



PERENNIAL REAL ESTATE HOLDINGS LIMITED

(Incorporated in the Republic of Singapore)

(Company Registration No.: 200210338M)

**UNAUDITED FINANCIAL STATEMENTS
FOR THE SECOND QUARTER AND HALF YEAR ENDED 30 JUNE 2019**

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Introduction

Perennial Real Estate Holdings Limited ("Perennial") 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, Indonesia, Myanmar and Ghana with a combined portfolio spanning over 65 million square feet in gross floor area.

Perennial is also a healthcare services owner, operator and provider in China with two core business segments, being hospitals and medical centres as well as eldercare and senior housing.

In China, Perennial is a dominant commercial developer with large-scale mixed-use integrated developments. Four of Perennial's developments, Chengdu East High Speed Railway ("HSR") Integrated Development, Xi'an North HSR Integrated Development, Tianjin South HSR Integrated Development and Kunming South HSR Integrated Development, are regional healthcare and commercial hubs which are situated adjacent to four of the country's largest HSR stations and incorporate medical, healthcare and eldercare facilities. Other notable projects in Perennial's portfolio include Beijing Tongzhou Integrated Development, Shenyang Longemont Integrated Development, Zhuhai Hengqin Integrated Development, Perennial Jihua Mall in Foshan and Perennial Qingyang Mall in Chengdu.

In Singapore, Perennial has invested in and/or manages prime iconic properties located in the Civic District, Central Business District and Orchard Road precinct, such as Capitol Singapore, CHIJMES, AXA Tower, 111 Somerset, Chinatown Point and House of Tan Yeok Nee.

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1 (a)(i) Consolidated Income Statement

	Note	3 months ended 30.06.2019	3 months ended 30.06.2018	Change	6 months ended 30.06.2019	6 months ended 30.06.2018	Change
		S\$'000	S\$'000	%	S\$'000	S\$'000	%
Revenue	1	27,625	18,130	52.4	52,487	33,075	58.7
Cost of sales	2	(16,241)	(9,483)	(71.3)	(31,607)	(15,710)	(101.2)
Gross Profit		11,384	8,647	31.7	20,880	17,365	20.2
Other income	3	476	39,365	(98.8)	1,416	40,364	(96.5)
Administrative expenses		(11,866)	(11,431)	(3.8)	(22,776)	(18,294)	(24.5)
Other operating expenses	4	1,139	358	218.2	180	(820)	122.0
Results from operating activities		1,133	36,939	(96.9)	(300)	38,615	(100.8)
Share of results of associates and joint ventures, net of tax	5	33,762	5,002	Nm	39,853	27,769	43.5
Profit before interest and tax		34,895	41,941	(16.8)	39,553	66,384	(40.4)
Finance income	6	829	2,336	(64.5)	1,638	6,762	(75.8)
Finance costs	7	(31,845)	(20,662)	(54.1)	(62,708)	(38,115)	(64.5)
Net finance costs		(31,016)	(18,326)	(69.2)	(61,070)	(31,353)	(94.8)
Profit/(loss) before tax		3,879	23,615	(83.6)	(21,517)	35,031	(161.4)
Tax expense	8	(1,654)	(8,668)	80.9	(3,168)	(9,478)	66.6
Profit/(loss) for the period		2,225	14,947	(85.1)	(24,685)	25,553	(196.6)
Profit/(loss) for the period attributable to:-							
Owners of the Company		2,172	8,648	(74.9)	(24,759)	13,792	(279.5)
Non-controlling interests		53	6,299	(99.2)	74	11,761	(99.4)
		2,225	14,947	(85.1)	(24,685)	25,553	(196.6)

Nm: denotes not meaningful

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

Explanatory Notes to the Consolidated Income Statement 2Q 2019 versus 2Q 2018

(1) Revenue

Revenue in 2Q 2019 increased by 52.4%, mainly attributable to revenue from Capitol Singapore and Perennial International Health and Medical Hub ("PIHMH") for the full three months in 2Q 2019 and higher fee income from our management businesses.

(2) Cost of sales

Cost of sales for the quarter was higher as it included the operational costs of Capitol Singapore and PIHMH for the full 3 months.

(3) Other income

The decrease in other income was mainly due to the absence of fair value gain from the revaluation of PIHMH in 2Q 2018. PIHMH was completed in June 2018.

