

PERENNIAL REAL ESTATE HOLDINGS LTD



FINANCIAL RESULTS FOR THE SECOND QUARTER AND HALF YEAR ENDED 30 JUNE 2018

 PERENNIAL

All statements contained in this presentation which are not statements of historical fact constitute “forward looking statements”. These forward-looking statements, including without limitation, those regarding Perennial Real Estate Holding Limited’s financial position and results, business strategy and plans and objectives of management for future operations involve known and unknown risks, uncertainties and other factors which may cause Perennial Real Estate Holdings Limited’s actual results, performance or achievements to be materially different from any future results, performance or achievements expected, expressed or implied by such forward-looking statements. Given the risks and uncertainties that may cause the actual future results, performance or achievements to be materially different from those expected, expressed or implied by the forward-looking statements in this presentation, you are advised not to place undue reliance on these statements.

FINANCIAL HIGHLIGHTS
FOR THE SECOND QUARTER
AND HALF YEAR
ENDED 30 JUNE 2018

Income Statement (2Q 2018 vs 2Q 2017) – Explanation of Key Income Line Items



S\$'000	2Q 2018	2Q 2017	Change
	1 Apr 2018 to 30 Jun 2018	1 Apr 2017 to 30 Jun 2017	%
Revenue	18,130	17,852	1.6
Earnings Before Interest & Tax (“ EBIT ”)	41,941	57,064	(26.5)
Profit After Tax less Minority Interest (“PATMI”)	8,648	17,124	(49.5)

Revenue

- Revenue for 2Q 2018 increased by 1.6%, mainly attributable to revenue from Capitol Singapore which was consolidated with effect from May 2018, improved performance from Perennial Qingyang Mall and Perennial Jihua Mall and new revenue stream from Perennial International Health and Medical Hub (“**PIHMH**”) which commenced operations in June 2018. The increase was partially offset by the absence of one-off divestment fee earned in 2Q 2017.

EBIT

- EBIT decreased mainly because of lower fair value gain recognised in this quarter as compared to the same period last year. In 2Q 2018, a fair value gain of S\$28.7 million was recognised from the revaluation of Perennial International Health and Medical Hub (“**PIHMH**”), while in 2Q 2017, the fair value gain was S\$45.5 million from the revaluation of Xi’an North High Speed Railway (“**HSR**”) Integrated Development Plot 4. Excluding the fair value gains, 2Q18 EBIT would be higher.

PATMI

- The decrease in PATMI was mainly due to lower EBIT and higher net finance costs. Finance costs increased with the consolidation of Capitol Singapore’s debt and new loans to fund new investments.

Income Statement (1H 2018 vs 1H 2017) – Explanation of Key Income Line Items

S\$'000	1H 2018	1H 2017	Change
	1 Jan 2018 to 30 Jun 2018	1 Jan 2017 to 30 Jun 2017	%
Revenue	33,075	38,081	(13.1)
EBIT	66,384	118,512	(44.0)
PATMI	13,792	55,786	(75.3)

Revenue

- 1H 2018's revenue was mainly contributed by CHIJMES as well as Perennial Jihua Mall and Perennial Qingyang Mall in China. The decrease in revenue in 1H 2018 was mainly due to the absence of revenue from TripleOne Somerset following the divestment of a 20.2% equity stake on 31 March 2017, partially offset by the inclusion of Capitol Singapore's revenue with effect from May 2018 and new revenue stream from PIHMH from June 2018.

EBIT

- The decrease in EBIT was mainly due to the absence of a one-off gain from the sale of the 20.2% equity stake in TripleOne Somerset, totalling ~S\$55.7 million in 1H 2017 and lower fair value gain in 1H 2018. Excluding the divestment and fair value gains, 1H 2018 EBIT would be higher, driven by higher share of results from associates and joint ventures.

PATMI

- The decrease in PATMI was due to the absence of the one-off gain from the divestment of the 20.2% equity stake in TripleOne Somerset, lower fair value gain and higher finance costs, partially mitigated by higher share of results from associates/joint ventures.

Income Statement (2Q 2018 vs 2Q 2017) – Revenue and EBIT by Segment

	REVENUE			EBIT			Note
	2Q 2018	2Q 2017	Change	2Q 2018	2Q 2017	Change	
	S\$'000	S\$'000	%	S\$'000	S\$'000	%	
Singapore	5,162	3,556	45.2	8,837	2,015	338.6	1
China	9,423	7,773	21.2	35,106	52,780	(33.5)	2
Management Businesses	5,207	8,318	(37.4)	1,424	5,822	(75.5)	3
Corporate and Others	12	22	(45.5)	(3,187)	(3,315)	(3.9)	
Eliminations	(1,674)	(1,817)	(7.9)	(239)	(238)	0.4	
	18,130	17,852	1.6	41,941	57,064	(26.5)	

Notes:

- (1) The increase in revenue and EBIT was mainly attributable to the consolidation of Capitol Singapore following the acquisition of the remaining 50% stake.
- (2) The higher revenue was attributable to improved performance of Perennial Qingyang Mall and Perennial Jihua Mall and new revenue stream from PIHMH which commenced operations in June 2018. Variance at EBIT level was mainly due to lower fair value gain as fair value gain for PIHMH in 2Q 2018 was lower than that for Xi'an Plot 4 in 2Q 2017.
- (3) The decrease in revenue and EBIT from the management businesses was mainly due to the absence of a one-off divestment fee from TripleOne Somerset in 2Q 2017.

