

PERENNIAL REAL ESTATE HOLDINGS LTD



FINANCIAL RESULTS FOR THE THIRD QUARTER
ENDED 30 SEPTEMBER 2018

 PERENNIAL
The logo features a stylized 'P' in a serif font, followed by the Chinese characters '鵬瑞利' in a traditional calligraphic style, and the word 'PERENNIAL' in a clean, sans-serif font below it.

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 THIRD QUARTER ENDED 30 SEPTEMBER 2018

Income Statement (3Q 2018 vs 3Q 2017) – Explanation of Key Income Line Items

S\$'000	3Q 2018	3Q 2017	Change
	1 Jul 2018 to 30 Sep 2018	1 Jul 2017 to 30 Sep 2017	%
Revenue	22,229	20,442	8.7
Earnings Before Interest & Tax (“ EBIT ”)	247,494	37,548	Nm
Profit After Tax less Minority Interest (“PATMI”)	48,264	16,919	185.3

Revenue

- 3Q 2018 revenue increased mainly attributable to revenue from Capitol Singapore and Perennial International Health and Medical Hub (“**PIHMH**”) which started contributing since 2Q 2018, acquisition fee earned from the healthcare joint venture as well as improved performance from Perennial Qingyang Mall and Perennial Jihua Mall. The increase was partially offset by the absence of a one-off fee recognised from the United Engineers Limited (“**UEL**”) transaction in 3Q 2017.

EBIT

- 3Q 2018 EBIT increased mainly due to fair value gain of S\$241.9 million from the valuation of two plots on Beijing Tongzhou Integrated Development Phase 1 (“**Beijing Tongzhou Phase 1**”), following the receipt of construction permits. For 3Q 2017, EBIT included share of results from an associated company, comprising a gain on bargain purchase of S\$25.9 million arising from the UEL transaction.

PATMI

- 3Q 2018 PATMI increased mainly due to net fair value gain, partially offset by higher net finance costs. Finance costs increased with the consolidation of Capitol Singapore’s debt and new loans to fund new investments as well as the expensing off of interest costs relating to PIHMH following its completion.

Income Statement (9M 2018 vs 9M 2017) – Explanation of Key Income Line Items

S\$'000	9M 2018	9M 2017	Change
	1 Jan 2018 to 30 Sep 2018	1 Jan 2017 to 30 Sep 2017	%
Revenue	55,304	58,523	(5.5)
EBIT	313,878	156,060	101.1
PATMI	62,056	72,705	(14.6)

Revenue

- 9M 2018's revenue was mainly contributed by CHIJMES as well as Perennial Jihua Mall and Perennial Qingyang Mall in China. The slight decrease in revenue in 9M 2018 versus 9M 2017 was mainly due to lower management fee income as there was a one-off fee earned from the UEL transaction and divestment fee for TripleOne Somerset in 9M 2017. The revenue from Capitol Singapore and PIHMH compensated for the absence of revenue from TripleOne Somerset.

EBIT

- 9M 2018's EBIT increased mainly due to higher fair value gains, partially offset by the absence of a one-off gain from the sale of a 20.2% equity stake in TripleOne Somerset, totalling approximately S\$55.7 million in 9M 2017.

PATMI

- 9M 2018's PATMI decreased due to the absence of a one-off gain from the divestment of the 20.2% equity stake in TripleOne Somerset and the UEL transaction fee as well as higher finance costs, partially mitigated by higher net fair value gains.

Income Statement (3Q 2018 vs 3Q 2017) – Revenue and EBIT by Segment



	REVENUE			EBIT			Note
	3Q 2018	3Q 2017	Change	3Q 2018	3Q 2017	Change	
	S\$'000	S\$'000	%	S\$'000	S\$'000	%	
Singapore	6,623	3,183	108.1	2,981	27,407	(89.1)	1
China	11,306	8,407	34.5	247,905	6,795	Nm	2
Management Businesses	6,615	10,743	(38.4)	1,014	7,380	(86.3)	3
Corporate and Others	14	13	7.7	(4,168)	(3,795)	9.8	
Eliminations	(2,329)	(1,904)	22.3	(238)	(239)	(0.4)	
	22,229	20,442	8.7	247,494	37,548	Nm	