(4) Other operating expenses

The increase in other operating expenses was mainly attributable to the higher unrealised exchange gain in 2Q 2019 as compared to 2Q 2018.

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

The significant increase in share of results of associates and joint ventures was mainly due to the gain on divestment of Chinatown Point in 2Q 2019. In addition, 111 Somerset and the healthcare associates and joint ventures reported improved results this quarter.

(6) Finance income

The decrease in finance income in 2Q 2019 was due to the absence of interest income from a joint venture as the loan has been repaid since May 2018.

(7) Finance costs

Finance costs comprised mainly interest on bank facilities, medium term notes and retail bonds. The higher finance costs were mainly due to higher interest rate and increased borrowings as the Group took on additional loans to fund investments. In addition, interest expenses in respect of PIHMH previously capitalised were expensed off on completion of the project.

(8) Tax expense

Lower tax expenses were mainly due to the absence of deferred tax provided for fair value gain in 2Q 2018.

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

	Note	3 months 30.06.2019 S\$'000	3 months 30.06.2018 S\$'000	Change %	6 months 30.06.2019 S\$'000	6 months 30.06.2018 S\$'000	Change %
Profit/(loss) for the period		2,225	14,947	(85.1)	(24,685)	25,553	(196.6)
Other comprehensive income							
Items that are or may be reclassified subsequently to profit or loss							
Foreign currency translation gains/(losses) relating to foreign operations, net of tax	2	(60,963)	12,787	(576.8)	(29,430)	59,547	(149.4)
Foreign currency translation losses on monetary items forming part of net investments in foreign operations, net of tax		(5,610)	(818)	(585.8)	(5,007)	(197)	Nm
Share of other comprehensive income of associate	2	(34,780)	17,775	(295.7)	(18,336)	39,416	(146.5)
		(101,353)	29,744	(440.8)	(52,773)	98,766	(153.4)
Items that will not be reclassified subsequently to profit or loss							
Net change in fair value of financial assets, at FVOCI	1	(2,234)	(6,419)	65.2	4,930	(16,857)	129.2
Other comprehensive income for the period, net of tax		(103,587)	23,325	(544.1)	(47,843)	81,909	(158.4)
Total comprehensive income for the period		(101,362)	38,272	(364.8)	(72,528)	107,462	(167.5)
Total comprehensive income attributable to:							
Owners of the Company		(76,577)	24,868	(407.9)	(59,019)	71,968	(182.0)
Non-controlling interests		(24,785)	13,404	(284.9)	(13,509)	35,494	(138.1)
Total comprehensive income for the period		(101,362)	38,272	(364.8)	(72,528)	107,462	(167.5)

Nm: denotes not meaningful

Note:

- (1) The movement was due to the changes in the price of the quoted equity securities.
- (2) The movement during this quarter was in respect of the Group's net assets which were denominated in RMB, whereby RMB has depreciated against SGD by approximately 2.1% during the quarter.

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

	Note	Group			Company		
		30.06.2019	31.12.2018	Change	30.06.2019	31.12.2018	Change
		S\$'000	S\$'000	%	S\$'000	S\$'000	%
Non-current assets							
Plant and equipment		299,339	297,445	0.6	156	233	(33.0)
Investment properties		3,339,255	3,349,533	(0.3)	-	-	-
Subsidiaries		-	-	-	2,151,877	2,151,710	-
Associates and joint ventures		2,500,235	2,491,511	0.4	-	-	-
Intangible assets		77,043	78,345	(1.7)	-	-	-
Other financial assets		-	72,510	(100.0)	-	72,510	(100.0)
Other receivables		4,722	4,211	12.1	502,844	485,641	3.5
		6,220,594	6,293,555	(1.2)	2,654,877	2,710,094	(2.0)
Current assets							
Development properties		1,085,974	1,088,059	(0.2)	-	-	-
Inventories		633	1,234	(48.7)	-	-	-
Trade and other receivables	1	252,933	210,630	20.1	168,876	148,951	13.4
Cash and cash equivalents		60,456	76,856	(21.3)	2,916	4,582	(36.4)
		1,399,996	1,376,779	1.7	171,792	153,533	11.9
Total assets		7,620,590	7,670,334	(0.6)	2,826,669	2,863,627	(1.3)
Non-current liabilities							
Loans and borrowings		1,982,753	2,176,102	(8.9)	298,458	615,128	(51.5)
Junior bonds		30,000	30,000	-	-	-	-
Trade and other payables	2	121,238	84,171	44.0	-	-	-
Deferred tax liabilities		154,613	156,166	(1.0)	-	-	-
		2,288,604	2,446,439	(6.5)	298,458	615,128	(51.5)
Current liabilities							
Loans and borrowings		1,041,352	761,960	36.7	280,000	-	Nm
Trade and other payables	3	375,712	475,232	(20.9)	11,663	12,754	(8.6)
Current tax liabilities		10,148	10,325	(1.7)	853	869	(1.8)
		1,427,212	1,247,517	14.4	292,516	13,623	Nm
Total liabilities		3,715,816	3,693,956	0.6	590,974	628,751	(6.0)
Net assets		3,904,774	3,976,378	(1.8)	2,235,695	2,234,876	(0.0)
Equity							
Share capital		2,208,267	2,208,267	-	2,208,267	2,208,267	-
Other reserves		450,392	459,750	(2.0)	8,181	16,972	(51.8)
Foreign currency translation reserve		(196,857)	(158,084)	(24.5)	-	-	-
Retained earnings		207,210	222,712	(7.0)	19,247	9,637	99.7
Equity attributable to owners of the Company		2,669,012	2,732,645	(2.3)	2,235,695	2,234,876	(0.0)
Non-controlling interests		1,235,762	1,243,733	(0.6)	-	-	-
Total equity		3,904,774	3,976,378	(1.8)	2,235,695	2,234,876	(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) Trade and other receivables