Income Statement (1H 2018 vs 1H 2017) – Revenue and EBIT by Segment

	REVENUE			EBIT			Note
	1H 2018	1H 2017	Change	1H 2018	1H 2017	Change	
	S\$'000	S\$'000	%	S\$'000	S\$'000	%	
Singapore	8,315	13,759	(39.6)	30,797	63,831	(51.8)	1
China	18,343	15,342	19.6	39,422	57,805	(31.8)	2
Management Businesses	9,980	13,247	(24.7)	3,338	6,595	(49.4)	3
Corporate and Others	36	36	-	(6,696)	(9,136)	(26.7)	4
Eliminations	(3,599)	(4,303)	(16.4)	(477)	(583)	(18.2)	
	33,075	38,081	(13.1)	66,384	118,512	(44.0)	

Notes:

- (1) The decrease in revenue was mainly due to the absence of revenue from TripleOne Somerset as a result of the deconsolidation, partially offset by the consolidation of Capitol Singapore's revenue. 1H 2017 EBIT was mainly contributed by the gain from the divestment of a 20.2% equity stake in TripleOne Somerset of approximately S\$55.7 million. Excluding the divestment gain, 1H 2018 EBIT would be higher by S\$22.7 million, mainly contributed by higher share of results from associates.
- (2) The higher revenue was attributable to improved performance of Perennial Qingyang Mall and new revenue stream from PIHMH which commenced operations in June 2018. Variance at EBIT level was due to lower fair value gain as fair value gain for PIHMH in 2Q 2018 was lower than that for Xi'an Plot 4 in 2Q 2017, foreign exchange loss, partially offset by higher share of results from associates/joint ventures.
- (3) The decrease in revenue and EBIT from the management businesses was mainly due to the absence of a one-off divestment fee from TripleOne Somerset in 2Q 2017.
- (4) The improvement in EBIT was mainly attributable to a foreign exchange gain vis a vis a foreign exchange loss in 1H 2017.

CAPITAL MANAGEMENT & KEY FINANCIAL INDICATORS

Capital Management and Key Financial Indicators

Key Financial Ratios

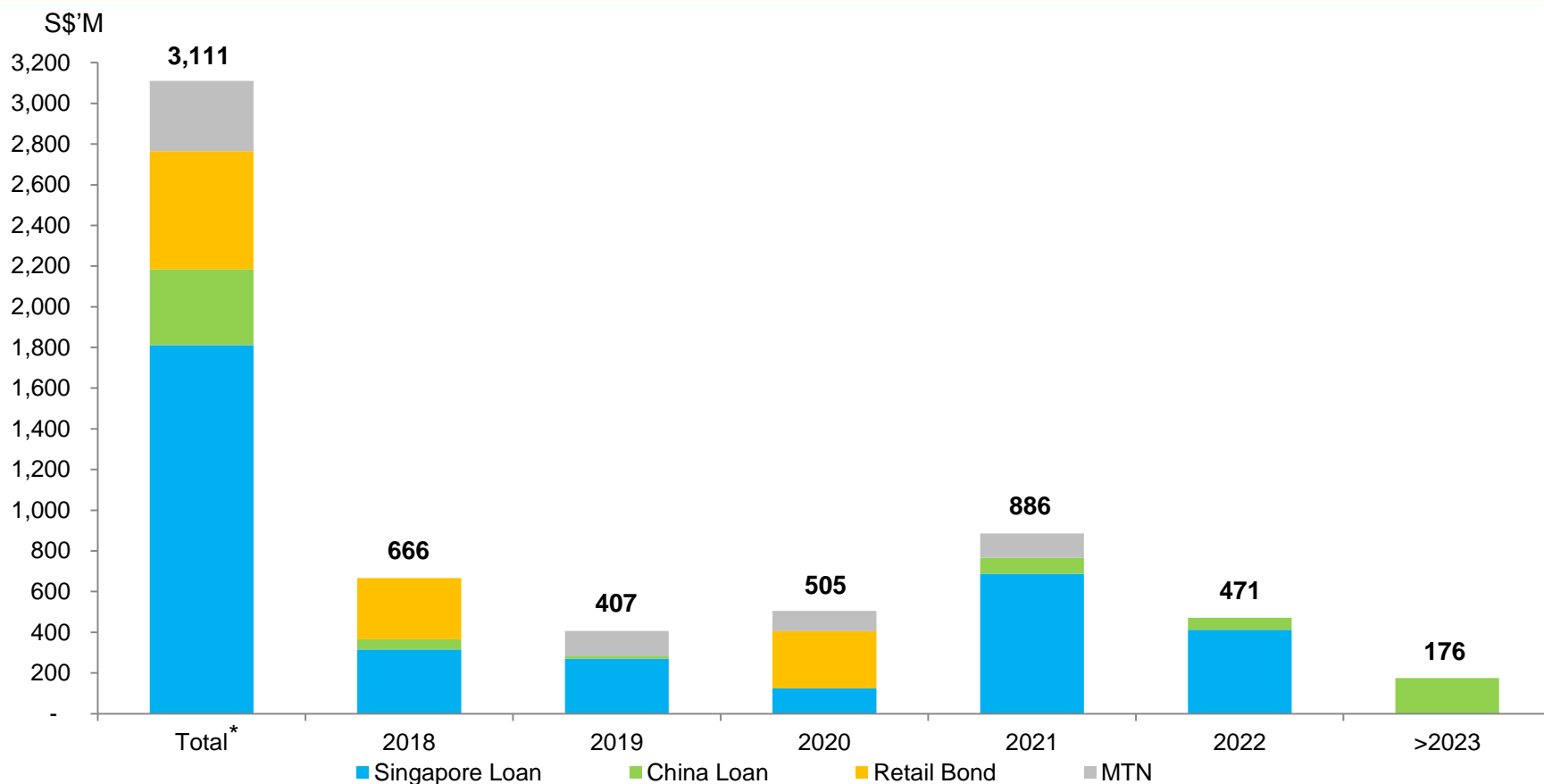
	As at 30 Jun 2018	As at 31 Dec 2017
Net Debt (S\$' 000)	2,944,813	2,233,083
Total Equity (S\$' 000)	3,999,340	3,915,878
Net Debt to Equity Ratio	0.74	0.57
NAV per Share (S\$)	1.704	1.663
Debt-Weighted Average Term to Expiry (years)	2.12	2.17

	Half Year ended 30 Jun 2018	Half Year ended 30 Jun 2017
Earnings per Share ¹ (cents)	0.83	3.35
Weighted Average Interest Rate (p.a.)	3.7%	3.8%

Note

1. Impact of treasury shares has been taken into consideration to derive earnings per share and NAV. The higher Net Asset Value per Share is due to translation gain arising from the appreciation of RMB against SGD during the period.

Debt Maturity Profile – As at 30 June 2018



* Being gross amount, without amortised transaction costs

1. The borrowings due in 2018 mainly relate to Retail Bonds of S\$300 million due in October 2018, secured loans of S\$188 million and unsecured loans of S\$179 million.
2. In January 2018, Perennial issued S\$120 million of 3.90% p.a. fixed rate notes due in 2021 under its S\$2 billion Multicurrency Debt Issuance Programme (“**MTN**”).