Notes:

- (1) The increase in revenue was mainly due to the consolidation of Capitol Singapore following the acquisition of the remaining 50% stake. 3Q 2017's EBIT included Group's share of results from an associated company which launched an offer for UEL shares. The share of results from the associated company included a gain on bargain purchase of S\$25.9 million arising from the acquisition of UEL shares.
- (2) The higher revenue was due to the improved performance of Perennial Qingyang Mall and Perennial Jihua Mall in China, and new revenue stream from PIHMH which commenced operations in June 2018. Variance at EBIT level was mainly due to fair value gain for two plots on Beijing Tongzhou Phase 1 which were identified for lease, following the receipt of construction permits.
- (3) The decrease in revenue and EBIT from the management businesses was mainly due to the absence of a one-off fee earned from the UEL transaction in 3Q 2017, partially offset by acquisition fee earned from the healthcare joint venture.

Income Statement (9M 2018 vs 9M 2017) – Revenue and EBIT by Segment



	REVENUE			EBIT			Note
	9M 2018	9M 2017	Change	9M 2018	9M 2017	Change	
	S\$'000	S\$'000	%	S\$'000	S\$'000	%	
Singapore	14,938	16,942	(11.8)	33,778	91,238	(63.0)	1
China	29,649	23,749	24.8	287,327	64,600	Nm	2
Management Businesses	16,595	23,990	(30.8)	4,352	13,975	(68.9)	3
Corporate and Others	50	49	2.0	(10,864)	(12,931)	(16.0)	4
Eliminations	(5,928)	(6,207)	(4.5)	(715)	(822)	(13.0)	
	55,304	58,523	(5.5)	313,878	156,060	101.1	

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. The variance in EBIT was mainly contributed by the gain from the divestment of a 20.2% equity stake in TripleOne Somerset of ~S\$55.7 million. Excluding the divestment gain, 9M 2018 EBIT would be slightly lower by S\$1.8 million, mainly contributed by lower share of results from associates.
- (2) The higher revenue was attributable to the improved performance of Perennial Qingyang Mall, Chengdu and Perennial Jihua Mall, Foshan and new revenue stream from PIHMH which commenced operations in June 2018. Variance at EBIT was due to higher fair value gains as total fair value gains for the two plots on Beijing Tongzhou Phase 1 in 3Q 2018 and PIHMH in 2Q 2018 was higher than that for Xi'an Plot 4 in 2Q 2017.
- (3) The decrease in revenue and EBIT was mainly due to the absence of a one-off divestment fee from TripleOne Somerset in 2Q 2017 and the UEL transaction fee in 3Q 2017.
- (4) The improvement in EBIT was mainly attributable to a lower foreign exchange loss as compared to 9M 2017.

