

续谱永续发展



Forging Ahead in Sustainability

Perennial Real Estate Holdings Limited
Sustainability Report 2018

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Sustainability Report

BOARD STATEMENT

We are pleased to present our second Sustainability Report (“SR2018”). This report is prepared in accordance with Singapore Exchange Securities Trading Limited (“SGX-ST”) Listing Rules Practice Note 7.6 Sustainability Reporting Guide which prescribes reporting on a ‘comply or explain’ basis.

At Perennial Real Estate Holdings Limited (“Perennial”), we recognise the impact our business has on the community at large. Even as we strive to deliver value to our stakeholders, we have made it an imperative to minimise this impact. Since we first commenced trading on the Mainboard of SGX-ST on 26 December 2014, we have been a firm advocate of sustainability practices and have sought to embed these practices into our business operations.

To steer the Company in its stewardship of the environment, the Board of Directors (“Board”) considers sustainability issues and has set out a strategic direction that manages the environmental, social and governance (“ESG”) impact of Perennial’s business activities.

Upon revisiting the materiality assessment conducted in 2016, the management has, once again, determined that the eight ESG factors (five material and three industry-relevant) classed as most relevant to Perennial in that assessment, continue to be relevant to the organisation in this reporting year.

Under the oversight of the Board, the Sustainability Committee then sought to manage the sustainability performance associated with these eight factors in this year of review.

FEEDBACK

We welcome feedback from all stakeholders as we strive to continually improve our sustainability policies, processes and performance. Please send your comments and suggestions to sustainability@perennialrealestate.com.sg.

OVERVIEW

Prepared in accordance with Global Reporting Initiative (“GRI”) Standards – ‘Core’ reporting requirements, Singapore and China real estate operations and properties have been included for reporting. This report therefore covers Perennial’s six Singapore and two China real estate operations and properties from 1 January 2018 to 31 December 2018 (“FY2018”) as listed in Table 1.

Comparisons with the prior year’s performance (“FY2017”) are indicated where applicable. The GRI Standards has been chosen as it is an internationally recognised framework that encompasses a comprehensive range of disclosures suitable for Perennial. In addition, it allows Perennial to compare its sustainability performances against that of its industry peers.

This year, the Company has expanded the reporting scope of its Sustainability Report to include an additional real estate property in Singapore, House of Tan Yeok Nee, and two real estate properties in China, namely Perennial Qingyang Mall in Chengdu and Perennial Jihua Mall in Foshan. The Company seeks to present to its stakeholders a more holistic view of its sustainability efforts in its business operations and the sustainability impacts

related to its operations. For more details on the properties, please refer to pages 44 to 51 of the full Annual Report 2018 (“AR2018”) on the Singapore Real Estate Business Review.

In future sustainability reports, Perennial will be expanding the scope of its reporting further, to include more of its properties in the real estate business in China, real estate operations and properties in other markets, such as Malaysia, as well as its healthcare business in China in the years to come.

This report has not undergone external assurance. This measure will be considered in future as the Company’s reporting matures over time.

In line with Perennial’s commitment to sustainability and the conservation of resources, the hardcopy of Perennial’s AR2018, which incorporates the Sustainability Summary Report, has not been sent to shareholders but is made available upon request.

Electronic copies of Perennial’s AR2018 (including the Sustainability Summary Report), as well as the full SR2018, are available for download at www.perennialrealestate.com.sg.

Table 1: Real Estate Operations and Properties Covered in SR2018

SINGAPORE	CHINA
AXA Tower	Perennial Jihua Mall, Foshan
Capitol Singapore	Perennial Qingyang Mall, Chengdu
CHIJMES	
Chinatown Point	
111 Somerset	
House of Tan Yeok Nee	

Sustainability Report

SUSTAINABILITY GOVERNANCE STRUCTURE

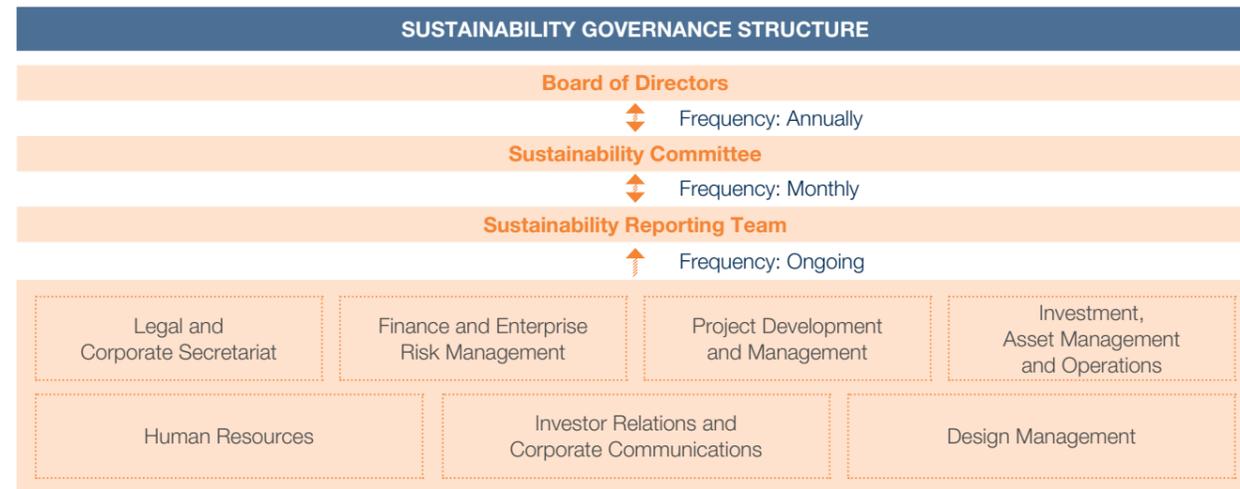
Under the oversight of the Board, sustainability practices are implemented throughout Perennial. Established in FY2017, the Sustainability Committee (Figure 1) is responsible for the

implementation of sustainability policies and initiatives.

Perennial's sustainability governance structure involves several levels. Raw reports are first generated by units in the various divisions in Perennial. These raw reports are then distilled into briefs that are regularly

conveyed to the Sustainability Reporting Team. The team communicates its findings based on these updates to the Sustainability Committee on a monthly basis. Finally, the Board is presented with the Sustainability Report at the end of the reporting year, upon which the Board will perform a review of the Company's sustainability programme.

Figure 1: Sustainability Governance Structure of Perennial



MATERIALITY ASSESSMENT PROCESS

Perennial conducted its first materiality assessment workshop in 2016 to determine