BUSINESS REVIEW - REAL ESTATE (SINGAPORE)

TripleOne Somerset – Focused on Retail Podium Works Ahead of Opening

Levels 3 and 4 Obtained Temporary Occupation Permit (“TOP”);
Pre-leasing In Progress for Retail Podium



- Strata-sale units on Levels 3 and 4 housed across both Somerset Tower and Devonshire Tower, and designated for both office and medical usages have obtained TOP on 19 June 2018.
- Apart from anchor retail tenant Fairprice Finest and anchor office tenant Spaces, new tenants secured include PU3 Restaurant, Kyoaji Japanese and Old Tea Hut.
- Works at the retail podium is progressing well and is expected to be completed by 4Q 2018. Full suite of asset enhancement works is expected to complete by 2019.

FairPrice finest

SPACES.



New Tenants

AXA Tower – Enhancement Works In Progress

Landmark Integrated Development in CBD Continues to Register Strong Occupancy Rate



Post-AEI AXA Tower

Artist's Impressions may differ from the actual view of the completed property.



New and Expansion Tenants

- As at 30 June, total committed occupancy stood at ~90.8%.
- New tenants secured include FT Logistics (Asia) Pte. Ltd. and NES Global. Existing tenants, such as Goodman Fielder Singapore Pte. Ltd., Hill Dickinson LLP and Lazada, have also taken up more space as part of their expansion plans.
- Works on the new two-storey medical annex block, retail podium and office common areas are ongoing and have reached various stages of completion.
- Full suite of works is expected to progressively complete by 2019.
- Continue to explore en-bloc sale opportunities with potential parties to capitalise on the buoyant Singapore office market and achieve optimal returns for shareholders.

Capitol Singapore – Kick-Starting Revamp of Capitol Piazza

Refresh of Tenant Mix and Execution of Marketing and Promotional Events



- Commenced marketing and leasing efforts to refresh the retail component of Capitol Singapore.
- ‘Live’ screenings of World Cup matches and its fringe activities constantly drew crowds to Capitol Piazza. Existing tenants including Food Republic also saw a good stream of lunch and dinner crowd.
- Welcomed two new first-in-Singapore F&B establishments, Famous Treasure Chinese Restaurant serving delicious local Chinese favourites and seafood signatures, and Suage, a casual dining place from Hokkaido that serves the highly raved Japanese soup curry dish.



Capitol Singapore – The Capitol Kempinski Hotel Singapore

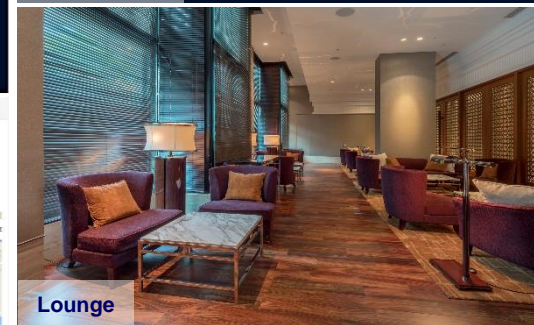
Preparations Underway for Opening on 1 October 2018



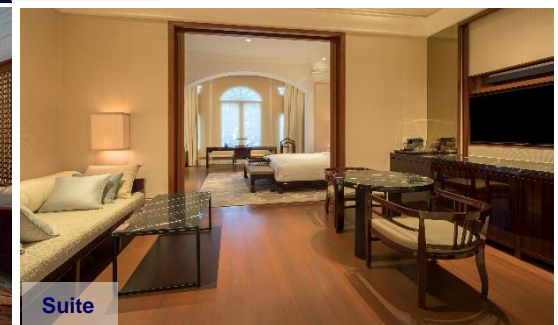
New Logo



Bedroom



Lounge



Suite

- The Capitol Kempinski Hotel Singapore, the 157-room luxury hotel housed within the restored Capitol Building and Stamford House, is into its final stage of preparation ahead of its opening on 1 October 2018.
- The hotel unveiled its new logo and launched its new website on 10 July 2018. Booking channels have opened for room reservations since 15 July 2018.
- The Capitol Kempinski Hotel Singapore's full range of services, including the leading international restaurant under the helm of a Michelin-starred chef and the Kempinski experience which will be extended to the Galleria retail area, will be made available over the course of several phases towards the end of 2018.

CHIJMES – Choice Venue for F&B and Entertainment

Vibrant Entertainment Destination Welcomed Huge Crowds at World Cup Live Screenings



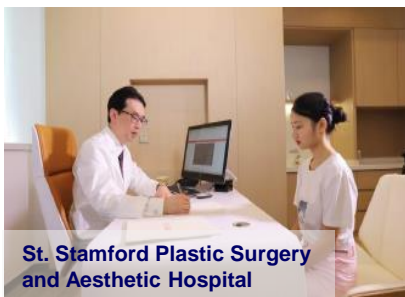
- As at 30 June 2018, total committed occupancy stood at 98.4%, of which 88.5% has commenced operations.
- In 2Q 2018, key events held include, 'Live' music performances behind CHIJMES Hall, roving acts around CHIJMES, the Singapore Book Fair and 'Live' screening of World Cup matches. The World Cup screening, in particular, was a resounding success with over 3,000 fans gathered at CHIJMES for key matches.
- A number of new F&B tenants, namely Tokyo's Michelin Bib Gourmand ramen restaurant Konjiki Hototogisu, specialty matcha café Hvala and Winery Tapas Bar, have commenced operations.



BUSINESS REVIEW - REAL ESTATE (CHINA)

Perennial International Health and Medical Hub, Chengdu – Officially Opened on 1 June 2018

China's First One-stop Medical, Healthcare & Retail Hub
Achieved Committed Occupancy of 92.8% as at 30 June 2018



- Local and international medical tenants include Care Alliance Rehabilitation Hospital Chengdu, Sichuan Integrative Medicine Hospital International Traditional Chinese Medicine Centre, as well as four of Perennial's healthcare businesses, comprising Perennial International Specialist Medical Centre, BGI Perennial Genomics Diagnostic Imaging Centre, St. Stamford Plastic Surgery and Aesthetic Hospital and AND Maternal and Child Health Centre, Chengdu have commenced business. Anchor tenant Gleneagles Chengdu Hospital is expected to commence operations in 2H 2018.
- The development also hosts a holistic suite of lifestyle, wellness and children-related retail trades and services, as well as food and beverage offerings to cater to the community in the precinct. Retail tenants include Kidswant, Jenny@Eatly, Mirako Fitness, Starbucks, Watsons, Winshare bookstore, Anta and Balabala fashion retailers, as well as Caiyue and Burano restaurants.

