

PERENNIAL REAL ESTATE HOLDINGS LTD



FINANCIAL RESULTS FOR THE THIRD QUARTER
ENDED 30 SEPTEMBER 2017

 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.

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 2017

Income Statement (3Q 2017 vs 3Q 2016) – Explanation of Key Income Line Items

S\$'000	3Q 2017	3Q 2016	Change
	1 Jul 2017 to 30 Sep 2017	1 Jul 2016 to 30 Sep 2016	%
Revenue	20,442	35,105	(41.8)
Earnings Before Interest & Tax (“EBIT”)	37,548	15,835	137.1
Profit After Tax less Minority Interest (“PATMI”)	16,919	425	Nm

*Nm denotes Not Meaningful

Revenue

- Revenue for 3Q 2017 was 41.8% lower than the same period last year mainly due to the absence of revenue from TripleOne Somerset as a result of deconsolidation following the divestment of a 20.2% equity stake on 31 March 2017. The Group retained a 30% equity stake in TripleOne Somerset and accounted for it as an associate. The decrease was partially offset by higher management business income mainly attributable to the one-off consultancy fees earned from the United Engineers Limited (“UEL”) transaction.

EBIT

- The increase in EBIT by 137.1% was mainly attributable to 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 Sep 2017 with YPIS owning 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.

Income Statement (9M 2017 vs 9M 2016) – Explanation of Key Income Line Items

S\$'000	9M 2017	9M 2016	Change
	1 Jan 2017 to 30 Sep 2017	1 Jan 2016 to 30 Sep 2016	%
Revenue	58,523	88,649	(34.0)
EBIT	156,060	60,491	158.0
PATMI	72,705	9,491	Nm
<u>Analysis of PATMI</u>			
Operating PATMI	56,067 ⁽¹⁾	1,994	Nm
Net Fair Value Gain	16,638	7,497	121.9
Total PATMI	72,705	9,491	Nm

Note:

(1) Includes the gain from the sale of a 20.2% stake and remeasurement gain of the retained 30% stake in TripleOne Somerset.

*Nm denotes Not Meaningful

Income Statement (9M 2017 vs 9M 2016) – Explanation of Key Income Line Items

Revenue

- 9M 2017's revenue was mainly contributed by CHIJMES, Perennial Jihua Mall and Perennial Qingyang Mall and first three months of TripleOne Somerset's revenue. The decrease in revenue in 9M 2017 versus 9M 2016 was mainly due to lower project management fees as well as the absence of revenue from TripleOne Somerset following the divestment of a partial stake on 31 March 2017.

EBIT

- Despite the lower revenue, EBIT was higher by 158% and this increase was mainly driven by TripleOne Somerset's divestment gain and remeasurement gain totalling approximately 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 for the UEL transaction. The increase in EBIT was partially offset by lower share of results from joint ventures due to a one-off adjustment from a lease restructuring at Shenyang Red Star Macalline Furniture Mall and the absence of net fair value gain of S\$7.5 million from Chengdu East High Speed Railway Integrated Development Plot D2 ("**Chengdu Plot D2**"), lower investment income, and foreign exchange loss.

Operating PATMI

- The increase in PATMI was contributed by the gain from the divestment of the 20.2% equity stake in TripleOne Somerset, the net fair value gain from Xi'an Plot 4 and the effective share of results from YPIS, partially offset by lower share of results from joint ventures and higher finance costs.

Income Statement (3Q 2017 vs 3Q 2016) – Revenue and EBIT by Segment

	REVENUE			EBIT			Note
	3Q 2017	3Q 2016	Change	3Q 2017	3Q 2016	Change	
	S\$'000	S\$'000	%	S\$'000	S\$'000	%	
Singapore	3,183	21,667	(85.3)	27,407	8,878	208.7	1
China	8,407	7,908	6.3	6,795	5,719	18.8	2
Management Businesses	10,743	10,747	(0.0)	7,380	7,015	5.2	3
Corporate and Others	13	15	(13.3)	(3,795)	(3,249)	16.8	
Eliminations	(1,904)	(5,232)	(63.6)	(239)	(2,528)	(90.5)	
	20,442	35,105	(41.8)	37,548	15,835	137.1	

Notes:

- (1) The decrease in revenue was 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 increase in EBIT was due to mainly to share of results of YPIS which included a gain on bargain purchase arising from the acquisition of the UEL shares.
- (2) Revenue and EBIT were mainly contributed by Perennial Jihua Mall and Perennial Qingyang Mall in China and the performance of the two malls have improved year on year.
- (3) The increase in EBIT was mainly due to a one-off consultancy fee earned from the UEL transaction, partially offset by lower project management fees.

Income Statement (9M 2017 vs 9M 2016) – Revenue and EBIT by Segment



	REVENUE			EBIT			Note
	9M 2017	9M 2016	Change	9M 2017	9M 2016	Change	
	S\$'000	S\$'000	%	S\$'000	S\$'000	%	
Singapore	16,942	49,917	(66.1)	91,238	28,766	217.2	1
China	23,749	22,490	5.6	64,600	28,355	127.8	2
Management Businesses	23,990	27,093	(11.5)	13,975	14,448	(3.3)	3
Corporate and Others	49	42	16.7	(12,931)	(8,550)	51.2	4
Eliminations	(6,207)	(10,863)	(42.9)	(822)	(2,528)	(67.5)	
	58,523	88,679	(34.0)	156,060	60,491	158.0	

Notes:

- (1) The decrease in revenue was mainly due to the absence of revenue from TripleOne Somerset as a result of the deconsolidation. 9M 2017 EBIT was mainly contributed by the gain from the divestment of a 20.2% equity stake in TripleOne Somerset and the gain on remeasurement of the 30% retained stake totalling approximately S\$55.7 million and the share of results from YPIS which included a gain on bargain purchase of S\$25.9 million arising from the UEL acquisitions.
- (2) The higher 9M 2017's EBIT was attributable to the fair value gain of S\$45.5 million from Xi'an Plot 4. 9M 2016 included net fair value gain from Chengdu Plot D2 of S\$7.5 million which was recognised in 1Q 2016.
- (3) The decrease in revenue and EBIT from the management businesses were mainly due to lower project management fees, partially offset by one-off divestment fee from TripleOne Somerset and one-off consultancy fees from the UEL transaction.
- (4) The lower EBIT in 9M 2017 was mainly attributable to foreign exchange loss on USD monetary asset and lower investment income.