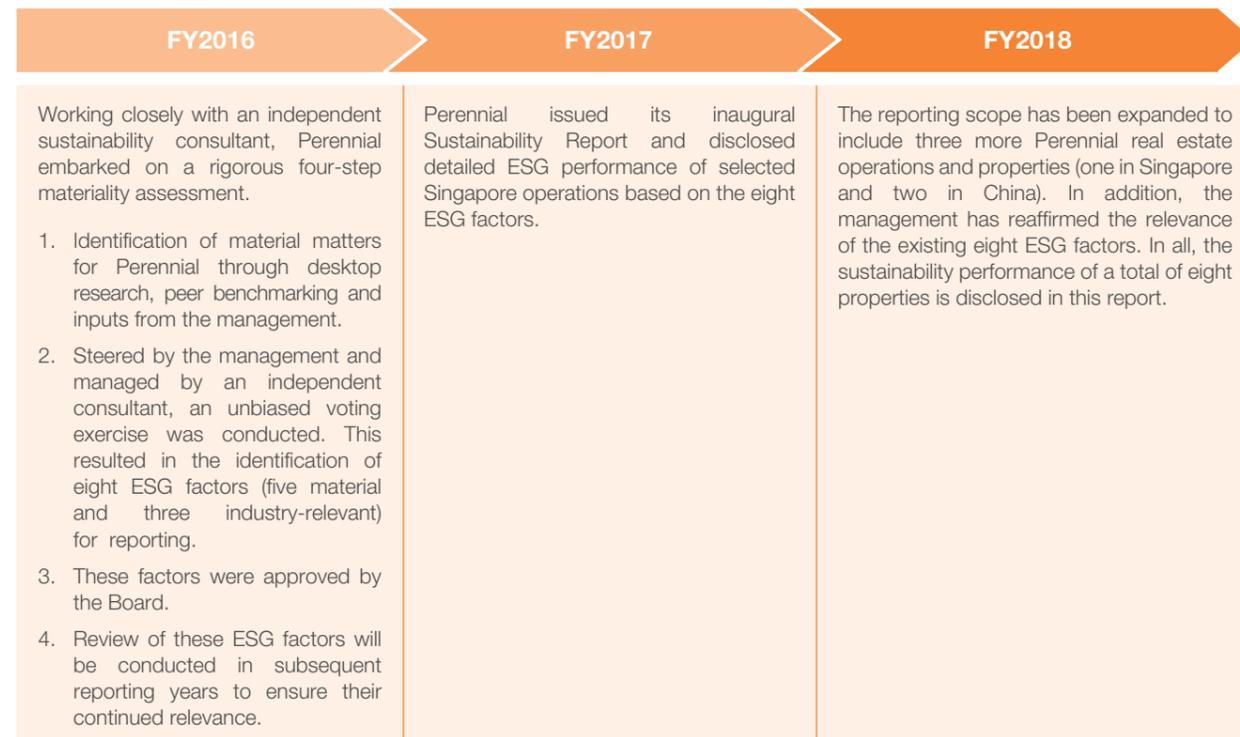
material ESG factors to be reported in its inaugural Sustainability Report for FY2017.

Eight ESG factors were identified that reflected key areas of stakeholder interests

and their significant impact on the community as a result of the Company's business activities.

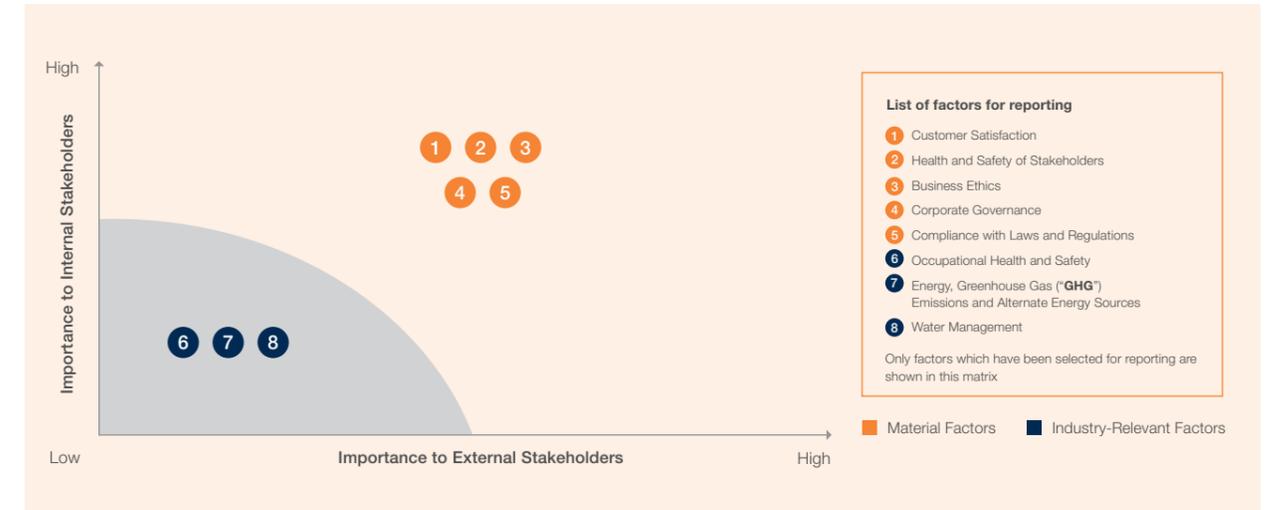
The process taken for FY2018 is illustrated in Figure 2.

Figure 2: Perennial's Materiality Assessment Process



Perennial will continue to focus its sustainability disclosure on the eight factors as shown in Figure 3.

Figure 3: Perennial's Materiality Assessment



Following the materiality assessment process, a review of Perennial's Enterprise Risk Management ("ERM") framework was completed to ensure alignment between the Group's key risks and the eight selected ESG factors. A summary of ESG factors mapped to their associated key risks is shown below.

ESG Factors	Key Risks
Customer Satisfaction	Medical and Healthcare Business Risk Health, Safety and Security Risk
Health and Safety of Stakeholders	Medical and Healthcare Business Risk Health, Safety and Security Risk
Business Ethics	Fraud and Corruption Risk
Corporate Governance	Fraud and Corruption Risk Compliance Risk
Compliance with Laws and Regulations	Compliance Risk
Occupational Health and Safety	Project Development Risk Health, Safety and Security Risk
Energy, Greenhouse Gas ("GHG") Emissions and Alternate Energy Sources	Project Development Risk Health, Safety and Security Risk
Water Management	Compliance Risk

Sustainability Report

STAKEHOLDER ENGAGEMENT

Establishing strong, lasting relationship with stakeholders is critical to the long-term viability of the Company. Effective and constant engagement helps Perennial to understand its stakeholders' needs and concerns. This enables the Company to

continually enhance business operations and remain competitive.

Perennial's key stakeholders were identified through an internal assessment that maps the level of impact each stakeholder has on the company's value chain. This

assessment was further calibrated through consultations with the management team, employees and an independent consultant.

The table below details the approach Perennial takes in stakeholder engagement and the key actions it has taken in this area.

Table 2: Perennial's Stakeholder Engagement

Stakeholders	Customers (Tenants, Shoppers and Visitors)	Business Partners	Regulators	Our Community	Shareholders and the Investment Community	Our People
Why is the stakeholder important?	Customer satisfaction is key to Perennial's business success. The Company strives to enhance customer experience by tailoring its offerings to best meet the needs of its customers.	Suppliers play a vital role in supporting Perennial's continuous and sustainable growth.	Understanding all applicable laws and regulations and staying in compliance with these laws and regulations will safeguard Perennial's licence to operate.	Through the spaces Perennial manages, it interacts and endeavours to contribute to the communities in a consistent manner to aid their sustainable development.	Shareholders and investors guide and influence Perennial's operations and decision making.	Human capital is Perennial's key resource. A stable and resilient workforce is key to the long-term growth and viability of Perennial.
Stakeholder management strategy	Face-to-face meetings <i>(ongoing and annually during contract renewals)</i> Customer service touchpoints such as walkabouts on company premises, service desk, hotline and general enquiries mailbox <i>(daily)</i>	Calls and email correspondences <i>(ongoing)</i> Face-to-face meetings to review feedback and suppliers' assessment of Company's performance <i>(ongoing)</i> Chinese New Year Spring Festival Dinner <i>(annual)</i>	Internal management discussions and open communications with authorities <i>(as appropriate)</i> Systematic review, monitoring and tracking of energy and water consumption to ensure efficiency <i>(ongoing)</i> Attending talks, seminars and workshops organised by regulatory agencies <i>(ongoing)</i>	Community outreach programmes ¹ <i>(as appropriate)</i> Sponsorships (monetary, in-kind and venue sponsorships) <i>(as appropriate)</i>	Annual General Meeting SGXNet announcements and press releases <i>(as appropriate)</i> Participation in Securities Investors Association (Singapore)'s Shareholder Communication Programme <i>(ongoing)</i> Investors' meetings <i>(ongoing)</i> Analysts' and media briefing <i>(semi-annually for Financial Results and when necessary for major transactions)</i> Communication through website, calls and email correspondences <i>(ongoing)</i>	Open communication and performance review with employees <i>(ongoing)</i> Prompt feedback provided by supervisors and HR to employees <i>(as appropriate)</i> Workshops for work and non-work related developments <i>(as appropriate)</i> Employee Volunteerism Programmes <i>(as appropriate)</i> Staff bonding sessions <i>(ongoing)</i> External and in-house training conducted by professional bodies <i>(ongoing)</i>
Key area of focus	<ul style="list-style-type: none"> Health, safety and security at all properties Customer satisfaction 	<ul style="list-style-type: none"> Timely payment upon completion of works Regulatory compliance Alignment of business partners' goals with Perennial's sustainability goals 	<ul style="list-style-type: none"> Full regulatory compliance Upholding health and safety standards Minimising the environmental impact of Perennial's operations and activities 	<ul style="list-style-type: none"> Responsible and sustainable use of resources Management of our community impact Support for our community by providing timely help and fostering strong relationships 	<ul style="list-style-type: none"> Business operations and performance Growth strategy and market outlook Capital management 	<ul style="list-style-type: none"> Fair and equal employment opportunities Remuneration, compensation and benefits Career progression Skills development and continuous upgrading Employee wellness Safe and healthy working environment