CAPITAL MANAGEMENT & KEY FINANCIAL INDICATORS

Capital Management and Key Financial Indicators

Key Financial Ratios

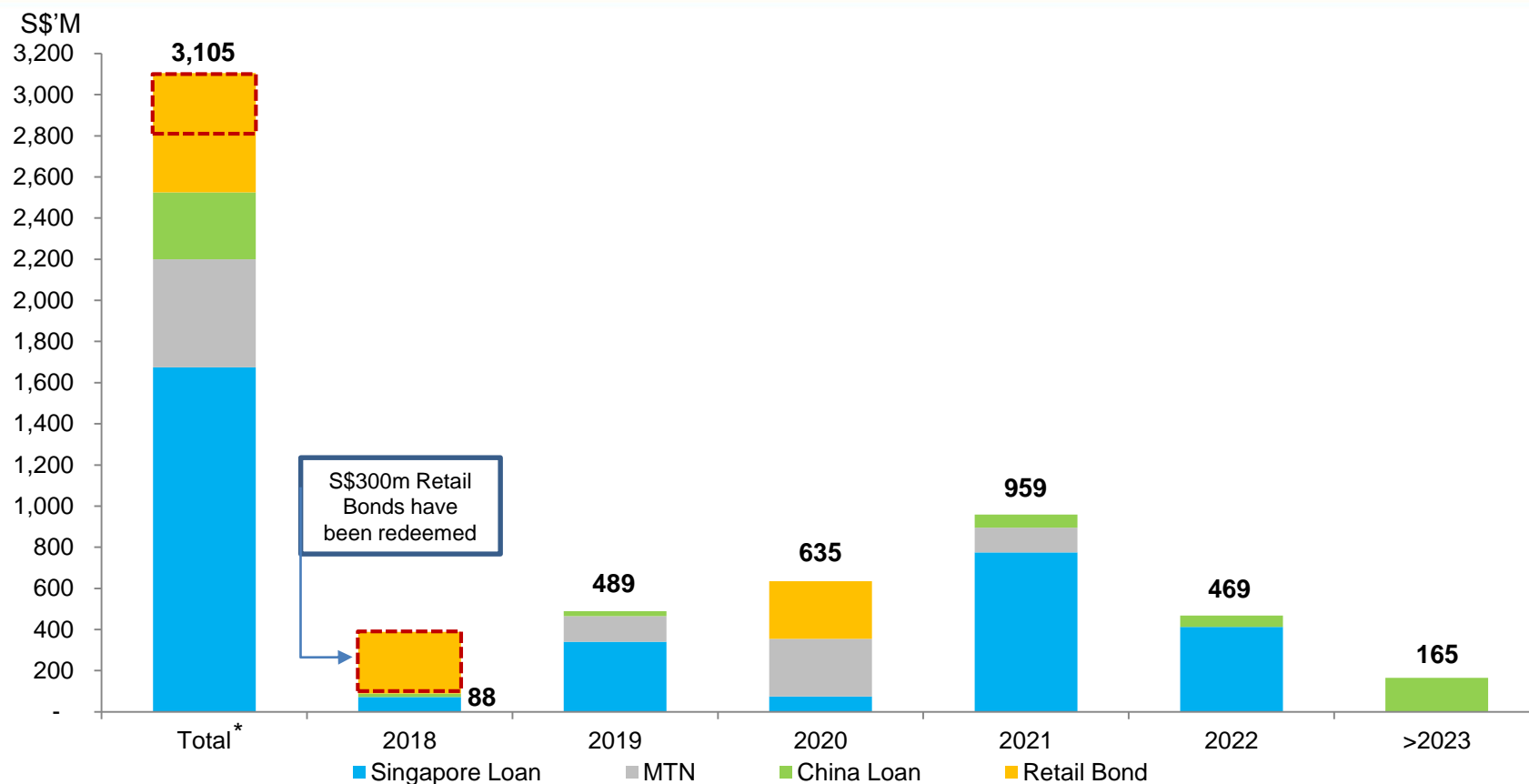
	As at 30 Sep 2018	As at 31 Dec 2017
Net Debt (S\$' 000)	2,981,180	2,233,083
Total Equity (S\$' 000)	3,960,289	3,915,878
Net Debt to Equity Ratio	0.75	0.57
NAV per Share ¹ (S\$)	1.643	1.663
Debt-Weighted Average Term to Expiry (years)	2.03	2.17

	For the Nine Months ended 30 Sep 2018	For the Nine Months ended 30 Sep 2017
Earnings per Share ¹ (cents)	3.73	4.37
Weighted Average Interest Rate (p.a.)	3.8%	3.7%

Note

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

Debt Maturity Profile – As at 30 September 2018



* Being gross amount, without amortised transaction costs

1. For 2018, the S\$300 million Retail Bonds have been fully redeemed in Oct 2018. Of the remaining S\$88 million loans, the unsecured loans of S\$72 million have been refinanced and the remaining are secured loans of S\$16 million.
2. In August 2018, Perennial issued S\$180 million of 5.95% p.a. fixed rate notes due in 2020 under its S\$2 billion Multicurrency Debt Issuance Programme (“MTN”).

BUSINESS REVIEW - REAL ESTATE (SINGAPORE)

TripleOne Somerset – Revamped Retail Podium to Open in 1Q 2019

Leasing Interests Remain Strong while Supported by Strata-Sale of Office Units



Façade

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

New Tenants which Commenced Operations in 3Q 2018

CUNDALL

唯品会
vip.com
全球精选 正品特卖

SAA
GLOBAL
EDUCATION



- Two office strata-sale units were sold in the Somerset Tower at an average transacted price of S\$2,680 psf.
- New office tenants occupying a total space of over 16,000 sq ft secured in the quarter included Shun Tak Residential Development, JAS Worldwide, Ecopro, Icaza, M One International, JCPremiere and Discovery Fund Management.
- A number of new office tenants commenced operations, including Cundall Singapore, VIPShop and SAA Global.
- Works at the retail podium are expected to be completed by 4Q 2018. The revamped retail podium is expected to commence operations progressively from 1Q 2019.
- Full suite of asset enhancement works is expected to complete by 2019.

