 square feet at Capitol Singapore in 3Q 2019, further strengthening its tenancy mix. The relaunch of the sales of Eden Residences Capitol recently in February 2019 and the completion of the repositioning exercise of the retail component this year are expected to add to the Group’s bottom line.

As at 31 December 2018, CHIJMES achieved a total committed occupancy of 100% and registered a year-on-year shoppers’ traffic growth of approximately 16%, while Chinatown Point, which undertook an asset enhancement exercise on Basement 1 to feature 19 new food kiosks registered a total committed occupancy of 91.6%. With TripleOne Somerset’s new two-storey retail podium receiving its Temporary Occupancy Permit in January 2019 and expected to commence business progressively from 1Q 2019, the Group will push forward with the strata sales of its office units, which together with the office and retail rental incomes, will contribute further to the Group’s income.

In China, PIHMH achieved a committed occupancy of approximately 91% as at 31 December 2018. This year, the Group will focus on driving its operating performance and support the tenants which are preparing to commence operations, including anchor tenant Gleneagles Chengdu Hospital. At Perennial’s second HSR regional healthcare and commercial hub, Xi’an North HSR Integrated Development, three towers have already topped up on Plot 4, while piling works are underway on Plot 5 which has been designated for medical usage. Tianjin South HSR Integrated Development, Perennial’s third HSR project, has received the first two of four key permits, being the Land Use Right Certificate and the Land Use Planning Permit, for all three plots. Together with Kunming South HSR Integrated Development, which was acquired in December 2018, Perennial’s four HSR projects now span a total gross floor area of about 3 million square metres.

Healthcare Business

In FY2018, the Group continued its momentum to expand its healthcare business, particularly in the *Eldercare and Senior Housing* segment through Renshoutang. Three new facilities were opened in the year which yielded a total of 2,350 beds, ramping up Renshoutang’s portfolio significantly by about 66%, from 3,577 beds in FY2017 to 5,927 beds in FY2018. The new facilities comprised Renshoutang Fengxian Yixian Eldercare and Retirement Home in Shanghai, the first Government-Built-Privately-Operated facility in the district, Wuhan Jiuzhoutong Renshoutang Xiehe Eldercare and Retirement Home, Renshoutang’s first PPP facility, and Shanghai Yichang Eldercare and Retirement Home. This year, another four new facilities in Changzhou, Shanghai and Zhenjiang are expected to commence operations in 1H 2019, which will add over 1,900 beds to the portfolio.

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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, Indonesia and Ghana with a combined portfolio spanning about 65 million square feet in gross floor area.

Perennial is also a healthcare services owner, operator and provider focused predominantly on China. Perennial's healthcare business services include hospitals and medical centres, eldercare and senior housing, and supporting specialties in genomics and diagnostic imaging, plastic surgery and aesthetics as well as maternal and child health management.

In China, Perennial is a dominant commercial developer with sizeable mixed-use integrated developments. Four of Perennial's developments, Chengdu East High Speed Railway ("**HSR**") Integrated Development, Xi'an North HSR Integrated Development, Tianjin South HSR Integrated Development and Kunming South HSR Integrated Development, are regional healthcare and commercial hubs which are situated adjacent to four of the country's largest HSR stations and incorporate medical, healthcare and eldercare facilities. 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 Capitol Singapore, CHIJMES, AXA Tower, TripleOne Somerset, Chinatown Point and House of Tan Yeok Nee.

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