



PERENNIAL REAL ESTATE HOLDINGS LIMITED

(Incorporated in the Republic of Singapore)

(Company Registration No.: 200210338M)

**UNAUDITED FINANCIAL STATEMENTS
FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2017**

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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 about 54 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.

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1 (a)(i) Consolidated Income Statement

	Note	3 months	3 months	Change	9 months	9 months	Change
		ended 30.09.2017	ended 30.09.2016		ended 30.09.2017	ended 30.09.2016	
		S\$'000	S\$'000	%	S\$'000	S\$'000	%
Revenue	1	20,442	35,105	(41.8)	58,523	88,679	(34.0)
Cost of sales	2	(6,138)	(16,853)	(63.6)	(19,075)	(31,833)	(40.1)
Gross Profit		14,304	18,252	(21.6)	39,448	56,846	(30.6)
Other income		806	574	40.4	104,017	7,262	Nm
Administrative expenses	3	(5,729)	(6,614)	(13.4)	(18,474)	(22,461)	(17.8)
Other operating expenses	4	(1,599)	(5)	Nm	(3,824)	(14)	Nm
Results from operating activities		7,782	12,207	(36.2)	121,167	41,633	191.0
Finance income	5	4,859	2,213	119.6	13,226	4,689	182.1
Finance costs	6	(17,305)	(17,347)	(0.2)	(51,691)	(47,295)	9.3
Net finance costs		(12,446)	(15,134)	(17.8)	(38,465)	(42,606)	(9.7)
Share of results of associates and joint ventures, net of tax	7	29,766	3,628	Nm	34,893	18,858	85.0
Profit before tax		25,102	701	Nm	117,595	17,885	Nm
Tax expense	8	(1,317)	(669)	96.9	(20,031)	(3,387)	491.4
Profit for the period		23,785	32	Nm	97,564	14,498	Nm
Profit for the period attributable to:-							
Owners of the Company		16,919	425	Nm	72,705	9,491	Nm
Non-controlling interests		6,866	(393)	Nm	24,859	5,007	396.5
		23,785	32	Nm	97,564	14,498	Nm

Nm: denotes not meaningful

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

Explanatory Notes to the Consolidated Income Statement 3Q 2017 versus 3Q 2016

(1) Revenue

Revenue for the quarter comprised mainly rental income from CHIJMES, Perennial Jihua Mall, Foshan and Perennial Qingyang Mall, Chengdu.

The decrease in revenue in 3Q 2017 was attributable to the absence of revenue from TripleOne Somerset as a result of the deconsolidation following the divestment of a 20.2% equity stake on 31 March 2017. The retained 30% equity stake in TripleOne Somerset is classified as an associate to the Group. The decrease was partially offset by higher management business income mainly attributable from one-off consultancy fees earned from the United Engineers Limited ("UEL") transaction. (Please see item 8 for details.)

(2) Cost of sales

The decrease in cost of sales was due to the deconsolidation of TripleOne Somerset as well as lower cost of sales in respect of fee-based revenue earned during the quarter.

(3) Administrative expenses

Administrative expenses comprised primarily staff costs, amortisation expenses, professional fees, share-based expenses and other expenses. The decrease was mainly attributable to lower professional fees and staff costs in this quarter.

(4) Other operating expenses

The increase in other operating expenses mainly arose from foreign exchange losses due to the depreciation of USD against SGD during the quarter.

(5) Finance income

The finance income in 3Q 2017 was contributed mainly by interest income on loans extended to joint ventures and interest income from junior bonds issued by associates.

(6) Finance costs

Finance costs comprised mainly interest on bank facilities, medium term notes and retail bonds. The finance costs were stable as the decrease from the deconsolidation of TripleOne Somerset's interest expenses was offset by interest incurred on new drawdown of loans and borrowings.

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

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

The Group's associated company, Yanlord Perennial Investment (Singapore) Pte Ltd ("YPIS"), had launched an offer for UEL shares. The offer closed on 19 September 2017 with YPIS having a 33.5% stake in UEL. The share of results from YPIS included a gain on bargain purchase of S\$25.9 million arising from its acquisition of UEL shares. This contributed to the increase in share of results of associates and joint ventures for the quarter.