AXA Tower – Continue to Explore En-Block Sale Opportunities

Strong Committed Occupancy Delivers Stable Income Stream



Post-AEI AXA Tower

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

Expansion Tenant – Lazada's New Visitors' Centre on Level 1



- Total committed occupancy continued to improve from 90.8% in the last quarter to 92% in this quarter.
- Anchor tenant Lazada continued its expansion plan, taking up an additional space of about 12,000 sq ft on Level 1, which serves as their Visitors' Centre.
- Other new tenants secured in the quarter included PayVision and HRS.
- Enhancement works are on-going and expected to complete progressively by 2019.
- Continue to explore en-bloc sale opportunities with potential parties to capitalise on the buoyant Singapore office market to achieve optimal returns to shareholders.

Capitol Singapore – The Capitol Kempinski Hotel Opened for Stays on 1 Oct 2018

World Debut for Two Kempinski F&B Concepts at Arcade@Kempinski in 4Q 2018



Artist's Impression of Berthold



Artist's Impression of Frieda



Artist's Impression of Frieda

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

- The Capitol Kempinski Hotel opened for stays on 1 October 2018. To extend the Kempinski experience beyond the hotel to the air-conditioned Galleria connecting the hotel to the rest of Capitol Singapore, the Galleria was renamed 'Arcade@Kempinski' and will house Berthold Delikatessen and Frieda, two Kempinski F&B concepts, and other European concepts.
- Berthold is named in honour of Kempinski's founder, Berthold Kempinski. An essential pitstop for freshly baked pastries, confectionaries and gourmet coffee, the European deli draws inspiration from the visual and architectural heritage from Mr Kempinski's era and will embody Kempinski's values of impeccable service, quality produce and a charming aura of timeless elegance.
- Frieda, named after Berthold Kempinski's daughter, will present German and Austrian cuisine with a contemporary flair. Guests can choose to dine in four different areas, ranging from an interactive experience with chefs over the Pantry's open kitchen counter, all-day dining at Berlin's urban style-inspired Day Bar, an intimate culinary adventure in the Dining Room, to dining amidst an enchanting ambience of the botanical-themed Winter Garden.
- Occupying over 6,100 sq ft in total net lettable area, Berthold and Frieda are expected to commence operations in 4Q 2018.



The Capitol Kempinski Hotel Façade (Day)



The Capitol Kempinski Hotel Façade (Night)

Capitol Singapore – Secured Two New-to-Market Taiwanese F&B Brands

Tiger Sugar Opened on 3 Nov 2018; Wu Pao Chun Bakery to Open in 2Q 2019



- Tiger Sugar, a popular Taichung bubble tea brand known for its brown sugar boba fresh milk with cream mousse drink, opened its first-in-Singapore store at Capitol Singapore on 3 November 2018.
- The store opened to much fanfare and drew strong crowd with snaking queues, which also saw Tiger Sugar's signature brown sugar boba promptly sold out before the end of the day.
- Separately, Wu Pao Chun Bakery, a renowned Taiwanese artisan bakery named after its award-winning baker and founder, is set to debut its first overseas outlet at Capitol Singapore in 2Q 2019.
- Occupying over 4,200 sq ft of space, the bakery is best known for its fusion breads, including the Taiwan Longan with Red Wine Bread and Taiwan Litchi Rose Champion Bread.



