



PERENNIAL REAL ESTATE HOLDINGS LIMITED

(Incorporated in the Republic of Singapore)

(Company Registration No. 200210338M)

ENTRY INTO JOINT VENTURE TO INVEST IN HSR HEALTHCARE INTEGRATED MIXED-USE DEVELOPMENTS LOCATED IN CHINA

1. INTRODUCTION

The Board of Directors (the “**Board**”) of Perennial Real Estate Holdings Limited (“**Perennial**”, together with its subsidiaries, the “**Perennial Group**”) is pleased to announce that it has established a joint venture with an initial committed capital of US\$500.0 million (approximately S\$672.04 million) to jointly invest in, acquire and develop predominantly healthcare integrated mixed-use developments¹ which are connected to high speed railway (“**HSR**”) stations (“**HSR Healthcare Integrated Mixed-Use Developments**”) in China. The joint venture has targeted to increase its total committed capital to potentially up to US\$1.2 billion (approximately S\$1.61 billion).

Perennial, through its wholly owned subsidiary, Perennial China Investment Holdings Pte. Ltd. (“**PCIHPL**”), has on 3 January 2018 entered into a joint venture agreement (“**Joint Venture Agreement**”) with a consortium of investors comprising (i) Wise Horizon Developments Limited (“**Wise Horizon**”), a subsidiary of Shun Tak Holdings Limited, (ii) Bangkok Bank Public Company Limited (“**Bangkok Bank**”), (iii) Imagine Properties Pte. Ltd. (“**Imagine Properties**”), a subsidiary of BreadTalk Group Limited; (iv) S1F Pte. Ltd. (“**SPL**”), (v) HPRY Holdings Limited (“**HPRY**”) and (vi) WCA Pte. Ltd. (“**WCA**”), a subsidiary of Wilmar International Limited (“**Wilmar**”) (collectively, the “**Joint Venture Partners**”), to jointly invest in, acquire and develop HSR Healthcare Integrated Mixed-Use Developments (the “**Joint Venture**”).

Pursuant to the Joint Venture Agreement, each of the Joint Venture Partners has agreed to subscribe for shares in Perennial HC Holdings Pte. Ltd. (“**Joint Venture Vehicle or PHCH**”), a company incorporated by Perennial in Singapore in the following proportions (the “**Shareholding Percentage**”):

PCIHPL	:	45.0%
Wise Horizon	:	30.0%
Bangkok Bank	:	10.0%
Imagine Properties	:	5.0%
SPL	:	4.0%
HPRY	:	4.0%
WCA	:	2.0%

¹ The HSR Healthcare Integrated Mixed-Use Developments may include hotel and/or retail components.

The Joint Venture Partners have committed to contribute an aggregate capital of up to US\$500.0 million (approximately S\$672.04 million²) ("**Total Committed Capital**") comprising 500,000,000 shares to be issued at US\$1.00 per share. The capital will be drawn down progressively based on the funding requirements of the Joint Venture Vehicle. The aggregate amount of capital which has been committed by PCIHPL to the Joint Venture Vehicle is US\$225.0 million (approximately S\$302.42 million) (the "**Investment**").

Following the entry into the Joint Venture Agreement, nominal shares in the Joint Venture Vehicle will be issued to the Joint Venture Partners in accordance with the Shareholding Percentage. Thereafter, Perennial will hold a 45.0% interest in the Joint Venture Vehicle and the Joint Venture Vehicle will cease to be a subsidiary and will become an associated company of Perennial. Currently, the Joint Venture Vehicle does not hold any HSR Healthcare Integrated Mixed-Use Developments and does not have any material assets other than the capital commitments of its shareholders.

2. THE JOINT VENTURE AND THE INVESTMENT

2.1 Information on the Joint Venture

The Joint Venture Vehicle is targeting to invest in HSR Healthcare Integrated Mixed-Use Developments located in Tier 1 or strong Tier 2 cities and provincial capitals in China, with good connectivity to subways and/or accessibility to the HSR. Other investment criteria which the Joint Venture Vehicle will take into account include but are not limited to proximity to cities with large populations or good access to regional populations and with supportive government policies or initiatives for healthcare and medical services.

The Board of Directors of Perennial is of the view that the Joint Venture and the Investment are in the ordinary course of the Perennial Group's business as the type and location of assets which the Joint Venture Vehicle proposes to invest and its nature of business is in line with the current business of the Perennial Group. As the Joint Venture and Investment are in the ordinary course of business of Perennial, shareholders' approval under Chapter 10 of the Listing Manual of Singapore Exchange Securities Trading Limited (the "**SGX-ST**", and the Listing Manual of the SGX-ST, the "**Listing Manual**") is not required.

2.2 Consideration for the Investment

The total expected capital contribution by Perennial for the Investment is US\$225.0 million (approximately S\$302.42 million) and will be contributed upon capital calls by the Joint Venture Vehicle in accordance with the Joint Venture Agreement and is expected to be funded by Perennial through internal cash and/or bank borrowings.

The initial capital for the Investment is not expected to have any material impact on the net tangible assets or earnings per share of Perennial for the current financial year.

2.3 Rationale for the Joint Venture and the Investment

Perennial believes that the Joint Venture and Investment will bring the following key benefits:

² Unless otherwise stated, all US\$ conversions to S\$ in this announcement are based on an illustrative exchange rate of US\$1.00 : S\$1.34407 for December 2017.

