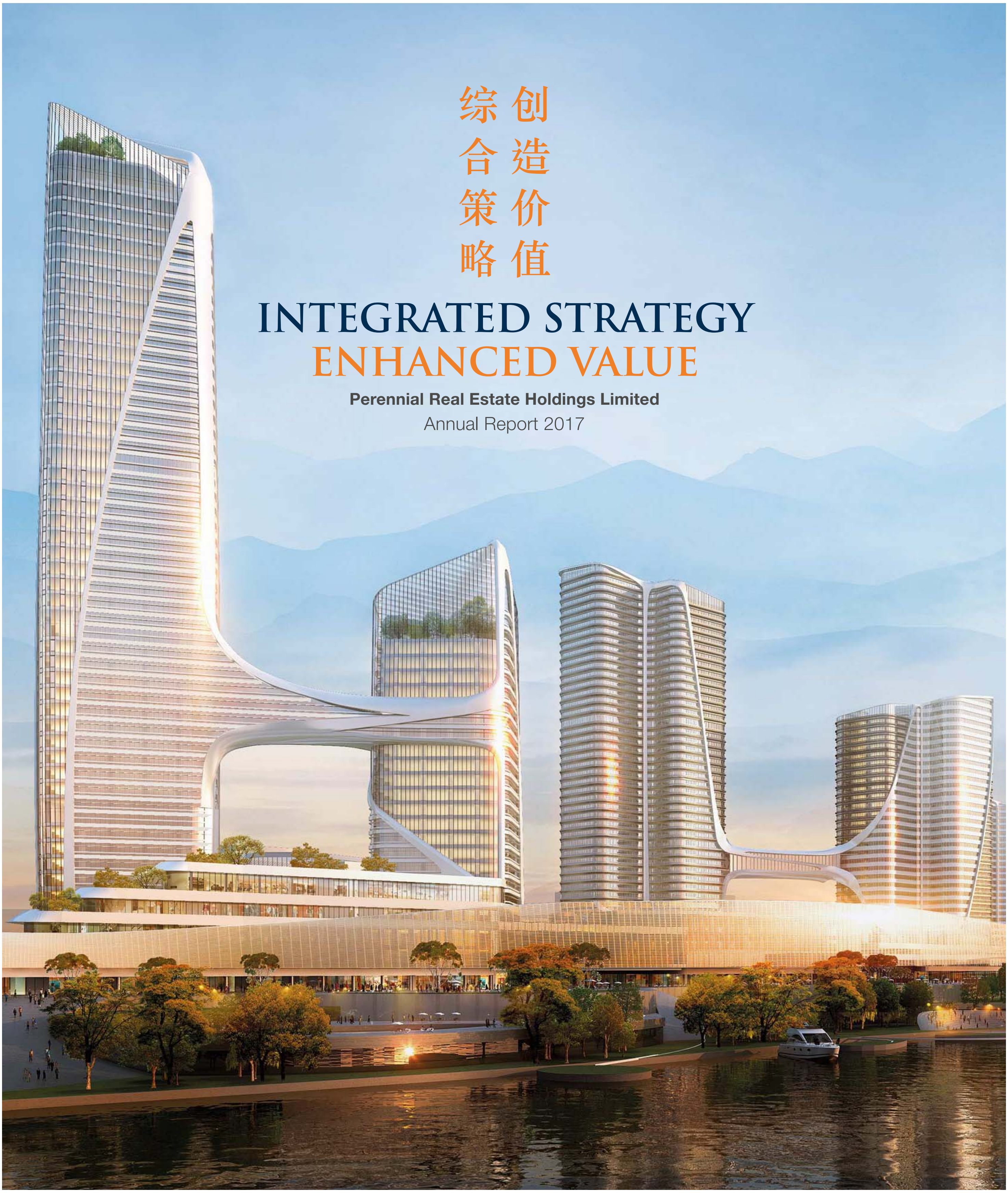
鹏瑞利

PERENNIAL



创造价值

综合策略

INTEGRATED STRATEGY ENHANCED VALUE

Perennial Real Estate Holdings Limited

Annual Report 2017

Cover and Content Page: Beijing Tongzhou Integrated Development
Artist's impression may differ from actual view of the completed property

综合策略
创造价值

INTEGRATED STRATEGY
ENHANCED VALUE

Perennial's Annual Report 2017 features iconic mountains in China designated as UNESCO World Heritage Sites, epitomising Perennial's vision of building a sustainable business based on strong fundamentals. Perennial's integrated strategy creates synergies across its real estate and healthcare businesses, enhancing value for all stakeholders now and for the long term.

CORPORATE PROFILE

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 and Ghana with a combined portfolio spanning about 54 million square feet in gross floor area.

Perennial is also a healthcare services owner, operator and provider focused predominantly on China. Perennial's healthcare business services include hospitals and medical centres, eldercare and senior housing, and supporting specialties in genomics and diagnostic imaging, plastic surgery and aesthetics as well as maternal and child health management.

In China, Perennial is a dominant commercial developer with sizeable mixed-use integrated developments. Two of Perennial's developments, Chengdu East High Speed Railway ("**HSR**") Integrated Development and Xi'an North HSR Integrated Development, are regional commercial hubs which are situated adjacent to two of the country's largest HSR stations and incorporate medical, healthcare and eldercare facilities. 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.

企业介绍

鹏瑞利置地集团有限公司 (以下简称"**鹏瑞利置地集团**") 总部位于新加坡，是新加坡证券交易所主板上市的综合性房地产和医疗健康公司。作为集持有、开发和管理于一体的房地产公司，鹏瑞利置地集团主要投资于大规模的综合性房地产开发项目，投资组合遍布于中国、新加坡、马来西亚和加纳，物业总建筑面积约5,400万平方尺。

同时,鹏瑞利置地集团亦是面向中国的医疗健康服务产业持有者、运营商和提供商。医疗健康服务包括医院和医疗中心、养老护理和老年公寓，并配套专项有基因检测、影像诊断、医美整形及母婴健康管理服务。

在中国，鹏瑞利置地集团是一家业界领先的商业地产开发商，持有规模可观的综合开发项目。当中的两个项目，即成都东站综合项目和西安北站综合项目，更是毗邻中国两个最大的高铁站，并且集医疗、健康和养老设施为一体的区域商业枢纽。其它标志性项目包括北京通州综合项目、沈阳龙之梦综合项目和珠海横琴综合项目。

在新加坡，鹏瑞利置地集团投资并管理位于市中心行政区、中央商业区和乌节路核心地段的标志性优质物业，包括赞美广场、首都综合项目、安盛保险大厦、111索美塞、陈旭年宅第和唐城坊。

VISION

To be a leading global integrated real estate and healthcare company committed to enriching the lives of those we serve and delivering value to all of our stakeholders.

MISSION

To build a sustainable business, establish strong lasting relationships, and create long-term growth for our shareholders.

CORE VALUES

TEAMWORK

We value and empower our people, embrace diversity and work in unity to achieve our corporate goals.

INTEGRITY

We believe in fair business practices and uphold a high standard of integrity, moral conduct and governance in our dealings with internal and external parties.

EXCELLENCE

We are passionate about our work, innovative and entrepreneurial in spirit, and push the boundaries in pursuit of outstanding performance.

SUSTAINABILITY

We are socially, environmentally and economically responsible and treat our stakeholders with respect and compassion.

See page 96 for more information on Sustainability

愿景

成为一家全球领先的综合性房地产和医疗健康公司，致力于丰富我们服务对象的生活，并提供价值给我们所有的利益相关者。

使命

建立可持续发展业务，树立稳固持久的关系，并为股东创造长期利益增长。

核心价值

团队精神

我们重视我们的员工，接受人才多样性，并以团结一心的态度实现我们共同的企业目标。

正直

我们相信公平的商业惯例，在与内部和外部各方打交道时秉承高标准的诚信、道德操守和治理。

卓越

我们秉持对工作的热忱，保持创新和进取的精神以突破界限、追求卓越的表现。

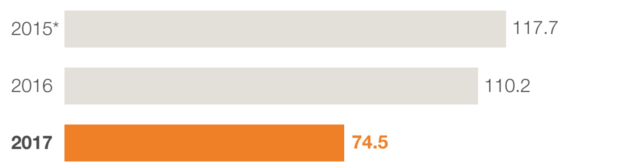
可持续性

我们对社会、环境和经济负责，并以最尊敬的心对待我们的利益相关者。

参阅页面 96 了解更多关于我司的可持续性

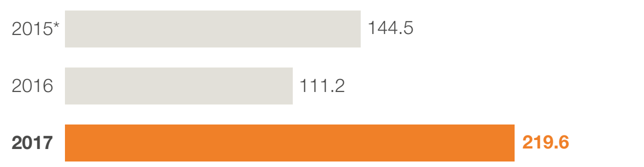
FINANCIAL HIGHLIGHTS

REVENUE
(S$ million)



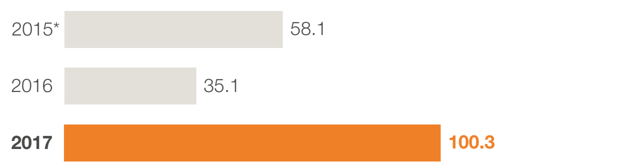
In FY2017, revenue decreased due to the deconsolidation of TripleOne Somerset following the divestment of a 20.2% stake. This decrease was partially offset by divestment fee and management fee earned from the United Engineers Limited ("**United Engineers**") transaction. In FY2016, revenue declined due to the absence of acquisition fee of AXA Tower and lower rental revenue from TripleOne Somerset as the property commenced asset enhancement works. This was partially mitigated by strata sales in TripleOne Somerset.

EARNINGS BEFORE INTEREST AND TAX ("EBIT")
(S$ million)



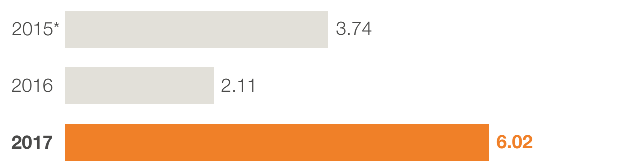
In FY2017, EBIT increased significantly with TripleOne Somerset's divestment gain and remeasurement gain, increased net fair value gain of investment properties and effective share of results from United Engineers. In FY2016, EBIT was lower with the absence of one-off acquisition fee from AXA Tower, write-off of intangible assets, impairment provision of Eden Residences and lower net fair value gain of investment properties.

PROFIT AFTER TAX AND MINORITY INTEREST ("PATMI")
(S$ million)



In FY2017, the increase was contributed by the gain from the divestment of TripleOne Somerset, the Group's effective share of net fair value gain from the revaluation of investment properties and effective share of results of United Engineers. In FY2016, PATMI decreased due to lower revenue, impairment provision and write-off of intangible assets.

EARNINGS PER SHARE ("EPS")
(cent)

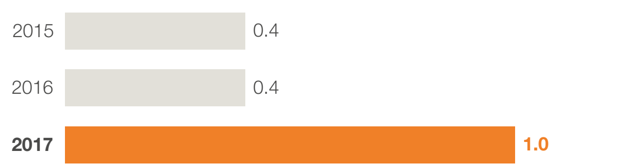


EPS is in line with PATMI as the share base remained relatively stable.

TOTAL ASSETS
(S$ billion)

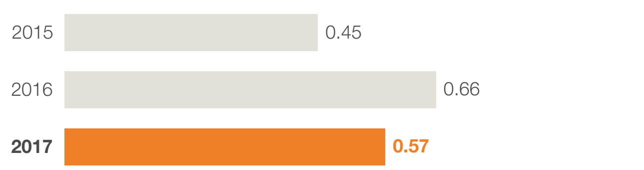
FY2017 saw a decrease in total assets with the deconsolidation of TripleOne Somerset, partially offset by investment in United Engineers and medical healthcare business. In FY2016, total assets increased due to shareholder loans extended to Capitol Singapore.

DIVIDEND PER SHARE
(cent)



The higher proposed dividend payout of 1.0 cent in FY2017 was in line with higher operating profit.

GEARING RATIO
(times)



In FY2017, gearing ratio improved significantly due to the deconsolidation of TripleOne Somerset's debt following the divestment of a 20.2% stake which more than offset the increase in new debt to fund investments. In FY2016, gearing ratio increased as the Group expanded and funded its investments with debt.

NET ASSET VALUE ("NAV") PER SHARE
(S$)

In FY2017, the increase in NAV per share was due to higher profit partially offset by the decrease arising from depreciation of RMB which devalued the China assets. In FY2016, the reduction in NAV per share was largely attributable to RMB depreciation.

* In 2015, the Company changed its financial year end from 30 June to 31 December. Unaudited 12-month results were presented for comparison.

协同发展

SYNERGISTIC

TIANZI MOUNTAIN
Zhangjiajie, Hunan
A sandstone mountain characterised by exposed ledges, the Tianzi mountain provides ideal conditions for the accumulation of soil, which in turn supports a plethora of flora and wildlife. The Tianzi mountain is a display of nature's synergy, where various elements come together to create magnificent sights.

协同发展

SYNERGISTIC

Perennial's experienced board and management team, supported by its reputable sponsors, work in synergy to define Perennial's core business direction and strategies. Together, they are instrumental in identifying and seizing opportunities which enable Perennial to grow from strength to strength.

OUR MILESTONES

BUSINESS JOURNEY

2014

- Commenced business on 28 October 2014 as a real estate company with a presence in Singapore and China following the reverse takeover of St. James Holdings Limited. Listing was transferred from Catalist to the Mainboard of Singapore Exchange Securities Trading Limited on 26 December 2014.

2015

Strategic Move into China Healthcare Business

- Entered into first healthcare partnership, a 40-60 Joint Venture ("**JV**") with Guangdong Boai Medical Group Co., Ltd ("**Guangdong Boai**") holding a 60% stake, to expand into the hospital and medical services business in China.
- Repositioned a development retail asset in Chengdu as Perennial International Health and Medical Hub ("**PIHMH**").

Strengthened Singapore Real Estate Business

- Syndicated a consortium of investors to acquire AXA Tower at an agreed property price of S$1.17 billion and acquired a 31.2% equity interest in the property.

Maiden Foray into New Growth Markets

Malaysia

- Entered into a 50-50 JV with IJM Land Berhad to acquire and develop an over MYR3 billion (approximately S$1 billion) waterfront integrated development in Penang.

Ghana

- Entered into a 55-45 JV with Shangri-La Asia Limited holding a 45% stake to develop an over US$250 million (approximately S$352 million) integrated development in Accra.

2016

Strengthened Healthcare Business in China

Hospitals and Medical Centres

- Launched St. Stamford International Medical, a new brand for Perennial's hospital and medical services partnership with Guangdong Boai.
- Introduced the first Perennial owned-and-managed specialist medical centre concept in China called Perennial International Specialist Medical Centre at PIHMH.

Eldercare and Senior Housing

- Entered into a Memorandum of Understanding with Shanghai Summit Property Development Limited and Shanghai RST Chinese Medicine Co., Ltd ("**Renshoutang**"), to operate Chengdu Xiehe International Eldercare and Retirement Home at Chengdu East High Speed Railway ("**HSR**") Integrated Development Plot D2.

- Entered into an Investment Agreement to acquire an effective interest of 49.9% in Renshoutang, the largest integrated eldercare services operator in Shanghai, to become its largest single shareholder.

Supporting Specialties – Maternal and Child Health Management

- Acquired an effective interest of 20% in Shenzhen Aidigong Modern Maternal and Child Health Management Co., Ltd, a leading maternal and child health management company in China, becoming its second largest single shareholder.

Reconstituted the Singapore Portfolio

- Divested the entire 1.5% interest in 112 Katong and 23% interest in Katong AMC Pte Ltd, the asset manager of 112 Katong.
- Acquired an additional effective interest of about 43.7% in Chinatown Point, increasing Perennial's effective interest from 1.5% to 45.2%.

Secured Access to a New Developed Market

United Kingdom

- Secured a Call Option to acquire a 20% stake in Aviva Tower, London, which is set for redevelopment. Named 1 Undershaft post-redevelopment, the new £1 billion office landmark building will be the tallest building in the City of London.

2017

Capital Recycling to Maximise Returns

- Partially divested 20.2% interest in TripleOne Somerset, Singapore, reducing Perennial's effective interest in the property from 50.2% to 30%.
- Acquired an additional effective interest of 5.4% in Chinatown Point, increasing Perennial's effective interest in the property from 45.2% to 50.6%.

Strategic Investment in United Engineers

- Led a consortium in the acquisition of an aggregate 33.7% stake in United Engineers Limited ("**United Engineers**"), a company listed on the Mainboard of Singapore Exchange, and a 10% stake in WBL Corporation Limited, a subsidiary of United Engineers, at a total consideration of approximately S$617 million, further strengthening Perennial's presence in its core markets of Singapore and China. Perennial has an effective stake of 32.5% and 10.9% in the consortium and United Engineers respectively.

2018

Established First JV to Grow China HSR Porfolio

- Led a consortium of partners to establish an up to US$1.2 billion (approximately S$1.6 billion) JV with an initial capital commitment of US$500 million (approximately S$672 million) in January 2018. Perennial holds a 45% stake in the JV, which invests in HSR Healthcare Integrated Mixed-use Developments in China.

Broadened Supporting Specialties

Genomics and Diagnostic Imaging

- Entered into a 40-60 joint venture with Hunan Xiangya Emergency Response Investment Management Co., Ltd[1] holding a 60% stake, to operate the BGI Perennial Genomics Diagnostic Imaging Centre, a health management and diagnostic imaging centre located at PIHMH.

1 Hunan Xiangya Emergency Response Investment Management Co., Ltd (湖南湘雅紧急救援投资管理有限公司) was nominated by BGI Management Holdings Co., Ltd (华大基因医院管理控股有限公司) to enter into the joint venture with Perennial.

SUSTAINABILITY JOURNEY

2015

- Launched the NUS-Perennial Scholarship for students pursuing their undergraduate studies at the National University of Singapore's Department of Real Estate.
- Perennial Qingyang Mall embarked on its annual '*Give the Children a Warm Winter*' campaign in Chengdu, where warm winter clothing was collected and delivered to over 1,000 families residing in Chengdu's rural areas.

2016

- Conducted first materiality assessment based on Global Reporting Initiative ("**GRI**") sustainability reporting framework to identify environmental, social and governance factors.
- Capitol Singapore won the Urban Redevelopment Authority Architectural Awards 2016, Restoration and Innovation Category, for the exemplary restoration of a gazetted heritage building.

- Partnered the Singapore Association of the Visually Handicapped to host Singapore's inaugural International White Cane Day 2016 at CHIJMES, raising over S$268,000. A Mass Heritage Trail Walk with White Canes jointly undertaken by over 250 blind and sighted participants was successfully placed into the Singapore Book of Records.

2017

- Collaborated with Focus on the Family Singapore to launch its inaugural mother-and-child bonding programme known as *Create with Mum* aimed at fostering strong family bonds. Concurrently sponsored the production of *The Rain Tree* book by Lee Seow Ser, with the first print gifted to libraries and children-centric beneficiary organisations in Singapore. The second print was sold to raise funds to support mums in challenging situations to attend the *Create with Mum* programme.

- Raised breast cancer awareness by hosting the Estee Lauder Breast Cancer Foundation 25th Anniversary light-up, where CHIJMES was one of four Singapore icons illuminated in pink. Staff volunteers also helped raised funds for Breast Cancer Foundation Singapore at Perennial's Singapore properties.

- AXA Tower was awarded the PUB Water Efficiency Award in the Office Category, which recognises top water efficiency performers.

2018

- Published inaugural Sustainability Report based on GRI framework, marking the official start of Perennial's sustainability reporting journey.

OUR PRESENCE

Real Estate and Healthcare Businesses with a Presence in Four Countries[1], including Twelve Cities across China

REAL ESTATE BUSINESS

Total Gross Floor Area of about

54 million

square feet in four countries[1]

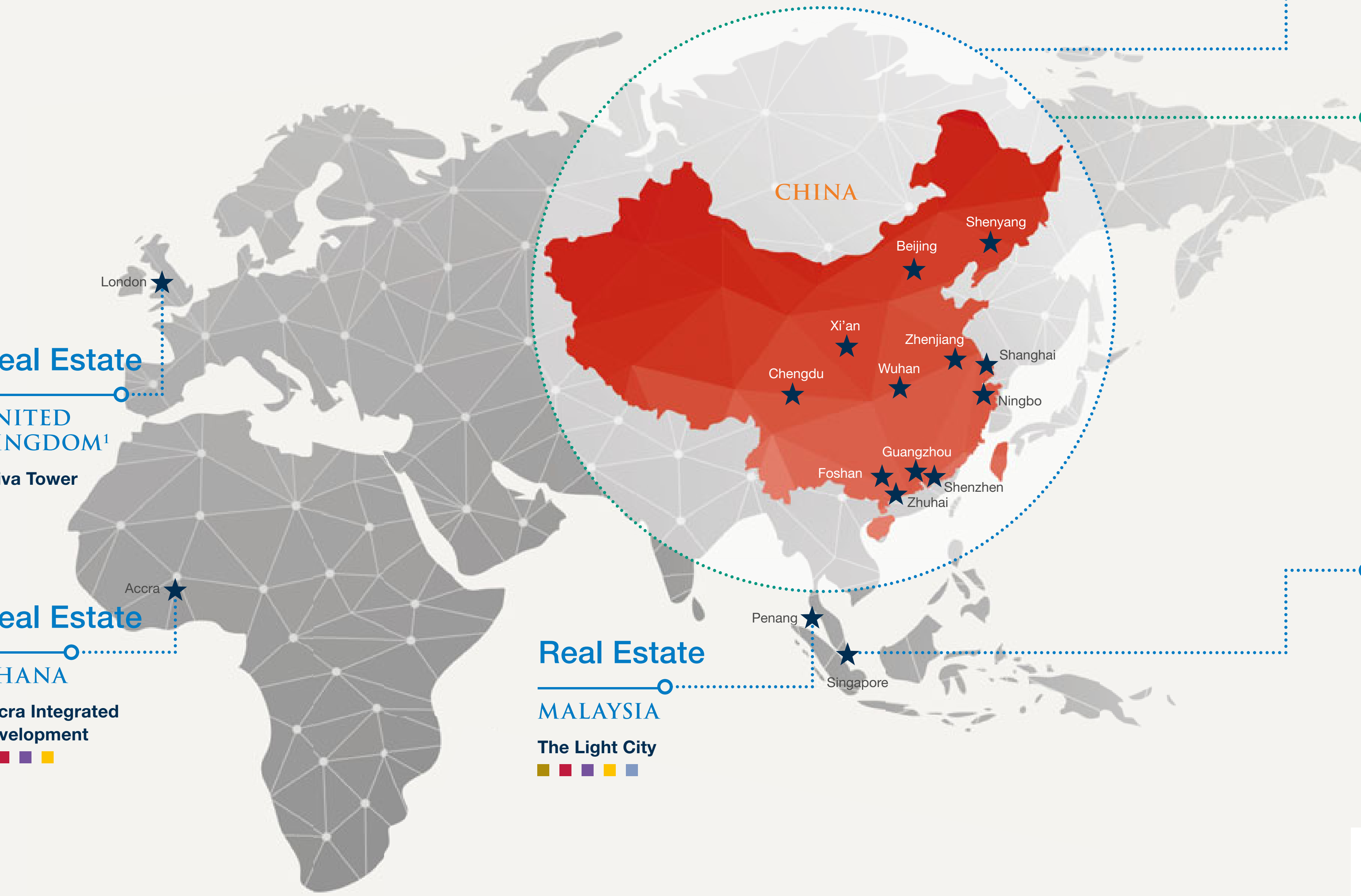
HEALTHCARE BUSINESS

Total of

4,167
Operating beds in China

7,858
Committed Pipeline of beds in China

13,500
Potential Pipeline of beds in China



Real Estate

UNITED KINGDOM[1]

Aviva Tower

Real Estate

GHANA

Accra Integrated Development

Real Estate

MALAYSIA

The Light City

1 Perennial will hold an effective interest of 20% in Aviva Tower, United Kingdom, if the Call Option is exercised upon confirmation of the execution of redevelopment plans by its owners.