The increases were mainly due to additional shareholders' loan extended to a joint venture.

(2) Trade and other payables (Non-current)

The payables increased mainly due to loan from a joint venture where the repayment date has been extended to beyond 1 year.

(3) Trade and other payables (Current)

The payables were reduced mainly due to repayment of loans advanced by non-controlling interests and reclassification of loan extended by a joint venture to non-current payables.

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

	Group		
	As at 30.06.2019	As at 31.12.2018	Change
	S\$'000	S\$'000	%
<u>Amount repayable in one year or less, or on demand:</u>			
Secured	259,035	226,493	14.4
Unsecured ⁽¹⁾	782,317	535,467	46.1
	1,041,352	761,960	36.7
<u>Amount repayable after one year:</u>			
Secured	1,347,906	1,184,266	13.8
Unsecured ⁽¹⁾	634,847	991,836	(36.0)
	1,982,753	2,176,102	(8.9)
Total borrowings ⁽²⁾	3,024,105	2,938,062	2.9

Notes:

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

To date, a total of S\$625 million of fixed rate notes had been issued, under the S\$2 billion multicurrency debt issuance programme ("MTN Programme") established on 22 January 2015, of which S\$400 million are outstanding.

- (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 30.06.2019 S\$'000	3 months 30.06.2018 S\$'000	6 months 30.06.2019 S\$'000	6 months 30.06.2018 S\$'000
Cash flows from operating activities				
Profit/(loss) for the period	2,225	14,947	(24,685)	25,553
Adjustments for:				
Depreciation of plant and equipment	3,191	190	6,357	348
Amortisation of intangible assets	651	651	1,302	1,302
Foreign currency exchange (gain)/loss (net)	(1,198)	(891)	(419)	281
Change in fair value of investment properties	-	(28,715)	-	(28,715)
Net finance costs	31,016	18,326	61,070	31,353
Share of results of associates and joint ventures, net of tax	(33,762)	(5,002)	(39,853)	(27,769)
Re-measurement to fair value of existing equity interest in a former joint venture	-	(9,065)	-	(9,065)
Gain on disposal of plant and equipment	-	-	(1)	-
Dividend income	(366)	-	(1,231)	-
Provision for bad debts	130	-	134	-
Equity-settled share-based payment transactions	540	445	1,195	891
Tax expense	1,654	8,668	3,169	9,478
	4,081	(446)	7,038	3,657
Changes in:				
- Inventories	249	(26)	600	(26)
- Development properties	(5,035)	(13,048)	(11,070)	(17,231)
- Trade and other receivables	17,738	17,281	(20,977)	1,537
- Trade and other payables	10,380	365	6,580	(7,616)
Cash used in operations	27,413	4,126	(17,829)	(19,679)
Taxes paid	(2,865)	(1,930)	(3,329)	(2,378)
Net cash from/(used in) operating activities	24,548	2,196	(21,158)	(22,057)
Cash flows from investing activities				
Interest received	1,973	2,594	2,003	2,921
Acquisition of subsidiaries, net of cash acquired of	-	(95,052)	-	(95,052)
Acquisition of plant and equipment	(6,926)	(4,555)	(8,460)	(4,749)
Development expenditure - investment properties	(12,312)	(54,260)	(15,058)	(56,802)
Loans to associates and joint ventures	(87,273)	(29,230)	(117,745)	(35,312)
Investment in associates and joint ventures	(1,517)	(20,135)	(29,691)	(32,638)
Proceeds from disposal of other financial assets	72,832	-	78,061	-
Proceeds from disposal of plant and equipment	1	-	7	-
Dividends from an associate	15,280	2,021	15,280	2,021
Distribution from an associate arising from gain on disposal of its subsidiaries	110,311	-	110,311	-
Dividends from other investments	395	991	1,450	2,052
Net cash from/(used in) investing activities	92,764	(197,626)	36,158	(217,559)

