



PERENNIAL REAL ESTATE HOLDINGS LIMITED

(Incorporated in the Republic of Singapore)

(Company Registration No.: 200210338M)

UNAUDITED FINANCIAL STATEMENTS

FOR THE FIRST QUARTER ENDED 31 MARCH 2016

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Introduction

Perennial Real Estate Holdings Limited ("PREHL or the Group") is an integrated real estate and healthcare company headquartered and listed in Singapore. As a real estate owner, developer and manager, Perennial focuses strategically on large-scale mixed-use developments and has a presence in China, Singapore, Malaysia and Ghana with a combined portfolio spanning over 45 million square feet in gross floor area. Perennial is also a healthcare services owner and operator focused predominantly on China and its healthcare business services include medical, hospital, eldercare and senior housing, and maternal and child health management.

Perennial is a dominant commercial developer with sizeable integrated developments in China, of which two are regional commercial hubs adjacent to the two largest high speed railway stations in the country, being Chengdu East High Speed Railway Integrated Development and Xi'an North High Speed Railway Integrated Development. Other landmark projects in Perennial's portfolio include Beijing Tongzhou Integrated Development, Shenyang Longemont Integrated Development and Zhuhai Hengqin Integrated Development.

In Singapore, Perennial has invested in and manages prime iconic properties located in the Civic District, Central Business District and Orchard Road precinct, such as CHIJMES, Capitol Singapore, AXA Tower, TripleOne Somerset, House of Tan Yeok Nee and Chinatown Point mall.

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1(a)(i) Consolidated Income Statement

		3 months ended 31.03.2016	3 months ended 31.03.2015	Change
	Note	S\$'000	S\$'000	%
Revenue	1	29,486	27,054	9
Cost of services		(8,044)	(9,117)	(12)
Gross Profit		21,442	17,937	20
Other income	2	3,261	1,724	89
Administrative expenses	3	(8,981)	(4,568)	97
Other operating expenses		(6)	(5)	20
Results from operating activities		15,716	15,088	4
Finance income	4	1,147	103	Nm
Finance costs		(13,808)	(13,420)	3
Net finance costs		(12,661)	(13,317)	(5)
Share of results of associates and joint ventures, net of tax	5	10,314	2,155	379
Profit before tax		13,369	3,926	241
Tax expense	6	(1,300)	(548)	137
Profit for the period		12,069	3,378	257
Profit for the period attributable to:-				
Owners of the Company		8,472	3,418	148
Non-controlling interests		3,597	(40)	Nm
		12,069	3,378	257

Nm: denotes not meaningful

1(a)(i) Consolidated Income Statement (cont'd)

Explanatory Notes to the Consolidated Income Statement

(1) Revenue

The Group's revenue for the period ended 31 March 2016 was derived mainly from two main business activities:

- (i) real estate development and investment; and
- (ii) real estate management services.

Revenue from real estate investments comprised mainly rental income from CHIJMES and TripleOne Somerset in Singapore and Perennial Jihua Mall, Foshan and Perennial Qingyang Mall, Chengdu in China.

The increase in revenue in this quarter was mainly attributable to higher management fees and higher revenue recorded by Perennial Qingyang Mall, Chengdu. (Please see item 8 for details.)

(2) Other income

	3 months ended 31.03.2016	3 months ended 31.03.2015	Change
	S\$'000	S\$'000	%
Other income comprises:			
Investment income	1,853	-	Nm
Foreign exchange gain	888	1,553	(43)
Others	520	171	204
Total	<u>3,261</u>	<u>1,724</u>	

The increase in other income was mainly from the distribution income received from the investment in quoted securities.

1(a)(i) Consolidated Income Statement (cont'd)

(3) Administrative expenses

	3 months ended 31.03.2016 S\$'000	3 months ended 31.03.2015 S\$'000	Change %
Administrative expenses	(8,981)	(4,568)	97
<u>Included in administrative expenses:-</u>			
Depreciation and amortisation	(855)	(1,002)	(15)
One-time write-off of intangible assets	(1,947)	-	Nm

Administrative expenses comprised primarily staff costs, amortisation expenses, professional fees, share-based expenses and other expenses. The increase was mainly attributable to a write-off of intangible asset and share-based expenses which were not incurred in 1Q 2015.

(4) Finance income

Finance income comprised mainly interest income received. The increase was mainly due to the interest income on loan to an associate and junior bonds of an associate.