Real Estate

CHINA

Five large-scale integrated developments connected to major transportation hubs in first-tier and second-tier provincial capitals and two suburban malls

BEIJING

Beijing Tongzhou Integrated Development
Phase 1
Phase 2

CHENGDU

Chengdu East HSR Integrated Development
Perennial International Health and Medical Hub
Plot C
Plot D1
Plot D2

Perennial Qingyang Mall

SHENYANG

Shenyang Longemont Integrated Development
Shenyang Longemont Shopping Mall
Shenyang Red Star Macalline Furniture Mall
Shenyang Longemont Offices

XI'AN

Xi'an North HSR Integrated Development
Plot 4
Plot 5

ZHUHAI

Zhuhai Hengqin Integrated Development

FOSHAN

Perennial Jihua Mall

Healthcare

CHINA

Two key business segments and three supporting specialties in China spanning eight cities

HOSPITALS AND MEDICAL CENTRES

St. Stamford Modern Hospital
Guangzhou

Perennial International Specialist Medical Centre
Chengdu

ELDERCARE AND SENIOR HOUSING

Renshoutang
Shanghai, Ningbo, Wuhan, Chengdu, Zhenjiang

SUPPORTING SPECIALTIES

BGI Perennial Genomics Diagnostic Imaging Centre
Chengdu

St. Stamford Plastic Surgery and Aesthetic Hospital
Chengdu

Aidigong
Shenzhen, Beijing, Chengdu

Real Estate

SINGAPORE

All six developments are located within the Central Business District, Civic District and Orchard Road Precinct, and directly connected or in close proximity to Mass Rapid Transit Stations

AXA Tower

Chinatown Point

Capitol Singapore

TripleOne Somerset

CHIJMES

House of Tan Yeok Nee

Legend for Real Estate Components:

- Retail
- Office/SOHO
- Hotel/Serviced Apartment
- Residential
- Healthcare
- Event Venue/Convention Centre

OUR BUSINESS MODEL

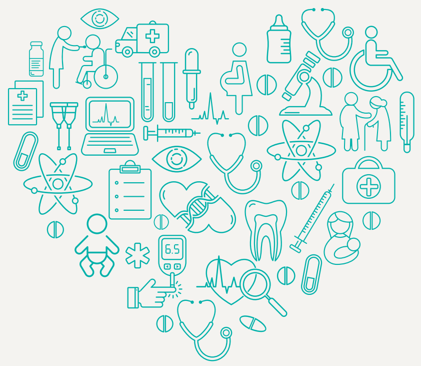
Perennial's business model is the foundation towards achieving its vision to be a leading global integrated real estate and healthcare company committed to enriching the lives of those it serves and to ultimately deliver value to all of its stakeholders.

REAL ESTATE

OWNER • DEVELOPER • MANAGER

HEALTHCARE

OWNER • OPERATOR • PROVIDER



SUPPORTED BY REPUTABLE SPONSORS

Reputable Sponsors

Perennial's four major sponsors own an aggregate effective interest of 81.3%[1] and have extensive knowledge, networks, resources and business experience in Singapore, China and other markets. This facilitates land sourcing, identification of potential business opportunities and on-ground support for Perennial.

Mr Kuok Khoon Hong (35.6%)[1]

- Chairman of Perennial
- Co-Founder, Chairman and Chief Executive Officer of Wilmar International Limited

Mr Ron Sim (15.4%)[1]

- Vice-Chairman of Perennial
- Chairman and Chief Executive Officer of V3 Group Limited

Wilmar International Limited (20.0%)[1]

- Asia's leading agribusiness group and ranked amongst the largest listed companies by market capitalisation on the Singapore Exchange

Mr Pua Seck Guan (10.3%)[1]

- Chief Executive Officer and Executive Director of Perennial
- Chief Operating Officer and Executive Director of Wilmar International Limited

1 As at 31 December 2017.

LEVERAGING ON THE INTEGRATED PLATFORM

Integrated Real Estate and Healthcare Business Model

Perennial has an established and internalised management team with capabilities spanning across the real estate and healthcare sectors. Supported by its sponsors and guided by its core values, Perennial is well poised to identify and seize opportunities that maximises the value of the business across the real estate and healthcare platform, while maintaining strong capital management discipline.

Real Estate Management Capabilities	Healthcare Management Capabilities	Capital Management Capabilities
Design, Development and Project Management	Service and Space Planning	Investment and Asset Management
Pre-operations and Government Relations	Operations, Benchmarking and Quality Practices	Fund Structuring and Management
Property Management	Investment and Asset Management	Strategic Planning, Capital Management and Investor Relations

DELIVERING VALUE TO STAKEHOLDERS

Shareholders
Delivering sustainable returns

Customers/ Tenants/Patients
Quality products and services in a safe environment

Suppliers
Mutually beneficial long-term partnerships

People
Safe and conducive workplace with opportunities cutting across our integrated platform

Regulators
Compliance with quality standards and regulatory requirements, strong governance culture

Community
Accessible and quality healthcare, vibrant environments that are easily accessible

UNDERPINNED BY OUR CORE VALUES AND SUSTAINABILITY APPROACH

Our Core Values

Teamwork
We value and empower our people, embrace diversity and work in unity to achieve our corporate goals.

Integrity
We believe in fair business practices and uphold a high standard of integrity, moral conduct and governance in our dealings with internal and external parties.

Excellence
We are passionate about our work, innovative and entrepreneurial in spirit, and push the boundaries in pursuit of outstanding performance.

Sustainability
We are socially, environmentally and economically responsible and treat our stakeholders with respect and compassion.

Our Sustainability Approach

We manage our key environmental, social and governance factors.

See Pages 96 to 149

We have robust corporate governance and risk management practices.

See Pages 110 to 143

STRATEGIC PRIORITIES

Our integrated strategy facilitates the maximisation of the value of both the real estate portfolio and healthcare and medical services businesses. We are guided by our overarching acquisition/investment principles.

Learn more about our acquisition/investment principles at this link http://www.perennialrealestate.com.sg/business-strategy.html

REAL ESTATE

Acquire, own and develop large-scale mixed-use development projects in first-tier and second-tier provincial capitals and major cities which are in close proximity to transportation hubs

CHINA

- Target large-scale mixed-use greenfield development projects strategically positioned in high growth cities and in close proximity to transportation hubs.
- Large-scale iconic mixed-use projects provide complementary advantages and enhance Perennial's resilience against any future policies for specific asset classes.

See Page 55 • for Chengdu East HSR Integrated Development

See Page 58 • for Beijing Tongzhou Integrated Development

See Page 60 • for Xi'an North HSR Integrated Development

Adopt strata-sale/long-term hold strategy to better manage fund flows, while benefitting from operating long-term assets

CHINA, SINGAPORE AND MALAYSIA

- Perennial will adopt a strata-sale strategy for parts of the development for capital recycling purposes and to improve the return on equity, with the remaining parts to be held for the long term.
- Tap on an additional source of funds, recycle capital and reduce external financing requirements.
- Retain an interest in long-term assets to enjoy the benefits of potential uplift in assets' valuations as well as recurring future income from these operational assets.

See Page 44 • for TripleOne Somerset, Singapore

See Page 45 • for AXA Tower, Singapore

See Page 58 • for Beijing Tongzhou Integrated Development, China

See Page 73 • for The Light City, Penang, Malaysia

Acquire assets which can be repositioned and redeveloped to extract embedded value

SINGAPORE

- Acquire properties which can be repositioned or redeveloped to create value.
- Selectively acquire completed operational assets which will augment the stream of recurring income and provide further income stability.

See Page 44 • for TripleOne Somerset

See Page 45 • for AXA Tower

See Page 47 • for Chinatown Point

Achieve first-mover advantage in high growth and untapped emerging markets

OTHER MARKETS

- Leverage on sponsors' extensive network of relationships and experience in the emerging markets.
- Focus on acquiring urban renewal or rejuvenation projects which require international expertise.
- Optimise capital structure through a combination of onshore and offshore funding.

See Page 74 • for Accra Integrated Development, Ghana

See Page 75 • for Call Option for Aviva Tower, London, United Kingdom

HEALTHCARE

Introduce healthcare real estate as an asset class in large-scale integrated developments

CHINA AND SINGAPORE

- Healthcare real estate within large-scale integrated developments creates synergy between the various components, thus enhancing the value of the entire integrated development.

See Page 56 • for Chengdu East HSR Integrated Development – Perennial International Health and Medical Hub and Chengdu Xiehe International Eldercare and Retirement Home, China

See Page 44 • for TripleOne Somerset, Singapore

See Page 45 • for AXA Tower, Singapore

Invest in or form strategic partnerships with established local and foreign healthcare or medical-related operators to scale up the business

CHINA AND SINGAPORE

- Partner reputable local and foreign healthcare or medical-related operators with extensive local and international networks and strong operating track records with the aim to provide a holistic range of medical and healthcare services.

See Page 56 for Investments or Partnerships: • 'Tenant-Landlord Relationship', such as Parkway Pantai Group as an anchor at Perennial International Health and Medical Hub

See Pages 80, 84, 85 • 'Joint Venture', such as the JVs to establish St. Stamford International Medical and BGI Perennial Genomics Diagnostic Imaging Centre

See Pages 82, 86 • Investment as a 'Significant Shareholder', such as in Renshoutang and Aidigong

CHENGDU EAST HSR INTEGRATED DEVELOPMENT

SYNERGISTIC BENEFITS ENHANCE VALUE

Chengdu East High Speed Railway ("**HSR**") Integrated Development is a large-scale mixed-use project comprising a holistic mix of medical, eldercare, senior housing, office, retail and residential components.

Strategically located at the operational Chengdu East HSR Station, one of the largest[1] HSR Stations in China, the development enjoys unrivalled transportation connectivity. Opening in 1H 2018, it is well-poised to become a regional medical and commercial hub that serves the burgeoning populations of Chengdu and neighbouring cities in Sichuan province.

The development sets in motion the execution of similar iconic projects across China. Perennial's integrated capabilities enable it to capture the synergies created between the real estate and healthcare components to deliver enhanced value.

STRATEGIC PRIORITIES

- Strategically located large-scale mixed-use development in second-tier provincial capital city, Chengdu, with direct connectivity to the largest[1] transportation hub in South West China
- Introduce healthcare real estate within large-scale integrated development
- Strategic partnerships with reputable local and foreign healthcare or medical-related operators

Perennial International Health and Medical Hub

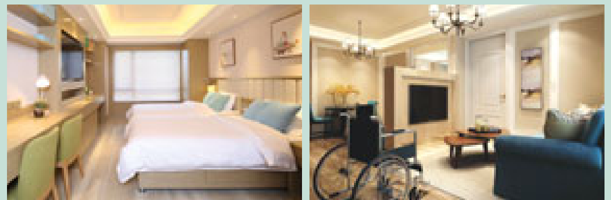
First regional medical cum retail integrated development in Chengdu and Sichuan province, which includes an international hospital operator as an anchor tenant, four of Perennial's healthcare businesses as mini-anchor tenants, and complementary healthcare and retail trades.

Perennial International Specialist Medical Centre

AND Maternal and Child Health Centre

St. Stamford Plastic Surgery and Aesthetic Hospital

BGI Perennial Genomics Diagnostic Imaging Centre



Chengdu Xiehe International Eldercare and Retirement Home

1 In terms of the number of train tracks.
2 Newssc article dated 30 January 2018 (http://city.newssc.org/system/20180130/002357227.htm).
3 Construction work has not commenced on this plot of land.

Legend:
- Perennial's Healthcare Real Estate (Owner, Developer and Manager)
- Perennial's Healthcare Business (Owner, Operator and Provider)
- Perennial's Non-Healthcare Real Estate (Owner, Developer and Manager)

LETTER TO SHAREHOLDERS

Dear Shareholders,

OVERVIEW

Strategy Taking Shape

It has been three fruitful years since we strategically positioned ourselves as a leading integrated real estate and healthcare company and undertook the pursuit of our integrated real estate and healthcare business strategy in China.

Today, as a real estate owner, developer and manager, Perennial's real estate portfolio comprises 10 large-scale integrated developments and five commercial and retail assets located in its core markets of Singapore and China, as well as in Malaysia and Ghana. Known for our focus on prime real estate with excellent connectivity, Perennial's assets are predominantly connected or in close proximity to key transportation hubs. Notably, two of the large-scale integrated developments are landmark projects in China which are located adjacent and connected to the two largest High Speed Railway ("**HSR**") stations in the country.

To showcase our integrated real estate and healthcare business model in China, we positioned Chengdu East HSR Integrated Development ("**Chengdu HSR Development**"), one of our two HSR projects, as the signature development. In addition to traditional real estate, we introduced healthcare real estate and services to the Chengdu HSR Development to capture the synergies that can be created between the various components within the precinct.

This year will mark the opening of the highly anticipated PIHMH and Chengdu Xiehe Home which are located at the Chengdu HSR Development, bringing our first integrated real estate and healthcare signature showcase to fruition.

Build on Successful HSR Healthcare Integrated Mixed-use Development Model by Leveraging on US$1.2 billion Joint Venture ("JV") to Grow HSR Portfolio

This year will mark the opening of the highly anticipated Perennial International Health and Medical Hub ("**PIHMH**") and Chengdu Xiehe International Eldercare and Retirement Home ("**Chengdu Xiehe Home**") which are located at the Chengdu HSR Development, bringing our first integrated real estate and healthcare signature showcase to fruition.

To build on this integrated model, we recently established an up to US$1.2 billion Perennial-syndicated JV with an initial capital commitment of US$500 million in January 2018 to invest in HSR healthcare integrated mixed-use developments in tier one and/or strong tier two cities and provincial capitals in China. The JV also provides an asset-light platform for us to potentially grow our HSR portfolio from two to eight projects with a total gross floor area of over 4 million square metres, positioning Perennial as a leading player with the largest HSR portfolio.

Healthcare Strategy with Eldercare and Senior Housing to Lead Growth

While we laboured to establish our first integrated healthcare signature showcase in China, we concurrently built our healthcare business in the country as an owner, operator and provider of quality services in the core segments of *Hospital and Medical Centres* and *Eldercare and Senior Housing*, as well as supporting specialties through acquisitions and joint ventures with the finest operators in the market.

With China's rapidly ageing population and the government's focus on quality integrated elderly care, our ability to extend our medical and healthcare expertise and services to our eldercare and senior housing facilities will drive the growth of both of our core healthcare business segments.

Under the *Hospitals and Medical Centres segment*, we set our sights on developing our expertise in five core lines, namely General Hospitals, Specialist Medical Centres, Women and Children Hospitals, Geriatric and Rehabilitation Hospitals and Traditional Chinese Medicine Hospitals. Under the *Eldercare and Senior Housing segment*, we will focus on providing senior housing facilities for independent living, assisted living and nursing care. Underpinning these two business segments are supporting specialties in *Genomics and Diagnostic Imaging*, *Plastic Surgery and Aesthetics* as well as *Maternal and Child Health Management*.

The expansion of our healthcare business has been remarkable, particularly in the *Eldercare and Senior Housing* segment. Today, we have a combined portfolio of 25 operational facilities with a bed capacity of over 4,100. Together with our real estate business presence, Perennial now has a foothold in 12 key cities across China.

With China's rapidly ageing population and the government's focus on quality integrated elderly care, our ability to extend our medical and healthcare expertise and services to our eldercare and senior housing facilities will drive the growth of both of our core healthcare business segments. In the longer term, we expect the *Eldercare* and *Senior Housing* segment to become the key driver of our healthcare business and we will leverage on our successful three-pronged leasing, Public-Private-Partnership ("**PPP**") and acquisition model to accelerate growth.

Furthermore, with the robust demand for quality medical care driven by healthcare reforms and economic growth, coupled with the strong adoption of HSR as a transport mode and the expansive growth of the HSR network, our HSR healthcare integrated mixed-use developments are well-placed to serve as one-stop regional healthcare hubs.

Our strategic venture into the healthcare business in China has provided us with not only a competitive edge in securing large scale healthcare integrated developments, but also the flexibility in managing our healthcare real estate by either leasing the space to third party operators or furnishing the space with our holistic range of in-house medical, healthcare and eldercare services.

Integrated Model Creates Downstream Businesses and Grows Management Income

Our strategic venture into the healthcare business in China has provided us with not only a competitive edge in securing large scale healthcare integrated developments, but also the flexibility in managing our healthcare real estate by either leasing the space to third party operators or furnishing the space with our holistic range of in-house medical, healthcare and eldercare services.

As our HSR healthcare integrated mixed-use development portfolio expands, our various lines of medical, healthcare and eldercare businesses will grow in tandem, boosting recurrent income streams from these management businesses, in addition to the income streams from our real estate-related management business.

Overall, the integration of our real estate and healthcare businesses will enhance the value of our real estate developments and drive net asset value ("**NAV**") growth of Perennial over time.

Overall, the integration of our real estate and healthcare businesses will enhance the value of our real estate developments and drive NAV growth of Perennial over time.

2017 FINANCIAL AND BUSINESS REVIEW

Financial Review

The Group performed respectably in 2017 and achieved a total profit after tax and minority interest ("**PATMI**") of S$100.3 million, 186.1% higher than 2016 total PATMI of S$35.1 million. 2017 total PATMI of S$100.3 million comprised operating PATMI of S$48.1 million, which was significantly higher than 2016 operating PATMI of S$0.3 million, and net fair value gain of S$52.2 million, which was higher than the S$34.8 million registered last year. The increase in operating PATMI was mainly due to gains from the partial divestment of a 20.2% equity stake in TripleOne Somerset and the effective share of results from mainboard-listed United Engineers Limited ("**United Engineers**").

The Group's earnings before interest and tax ("**EBIT**") for 2017 was S$219.6 million, a 97.4% increase from 2016 EBIT of S$111.2 million, mainly driven by the gain from the partial divestment of TripleOne Somerset, net fair value gains from investment properties in China and Singapore, and the effective share of results from United Engineers.

As at 31 December 2017, our NAV per share was S$1.663, higher than S$1.631 as at 31 December 2016, due to higher profit attributable to shareholders and partially offset by lower foreign currency translation reserve arising from RMB depreciation.

For the financial year ended 31 December 2017, a first and final dividend of 1.0 cent per share has been proposed, an increase from 2016 dividend of 0.4 cent per share in view of the improvement in operating results.

Real Estate Business Review

Singapore

2017 saw the market sentiment in Singapore turned positive as global economic momentum surged. While the real estate market became more challenging with rising land costs and property prices, we remained confident of delivering differentiated value given our ability to identify quality projects, create value through asset enhancement initiatives, and actively manage our portfolio of assets to maximise returns.

During the year, we completed the partial divestment of a 20.2% equity stake in TripleOne Somerset, realising a pre-tax divestment gain of approximately S$35.5 million. A 30% stake was retained for recurring income and potential upside from future strata sales and the completion of the enhancement works. In November 2017, we acquired an additional 5.4% interest in Chinatown Point at a consideration of S$8.5 million, increasing our total effective stake to 50.6% and cementing our position as the largest investor in the property. We are now exploring potential value creation opportunities to enhance the asset's efficiency and will provide detailed plans upon finalisation.

Major asset enhancement works undertaken at TripleOne Somerset and AXA Tower progressed well and are expected to be completed by 2019. At TripleOne Somerset, the temporary occupation permit for a new two-level retail podium is expected to be received by 2H 2018. Positioned predominantly as a gourmet marketplace, the retail podium will be complemented by a variety of specialty food, health, wellness and lifestyle options. Over at AXA Tower, work has commenced to construct a new street-level office lobby and a two-storey annex block for medical suites.

Concurrently, our balanced leasing and strata sale strategy for AXA Tower and TripleOne Somerset delivered a good set of results in 2017. New tenancies, strong renewals and expansions by existing tenants took up 47.4% and 27.3% of total office net lettable area at AXA Tower and TripleOne Somerset respectively. The two prime buildings also registered steady strata sales, with TripleOne Somerset achieving total strata sales of S$41 million at an average price of S$2,726 per square foot ("**psf**") and AXA Tower securing total strata sales of S$17 million at an average price of S$2,376 psf.

During the year, we also syndicated a Perennial-led consortium to successfully acquire a 33.7%[1] stake in United Engineers to strengthen our presence in our core markets.

China

In China, a stabilising economic outlook, growing middle class and ageing population supported the expansion of our integrated real estate and healthcare business strategy. With the Chinese Central Government's commitment to encourage long-term broad-based sustainable growth, it further reaffirms our confidence as an investor in the country.

1 The consortium acquired a 33.7% stake in United Engineers and a 10% stake in WBL Corporation Limited for approximately S$617 million. Perennial holds an effective stake of 32.5% in the consortium, while two of its sponsors, Mr Kuok Khoon Hong and Wilmar International Limited, hold 7.5% and 5% respectively. The remaining stakes are held by Yanlord Land Group Limited (49%) and Heng Yue Holdings Limited (6%).