Perennial International Health and Medical Hub, Chengdu – Ramping Up Marketing Efforts to Increase Awareness

Series of Promotional and Educational Activities Were Held Post-Opening



Health Talk



Arawana Oil Cooking Workshop



Toddlers Crawling Contest



Meet the Author and Book Signing



Gleneagles' Marketing Booth



Children's Day Show



Health Talk



Father's Day Activity



Pediatrics Talk

Xi'an North HSR Integrated Development – Development Progress Update

Tower Façade Cladding Works In Progress on Plot 4; Excavation Works Ongoing on Plot 5



- On Plot 4, three towers have topped out and façade cladding works are ongoing. On the same plot, construction works at another tower has reached 14 storeys and the last tower have partially reached ground level.
- On Plot 5, which has been designated for medical and healthcare usage, piling works have started.



Artist's Impression may differ from the actual view of the completed property.

Xi'an North HSR Station Fast Becoming a Core HSR Interchange Station in West China

Largest HSR Station in Northwest China Operates New Route to Kunming, Reducing Travel Time by More Than Half



- The new Xi'an-Kunming high speed railway (“HSR”) line, which originates from Xi'an North HSR Station, the largest HSR station in Northwest China which is directly connected to Xi'an North HSR Integrated Development, commenced operations on 1 July 2018, reducing travel time between the two cities significantly from 26 hours to slightly over 10 hours.¹
- The new line to Kunming covers five provinces including Shaanxi, Sichuan, Chongqing, Guizhou and Yunnan.
- Construction on the east extension of Xi'an Subway Line 14, which will connect Heshao Village and Xi'an Xianyang International Airport via Xi'an North HSR Station is underway and expected to complete in June 2021.²

1 Source: Huashang Net article dated 1 July 2018. (<http://news.hsw.cn/system/2018/0701/1001763.shtml>)

2 Source: Tencent Net article dated 3 February 2018. (<https://new.qq.com/omn/20180302/20180302A11MVD.html>)

3 Source: China News article dated 30 October 2017. (<http://www.chinanews.com/sh/2017/10-30/8363486.shtml>)

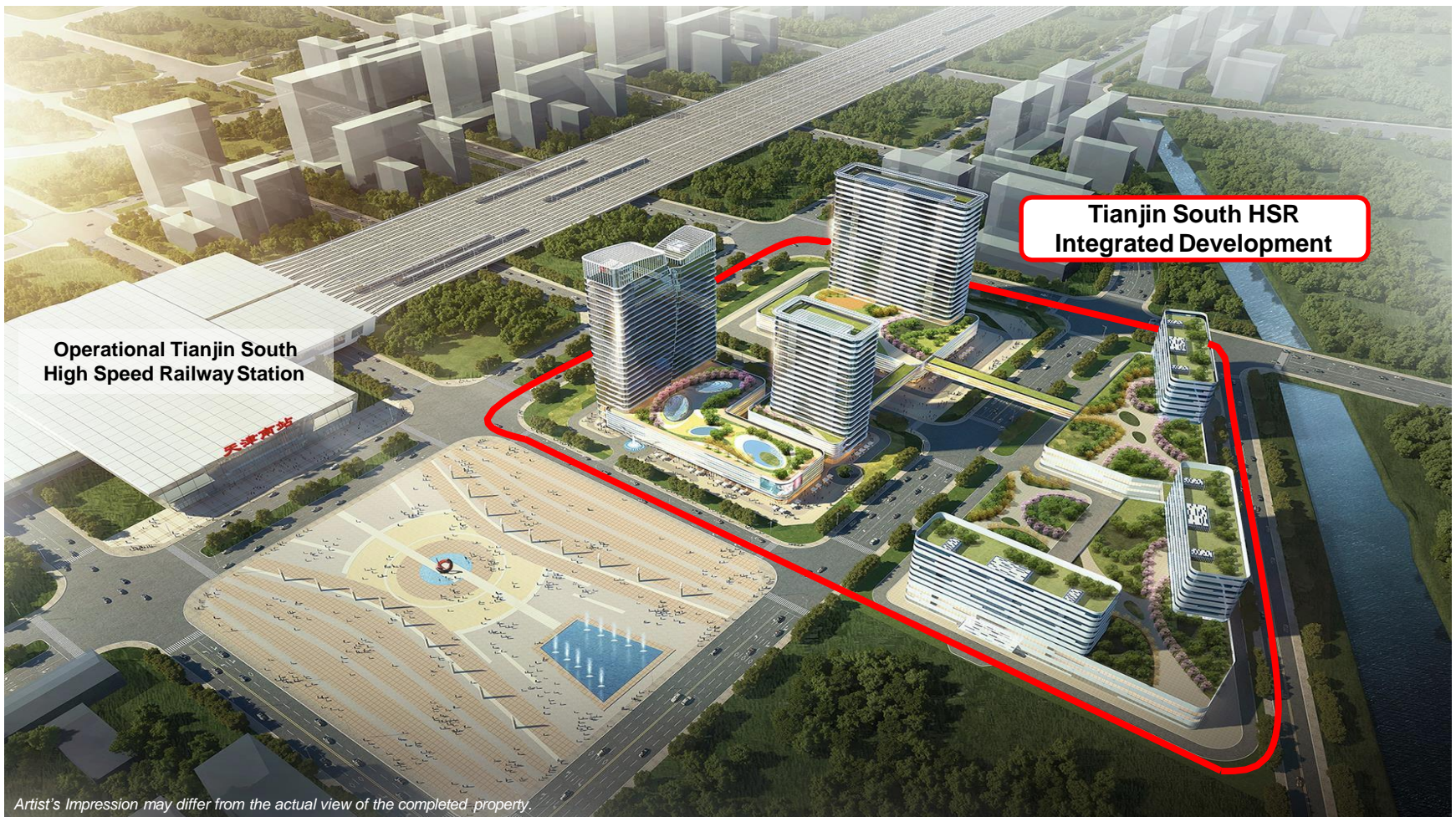
Perennial-Led JV Vehicle Invests in RMB2.7 Billion Tianjin South HSR Integrated Development as Maiden Project