(5) Share of results of associates and joint ventures, net of tax

Share of results of associates and joint ventures is contributed largely by:

- (i) Chengdu Changfeng Real Estate Development Co., Ltd. which owns the Chengdu Plot D2;
- (ii) Shenyang Summit which owns the Shenyang Properties; and
- (iii) Perennial Shenton Investors Pte. Ltd. which owns the AXA Tower

The increase in this quarter is mainly on account of the Group's share of the fair value gain of S\$7.5 million on the revaluation of Chengdu East High Speed Railway Integrated Development Plot D2 ("Chengdu Plot D2"). The property was reclassified to investment property following the change of use from strata sales to long-term holding to lease for eldercare and retirement home.

(6) Tax expense

The increase in this quarter is mainly attributable to higher chargeable profits compared to 1Q 2015.

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1 (a)(ii) Consolidated Statement of Comprehensive Income

	Note	3 months 31.03.2016 S\$'000	3 months 31.03.2015 S\$'000	Change %
Profit for the period		12,069	3,378	257
Other comprehensive income				
Items that are or may be reclassified subsequently to profit or loss				
Net change in fair value of available-for-sale financial assets		5,373	-	Nm
Foreign currency translation gains relating to foreign operations, net of tax	1	(125,325)	65,405	Nm
Foreign currency translation gains on monetary items forming part of net investments in foreign operations, net of tax		(1,783)	254	Nm
Other comprehensive income for the period, net of tax		(121,735)	65,659	Nm
Total comprehensive income for the period		(109,666)	69,037	Nm
Total comprehensive income attributable to:				
Owners of the Company		(85,039)	60,646	Nm
Non-controlling interests		(24,627)	8,391	Nm
Total comprehensive income for the period		(109,666)	69,037	Nm

Note:

- (1) The movement during this quarter is in respect of the Group's net assets denominated in RMB, whereby the RMB has depreciated against SGD by approximately 3% during the quarter.

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UNAUDITED FINANCIAL STATEMENTS FOR THE FIRST QUARTER ENDED 31 MARCH 2016

1(b)(i) Consolidated Statement of Financial Position for the Group and Statement of Financial Position for the Company

	Note	Group			Company		
		31.03.2016 S\$'000	31.12.2015 S\$'000	Change %	31.03.2016 S\$'000	31.12.2015 S\$'000	Change %
Non-current assets							
Plant and equipment		1,870	2,106	(11.2)	-	-	-
Investment properties	1	1,290,246	2,290,806	(43.7)	-	-	-
Subsidiaries		-	-	-	2,462,120	2,414,374	2.0
Associates and joint ventures	2	2,277,438	1,975,113	15.3	-	-	-
Intangible assets		85,506	88,104	(2.9)	-	-	-
Other financial assets		67,194	53,956	24.5	67,194	48,037	39.9
Other receivables		14,045	15,401	(8.8)	-	-	-
		3,736,299	4,425,486	(15.6)	2,529,314	2,462,411	2.7
Current assets							
Development properties for sale	1	2,694,054	1,756,442	53.4	-	-	-
Trade and other receivables		108,901	106,310	2.4	56,049	52,511	6.7
Cash and cash equivalents		131,826	162,030	(18.6)	6,081	26,545	(77.1)
		2,934,781	2,024,782	44.9	62,130	79,056	(21.4)
Total assets		6,671,080	6,450,268	3.4	2,591,444	2,541,467	2.0
Non-current liabilities							
Loans and borrowings	3	1,954,433	1,741,404	12.2	337,956	297,326	-
Junior bonds		143,937	143,924	0.0	-	-	-
Redeemable preference shares		47,613	47,613	-	-	-	-
Trade and other payables		34,118	35,374	(3.6)	-	-	-
Deferred tax liabilities		57,760	59,394	(2.8)	-	-	-
		2,237,861	2,027,709	10.4	337,956	297,326	-
Current liabilities							
Loans and borrowings	3	270,574	170,256	58.9	-	-	-
Trade and other payables		383,280	364,693	5.1	23,815	21,455	11.0
Current tax liabilities		5,978	5,217	14.6	297	-	-
		659,832	540,166	22.2	24,112	21,455	12.4
Total liabilities		2,897,693	2,567,875	12.8	362,068	318,781	13.6
Net assets		3,773,387	3,882,393	(2.8)	2,229,376	2,222,686	0.3
Equity							
Share capital		2,195,373	2,195,373	-	2,195,373	2,195,373	-
Other reserves		446,256	448,658	(0.5)	7,644	1,623	Nm
Foreign currency translation reserve		(28,118)	70,766	Nm	-	-	-
Retained earnings		87,874	79,402	Nm	26,359	25,690	Nm
Equity attributable to owners of the Company		2,701,385	2,794,199	(3.3)	2,229,376	2,222,686	-
Non-controlling interests		1,072,002	1,088,194	(1.5)	-	-	-
Total equity		3,773,387	3,882,393	(2.8)	2,229,376	2,222,686	0.3