CAPITAL MANAGEMENT & KEY FINANCIAL INDICATORS

Capital Management and Key Financial Indicators

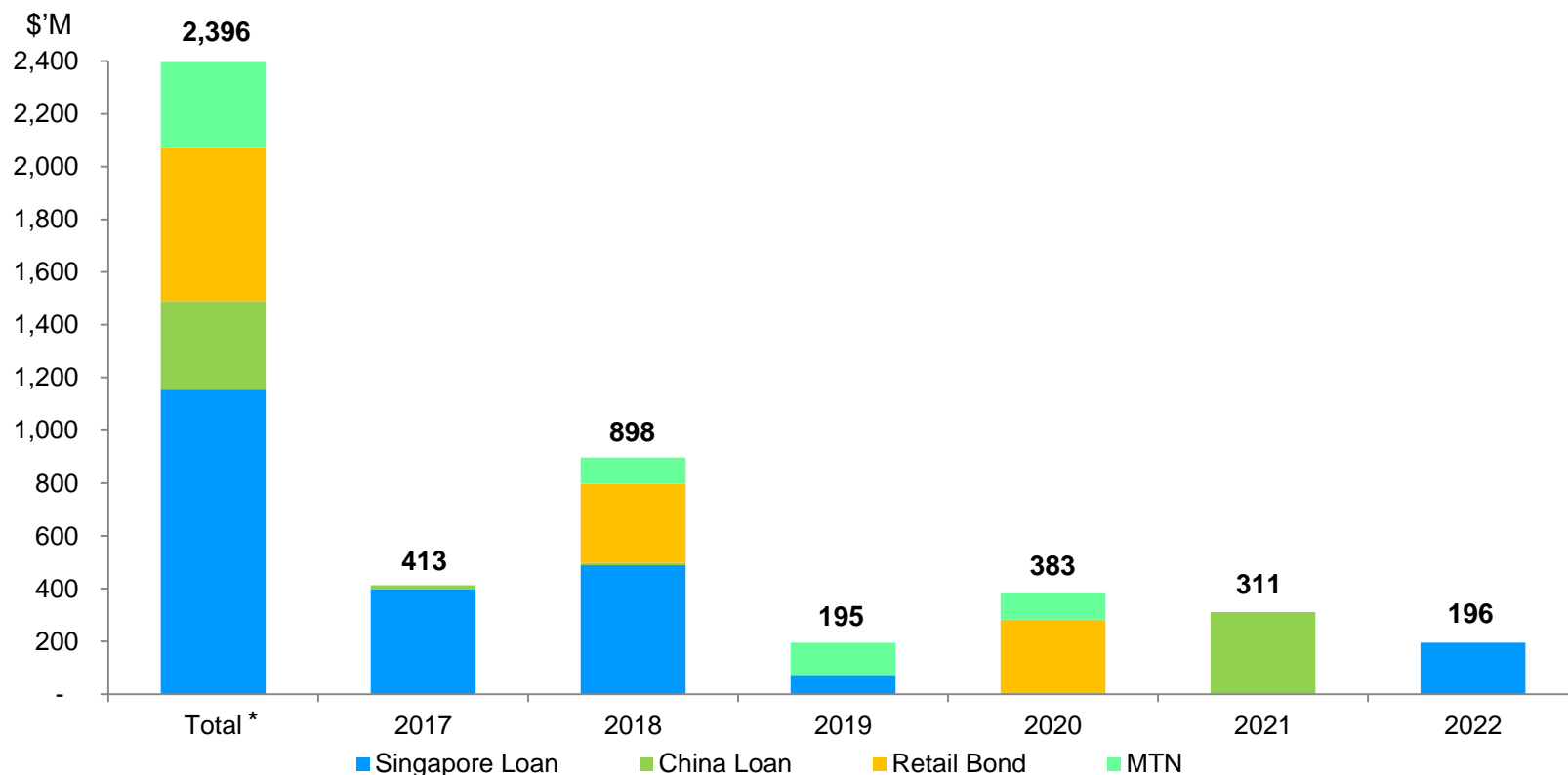
Key Financial Ratios

	As at 30 Sep 2017	As at 31 Dec 2016
Net Debt (S\$' 000)	2,311,319	2,489,275
Total Equity (S\$' 000)	3,915,680	3,781,916
Net Debt to Equity Ratio	0.59 ¹	0.66
NAV per Share (S\$)	1.636	1.631
Debt-Weighted Average Term to Expiry (years)	1.80	1.75
	For the Nine Months ended 30 Sep 2017	For the Nine Months ended 30 Sep 2016
Earnings per Share (cents)	4.37 ¹	0.57
Weighted Average Interest Rate (p.a.)	3.7%	3.3%

Note

1. 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.