- On 27 July, Perennial's 45%-owned joint venture vehicle, Perennial HC Holdings Pte. Ltd. ("**JV Vehicle**"), was awarded the tender by the People's Government of Xiqing District, Tianjin to develop three plots of land which are located adjacent to the Tianjin South High Speed Railway ("**HSR**") Station in Xiqing District, Tianjin (the "**Site**") at a land tender price of RMB718 million (approximately S\$150.3 million¹).
- The Site has a total land area of approximately 76,900 square metres ("**sqm**") and will be developed into a one-stop regional healthcare and commercial hub comprising medical care, eldercare, hospitality and retail components ("**Tianjin South HSR Integrated Development**").
- Spanning approximately 307,500 sqm² in total gross floor area ("**GFA**"), the development is well-positioned to benefit from Tianjin's strategic position as part of China's Belt and Road Initiative and Jing-Jin-Ji Metropolitan Region, which is an upcoming megalopolis integrating Beijing, Tianjin and Hebei ("**Jing-Jin-Ji**").
- Tianjin South HSR Integrated Development is expected to be completed at an estimated total development cost of RMB2.7 billion (approximately S\$564.3 million¹) and will commence operations progressively from 2022 onwards.
- Tianjin South HSR Integrated Development is the first asset of the JV Vehicle and Perennial's third HSR healthcare and commercial integrated development in China. The development enables Perennial to scale its integrated real estate and healthcare business model as well as its various lines of medical, healthcare and eldercare businesses, which will grow its management income streams over time.

1. Based on July 2018 exchange rate of RMB 1.00:SGD0.209.
2. Subject to relevant authorities' approval.

Tianjin South HSR Integrated Development – One-Stop Regional Healthcare and Commercial Hub

Well-Positioned to Cater to Burgeoning Demand for One-Stop Medical Care, Eldercare, Hospitality and Retail Services in Northeast China



Artist's Impression may differ from the actual view of the completed property.

Beijing Tongzhou Integrated Development – Development Progress Update

Construction Permits Have Been Obtained for All Six Plots



Artist's Impression may differ from the actual view of the completed property.

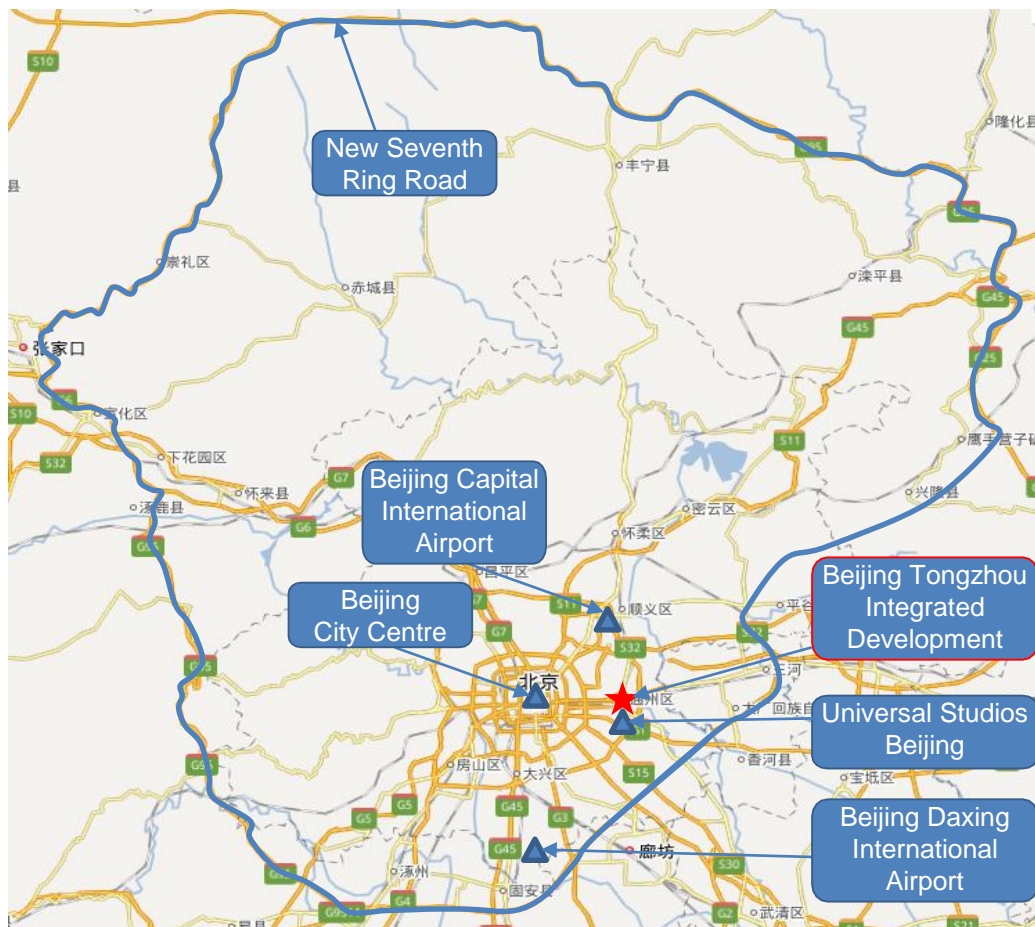


- Construction permits for the remaining two plots have been obtained.
- In June 2018, new building planning permits were obtained for the underground portion of the remaining two plots to replace the original permits so as to comply with new policies.
- Construction at two of the six plots have reached Level 18 and Level 6 respectively.
- Phase 1 and Phase 2 are expected to complete in 2021 and 2020 respectively.



Beijing Tongzhou District – Towards a World Class City in the ‘Sub-Centre’ of Beijing

Detailed Masterplan Unveiled for Beijing Tongzhou; Completion of the Seventh Ring Road to Enhance Precinct’s Connectivity



- The detailed masterplan for Tongzhou District was released in July 2018. The municipal government aims to transform Tongzhou into a world class city for living, integrating smart technology infrastructures, culture and environmental sustainability. In addition, the precinct will focus on government administrative service, business services and cultural tourism.¹
- Universal Studios Beijing, which is ~9km away from Beijing Tongzhou Integrated Development, is expected to open in 2019. The Universal Studios Subway Station, which will serve Subway Line 7 and Batong Line will link to Tongyunmen Station which connects directly to Beijing Tongzhou Integrated Development via the basement level. Universal Studios Subway Station is expected to commence operations in 2019.²
- Construction of the Seventh Ring Road has been completed, connecting Tongzhou District to Daxing District, where the new Beijing Daxing International Airport is located, Xiong’an New Area and Hubei.³ The new airport is expected to commence operations in 2019.⁴ Subway Line S6 will connect the Beijing Capital International Airport, Beijing Tongzhou Integrated Development’s Tongyunmen Station and the new airport.

