

Issuer: Perennial Real Estate Holdings Limited
Security: Perennial Real Estate Holdings Limited

Meeting details:

Date: 24 April 2018

Time: 2.30 p.m.

Venue: Marina Mandarin, Leo and Capricorn Ballrooms, 6 Raffles Boulevard, Marina Square Level 1, Singapore 039594

Company Description

Perennial Real Estate Holdings Limited, together with its subsidiaries, operates as an integrated real estate and healthcare company. The company operates through Singapore, China, Management Businesses, and Corporate and Others segments. It invests in, owns, develops, and manages real estate properties. The company primarily focuses on mixed-use developments comprising retail properties, offices/SOHOs, hotels/serviced apartments, residential and healthcare properties, event venue/convention centers, and integrated developments. Its real estate portfolio comprises 10 integrated developments, and 5 retail and commercial developments spanning approximately 54 million square feet in total gross floor area in Singapore, China, Malaysia, and Ghana. The company also owns, operates, and provides medical and healthcare services, including hospitals and medical centers, and eldercare and senior housing, as well as supporting specialties in genomics and diagnostic imaging, plastic surgery and aesthetics, and maternal and child health management. Its healthcare portfolio comprises 25 operational medical and healthcare-related facilities spanning 8 cities with a total of 4,167 operating beds in China; and 1 traditional Chinese medicine outpatient treatment facility in Singapore. In addition, the company provides asset and retail management, project development, and project and design management services, as well as investment advisory services. Perennial Real Estate Holdings Limited was incorporated in 2002 and is headquartered in Singapore.

(Source: http://www.sgx.com/wps/portal/sgxweb/home/company_disclosure/stockfacts?code=40S)

Q1. As shown in the Business Review, in 2017, the company was part of the consortium in the acquisition of an aggregate 33.7% stake in United Engineers Limited (“UE”) and a 10% stake in WBL Corporation Limited for a total consideration of approximately S\$617 million.

The key assets acquired include UE BizHub CITY (formerly known as UE Square) and UE BizHub Tower in Singapore and Shenyang Orchard Summer Palace in China.

- a) **Having acquired the control of UE since July 2017, can management update shareholders on plans to create value for shareholders from the acquisition?**

Q2. Would the board/management provide shareholders with better clarity on the following operational matters? Specifically:

- a) **The Capitol:** As announced by the company on 13 March 2018, the group will gain full ownership of the asset should the sale of shares agreement be completed on 8 May 2018. **What are the group’s plans to “reboot” the development which has unsold residential units, a retail mall and a hotel? Will the purchase of the remaining 50% stake from the joint venture partner put additional strain on the group’s balance sheet?**
- b) **AXA Tower:** The company has also announced on 31 July 2017 that the consortium of investors are considering the enbloc sales of AXA Tower “at no less than S\$1.65 billion, equivalent to about S\$2,150 per square feet based on its post-asset enhancement initiative total strata area of about 767,358 sq ft”. In the Letter to Shareholders, the Chairman and Chief Executive Officer have iterated that the group will “actively pursue a strata or enbloc sale strategy to monetise and unlock the values of the buildings” (page 19). **Has the company made any progress with any potential buyers?**
- c) **Chengdu: At the Perennial International Health and Medical Hub (PIHMH), when will Chengdu ParkwayHealth Hospital, as the anchor tenant, begin its operations? With Care Alliance Rehabilitation Hospital soft-opening in 4Q 2017, when will the other 4 mini-tenants be operational? What are the total development costs of PIHMH and what are the expected returns for PIHMH?**

Q3. On 1 January 2016, the company’s Chief Executive Officer and Executive director, Mr. Pua Seck Guan, took on an additional role in Wilmar International as Chief Operating Officer. As seen in the profile of the board of directors (page 27), Mr. Pua has extensive experience in real estate.

As disclosed in the Corporate Governance Report, the primary role of the CEO includes effectively managing and supervising day-to-day business operations, reporting to the Board on all aspects of operations and performance, cultivating good relationships and ensuring effective communication with all stakeholders.

- a) **With major development projects in China and Singapore, in healthcare and real estate, and with the group venturing to Ghana, London and Malaysia, together with the recent acquisition of UE and WBL, can the CEO let shareholders know how effective he is at discharging his duties as CEO of the group?**
- b) **How much time, energy and attention does the CEO devote to matters of the group if he has to also discharge his duties as COO of one of Asia’s leading agribusiness groups that has a market capitalisation exceeding \$20 billion?**
- c) **With more than two years since the appointment of Mr. Pua as COO of Wilmar, has the nomination committee (NC) evaluated how the dual appointment might have affected the performance of the CEO/group? Did the NC determine how much of the CEO’s time can be spent on non-Perennial matters?**