Debt Maturity Profile – As at 30 September 2017



* Being gross amount, without amortised transaction costs

1. CHIJMES loan of S\$196 million due in April 2017 has been refinanced and is now due in 2022.
2. The loans due in 4Q 2017 relate to loans secured by Perennial Qingyang Mall, Perennial Foshan Mall and Perennial International Health and Medical Hub of S\$226 million and unsecured loans by Perennial Treasury Pte Ltd of S\$187 million. All these loans have been refinanced/repaid on maturity.

BUSINESS HIGHLIGHTS – SINGAPORE

TripleOne Somerset and AXA Tower – Major Asset Enhancement Works Progressing Well

Managing Upgrading Works, Strata Sale and Leasing at Both Developments

Current



Post-AEI



TripleOne Somerset

- Total strata sales to-date amount to ~S\$39.4m, with a number of strata office units transacted at an average price of about S\$2,731 per sq ft.
- A number of new tenants secured in the last quarter have commenced business and new leases were committed in the quarter.
- Full suite of works are expected to progressively complete by 2019.

Current



Post-AEI



AXA Tower

- Exploring enbloc sale of the entire development with a few potential parties.
- More existing tenants, such as Global Risk Management and GAC (Singapore) Pte. Ltd., have expanded their footprint in the building.
- Full suite of works are expected to progressively complete by 2019.

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

Augmenting Venue as Entertainment and Lifestyle Destination Through Various Initiatives



Estee Lauder 25th Anniversary Breast Cancer Campaign



New bean bags, air mocks



Mobile food bikes



Movie under the star with pets



Singapore Night Festival Installation



New tenant - Anglo Indian Cafe & Bar

- Total committed occupancy as at 30 Sep 2017 stood at ~82%, of which ~99% of tenants by net lettable area have commenced business.
- Improvement works were undertaken to create a conducive environment and unique dining experience. Additions include mobile food bikes, wooden benches on L1 outdoor areas, bean bags and air mocks at the lawn.
- CHIJMES was the venue of choice for the launch of Estee Lauder 25th Anniversary Breast Cancer Campaign, and was one of the four iconic buildings in Singapore to be illuminated nightly in pink for a week to raise public awareness.
- CHIJMES also hosted several high-profile events including World Gourmet Summit fringe event, Singapore Night Festival and F1 fringe event which generated good crowd.

Chinatown Point – Acquisition of Additional 5.49% Interest

Operating Asset with High Committed Occupancy Strengthens Recurrent Income Stream



- Perennial acquired an additional 5.49% partnership interests for a total consideration of ~S\$8.5 million, translating to an effective purchase price of ~S\$2,080 per square foot net lettable area.
- The acquisition increased Perennial's total effective interest in Chinatown Point from 45.15% to 50.64%, maintaining its position as the largest investor.
- Total committed occupancy of 95.1%, of which about 99% of these tenants by net lettable area have commenced business, further strengthens Perennial's recurrent income stream with the increased stake.
- New brands introduced include popular Thai pastry brand - April's bakery, Japanese marketplace - Iroha Mart and A-One Signature.

BUSINESS HIGHLIGHTS – CHINA

Chengdu HSR Integrated Development – Bird’s Eye View (Artist’s Impression)



3/4/5-Star Hotels & Serviced Apartments

Perennial International Health and Medical Hub

Perennial International Specialist Medical Centre

St. Stamford Plastic Surgery & Aesthetic Hospital, Chengdu

AND Maternal & Child Health Centre, Chengdu

Plot C – Offices & Retail

Plot D1 – Apartments

Plot D2 – Eldercare & Senior Housing

Chengdu Xiehe Home

Operational Chengdu East High Speed Railway Station

Long Distance Bus Interchange

26 Train Platforms

Intra-City Bus Interchange

- Perennial's Non-Healthcare Real Estate
- Perennial's Healthcare Real Estate
- Perennial's Healthcare Businesses

Perennial International Health and Medical Hub, Chengdu - Development Progress Update

Mini Anchor Tenants and Retail Tenants are Carrying Out Renovation Works

On-site Photos



- Total committed occupancy for the 280,000 sqm development increased to ~65%.
- One of the mini anchor tenants, Gu Lian Rehabilitation and Nursing Centre, has completed fitting-out works, while works continued to be in progress for St. Stamford Plastic Surgery and Aesthetic Hospital, Perennial International Specialist Medical Centre, AND Maternal and Child Health Centre and BGI (华大基因).
- A number of retail and food and beverage tenants have also taken over their units in preparation for renovation works.
- The development is expected to commence operations progressively from 4Q 2017.

Chengdu East HSR Integrated Development Plot D2 – Development Progress Update

Completed Façade Works for All Six Towers

Artist's Impression



On-Site Photo



- Façade works for all six towers have been completed.
- Internal fitting out works for Chengdu Xiehe International Eldercare and Retirement Home (“**Chengdu Xiehe Home**”) continued to progress.
- Chengdu Xiehe Home is expected to commence operations in 2Q 2018.