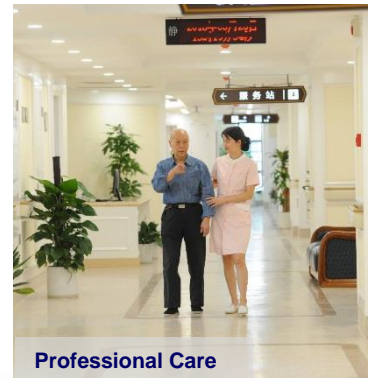
1. Source: NJ Daily article dated 16 July 2018 (<http://www.njdaily.cn/2018/07/16/1712128.shtml>)
2. Source: Sina News article dated 23 May 2018 (<http://news.sina.com.cn/o/2018-05-23/doc-ihawmauc6292034.shtml>)
3. Source: Caijing Web article dated 26 June 2018 (<http://economy.caijing.com.cn/20180626/4475859.shtml>)
4. Source: The Straits Times article dated 17 May 2018 (<https://www.straitstimes.com/asia/east-asia/new-beijing-airport-to-open-on-oct-1-2019-able-to-accommodate-620000-flights-per-year>)

BUSINESS REVIEW - HEALTHCARE

Renshoutang – First PPP Project Commences Operations in Wuhan

Wuhan Jiuzhoutong Renshoutang Xiehe Eldercare and Retirement Home – The Largest Eldercare with Medical Facility in Wuhan City

- Renshoutang's first Public-Private-Partnership (“PPP”) project, the 1,350-bed Wuhan Jiuzhoutong Renshoutang Xiehe Eldercare and Retirement Home, officially opened on 19 July 2018. The opening ceremony was graced by Mr Sam Tan, Singapore's Minister of State, and various government officials from the Wuhan Municipal Government.
- The home comprises eldercare and rehabilitation facilities and marks Renshoutang's inaugural presence in Central China.



Renshoutang – Wuhan Jiuzhoutong Xiehe Eldercare and Retirement Home

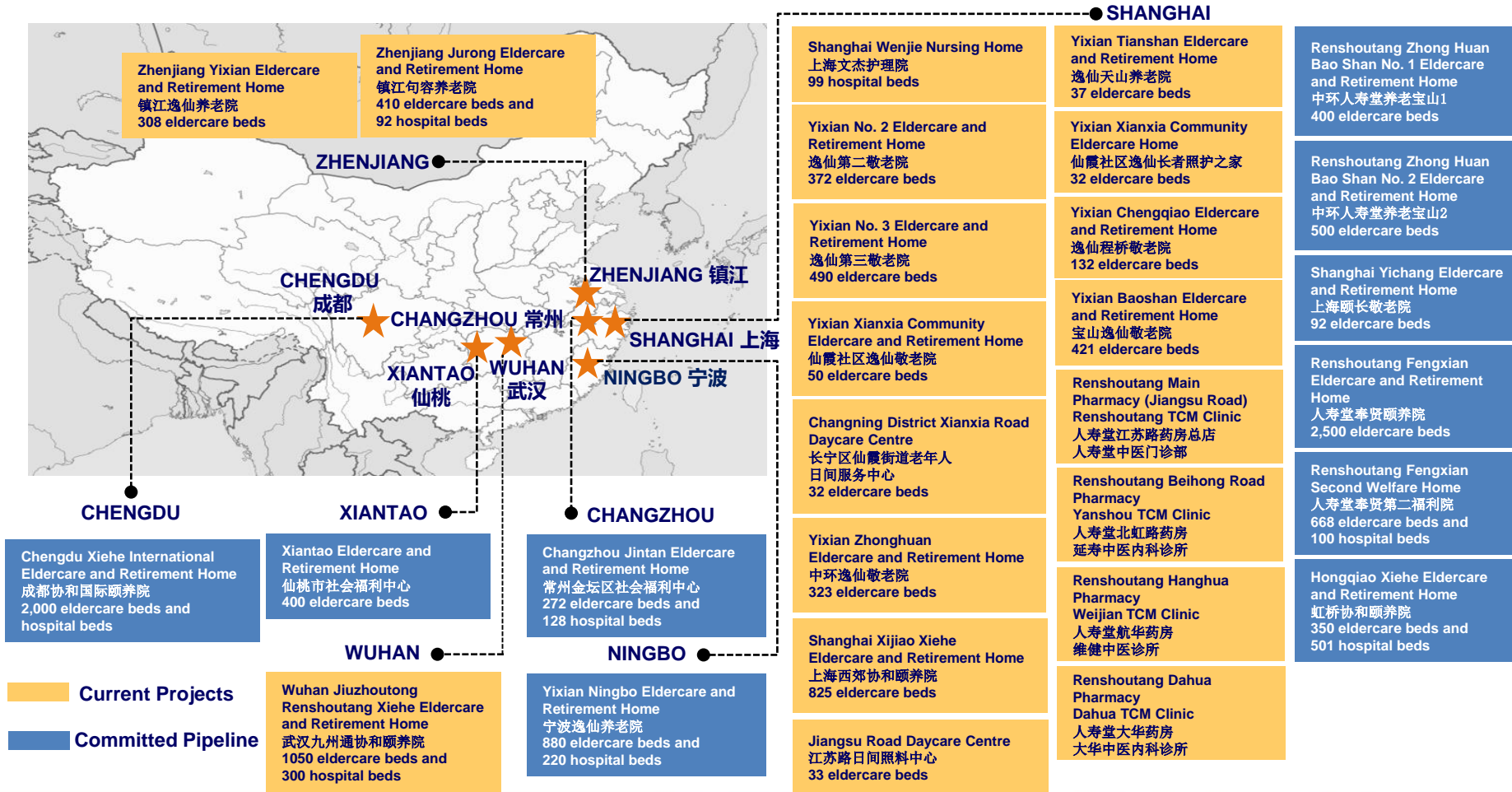
Comfortable Setting and Rehabilitation Facilities to Support Active Ageing



Eldercare and Senior Housing – Perennial’s Fastest Growing Healthcare Business Line

Leading Integrated Eldercare Operator in China with Over 20 Operating Facilities in Three Cities