In 2017, significant efforts were dedicated towards the successful completion of development works at PIHMH and Chengdu East HSR Integrated Development Plot D2 ("**Chengdu Plot D2**"), where Chengdu Xiehe Home will occupy one of the six blocks.

PIHMH has achieved a committed occupancy of 84.6%[2] ahead of its official opening in 1H 2018. The development will be anchored by one international hospital, the Chengdu ParkwayHealth Hospital, with four of Perennial's healthcare businesses serving as mini-anchor tenants – St. Stamford Plastic Surgery and Aesthetic Hospital, Perennial International Specialist Medical Centre, BGI Perennial Genomics Diagnostic Imaging Centre and AND Maternal and Child Health Centre. In addition, another medical mini-anchor tenant, Care Alliance Rehabilitation Hospital, soft-opened in 4Q 2017.

Chengdu Xiehe Home, also one of Perennial's healthcare businesses, is expected to commence operations in one tower between 2Q to 4Q 2018, while appropriate usage plans for the other five blocks are being finalised to support the various communities in the precinct.

Our next landmark HSR healthcare integrated mixed-use development will be the Xi'an North HSR Integrated Development, where we have secured written approval for one of the two plots to be designated for medical and healthcare usage. Construction is progressing well on the other plot with three towers already topped up.

Over at Beijing Tongzhou District where our Beijing Tongzhou Integrated Development is sited, the district's transformation into the subsidiary administration centre for Beijing is taking shape. Towards the end of 2017, some of the functions of the Beijing Municipal Government had started to relocate from Beijing to Tongzhou District. A total of 400,000 people is projected to move to Tongzhou District by 2019 once the relocation exercise is completed. A new Beijing Suburban Railway Subcentre Line spanning 38.8 kilometres commenced operations on 31 December 2017, connecting west Beijing to Tongzhou in less than an hour and central Beijing to Tongzhou in less than 30 minutes.

To-date, we have secured construction permits for four out of six plots for our Beijing Tongzhou Integrated Development. We expect to launch the sale[3] of the residences this year to capitalise on the escalating property prices around Tongzhou District.

In Shenyang, despite the challenging operating environment, Shenyang Longemont Shopping Mall's operating performance continued to improve, with its committed occupancy growing to 87.6% from 61% a year ago. Planning is currently underway to convert the West Wing of Shenyang Red Star Macalline Furniture Mall into a medical and healthcare centre. For Shenyang Longemont Offices, the committed occupancy grew further to 65.6% from 62.6% a year ago.

Operationally, our two suburban malls in Chengdu and Foshan continued to perform well, registering close to 100% occupancy and good rental growth.

Other Markets

In May 2017, our development in Penang was rebranded as The Light City. We have also successfully secured the building plan approvals for the convention centre, retail mall, hotels, office and first residential phase, Mezzo. Construction for The Light City is slated to commence in 1H 2018, with the project expected to be completed in 2021. The hotel operator for the four and five-star hotels at the development is expected to be appointed by 1H 2018, with sales[3] of Mezzo planned for 2018.

Separately, the land tenure at Accra Integrated Development in Ghana has been successfully extended by 50 years until 30 November 2067.

Healthcare Business Review

In 2017, we continued to expand our medical and healthcare services business in China, with our portfolio of operating beds growing 45.4% year-on-year to reach 4,167 beds. The increase was mainly driven by the *Eldercare and Senior Housing* segment, which added 1,152 beds to the overall portfolio. The total number of committed pipeline and potential pipeline of beds has also soared to reach 7,858 and 13,500 respectively.

At the St. Stamford Modern Hospital in Guangzhou, the facilities were enhanced to elevate treatment standards and a new two-storey extension block was completed to offer patients outstanding medical care and services in line with international standards. The hospital also successfully renewed its Joint Commission International accreditation, deemed the gold standard in healthcare, for a further three years.

Perennial International Specialist Medical Centre at PIHMH recently obtained its medical institution practice licence in January 2018 and has completed its fitting out works. One of the first specialist medical centre concepts in China, the centre will bring together senior specialists from various disciplines under one roof.

We completed the acquisition of a 49.9% stake in Shanghai RST Chinese Medicine Co., Ltd ("**Renshoutang**") to become its largest single shareholder in March 2017. Renshoutang's total operating bed capacity grew from 2,425 beds in 2016 to 3,577 beds in 2017. Three new facilities were opened, of which two are located in Zhenjiang, extending its presence beyond Shanghai. Two new prime sites were also acquired in Shanghai, further augmenting Renshoutang's leadership position in that market. The upward growth trajectory is expected to continue in the years ahead, with Renshoutang having secured a committed pipeline of about 7,750 beds and potential pipeline of 13,500 beds, through leveraging on a three-pronged leasing, PPP and acquisition model to achieve scale. This year, another three new facilities are slated to commence operations, including Wuhan Jiuzhoutong Renshoutang Xiehe Eldercare and Retirement Home, the first PPP facility which will be jointly operated with the Wuhan government.

Shenzhen Aidigong Modern Maternal and Child Health Management Co., Ltd ("**Aidigong**") also saw its portfolio grow from 140 beds in 2016 to 290 beds in 2017. This year, Aidigong is set to open the new AND Maternal and Child Health Centre at PIHMH, which will be the largest maternal and child health centre in Chengdu providing a comprehensive suite of premium specialised post-natal and neonatal services.

Recently, Perennial strengthened its supporting specialties with a 40-60 joint venture with Hunan Xiangya Emergency Response Investment Management Co., Ltd[4] to launch the first BGI Perennial Genomics Diagnostic Imaging Centre at PIHMH. Positioned as a health screening and diagnostic imaging centre for health management and medical diagnosis, the centre is expected to open in 1H 2018.

2 As at 31 January 2018.

3 Subject to receiving the necessary approvals and the prevailing market conditions.

4 Hunan Xiangya Emergency Response Investment Management Co., Ltd (湖南湘雅紧急救援投资管理有限公司) was nominated by BGI Management Holdings Co., Ltd (华大基因医院管理控股有限公司) to enter into the joint venture with Perennial.

CAPITAL MANAGEMENT

In 2017, the CHIJMES loan of S$196 million and the loans secured by Perennial Qingyang Mall and Perennial Foshan Mall totalling S$210 million were refinanced at lower interest rates and their maturities were extended to 2022.

As at 31 December 2017, the Group's net debt to equity ratio was 0.57 times, improving from 0.66 times as at 31 December 2016.

In January 2018, the Group issued S$120 million 3.9% Notes due 2021 under its S$2 billion Multicurrency Debt Issuance Programme to refinance its S$100 million 4.25% Notes due in 2018 under the same programme. We will continue to proactively manage our cash flow, liquidity and foreign currency exposure, especially in the current climate of tightening monetary policy and rising interest rates.

Sustainability is one of Perennial's four core values. We seek to embed sustainability in our corporate culture and fulfil our responsibility to our stakeholders and communities.

SUSTAINABILITY

Sustainability is one of Perennial's four core values. We seek to embed sustainability in our corporate culture and fulfil our responsibility to our stakeholders and communities. This year, we are proud to present our inaugural Sustainability Report for 2017 ("**Sustainability Report**") based on the Global Reporting Initiatives' framework as part of our Annual Report 2017. The Sustainability Report covers Perennial's real estate business in Singapore and will be progressively stepped up to include our healthcare business and operations in other countries.

For our flagship community initiative this year, we collaborated with Focus on the Family Singapore ("**Focus**") to launch its inaugural mother-and-child programme known as *Create with Mum*, which is aimed at fostering strong family bonds. We also sponsored two print runs of an illustrated children's book focused on the themes of family and the environment, with copies of the first print run donated to libraries and children-centric beneficiary organisations in Singapore, while proceeds from the second print run were channelled to allow mums in challenging situations to participate in the *Create with Mum* programme.

We have also implemented various initiatives to maximise environmental efficiency across our properties in Singapore, which include using LED light fittings in common areas, increasing our NEWater usage, and mandating all water fittings to have at least two Water Efficiency Labelling Scheme ticks by PUB, Singapore's national water agency. Our efforts bore fruit and AXA Tower was awarded the PUB Water Efficiency Award – Office Category, which recognises top water efficiency performers.

As Perennial is set to continue apace in growth mode, we will invest in developing and cultivating our people's capabilities to drive the Group forward. The Board is also committed to uphold sound corporate governance and sustainability practices to build a long-lasting business.

LOOKING FORWARD

This year, we will continue to focus on our core markets of Singapore and China, while exploring opportunities in new growth markets.

Our earlier investments in AXA Tower and TripleOne Somerset in Singapore have proven to be well-timed as office rents in Singapore are projected to rise steadily over the next few years.[5] We will actively pursue a strata or enbloc sale strategy to monetise and unlock the values of the buildings, while focusing on the execution of major enhancement works to create value uplifts. We will also continue to explore development projects or completed assets at reasonable valuations with potential for value enhancement.

Our earlier investments in AXA Tower and TripleOne Somerset in Singapore have proven to be well-timed as office rents in Singapore are projected to rise steadily over the next few years.

In China, our determined efforts have laid a strong foundation for us to become a dominant player in the HSR and transportation hub real estate space, and in the medical, healthcare and eldercare services market. The success of Chengdu HSR Development will bear testament to our unique integrated real estate and healthcare business model and set in motion the execution of many other similar iconic projects across the country.

Outside of our core markets, we will opportunistically pursue attractive projects in prime locations which offer compelling returns and require limited capital outlay. Our strategic focus will be on high-growth markets where we are able to leverage upon our sponsors' knowledge, networks and experience to achieve a first-mover advantage.

In China, our determined efforts have laid a strong foundation for us to become a dominant player in the HSR and transportation hub real estate space, and in the medical, healthcare and eldercare services market.

Our well-defined strategic priorities and precise execution in each market have served us well. Moving forward, we will build on the strong foundations in our core markets, strengthen our processes and execution capabilities, and harness the synergies resulting from our ***integrated strategy*** to deliver ***enhanced value*** to our shareholders over time.

ACKNOWLEDGEMENT

We would like to thank our Board of Directors for their commitment, counsel and guidance. On behalf of the Board of Directors, we would also like to extend our sincere appreciation to our Shareholders, tenants, patients, partners, customers and the analyst and media community for their unwavering support over the past years. We are also deeply grateful to all Perennians who work hard every day to bring Perennial's vision to fruition.

Mr Kuok Khoon Hong
Chairman

Mr Pua Seck Guan
Chief Executive Officer

6 March 2018

5 The Business Times article dated 7 February 2018 (http://www.businesstimes.com.sg/real-estate/singapore-office-retail-rents-to-see-strong-growth-over-next-few-years-report).

致股东函

尊敬的各位股东，

概览

战略成型

自从我们制定战略决策，要将鹏瑞利置地打造为集房地产与医疗健康业务为一体的全球领先公司、并不断拓展中国的综合房地产与医疗健康业务，过去三年里，我们收获颇丰。

今天，作为房地产业主、开发商和经理人，鹏瑞利置地的房地产投资组合包括十个大型综合项目及五个商业项目，这些项目不仅遍及新加坡和中国两个核心市场，也涉足了马来西亚和加纳。鹏瑞利的产业一向以其绝佳的连通性而闻名，因而资产主要连通或靠近主要的交通枢纽。值得注意的是，鹏瑞利有两项大型综合开发项目都是位于中国的地标性项目，分别与中国国内两座最大的高速铁路站相邻并连接在一起。

为了展示我们在中国的房地产与医疗健康综合项目的业务模式，我们将两个高铁项目之一的成都东站综合项目视为标志性的开发项目。除了传统的房地产开发模式，我们还将医疗健康地产和服务引入其中，从而创造该区域内各产业间的协同效应。

位于成都东站高铁开发项目中备受瞩目的鹏瑞利国际医疗健康中心和成都协和国际颐养院将于今年开幕，这将成为我们首个房地产与医疗健康综合项目的里程碑和标志性成果。

在多用途综合高铁医疗发展模式的成功作用下，我们通过12亿美元的合资企业来发展高铁投资组合

位于成都东站高铁开发项目中备受瞩目的鹏瑞利国际医疗健康中心和成都协和国际颐养院（"**协和颐养院**"）将于今年开幕，这将成为我们首个房地产与医疗健康综合项目的里程碑和标志性成果。

为建立这一综合商业模式，鹏瑞利最近牵头成立了一家计划融资12亿美元的合资企业，并于2018年1月获得了首轮5亿美元的出资承诺，用于投资在中国一线和/或重点二线城市及省会城市的多用途高铁综合医疗开发项目。该合资公司还为我们提供了轻资产平台，使我们的高铁投资组合项目从2个扩展到8个，总建筑面积超过400万平方米，这将使鹏瑞利成为拥有最大高铁投资组合的领先企业。

随着中国人口老龄化加快，以及政府对高质量综合老年护理的关注，我们将医疗健康专业技能和服务拓展至老年人护理和老年公寓房屋设施，这将推动我们核心医疗健康业务的长足发展。

结合养老和老年公寓的医疗健康战略引领业务提升

努力在中国建立我们第一个医疗健康综合项目标志性展示的同时，我们也通过并购以及与市场中最优秀的业者合资经营努力把自己打造成医院，医疗中心，养老护理，老年公寓和专项辅助医疗技术等核心业务的所有者、运营商及优质服务的提供者。

在医院和医疗中心的产业类别下，我们着眼于发展我们在以下五大核心业务领域的专业特长，即综合医院，专科医疗中心，妇女儿童医院，老年和康复医院以及中医医院。而在养老和老年公寓产业中，我们将专注于提供服务于独立生活、辅助生活及人工护理的居住设施上。支持以上两个产业类别的专项辅助医疗技术包括基因组诊断显像技术，美容和整形外科以及母婴健康管理。

我们医疗健康业务的扩张备受瞩目，尤其在养老和老年公寓领域的发展更为显著。今天，我们有25个带有4,100多个床位的运营设施。会同房地产业务，鹏瑞利已经在中国12个主要城市站稳脚跟。

随着中国人口老龄化加快，以及政府对高质量综合老年护理的关注，我们将医疗健康专业技能和服务拓展至老年人护理和老年公寓房屋设施，这将推动我们核心医疗健康业务的长足发展。从长远来看，我们预计养老和老年公寓业务将成为我们医疗健康业务发展的主要推动力，我们也将利用我们成功的三管齐下战略——租赁，公私合作和并购等模式来加速增长。

此外，随着医疗改革和经济增长带动的高质量医疗的强烈需求，加之高铁作为运输模式的强势普及和高铁网络的迅速发展，我们的多用途高铁综合医疗开发项目目前已经被成功地建成为一站式的区域医疗中心。

我们在中国医疗健康业务的战略投资不仅为我们提供了大规模医疗综合项目开发的竞争优势，而且还为我们的管理提供了灵活性，让我们既可以为第三方运营商提供租赁服务，也能利用我们内部的医疗健康业务和养老服务的协同发展来辅助我们的房地产业务。

综合的商业模式创造下游业务并提高管理收入

我们在中国医疗健康业务的战略投资不仅为我们提供了大规模医疗综合项目开发的竞争优势，而且还为我们的管理提供了灵活性，让我们既可以为第三方运营商提供租赁服务，也能利用我们内部的医疗健康业务和养老服务的协同发展来辅助我们的房地产业务。

随着我们的多用途高铁综合医疗开发项目投资组合的扩展，我们的各种医疗、健康和养老业务体系也将同步增长，推动这些管理业务的经常性收入增长以及房地产相关管理业务的收入资金流的不断增长。

总体来说，我们房地产业务与医疗健康业务的结合将促进我们房地产开发的价值提升，也将为鹏瑞利净资产价值的增长提供助力。

总体来说，我们房地产业务与医疗健康业务的结合将促进我们房地产开发的价值提升，也将为鹏瑞利净资产价值的增长提供助力。

2017财年财务与业务回顾

财年回顾

集团在2017年财务表现可观，纳税及少数股东权益后盈利为1.003亿新元，与2016年的3,510万新元相比，提升了186.1%。该盈利包括运营性纳税及少数股东权益后盈利的4,810万新元，明显高于2016年的30万新元，还包括5,220万新元的公允价值收益净额，高于去年同期的3,480万新元。运营性纳税及少数股东权益后盈利的增长主要源于111索美塞20.2%的股权出售以及主板上市的联合工程公司的有效股权带来的收益。

集团2017财年的息税前利润为2.196亿新元，比起2016年的1.112亿新元增长了97.4%。该增长主要来自111索美塞的部分股权出售收益、中国及新加坡投资物业的公允价值收益净额及联合工程公司的有效股权带来的收益。

截至2017年12月31日，每股净资产值达到1.663新元，高于2016年12月31日的1.631新元，主要是因为股东应占利润较高，以及部分被人民币贬值所产生的较低外币换算储备所抵销。

截至2017年12月31日的财年，鉴于经营业绩的提升，公司建议向股东派发每股1.0新加坡分的首期及末期股息，与2016年每股0.4新加坡分相比，有所增加。

房地产业务概览

新加坡

2017年，随着全球经济发展涨势迅猛，新加坡的市场态势渐趋乐观。虽然随着土地成本和房地产价格上涨，房地产市场变得更具挑战性，但是鉴于我们有能力使我们的优质项目脱颖而出，并通过资产增值计划创造更多价值，同时积极管理我们的资产组合使得收益最大化，我们仍然对提供差异化的价值保有十足的信心。

在这一年中，我们完成了对111索美塞20.2%的部分股权转让，实现了约3,550万新元的税前转让收益。我们保留了30%的股权以产生经常性收入，并保留未来分层销售及资产提升工程完工所带来的潜在上升空间。在2017年11月，我们以850万新元收购了唐城坊的另外5.4%的权益，将我们的总有效股权增加至50.6%，巩固了我们作为该资产的最大投资者地位。我们现在正在探索潜在的价值创造机会，以提高资产的利用效率，并会在计划制定后提供更多详情。

111索美塞和安盛保险大厦所进行的重大资产增值工作进展顺利，预计将于2019年完成。111索美塞中新的二层零售垫楼预计将于2018年下半年收到其临时入伙证。该零售垫楼主要定位为美食广场，届时将配以各种特色食品、养生保健和健康生活方式等品类选择。在安盛保险大厦，我们已开始着手打造一个全新的街面办公大厅，一个二层医疗套房附楼也在建设之中。

与此同时，我们在安盛保险大厦和111索美塞的平衡了租赁与分层销售的策略也在2017年取得了良好的业绩。在安盛保险大厦和111索美塞总办公室净出租面积中，新租约和现有租户续约及扩张分别占47.4%和27.3%。这两个主要产业的销售额也保持着稳定态势，111索美塞的平均销售额为4,100万新元，平均价格为每平方英尺2,726新元，而安盛保险大厦的总销售额则为1,700万新元，平均价格为每平方英尺2,376新元。

在这一年之中，我们我们还联合了一家由鹏瑞利领导的财团，成功收购了联合工程公司33.7%[1]的股份，以加强我们在核心市场的影响力。

中国

在中国，稳定的经济前景以及不断增加的中产阶级和老龄化的人口保障了我们综合房地产和医疗健康业务不断拓展。中国中央政府致力于鼓励长期而基础深厚的可持续增长，这进一步加强了我们投资中国的信心。

2017年，我们为成功完成鹏瑞利国际医疗健康中心和成都东站综合项目D2地块的开发建设作出了重大的努力，其中，成都协和颐养院将在这六座塔楼中占据其一。

在2018年上半年正式开业之前，鹏瑞利国际医疗健康中心的入驻率达到了84.6%。[2] 该发展项目将由一家国际医院——成都百汇医疗作为主力租户，另外还有四家鹏瑞利置地旗下

1 该财团以大约6.17亿新元收购了联合工程公司33.7%的股份和维信(集团)有限公司10%的股份。鹏瑞利置地在该财团中占有32.5%的有效股份，而它的另外两位赞助商，郭孔丰先生和丰益国际集团则分别占有7.5%和5%的有效股份。剩余股份则由仁恒置地集团（占49%有效股份）和恒裕控股有限公司（占6%有效股份）分别占有。

2 截至2018年1月31日数据。

的医疗服务公司作为次主力租户，这四家公司分别为成都圣丹福整形外科和美容医院，鹏瑞利国际名医馆，成都华大基因鹏瑞利基因诊断成像中心，以及爱帝宫国际母婴月子会所。此外，另一家医疗次主力租户，成都颐连康复医院已于2017年第4季度开业。

成都协和颐养院，作为鹏瑞利医疗健康业务的重要组成部分，预计将于2018年第2季度至第4季度在其中一座塔楼中开始运营，其他五个塔楼的使用计划正在定稿中，它们也将服务这一区域内的各个社区。

我们下一个具有里程碑意义的多用途高铁综合医疗开发项目将是西安北站综合项目，目前我们已经获得其中一个地块用于医疗健康用途的书面批准，而另外一个地块的三座塔楼也已顺利完工，其他施工情况进展顺利。

我们的北京通州综合项目位于北京通州区，该区目前正在转型成北京附属行政中心。到2017年年底，北京市政府的部分职能部门已经开始从北京市区迁至通州区，搬迁工作完成后，预计到2019年将有40万人搬迁至通州区。长达38.8公里的全新北京郊区铁路次中心线已于2017年12月31日开始运营，该线将京西地区与通州区连通，将其行车路程缩短至一个小时之内，同时将北京中心到通州的距离缩短至小于30分钟车程。

迄今为止，在北京通州综合项目的6个地块的开发中，我们已经获得了其中4个地块的施工许可证，我们预计将在今年利用通州区周边房价的上涨，进行住宅销售。[3]

在沈阳，尽管经营环境充满着挑战，沈阳龙之梦购物中心营运业绩仍然在持续改善中，入驻率从去年的61%增长至87.6%。我们目前正在计划将沈阳红星美凯龙家具商城西侧转变为医疗健康中心。沈阳龙之梦写字楼的也入驻率从一年前的62.6%进一步上升至65.6%。

在运营方面，我们位于成都和佛山的两座郊区商场依然业绩良好，有着接近100%入驻率和良好的租金涨势。

其他市场

2017年5月，我们在槟城的发展项目更名为The Light City。我们还成功获得了会议中心、零售商场、酒店、办公室和住宅首期项目，Mezzo的建筑计划批准。The Light City的建设预计将于2018年上半年开始施工，于2021年完工。该开发项目的四星级和五星级酒店的酒店运营商预计将在2018年上半年进行招标，Mezzo的销售计划则定于2018年。[3]