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1 (c) Consolidated Statement of Cash Flows (cont'd)

	3 months	3 months	6 months	6 months
	30.06.2019	30.06.2018	30.06.2019	30.06.2018
	S\$'000	S\$'000	S\$'000	S\$'000
Cash flows from financing activities				
Dividends paid to owners of the Company	(6,647)	(16,618)	(6,647)	(16,618)
Purchase of treasury shares	-	(1,540)	-	(1,892)
Proceeds from loans and borrowings	38,487	1,102,389	341,087	1,542,218
Payment of upfront debt arrangement costs	(486)	(4,170)	(3,286)	(4,197)
Repayments of loans and borrowings	(125,069)	(806,815)	(282,968)	(1,190,684)
Loan from joint venture	5,491	5,189	9,245	5,189
(Repayment of loans)/loans from non-controlling interests	(2,503)	4,772	(29,702)	4,772
Capital injection by non-controlling interests	3,293	6,238	5,537	8,274
Acquisition of non-controlling interests	-	(18,781)	-	(18,781)
Interest paid	(34,054)	(26,864)	(61,798)	(44,034)
Net cash (used in)/from financing activities	(121,488)	243,800	(28,532)	284,247
Net (decrease)/increase in cash and cash equivalents	(4,176)	48,370	(13,532)	44,631
Cash and cash equivalents at beginning of the period	68,678	108,868	76,856	111,678
Effect of exchange rate changes on cash balances held in foreign currencies	(4,046)	(2,563)	(2,868)	(1,634)
Cash and cash equivalents at end of the period	60,456	154,675	60,456	154,675

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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 April 2019	2,208,267	466,783	(120,134)	195,940	2,750,856	1,257,254	4,008,110
Total comprehensive income for the period							
Profit for the period	-	-	-	2,172	2,172	53	2,225
<u>Other comprehensive income</u>							
Net change in fair value of financial assets, at FVOCI	-	(2,234)	-	-	(2,234)	-	(2,234)
Foreign currency translation differences relating to foreign operations, net of tax	-	-	(37,413)	-	(37,413)	(23,550)	(60,963)
Foreign currency translation differences on monetary items, net of tax	-	-	(3,777)	-	(3,777)	(1,833)	(5,610)
Transfer of fair value reserves of equity instruments at FVOCI upon disposal	-	(15,756)	-	15,756	-	-	-
Share of other comprehensive income of associates and joint ventures	-	219	(35,533)	(11)	(35,325)	545	(34,780)
Total other comprehensive income	-	(17,771)	(76,723)	15,745	(78,749)	(24,838)	(103,587)
Total comprehensive income for the period	-	(17,771)	(76,723)	17,917	(76,577)	(24,785)	(101,362)
Transactions with owners, recorded directly in equity							
<u>Contributions by and distributions to owners</u>							
Share-based payment transactions	-	1,380	-	-	1,380	-	1,380
Dividends paid	-	-	-	(6,647)	(6,647)	-	(6,647)
Capital injection by non-controlling interests	-	-	-	-	-	3,293	3,293
Total transactions with owners	-	1,380	-	(6,647)	(5,267)	3,293	(1,974)
At 30 June 2019	2,208,267	450,392	(196,857)	207,210	2,669,012	1,235,762	3,904,774