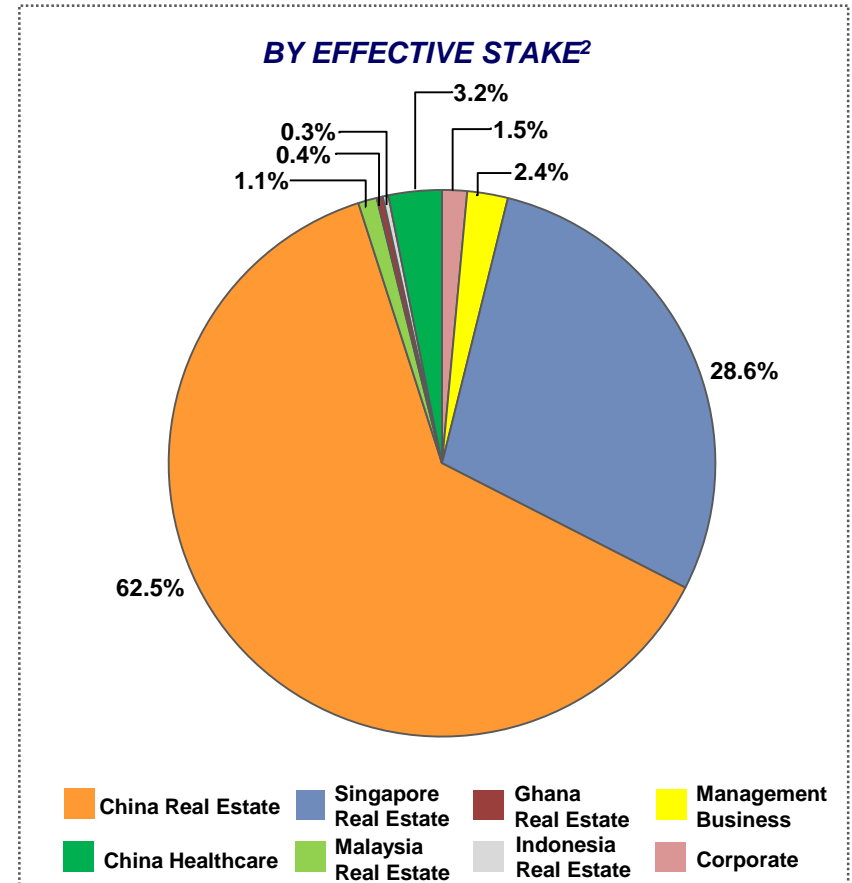
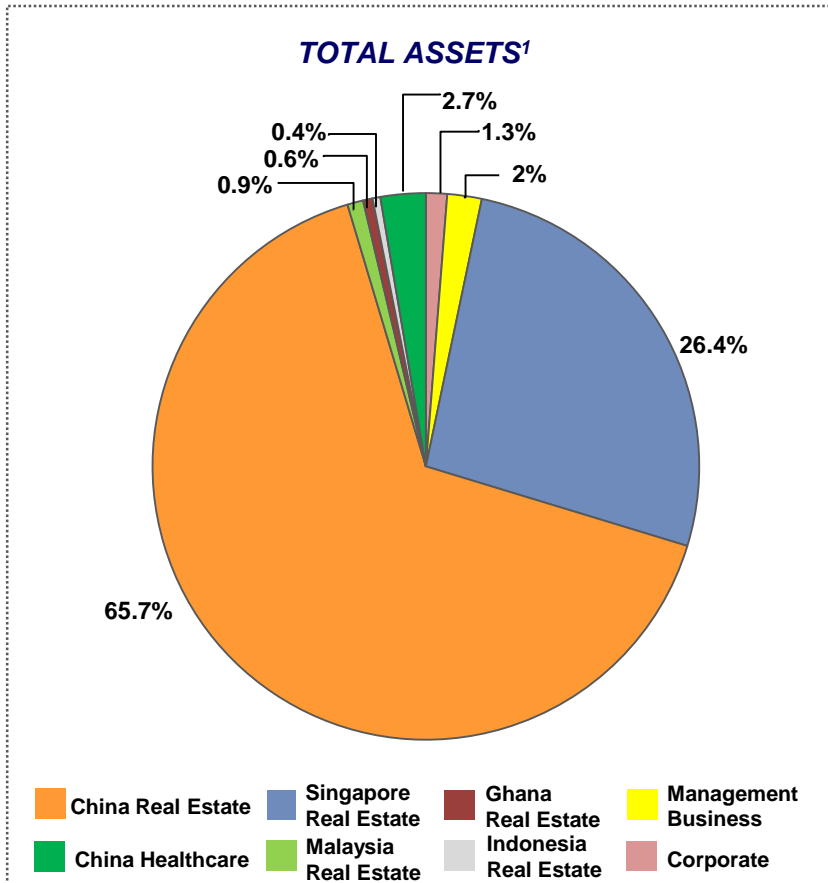
- Renshoutang, the largest private integrated eldercare services operator in Shanghai, currently operates 5,006 beds. It also has a committed pipeline of over 9,000 beds and a potential pipeline of over 13,500 beds.



STRATEGIC HIGHLIGHTS

Total Asset Composition – By Business (As at 30 June 2018)

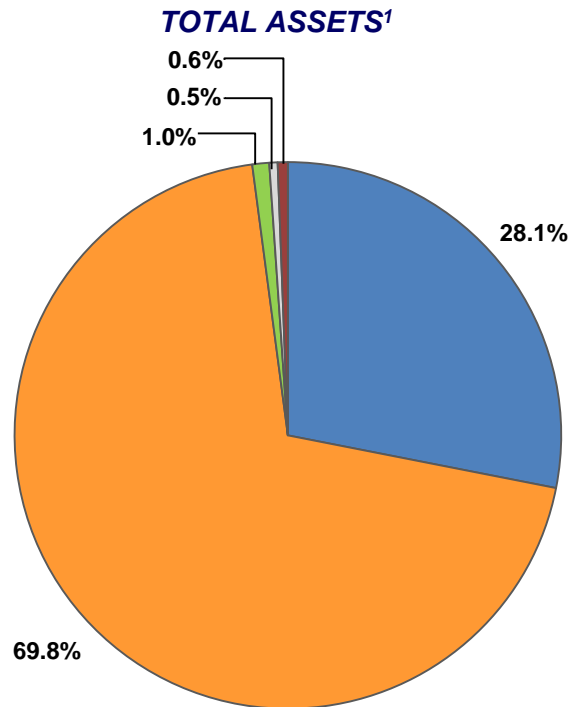
Effective Stake in Singapore Real Estate Increased to ~29% (FY2017: 22%)
Due to the Increased Stake in Capitol Singapore to 100% (from 50%)