(i) Supports China's Changing Demographics' Demand for Healthcare and Belt and Road Initiative

- (a) The Joint Venture will allow Perennial to capitalise on growing demand for healthcare-related services arising from a fast ageing population and growing affluence in China which will in turn fuel demand for healthcare integrated developments in China.
- (b) The Joint Venture's investments in HSR Healthcare Integrated Mixed-use Developments in close proximity to transportation nodes, such as HSR stations, support China's Belt and Road Initiative and its commitment towards global healthcare reforms. In addition, the one-stop regional HSR Healthcare Integrated Mixed-use Developments facilitate the various Chinese cities' growth in medical tourism.

(ii) Aligns with Perennial's Integrated Real Estate and Healthcare Strategy

- (a) The Joint Venture is in line with Perennial's strategy to acquire, own and develop large scale integrated developments in high growth cities which are in close proximity to or seamlessly connected to transportation hubs, and incorporate healthcare real estate as an asset class within these prime integrated developments.
- (b) The Joint Venture would also allow Perennial to introduce its holistic suite of medical and healthcare-related offerings into these healthcare real estate as anchor or mini-anchor tenants. Perennial currently operates three core lines of healthcare businesses in China, being hospital and medical services, eldercare and senior housing, and maternal and child health management.
- (c) The synergies that can be achieved with Perennial's existing real estate portfolio, businesses and partnerships in China facilitate the maximisation of the value of both the real estate portfolio and medical and healthcare-related services businesses for the Perennial Group.

(iii) Harness Greater Opportunities with Asset-Light Model and Consortium of Partners' Experience and Capabilities

The Joint Venture provides an 'asset-light' platform for Perennial to scale its integrated real estate and healthcare business. It also allows Perennial to further its business relationships with the consortium of Joint Venture Partners, and leverage on the combined experience and expertise of the consortium of Joint Venture Partners in the areas of asset and project management, hotel management, construction management and property management to deliver developments with holistic offerings.

2.4 Certain Principal Terms of the Joint Venture Agreement

The Joint Venture Partners have collectively agreed under the Joint Venture Agreement to commit an aggregate amount of US\$500.0 million to the Joint Venture Vehicle as equity contributions based on the Shareholding Percentage.

The Joint Venture Agreement contains customary provisions governing a transfer of shares of the Joint Venture Vehicle by its shareholders and deadlock mechanisms to resolve disputes as well a list of reserved matters in relation to certain key operational and management issues affecting the Joint Venture Vehicle.

It is currently contemplated that the Joint Venture Vehicle will appoint certain asset, project, property and/or hotel management companies in which Perennial and/or other Joint Venture Partners may have interests to provide such relevant management services to manage the assets of the Joint Venture Vehicle.

3. INTERESTED PERSON TRANSACTION

3.1 Interested Persons

The consortium of investors includes HPRY and WCA, each of which has committed to contribute 4.0% and 2.0% of the Total Committed Capital respectively. HPRY is wholly owned by Mr Kuok Khoon Hong, who is also the Chairman and a non-executive non-independent director of Perennial. As at the date of this announcement, Mr Kuok is a controlling shareholder of Perennial and is deemed interested in 35.58% of the share capital of Perennial. HPRY, being an associate of Mr Kuok, is thus an interested person of Perennial.

WCA is a wholly-owned subsidiary of Wilmar. As at the date of this announcement, Wilmar is a controlling shareholder of Perennial and is deemed interested in 20.0% of the share capital of Perennial. WCA, being an associate of Wilmar, is thus an interested person of Perennial.

Accordingly, the entry by HPRY and WCA into the Joint Venture with PCIHPL would constitute an interested person transaction for Perennial for purposes of Chapter 9 of the Listing Manual.

3.2 Rule 916(2) of the Listing Manual

Based on the terms of the Joint Venture, the Audit and Risk Committee of the Company is of the view that:

- (i) the risks and rewards of the Joint Venture are in proportion to the equity of each Joint Venture Partner in the Joint Venture; and
- (ii) the terms of the Joint Venture are on normal commercial terms and are not prejudicial to the interests of Perennial and its minority shareholders.

As the risk and rewards of the Joint Venture are in proportion to the equity of each Joint Venture Partner and neither HPRY nor WCA has an existing equity interest in the Joint Venture Vehicle prior to the participation of PCIHPL, the Joint Venture falls within the scope of Rule 916(2) of the Listing Manual.

3.3 Value of Interested Person Transaction

For the current financial year commencing 1 January 2018, save for the Joint Venture, there are no interested person transactions relating to Mr Kuok and his associates or Wilmar and its associates and save for the Joint Venture, there are no other interested person transactions.

4. FURTHER INFORMATION

4.1 Service Contracts

No director is proposed to be appointed to Perennial or its subsidiaries as a result of the Joint Venture or the Investment.

4.2 Rule 916(2) of the Listing Manual

Save as disclosed in this announcement and save for Mr Pua Seck Guan who is a director of PHCH, none of the directors or controlling shareholders has any interest, direct or indirect, in the Joint Venture or the Investment other than through their shareholdings in Perennial.

BY ORDER OF THE BOARD

Sim Ai Hua
Company Secretary

3 January 2018

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.