(8) Tax expense

The increase in 3Q 2017's tax provision was in line with the higher operating profits.

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

	Note	3 months 30.09.2017 S\$'000	3 months 30.09.2016 S\$'000	Change %	9 months 30.09.2017 S\$'000	9 months 30.09.2016 S\$'000	Change %
Profit for the period		23,785	32	Nm	97,564	14,498	Nm
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		(82)	(2,079)	(96.1)	9,056	7,168	26.3
Foreign currency translation gains/(losses) relating to foreign operations, net of tax	1	8,000	6,962	14.9	(93,182)	(255,123)	(63.5)
Foreign currency translation losses on monetary items forming part of net investments in foreign operations, net of tax		(273)	(168)	62.5	(801)	(918)	(12.7)
Other comprehensive income for the period, net of tax		7,645	4,715	62.1	(84,927)	(248,873)	(65.9)
Total comprehensive income for the period		31,430	4,747	Nm	12,637	(234,375)	(105.4)
Total comprehensive income attributable to:							
Owners of the Company		22,925	3,359	Nm	12,676	(172,523)	(107.3)
Non-controlling interests		8,505	1,388	Nm	(39)	(61,852)	(99.9)
Total comprehensive income for the period		31,430	4,747	Nm	12,637	(234,375)	(105.4)

Nm: denotes not meaningful

Note:

- (1) The movement during this quarter is in respect of the Group's net assets which are denominated in RMB, whereby the RMB has appreciated against SGD by approximately 0.3% during the quarter. However, on a 9-month period, the RMB depreciated against SGD by approximately 2.1%.

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

	Note	Group			Company		
		30.09.2017	31.12.2016	Change	30.09.2017	31.12.2016	Change
		S\$'000	S\$'000	%	S\$'000	S\$'000	%
Non-current assets							
Plant and equipment		1,622	1,624	(0.1)	191	-	Nm
Investment properties	1	1,711,669	1,371,972	24.8	-	-	-
Subsidiaries		-	-	-	2,703,477	2,742,725	(1.4)
Associates and joint ventures	2	2,633,790	1,993,529	32.1	-	-	-
Intangible assets		81,600	83,553	(2.3)	-	-	-
Other financial assets		82,732	67,214	23.1	75,973	67,214	13.0
Other receivables		18,306	15,786	16.0	-	-	-
		4,529,719	3,533,678	28.2	2,779,641	2,809,939	(1.1)
Current assets							
Development properties	1/2	1,547,069	2,757,943	(43.9)	-	-	-
Trade and other receivables		538,776	528,493	1.9	85,216	78,546	8.5
Cash and cash equivalents	3	78,387	226,243	(65.4)	4,722	4,963	(4.9)
		2,164,232	3,512,679	(38.4)	89,938	83,509	7.7
Total assets		6,693,951	7,046,357	(5.0)	2,869,579	2,893,448	(0.8)
Non-current liabilities							
Loans and borrowings	2	1,630,502	1,892,456	(13.8)	578,236	605,578	(4.5)
Junior bonds	2	30,000	143,977	(79.2)	-	-	-
Redeemable preference shares	2	-	47,613	(100.0)	-	-	-
Trade and other payables		30,402	33,932	(10.4)	-	-	-
Deferred tax liabilities	1	71,448	61,375	16.4	-	-	-
		1,762,352	2,179,353	(19.1)	578,236	605,578	(4.5)
Current liabilities							
Loans and borrowings	4	759,204	823,062	(7.8)	37,626	29,125	29.2
Trade and other payables		247,271	257,111	(3.8)	16,126	21,996	(26.7)
Current tax liabilities		9,444	4,915	92.1	59	-	Nm
		1,015,919	1,085,088	(6.4)	53,811	51,121	5.3
Total liabilities		2,778,271	3,264,441	(14.9)	632,047	656,699	(3.8)
Net assets		3,915,680	3,781,916	3.5	2,237,532	2,236,749	0.0
Equity							
Share capital		2,208,267	2,208,267	-	2,208,267	2,208,267	-
Other reserves		449,945	439,756	2.3	17,932	7,764	131.0
Foreign currency translation reserve		(108,341)	(39,255)	176.0	-	-	-
Retained earnings		173,877	107,833	61.2	11,333	20,718	(45.3)
Equity attributable to owners of the Company		2,723,748	2,716,601	0.3	2,237,532	2,236,749	0.0
Non-controlling interests		1,191,932	1,065,315	11.9	-	-	-
Total equity		3,915,680	3,781,916	3.5	2,237,532	2,236,749	0.0