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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 April 2019	2,208,267	24,791	8,030	2,241,088
Total comprehensive income for the period				
Profit for the period	-	-	2,108	2,108
<u>Other comprehensive income</u>				
Net change in fair value of financial assets, at FVOCI	-	(2,234)	-	(2,234)
Transfer of fair value reserves of equity instruments at FVOCI upon disposal	-	(15,756)	15,756	-
Total other comprehensive income	-	(17,990)	15,756	(2,234)
Total comprehensive income for the period	-	(17,990)	17,864	(126)
Transactions with owners, recorded directly in equity				
<u>Contributions by and distributions to owners</u>				
Share-based payment transactions	-	1,380	-	1,380
Dividends paid	-	-	(6,647)	(6,647)
Total transactions with owners	-	1,380	(6,647)	(5,267)
At 30 June 2019	2,208,267	8,181	19,247	2,235,695

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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 April 2018	2,208,267	453,244	(13,949)	166,921	2,814,483	1,172,715	3,987,198
Total comprehensive income for the period							
Profit for the period	-	-	-	8,648	8,648	6,299	14,947
<u>Other comprehensive income</u>							
Net change in fair value of financial assets, at FVOCI	-	(6,419)	-	-	(6,419)	-	(6,419)
Foreign currency translation gains relating to foreign operations, net of tax	-	-	5,885	-	5,885	6,902	12,787
Foreign currency translation losses on monetary items, net of tax	-	-	(424)	-	(424)	(394)	(818)
Share of other comprehensive income of associates and joint ventures	-	(12)	16,774	416	17,178	597	17,775
Total other comprehensive income	-	(6,431)	22,235	416	16,220	7,105	23,325
Total comprehensive income for the period	-	(6,431)	22,235	9,064	24,868	13,404	38,272
Transactions with owners, recorded directly in equity							
<u>Contributions by and distributions to owners</u>							
Share-based payment transactions	-	445	-	-	445	-	445
Dividends paid	-	-	-	(16,618)	(16,618)	-	(16,618)
Capital injection by non-controlling interests	-	-	-	-	-	6,238	6,238
Purchase of treasury shares	-	(1,540)	-	-	(1,540)	-	(1,540)
Total contributions in ownership interests in subsidiary	-	(1,095)	-	(16,618)	(17,713)	6,238	(11,475)
<u>Changes in ownership interests in subsidiaries</u>							
Acquisition of non-controlling interests without a change in control	-	9,465	-	-	9,465	(28,246)	(18,781)
Acquisition of subsidiary with non-controlling interests	-	-	-	-	-	4,126	4,126
Total other capital transactions	-	9,465	-	-	9,465	(24,120)	(14,655)
Total transactions with owners	-	8,370	-	(16,618)	(8,248)	(17,882)	(26,130)
At 30 June 2018	2,208,267	455,183	8,286	159,367	2,831,103	1,168,237	3,999,340

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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 April 2018	2,208,267	20,169	22,317	2,250,753
Total comprehensive income for the period				
Loss for the period	-	-	(531)	(531)
<i>Other comprehensive income</i>				
Net change in fair value of financial assets, at FVOCI	-	(6,419)	-	(6,419)
Total other comprehensive income	-	(6,419)	-	(6,419)
Total comprehensive income for the period	-	(6,419)	(531)	(6,950)
Transactions with owners, recorded directly in equity				
<i>Contributions by and distributions to owners</i>				
Share-based payment transactions	-	445	-	445
Dividends paid	-	-	(16,618)	(16,618)
Purchase of treasury shares	-	(1,540)	-	(1,540)
Total transactions with owners	-	(1,095)	(16,618)	(17,713)
At 30 June 2018	2,208,267	12,655	5,168	2,226,090

Notes:

- (1) Other reserves include capital reserve, fair value reserve, equity compensation reserve, reserve for own shares and statutory reserve
- (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.

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

Issued Share Capital

As at 30 June 2019, the Company's issued and fully paid-up capital (excluding treasury shares) comprised 1,661,709,368 (31 December 2018: 1,661,709,368) ordinary shares.

	No. of Shares ('000)
In issue at 01.01.2019 / 30.06.2019	1,661,709

Outstanding Options under Perennial Employee Share Options Scheme 2014

	No. of Share Options ('000)
As at 01.04.2019	83,924.5
Granted	-
Exercised	-
Lapsed/Cancelled	(10,821.0)
As at 30.06.2019	73,103.5

On 25 February 2019, the Company granted 27,719,500 share options to certain directors and employees of the Group under the Employee Share Option Scheme 2014 ("ESOS"). The number of outstanding options represents 4.40% of the total number of shares issued as at 30 June 2019 (31 December 2018: 3.40% of issued shares of 1,661,709,368). The options have a validity of 5 years from the date of grant and are vested over a 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

As at 30 June 2019, the Company held 3,435,000 treasury shares (31 December 2018: 3,435,000) which represents 0.21% (31 December 2018: 0.21%) of the total number of issued shares (excluding treasury shares).