1(b)(i) Consolidated Statement of Financial Position for the Group and Statement of Financial Position for the Company (cont'd)

Explanatory Notes to the Consolidated Statement of Financial Position

(1) Investment properties / Development properties for sale

The decrease in investment properties this quarter is mainly due to the reclassification of TripleOne Somerset to development properties for sale upon obtaining the relevant permits to commence strata sale. This resulted in a corresponding increase in development properties for sale.

(2) Associates and joint ventures

The increase is mainly attributable to the loan to Capitol Singapore of S\$305.5 million and the acquisition of equity interest of 20% in Shenzhen Aidigong Modern Maternal and Child Health Management Co., Ltd ("Aidigong") for a consideration of RMB135.4 million (approximately S\$28.5 million).

(3) Loans and borrowings

The increase in long-term and short-term loans and borrowings is mainly due to the issue of S\$125 million in principal amount of 4.90% p.a. fixed rate notes due 2019 by Perennial Treasury Pte Ltd, a subsidiary of the Group, and drawdown of bank loans mainly to finance investments and working capital requirements of the Group.

1 (b)(ii) Aggregate Amount of Borrowings for the Group

	Group		
	As at 31.03.2016 S\$'000	As at 31.12.2015 S\$'000	Change %
<u>Amount repayable in one year or less, or on demand:</u>			
Secured	70,643	70,376	0.4
Unsecured ⁽¹⁾	199,931	99,880	100.2
	270,574	170,256	58.9
<u>Amount repayable after one year:</u>			
Secured	1,147,409	1,146,424	0.1
Unsecured ⁽¹⁾	807,024	594,980	35.6
	1,954,433	1,741,404	12.2
Total borrowings ⁽²⁾	2,225,007	2,011,540	10.6

Note:

- (1) Unsecured borrowings include unsecured bank facilities as well as notes issued under the multicurrency debt programme.

In March 2016, medium term notes of S\$125 million in principal amount of 4.90% p.a. fixed rate notes due 2019 were issued by Perennial Treasury Pte Ltd, a subsidiary of the Group. To date, a total of S\$225 million in principal amount of fixed rate notes were issued under the S\$2.0 billion multicurrency debt issuance programme ("MTN Programme") established on 22 January 2015, which are unconditionally and irrevocably guaranteed by the Company.

PCRT, a subsidiary of the Group, issued S\$50.0 million 5.25% p.a. fixed rate notes due July 2016, under its S\$500 million MTN Programme. These notes are unconditionally and irrevocably guaranteed by the Company and Perennial China Retail Pte. Ltd., a subsidiary of the Group.

The Company issued its maiden retail bonds of S\$300 million 4.65% p.a. due on 23 October 2018. In April 2016, the Company issued another S\$280 million retail bonds at 4.55% p.a. due 29 April 2020.

- (2) The above borrowings were stated net of unamortised transaction costs.

Details of collaterals for secured borrowings

Secured bank borrowings are generally secured by mortgages on the borrowing subsidiaries' investment properties and assignment of all rights and benefits with respect to the properties mortgaged.

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1 (c) Consolidated Statement of Cash Flows