Beijing Tongzhou Integrated Development – Development Progress Update

Construction Permit Obtained for Third of Six Plots

Artist's Impression



On-Site Photos

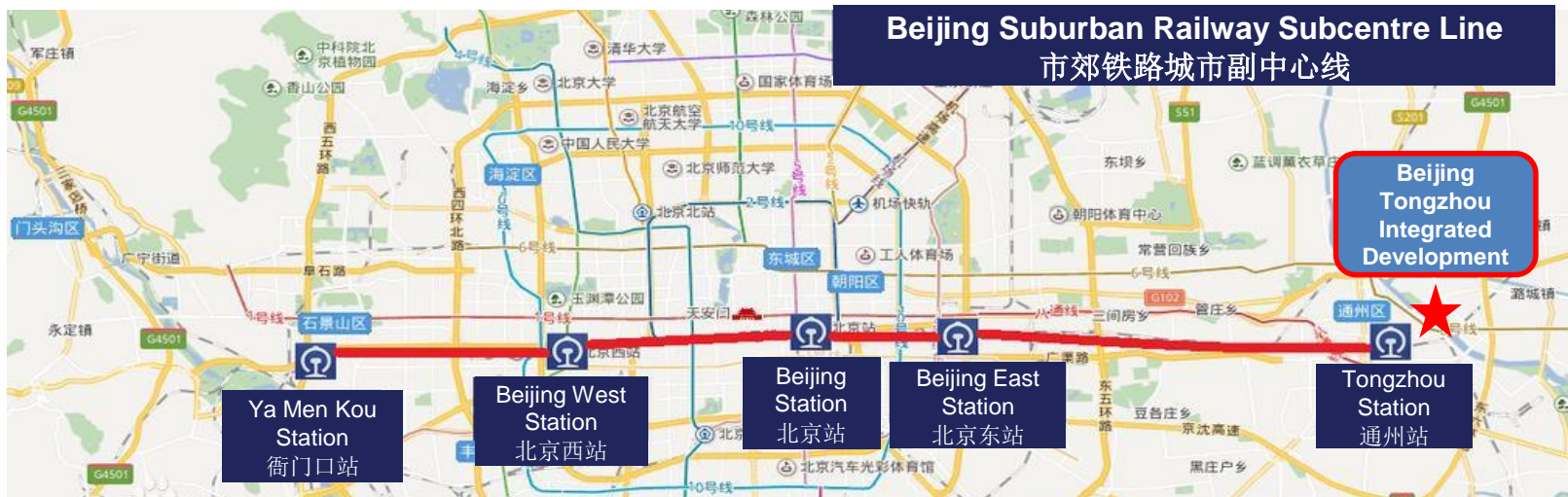


- Construction Permit obtained for the third of six plots.
- Construction works have reached Level 10 on one plot and Basement 1 on another plot.
- Beijing Tongzhou Integrated Development Phases 1 and 2 are expected to complete by 2020 and 2019 respectively.

Beijing Tongzhou District's Increasing Accessibility to Benefit Beijing Tongzhou Integrated Development

New Suburban Railway Line to Enhance Connectivity from West Beijing to New Beijing Sub-Centre, Tongzhou District

- The new Beijing Suburban Railway Subcentre Line, expected to commence operations by end of 2017, will terminate at Tongzhou Station (通州站)¹, which is less than 3km to Beijing Tongzhou Integrated Development.
- The five-station 38.8km railway line will connect West Beijing, from the new Ya Men Kou Station (衙门口站), through Beijing City Centre's Beijing West Station (北京西站), Beijing Station (北京站) and Beijing East Station (北京东站), to Tongzhou Station (通州站)¹.
- The new railway service will be operated on higher capacity trains, which can carry about 1,500 passengers per trip. The trains are also expected to operate almost twice as fast as normal subway trains at 160km/h, thus shortening the travelling time from West Beijing to Tongzhou District to within half an hour.



¹ Source: Beijing Youth Daily article dated 8 September 2017

Xi'an North HSR Integrated Development – Development Progress Update

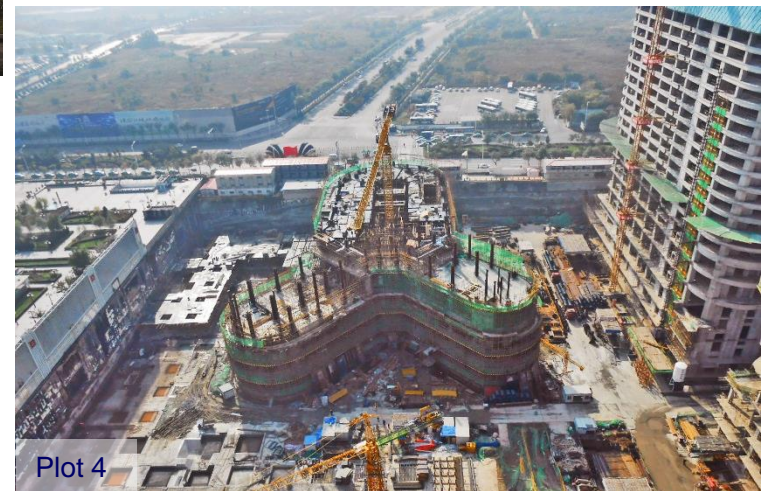
Construction Works Continued to Make Good Progress

Artist's Impression



- Majority of the works on Plot 4 have surpassed Level 10, with one block already at Level 22 and another at Level 29.
- Excavation works are progressing on Plot 5.
- Plot 4 and Plot 5 are expected to complete in 2018 and 2019 respectively.