另外，加纳阿克拉综合开发项目的土地使用权已经成功地延长了50年，直至2067年11月30日。

医疗健康业务概览

2017年，我们继续拓展了在中国的医疗健康服务业务，既设床位同比增长45.4%，达到4,167张床位。这一增长的主要驱动力源于养老和老年公寓业务，该部分为整体的投资组合增加了1,152张床位。预设床位数量和潜在计划床位数量也分别猛增至7,858张和13,500张。

在广州圣丹福现代医院，我们进一步升级了我们的医疗设施，以求提升我们的治疗标准。我们同时完成了一个全新二层延伸建筑的建设，来为患者提供符合国际标准的优质医疗服务。该医院再一次成功荣获被视为健康行业黄金标准的JCI国际认证，并在接下来的三年里享有该认证。

位于鹏瑞利国际医疗健康中心的鹏瑞利国际名医馆已于2018年1月获得医疗机构执业资格执照，其装修工程也相继完成。作为中国首批专科医疗中心概念的其中一员，鹏瑞利国际名医馆会将各学科的资深专家汇集在同一屋檐下。

我们于2017年3月完成了对上海人寿堂国药有限公司49.9%的股权收购，成为其最大单一股东。人寿堂的总床位接待能力由2016年的2,425张床位增加至2017年的3,577张床位。目前已有三家新的分院开张，其中两间分院位于镇江，将其业务范围扩展至上海大本营以外的地区。在上海也新增了两间高端养老分院，进一步增强了仁寿堂在该市场的领导地位。未来几年人寿堂预计将保持持续增长态势，人寿堂通过三管齐下的租赁、公私合作和并购等模式，确保了约7,750张预设床位和潜在的13,500张计划床位建设。今年，另外三个新的分院投入运营，其中包括第一个以公私合作模式与武汉市政府合作设立的武汉九州通人寿堂协和颐养院。

深圳爱帝宫母婴健康管理公司的业务能力也从2016年的140张床位增长至2017年的290张。今年，爱帝宫计划在鹏瑞利国际医疗健康中心中开设新的母婴月子会所，这将是成都市最大的母婴月子会所，从而为该地区提供全套优质的专业产后服务和新生儿服务。

最近，鹏瑞利更强化了配套专科服务，与湖南湘雅紧急救援投资管理有限公司合作成立股份构成为40－60的合资公司以设立第一家华大鹏瑞利医院影像诊断中心。[4] 该中心预计将于2018年上半年在鹏瑞利国际医疗健康中心开业。

可持续发展是鹏瑞利置地四个核心价值之一。我们力求将可持续发展植入企业文化中，并切实履行我们对利益相关者和社区的责任。

3 待获得必要的批准和现行市场条件。

4 湖南湘雅紧急救援投资管理有限公司是由华大基因医院管理控股有限公司指派与鹏瑞利设立该合资公司。

资本管理

在2017财年，赞美广场的1.96亿新元贷款，以及以鹏瑞利青羊广场和鹏瑞利季华广场所担保的借贷，共计2.10亿新元，已经以更低利率再融资，其截止日期延长至2022年。

截至2017年12月31日，集团的净负债权益比率为0.57倍，与2016年12月31日的0.66倍相比有所改善。

在2018年1月，集团通过其20亿新元的多币种债券发行计划，发行了1.2亿新元于2021年到期，年利率为3.9%的债券，以此为在同一计划下于2018年到期的1亿新元，利率为4.25%的债券进行再融资。我们将继续积极管理我们的现金流量、流动资产及外汇风险，尤其是在当前这种紧缩的货币政策与利率不断上升的情况之下。

可持续发展

可持续发展是鹏瑞利置地四个核心价值之一。我们力求将可持续发展植入企业文化中，并切实履行我们对利益相关者和社区的责任。今年，我们很荣幸能够在全球报告倡议组织所提供的报告框架基础上，提交我们的首份2017年可持续发展报告，并将其作为2017年年度报告的一部分展示给大家。该可持续发展报告包括鹏瑞利置地在新加坡的地产业务，也将会逐步提升，将我们的医疗健康业务和在其他国家的业务纳入其中。

作为今年我们的旗舰社区计划，我们与新加坡爱家机构合作，推出了首个名为“*Create with Mum*”的母婴计划，旨在加强家庭亲情纽带。我们也赞助了一本以家庭和环境主题的儿童绘本的两次印刷，第一批印刷成品捐赠给了新加坡的图书馆和以儿童为中心的公益组织，而再版印刷成品的收益则转给了“*Create with Mum*”计划，让有困难的妈妈们能够顺利参加此计划。

我们还实施了多项举措，使我们在新加坡的物业能够最大限度地提升环境效率，这其中包括加强对再生水的使用，在公共区域使用LED灯具，并规定所有供水设施至少有两个由公用事业局提供的水效标签计划标记。我们的这些努力成果颇丰，安盛保险大厦荣获了公共事业局颁发的节水奖(办公室类)，该奖项旨在表彰新加坡的节水优能卫士。

鉴于鹏瑞利将继续保持迅猛的增长模式，我们在发展和培育人才方面投入更多资本，从而推动本集团的持续前进。董事会也将致力于保持良好的企业治理和可持续发展实践，从而建立更加持久的事业。

展望未来

今年，我们将继续专注于新加坡与中国这两个核心市场，同时探索其他新生市场的更多机遇。

我们早些时候在新加坡安盛保险大厦与111索美塞的投资正合时宜，因为新加坡的写字楼租金预计在未来几年内保持持续性增长态势。[5] 我们将积极实行分层销售或整体销售的经营策略，释放这些资产的价值，使其资产货币化。与此同时，我们也将重点执行主要的资产增值计划，以求达到价值提升。我们也将继续探索开发项目或是估价合理的已完工资产，并通过价值提升挖掘其潜力。

我们早些时候在新加坡安盛保险大厦与111索美塞的投资正合时宜，因为新加坡的写字楼租金预计在未来几年内保持持续性增长态势。

在中国，我们坚定不移的付出为我们跻身于高铁和交通枢纽地产开发主导者行列打下了坚实的基础，在医疗健康和养老服务市场也同样占据着先导地位。成都东站综合项目的成功将为我们独特的地产与医疗服务业务一体化的商业模式提供有力的佐证，也将为中国其他地区的多个类似标志性项目提供执行的动力。

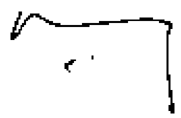
在我们的核心市场之外，我们将适时地在那些黄金地段开发更具吸引力的项目，用有限的资本投入创造更具说服力的投资回报。我们的战略重点将放在那些高速增长的市场中，用我们赞助商的知识、经验及人际交流网来实现先导优势。

在中国，我们坚定不移的付出为我们跻身于高铁和交通枢纽地产开发主导者行列打下了坚实的基础，在医疗健康和养老服务市场也同样占据着先导地位。

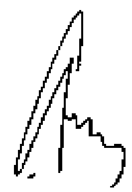
我们在每个市场中明晰的战略重点和精准的执行为我们的事业发展提供了有效的助力。展望未来，我们将在核心市场所打下的坚实基础上，加强我们的流程管理和执行能力，并利用综合策略所带来的协同效应，为我们的股东深化和提升价值。

特别鸣谢

感谢我们的董事会的辛勤付出与英明决策和领导。谨代表董事会，我们向全体股东、租户、医疗消费者、商业伙伴、客户、分析师及媒体近年来的坚定支持致以诚挚的感谢。我们也对全体职员表示深深的谢意，感谢大家为实现鹏瑞利置地的愿景而不懈努力与夜以继日的辛勤付出。



郭孔丰先生
主席



潘锡源先生
首席执行官

2018年3月6日

5 The Business Times 2018年2月28日报道(http://www.businesstimes.com.sg/real-estate/singapore-office-retail-rents-to-see-strong-growth-over-next-few-years-report)。

BOARD OF DIRECTORS

MR KUOK KHOON HONG, 68
CHAIRMAN, NON-INDEPENDENT NON-EXECUTIVE DIRECTOR

E R

Date of First Appointment: 27 October 2014
Date of Last Re-Election: 25 April 2016
Length of Service (as at 31 December 2017): 3 years 2 months

PRESENT DIRECTORSHIPS IN OTHER LISTED COMPANIES
- Chairman and Chief Executive Officer of Wilmar International Limited

PAST DIRECTORSHIPS IN OTHER LISTED COMPANIES HELD OVER THE PRECEDING 3 YEARS
- Director of Perennial China Retail Trust Management Pte Ltd, trustee-manager of Perennial China Retail Trust
- Director of Cosumar S.A., a Wilmar Associated Company (listed on Casablanca Stock Exchange)

BACKGROUND AND PAST MAJOR APPOINTMENTS
- Co-Founder of Wilmar International Limited
- Managing Director of Kuok Oils & Grains Pte Ltd

ACADEMIC AND PROFESSIONAL QUALIFICATIONS
- Bachelor of Business Administration, University of Singapore

MR RON SIM, 59
VICE-CHAIRMAN, NON-INDEPENDENT NON-EXECUTIVE DIRECTOR

N E

Date of First Appointment: 27 October 2014
Length of Service (as at 31 December 2017): 3 years 2 months

PRESENT DIRECTORSHIPS IN OTHER LISTED COMPANIES
- Non-Executive Director of Jumbo Group Limited

PRESENT MAJOR APPOINTMENTS
- Chairman and Chief Executive Officer of V3 Group Limited
- Director of Subsidiaries and Associated Companies of V3 Group Limited, including OSIM International Pte Ltd, ONI Global Pte Ltd, TWG Tea Company Pte Ltd and Future Store Pte Ltd

PAST DIRECTORSHIPS IN OTHER LISTED COMPANIES HELD OVER THE PRECEDING 3 YEARS
- Chairman and Chief Executive Officer of OSIM International Pte Ltd

BACKGROUND AND PAST MAJOR APPOINTMENTS
- Founder of OSIM International Pte Ltd
- Director of Sentosa Development Ltd
- Advisory Board Member of Singapore Management University Lee Kong Chian School of Business
- Advisory Board Member of International Enterprise Singapore
- Advisory Board Member of National University of Singapore Business School Advisory Board
- Committee Member of NTUC Enterprise Committee
- Member of Ministry of Trade and Industry Singapore Economic Review Sub-Committee

AWARDS
- Best Chief Executive Officer Award, Singapore Corporate Awards 2012
- Businessman of the Year Award, Singapore Business Awards 2003
- Entrepreneur of the Year Award, Ernst & Young 2003

MR EUGENE PAUL LAI CHIN LOOK, 54
LEAD INDEPENDENT NON-EXECUTIVE DIRECTOR

R AR N

Date of First Appointment: 27 October 2014
Date of Last Re-Election: 28 April 2017
Length of Service (as at 31 December 2017): 3 years 2 months

PRESENT DIRECTORSHIPS IN OTHER LISTED COMPANIES
- Director of AIMS AMP Capital Industrial REIT Management Limited, manager of AIMS AMP Capital Industrial Real Estate Investment Trust

PRESENT MAJOR APPOINTMENTS
- Managing Director and Co-Managing Partner of Southern Capital Group
- Council Member of Securities Industry Council

BACKGROUND AND PAST MAJOR APPOINTMENTS
- Managing Director and Senior Country Officer of JP Morgan Malaysia
- Managing Director and Chief Executive Officer of The Ascott Group Limited
- Managing Director of The Carlyle Group Asia
- Managing Director of Citigroup Singapore
- Practising Lawyer, Singapore

ACADEMIC AND PROFESSIONAL QUALIFICATIONS
- LL.B (First Class Honours), London School of Economics and Political Science, United Kingdom
- LL.M, Harvard Law School, United States of America

WITH CLEAR FORESIGHT AND DIVERSE EXPERTISE, OUR BOARD OF DIRECTORS IS FOCUSED ON SUPPORTING AND GOVERNING A SUSTAINABLE BUSINESS THAT DELIVERS LONG-TERM VALUE FOR OUR STAKEHOLDERS

AR Audit and Risk Committee · N Nomination Committee · R Remuneration Committee · CD Corporate Disclosure Committee · E Executive Committee · ◯ Denotes Committee Chairman

BOARD OF DIRECTORS

MR OOI ENG PENG, 62
INDEPENDENT
NON-EXECUTIVE DIRECTOR
AR CD

Date of First Appointment: 28 July 2015
Date of Last Re-Election: 25 April 2016
Length of Service (as at 31 December 2017): 2 years 5 months

PRESENT DIRECTORSHIPS IN OTHER LISTED COMPANIES
- Chairman of ESR Funds Management (S) Limited, (previously known as Cambridge Industrial Trust Management Limited), manager of ESR-REIT (previously known as Cambridge Industrial Trust)

PRESENT MAJOR APPOINTMENTS
- Director of Savant Global Capital Pty Ltd
- Director of ESR-SPV2 Pte Ltd
- Director of ESR-MTN Pte Ltd

PAST DIRECTORSHIPS IN OTHER LISTED COMPANIES HELD OVER THE PRECEDING 3 YEARS
- Director of Perennial China Retail Trust Management Pte Ltd, trustee-manager of Perennial China Retail Trust

BACKGROUND AND PAST MAJOR APPOINTMENTS
- Chief Executive Officer of Lend Lease Asia (based in Singapore)
- Chief Executive Officer of Investment Management and Retail Asia for Lend Lease (based in Singapore)
- Regional Chief Financial Officer of Lend Lease Communities Asia Pacific
- Global Chief Financial Officer of Lend Lease Investment Management
- Chief Financial Officer of Lend Lease Development
- Director of Frasers (Australia) Pte Ltd, Singapore
- Director of Rivalea Limited (previously known as Hamsdale Australia Pty Limited)
- Director of Frasers Property Australia Pty Ltd

ACADEMIC AND PROFESSIONAL QUALIFICATIONS
- Bachelor of Commerce, University of New South Wales, Australia
- Member, Certified Practising Accountants, Australia

MR LEE SUAN HIANG, 67
INDEPENDENT
NON-EXECUTIVE DIRECTOR
N AR R

Date of First Appointment: 27 October 2014
Length of Service (as at 31 December 2017): 3 years 2 months

PRESENT DIRECTORSHIPS IN OTHER LISTED COMPANIES
- Chairman of Anacle System Limited (listed on The Stock Exchange of Hong Kong)
- Director of Viking Offshore and Marine Limited
- Director of CITIC Envirotech Ltd
- Director of Advance SCT Limited
- Director of United Engineers Limited
- Director of MindChamps Preschool Limited

PRESENT MAJOR APPOINTMENTS
- Chairman of Global Culture Alliance Ltd
- Director of Global Business Advisers Pte Ltd
- Director of Lasalle College of the Arts Limited
- Director of Pasir Ris Resort Pte Ltd
- Director of Singapore Institute of Directors
- Director of SLF Leisure Enterprises (Pte) Ltd
- Director of The Singapore Lyric Opera Limited

PAST DIRECTORSHIPS IN OTHER LISTED COMPANIES HELD OVER THE PRECEDING 3 YEARS
- Director of Memstar Technology Ltd

BACKGROUND AND PAST MAJOR APPOINTMENTS
- Chief Executive Officer of National Arts Council
- Chief Executive Officer of SPRING Singapore
- Chief Executive Officer of National Productivity Board
- Chief Executive Officer of Singapore Institute of Standards and Industrial Research
- Deputy Managing Director of Singapore Economic Development Board
- Chief Executive Officer of Real Estate Developers' Association of Singapore
- President of Economic Development Board Society
- Chairman of Singapore Note and Coin Advisory Committee

AWARDS
- National Day Public Administration Gold Medal, 1998
- World Academy of Productivity Science Fellowship Award, 2000
- World SME Association Award, 2001
- Japan External Trade Organisation Award, 2002
- Asian Productivity Organisation Honorary Fellowship Award, 2004
- Chevalier de l'Ordre des Arts et Lettres from France, 2010
- NTUC Friend of Labour Award, 2012

ACADEMIC AND PROFESSIONAL QUALIFICATIONS
- Colombo Plan Scholar, Bachelor of Arts (Honours) in Industrial Design (Engineering), Manchester Polytechnic, United Kingdom

MR CHUA PHUAY HEE, 64
INDEPENDENT
NON-EXECUTIVE DIRECTOR
AR

Date of First Appointment: 27 October 2014
Date of Last Re-Election: 28 April 2017
Length of Service (as at 31 December 2017): 3 years 2 months

PRESENT DIRECTORSHIPS IN OTHER LISTED COMPANIES
- Director of Frasers Hospitality Asset Management Pte Ltd, manager of Frasers Hospitality Real Estate Investment Trust
- Director of Frasers Hospitality Trust Management Pte Ltd, trustee-manager of Frasers Hospitality Business Trust

PRESENT MAJOR APPOINTMENTS
- Director of Temasek Life Sciences Laboratory Limited
- Director of Lu International (Singapore) Financial Asset Exchange Pte Ltd

PAST DIRECTORSHIPS IN OTHER LISTED COMPANIES HELD OVER THE PRECEDING 3 YEARS
- Director of Industrial Bank Co., Ltd (listed on Shanghai Stock Exchange)
- Director of Armada Holdings Limited (now known as Great Wall Pan Asia Holdings Limited, listed on The Stock Exchange of Hong Kong)

BACKGROUND AND PAST MAJOR APPOINTMENTS
- Executive Director for Finance, Risk Management, IT and Corporate Services of Wilmar International Limited
- Chief Financial Officer and Chief Risk Officer of Keppel TatLee Bank Limited
- Executive Vice President of Tat Lee Bank Limited
- Director of Monetary Authority of Singapore
- Director of Wilmar International Limited
- Director of Eltech Electronics Limited

ACADEMIC AND PROFESSIONAL QUALIFICATIONS
- Master of Science (Actuarial Science), Northeastern University, United States of America
- Bachelor of Science in Mathematics (First Class Honours), Nanyang University, Singapore

MR PUA SECK GUAN, 54
CHIEF EXECUTIVE OFFICER,
EXECUTIVE DIRECTOR
CD E

Date of First Appointment: 27 October 2014
Date of Last Re-Election: 25 April 2016
Length of Service (as at 31 December 2017): 3 years 2 months

PRESENT DIRECTORSHIPS IN OTHER LISTED COMPANIES
- Executive Director and Chief Operating Officer of Wilmar International Limited
- Non-Executive Director of United Engineers Limited

PRESENT MAJOR APPOINTMENTS
- Member of Consultative Committee of National University of Singapore Department of Real Estate
- Member of Singapore-China Business Council of Singapore Business Federation

BACKGROUND AND PAST MAJOR APPOINTMENTS
- Vice Chairman and President of Perennial Real Estate Holdings Pte Ltd
- Executive Director and Chief Executive Officer of Perennial China Retail Trust Management Pte Ltd, trustee-manager of Perennial China Retail Trust
- Chief Executive Officer of DLF International Pte Ltd
- Executive Director and Chief Executive Officer of CapitaMall Trust Management Limited, manager of CapitaMall Trust (presently known as CapitaLand Mall Trust Management Limited)
- Co-Chief Executive Officer of CapitaLand Financial Limited
- Chief Executive Officer of CapitaLand Retail Limited
- Deputy Chief Executive Officer and Managing Director of Retail of CapitaLand Commercial Limited
- Director of Courts Asia Pte Ltd (now known as Courts Asia Limited, listed on the Stock Exchange of Singapore)
- Member of Board of Trustees of International Council of Shopping Centers

AWARDS
- Best Investor Relations by a CEO Award, IR Magazine South East Asia Awards 2008
- Best Investor Relations by a CEO or Chairman (Small or Mid-Cap) Award, IR Magazine South East Asia Awards 2006

ACADEMIC AND PROFESSIONAL QUALIFICATIONS
- Master of Science in Civil Engineering, Massachusetts Institute of Technology, United States of America
- Bachelor of Science in Building (First Class Honours), National University of Singapore

AR Audit and Risk Committee N Nomination Committee R Remuneration Committee CD Corporate Disclosure Committee E Executive Committee ◯ Denotes Committee Chairman

MANAGEMENT TEAM

1. MR LIAK TENG LIT

2. MS BELINDA GAN

3. MR IVAN KOH

4. MS ANNIE LEE

5. MS DAWN TAN

6. MR LIM KONG CHENG

7. MS TAN BOON PHENG

8. MS TONG KA-PIN

9. MS EVELYN KWOK

10. MS MAGGIE MA

11. MS JOANNA LOW

12. MS YEOH SZU WOOI

13. MR ROY LIM

14. MS JULIET CHOO

15. MS SIM AI HUA

1. MR LIAK TENG LIT

GROUP CHIEF OPERATING OFFICER *(Perennial)*
CHIEF EXECUTIVE OFFICER *(Perennial Healthcare Pte Ltd)*

As Group Chief Operating Officer ("**COO**"), Mr Liak assists Mr Pua Seck Guan, Chief Executive Officer ("**CEO**") of Perennial Real Estate Holdings Limited ("**Perennial**"), to oversee and manage the general business of Perennial. As CEO of Perennial Healthcare Pte Ltd, Mr Liak assists Mr Pua to provide strategic leadership in the development and management of Perennial's healthcare businesses in Singapore and China.

Mr Liak is well-recognised as a healthcare industry veteran with 40 years of experience. Prior to joining Perennial, Mr Liak was Group CEO of Alexandra Health System. Earlier, he held various positions as Group CEO of Khoo Teck Puat Hospital, Alexandra Hospital, Changi General Hospital and Toa Payoh Hospital. He was also involved in the restructuring of major hospitals including The National University Hospital, Kandang Kerbau Hospital (now known as KK Women's and Children's Hospital) and Singapore General Hospital.

Mr Liak is currently Chairman of the National Environment Agency. He also serves on the boards of NTUC Health Co-operative Limited, Pathlight School, Civil Service College's Service Management Advisory Panel and the Centre for Liveable Cities' Advisory Board.

Mr Liak holds a Master of Business Administration and a Bachelor of Science (Pharmacy) from the National University of Singapore and a Master of Science (Pharmaceutical Sciences) from the University of Aston, Birmingham, United Kingdom ("**UK**").

2. MS BELINDA GAN

CHIEF FINANCIAL OFFICER

Ms Gan is overall responsible for all finance-related functions of Perennial, including financial reporting and operations, corporate finance and treasury, financial planning and risk management.