	3 months 31.03.2016 S\$'000	3 months 31.03.2015 S\$'000
Cash flows from operating activities		
Profit for the period	12,069	3,378
Adjustments for:		
Depreciation of plant and equipment	204	296
Amortisation of intangible assets	2,598	706
Foreign currency exchange gain (net)	(888)	(1,553)
Net finance costs	12,661	13,317
Share of results of associates and joint ventures, net of tax	(10,314)	(2,155)
Gain on disposal other financial assets	(206)	-
Loss on disposal of an associate	62	-
Equity-settled share-based payment transactions	648	-
Tax expense	1,300	548
	18,134	14,537
Changes in:		
- Development properties for sale	(3,143)	(1,184)
- Trade and other receivables	(1,297)	(131,850)
- Trade and other payables	35,028	108,990
Cash flows generated from/(used in) operations	48,722	(9,507)
Taxes paid	(392)	-
Net cash from/(used in) operating activities	48,330	(9,507)
Cash flows from investing activities		
Interest received	207	-
Acquisition of plant and equipment	(15)	(513)
Development expenditure - investment properties	(42,275)	(27,102)
Loan to associates	(305,500)	(13,889)
Investment in an associate	(17,190)	-
Acquisition of other investments	(13,918)	-
Proceeds from disposal of other investments	3,804	-
Proceeds from other investments	1,103	-
Net cash from investing activities	(373,784)	(41,504)
Cash flows from financing activities		
Proceeds from loans and borrowings	320,544	158,745
Payment of upfront debt arrangement costs	(6,639)	(1,506)
Repayment of loans and borrowings	(420)	(100,000)
Interest paid	(16,880)	(22,518)
Net cash from financing activities	296,605	34,721
Net decrease in cash and cash equivalents	(28,849)	(16,290)
Cash and cash equivalents at beginning of the period	162,030	106,809
Effect of exchange rate changes on cash balances held in foreign currencies	(1,355)	-
Cash and cash equivalents at end of the period	131,826	90,519

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1 (d)(i) Statement of Changes in Equity for the Group and the Company

Group	Share capital S\$'000	Other reserves ⁽¹⁾ S\$'000	Foreign currency translation reserve ⁽²⁾ S\$'000	Retained earnings S\$'000	Total S\$'000	Non-controlling interests S\$'000	Total equity S\$'000
At 1 January 2016	2,195,373	448,658	70,766	79,402	2,794,199	1,088,194	3,882,393
Total comprehensive income for the period							
Profit for the period	-	-	-	8,472	8,472	3,597	12,069
<i>Other comprehensive income</i>							
Net change in fair value of available-for-sale financial assets	-	5,373	-	-	5,373	-	5,373
Foreign currency translation gains relating to foreign operations, net of tax	-	-	(97,101)	-	(97,101)	(28,224)	(125,325)
Foreign currency translation gains on monetary items, net of tax	-	-	(1,783)	-	(1,783)	-	(1,783)
Total other comprehensive income	-	5,373	(98,884)	-	(93,511)	(28,224)	(121,735)
Total comprehensive income for the period	-	5,373	(98,884)	8,472	(85,039)	(24,627)	(109,666)
Transactions with owners, recorded directly in equity							
<i>Contributions by and distributions to owners</i>							
Share-based payment transactions	-	648	-	-	648	-	648
Non-reciprocal capital contribution made to a non-wholly owned subsidiary	-	(8,435)	-	-	(8,435)	8,435	-
Total contributions by and distributions to owners	-	(7,787)	-	-	(7,787)	8,435	648
<i>Other capital transactions</i>							
Share of reserves of associates and joint ventures	-	12	-	-	12	-	12
Total other capital transactions	-	12	-	-	12	-	12
Total transactions with owners	-	(7,775)	-	-	(7,775)	8,435	660
At 31 March 2016	2,195,373	446,256	(28,118)	87,874	2,701,385	1,072,002	3,773,387

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1 (d)(i) Statement of Changes in Equity for the Group and the Company (cont'd)

Company	Share capital S\$'000	Other reserves⁽¹⁾ S\$'000	Retained earnings S\$'000	Total S\$'000
At 1 January 2016	2,195,373	1,623	25,690	2,222,686
Total comprehensive income for the period				
Profit for the period	-	-	669	669
<u>Other comprehensive income</u>				
Net change in fair value of available-for-sale financial assets	-	5,373	-	5,373
Total other comprehensive income	-	5,373	-	5,373
Total comprehensive income for the period	-	5,373	669	6,042
Transactions with owners, recorded directly in equity				
<u>Contributions by and distributions to owners</u>				
Share-based payment transactions	-	648	-	648
Total transactions with owners	-	648	-	648
At 31 March 2016	2,195,373	7,644	26,359	2,229,376

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1 (d)(i) Statement of Changes in Equity for the Group and the Company (cont'd)