1. More information on Perennial's outreach programmes can be found on page 117 of AR2018

Stakeholders	Customers (Tenants, Shoppers and Visitors) 	Business Partners 	Regulators 	Our Community 	Shareholders and the Investment Community 	Our People 
Perennial's Response	<ul style="list-style-type: none"> Regular reviews of health and safety measures by project managers and property management teams including emergency processes and response plans Formulate key strategic decisions on product and service offerings based on understanding of customers' perspectives and expectations 	<ul style="list-style-type: none"> Payments monitored closely by procurement and finance department Continued compliance with relevant laws and regulations, adherence to codes of conduct and policies and implementation of formalised reporting channels Ongoing commitment to sustainability practices 	<ul style="list-style-type: none"> Compliance with all relevant laws, regulations, adherence to codes of conduct and policies and implementation of formalised channels of reporting Robust corporate governance framework in place Implementation of health and safety measures for both customers and employees Stringent monitoring of energy and water usage to ensure efficiency 	<ul style="list-style-type: none"> Stringent monitoring and regular review of energy and water consumption Monetary, in-kind and venue sponsorships to various organisations Champion and support initiatives that focus on corporate giving, community partnerships and employee volunteerism 	<ul style="list-style-type: none"> Regular communication and engagement with shareholders and the Investment Community Proactive management of foreign currency exposure and liquidity while maximising capital efficiency 	<ul style="list-style-type: none"> Adoption of TAFEP's five principles of fair employment practices Open door policy where employees can provide feedback or raise issues and concerns Perennial Real Estate Graduate Associate Programme Opportunities for employee volunteerism to help promote employee morale and engagement Comply with Ministry of Manpower's regulations by implementing a safety risk assessment framework managed by the Operations Team Appointment of OHSAS 18001 certified or equivalent contractors onsite
ESG Factors	<ol style="list-style-type: none"> Customer Satisfaction Health and Safety of Stakeholders 	<ol style="list-style-type: none"> Health and Safety of Stakeholders 	<ol style="list-style-type: none"> Health and Safety of Stakeholders Corporate Governance Compliance with Laws and Regulations 	<ol style="list-style-type: none"> Energy, GHG emissions and Alternate Energy Sources Water Management 	<ol style="list-style-type: none"> Corporate Governance Compliance with Laws and Regulations 	<ol style="list-style-type: none"> Business Ethics Compliance with Laws and Regulations Occupational Health and Safety
Reference to AR2018	Customer Satisfaction (pg. 90)	Supplier Management (pg. 90)	Governance (pg. 92-108)	Our Community (pg. 117)	Corporate Governance (pg. 92-108) Investor Relations (pg. 115-116) Financial Statements (pg. 121-207)	Our People (pg. 119) Occupational Health and Safety (pg. 90)
Alignment with value creation objectives	Quality products and services in a safe environment	Mutually beneficial long-term partnerships	Compliance with quality standards and regulatory requirements, strong governance culture	Addressing the needs and challenges of the community while contributing to its development	Delivering sustainable returns	Safe and conducive workplace with opportunities that cut across our integrated platform

Sustainability Report

ENVIRONMENT

Perennial's sustainability approach is built on a commitment to protect the planet, to mitigate climate change, to prevent pollution and to use resources responsibly.

Effective management of the business' impact on the environment is vital. Perennial

seeks to meet this goal by adopting sustainable development principles where applicable while meeting all applicable legal and environmental standards. The Company also works to promote awareness among employees and stakeholders while continuously improving environmental performance across all properties.

To actively manage the environmental impact of the Group's business activities, the Company conducts detailed reviews of energy and water efficiency, monitors consumption levels and engages in cost-benefit analyses of adopting new innovations that improve efficiency.

 Policy	Environment and Climate Change Mitigation Policy
 Responsibility	Sustainability Steering Committee
 Select Practices	<ul style="list-style-type: none"> Adopt energy-efficient technologies in Asset Enhancement Initiatives ("AEIs") Conduct cost-benefit analyses for the adoption of new innovations Implement water-saving measures Monitor and review resource consumption and efficiency

Energy, GHG Emissions and Alternate Energy Sources

Targets	Mid-Term Target	FY2018 Performance	FY2019 Target
	Install 100% LED light fittings for common areas and façade of all existing ² and upcoming properties by FY2018	100% LED light fittings at Chinatown Point (retail areas) and 70% for 111 Somerset	To continue replacement to LED light fittings upon end of life or as and when necessary
	Perpetual Target	FY2018 Performance	FY2019 Target
	Green Mark Certification upon completion of projects	Achieved <input checked="" type="checkbox"/>	All properties to meet requirements for Green Mark Certification

The Company has expanded the number of properties covered under the reporting scope of this Sustainability Report from FY2017. This report now also covers House of Tan Yeok Nee in Singapore, Perennial Qingyang Mall in Chengdu and Perennial Jihua Mall in Foshan.

Additionally, data for FY2017 has been restated³ to reflect the actual consumption for common areas in properties that are under Perennial's operational control. FY2017 data has also been updated to include energy data for the three new properties to ensure comparability of data. Perennial will retain this approach in future reporting.

In FY2018, Perennial's total electricity consumption was 43,560 MWh, an increase

from FY2017's restated levels of 36,923 MWh. Correspondingly, indirect carbon emissions⁴ from electricity consumption also increased from 19,158 tonnes CO₂ in FY2017 to 19,520 tonnes CO₂ in FY2018. Beyond the inclusion of three new properties under the reporting scope, the higher energy consumption can be attributed to a larger share in apportionment of Capitol Singapore in FY2018 due to full ownership post-acquisition.

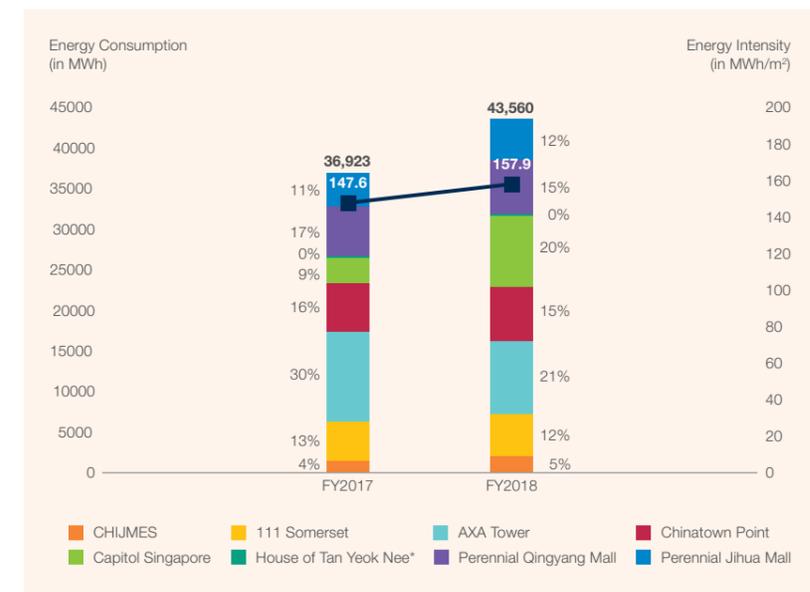
In contrast, Perennial recorded a drop in both electricity intensity and carbon emissions this year. This was mainly due to the adoption of energy-efficient technologies. Perennial replaced plug-in cluster (PLC) downlights and fluorescent

lights with LED lighting and installed ambient air coolers. Despite the increase in total electricity consumption, Perennial's operations were in fact more energy-efficient in FY2018 compared to FY2017.