Nm: denotes not meaningful

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

Explanatory Notes to the Consolidated Statement of Financial Position

(1) Investment properties / Development properties / Deferred tax liabilities

The increase in investment properties and part of the decrease in development properties was due to a reclassification of Xi'an Plot 4 from development properties to investment properties. The increase in deferred tax liabilities was due to the provision made on the resultant fair value gain.

(2) Development properties / Long-term loans and borrowings / Junior bonds / Redeemable preference shares / Associates and joint ventures

The reductions in development properties, long-term loans and borrowings, junior bonds and redeemable preference shares are a result of the deconsolidation of TripleOne Somerset following the divestment of a 20.2% equity stake on 31 March 2017. The retained 30% equity stake in TripleOne Somerset is classified as an associate to the Group, thereby contributing to the increase in associates and joint ventures.

(3) Cash and cash equivalents

Cash and cash equivalents were lower as these were utilised to fund new investments and working capital.

(4) Short-term loans and borrowings

The decrease in short-term loans and borrowings is mainly due to reclassification of loan for CHIJMES to long-term as the loan has been refinanced to mature in 2022. This reduction is partially offset by the reclassification of medium term notes due in March 2018 from long-term to short-term borrowings.

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

	Group		
	As at 30.09.2017	As at 31.12.2016	Change
	S\$'000	S\$'000	%
<u>Amount repayable in one year or less, or on demand:</u>			
Secured	272,344	703,062	(61.3)
Unsecured ⁽¹⁾	486,860	120,000	305.7
	759,204	823,062	(7.8)
<u>Amount repayable after one year:</u>			
Secured	824,967	1,043,495	(20.9)
Unsecured ⁽¹⁾	805,535	848,961	(5.1)
	1,630,502	1,892,456	(13.8)
Total borrowings ⁽²⁾	2,389,706	2,715,518	(12.0)

Notes:

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

In July 2017, medium term notes of S\$100 million, at 3.85% p.a. due 2020 were issued by Perennial Treasury Pte Ltd, a subsidiary of the Group. To date, a total of S\$325 million of fixed rate notes were issued under the S\$2 billion multicurrency debt issuance programme ("MTN Programme") established on 22 January 2015, which is unconditionally and irrevocably guaranteed by the Company.