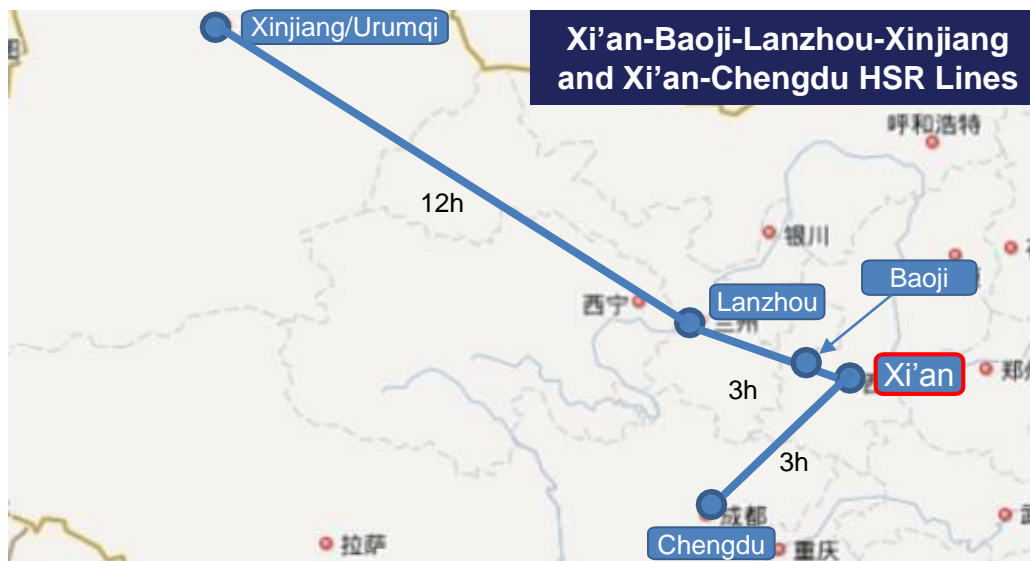
On-Site Photos



Xi'an North HSR Integrated Development Enjoys Enhanced Connectivity with New Operating HSR Lines

Xi'an North HSR Station as a Core Transportation Node Now Connects to Chengdu and Xinjiang

- The new Baoji-Lanzhou high speed railway (“**HSR**”) line commenced operation in July 2017, reducing travel time between the two cities from five hours to one and a half hours. The new line connects to the operating Xi'an-Baoji HSR line, which transits at the Xi'an North HSR Station. Xi'an North HSR Station, the largest HSR station in Northwest China, is directly connected to the Xi'an North HSR Integrated Development.
- The Baoji-Lanzhou HSR line also connects to the operating Lanzhou-Xinjiang HSR line¹, significantly reducing travelling time from Xi'an to Xinjiang/Urumqi from 25 hours to within 15 hours.
- The new HSR line from Xi'an to Chengdu started trial operations in September 2017 and is expected to commence full operations by end of this year². The new line will reduce travel time between Xi'an and Chengdu from 16 hours to three hours.



¹ Source: Xinhua Net article dated 9 July 2017

² Source: Xinhua Net article dated 22 September 2017

Shenyang Longemont Integrated Development and Suburban Shopping Malls in Foshan & Chengdu

Operational Retail Portfolio Committed Occupancy at ~68.2%
Overall Portfolio Committed Occupancy at ~67.6%

Shenyang Longemont Integrated Development

Shenyang Longemont Shopping Mall

- ✓ Committed occupancy at 84%
- ✓ Undergoing active tenant remixing to strengthen mall offerings.

Shenyang Red Star Macalline Furniture Mall

- ✓ Committed occupancy at ~44% due to the repositioning of the West Wing into a medical and healthcare centre.

Shenyang Longemont Offices

- ✓ Overall committed occupancy increased from ~62% to ~66%.
- ✓ Tower One and Tower Two registered an effective occupancy of 58.3% and 73.3% respectively.

Perennial Jihua Mall, Foshan and Perennial Qingyang Mall, Chengdu

- Both suburban malls achieved committed occupancy of close to 100%.

Shenyang Longemont Shopping Mall



Shenyang Longemont Offices



Perennial Jihua Mall, Foshan



Perennial Qingyang Mall, Chengdu



BUSINESS HIGHLIGHTS – HEALTHCARE SERVICES

Renshoutang – Opening of Two New Eldercare Homes in Zhenjiang

Facilities Extend Renshoutang's Operating Presence Beyond its Stronghold in Shanghai

- Zhenjiang Jurong Yixian Eldercare and Retirement Home, with eldercare and medical facilities, hosts a total of 502 beds, including 92 nursing care beds. Zhenjiang Yixian Eldercare and Retirement Home on the other hand houses 308 eldercare beds.
- Together, the two homes added over 800 beds to Renshoutang's operating portfolio, increasing Renshoutang's total number of operational beds to 3,577 beds.

Jurong Yixian Eldercare and Retirement Home



Zhenjiang Yixian Eldercare and Retirement Home



Renshoutang – Acquisition of Eldercare Site in Changning, Shanghai

Transforming the ~7,800 sqm Site with Existing Buildings into a 850-bed Eldercare Facility

- Shanghai RST Chinese Medicine Co. Ltd. (“**Renshoutang**”) acquired a ~7,800 sqm site located on Hongqiao Road at Changning District of Shanghai (上海长宁) with a total GFA of 36,712 sqm for RMB813 million, which translates to ~RMB22,145 per sqm GFA.
- The site, which comprises two completed buildings, being a 9-storey main block and a 7-storey annex block, will be upgraded and developed into Hongqiao Xiehe Eldercare and Retirement Home with eldercare and medical facilities. The 850-bed home will include 359 nursing beds.
- The site is conveniently located next to the Shanghai Zoo Station, which is served by Subway Line 10, ~3km from Shanghai Hongqiao International Airport and Hongqiao Train Station, and ~10km from the city centre.
- The facility is expected to commence operations in 3Q 2018.