Monitor and Review Resource Consumption and Efficiency

Every month, the Asset Control Group of each property holds meetings to review consumption data and discuss anomalies or spikes in electricity and water usage. Consumption from previous months and year will be used as comparison during the analysis. The analysis will be used to drive future energy saving initiatives. Please refer to the case studies on page 10 for more information on Perennial's existing initiatives.

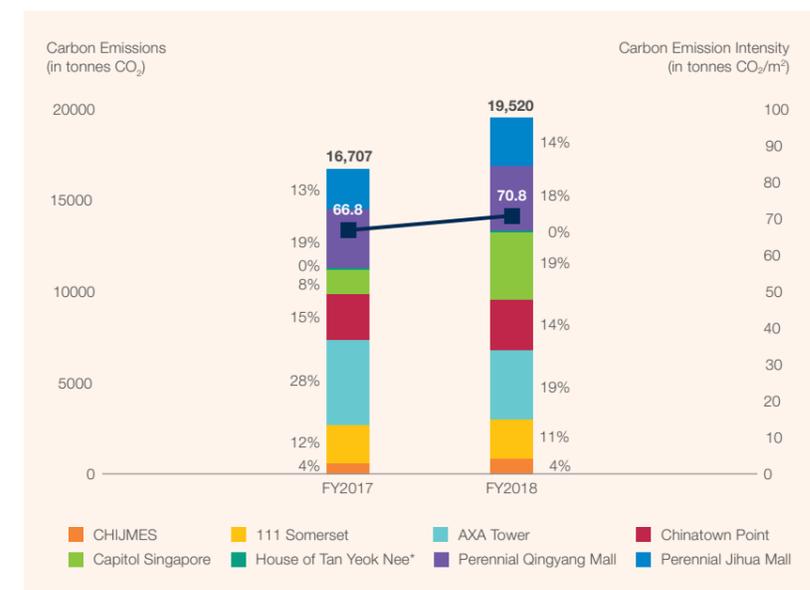
Figure 4: Energy Consumption and Intensity



Did you know?

A fluorescent tube consumes around 43W while a LED tube consumes only 16W. Replacing fluorescent tubes with LED tubes potentially allows Perennial to achieve reduction in energy consumption of up to 60%!

Figure 5: Carbon Emissions and Intensity



Adopt Energy-efficient Technologies in AEIs

All properties undergoing AEIs in Singapore are mandated by the Building and Construction Authority ("BCA") to meet the requirements for Green Mark Certification upon their completion. During the year, Perennial completed the full replacement to LED light fittings for all common areas at Chinatown Point. This resulted in an

estimated electricity reduction of 82,000 kWh, equivalent to 35 tonnes CO₂ in FY2018. A similar initiative which commenced at 111 Somerset in mid-2018 saw fluorescent tubes located in staircases replaced with LED tubes. The management is also presently exploring the idea of installing built-in motion sensors to further reduce energy consumption.

* Energy consumption of House of Tan Yeok Nee accounts for less than 1% of total energy and GHG emissions, which its exact percentage is not shown in Figures 4 and 5 based on the scale used.

Case Study: Creating a Comfortable Environment at CHIJMES

The trend of rising temperatures is causing increased heat stress around the world. In a hot and humid city like Singapore, conventional air-conditioning systems are too energy intensive and often inadequate.

As a real estate owner, developer and manager, it is Perennial's commitment towards minimising its environmental impact that saw the implementation of innovative and energy efficient cooling measures in CHIJMES to cool the outdoor refreshment areas.

Among the innovations introduced was the Airbitat Smart Cooler, a sustainable cooling equipment which uses no refrigerants and compressor, and only

produces negligible heat waste. The system automatically detects ambient environment conditions to deliver the optimal cooling mode. Its revolutionary Reevac™ Deep Cooling Technology achieves greater cooling efficiencies compared to conventional coolers.

Cost-Benefit Analysis of Adopting New Innovations

Airbitats require one-third of the power of conventional air-conditioning systems to deliver the same level of cooling. The system offers cost savings⁵ of up to approximately 62% even with its additional consumption of water.

The system is a win-win solution. Shoppers and diners can enjoy a better experience at CHIJMES while Perennial achieves cost savings and enjoys a reduced carbon footprint.



Airbitats at CHIJMES



Aerial View of 10 Airbitats on Basement 1

Case Study: Replacement of LED Lights and Installation of Motion Sensors

In Chengdu, Perennial Qingyang Mall has launched energy-saving initiatives to promote more efficient usage of natural resources.

As part of the Group's sustainability approach, T5-28W fluorescent lamps used in Basement 2 and Basement 3 underground carparks were replaced with more energy efficient and energy saving LED motion-sensor lamps. This resulted in a total reduction of 50,786 kWh in electricity consumption in FY2018, equivalent to 26.7 tonnes CO₂. Close to RMB 47,000 (SGD 9,466) in savings were achieved through this replacement exercise.

The motion sensors installed maintain brightness levels at 20%. They are activated by motion. After 30 seconds of no motion being detected, brightness levels return to 20%, thus directly reducing the electricity consumption.



Total
50,786kWh
electricity consumption
was reduced

Perennial is also constantly looking at ways to reduce its carbon footprint by reassessing its internal work processes. Staff are encouraged to reduce business travel and substitute such face-to-face meetings with alternative modes of communication such as video chat applications WebEx and WeChat.

5. Based on Perennial's operating cost comparison featuring a scenario where cooling equipment is operated daily for a 12-hour period at an electricity cost of \$0.63/h for the Airbitat and \$3.30/h for the air-conditioning system.

Water Management

Mid-Term Target	FY2018 Target	FY2018 Performance	FY2019 Target
Mid-Term Target	Adopt more accurate methods to track water consumption, including the strategic installation of water meters at selected water outlets in all assets	Completed for retail areas for 111 Somerset	To continue to adopt more accurate methods to track water consumption, including the strategic installation of water meters at selected water outlets in all assets

Water Saving Measures

Across all Perennial assets, the Company has taken efforts to minimise water consumption across its operations. Through the various water-efficient initiatives, Perennial strives to make a conscious effort on reducing water usage. Since FY2017, most water fittings installed have two or more Water Efficiency Labelling Scheme ticks from PUB, Singapore's national water agency.

Like energy and emissions data, water consumption values for FY2017 have been restated⁶ to reflect the actual consumption of common areas in properties which are under Perennial's operational control. In addition, FY2017 data has also been updated to include water data for the three new properties to ensure comparability of data. Perennial will continue with this approach for future reporting.

In FY2018, Perennial recorded a total consumption of 456,563 m³ across Singapore and China assets. In Singapore, Perennial's water consumption in FY2018 recorded an overall 21% decrease from FY2017 levels despite an increase in water usage at AXA Tower due to AEI works. Since FY2016, Perennial has been purchasing NEWater for building consumption.

This initiative also directly aligns with PUB's national target of increasing overall NEWater usage in Singapore from 40% of total water demand today to 50% by 2030.