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

Details of collaterals for secured borrowings

Secured bank borrowings are generally secured by mortgages on the borrowing subsidiaries' 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 30.09.2017 S\$'000	3 months 30.09.2016 S\$'000	9 months 30.09.2017 S\$'000	9 months 30.09.2016 S\$'000
Cash flows from operating activities				
Profit for the period	23,785	32	97,564	14,498
Adjustments for:				
Depreciation of plant and equipment	134	183	420	584
Amortisation of intangible assets	651	651	1,953	3,900
Change in fair value of investment properties	-	-	(45,466)	-
Foreign currency exchange loss/(gain) (net)	1,685	441	3,899	(2,588)
Net finance costs	12,446	15,134	38,465	42,606
Share of results of associates and joint ventures, net of tax	(29,766)	(3,628)	(34,893)	(18,858)
Gain on disposal of partial stake in a subsidiary	-	-	(35,519)	-
Gain on remeasurement of retained stake	-	-	(20,151)	-
Gain on disposal of other financial assets	-	-	-	(273)
Loss on disposal of an associate	-	-	-	62
Equity-settled share-based payment transactions	446	371	1,110	1,210
Tax expense	1,317	669	20,031	3,387
	10,698	13,853	27,413	44,528
Changes in:				
- Development properties	(2,484)	(3,181)	(83,850)	(32,527)
- Trade and other receivables	(34,906)	(10,865)	(42,441)	(12,262)
- Trade and other payables	6,930	12,071	18,187	74,154
Cash used in operations	(19,762)	11,878	(80,691)	73,893
Taxes paid	(751)	(1,128)	(3,583)	(4,188)
Net cash (used in)/from operating activities	(20,513)	10,750	(84,274)	69,705
Cash flows from investing activities				
Interest received	281	186	2,734	5,313
Acquisition of plant and equipment	(156)	(65)	(570)	(189)
Development expenditure - investment properties	(25,695)	(7,856)	(32,382)	(64,720)
Dividends from an associate	-	-	4,492	257
Loans to associates and joint ventures	(407,770)	(4,163)	(419,194)	(310,261)
Investment in associates and joint ventures	(44,163)	(1,986)	(117,610)	(39,630)
Other investments	-	(5,858)	(6,843)	(19,776)
Proceeds from partial disposal of interests in subsidiary, net of cash disposed	-	-	73,118	-
Proceeds from disposal of plant and equipment	-	-	-	3
Proceeds from disposal of other investments	-	-	-	3,871
Dividends from other investments	1,016	1,003	3,061	3,057
Net cash used in investing activities	(476,487)	(18,739)	(493,194)	(422,075)
Cash flows from financing activities				
Dividends paid to owners of the Company	-	-	(6,661)	(6,622)
Dividends paid to non-controlling interests	-	(856)	-	(856)
Proceeds from loans and borrowings	285,675	165,124	443,314	853,170
Payment of upfront debt arrangement costs	(428)	(2,263)	(1,558)	(12,207)
Repayments of loans and borrowings	(17,219)	(175,291)	(83,365)	(442,511)
Loan from joint venture	7,734	6,712	13,473	24,865
Capital injection by non-controlling interests	123,871	-	129,343	5,099
Interest paid	(17,995)	(21,690)	(66,763)	(70,783)
Net cash from/(used in) financing activities	381,638	(28,264)	427,783	350,155
Net decrease in cash and cash equivalents	(115,362)	(36,253)	(149,685)	(2,215)
Cash and cash equivalents at beginning of the period	189,438	190,632	226,243	162,030
Effect of exchange rate changes on cash balances held in foreign currencies	4,311	1,115	1,829	(4,321)
Cash and cash equivalents at end of the period	78,387	155,494	78,387	155,494

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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 July 2017	2,208,267	449,581	(114,429)	156,958	2,700,377	1,059,556	3,759,933
Total comprehensive income for the period							
Profit for the period	-	-	-	16,919	16,919	6,866	23,785
<u>Other comprehensive income</u>							
Net change in fair value of available-for-sale financial assets	-	(82)	-	-	(82)	-	(82)
Foreign currency translation gains relating to foreign operations, net of tax	-	-	6,361	-	6,361	1,639	8,000
Foreign currency translation losses on monetary items, net of tax	-	-	(273)	-	(273)	-	(273)
Total other comprehensive income	-	(82)	6,088	-	6,006	1,639	7,645
Total comprehensive income for the period	-	(82)	6,088	16,919	22,925	8,505	31,430
Transactions with owners, recorded directly in equity							
<u>Contributions by and distributions to owners</u>							
Share-based payment transactions	-	446	-	-	446	-	446
Capital injection by non-controlling interests	-	-	-	-	-	123,871	123,871
Total transactions with owners	-	446	-	-	446	123,871	124,317
At 30 September 2017	2,208,267	449,945	(108,341)	173,877	2,723,748	1,191,932	3,915,680

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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 July 2017	2,208,267	17,568	11,587	2,237,422
Total comprehensive income for the period				
Profit for the period	-	-	(254)	(254)
<u>Other comprehensive income</u>				
Net change in fair value of available-for-sale financial assets	-	(82)	-	(82)
Total other comprehensive income	-	(82)	-	(82)
Total comprehensive income for the period	-	(82)	(254)	(336)
Transactions with owners, recorded directly in equity				
<u>Contributions by and distributions to owners</u>				
Share-based payment transactions	-	446	-	446
Total transactions with owners	-	446	-	446
At 30 September 2017	2,208,267	17,932	11,333	2,237,532