Taiwan Longan with Red Wine Bread
Photo Credit: Wu Pao Chun Bakery Taiwan



Taiwan Litchi Rose Champion Bread

BUSINESS REVIEW - REAL ESTATE (CHINA)

Xi'an North HSR Integrated Development – Development Progress Update

Works Continued to Progress Well on Both Plots



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

- On Plot 4, façade cladding works continued at the three towers that have topped out.
- On the same plot, construction works at one of the towers have reached 20 storeys and the last tower has partially reached ground level.
- Piling works continued on Plot 5, which has been designated for medical and healthcare usage

Xi'an North HSR Integrated Development – Positioned as an Integrated HSR City

Re-zoned from Weiyang District to Xi'an Economic and Technological Development Zone;
To be Developed into a One-stop HSR City comprising Five Key Areas¹



Legend

1. Xi'an North HSR Station (Integrated Transportation Hub)
2. Logistics Distribution trade Centre
3. Tourism Services and Leisure Centre
4. Residential Service Centre
5. Conference Business Centre

Xi'an North HSR Station and its vicinity will be developed into an integrated one-stop HSR city focused on five key areas¹:

1. Business Headquarters Area: For hotels, exhibition, commercial, entertainment and corporate headquarters;
2. Financial Services Area: For new financial industry, blockchain, and internet finance;
3. Outward Exchange Area: As training bases for corporate talents and high-skilled personnel;
4. Medical and Healthcare Area: For premium hospitals, healthcare enterprises and biotechnology research and development enterprises;
5. Eco-living Area: For high-end premium housing developments.

Broader plan to maximise the convenience and efficiency of Xi'an North HSR Station as an outward-facing linkage to develop HSR economy through¹:

1. Building HSR logistics, businesses and ancillary services, as well as industrial R&D and related industries;
2. Complement the development of HSR Economic Zone by building residential apartments and achieving occupational and housing balance while being a productive city.

¹. Source: Sohu article dated 22 September 2018 (http://www.sohu.com/a/255448645_351303)

Beijing Tongzhou Integrated Development – Development Progress Update

Construction for Three Plots on Phase 2 Reached Level 24, Level 9 and Basement 1



- Levelling works are currently being carried out on Phase 1, in preparation for the commencement of construction work in 4Q 2018.
- On Phase 2, construction is progressing well with three plots achieving development height of Level 24, Level 9 and Basement 1 respectively.



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

BUSINESS REVIEW - HEALTHCARE

Renshoutang – Strengthened Eldercare Business Presence in Zhenjiang

Three New PPP Projects Totalling 954 Beds Committed in Jurong (句容) District; Combined Portfolio of Five Projects in Zhenjiang to Yield a Total of 1,764 Beds

- Renshoutang secured three new Public-Private-Partnership (“PPP”) projects in Jurong (句容) District in Zhenjiang, being Jurong Guozhuang Yixian Eldercare Centre, Maoshan Park Eldercare Centre and Maoshan Eldercare Centre. The three facilities are expected to yield a total of 954 beds.
- Together with two existing eldercare and retirement homes in Zhenjiang, namely Zhenjiang Yixian Eldercare and Retirement Home and Zhenjiang Jurong Eldercare and Retirement Home, Renshoutang’s presence in the city will be further strengthened with a potential total bed count of 1,764 by 2020.



**Jurong Guozhuang Yixian
Eldercare Centre
郭庄镇社会福利中心**

**421 eldercare beds and
99 hospital beds**

**Expected Opening:
1Q2019**



**Maoshan Park
Eldercare Centre
茅山风景区养老院**

200 eldercare beds

**Expected Opening:
1Q2019**



**Maoshan
Eldercare Centre
茅山镇养老院**

234 eldercare beds

**Expected Opening:
1Q2020**

Renshoutang – New Facility Expands Operating Presence in Shanghai

768-bed Fengxian Second Welfare Home, the District's First and Largest Integrated Eldercare, Medical Care and Rehabilitation Care Facility Commenced Operations in Oct 2018

- The 768-bed Renshoutang Fengxian Second Welfare Home, comprising 668 eldercare beds and 100 nursing beds, soft launched on 8 October 2018.
- The home is Fengxian District's first government-built-privately-operated facility and the largest integrated eldercare, medical care and rehabilitation care facility.
- Renshoutang Fengxian Second Welfare Home comprises three six-storey blocks spanning a total GFA of 34,000 sqm. It is also well-equipped with advanced medical facilities and a holistic suite of amenities such as a library, food halls offering customised menus, art and craft rooms, and green open spaces for exercise and gardening.