Across all assets, the individual Asset Control Group also monitors water consumption every month to ensure that any drastic deviation from normal levels can

Figure 6: Water Consumption in Singapore and China

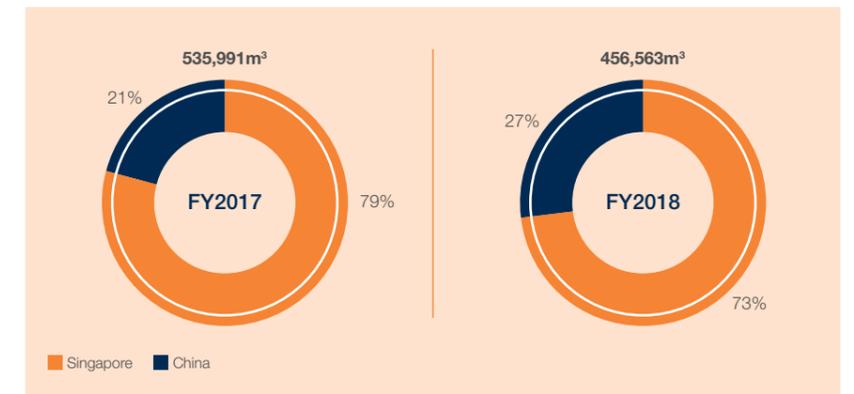
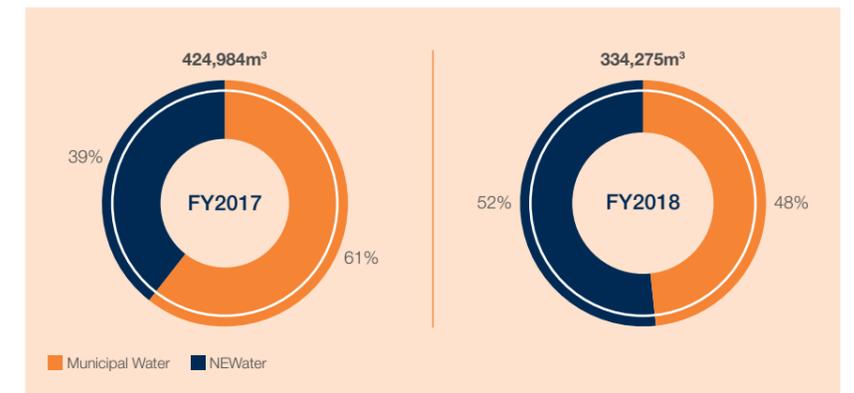


Figure 7: Breakdown of Water Consumption in Singapore



be flagged out to the Operations team for investigation.

Moving forward, Perennial will continue to review all water metres in its buildings and analyse for optimal places to install additional water metres. The strategic installations of water meters will help

in the monitoring of any anomalies in water usage. This will provide Perennial with an additional instrument to pinpoint water leakages, which means that leaks can be quickly rectified to prevent any further wastage. The Company will also be monitoring water consumption by reviewing its utility bills.

6. In FY2017, an equity share approach was taken to determine ownership of environmental data at property based on Perennial's effective interest held.

SOCIAL

Customer Satisfaction

 Policy	Tenant Liaison Standard Operating Procedures (“SOP”) are in place. They guide Perennial on the managing of tenants for better customer satisfaction.		
 Responsibility	Perennial Corporate Office CMT located at each property		
 Select Practices	<ul style="list-style-type: none"> • AEI • Campaigns with tenant involvement • Regular engagement and feedback • Daily walkabouts on premises • Supplier management 		
 Targets	FY2018 Target	FY2018 Performance	FY2019 Target
	Roll out training programmes to inculcate a service culture	Ongoing	Roll out training programmes to inculcate a service culture
	Perpetual Target	FY2018 Performance	FY2019 Target
	Continuously exploring AEIs for all properties to ensure relevance and competitiveness of all assets to meet the expectations of customers	Achieved <input checked="" type="checkbox"/>	Continuously explore AEIs for all properties to ensure relevance and competitiveness of all assets to meet the expectations of our customers

Perennial is committed to delivering great customer experience for both its internal customers (Centre Management Team (“CMT”)) and end users (tenants, shoppers and customers).

At each property, there is a CMT comprising operations, marketing communications and leasing divisions. The CMT regularly engages with tenants while working in tandem with HQ to provide resources and tailored offerings to tenants. During the annual renewal of contracts, feedback will be obtained from tenants to better

understand tenants’ concerns. This allows Perennial to better meet their needs. On a daily basis, the CMT conducts walkabouts in order to interact with tenants and check on the overall ambience of the properties.

AEI

As part of Perennial’s regular engagement with stakeholders, key concerns from feedback received included the need to improve traffic, sales and ensure maintenance of assets. Since then, Perennial has commenced various AEIs to improve the property offerings to tenants

and ultimately the overall experience for shoppers.

As of January 2019, AEI for 111 Somerset has been completed. With enhancement works completed, the property was awarded a Temporary Occupation Permit⁷ (“TOP”). AXA Tower is currently still undergoing AEI. AEIs for Capitol Singapore and Chinatown Point also commenced in early 2018.

Some of the initiatives already implemented or are expected to be introduced in future years are detailed in pages 13 and 14.

7. A TOP is a permit that allows for temporary occupancy of the building by homeowners or tenants.

PERENNIAL’S ASSET ENHANCEMENT INITIATIVES



Capitol Singapore



Frieda at Arcade@The Capitol Kempinski



15 Stamford by Alvin Leung



Berthold Delikatessen at Arcade@The Capitol Kempinski

Capitol Singapore

- 1 Optimising layout of Level 1 by moving thoroughfare to the forefront of the property. This enhances the accessibility and visibility of shops
- 2 Reconfiguration and amalgamation of retail footprint at Level 2 to introduce the first No. 18 in Asia, the coworking space that integrates members’ club features with coworking elements
- 3 Transformation of Basement 1 into a food hall with food kiosks featuring interesting food concepts that complements existing F&B concepts
- 4 Providing a unique retail mix including overseas brands’ flagship stores. These brands include:
 - Tiger Sugar
 - Wu Pao Chun
- 5 Landscaping to beautify internal and external mall surroundings
- 6 Enhancing overall look of Capitol Singapore so that it complements The Capitol Kempinski Hotel Singapore

PERENNIAL'S ASSET ENHANCEMENT INITIATIVES



Ambience enhancement



Laser projection show



Outdoor movie screening and picnic



Landscape enhancement



Airbitat air cooler

CHIJMES

- 1 Upgrade and enhancement of indoor and outdoor audiovisual ("AV") system
- 2 Current 30,000 lumen projector was replaced with 4K laser projector in CHIJMES Chapel
- 3 Installation of mesh LED screens on both sides of CHIJMES Chapel
- 4 Installation of laser projector for light mapping against CHIJMES Chapel
- 5 Airbitat Smart Coolers placed at outdoor areas to keep outdoor air temperature at a cool 26°C
- 6 Installation of LED screens and upgrading of equipment at The Lawn
- 7 Landscape and ambience enhancement including ambient lighting installed to enhance alfresco areas for diners

Supplier Management

Perennial understands the importance of building a pool of quality suppliers to

support its business needs. Quality suppliers enable Perennial to meet and exceed customers' expectations. For all

major projects (including AEs), Perennial manages its suppliers' performance via the four steps shown in the figure below.

Figure 8: Perennial's Supplier Management Process

1. PRE-QUALIFICATION

Potential suppliers are pre-qualified before being invited for tender.

Current suppliers have to pass Perennial's internal vendors' assessment (minimum average grading).

New suppliers must present relevant financial statements, track records and ISO certifications.

They must also meet respective guidelines such as:

- i) Minimum "B Grade" from the Police Licensing and Regulatory Department (for security suppliers)
- ii) BCA and ISO certification (for builders and electrical vendors)

2. TENDER CALLING

For projects that require the calling of tender, potential suppliers will undergo two screenings. Should there be any deviation from the Pre-Qualification list, senior management's approval would be sought.

Operations Team will determine the required scope of work and evaluate suppliers based on price and quality of materials used. Vendors are required to meet specified requirements set out in the tender document to ensure the quality of their goods and services.

For example, security officers will have to possess the Workforce Skills Qualifications ("WSQ") Certificate in Security Operations, have relevant working experience and be physically fit. Cleaning service contractors should also be certified by WSQ/National Skills Recognition System ("NSRS") or at minimum possess a Cleaning Business License from National Environmental Agency ("NEA").

3. EXECUTION

All suppliers are required to comply with relevant laws and regulations such as the Employment Act and Workplace Safety and Health Act.

Suppliers are also required to ensure that service staff hired have received relevant service delivery training, in order to ensure that these staff possess a positive working attitude.