There has been no movement in the number of treasury shares during the quarter.

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.

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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 2018, except for the adoption of new/revised Singapore Financial Reporting Standards (International) (SFRS(I)s) applicable for the financial period beginning 1 January 2019 as follows:

- SFRS(I) 16 Leases
- SFRS(I) INT 23 Uncertainty over Income Tax Treatments
- Long-term Interests in Associates and Joint Ventures (Amendments to SFRS(I) 1-28)
- Prepayment Features with Negative Compensation (Amendments to SFRS(I) 9)
- Previously Held Interest in a Joint Operation (Amendments to SFRS(I) 3 and SFRS(I) 11)
- Income Tax Consequences of Payments on Financial Instruments Classified as Equity (Amendments to SFRS(I) 1-12)
- Borrowing Costs Eligible for Capitalisation (Amendments to SFRS(I) 1-23)
- Plan Amendment, Curtailment or Settlement (Amendments to SFRS(I) 1-19)

The Group does not expect any significant impact on its financial position or performance from the adoption of these new/amendments to SFRS(I)s.

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 30.06.2019	3 months 30.06.2018	6 months 30.06.2019	6 months 30.06.2018
Profit/(loss) for the period attributable to owners of the Company (S\$'000)	2,172	8,648	(24,759)	13,792
Weighted average number of shares for the period ('000)				
- Basic	1,661,709	1,663,020	1,661,709	1,662,824
- Diluted	1,661,709	1,663,020	1,661,709	1,662,824
EPS (cents)				
- Basic	0.13	0.52	(1.49)	0.83
- Diluted	0.13	0.52	(1.49)	0.83

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7 Net Asset Value per Share

	Group		Company	
	30.06.2019 S\$/share	31.12.2018 S\$/share	30.06.2019 S\$/share	31.12.2018 S\$/share
Net asset value per share based on issued share capital at the end of the period/year	1.606	1.644	1.345	1.345

8 Review of the Performance

	3 months ended 30.06.2019	3 months ended 30.06.2018	Change	6 months Ended 30.06.2019	6 months ended 30.06.2018	Change
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
Revenue	27,625	18,130	52.4	52,487	33,075	58.7
Share of results of associates and joint ventures, net of tax	33,762	5,002	Nm	39,853	27,769	43.5
Earnings before interest and tax ("EBIT")	34,895	41,941	(16.8)	39,553	66,384	(40.4)
Net finance costs	(31,016)	(18,326)	(69.2)	(61,070)	(31,353)	(94.8)
Profit/(loss) before tax	3,879	23,615	(83.6)	(21,517)	35,031	(161.4)
Profit/(loss) for the period attributable to the owners of the Company ("PATMI")	2,172	8,648	(74.9)	(24,759)	13,792	(279.5)

2Q 2019 vs 2Q 2018

The Group registered a revenue of S\$27.6 million (2Q 2018: S\$18.1 million) and an EBIT of S\$34.9 million (2Q 2018: S\$41.9 million) for the quarter ended 30 June 2019.

Revenue

The main revenue contributors are CHIJMES and Capitol in Singapore as well as Perennial Jihua Mall, Perennial Qingyang Mall and PIHMH in China. Revenue for 2Q 2019 was 52.4% higher than same period last year, mainly attributable to revenue contributions from Capitol Singapore and PIHMH for the full three months in 2Q 2019 and higher fee income from our management businesses.

Singapore assets contributed revenue of approximately S\$9.9 million, representing 36.0% (2Q 2018: S\$5.2 million, representing 28.5%) of the Group's revenue. The operational assets in China contributed revenue of S\$13.0 million, which represents 46.9% (2Q 2018: S\$9.4 million, which represents 52.0%) of the Group's revenue. The remaining 17.1% (2Q 2018: 19.5%) of the Group's revenue came from the fee-based management businesses.