Facade



Lobby



Three-bedder



Meal Time



Pool Table



Dining Room



Reception



Calligraphy Room



Board Games

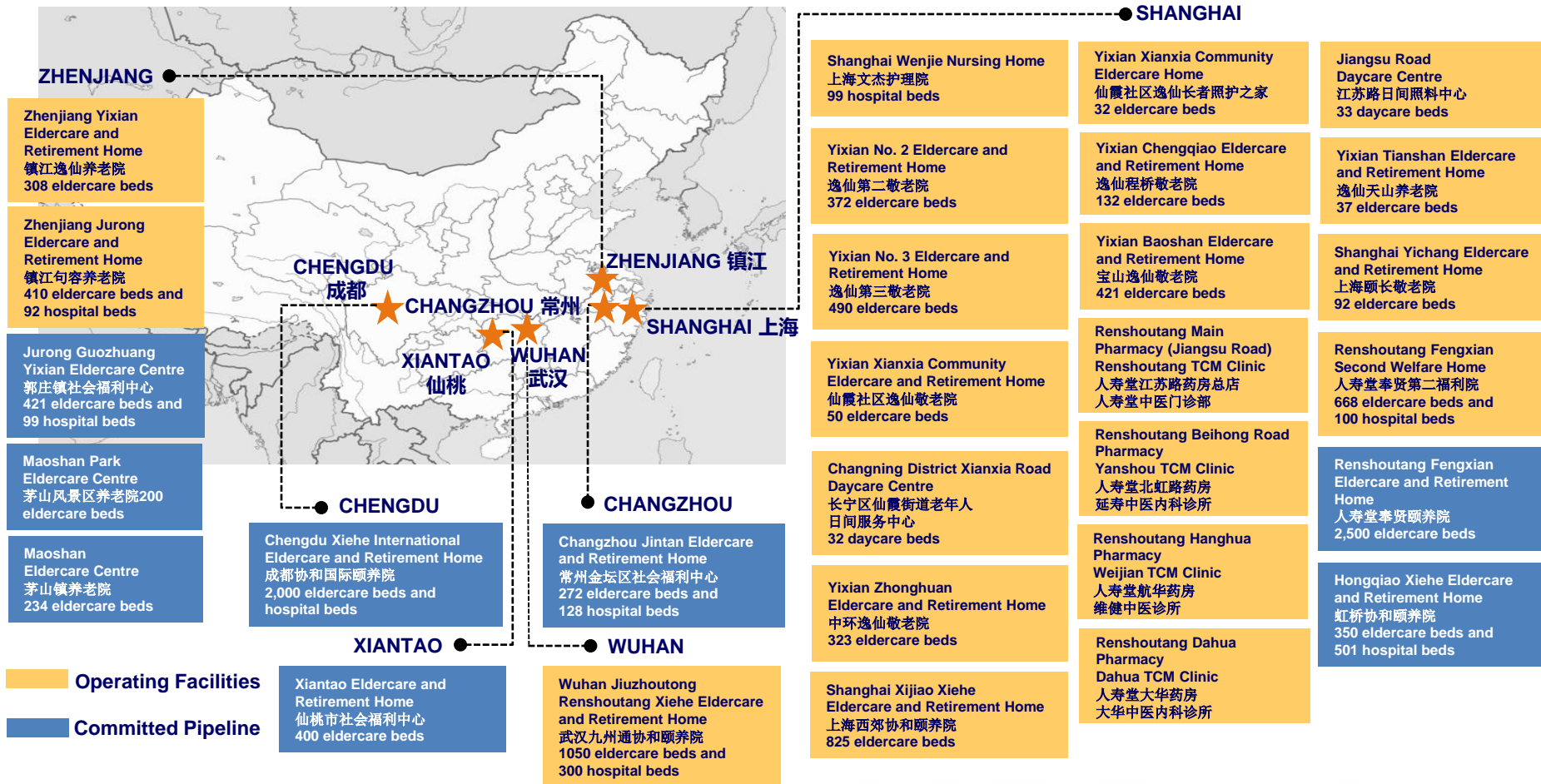


Health Talk

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 5,866 beds. It also has a committed pipeline of over 7,105 beds and a potential pipeline of over 13,500 beds.



THANK YOU

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