4. REVIEW

Supplier performance is closely monitored via activities such as:

1. Site inspection – To certify that work is carried out in a manner that safeguards workers' health and safety.
2. Proper handover – Work carried out by contractors should be endorsed through proper handover documentation featuring sign-off from all parties.
3. Internal audit – Internal audit team will work together with independent external consultants to audit operational processes to ensure that standards are met.
4. Regular engagement – Regular meetings are held with suppliers and contractors for updates on projects and construction works.

Sustainability Report

Campaigns with Tenant Involvement

Apart from AElS, individual CMTs invite tenants to participate in monthly advertising and promotion (“A&P”) campaigns, ranging from Chinese New Year, Valentine’s Day, Easter Celebration, Mid-Autumn Festival, and Christmas to special events such as World Cup, Singapore Night Festival and

Singapore Grand Prix. Working closely with participating tenants, exclusive food and shopping discounts were offered to shoppers as well.

The A&P campaigns were well-received by both tenants and shoppers. For instance, the World Cup Event held at CHIJMES from June to July 2018 resulted in 24%

and 31% increments in traffic respectively as compared to previous year. This incremental trend was also reflected in the sales figures (34% in June and 30% in July), compared to sales recorded in the same period in 2017. Moreover, such A&P campaigns tend to generate good press publicity and tenants in turn enjoy greater exposure.

Case Study: World Cup Fever at CHIJMES



CHIJMES

Partnering with tenants to set up seating area and food kiosks (such as El Mero Mero) to offer exclusive deals to patrons and shoppers

“The 2018 Russia World Cup live screening at CHIJMES was a tremendous success for El Mero Mero. Thousands of new customers were able to cheer for their team and enjoy the drinks, food and hospitality of El Mero Mero. I am thankful to our landlord CHIJMES for organising the installation of the biggest screen in Singapore during the World Cup and for supporting us from their end while we operated the event. It is events like this that make a big difference to our business.”

– El Mero Mero

Regular Engagement and Feedback

Perennial remains committed to delivering value to all stakeholders. Aside from rolling out AElS across its properties, the leasing team continually surveys the ground to gathers feedback from tenants on various matters.

Survey forms are handed out after each campaign to evaluate how effective it was in meeting tenants’ sales target.

The marketing communications team at each property also works with tenants on various advertisement projects to boost sales and traffic. For example, they guide tenants on effective advertising and reach out to social influencers for media events to spread the word on various platforms.

As for its ultimate end users – shoppers – Perennial welcomes their feedback which can be submitted directly to the Concierge

or through a website form. The marketing communications team is trained to handle and manage the feedback professionally.

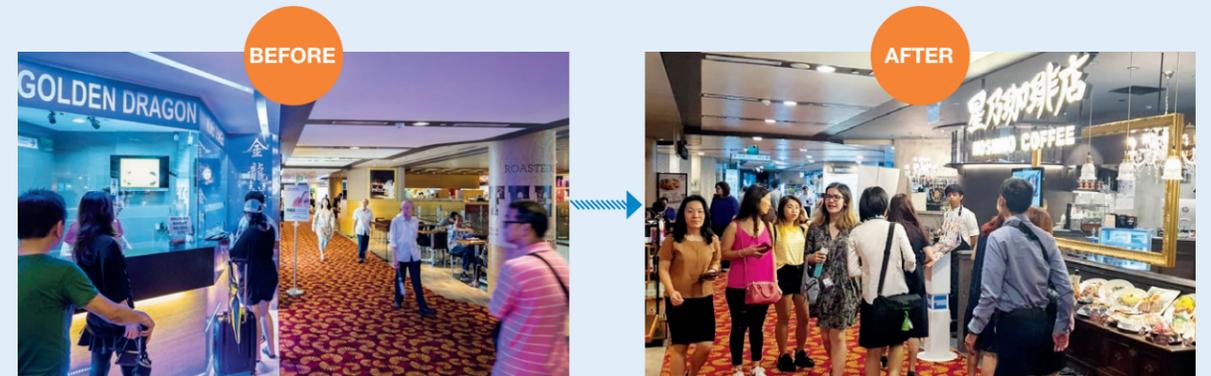
This year, Perennial plans to progressively roll out training programmes as well as explore more robust ways to capture and analyse customer feedback so as to improve its service culture and quality.

AEl for each tenant is tailored to the demographic profile and shopping habits of consumers in the area, as well as trends in that area. Chinatown Point carried out two successful initiatives in FY2018.

CHINATOWN POINT

Initiative 1: Conversion of retail units to F&B

Previously the lack of traffic at Level 2 led to lower demand for Level 2 units. Since several F&B restaurants opened on Level 2, shoppers’ traffic has increased.



Initiative 2: Basement 1 F&B retail and kiosks cluster

Existing F&B outlets with full height kitchens in the middle of B1 resulted in low visibility of F&B and retail outlets. In FY2018, the layout of stalls was optimised to increase accessibility and traffic to F&B stalls at B1.



Health and Safety of Stakeholders

 Policy	Workplace Health, Safety and Security Policy (“HSS Policy”)		
 Responsibility	Perennial Corporate Office Safety Team CMT located at each property		
 Select Practices	<ul style="list-style-type: none"> Standard Operating Procedures Annual fire drills 		
 Mid-Term Target	FY2018 Target	FY2018 Performance	FY2019 Target
	Attain BizSAFE Level 3	Achieved for Perennial Corporate Office <input checked="" type="checkbox"/>	Roll out BizSAFE Level 3 for all other CMTs in Singapore properties

Health and safety is a constant priority for Perennial. As a developer and manager of real estate assets, Perennial strives to provide a vibrant work and play environment that is safe for all. Perennial’s HSS Policy also extends to its tenants, visitors and third-party service providers. Jointly responsible for the implementation of safety procedures at all assets, the CMT and Operations Team continually strive to enhance health and safety measures and go beyond mere compliance with the Workplace Safety and Health standards stipulated by Singapore’s Ministry of Manpower. Perennial takes on the responsibility of ensuring that visitors and members of the public are safe from all hazards and terror threats on its premises. The Company achieves this by identifying risks through a series of risk and hazard identification exercises.

For AEI works at its operational properties, Perennial hires qualified contractors with a proven track record and relevant health and safety certifications such as OHSAS 18001

and ISO 14001. Perennial also ensures that safety hoardings with ample lightings are installed around areas under construction to caution tenants and visitors about potential safety hazards.

For Perennial’s assets in Singapore, the Operations Team has a ready set of Crisis Management Standard Procedures. This guides employees on actions to be taken when dealing with the following situations:

- Medical Emergencies
- Violent Crimes or Behaviour
- Political Situations
- Environmental/Natural Disasters
- Building Faults⁸

A similar set of SOPs is currently being developed for Perennial’s assets in China. More details will be disclosed in the next Sustainability Report.

Perennial ensures that its employees are trained to manage fire evacuation across its assets in Singapore and China. For externally managed properties such as AXA Tower and 111 Somerset, it is mandatory for building managers to hire certified Fire Safety Managers⁹. Perennial has two employees in CHIJMES and one employee at Chinatown Point who are certified Fire Safety Managers as part of the CMTs.

The Perennial Corporate Office currently possesses BizSAFE Level 3 certification. The Company aims to have all other Singapore properties certified to the same level by FY2020. The current framework at HQ will be applied to one CMT in 2019 and subsequently at all other CMTs. When the CMTs have obtained the necessary certifications, they will then extend the scope of coverage to customers, tenants and third-party service providers on their premises.

8. Faults that threaten the safety of the building or the safety of our customers. They include shattered glass, fallen external objects, power and electrical failure, burst pipe, gas pipe leaks and water supply shutdowns lasting more than one hour.
9. Individuals are certified after completing the Fire Safety Manager course conducted by the Singapore Civil Defence Force.