Post Renovation Artist's Impression



Main Building



Renshoutang – Acquisition of Eldercare Site in Fengxian, Shanghai

Transforming the ~70,200 sqm Site with Existing Buildings into a 2,500 bed Eldercare Facility

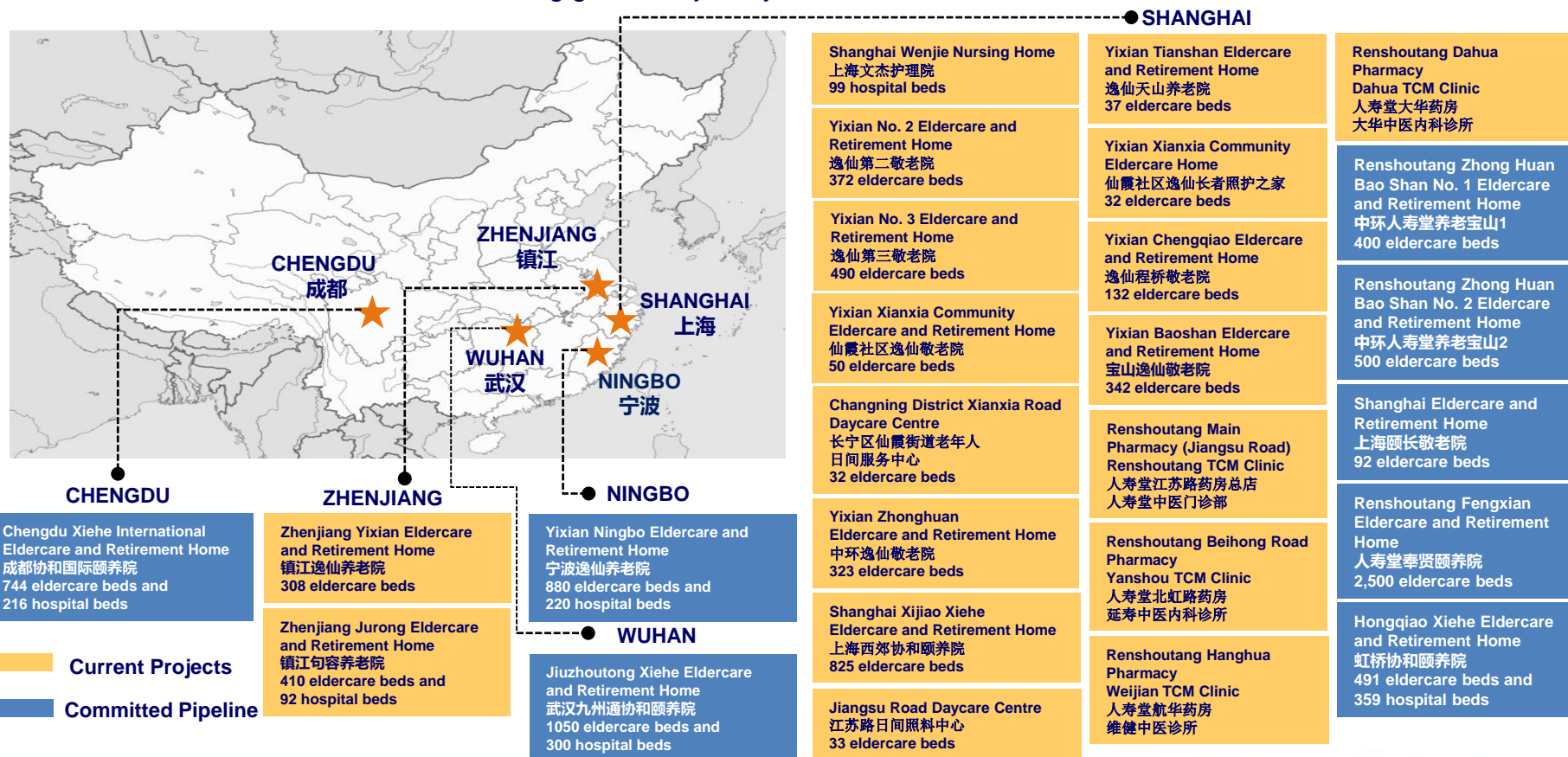
- Renshoutang acquired a ~70,200 sqm site located in the Fengxian District of Shanghai (上海奉贤) with a total GFA of 98,150 sqm for RMB222 million, which translates to ~RMB2,262 per sqm GFA.
- The site comprises a few blocks of completed five storey buildings and several stand-alone villas with a total built-up area of about 32,500 sqm, and room for further expansion to about 65,600 sqm. The site will be upgraded and developed into Renshoutang Fengxian Eldercare and Retirement Home, which will house a total of 2,500 beds.
- The site is ideal for senior housing, being ~5km away from the beach area, and is easily accessible via the Shanghai Hongqiao International Airport and Shanghai Pudong International Airport, which are ~48km and ~58km away respectively.
- The facility is expected to commence operations in 2020.



Renshoutang – Perennial’s Fastest Growing Healthcare Business Line

Set to become the Largest Eldercare Operator in Yangtze River Delta Region in the Next Few Years