Group	Share capital S\$'000	Other reserves⁽¹⁾ S\$'000	Foreign currency translation reserve⁽²⁾ S\$'000	Retained earnings S\$'000	Total S\$'000	Non-controlling interests S\$'000	Total equity S\$'000
At 1 January 2015	1,676,483	244,038	64,030	21,330	2,005,881	339,480	2,345,361
Total comprehensive income for the period							
Profit/(Loss) for the period	-	-	-	3,418	3,418	(40)	3,378
<u>Other comprehensive income</u>							
Foreign currency translation gains relating to foreign operations, net of tax	-	-	56,974	-	56,974	8,431	65,405
Foreign currency translation gains on monetary items, net of tax	-	-	254	-	254	-	254
Total other comprehensive income	-	-	57,228	-	57,228	8,431	65,659
Total comprehensive income for the period	-	-	57,228	3,418	60,646	8,391	69,037
Transactions with owners, recorded directly in equity							
<u>Contributions by and distributions to owners</u>							
Ordinary shares issued	29,544	-	-	-	29,544	-	29,544
Issue expense	(56)	-	-	-	(56)	-	(56)
Total transactions with owners	29,488	-	-	-	29,488	-	29,488
At 31 March 2015	1,705,971	244,038	121,258	24,748	2,096,015	347,871	2,443,886

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1 (d)(i) Statement of Changes in Equity for the Group and the Company (cont'd)

Company	Share capital S\$'000	Other reserves ⁽¹⁾ S\$'000	Retained earnings S\$'000	Total S\$'000
At 1 January 2015	1,676,483	-	(8,550)	1,667,933
Total comprehensive income for the period				
Loss for the period, representing total comprehensive income for the period	-	-	(1,400)	(1,400)
Transactions with owners, recorded directly in equity				
<i>Contributions by and distributions to owners</i>				
Ordinary shares issued	29,544	-	-	29,544
Issue expense	(56)	-	-	(56)
Total transactions with owners	29,488	-	-	29,488
At 31 March 2015	1,705,971	-	(9,950)	1,696,021

Notes:

- (1) Other reserves include capital reserve, available-for-sale reserve and equity compensation reserves.
- (2) The foreign currency translation reserve comprised foreign exchange differences arising from the translation of the financial statements of foreign operations, associates and joint ventures, and foreign exchange differences arising from monetary items forming part of net investment in foreign operations.

1 (d)(ii) Details of any Changes in Share Capital

Issued Share Capital

	No. of Shares ('000)
In issue at 01.01.2016/31.03.2016	1,655,468

Outstanding Options under Perennial Employee Share Options Scheme 2014

	No. of Shares ('000)
As at 01.01.2016	20,590
Exercised	-
Lapsed/Cancelled	(1,300)
As at 31.03.2016	19,290

The number of outstanding exercisable options represents 1.17% of the total number of shares issued as at 31 March 2016.

1(d)(iii) A statement showing all sales, transfer, disposals, cancellations and/or use of treasury shares at the end of the current financial period reported on

The Company has no treasury shares at the beginning and end of the reporting period.

2 Whether the figures have been audited or reviewed, and in accordance with which auditing standard or practice

The figures have not been audited or reviewed by the Company's auditors.

3 Where the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of matter)

Not applicable.

4 Whether the same accounting policies and methods of computation as in the issuer's most recently audited annual financial statements have been applied

The Group has applied the same accounting policies and methods of computation in the financial statements for the current reporting period as that of the audited financial statements for the year ended 31 December 2015, except for the adoption of new/revised Financial Reporting Standards ("FRS") applicable for the financial period beginning 1 January 2016 as follows:

Amendments to FRS 16 *Property and Equipment* and FRS 38 *Intangibles*

Amendments to FRS 27 *Separate Financial Statements*

Amendments to FRS 111 *Joint Arrangements*

Amendments to FRS 110 *Consolidated Financial Statements*, FRS 112 *Disclosures of Interests in Other Entities* and FRS 28 *Investments in Associates and Joint Ventures*

Improvements to FRSs (November 2014)

Amendments to FRS 1 *Presentation of Financial Statements*

The Group does not expect any significant impact on its financial position or performance from the adoption of these amendments to FRSs.

5 If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change

Please refer to item 4 above.