Occupational Health and Safety

 Policy	Workplace Health, Safety and Security Policy (“HSS Policy”)		
 Responsibility	Perennial Corporate Office Safety Team CMT located at each property		
 Select Practices	<ul style="list-style-type: none"> BizSAFE 3 certification for Perennial’s Corporate Office Hazard identification and risk assessments Standard Operating Procedures (“SOPs”) 		
 Perpetual Target	FY2018 Target	FY2018 Performance	FY2019 Target
	Zero fatality rate	Achieved <input checked="" type="checkbox"/>	Zero fatality rate

Perennial is committed to the well-being of its employees and seeks to maintain a healthy and safe workplace. The senior management has drawn up a HSS policy aimed at the prevention of injury and ill health among employees, contractors, visitors, tenants and stakeholders by cultivating a ‘Safe, Secure and Well’ corporate culture. This policy guides Perennial towards achieving positive HSS performance, including full compliance with all applicable legal requirements, standards, guidance and Code of Practice.

The Safety Team at Perennial Corporate Office conducts a thorough risk assessment for every work activity and process carried

out at Corporate Office to eliminate or minimise potential HSS risks and hazards. Following this, the team then sets SOPs to effectively manage these risks. Guidelines are also set on safe work procedures, issue resolution and corrective actions to be taken.

Over at other properties in Singapore and China, implementation of SOPs is overseen by CMTs with the support of the HR division. All employees are obligated to report to their immediate manager any accident, incident and dangerous occurrence as stipulated by the Company’s incidence reporting system. Investigations of all reported accidents will be conducted

jointly by the CMT and HR to determine the appropriate follow-up actions.

In FY2018, Perennial recorded a zero fatality rate across its operations in Singapore and China. The Company also achieved zero injury rate¹⁰, lost day rate¹¹ and occupational disease rate. Perennial seeks to maintain this record by continuously enhancing its existing safety practices and by raising safety awareness among its employees through regular communication. Employees are also encouraged to participate in relevant HSS activities. The HSS Policy will also undergo reviews to ensure compliance with new regulatory developments and continuous improvement.

Key Safety Indicators	FY2018		
	Male	Female	Total
Absenteeism Rate ¹²			
Singapore	1.72%	1.70%	1.71%
China	0.06%	0.56%	0.35%

10. Injury rate is defined as the total number of fatal and non-fatal workplace injuries per 100,000 employed persons.
11. Lost day rate is defined as the total number of man-days lost to workplace accidents per 1,000,000 man-hours worked.
12. Absentee rate is defined as total absentee days lost expressed as a percentage of total days scheduled to be worked by employees for the same period. Absent days are defined as days when an employee is absent from work because of incapacity of any kind, not just as the result of work-related injury or disease.

Sustainability Report

Profile of Our Workforce

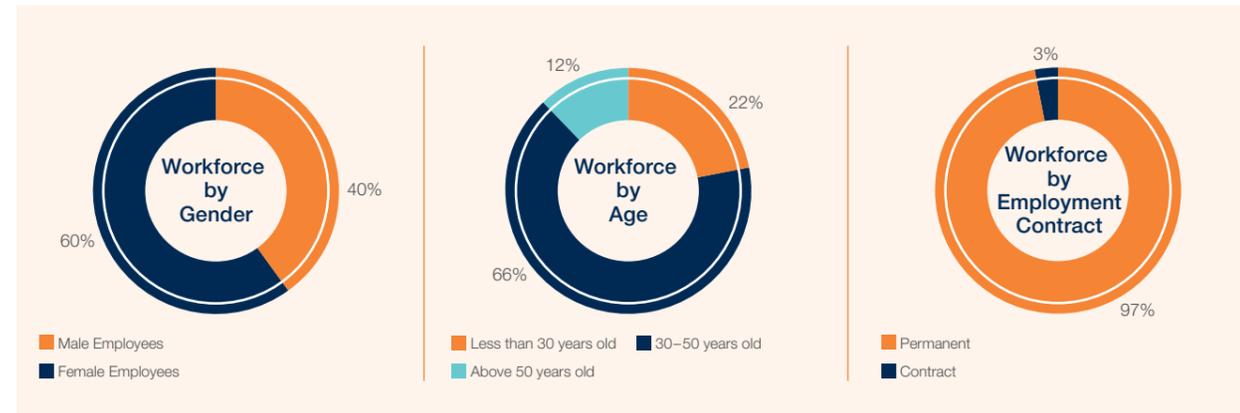
Perennial has a total of 236 employees (40% are males and 60% are females) located across Singapore headquarters and eight properties in Singapore and China. All employees work full-time on either a five- or six-day work week. Close to 97% of the workforce are hired on a permanent contract basis.

In terms of age, the proportion of employees in the 30 to 50 years old age group continued to grow from 63% in FY2017¹³ to 66% in FY2018. A similar trend can be seen in the band of employees above 50 years of age; this category grew to 12% from FY2017's level of 10%. This year, Perennial saw a 4% drop in employees less

than 30 years of age from 26% in FY2017 to 22% in FY2018.

For details of the approach Perennial takes on human capital management as well as global workforce statistics, please refer to "Our People" section on pages 119 to 120 of the AR2018.

Figure 9: Breakdown of Workforce by Gender, Age and Employment Contract



GOVERNANCE

Policy	Employee Code of Conduct Whistleblowing Policy						
Responsibility	Human Resource ("HR") Legal and Corporate Secretariat Risk Management Team						
Select Practices	<ul style="list-style-type: none"> Annual circulation of Employee Code of Conduct and Whistleblowing Policy Grievance handling procedures 						
Perpetual Target	<table border="1"> <thead> <tr> <th>FY2018 Target</th> <th>FY2018 Performance</th> <th>FY2019 Target</th> </tr> </thead> <tbody> <tr> <td>Zero tolerance towards fraud, corruption and unethical actions</td> <td>Achieved <input checked="" type="checkbox"/></td> <td>Zero tolerance towards fraud, corruption and unethical actions</td> </tr> </tbody> </table>	FY2018 Target	FY2018 Performance	FY2019 Target	Zero tolerance towards fraud, corruption and unethical actions	Achieved <input checked="" type="checkbox"/>	Zero tolerance towards fraud, corruption and unethical actions
FY2018 Target	FY2018 Performance	FY2019 Target					
Zero tolerance towards fraud, corruption and unethical actions	Achieved <input checked="" type="checkbox"/>	Zero tolerance towards fraud, corruption and unethical actions					

Business Ethics

Strong business ethics lay the groundwork for an organisation's success. Perennial believes firmly in this and this belief is reflected in its vision, mission and core values. These statements serve to guide all employees to conduct business in a responsible, sound and ethical manner

Perennial has in place an Employee Code of Conduct, Whistleblowing Policy and grievance handling procedures for reporting

suspected wrongful activities within the organisation. An annual dissemination of the Company's Employee Code of Conduct, Whistleblowing Policy, anti-corruption measures and regulatory compliance procedures has been implemented since FY2017, reflecting the importance the Company places on responsible business conduct.

The Company's Whistleblowing Policy also extends to all third-party service providers,

partners and strategic alliances. It provides a trusted avenue for relevant parties to report in confidence any concerns such as possible malpractice or impropriety without the fear of reprisal.

This policy is publicly available and more information can be found at <http://www.perennialrealestate.com.sg/whistle-blowing-policy.html>

Corporate Governance

Target	FY2018 Target	FY2018 Performance	FY2019 Target
	Full compliance with the Code of Corporate Governance 2012	Achieved <input checked="" type="checkbox"/>	Full compliance with the Code of Corporate Governance 2018

The Company is committed to upholding the highest standards of corporate governance practices. The combination of an effective Board and a robust Corporate Governance framework results in a firm foundation for building financial integrity, organisational credibility and investor confidence. Code of Corporate Governance 2018 was recently released. However, Perennial was already in compliance with the Code's reporting requirements a year ahead of its mandatory adoption. To ensure employees keep abreast of changes in

requirements under the new Code, the Company has arranged for its employees to attend a briefing organised by Singapore Institute of Directors.

Perennial's Corporate Governance framework includes a comprehensive Environmental Resources Management framework that takes into consideration sustainability risks and opportunities.

For more comprehensive information on key risks for the Company, please refer to pages 112 to 114 of the Risk Management

section of the AR2018. More details on Perennial's Corporate Governance practices and business conduct policies can also be found in page 108 of the Corporate Governance section of the AR2018. Perennial is a signatory of SIAS CG Statement of Support since FY2015, a testimonial to its commitment in this aspect.