Ms Gan has over 30 years of experience in finance-related work ranging from accounting, audit, corporate finance, treasury and financial reporting.

Ms Gan was previously the Chief Financial Officer of Perennial Real Estate Holdings Pte Ltd ("**PREHPL**"). Prior to that, Ms Gan was with CapitaLand and last held the position of Group Financial Controller. Her earlier positions within the CapitaLand Group included Vice President (Finance and Corporate Services), CapitaLand Financial Limited and Vice President (Finance), CapitaLand Commercial Limited.

Ms Gan also previously held various finance positions at PowerSeraya Limited, Singapore Network Services Pte Ltd and Port of Singapore Authority.

Ms Gan holds a Bachelor of Accountancy (Honours) from the National University of Singapore and is a member of the Institute of Singapore Chartered Accountants and CPA Australia.

3. MR IVAN KOH

DEPUTY CHIEF EXECUTIVE OFFICER (CHINA)

Mr Koh assists the CEO of Perennial with the leadership and development of corporate strategy, goals, and policies for the real estate and healthcare businesses in China. He also leads new business development and strategic collaborations.

Mr Koh has over 19 years of real estate experience. Mr Koh was previously the CEO of Perennial China Retail Trust Management Pte Ltd ("**PCRTMPL**"), trustee-manager of Perennial China Retail Trust ("**PCRT**"). He was concurrently the Deputy CEO (Retail Management, China) of Perennial (Shanghai) Retail Management Co., Ltd.

Prior to that, he was seconded by Perennial Real Estate Pte Ltd ("**PREPL**") to DLF International Holdings Pte Ltd in New Delhi as COO (Retail Business) for more than a year. Mr Koh previously held various positions at CapitaLand Retail Limited (now known as CapitaLand Mall Asia Limited) ("**CRL**"), including Regional General Manager of West China and General Manager of North China.

Mr Koh holds a Bachelor of Science in Management (Honours) from the University of London, UK.

4. MS ANNIE LEE

DEPUTY CHIEF EXECUTIVE OFFICER (SINGAPORE)

Ms Lee oversees the operations of Perennial's business in Singapore, which includes managing the planning and implementation of policies, initiatives and operational systems. She is also involved in acquisitions and divestments as well as strategic development. Separately, Ms Lee also oversees The Light City development in Penang, Malaysia.

Ms Lee has over 20 years of real estate experience, with strong expertise in leasing, retail planning, asset management and property management. Ms Lee was previously the COO (Singapore) of Perennial. Earlier, she held the positions of COO (Singapore) of PREHPL and Senior Vice President, Leasing and Asset Management of PREPL.

Prior to that, Ms Lee was Vice President, Asset Management of GIC Real Estate Pte Ltd. She was also Head of Leasing (Singapore) of CRL, where she was seconded to VivoCity as Senior Development Manager for over two and a half years.

Ms Lee holds a Master of Business Administration (Specialisation in Real Estate) and a Bachelor of Science in Estate Management (Honours) from the National University of Singapore.

5. MS DAWN TAN

CHIEF OPERATING OFFICER (SINGAPORE)

Ms Tan assists the Deputy CEO (Singapore) to oversee the operations of Singapore and overseas (ex-China) projects.

Ms Tan has more than 25 years of property management experience. The properties that she oversaw and managed in Singapore include Wisma Atria, Ngee Ann City, Capitol Singapore, 112 Katong, Chinatown Point, CHIJMES, VivoCity, Clarke Quay and One-North.

Prior to Perennial, Ms Tan held various positions including General Manager of YTL Starhill Global Property Management Pte Ltd, General Manager of Capitol Investment Holdings Pte Ltd ("**CIHPL**"), Senior Vice President of PREPL, General Manager and Retail Director of CRL.

Ms Tan holds a Bachelor of Science in Estate Management from the National University of Singapore and a Graduate Diploma in Business Administration from the Singapore Institute of Management.

6. MR LIM KONG CHENG
HEAD, PROJECT MANAGEMENT

Mr Lim oversees the project development and management of Perennial's assets. He has direct oversight of project budget, cash flow and resource allocation to enhance the efficiency of projects delivery. He is also involved in providing strategic and technical leadership for the acquisition of new developments.

Mr Lim has over 22 years of experience in project development and management, particularly in high-end offices, condominiums, hotels, resorts and retail malls.

Mr Lim was previously seconded to CIHPL for over five years as Project Director to oversee and manage the development of Capitol Singapore. Earlier, he held the position of Senior Vice President, Project Development at PREPL and PREHPL. Prior to that, he was seconded by PREPL to DLF Cybercity Developers Pte Ltd in New Delhi as Senior Vice President for one and a half years.

Mr Lim previously held senior positions at Hotel Properties Limited, where he managed the development of prime projects such as the Canary Riverside mixed-use development in the UK, Four Seasons Resorts in Bali and Maldives as well as the Parrot Cay Resort in Turks and Caicos. He was also with Lippo Incheon Pte Ltd, where he managed the planning of a new township in Incheon, South Korea.

Mr Lim holds a Master of Science in Management Science from the Imperial College of Science and Technology, UK and a Bachelor of Science in Civil Engineering (First Class Honours) from the University College London, UK.

7. MS TAN BOON PHENG
HEAD, DESIGN MANAGEMENT

Ms Tan oversees the creative planning, design and project development of new and completed projects in Perennial.

Ms Tan has over 25 years of project design experience with strong expertise in retail, residential, integrated development, and master planning. Ms Tan was previously the Head, Project and Design Management of PREHPL. Earlier, she was the Senior Vice President, Project and Design Management of PREPL.

Prior to that, Ms Tan was the Vice President, Project Design and Development Management of CapitaMalls Asia Limited (now known as CapitaLand Mall Asia Limited) ("**CMA**"), where she was responsible for overall design management of malls across Asia including Raffles City in Beijing, Chengdu and Hangzhou. Earlier, she was with Surbana International Consultants Pte Ltd, where she set up the company's first international branch office in Chengdu and was involved in master planning projects in Asia and the Middle East.

Ms Tan holds Dual Master Degrees in City Planning and Urban Design from the University of Pennsylvania, United States of America ("**USA**"), and a Bachelor of Architecture (Honours) from the University of New South Wales, Australia. Ms Tan is registered with the Board of Architects, Singapore.

8. MS TONG KA-PIN
HEAD, INVESTOR RELATIONS, CORPORATE COMMUNICATIONS AND MARKETING

Ms Tong oversees the establishment and maintenance of strategic relationships with Perennial's stakeholders, shareholders, the media, and the investment and financial community across various communication platforms.

Ms Tong has over 16 years of investor relations and corporate communications ("**IRCC**"), corporate marketing ("**CM**"), corporate branding and events management experience. Ms Tong was previously the Senior Vice President, IRCC and CM of PREHPL. Concurrently, she was the Head, IRCC and CM of PCRTMPL, trustee-manager of PCRT. Earlier, she was the Senior Vice President, IRCC and CM of PREPL.

Ms Tong previously held concurrent positions as Head, IRCC of CapitaMall Trust Management Limited (now known as CapitaLand Mall Trust Management Limited) ("**CMTML**") and Head, IRCC and CM of CRL. Earlier, Ms Tong was the Assistant Vice President, Investor Relations of United Overseas Bank Limited.

Ms Tong holds a Master of Commerce (Advanced Finance) from the University of New South Wales, Australia and a Bachelor of Arts from the National University of Singapore. She has completed the Executive Development Program at Wharton, University of Pennsylvania, USA.

9. MS EVELYN KWOK
HEAD, HUMAN RESOURCES

Ms Kwok oversees the development and management of human resources across Perennial.

Ms Kwok has over 23 years of human resources experience in supporting operations in Singapore, China, India, and the United Arab Emirates. Her experience includes human resources business partnerships and operations, payroll as well as employee and industrial relations.

Prior to joining Perennial, Ms Kwok held various positions as Assistant Vice President, Group Human Resource of Sembcorp Industries Limited, Administration and Payroll Manager of Cold Storage Singapore (1983) Pte Ltd and Assistant Personnel Manager of Unilever Singapore Pte Ltd.

Ms Kwok holds a Bachelor of Science in Business Administration (Majoring in Human Resources Management and Minor in Economics) from the California State University, Los Angeles, USA.

10. MS MAGGIE MA
**HEAD, LEGAL
JOINT COMPANY SECRETARY**

Ms Ma oversees the legal and corporate secretarial functions of Perennial.

Ms Ma has over six years of experience in dispute resolution and corporate transactions. She has represented clients in litigation and international arbitration, as well as provided advisory on pre-IPO structuring, mergers and acquisitions, joint ventures, capital markets and cross-border transactions.

Prior to joining Perennial, Ms Ma held positions in private practice as Senior Associate at Fortis Law Corporation and Associate at RHTLaw Taylor Wessing.

Ms Ma holds a Doctor of Jurisprudence from the Singapore Management University and a Bachelor of English Literature from the Beijing Jiaotong University. She is a member of Singapore Academy of Law. Ms Ma is dually qualified to practise law in Singapore and China.

11. MS JOANNA LOW
SENIOR GENERAL MANAGER (NORTH CHINA)

Ms Low oversees the development, operational management and business development of Perennial's real estate business in North China. She also identifies new business opportunities and manages existing joint ventures to scale Perennial's integrated real estate and healthcare business in China.

Ms Low has over 17 years of investment, asset management and leasing experience in the real estate industry. Ms Low was previously Senior General Manager (South China) of Perennial. Earlier, she was Head, Investment and Asset Management of PCRTMPL, trustee-manager of PCRT. Prior to that, she was the Director of Retail (Head of North China Retail) in Savills Property Services (Beijing) Co., Ltd.

She also previously held positions as Vice President, Fund and Asset Management of PREPL, General Manager, Raffles City Singapore at CRL and Investment and Asset Manager of CMTML.

Ms Low holds a Master of Commerce (Advanced Finance) from the University of New South Wales, Australia, and a Bachelor of Business from the Queensland University of Technology, Australia.

12. MS YEOH SZU WOOI
SENIOR GENERAL MANAGER (SINGAPORE)

Ms Yeoh is responsible for the asset management and business development of Perennial's business in Singapore. She is also involved in acquisitions and divestments as well as strategic partnerships to grow Perennial's presence in Singapore.

Ms Yeoh has over 15 years of experience in real estate investment, asset management and corporate finance in Singapore and Malaysia. Ms Yeoh was previously Vice President, Investment and Asset Management (Singapore) of Perennial. Earlier, she held the same position at PREHPL and PREPL.

Prior to that, Ms Yeoh was Assistant Vice President in the corporate finance department of Mitsubishi UFJ Securities (Singapore), Limited. She also previously held positions at The Nikko Merchant Bank (Singapore), HwangDBS Investment Bank Berhad and Alliance Investment Bank Berhad.

Ms Yeoh holds a Bachelor of Science in Finance from The Queen's University of Belfast, UK.

13. MR ROY LIM
SENIOR VICE PRESIDENT, INVESTMENT AND ASSET MANAGEMENT (REGIONAL)

Mr Lim is responsible for the development and management of Perennial's portfolio of assets in overseas markets. He also leads business development and expansion into new markets.

Mr Lim has over nine years of experience in investment and asset management. Mr Lim was previously Deputy Head, Investment and Asset Management of PCRTMPL, trustee-manager of PCRT. Prior to that, he was with the investment and asset management team of PREPL.

Earlier, he was Manager, Investment and Asset Management of CMTML. Mr Lim also previously worked with the Singapore Government's Ministry of Law and the Ministry of Information, Communications and the Arts.

Mr Lim holds a Master of Engineering and a Bachelor of Arts from the University of Cambridge, UK. Mr Lim is a CFA charterholder.

14. MS JULIET CHOO
DEPUTY HEAD, PROJECT MANAGEMENT

Ms Choo assists the Head of Project Management in the project development and management of Perennial's assets in China.

Ms Choo has over 23 years of project and design management experience with strong expertise in integrated developments comprising high end retail, residential, hotel and office.

Ms Choo was previously seconded to CIHPL for four and a half years as Vice President, Project Design Management, to oversee and manage the development of Capitol Singapore. Earlier, Ms Choo held senior positions at CMA, where she managed the development of prime projects such as ION Orchard and Star Vista in Singapore as well as Raffles City in China. Prior to that, she was with Surbana International Consultants Pte Ltd, where she was involved in the development of Royal Complex, a large-scale integrated development in Abu Dhabi.

Ms Choo holds a Bachelor of Architecture from the National University of Singapore. Ms Choo is registered with the Board of Architects, Singapore.

15. MS SIM AI HUA
JOINT COMPANY SECRETARY

Ms Sim is responsible for the corporate secretariat functions of Perennial and its subsidiaries. She provides secretariat support to the Board and the various Board Committees.

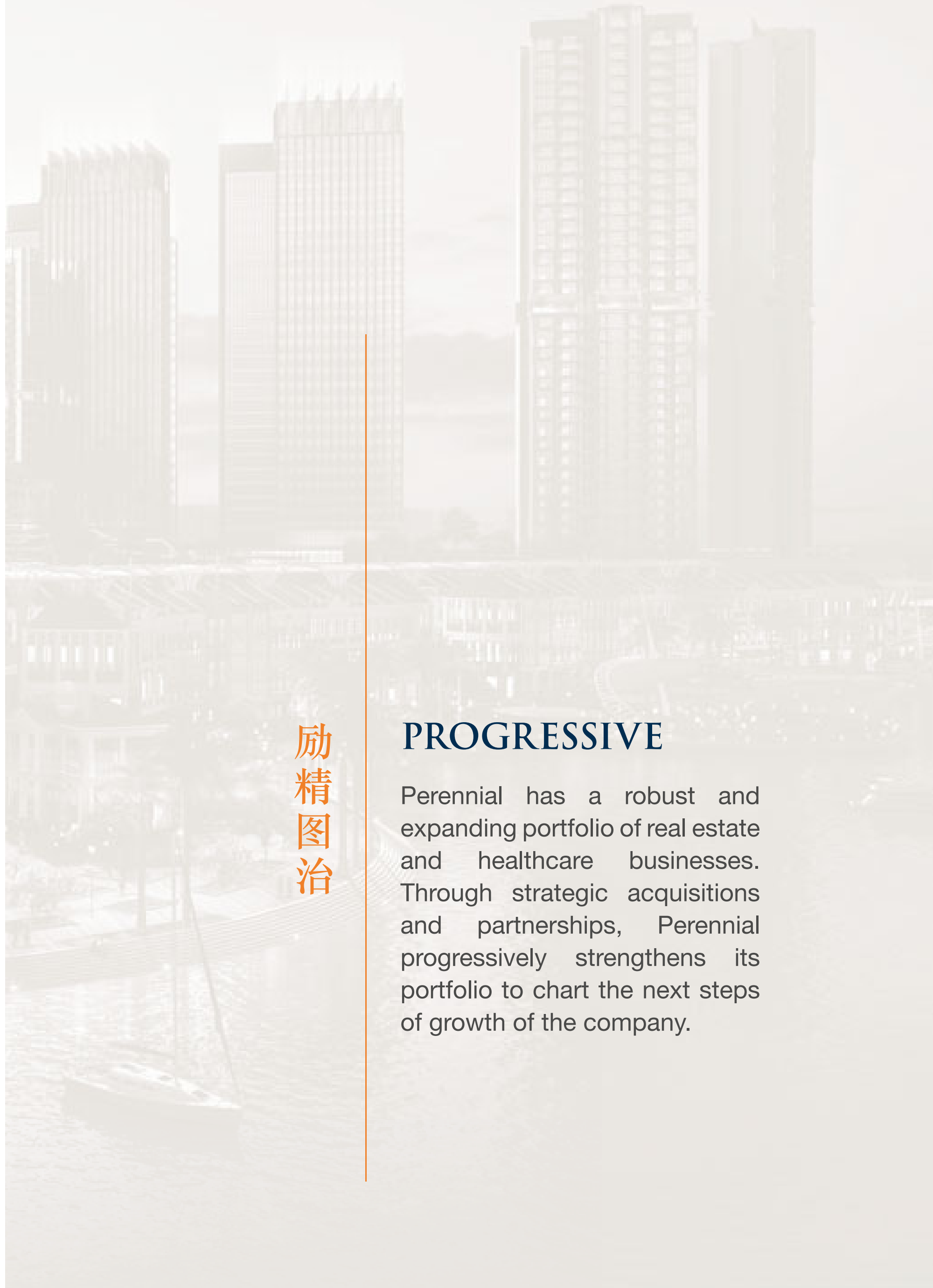
Ms Sim has over 22 years of corporate secretariat experience in listed companies, REITs and Business Trusts. Prior to joining Perennial, she was the Corporate Secretariat Manager with SATS Ltd and was also Joint Company Secretary of its subsidiaries. Ms Sim was previously with CapitaLand Commercial Limited and CRL. Earlier, she was with the Legal and Corporate Secretariat department at United Overseas Bank Limited.

Ms Sim holds a Diploma in Banking and Finance from The Institute of Banking and Finance and is an Associate of the Chartered Secretaries Institute of Singapore.

励精图治

PROGRESSIVE

MOUNT HUANGSHAN
Huangshan, Anhui
Mount Huangshan is renowned for its spectacular scenery of towering granite peaks, many over 1,000m high, emerging through a sea of clouds. Its peaks reach out to the horizon, offering a view of grand structures appearing to reach for greater heights.



励精图治

PROGRESSIVE

Perennial has a robust and expanding portfolio of real estate and healthcare businesses. Through strategic acquisitions and partnerships, Perennial progressively strengthens its portfolio to chart the next steps of growth of the company.

MARKET TRENDS

CHINA

1. CHINESE CENTRAL GOVERNMENT'S FOCUS ON LONG-TERM SUSTAINABLE GROWTH

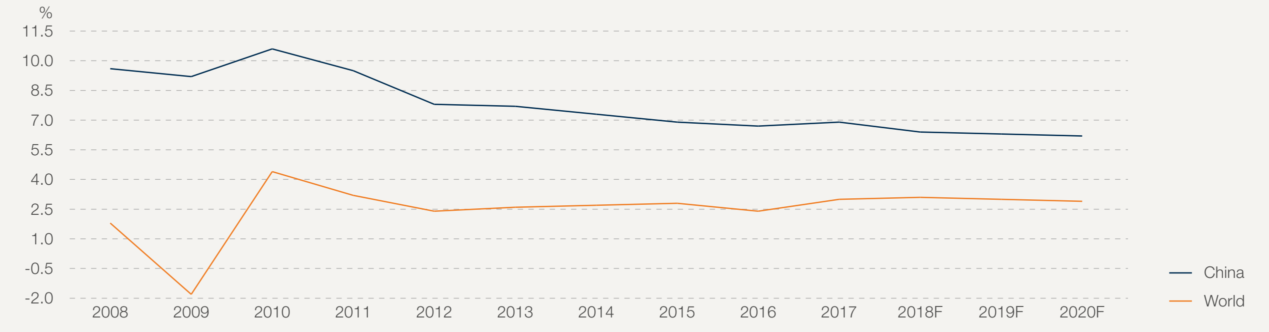
At the Communist Party of China's National Congress in November 2017, President Xi Jinping outlined China's five-year development objectives, with a focus on steering the country's economy from high-speed to high-quality growth. The Central Government also announced its intention to push forward with structural supply-side reforms, deleveraging, economic liberalisation, poverty reduction and green initiatives.[1]

While the rapid run-up in China's property prices tapered off slightly in 2017, the Central Government continued to pursue tightening measures to maintain market stability, with President Xi Jinping repeatedly advocating that 'homes are for living in, not for speculating on'. In the long term, the Central Government aims to put in place a housing system that ensures supply through multiple sources.[2] In particular, it will look to develop the market for rental housing. Land in various cities have been allocated for rental projects and the Central Government aims to introduce policies which improve the rights of tenants.

The Central Government's priority on achieving broad-based sustainable growth augurs well for the country's long-term prospects. The property, retail and medical services sectors are expected to experience steady growth in the long run, driven by urbanisation, the growing affluence of the middle class and the government's new economic focus.[3]

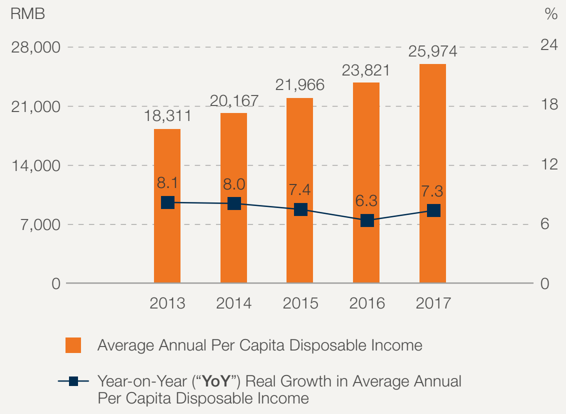
Annual GDP Growth

Source: World Bank Global Economic Prospects January 2018

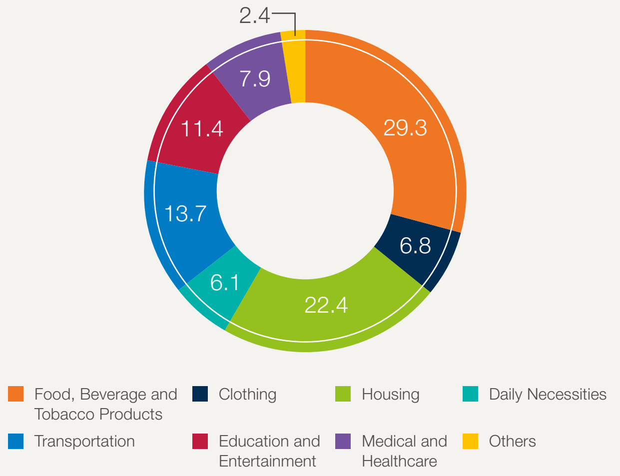


2013-2017 Average Annual Per Capita Disposable Income

Source: National Bureau of Statistics of People's Republic of China[4]



2017 Breakdown of Per Capita Consumption Expenditure (%)



1 Reuters article dated 20 December 2017 (https://www.reuters.com/article/us-china-economy-conference/china-to-deepen-reform-keep-growth-steady-in-2018-idUSKBN1EE12L).
2 Xinhua News article dated 17 February 2018 (http://www.xinhuanet.com/english/2018-02/17/c_136981520.htm).
3 The Business Times article dated 30 January 2017 (http://www.businesstimes.com.sg/companies-markets/spore-businesses-eye-growth-in-china-despite-slowdown).
4 National Bureau of Statistics of the People's Republic of China (http://www.stats.gov.cn/tjsj/zxfb/201802/t20180228_1585631.html).