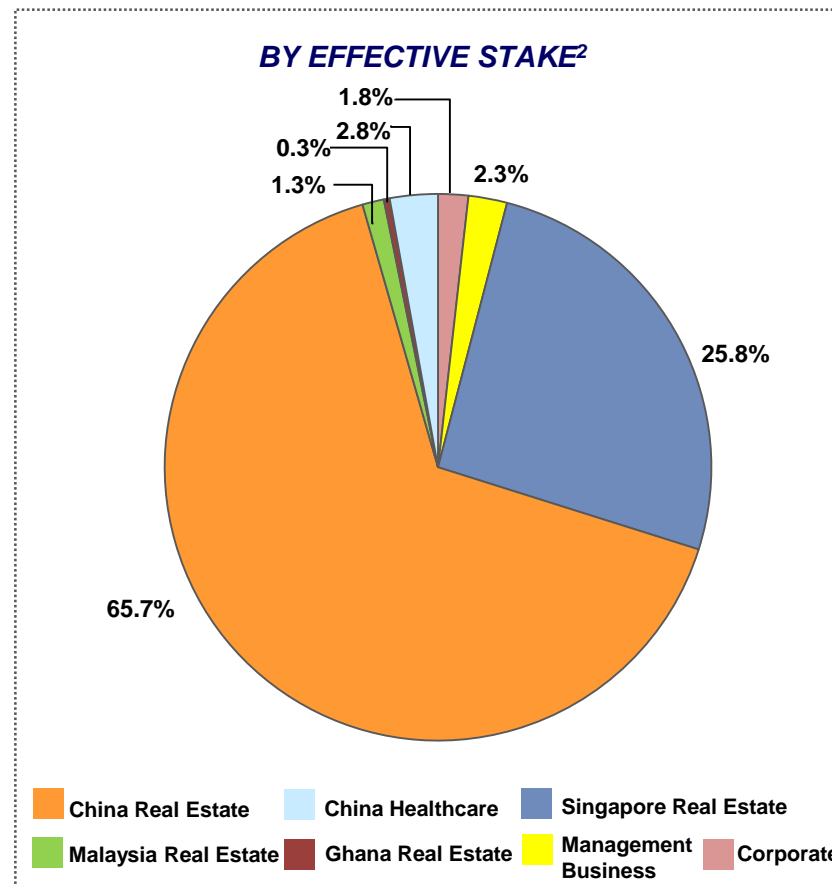
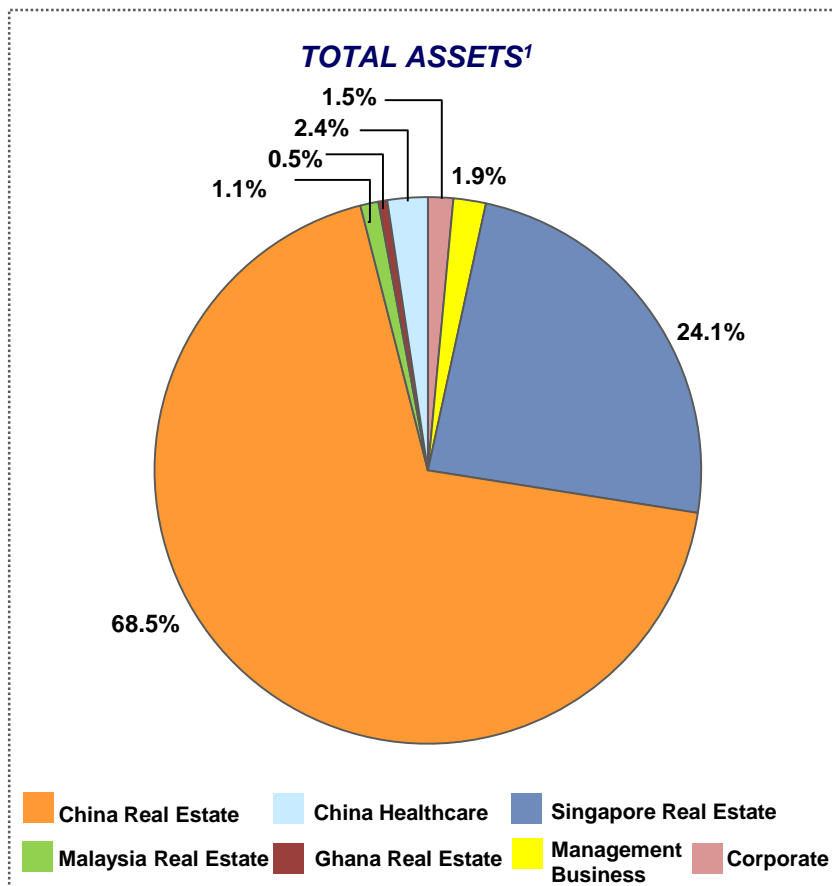
- Renshoutang, the largest private eldercare services operator in Shanghai, currently operates 3,577 beds. It also has a committed pipeline of about 7,750 beds and a potential pipeline of over 13,500 beds.
- The strong demand for quality integrated eldercare facilities and supportive government policies are expected to put Perennial’s eldercare business on a strong growth trajectory.



STRATEGIC HIGHLIGHTS

Total Asset Composition – By Business

Real Estate Business Complemented by Asset-Light Healthcare Business;
Effective Stake in Singapore Increased Following UEL Transaction

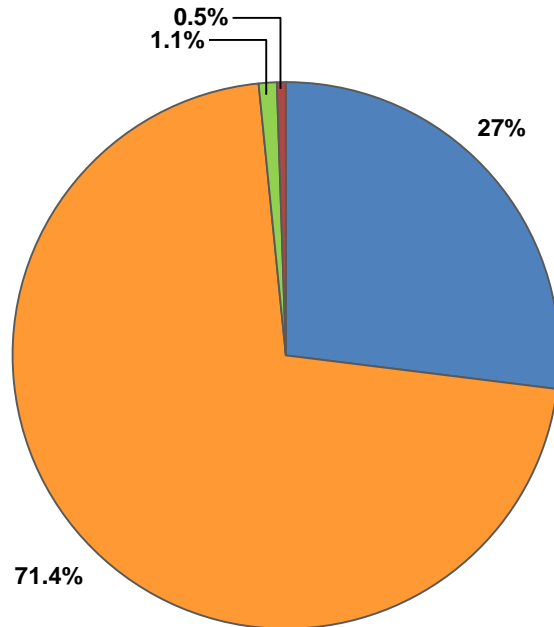


1. Represents assets which are consolidated and equity accounted in accordance to the Singapore Financial Reporting Standards.
2. Represents assets computed via the Company's shareholdings.