There were no reported cases of fraud, corruption and unethical actions in FY2018. Perennial seeks to uphold this good record by continuously reviewing and improving its internal controls.

Compliance with Laws and Regulations

Perpetual Target	FY2018 Target	FY2018 Performance	FY2019 Target
	Zero cases of non-compliance with laws and regulations	Achieved <input checked="" type="checkbox"/>	Zero cases of non-compliance with laws and regulations

As a responsible member of the community, Perennial is committed to fully complying with all applicable laws and regulations pertaining to its core business operations, the environment, labour, and health and safety. The Company believes that there is a shared responsibility as various departments may interact with different regulatory bodies and agencies (Table 3). At management level, the Company has established a rigorous compliance

framework that ensures all applicable regulatory obligations are met.

Any instances of non-compliance may result in reputational damage, monetary penalties and even affect Perennial's future growth plans. As such, Perennial regularly sends employees on compliance training and seminars so that they are updated on the latest regulatory developments. Should there be any clarifications on applicable laws and regulations required, advice from

the Company's legal counsels or external professional advisors will be sought.

Every quarter, the Risk Management Team will report to the Board any incidences of non-compliance or regulatory and reputational impacts. This year, Perennial has achieved its target of zero cases of non-compliance and will seek to continue to maintain this good record. Some of the relevant regulators and regulations are detailed in Table 3 below.

Table 3: List of Regulators and Applicable Regulations

Regulators	Applicable Regulations
Accounting and Corporate Regulatory Authority	Business Registration Act
Singapore Exchange	Exchange Listing Rules Companies Act
National Environment Agency	Code of Practice of Environmental Health
Ministry of Manpower	Employment Act Employment Claims Act Employment (Part-Time Employees) Regulations 1996

13. Breakdown by age for FY2017 has been revised to match FY2018's reporting scope to ensure data is comparable.

GRI CONTENT INDEX

General Standard Disclosures				
GRI Standard	Disclosure	Section of Report and/or Explanation for Omission	Page Reference	
GRI 102: General Disclosures 2016	Organisational profile			
	102-1	Name of the organisation	Overview	1
	102-2	Activities, brands, products, and services	Overview	1
	102-3	Location of headquarters	Overview	1
	102-4	Location of operations	Overview	1
	102-5	Ownership and legal form	Overview	1
	102-6	Markets served	Overview	1
	102-7	Scale of the organisation	Overview	1
	102-8	Information on employees and other workers	Profile of our Workforce	20
	102-9	Supply chain	Customer Satisfaction: Supplier Management	15
	102-10	Significant changes to the organisation and its supply chain	Not applicable	
	102-11	Precautionary Principle or Approach	Materiality Assessment Process; Governance	2 20-21
	102-12	External Initiatives	Perennial is a signatory to the Tripartite Alliance for Fair and Progressive Employment Practices	
	102-13	Membership of Associations	<ul style="list-style-type: none"> Orchard Road Business Association Securities Investors Association (Singapore) Singapore National Employers Federation 	
	Strategy			
	102-14	Statement from senior decision maker	Board Statement	1
	Ethics and Integrity			
	102-16	Values, principles, standards, and norms of behaviour	Business Ethics	20
	Governance			
	102-18	Governance structure	Overview	1-2
	Stakeholder Engagement			
	102-40	List of stakeholder groups	Stakeholder Engagement	4-7
	102-41	Collective bargaining agreements	None of Perennial's employees are covered under collective bargaining agreements	
	102-42	Identifying and selecting stakeholders	Stakeholder Engagement	4-7
102-43	Approach to stakeholder engagement	Stakeholder Engagement	4-7	
102-44	Key topics and concerns raised	Stakeholder Engagement	4-7	

General Standard Disclosures				
GRI Standard	Disclosure	Section of Report and/or Explanation for Omission	Page Reference	
GRI 102: General Disclosures 2016	Reporting Practice			
	102-45	Entities included in the consolidated financial statements	AR2018	200-202
	102-46	Defining report content and topic Boundaries	Overview	1
	102-47	List of material topics	Materiality Assessment Process	3
	102-48	Restatements of information	Energy, GHG Emissions and Alternate Energy Sources	8-9
			Water Management	11
			Profile of our Workforce	20
	102-49	Changes in reporting	Overview	1
	102-50	Reporting period	Overview	1
	102-51	Date of most recent report	2017	
	102-52	Reporting cycle	Annually	
	102-53	Contact point for questions regarding the report	Feedback	1
	102-54	Claims of reporting in accordance with the GRI Standards	Overview	1
	102-55	GRI content index	GRI Content Index	22-25
	102-56	External assurance	Overview	1

Material Topics				
GRI Standard	Disclosure	Section of Report and/or Explanation for Omission	Page Reference	
Corporate Governance				
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	Corporate Governance	21
	103-2	The management approach and its components	Corporate Governance	21
	103-3	Evaluation of the management approach	Corporate Governance	21
Customer Satisfaction				
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	Customer Satisfaction	12-17
	103-2	The management approach and its components	Customer Satisfaction	12-17
	103-3	Evaluation of the management approach	Customer Satisfaction	12-17
Business Ethics				
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	Business Ethics	20
	103-2	The management approach and its components	Business Ethics	20
	103-3	Evaluation of the management approach	Business Ethics	20

Material Topics			
GRI Standard	Disclosure	Section of Report and/or Explanation for Omission	Page Reference
Business Ethics			
GRI 103: Management Approach 2016	205-2	Communication and Training about Anti-Corruption Policies and Procedures	Business Ethics 20
GRI 205: Anti-corruption 2016	205-3	Confirmed incidents of corruption and actions taken	Business Ethics 20
Regulatory Compliance			
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	Compliance with Laws and Regulations 21
	103-2	The management approach and its components	Compliance with Laws and Regulations 21
	103-3	Evaluation of the management approach	Compliance with Laws and Regulations 21
GRI 307: Environmental Compliance 2016	307-1	Non-compliance with environmental laws and regulations	Compliance with Laws and Regulations 21
GRI 419: Socioeconomic Compliance 2016	419-2	Non-compliance with laws and regulations in the social and economic area	Compliance with Laws and Regulations 21
Occupational Health and Safety			
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	Occupational Health and Safety 19
	103-2	The management approach and its components	Occupational Health and Safety 19
	103-3	Evaluation of the management approach	Occupational Health and Safety 19
GRI 403: Occupational Health and Safety 2016	403-2	Types of injury and rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities	Occupational Health and Safety 19
Health and Safety of Stakeholders			
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	Health and Safety of Stakeholders 18
	103-2	The management approach and its components	Health and Safety of Stakeholders 18
	103-3	Evaluation of the management approach	Health and Safety of Stakeholders 18
GRI 416: Customer Health and Safety 2016	416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	Health and Safety of Stakeholders 18

Material Topics			
GRI Standard	Disclosure	Section of Report and/or Explanation for Omission	Page Reference
Energy, GHG Emissions and Alternate Energy Sources			
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	Energy, GHG Emissions and Alternate Energy Sources 8-10
	103-2	The management approach and its components	Energy, GHG Emissions and Alternate Energy Sources 8-10
	103-3	Evaluation of the management approach	Energy, GHG Emissions and Alternate Energy Sources 8-10
GRI 302: Energy 2016	302-1	Energy consumption within the organisation	Energy, GHG Emissions and Alternate Energy Sources 9
	302-3	Energy Intensity	Energy, GHG Emissions and Alternate Energy Sources 9
GRI 305: Emissions 2016	305-2	Energy indirect (Scope 2) GHG Emissions	Energy, GHG Emissions and Alternate Energy Sources 9
	305-4	GHG emissions intensity	Energy, GHG Emissions and Alternate Energy Sources 9
Water Management			
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	Water Management 11
	103-2	The management approach and its components	Water Management 11
	103-3	Evaluation of the management approach	Water Management 11
GRI 303: Water 2016	303-1	Water Withdrawal by Source	Water Management 11
	303-3	Water Recycled and Reused	Water Management 11



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