Development

China's economy stabilised in 2017, with its Gross Domestic Product ("**GDP**") holding steady and growing slightly from 6.7% in 2016 to 6.9% in 2017. This was fuelled by a synchronised uptick in the global economy, surge in export demand for technology products and increase in domestic consumption.[5]

As at the end of 2017, China's urbanisation rate was 58.5%, which was an increase of approximately 1.2% YoY.[6] In 2017, the average annual disposable income per capita was RMB25,974, representing a 9.0% increase from the year before.[7]

2. ENHANCING CONNECTIVITY WITH HIGH SPEED RAILWAY ("HSR") NETWORK EXPANSION AND BELT AND ROAD INITIATIVE

To enhance China's connectivity, the Central Government has set in motion extensive domestic and international infrastructure development plans.

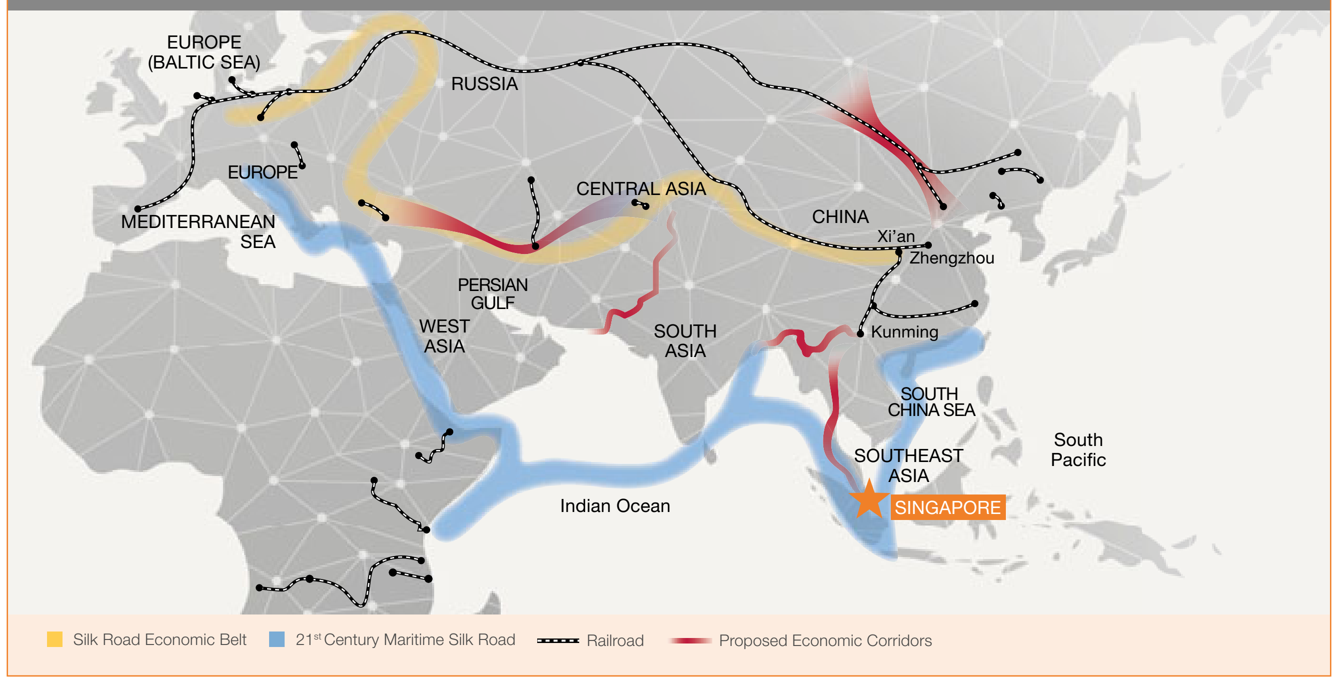
Within China, the Central Government has committed to expand the domestic HSR network to span a total distance of 30,000 km and traverse at least 80% of major cities by the end of 2020.[8] This will connect most parts of China within a few hours of train travel, supporting the formation of integrated megacities in the Beijing-Tianjin-Hebei, Yangtze River Delta, Pearl River Delta and Chengdu-Chongqing-Xi'an clusters.

Beyond China's borders, more than US$900 billion worth of projects under the Belt and Road Initiative ("**BRI**") are planned or underway to support the development of physical infrastructure, such as railway connections.[9] The BRI represents the Central Government's endeavour to establish a platform for global economic cooperation and trade that connects Asia, Europe, the Middle East and Africa.[10] Mirroring the ancient Silk Road, it will support the development of physical and soft infrastructure networks in countries along the land-based Silk Road Economic Belt and ocean-based 21st Century Maritime Silk Road.

With plans for China's HSR networks to extend its connections within and beyond the country's borders, the transportation hub real estate space is set to flourish. Developments strategically located near HSR hubs will stand to enjoy increased ease of access and a wider population catchment, presenting opportunities for them to be positioned as integrated developments to serve their surrounding communities and transit passengers.

The Belt and Road Initiative Map

Source: Mercator Institute for China Studies



5 Reuters article dated 18 January 2018 (https://www.reuters.com/article/us-china-economy-gdp/chinas-2017-gdp-growth-accelerates-for-first-time-in-seven-years-idUSKBN1F70OJ).
6 Baidu News article dated 21 January 2018 (https://baijiahao.baidu.com/s?id=1590202234670058409&wfr=spider&for=pc).
7 People article dated 18 January 2018 (http://finance.people.com.cn/n1/2018/0118/c1004-29773181.html).
8 The State Council of China: White paper on "China Transport Development" dated 29 December 2016 (http://english.gov.cn/news/top_news/2016/12/29/content_281475528039662.htm).
9 China's One Belt and One Road Initiative Brings Risks Report, Fitch Ratings, January 2017.
10 CNBC article dated 15 Feb 2018 (https://www.cnbc.com/2018/02/15/belt-and-road-initiative-china-bri-one-belt-one-road-what-cities-and-routes.html).

Development

The domestic HSR network in China expanded by approximately 3,038 km, spanning a total distance of 25,000 km as at the end of 2017.[11] Riding on the expansion in the HSR network, the total number of HSR passengers reached 1.71 billion in 2017, with the ratio of HSR passengers to total railway passengers increasing from 45.8% in 2016 to 56.4% in 2017.[12]

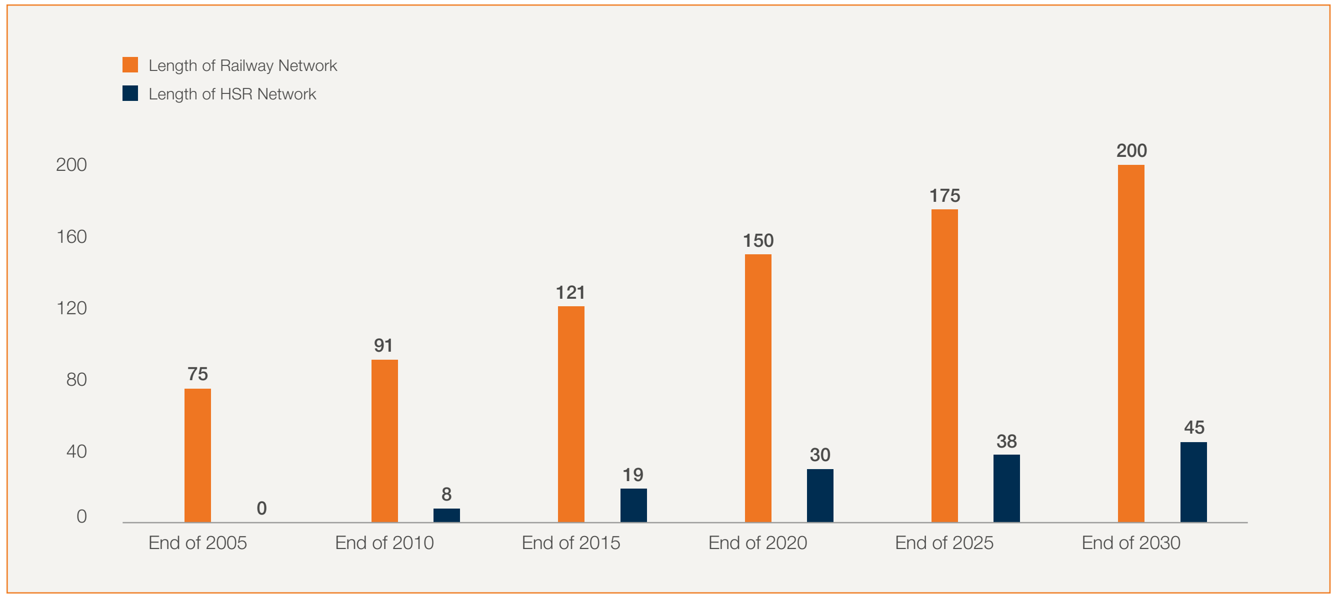
Forging ahead with advancements at the forefront of HSR technology, the China Railway Fuxing series of trains launched for the Beijing-Shanghai HSR line achieved a top speed of 350 km per hour, the fastest in the world today among railway trains.[13] Total government expenditure on the railway industry was approximately RMB760.6 billion in 2017.[14]

Under the BRI, proposed railway projects include the Singapore-Kunming Rail Link, which will stretch from Kunming through Laos, Thailand and Malaysia.[15] China has already given a pledge to Laos for the construction of a US$6 billion 418-km railway project linking Laos' capital Vientiane to China's southern Yunnan province by 2020.[16] In December 2017, Thailand and China jointly inaugurated the construction of an 873-km HSR network in Thailand, which will connect to the China-Laos railway.[17] The railway will link China to Thailand's ports, with plans to transform southwestern Yunnan into a trading hub exporting China's goods to Southeast Asian markets.[18]

Situated at the eastern terminal of the new Eurasian Land Bridge, Zhengzhou in Henan province is expected to become one of the major centres along the Silk Road Economic Belt. Under the BRI, the rail network from Zhengzhou will be modernised, supporting the overland transport of freight and passengers from Zhengzhou to Europe through Xinjiang and Central Asia.[19] Other proposed projects include a train connection from eastern China through Iran that may be potentially expanded to Europe.[20]

Length of Domestic Railway and HSR Network (1,000km)

Source: Ministry of Railway and Ministry of Transport of China (1 March 2017)



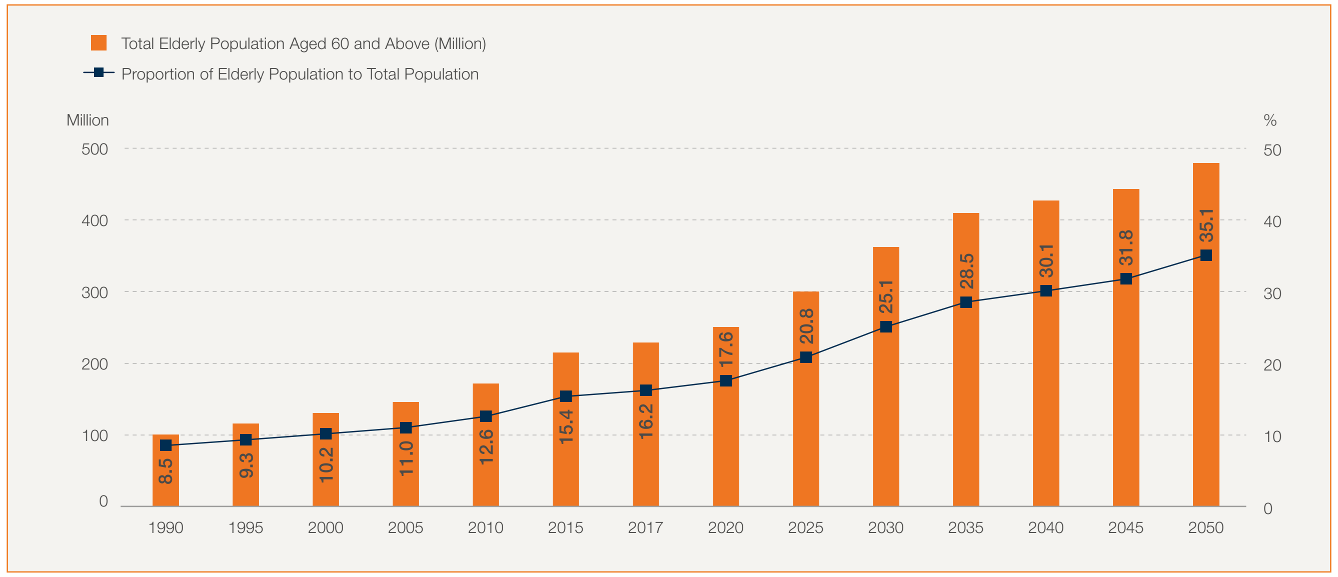
11 The Straits Times article dated 6 February 2018 (http://www.straitstimes.com/asia/east-asia/springing-their-way-home-for-chinese-new-year).
12 Sina article dated 2 January 2017 (http://finance.sina.com.cn/roll/2018-01-02/doc-ifyqcsft9414672.shtml).
13 The Japan News article dated 7 March 2018 (http://the-japan-news.com/news/article/0004274544).
14 Sina article dated 2 January 2018 (http://finance.sina.com.cn/roll/2018-01-02/doc-ifyqcsft9414672.shtml).
15 The Diplomat article dated 17 June 2016 (https://thediplomat.com/2016/06/singapore-kunming-rail-link-a-belt-and-road-case-study/).
16 South China Morning Post article dated 1 May 2017 (http://www.scmp.com/comment/insight-opinion/article/2059916/how-chinas-belt-and-road-transforming-asean).
17 Xinhua News article dated 21 Dec 2017 (http://www.xinhuanet.com/english/2017-12/21/c_136843195.htm).
18 The Straits Times article dated 14 May 2017 (http://www.straitstimes.com/asia/the-trains-and-sea-ports-of-one-belt-one-road-chinas-new-silk-road).
19 The Diplomat article dated 10 June 2017 (https://thediplomat.com/2017/06/how-an-overlooked-provincial-capital-became-a-silk-road-hub/).
20 Mckinsey article dated July 2016 (https://www.mckinsey.com/industries/capital-projects-and-infrastructure/our-insights/one-belt-and-one-road-connecting-china-and-the-world).

3. POLICIES TO ADDRESS CHINA'S AGEING POPULATION

China faces an imminent ageing problem in the near future, which could see strains on its social security system and labour market.[21] As at the end of 2017, there were approximately 230 million people over 60 years old, representing 16.2% of China's total population. By 2050, the number of people over 60 years old is expected to reach close to 480 million, constituting 35.1% of total population.[22] With a burgeoning ageing population in need of quality medical care, the eldercare market in China is set to grow.

China's Ageing Population

Source: United Nations, Department of Economic and Social Affairs, World Population Prospects 2017



Demand for quality eldercare facilities is expected to be especially strong in first-tier cities such as Beijing and Shanghai, which have the highest proportion of seniors amongst China's four first-tier cities and high levels of disposable income per capita. However, China's eldercare sector is struggling to cope with the rapidly rising demand for quality services, with many existing facilities suffering from a shortage in capacity. Numerous eldercare service providers are also facing challenges in employing skilled professionals.[23]

To address China's struggle with the ageing population, the Central Government implemented a two-child policy in 2016, reversing its three-decade long one-child policy. 2017 saw 17.2 million newborns, an increase from earlier years before the policy was implemented.[24] This is expected to lead to rising demand for maternal and child health management services.

Development

In March 2017, the State Council rolled out its 13th Five-Year Plan for the Establishment of Eldercare Infrastructure.[25] The plan aims to encourage private and social operators to run rehabilitation and nursing institutions accessible to communities and residents.

To facilitate private participation, a 50% limit on the percentage of eldercare beds that can be operated by the government has been stipulated and approval processes for the establishment of eldercare institutions have been simplified. By 2020, the government targets to have at least 30% of eldercare beds comprise nursing beds, and 70% of people over 65 years old to enjoy access to health management services.

Moving forward, the Central Government will seek to establish a more robust integrated eldercare and healthcare system based on home care, supported by communities and complemented by institutions.

21 The Straits Times article dated 6 February 2018 (http://www.straitstimes.com/asia/east-asia/chinas-next-debt-bomb-is-an-ageing-population).
22 United Nations World Population Prospects 2017 (https://esa.un.org/unpd/wpp/DataQuery/).
23 Sina article dated 26 February 2018 (http://finance.sina.com.cn/chanjing/cyxw/2017-11-06/doc-ifynmvuq8825924.shtml).
24 National Bureau of Statistics (www.stats.gov.cn/tjsj/sjjd/201801/t20180120_1575796.html).
25 China Central Government (http://www.gov.cn/zhengce/content/2017-03/06/content_5173930.htm).

SINGAPORE

1. CAPITAL VALUE GROWTH UNDERPINNED BY STRONG INVESTOR DEMAND

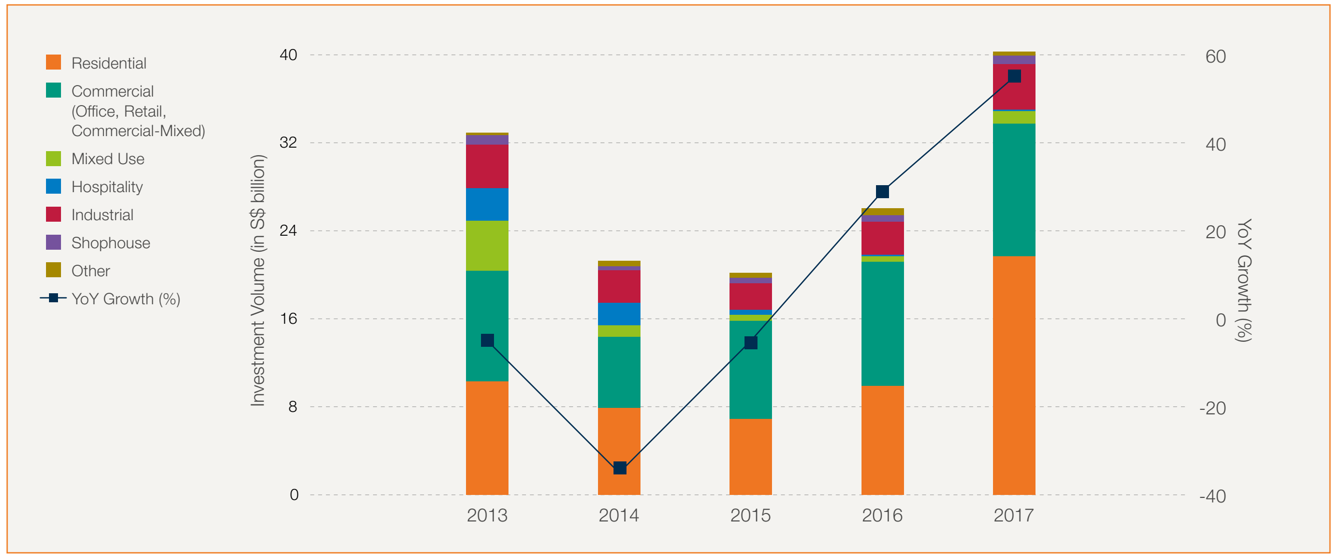
Singapore's real estate market swung into an upturn in 2017, supported by better-than-expected GDP growth of 3.6%.[26] Growing investor confidence saw rising capital inflows, which led to a buoyant residential and office market with multiple substantially large-ticket transactions completed.

The real estate market is projected to continue strengthening, underpinned by near-term domestic demand from a recovering services sector. In addition, the Singapore Government's focus on raising productivity through innovation and new technologies is set to foster long-term sustainable growth.[27]

Singapore also remains an attractive real estate investment destination, given its strong rule of law, well-developed infrastructure and sound fundamentals. As real estate prices in other global cities such as Hong Kong have run up in recent years, Singapore's relatively lower valuations present good capital appreciation potential to investors.[28] The influx of housing demand and tapering office supply are also expected to further drive valuations, though rising interest rates may undermine investor sentiment as borrowing costs increase.

Total Real Estate Investment Volume in Singapore by Sector

Source: Colliers International



Developments

In 2017, total property investment sales grew 55% YoY to reach S$40.3 billion[29], the highest since the S$40.2 billion[30] recorded in 2007. Overall foreign investment volume grew by 17% YoY to S$10.7 billion, with developers and corporations based in Hong Kong, China and the United States being major sources of capital.[27]

The majority of total investment sales came from the residential sector, which accounted for 54% of total investment sales, as developers replenished their land banks in anticipation of a residential upcycle. The optimism in land bids and collective sales created a domino effect. With more aggressive land prices achieved in the residential market, freehold sites and commercial sites' values increased correspondingly.

Commercial investment sales totalled S$12 billion in 2017, driven by landmark deals including the sale of Asia Square Tower 2 for S$2.09 billion, the Beach Road Government Land Sales ("**GLS**") site for S$1.62 billion, and Chevron House in Raffles Place for S$660 million. In particular, Beach Road GLS' top bid of S$1,706 per square foot per plot ratio land rate was a record for a GLS commercial site. Both the number of bids and transactional activity in 2017 demonstrated increased confidence in commercial assets.[31]

26 Channel News Asia article dated 14 February 2018 (https://www.channelnewsasia.com/news/business/singapore-economy-clocks-faster-than-expected-growth-of-3-6-in-9958302).
27 CBRE Research 2018 Asia Pacific Real Estate Market Outlook Singapore.
28 The Edge article dated 1 March 2018 (https://www.theedgesingapore.com/property-developer-poised-ride-optimism-singapores-residential-market).
29 Colliers International Q4 2017 Investment Report.
30 Colliers International Q3 2017 Investment Report.
31 Colliers International Q3 2017 Office Market Report.

REAL ESTATE

As a real estate owner, developer and manager, Perennial's diversified portfolio which comprises 10 integrated developments and five retail and commercial developments spans approximately 54 million square feet in total gross floor area ("**GFA**") across Singapore, China, Malaysia and Ghana.