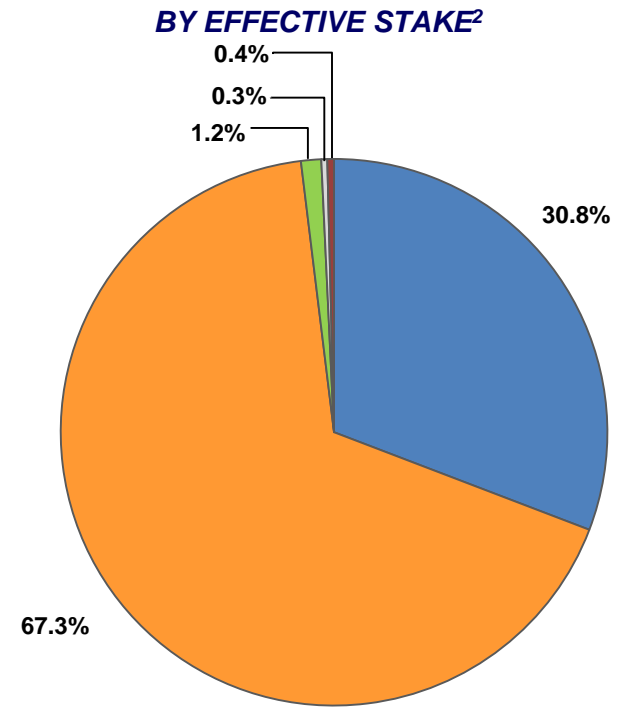
1. Represents assets which are consolidated and equity accounted in accordance to the Singapore Financial Reporting Standards.
2. Represents assets computed via the Company's shareholdings.

Total Asset Composition – By Country (As at 30 June 2018)

China & Singapore Remained as Core Markets;
Effective Stake China (2Q 2018: ~67% / FY2017: ~72%) and Singapore (2Q 2018: ~31% / FY2017: ~26%)



China Singapore Malaysia Ghana Indonesia

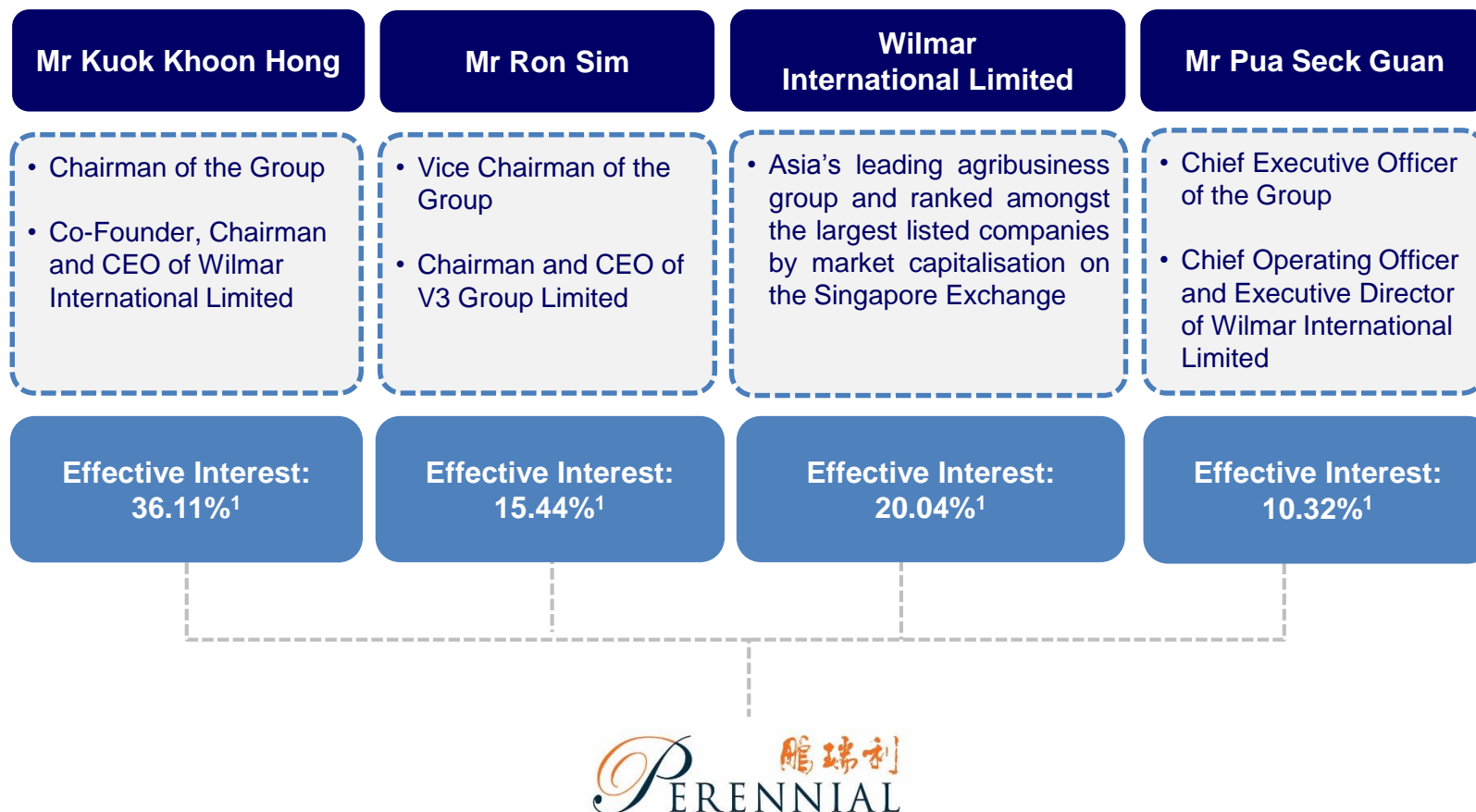


China Singapore Malaysia Ghana Indonesia

1. Represents assets which are consolidated and equity accounted in accordance to the Singapore Financial Reporting Standards.
2. Represents assets computed via the Company's shareholdings.

Perennial's Reputable and Committed Sponsors

Perennial's Four Key Sponsors Own an Aggregate Effective Ownership of 81.91%¹



1. As at 30 June 2018.

THANK YOU

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