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6 Earnings per Share

	Group	
	3 months 31.03.2016	3 months 31.03.2015
Profit for the period attributable to Owners of the Company(S\$'000)	8,472	3,418
Weighted average number of shares for the period ('000)		
- Basic	1,655,468	1,269,705
- Diluted	1,655,468	1,271,006
EPS (cents)		
- Basic	0.51	0.27
- Diluted	0.51	0.27

7 Net Asset Value per Share

	Group		Company	
	31.03.2016 S\$/share	31.12.2015 S\$/share	31.03.2016 S\$/share	31.12.2015 S\$/share
Net assets value per share based on issued share capital at the end of the period	1.632	1.688	1.347	1.343

8 Review of the Performance

	3 months ended 31.03.2016	3 months ended 31.03.2015	Change %
	S\$'000	S\$'000	
Revenue	29,486	27,054	9
Share of results of associates and joint ventures, net of tax	10,314	2,155	379
Earnings before interest and tax ("EBIT")	26,030	17,243	51
Net finance costs	(12,661)	(13,317)	(5)
Profit before tax	13,369	3,926	241
Profit for the period attributable to the owners of the Company ("PATMI")	8,472	3,418	148

8 Review of the Performance (cont'd)

1Q 2016 vs 1Q 2015

The Group achieved a revenue of S\$29.5 million (1Q 2015: S\$27.1 million) and a PATMI of S\$8.5 million (1Q 2015: S\$3.4 million) for the first quarter ended 31 March 2016.

Revenue

The main revenue contributors are CHIJMES and TripleOne Somerset in Singapore and Perennial Jihua Mall, Foshan and Perennial Qingyang Mall, Chengdu in China. The increase in revenue was mainly attributable to the increase in project management fee and higher revenue recorded by Perennial Qingyang Mall, Chengdu.

Singapore assets contributed approximately S\$14.8 million, representing 50.2% (1Q 2015: S\$15.6 million, representing 57.5%) of the Group's revenue. The operational assets in China contributed revenue of S\$7.6 million, which represents 25.9% (1Q 2015: S\$6.4 million, representing 23.7%) of the Group's revenue. The remaining 23.9% (1Q 2015: 18.8%) of the Group's revenue came from the fee-based management businesses.

EBIT

The Group achieved S\$26.0 million of EBIT in 1Q 2016 (1Q 2015: S\$17.2 million). The EBIT was largely driven by contributions from operational assets in Singapore and China, fee-based management businesses as well as higher share of results from associates and joint ventures which included a fair value gain of S\$7.5 million from the revaluation of Chengdu Plot D2 upon the transfer of the property to investment property and share of results from AXA Tower which was acquired in April 2015.

Net finance costs

Finance costs comprised mainly interest on bank borrowings and medium term notes, and amortisation of transaction costs incurred on financing facilities. The decrease in net finance costs in 1Q 2016 compared to 1Q 2015 was due to interest income on loan to an associate and junior bonds of an associate. As at 31 March 2016, the Group's net debt-to-equity ratio stood at 0.55.

PATMI

Overall, the Group achieved a PATMI of S\$8.5 million for the three months ended 31 March 2016, which was 1.5 times higher than the same quarter last year.

9 Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results

No forecast was previously provided.

10 Commentary on the competitive conditions of the industry in which the Group operates and any known factors or events that may affect the Group in the next reporting period and the next 12 months

Singapore

According to advanced estimates released by the Ministry of Trade and Industry, GDP expanded 1.8% year-on-year in Q1 2016, which was the same as that in the previous quarter.

The Group's Singapore portfolio of operational prime and iconic properties continues to generate a stable income stream to the Group. Both TripleOne Somerset and AXA Tower received all the relevant regulatory approvals to proceed with the planned asset enhancement works which are expected to commence in Q2 2016. The proposed asset enhancement works are expected to increase AXA Tower's NLA by approximately 84,000 sq ft from 676,000 sq ft to 760,000 sq ft.

The House of Tan Yeok Nee, a gazetted National Monument in the Orchard Road precinct, received an in-principle approval from the authorities for a change of use to a premier Traditional Chinese Medicine ("TCM") centre in Singapore that provides quality TCM treatment by professional physicians in a conducive environment. The centre is expected to commence operations in Q3 2016.

The Group has filed court applications for winding up 3 of its associated companies, namely Capitol Investment Holdings Pte Ltd, Capitol Retail Management Pte Ltd and Capitol Hotel Management Pte Ltd (collectively, the "Capitol Entities") or a court ordered sale or buy-out. The Group effectively owns 50% of the Capitol Singapore project. The court applications were made on the basis that the shareholders and management of the Capitol Entities are in deadlock and have no relation to the financial health of the Capitol Entities.