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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 July 2016	2,195,373	450,258	(123,429)	81,846	2,604,048	1,038,551	3,642,599
Total comprehensive income for the period							
Profit for the period	-	-	-	425	425	(393)	32
<i>Other comprehensive income</i>							
Net change in fair value of available-for-sale financial assets	-	(2,079)	-	-	(2,079)	-	(2,079)
Foreign currency translation gains relating to foreign operations, net of tax	-	-	5,181	-	5,181	1,781	6,962
Foreign currency translation gains on monetary items, net of tax	-	-	(168)	-	(168)	-	(168)
Total other comprehensive income	-	(2,079)	5,013	-	2,934	1,781	4,715
Total comprehensive income for the period	-	(2,079)	5,013	425	3,359	1,388	4,747
Transactions with owners, recorded directly in equity							
<i>Contributions by and distributions to owners</i>							
Share-based payment transactions	-	364	-	-	364	7	371
Dividends	-	-	-	-	-	(856)	(856)
Total contributions by and distributions to owners	-	364	-	-	364	(849)	(485)
<i>Contributions in ownership interests in subsidiary</i>							
Acquisition of non-controlling interests without changes of control	12,894	(6,882)	-	-	6,012	(6,038)	(26)
Total transactions with owners	12,894	(6,518)	-	-	6,376	(6,887)	(511)
At 30 September 2016	2,208,267	441,661	(118,416)	82,271	2,613,783	1,033,052	3,646,835

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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 July 2016	2,195,373	11,709	18,838	2,225,920
Total comprehensive income for the period				
Profit for the period	-	-	(525)	(525)
<u>Other comprehensive income</u>				
Net change in fair value of available-for-sale financial assets	-	(2,079)	-	(2,079)
Total other comprehensive income	-	(2,079)	-	(2,079)
Total comprehensive income for the period	-	(2,079)	(525)	(2,604)
Transactions with owners, recorded directly in equity				
<u>Contributions by and distributions to owners</u>				
Share-based payment transactions	-	371	-	371
Total contributions by and distributions to owners	-	371	-	371
<u>Contributions in ownership interests in subsidiary</u>				
Acquisition of non-controlling interests without changes of control	12,894	-	-	12,894
Total transactions with owners	12,894	371	-	13,265
At 30 September 2016	2,208,267	10,001	18,313	2,236,581

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 01.07.2017	1,665,144
Issue of shares	-
In issue at 30.09.2017	1,665,144

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

Outstanding Options under Perennial Employee Share Options Scheme 2014

	No. of Share Options (‘000)
As at 01.07.2017	38,330
Exercised	-
Lapsed/Cancelled	-
As at 30.09.2017	38,330

On 12 May 2017, the Company granted 22,000,000 share options to certain directors and employees of the Group under the Employee Share Option Scheme 2014 (“ESOS”). The number of outstanding options represents 2.30% of the total number of shares issued as at 30 September 2017 (30 September 2016: 1.07% of issued shares of 1,665,144,368). The options have a validity of 5 years from the date of grant and are vested over a vesting period of 4 years.

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 2016, except for the adoption of new/revised Financial Reporting Standards (“FRS”) applicable for the financial period beginning 1 January 2017 as follows:

Amendments to FRS 7 *Statement of Cash Flows*

Amendments to FRS 12 *Income Taxes*

Amendments to FRS 112 *Disclosure of Interests in Other Entities*

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

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- 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.

6 Earnings per Share

	Group			
	3 months 30.09.2017	3 months 30.09.2016	9 months 30.09.2017	9 months 30.09.2016
Profit for the period attributable to owners of the Company (S\$'000)	16,919	425	72,705	9,491
Weighted average number of shares for the period ('000)				
- Basic	1,665,144	1,662,410	1,665,144	1,657,799
- Diluted	1,665,144	1,662,410	1,665,144	1,657,799
EPS (cents)				
- Basic	1.02	0.03	4.37	0.57
- Diluted	1.02	0.03	4.37	0.57

7 Net Asset Value per Share

	Group		Company	
	30.09.2017 S\$/share	31.12.2016 S\$/share	30.09.2017 S\$/share	31.12.2016 S\$/share
Net assets value per share based on issued share capital at the end of the period	1.636	1.631	1.344	1.343