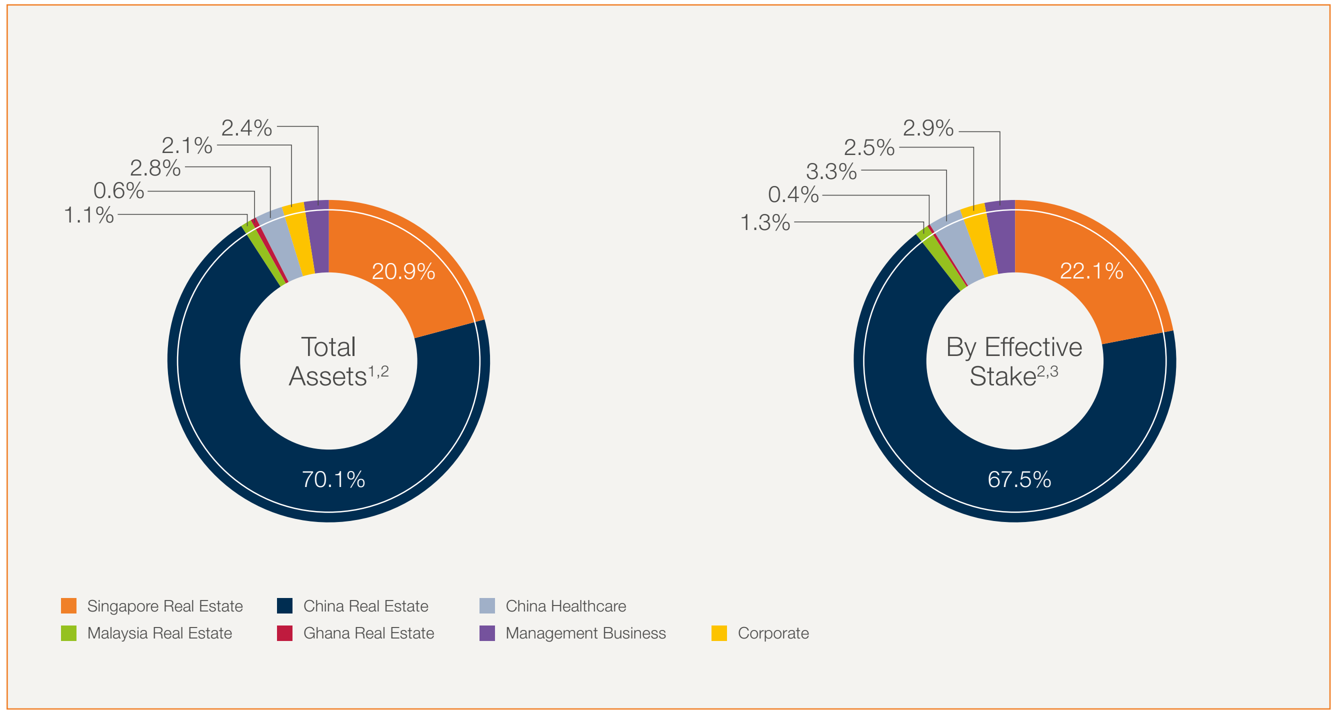
HEALTHCARE

As a medical and healthcare services owner, operator and provider, Perennial focuses on two main segments, being *Hospitals and Medical Centres* and *Eldercare and Senior Housing*, which are complemented by three supporting specialties in *Genomics and Diagnostic Imaging*, *Plastic Surgery and Aesthetics* as well as *Maternal and Child Health Management*. Perennial's healthcare portfolio in China comprises 25 operational medical and healthcare-related facilities spanning eight cities with a total of 4,167 operating beds. In Singapore, Perennial has one *Traditional Chinese Medicine* outpatient treatment facility.

PORTFOLIO ANALYSIS

Total Assets Composition by Business

The real estate business accounted for the majority of assets held on the balance sheet, comprising 91.3% of total assets (effective stake basis). As Perennial's healthcare business expanded in China during the year, the healthcare business' proportion of total assets (effective stake basis) grew from 0.6% in FY2016 to 3.3% in FY2017.

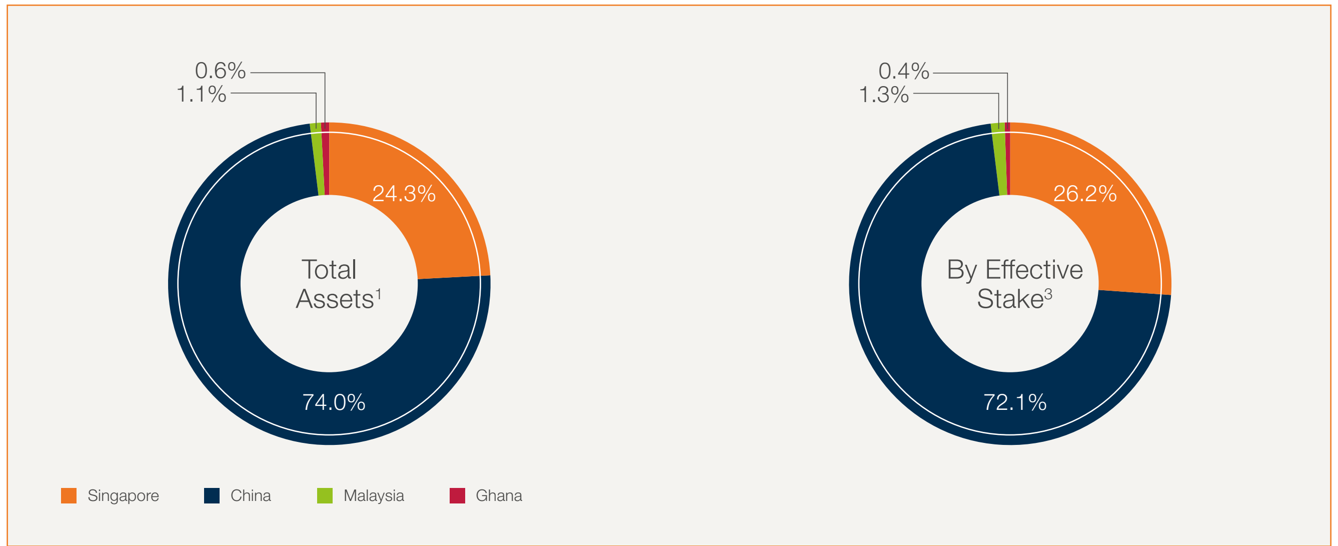


1 Represents assets which are consolidated and equity accounted in accordance to the Singapore Financial Reporting Standards as at 31 December 2017.
2 As Ming Yi Guan in partnership with Beijing Hospital of Traditional Chinese Medicine only commenced operations in July 2017 and constituted an insignificant portion of Perennial's total assets, the Singapore healthcare segment was not presented.
3 Represents assets computed via the Company's shareholdings as at 31 December 2017.

BUSINESS OVERVIEW

Total Assets Composition by Country

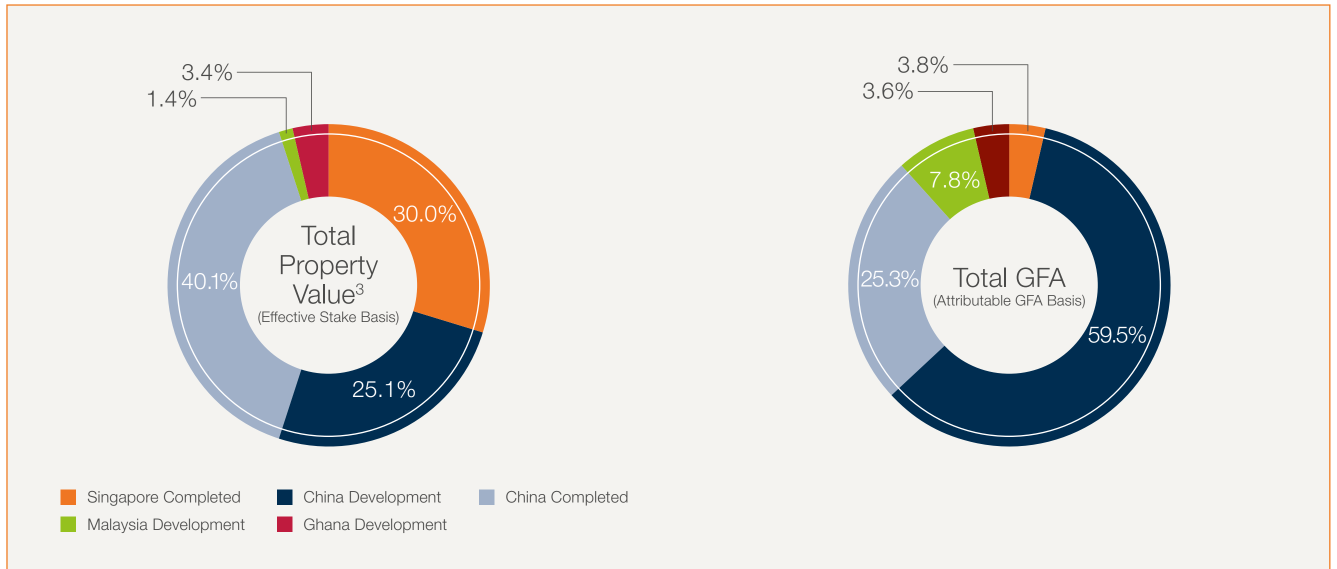
Perennial continued to focus on its core markets of China and Singapore, which accounted for 74.0% and 24.3% of total assets respectively, and 72.1% and 26.2% of total assets (effective stake basis) respectively.



Total Property Value versus Total Gross Floor Area

As at 31 December 2017, Perennial's completed projects in Singapore and China collectively accounted for about 70.1% of total property value (effective stake basis), providing stable recurring income for the Group. The Singapore portfolio, which constituted 30% of total property value (effective stake basis), is fully completed. While asset enhancement works are ongoing at AXA Tower and TripleOne Somerset, both assets remain operational and are income-generating.

China development projects accounted for 25.1% of total property value (effective stake basis) and 59.5% of total GFA (attributable GFA basis). These projects are expected to spur Perennial's net asset value growth as construction is completed over time.



BUSINESS STRUCTURE

PERENNIAL 鹏瑞利

REAL ESTATE BUSINESS

CHINA

Assets		Effective Ownership
Chengdu East High Speed Railway Integrated Development	Perennial International Health and Medical Hub	80%
	Plot C	50%
	Plot D1	50%
	Plot D2	50%
Xi'an North High Speed Railway Integrated Development	Plot 4	51%
	Plot 5	51%
Beijing Tongzhou Integrated Development	Phase 1	40%[1]
	Phase 2	23.3%[1]
Zhuhai Hengqin Integrated Development		20%
Shenyang Longemont Integrated Development	Shenyang Longemont Shopping Mall	50%
	Shenyang Red Star Macalline Furniture Mall	50%
	Shenyang Longemont Offices	50%
Perennial Jihua Mall, Foshan		100%
Perennial Qingyang Mall, Chengdu		100%

SINGAPORE

Assets	Effective Ownership
CHIJMES	51.6%[1]
Capitol Singapore	50%
House of Tan Yeok Nee	50%
Chinatown Point	50.6%[1]
AXA Tower	31.2%
TripleOne Somerset	30%
Listed Entity	
United Engineers Limited	10.9%[1,2]

OTHER MARKETS

Assets	Effective Ownership
The Light City, Penang	50%
Accra Integrated Development, Ghana	55%

HEALTHCARE BUSINESS

CHINA

Hospitals and Medical Centres	Effective Ownership
St. Stamford International Medical Pte Ltd	81.6%[1,3]
Chengdu Chenghua Perennial Jincheng Medical Centre Co., Ltd	90%
Chengdu Perennial Jingxiu TCM Hospital Co., Ltd	90%
Eldercare and Senior Housing	
Shanghai RST Chinese Medicine Co., Ltd	49.9%
Chengdu Xiehe International Eldercare and Retirement Home	40%[4]
Supporting Specialties	
Shenzhen Aidigong Modern Maternal and Child Health Management Co., Ltd	20%[1]
Chengdu Chenghua BGI Perennial Medical Diagnostic Imaging Centre Co., Ltd	40%

SINGAPORE

Perennial TCM Management Pte Ltd	50%

MANAGEMENT BUSINESS

- Asset Management
- Development / Project Management
- Property Management

1 Approximate percentage.
2 Perennial Singapore Investment Holdings Pte Ltd holds a 72.2% stake in Perennial UW Pte Ltd, which holds a 45% stake in Yanlord Perennial Investment (Singapore) Pte Ltd, which in turn holds a 33.7% stake in United Engineers Limited, which therefore translates to an effective stake of 10.9% in United Engineers Limited.
3 St. Stamford International Medical Pte Ltd owns a 49% stake in St. Stamford Modern Hospital, Guangzhou, which translates to an effective stake of 40% in St. Stamford Modern Hospital, Guangzhou.
4 A Memorandum of Understanding was entered into with Shanghai Summit Property Development Limited and Shanghai RST Chinese Medicine Co., Ltd. This was announced on 14 January 2016.

BUSINESS REVIEW: REAL ESTATE – SINGAPORE

OVERVIEW

In Singapore, Perennial has invested in and manages a real estate portfolio comprising three integrated developments, being TripleOne Somerset, AXA Tower and Capitol Singapore, and three retail and commercial developments, being CHIJMES, Chinatown Point and House of Tan Yeok Nee.

All of the six properties, with a total property value in excess of S$4.4 billion, are strategically located in the Central Business District ("**CBD**"), Civic District and the Orchard Road precinct. The properties are also directly connected or in close proximity to Mass Rapid Transit ("**MRT**") stations.

In 2017, Perennial led a consortium in the acquisition of an aggregate 33.7% stake in United Engineers Limited ("**United Engineers**"), a company listed on the Mainboard of Singapore Exchange Securities Trading Limited, and a 10% stake in WBL Corporation Limited, a subsidiary of United Engineers, at a total consideration of approximately S$617 million. The acquisition further strengthens Perennial's presence in its core markets of Singapore and China, as United Engineers' property businesses are mainly in those markets. United Engineers' key assets include UE BizHub CITY (formerly known as UE Square) and UE BizHub Tower in Singapore and Shenyang Orchard Summer Palace in China. Perennial has an effective stake of 32.5% and 10.9% in the consortium and United Engineers respectively.

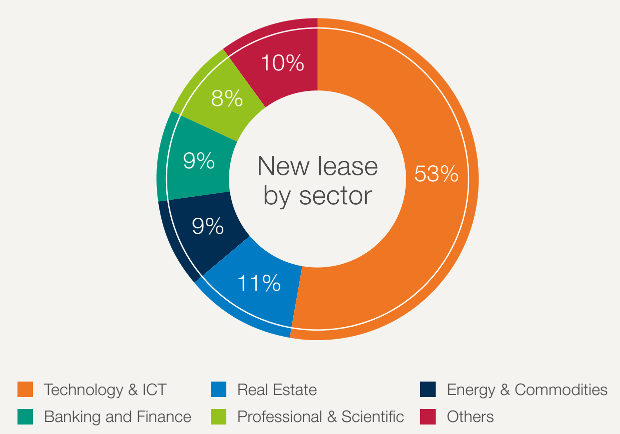
Strong Presence in Singapore's CBD, Civic District and the Orchard Road Precinct

MARKET OVERVIEW AND OUTLOOK

Office

In tandem with the broad-based economic recovery and lower quantum of new supply expected over the next few years, overall CBD prime rents grew 2.3% year-on-year ("**YoY**").[1] Strong committed occupancy rates at existing and pipeline projects reinforce the positive sentiment in the office market, which saw a net absorption of approximately 2.07 million square feet ("**sq ft**") in 2017.[2]

Growth industries such as technology companies and co-working operators were the most active in terms of space expansion. In 1H 2017, technology and Information and Communication Technologies ("**ICT**") companies alone accounted for about 53% of new leases signed.[3]



Source: CBRE APAC Real Estate Economic Overview, 2017

The rise of the shared workspace as a new office format has driven the supply and demand for co-working spaces in Singapore. Not only have co-working operators taken up large leases this year, but landlords are also getting into the flexible workspace market by offering space directly to consumers or partnering shared workspace operators to provide such offerings within their developments.[4] Total square footage across Singapore leased by flexible workspace providers grew 42% to 2.1 million sq ft in 2017.[1]

Strata-Office

Bulk strata-titled deals, including the sale of shares in entities holding strata-titled assets, drove the strata-titled office sales market in 2017. Major transactions during the year include the sale of the remaining strata-titled units in GSH Plaza for S$725.21 million, 17 units in Prudential Tower and six units in Samsung Hub. Owner-occupiers, which include local and foreign businesses purchasing strata offices for their own use, as well as investors keen to acquire commercial properties in Singapore were the two key groups contributing to demand for strata offices.

Due to the introduction of the Additional Conveyance Duty on bulk residential purchases in March 2017, some investor interest has been diverted from the bulk residential market to the bulk strata-titled office market.[5] In addition, the limited supply of high quality strata office developments in the Orchard and CBD areas and the projected bottoming out of office rents between 2018 and 2020 further stokes investor interest, contributing to expectations of a buoyant office market in the years ahead.[6]

Retail

After a continuous decline for the past few years, the retail rental market showed signs of moderation in 2017 on the back of improving consumer sentiment and tourism arrivals. Average retail sales (excluding motor vehicles) increased 4.6% YoY as of December 2017[7] and the number of leasing deals increased 13.9% YoY in Q4 2017.[8]

The retail landscape, as well as the use of retail space, is constantly evolving to adapt to shifting consumer behaviour and disruptive technologies.[4] Physical retail stores are now seen as an opportunity to give customers an immersive product experience. Hence, retailers and landlords are exploring creative usage of retail space and reconfiguring existing mall layouts. While non-performing retail stores were previously replaced by Food and Beverage ("**F&B**") concepts, alternative usage of retail floor area, particularly for co-working and event spaces, is also on the rise.[5]

With an estimated 1.9 million sq ft Net Lettable Area ("**NLA**") of new retail space coming on stream in 2018,[5] rental growth is expected to be modest. Nevertheless, retail malls and mixed-used developments supported by high shopper traffic will continue to enjoy strong leasing interest from new-to-market and established retailers.

STRATEGIC PRIORITIES IN FY2018

This year, Perennial will focus on executing major asset enhancement programmes at TripleOne Somerset and AXA Tower which are estimated to cost over S$270 million. Enhancement works are already underway, with the completion of the new retail, office and medical podium at TripleOne Somerset expected to be in 2H 2018. The retail podium and medical annex block at AXA Tower are expected to be completed in 2019.

Capitalising on the improving office market sentiment in Singapore, sales of the office spaces and medical suites at AXA Tower and TripleOne Somerset will be accelerated to deliver additional cash flow. Leasing efforts at both developments will also be strengthened through proactive management and negotiations to provide a stable and recurrent stream of income. Rental rates are expected to rise steadily as the office market continues to improve.

Greater focus will be placed on strengthening the operating performance of CHIJMES and Chinatown Point by optimising the tenant mix and implementing enhancement works to improve existing layouts to better meet the demands of tenants and shoppers. With their prime locations and unique heritage, more community and placemaking events will be planned to increase shopper traffic and promote public engagement.

Perennial intends to also actively seek opportunities to expand its footprint in Singapore through the acquisition of existing properties or participation in land tenders, with a strategic focus on mixed-use developments comprising a commercial component.

1 Colliers Quarterly 4Q 2017 Singapore Office Market.
2 CBRE Marketview 4Q 2017.
3 CBRE APAC Real Estate Economic Overview, 2017.
4 The Business Times article dated 22 July 2017 (http://www.businesstimes.com.sg/brunch/the-future-of-work).
5 JLL, Singapore Strata Office Sales Looking Up, June 2017.
6 The Business Times article dated 7 Feb 2018 (http://www.businesstimes.com.sg/real-estate/singapore-office-retail-rents-to-see-strong-growth-over-next-few-years-report).
7 Departments of Statistics Singapore, December 2017 (http://www.singstat.gov.sg/docs/default-source/default-document-library/publications/publications_and_papers/services/mrsdec17.pdf).
8 Colliers Quarterly 4Q 2017 Singapore Retail Market.

TRIPLEONE SOMERSET
111索美塞

1111 SOMERSET

TripleOne Somerset is a prime integrated development, strategically located within the renowned Orchard Road precinct and next to Somerset MRT Station serving the North-South line. It comprises two premium grade office towers, being Somerset Tower and Devonshire Tower, and a four-storey retail podium with medical suites. The property has sheltered access to Somerset MRT Station and enjoys two prominent frontages along Somerset Road and Devonshire Road, which provide dual drop-off and access to the development.

The immediate Orchard Road precinct is Singapore's main shopping and entertainment belt, comprising predominantly shopping complexes, serviced apartments, hotels and office buildings. TripleOne Somerset is also well-supported by a strong residential catchment from the affluent Devonshire, Leonie Hill and River Valley areas.

TripleOne Somerset's S$120 million asset enhancement works commenced in 2Q 2016 and is on track for completion by 2019. The full suite of enhancement works include increasing the footprint of the retail podium, incorporating medical suites measuring approximately 32,000 sq ft, and refurbishing the office lobbies.

Key Developments in FY2017

Strata sales of the office spaces and medical suites at Somerset Tower were officially launched in 3Q 2016. In FY2017, total strata sales of about S$41 million was registered at an average price of S$2,726 per sq ft. In addition, TripleOne Somerset continued to retain and attract office tenants, with new tenants such as Elizabeth Arden, Temasek Management Services and AIA Financial Advisors secured during the year. As at 31 December 2017, total committed occupancy stood at 75.1% with renewals and new tenancies accounting for 27.3% of total office NLA.

Works at the new retail podium is in progress, with the Temporary Occupation Permit ("**TOP**") expected to be received by 2H 2018. A significant portion of the retail podium is to be positioned as a gourmet marketplace, offering one of the largest food and takeaway options complemented by a variety of specialty food, health, wellness and lifestyle trades. Pre-leasing for the new retail podium has commenced.

Focus Areas for FY2018

Riding on the positive market sentiment in the Singapore office real estate market and renewed investor interest in commercial properties, a balanced strata sales and leasing strategy will be pursued at TripleOne Somerset. Besides targeting owner-occupiers, options will be offered to investors keen to buy and own strata office floors and strata units with tenancy that provide rental income. To meet potential investor demand for tenanted office and strata units, leasing efforts will be sustained to achieve a healthy occupancy rate.

For the retail podium, which is expected to receive TOP by 2H 2018, the focus will be placed on bringing in concepts and trades that best suit the mall's positioning and enhance the customer experience to ensure a successful opening.


Artist's impression may differ from the view of the completed property

AXA TOWER
安盛保险大厦

AXA Tower is a 50-storey Grade 'A' office development with a retail podium strategically sited within Singapore's CBD. Formerly known as the Treasury Building, the iconic landmark holds unobstructed, commanding views of the CBD, waterfront and the historic Tanjong Pagar District.