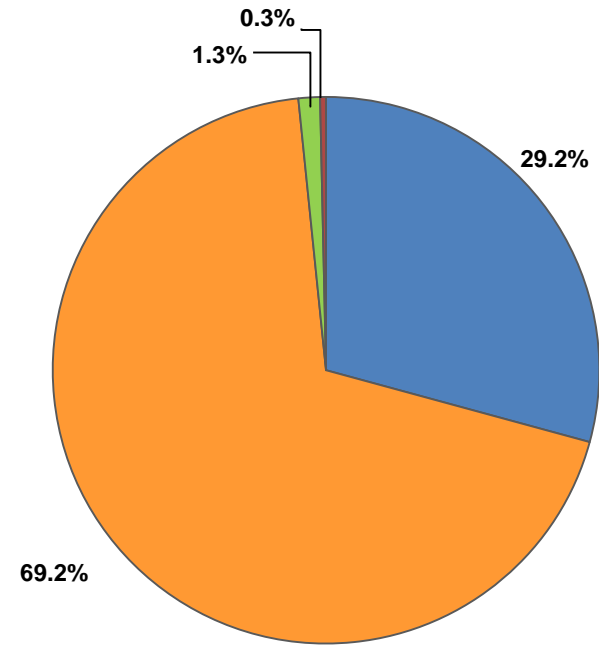
Total Asset Composition – By Country

Focus on Two Core Markets –
Effective Stake China ~69% and Singapore ~29%

TOTAL ASSETS¹



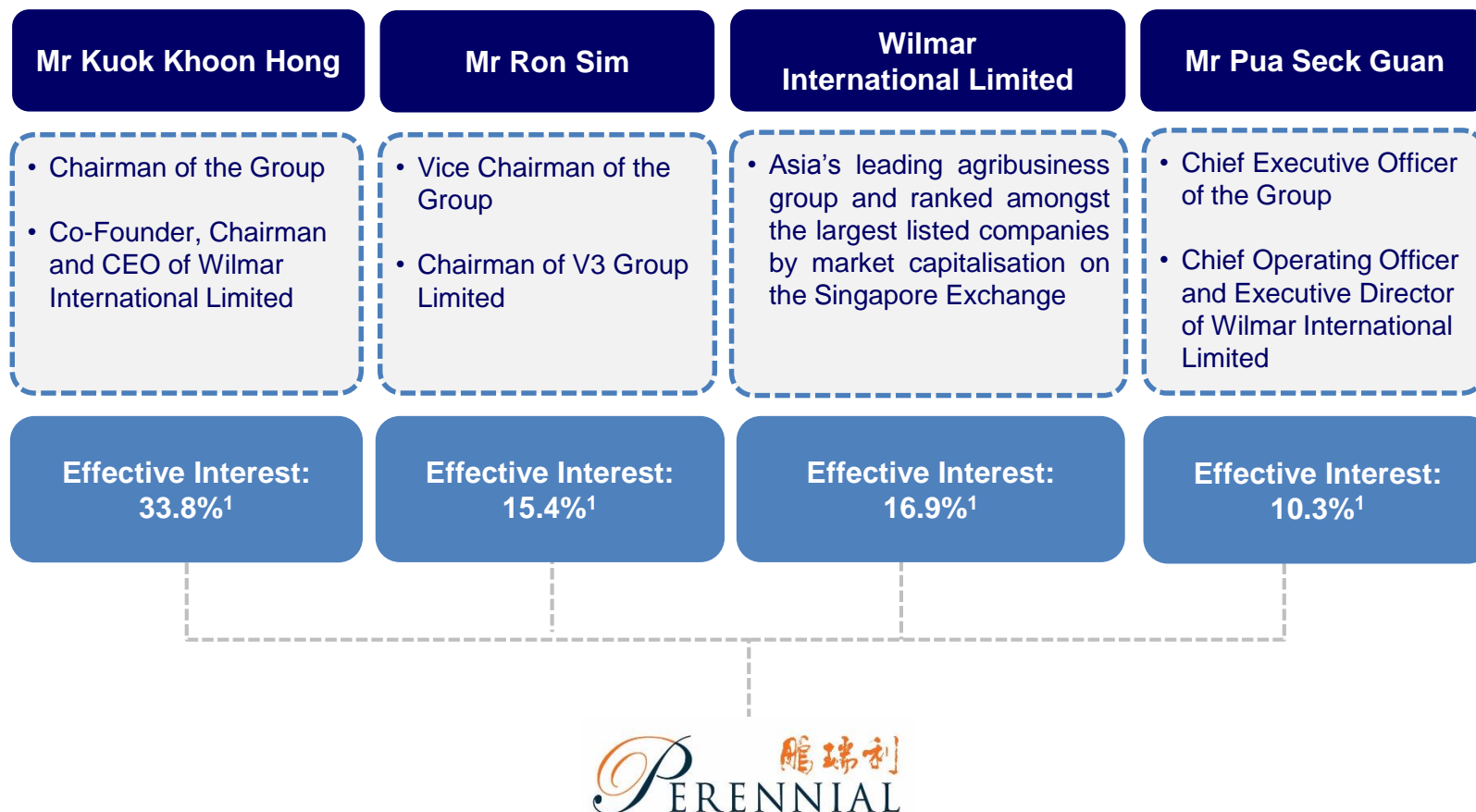
BY EFFECTIVE STAKE²



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

Strong Long Term Sponsors with Extensive Network and Business Experience

Perennial's Four Key Sponsors Own an Aggregate Effective Ownership of 76.4%¹



1. As at 30 Sep 2017.

THANK YOU

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