8 Review of the Performance (cont'd)

EBIT

The decrease in EBIT was mainly due to the absence of fair value gain from the revaluation of PIHMH, offset by higher share of results from associates and joint ventures in particular, the gain on divestment of Chinatown Point in 2Q 2019. Share of results from 111 Somerset and certain healthcare associates was also higher in this quarter as they reported improved performance.

PATMI

The decrease in PATMI was mainly due to higher net finance costs. Finance costs increased with higher interest rates and additional loans to fund new investments. In addition, interest expenses in respect of PIHMH previously capitalised were expensed off on completion of the project.

1H 2019 vs 1H 2018

The Group registered a revenue of S\$52.5 million and an EBIT of S\$39.6 million for the half year ended 30 June 2019.

Revenue

Revenue for 1H 2019 was higher than 1H 2018 mainly due to the inclusion of Capitol Singapore's revenue and PIHMH's revenue for the full six months in 1H 2019 as well as higher fee income from our management businesses.

EBIT

For 1H 2019, the Group achieved S\$39.6 million of EBIT, which was 40.4% lower than 1H 2018. The decrease in EBIT was primarily due to the absence of fair value gain from the revaluation of PIHMH and one-off gain recognised by one of the associated companies in 1H 2018, mitigated by higher share of results from associates, mainly the gain on disposal of Chinatown Point in 1H 2019.

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 net finance costs for the period were higher than last year same period due to the higher interest rates, additional loans drawn to fund new investments and interest expenses of PIHMH which were expensed off on completion of the project. As at 30 June 2019, the Group's net debt-to-equity ratio stood at 0.76 times (31 Dec 2018: 0.72x). While the net debt has increased by S\$102 million, the main increase in the debt-to-equity ratio is mainly attributable to the lower equity caused by a reduction in foreign currency translation reserve arising from the depreciation of RMB against SGD.

PATMI

The lower EBIT and higher finance costs resulted in a loss for 1H 2019.

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

Economic growth in Singapore has slowed; growing at a mere 0.1% in the second quarter of 2019, compared to 1.1% in the previous quarter.

111 Somerset saw a good take up of strata sales of office units in 2Q 2019 and we intend to build on the momentum to market more units. The repositioning of retail in Capitol Singapore is on track and is expected to complete by 3Q 2019.

The divestment of Chinatown Point Mall was completed in end May 2019 and the Group will continue to manage the asset as its property manager.

China

China's GDP grew by 6.2% in the second quarter of 2019 which is the slowest in almost three decades, weighed down by trade tensions.

In China, our stabilised assets such as Qingyang and Foshan have been performing consistently well whilst PIHMH's performance is expected to ramp up with the scheduled opening of Gleneagles Chengdu Hospital in 3Q 2019. Concurrently, the Group will continue to grow its footprint near High Speed Railway Stations by sourcing for more sites for injection into the healthcare joint venture.

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 and the reason(s) for the decision

No dividend has been declared for the six months ended 30 June 2019. It is not the Group's usual practice to declare interim dividends.

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	6 months ended	6 months ended	Change
	30.06.2019	30.06.2018		30.06.2019	30.06.2018	
S\$'000	S\$'000	%	S\$'000	S\$'000	%	
Singapore	9,950	5,162	92.8	19,155	8,315	130.4
China	12,960	9,423	37.5	23,862	18,343	30.1
Management Businesses	6,525	5,207	25.3	13,198	9,980	32.2
Corporate and Others	13	12	8.3	32	36	(11.1)
Eliminations	(1,823)	(1,674)	8.9	(3,760)	(3,599)	4.5
	27,625	18,130	52.4	52,487	33,075	58.7

	EBIT					
	3 months ended	3 months ended	Change	6 months ended	6 months ended	Change
	30.06.2019	30.06.2018		30.06.2019	30.06.2018	
S\$'000	S\$'000	%	S\$'000	S\$'000	%	
Singapore	14,499	8,837	64.1	15,194	30,797	(50.7)
China	23,589	35,106	(32.8)	27,826	39,422	(29.4)
Management Businesses	1,972	1,424	38.5	5,022	3,338	50.5
Corporate and Others	573	(3,187)	Nm	(2,512)	(6,696)	62.5
Eliminations	(5,738)	(239)	Nm	(5,977)	(477)	Nm
	34,895	41,941	(17.3)	39,553	66,384	(40.9)

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 position, 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 June 2019 and for the six 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

Wong Chuen Shya
Company Secretary

7 August 2019