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8 Review of the Performance

	3 months ended 30.09.2017	3 months ended 30.09.2016	Change	9 months ended 30.09.2017	9 months ended 30.09.2016	Change
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
Revenue	20,442	35,105	(41.8)	58,523	88,679	(34.0)
Share of results of associates and joint ventures, net of tax	29,766	3,628	Nm	34,893	18,858	85.0
Earnings before interest and tax ("EBIT")	37,548	15,835	137.1	156,060	60,491	158.0
Net finance costs	(12,446)	(15,134)	(17.8)	(38,465)	(42,606)	(9.7)
Profit before tax	25,102	701	Nm	117,595	17,885	Nm
Profit for the period attributable to the owners of the Company ("PATMI")	16,919	425	Nm	72,705	9,491	Nm

3Q 2017 vs 3Q 2016

The Group achieved a revenue of S\$20.4 million (3Q 2016: S\$35.1 million) and a PATMI of S\$16.9 million (3Q 2016: S\$0.4 million) for the quarter ended 30 September 2017.

Revenue

The main revenue contributors are CHIJMES in Singapore as well as Perennial Jihua Mall, Foshan and Perennial Qingyang Mall, Chengdu in China. Revenue for 3Q 2017 was 41.8% lower than same period last year due to the absence of revenue from TripleOne Somerset as a result of the deconsolidation following the divestment of a 20.2% equity stake on 31 March 2017. The decrease was partially offset by one-off management consultancy fees earned from the UEL transaction.

Singapore assets contributed revenue of approximately S\$3.2 million, representing 15.6% (3Q 2016: S\$21.7 million, representing 61.7%) of the Group's revenue. The operational assets in China contributed revenue of S\$8.4 million, which represents 41.1% (3Q 2016: S\$7.9 million, representing 22.5%) of the Group's revenue. The remaining 43.3% (3Q 2016: 15.8%) of the Group's revenue came from the fee-based management businesses.

EBIT

The Group achieved S\$37.5 million of EBIT in 3Q 2017 (3Q 2016: S\$15.8 million). The EBIT included the Group's share of results from associated company Yanlord Perennial Investment (Singapore) Pte Ltd ("YPIS") which launched an offer for the UEL Shares. The offer closed on 19 September 2017 with YPIS having a 33.5% stake in UEL. The share of results from YPIS included a gain on bargain purchase of S\$25.9 million arising from its acquisition of UEL shares. The increase in EBIT was partially offset by foreign exchange loss.

PATMI

The increase in PATMI was contributed by the effective share of results from YPIS and lower net finance costs, but partially offset by higher tax expenses.

8 Review of the Performance (cont'd)

9M 2017 vs 9M 2016

The Group achieved a revenue of S\$58.5 million and a PATMI of S\$72.7 million for the nine months ended 30 September 2017.

Revenue

Revenue for 9M 2017 was comparatively lower than 9M 2016 for the same reasons mentioned above. Singapore assets' revenue of S\$16.9 million was 66.1% lower than 9M 2016, on account of the deconsolidation of TripleOne Somerset following the divestment of a 20.2% equity stake. China assets, on the other hand, registered a 5.6% increase in revenue to S\$23.7 million which was mainly attributable to higher revenue recorded by Perennial Qingyang Mall in Chengdu.

EBIT

For 9M 2016, the Group achieved S\$156.1 million of EBIT, which was 158% higher than 9M 2016. The EBIT was largely driven by the gain from the divestment of partial stake in TripleOne Somerset of S\$55.7 million, the fair value gain of S\$45.5 million from the revaluation of Xi'an North High Speed Railway Integrated Development Plot 4 ("Xi'an Plot 4") and the share of results from YPIS which included a gain on bargain purchase of S\$25.9 million on the UEL transaction.

Net finance costs

Finance costs comprised mainly interest on bank borrowings, retail bonds and medium term notes, and amortisation of transaction costs incurred on financing facilities. The net finance costs for the period were slightly lower than the same period last year as higher interest expenses on increased borrowings were offsetted by higher interest income. The interest income came from loan to an associate and junior bonds issued by associated companies. As at 30 September 2017, the Group's net debt-to-equity ratio stood at 0.59 times (31 Dec 2016: 0.66x). The improved debt-to-equity ratio was attributable to the deconsolidation of TripleOne Somerset following the divestment of a 20.2% stake on 31 March 2017 as well as proceeds from the divestment.