China

The Chinese economy expanded 1.1% quarter-on-quarter in Q1 2016, lower than the 1.5% growth in the previous quarter¹.

Year-on-year, the Chinese economy advanced an annual 6.7% in Q1 2016, compared to a 6.8% expansion in the previous period and this was in line with market expectations. The Chinese government has approved lowering the GDP target to 6.5% from 7.0% for 2016. The Group remains vigilant on the Chinese economic outlook whilst continue to be confident of its quality portfolio of assets and ability to tap on China's burgeoning domestic demand for quality healthcare services.

1. Source: National Bureau of Statistics of China

10 Commentary on the competitive conditions of the industry in which the Group operates and any known factors or events that may affect the Group in the next reporting period and the next 12 months (cont'd)

China (cont'd)

The Group repositioned the 3.1 million sq ft GFA Chengdu East High Speed Railway Integrated Development Plot D2 (“Chengdu Plot D2”), which was previously designated as a mixed-use apartment and retail development for strata sale, to a holistic eldercare and retirement home development with complementary eldercare trades and services to meet the demand for quality eldercare facilities in Chengdu. 3 of the 6 apartment blocks will be converted to a retirement home, a nursing home and a rehabilitation home, and will be operated by the proposed joint venture company which the Group will own 40%. The eldercare services are expected to commence operations in 2017.

In April 2016, the Group completed the acquisition of an aggregate equity interest of 20% in Shenzhen Aidigong Modern Maternal and Child Health Management Co., Ltd (“Aidigong”) for a consideration of RMB135.4 million (approximately S\$28.5 million). Aidigong currently operates 2 maternal and newborn health centres in Shenzhen and one post-natal treatment centre in Beijing. The Group expects to share the results of this associate from 2Q 2016.

Emerging and Other Markets

The two projects in Accra, Ghana and Penang, Malaysia are progressing as planned, and expected to complete in phases from 2019 and 2021 respectively.

11 Dividends

(a) Current financial period

None

(b) Corresponding period of the immediately preceding financial year

None

(c) Date Payable

Not applicable.

(d) Books Closure Date

Not applicable.

12 If no dividend has been declared / recommended, a statement to that effect

No dividend has been declared for the three months ended 31 March 2016.

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- 13 If the Company has obtained a general mandate from shareholders for interested person transactions, the aggregate value of such transactions are required under Rule 920(1)(a)(ii). If no interested person transactions mandate has been obtained, a statement to that effect.**

The Company did not obtain a general mandate from shareholders for interested person transactions.

- 14 Segmental revenue and results for business or geographical segments of the Group with comparative information for the immediately preceding year.**

	Revenue		
	3 months ended	3 months ended	Change
	31.03.2016	31.03.2015	
	S\$'000	S\$'000	%
Singapore	14,814	15,557	(4.8)
China	7,646	6,419	19.1
Management businesses	9,788	7,558	29.5
Corporate and Others	3,893	-	Nm
Elimination	(6,655)	(2,480)	168.3
	29,486	27,054	9.0

	EBIT		
	3 months ended	3 months ended	Change
	31.03.2016	31.03.2015	
	S\$'000	S\$'000	%
Singapore	10,237	9,995	2.4
China	14,188	5,297	167.8
Management businesses	(15)	1,916	(100.8)
Corporate and Others	1,620	35	Nm
	26,030	17,243	51.0

- 15 Confirmation pursuant to Rule 705(5) of the Listing Manual**

To the best of our knowledge, nothing has come to the attention of the Board of Directors which may render the unaudited interim financial statements of the Group and the Company (comprising the consolidated balance sheet, consolidated income statement, consolidated statement of comprehensive income, statement of changes in equity and consolidated statement of cash flows, together with their accompanying notes) as at 31 March 2016 and for the three months ended on that date, to be false or misleading in any material aspect.

16 Confirmation that the issuer has procured undertakings from all its directors and executive officers (in the format set out in Appendix 7.7) under Rule 720(1)

The Company confirms that it has procured undertakings from all its directors and executive officers in the format set out in Appendix 7.7 under Rule 720(1) of the Listing Manual.

On behalf of the Board

Kuok Khoon Hong
Chairman

Pua Seck Guan
Chief Executive Officer

By Order of the Board

Sim Ai Hua
Company Secretary
13 May 2016

DBS Bank and Standard Chartered Bank acted as Joint Financial Advisers in relation to the reverse take-over of the Company which was completed on 27 October 2014.