PATMI

Overall, the Group achieved a PATMI of S\$72.7 million for the nine months ended 30 September 2017, which included the effective share of results from YPIS, a fair value gain of S\$16.6 million from Xi'an Plot 4 and the gain from the divestment of partial stake in TripleOne Somerset.

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

There is no material change from the previous prospect statement.

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 advance estimates from the Ministry of Trade and Industry, the Singapore economy grew 4.6% on a year-on-year basis in 3Q 2017, higher than the 2.9% in the previous quarter. The growth was contributed primarily by the manufacturing sector. Despite this, the global economic recovery is entering a mature phase and against this external backdrop, MAS has projected the GDP growth to be at the upper end of the 2–3% forecast range in 2017, a marginal improvement from the earlier forecast of 1–3%.

The Group will continue the strata sales and asset enhancement works of TripleOne Somerset and AXA Tower whilst seeking opportunities for new investments. The Group is also exploring the enbloc sale of AXA Tower with a few interested parties.

The offer for UEL shares by YPIS, the Group's associated company, closed on 19 September 2017 and YPIS has a stake of 33.5% in UEL.

On 3 November 2017, the Group announced its acquisition of an additional 5.49% partnership interests in Chinatown Point Mall ("CTP") from an existing partner. Perennial Group's effective interest in the partnership will increase to 50.64%, maintaining its position as the largest investor of CTP.

China

China has reported a growth rate of 6.8% in 3Q 2017, meeting expectations although slightly lower than the 6.9% growth in 2Q 2017. This is in line with the government's efforts to rein in the property market and reduce debt.

The Group's operational assets are in locations with good connectivity to public transportation systems and hence, are expected to remain resilient.

The Perennial International Health and Medical Hub ("PIHMH") will be progressively opened by the end of 2017. Concurrently, on the healthcare management business, the Group through its associated company, Renshoutang, is actively seeking new sites and strategic alliances to grow its eldercare operations. Two new eldercare facilities in Zhenjiang, namely a 502 bed Zhenjiang Jurong Yixian Eldercare and Retirement Home and a 308 bed Zhenjiang Yixian Eldercare and Retirement Home commenced operations in this quarter. One site each in Fengxian and Changning district of Shanghai was also acquired.

11 Dividends

(a) Current financial period

None

(b) Corresponding period of the immediately preceding financial year

None

(c) Whether the dividend is before tax, net of tax or tax exempt. If before tax or net of tax, state the tax rate and the country where the dividend is derived. (If the dividend is not taxable in the hands of shareholders, this must be stated).

Not applicable

(d) Date Payable

Not applicable

(e) 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 nine months ended 30 September 2017.

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.

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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	9 months ended	9 months ended	Change
	30.09.2017	30.09.2016		30.09.2017	30.09.2016	
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
Singapore	3,183	21,667	(85.3)	16,942	49,917	(66.1)
China	8,407	7,908	6.3	23,749	22,490	5.6
Management Businesses	10,743	10,747	(0.0)	23,990	27,093	(11.5)
Corporate and Others	13	15	(13.3)	49	42	16.7
Eliminations	(1,904)	(5,232)	(63.6)	(6,207)	(10,863)	(42.9)
	20,442	35,105	(41.8)	58,523	88,679	(34.0)

	EBIT					
	3 months ended	3 months ended	Change	9 months ended	9 months ended	Change
	30.09.2017	30.09.2016		30.09.2017	30.09.2016	
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
Singapore	27,407	8,878	208.7	91,238	28,766	217.2
China	6,795	5,719	18.8	64,600	28,355	127.8
Management Businesses	7,380	7,015	5.2	13,975	14,448	(3.3)
Corporate and Others	(3,795)	(3,249)	16.8	(12,931)	(8,550)	51.2
Eliminations	(239)	(2,528)	(90.5)	(822)	(2,528)	(67.5)
	37,548	15,835	137.1	156,060	60,491	158.0

Nm: denotes not meaningful

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 statement of financial statement, 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 30 September 2017 and for the nine 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 SGX-ST 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

7 November 2017