The property enjoys three major frontages along Shenton Way, Anson Road and Maxwell Road, and is connected via an underground pedestrian link to the Tanjong Pagar MRT Station. The predominantly office development is also accessible via the Ayer Rajah and Marina Coastal Expressways, making it one of the most convenient locations within the Downtown Financial District.

AXA Tower is located on a site adjacent to the future Greater Southern Waterfront, holding promise of unparalleled views to come. The current sea view of the expansive horizon will be further enhanced, with a green corridor planned for the future in one of the preliminary conceptual plans unveiled by the Urban Redevelopment Authority.[9]

Key Developments in FY2017

Strata sales of office spaces at AXA Tower officially commenced in 3Q 2016. In FY2017, total strata sales of about S$17 million was registered at an average price of S$2,376 per sq ft. Multinational companies in the technology and ICT sector such as Lazada and Go-Jek have renewed and expanded their footprint within AXA Tower, a testament to the prime location and premier address of the development. As at 31 December 2017, total office committed occupancy stood at 88.8% with renewals and new tenancies accounting for 47.4% of total office NLA.

Asset enhancement works which include increasing the retail footprint at the podium, building a two-storey annex block to house medical suites and upgrading the main office lobby and drop-off points, commenced in phases from 1Q 2017. As part of the enhancement works, a lift destination control system integrated with security turnstiles was implemented this year to reduce lift waiting times. The full suite of enhancement works is expected to complete progressively by 2019.

Focus Areas for FY2018

The focus for AXA Tower will be on executing its asset enhancement programme. The upgrading of office floors will be progressively completed and new end-of-trip facilities such as bicycle parking and shower facilities will be introduced to provide more convenience to tenants. With the targeted completion of the new retail podium set for 2019, pre-leasing efforts have commenced with an emphasis on retail concepts that will complement the "work-live-play" ecosystem.

A balanced strata sales and leasing strategy will continue to be adopted at AXA Tower. In addition to strata office sales, the option of selling on an en-bloc basis is being explored. Concurrently, leasing efforts will be sustained to ensure that the building's committed occupancy remains healthy to generate a stable income stream.

9 Today Online article dated 20 November 2013 (http://www.todayonline.com/singapore/ura-unveils-concept-greater-southern-waterfront).


Artist's impression may differ from the view of the completed property

CHIJMES
赞美广场

CHIJMES was once the Convent of the Holy Infant Jesus ("**CHIJ**") and houses two gazetted National Monuments, namely the CHIJ Chapel (now known as CHIJMES Hall) and Caldwell House.

The prime property is strategically located in the heart of Singapore's downtown Civic District and is easily accessible via the adjacent City Hall MRT Interchange Station, which serves the North-South Line and East-West Line, and Bras Basah Station, which serves the Circle Line.

Positioned as an all-day European-themed F&B and entertainment destination with beautiful courtyards and cosy alfresco dining areas, CHIJMES plays host to a wide array of restaurants serving international cuisines, cafes and stylish gastrobars. CHIJMES Hall is a choice venue for weddings, seminars and performances. The landmark heritage development is now a popular dining and entertainment spot for tourists, as well as locals and working professionals in the CBD.

Key Developments in FY2017

CHIJMES' committed occupancy increased from 90.3% to 95.9% on a YoY basis, of which 86% of these tenants by NLA have commenced business. New concepts such as The Glasshouse and New Ubin Seafood were introduced while new lifestyle trades such as Natureland Spa and Bold Gym were brought in to complement the offerings and positioning of CHIJMES.

To further enhance CHIJMES' ambience for diners and tourists, more benches and seating platforms were added within the courtyard while colourful bean bags and hammocks were placed on the lawn for customers to lounge on. Outdoor cooling systems and ambient lighting were also installed throughout the outdoor areas on Basement 1 and Level 1 to further enhance the alfresco dining atmosphere for patrons.

In line with our efforts to establish CHIJMES as an iconic entertainment and lifestyle destination, several fringe activities associated with prominent events such as the World Gourmet Summit 2017, Singapore Night Festival and WTA Finals Singapore were hosted at CHIJMES. From F&B festivals, art displays to movie and music performances, the range of events held showcased the versatility of CHIJMES as a venue of choice.

Focus Areas for FY2018

CHIJMES will continue to strengthen its occupancy and performance by improving its tenant mix and introducing established concepts with broad appeal to both locals and tourists. To expand outreach efforts, Perennial will collaborate with various organisations such as the Singapore Tourism Board for its marketing initiatives. More placemaking events will also be hosted to further establish CHIJMES as a vibrant entertainment venue in Singapore's Civic District.

CHINATOWN POINT
唐城坊

Chinatown Point is a 25-storey commercial development comprising an office block and six-storey retail podium with two basement levels. The property enjoys prime frontages along Cross Street and New Bridge Road and high visibility from Upper Pickering Street, a major gateway into the CBD from the Central Expressway.

Located in the heart of the Chinatown precinct in the CBD, the oriental-themed Chinatown Point retail podium is a prime shopping and dining destination for locals, the working crowd in the surrounding office developments and tourists. The development enjoys direct connectivity via Level 1 and the basement level to Chinatown MRT Interchange Station, which serves the North-East Line and Downtown Line.

Key Developments in FY2017

On 3 November 2017, Perennial acquired an additional stake of about 5.4% in Chinatown Point for a total consideration of S$8.5 million, translating to a purchase price of about S$2,080 per sq ft of NLA. The acquisition increases Perennial's effective interest from 45.2% to 50.6%, maintaining its position as the largest investor in the prime asset.

Chinatown Point's total committed occupancy stood at 93.4% as at 31 December 2017, of which 98% of tenants by net lettable area have commenced business. In the year, new brands and concepts introduced included Kazo, Heetea and Tendon Kohaku. In October 2017, 16 new stations on the Downtown Line 3 opened. Chinatown Point, which is connected underground to Chinatown MRT Interchange station that sits along the Downtown Line, will potentially see increased footfall with the enhanced connectivity to Singapore's eastern areas.

Focus Areas for FY2018

Through proactive leasing and asset management, Chinatown Point will focus on strengthening its operating performance by improving tenant mix and reconfiguring its layouts to improve space efficiency.

Chinatown Point is exploring asset enhancement works for 2018, subject to receiving the necessary regulatory approvals.

CAPITOL SINGAPORE
新加坡首都综合项目

Capitol Singapore is Singapore's first luxury integrated development that houses the premier lifestyle shopping, dining and entertainment destination Capitol Piazza, the iconic Capitol Theatre, luxurious Eden Residences Capitol, and a hotel.

Strategically located in the heart of Singapore's downtown Civic District and surrounded by significant historic landmarks, Capitol Singapore comprises three conservation buildings - Stamford House, Capitol Building and Capitol Theatre, and is directly connected via the basement level to the City Hall MRT Interchange Station, which serves the North-South Line and East-West Line.

Eden Residences Capitol sits atop Capitol Piazza, a retail podium. Residents at the prestigious address enjoy remarkable views of the Marina Bay area and beyond. The iconic and beautifully restored Capitol Theatre houses one of South East Asia's largest single screens and is also Singapore's first venue with direct ground level access to the theatre. The luxurious boutique hotel is housed in the restored Capitol Building and Stamford House.

Key Developments in FY2017

Capitol Piazza secured several new retail tenants such as CYC, a renowned tailor for men's clothing, and Genesis Spa during the year, while Capitol Theatre hosted a number of significant plays, conferences, private dining events and movie screenings in collaboration with Golden Village.

Focus Areas for FY2018

On 12 March 2018, Perennial announced that a sale and purchase agreement will be executed for Perennial to acquire the shares of the associated companies that own Capitol Singapore from Chesham Properties Pte Ltd. The completion of the acquisition shall occur within eight weeks of the date of the sale and purchase agreement.

HOUSE OF TAN YEOK NEE
陈旭年宅第

Constructed in 1882, the House of Tan Yeok Nee is a gazetted National Monument strategically located in the Orchard Road precinct. The heritage landmark development also enjoys close proximity to the Dhoby Ghaut MRT Interchange Station, which serves the North-South Line, North-East Line and Circle Line.

Previously a mansion that belonged to Chaozhou-born businessman, Tan Yeok Nee, the House of Tan Yeok Nee is the most elaborate and only 'survivor' of the Four Mansions built by rich Teochew tycoons in the late 19th century in Singapore. It is also one of two remaining traditional Chinese mansions in Singapore, making it a unique cultural treasure. The House of Tan Yeok Nee was restored in 2000 to preserve the original architecture and character of the mansion, while furnished with contemporary facilities for modern-day usage.

Key Developments in FY2017

The House of Tan Yeok Nee was master-leased to a premier Traditional Chinese Medicine ("**TCM**") centre, Ming Yi Guan in partnership with Beijing Hospital of TCM, which commenced operations in July 2017.

PORTFOLIO AT A GLANCE

Property[1]	Location	Description	Tenure	Effective Interest (%)	Valuation[2] (S$ million)	Land Area (sq ft)	Gross Floor Area (sq ft)	Net Lettable Area (sq ft)	Operational	Anchor/ Major Tenants	Website
TripleOne Somerset	111 Somerset Road, Singapore 238164	Office: 2 17-storey towers Retail Podium: 2 levels Car Park: 2 basement levels	99 years, expiring on 18 February 2074	30[3]	–	109,421	766,551	Strata Area: Retail: 96,510 Office & Medical: 463,756 Total: 560,266[4]	Operational with asset enhancement works in progress	WorleyParsons, Parkway Group Healthcare, Gucci Singapore Pte Ltd, Kering South East Asia Pte Ltd	www.111somerset.com.sg
AXA Tower	8 Shenton Way, Singapore 068811	Office: 1 50-storey tower Retail Podium: 2 levels Car Park: 3 basement levels	99 years, expiring on 18 July 2081	31.2	–	118,230	1,029,306	Strata Area: Retail: 60,773 Medical: 26,565 Office: 680,020 Total: 767,358[5]	Operational with asset enhancement works in progress	AXA Insurance, BOC Aviation Limited, Lazada South-East Asia Pte Ltd, Red Hat Asia Pacific	–
CHIJMES	30 Victoria Street, Singapore 187996	A conservation site comprising two National Monuments zoned for commercial use under the Master Plan 2008 Car Park: 1 basement level	99 years, expiring on 12 May 2090	51.6[6]	334	154,063	159,204	115,566	Since December 2014	Lei Garden, Watabe Wedding, Coriander Leaf, Whitegrass, New Ubin Seafood	www.chijmes.com.sg
Chinatown Point	133 New Bridge Road, Singapore 059413	Retail Podium: 6 levels 4 Strata-titled Office Units Car Park: 4 above ground levels	99 years, expiring on 11 November 2079	50.6[7]	429	99,203	Strata Area: Retail Podium: 173,957[8] Office Units: 4,230 Total Area: 178,187	Retail Podium: 208,418[8] Office Units: 4,230 Total: 212,648	Since November 2012	NTUC Fairprice, Daiso, UNIQLO	www.chinatownpoint.com.sg
Capitol Singapore	11 Stamford Road, Singapore 178884 - Eden Residences Capitol 13 Stamford Road, Singapore 178905 - Capitol Piazza (Neue) 15 Stamford Road, Singapore 178906 - Capitol Piazza (Galleria and Arcade) and the hotel 17 Stamford Road, Singapore 178907 - Capitol Theatre	Retail Podium: 4 levels Residential: 39 units Hotel: 157 rooms Multi-purpose Theatre Car Park: 4 basement levels	99 years, expiring on 23 January 2110	50	758.3[9]	177,755	Excluding Residences: 396,234 Including Residences: 552,016	Retail: 131,170[10]	Since April 2015[11]	Food Republic, Joseph	www.capitolsingapore.com www.capitolpiazza.com
House of Tan Yeok Nee	101 Penang Road, Singapore 238466	A gazetted National Monument zoned for commercial use under the Master Plan 2008	Freehold	50	–	26,321	Strata Area: 58,480	29,912	Since June 2017	Perennial TCM Management Pte Ltd	–

1 The value of leasehold properties totalled S$4.09 billion as at 31 December 2017. The value of freehold properties totalled S$74.5 million as at 31 December 2017.
2 Valuation only includes Investment Properties as announced on 8 February 2018.
3 On 31 March 2017, Perennial completed the partial divestment of a 20.2% effective interest in TripleOne Somerset but retained a 30% effective interest in the property.
4 Excluding storage areas and strata office units handed over to purchaser as at 31 December 2017.
5 Estimated strata area after completion of asset enhancement works. Area excludes strata office units handed over to purchaser as at 31 December 2017.
6 Approximate percentage.
7 On 3 November 2017, Perennial acquired an additional 5.4% stake, increasing its effective interest in Perennial Chinatown Point LLP to 50.6%.
8 Excluding the Civic and Community Institution space which is intended for public/community usage.
9 Valuation excludes Eden Residences Capitol.
10 Subject to final survey by a registered surveyor, excluding centre management office and concierge area.
11 The hotel has not commenced operations.

OVERVIEW

In China, Perennial's real estate portfolio comprises five large-scale integrated developments and two retail properties in six major cities with a total gross floor area ("**GFA**") of 45.3 million square feet ("**sq ft**"). The portfolio includes Chengdu East High Speed Railway ("**HSR**") Integrated Development, Xi'an North HSR Integrated Development, Beijing Tongzhou Integrated Development, Shenyang Longemont Integrated Development, Zhuhai Hengqin Integrated Development, Perennial Jihua Mall in Foshan and Perennial Qingyang Mall in Chengdu.

All of Perennial's projects enjoy direct connectivity to major transportation hubs or subway stations, and two of its integrated developments are directly connected to two of the largest HSR transportation hubs in China.[1]

Anticipated HSR Network by 2020

Source: Gaotie.cn and OneGreen.net

MARKET REVIEW AND OUTLOOK

China

China's economy regained its momentum in 2017, with GDP growth exceeding market expectations to reach 6.9%.[2] Prices in the property market continued to stabilise, as the Central Government introduced policies to curb property speculation. As at September 2017, 70 cities in China have implemented policies regulating property transactions, in line with the Central Government's directive that 'housing is for living in, not for speculation'.[3] The average monthly transaction volume of residential units in 50 key cities from January to November 2017 was 29.4 million square metres ("**sqm**"), a year-on-year ("**YoY**") decrease of 24.2%.[4]

To further stabilise property prices, China is looking to develop the market for good-quality rental housing.[5] Besides offering incentives to developers to build decent rental properties, it is also seeking to improve the rights of tenants.[6] Shenzhen is one of the first cities in China to begin selling large-scale plots for rental housing to encourage long-term leasing. In Beijing, about 30 percent of new housing supply is set to be designated for rental homes by 2021.

1 In terms of the number of train tracks (http://news.ifeng.com/a/20170526/51167291_0.shtml).
2 Hexun article dated 23 January 2018 (http://funds.hexun.com/2018-01-23/192292242.html).
3 Chyxx article dated 1 November 2017 (http://www.chyxx.com/industry/201711/578427.html).
4 Hexun article dated 21 December 2017 (http://house.hexun.com/2017-12-21/192042193.html).
5 The Straits Times article dated 25 January 2018 (http://www.straitstimes.com/asia/east-asia/xi-jinping-seeks-to-tame-chinas-wild-property-market-with-rental-push).
6 The Economist article dated 15 February 2018 (https://www.economist.com/news/china/21737069-party-wants-people-rent-china-trying-new-ways-skimming-housing-market-froth).

2017 marked a fundamental shift in China's economic direction from high-speed to high-quality growth. At the Communist Party Congress in November 2017, the Central Government announced its intention to deepen supply-side structural reforms, further open up the China market to private and foreign investors, improve social services such as education and healthcare and speed up the work on environmental protection.

Aimed at encouraging long-term broad-based sustainable growth, the direction of China's Central Government bodes well for China's future prospects.

Chengdu

Chengdu's GDP grew by 8.1% in 2017.[7] Driven by solid economic fundamentals and new pro-industry policies, the office market saw steady leasing interest, with the technology and co-working sectors contributing to firm leasing demand and stabilising rents.[8]

In July 2017, the Chengdu Government issued new policies to encourage entrepreneurship, promote development in technology-related industries and attract talent. With Chengdu's vibrant consumer market and growing strategic significance in Southwest China, many domestic and multinational enterprises have bolstered their presence in the city. This is expected to support demand in Chengdu's office market over the long term.

The retail market in Chengdu remained stable in 2017. 13 new malls opened during the year, contributing over 1.1 million sqm to the market. Strong demand saw vacancy rates hitting a three-year low.[10] As a gateway to Southwest China, Chengdu's retail scene continued to attract international retailers, with luxury brands such as Fred, Delvaux and Chiara Ferragni opening outlets.[11]

Beijing

The Grade 'A' office market remained largely stable in 2017. Average rent increased 1% YoY to reach RMB340 per sqm per month. Developments in the non-prime and emerging business districts accounted for the bulk of new office supply in 2017. Growth in the services sector underpinned the strengthening leasing demand in Beijing, with companies from the financial and technology, media and telecommunications industries dominating leasing activities.[12]

The majority of new retail supply during the year was located in non-prime areas, as the trend of decentralisation continued to take hold. Average first floor rents at shopping malls city-wide edged up in 2017, increasing by 1.6% YoY to an average of RMB956.1 per sqm per month.[13] In the residential market, sluggish annual transaction volumes were recorded as government policy controls came into effect. City-wide residential transactions dropped by 50.9% YoY to reach 553,000 sqm.[14]

The Tongzhou property market continued to boom as the district's transportation connectivity was enhanced with the recently opened Beijing Surburban Railway sub-central line, which connects west Beijing, central Beijing and Tongzhou district. The upward price trend in the residential market is expected to continue, as Tongzhou district's population is projected to increase by 400,000 people with the relocation of the Beijing Municipal Government's administrative offices.

Xi'an

The office market remained competitive due to the large Grade 'A' office inventory of approximately 1.1 million sqm, as overall rent decreased by 1.6% YoY to reach RMB102.9 per sqm per month. While net absorption increased by 41.3% YoY to 83,900 sqm, the overall vacancy rate remained high at 36.7% due to the large supply.[10]

The average retail vacancy rate remained largely stable, decreasing marginally by 1.1% YoY to 3.8%, while the average first floor rentals of high-quality malls increased by 4.0% YoY to reach RMB220 per sqm per month. More existing retail malls are expected to undergo asset enhancement works as competition in the retail market heats up.[10]

The transaction volume for high-end residential units decreased by 21.5% YoY as policies restricting speculative investments in the residential market made a significant impact.[15] As supply tightened, overall residential prices increased marginally.

Zhuhai

Zhuhai's economy showed an above-trend GDP growth of 9.2% in 2017, outperforming Guangdong province's GDP growth of 7.5%. The economy of Hengqin prefecture had an even stronger showing, with GDP expanding by 11.6%.[16] In line with the Hengqin

7 Sina article dated 25 February 2018 (http://news.sina.com.cn/o/2018-02-25/doc-ifyrvaxf0461261.shtml).
8 Colliers Quarterly Q3 2017 Report (http://www.colliers.com/-/media/files/marketresearch/apac/china/southwestchina-research/cd-office-q3-2017.pdf?la=en-GB).
9 Nbd news article dated 12 July 2017 (http://www.nbd.com.cn/articles/2017-07-12/1127016.html).
10 Jones LangLasalle 4Q2017 Report (http://www.joneslanglasalle.com.cn/china/zh-cn/Research/jll-gcpd-4q17-cn.pdf?026124da-4b3f-45ae-b96b-b5973d272656).
11 Savills Briefing Retail Sector Chengdu November 2017 (http://pdf.savills.asia/asia-pacific-research/china-research/chengdu-research/chengdu-retail/17q3-cd-retail-en.pdf).
12 Savills Briefing Office Sector Beijing January 2018 (http://pdf.savills.asia/asia-pacific-research/china-research/beijing-research/beijing-office/17q4-bj-office-en.pdf).
13 Savills Briefing Retail Sector Beijing January 2018 (http://pdf.savills.asia/asia-pacific-research/china-research/beijing-research/beijing-retail/17q4-bj-retail-en.pdf).
14 Savills Briefing Residential Sales Beijing January 2018 (http://pdf.savills.asia/asia-pacific-research/china-research/beijing-research/beijing-residential/17q4-bj-resi-sales-en.pdf).
15 Sohu News article dated 11 January 2018 (http://www.sohu.com/a/215986255_161207).
16 Sina article dated 13 February 2018 (http://cj.sina.com.cn/articles/view/1245286342/4a398fc6001003rwb).

Master Development Plan approved in 2009, Hengqin prefecture is being transformed into a metropolis and resort island. More than six new shopping malls with a total GFA of 540,000 sqm are scheduled to be completed by 2020.

Hengqin Free Trade and Shizimen Business District, which is designated a special development zone, is considered an emerging business district of Zhuhai. Further office developments are expected in Hengqin to accommodate Zhuhai's growth as a business city. 1,619 out of 1,958 office units sold in 1H 2017 were located in Hengqin. With the completion of the Hong Kong-Zhuhai-Macau Bridge, Hengqin will become an important port of entry connecting mainland China to Hong Kong and Macau within an hour distance by road. The transformation of Zhuhai will further propel the advancement of Hengqin.[17]

Shenyang

The establishment of the Liaoning Free Trade Zone in April 2017[18] saw more than 6,000 enterprises registered in Shenyang by June 2017.[19] Average office rents remained largely stable, decreasing marginally by 0.1% YoY in 2017.[10] The office market is set to become increasingly competitive as a further 170,000 sqm of supply is expected between 2018 and 2020.[19]

The retail market remained stable in 2017, as average first floor rental increased by 2.9% YoY. With new supply of retail space entering the market between 2018 and 2020, innovative retail concepts are springing up in response to the competitive landscape. Malls have introduced culture, lifestyle, fashion, healthcare and children-related components to differentiate their positioning.[10]

Foshan

Foshan's economy expanded by 8.5% in 2017, outperforming Guangdong province's GDP growth of 7.5%.[20]

A substantial number of shopping malls opened in Foshan in 2017, adding 400,000 sqm of retail GFA. The majority of new shopping malls was located in the Guicheng (Nanhai) District, pushing up average vacancy rates in the area to over 20%. Seven new shopping malls are scheduled to open in the city between 2018 and 2020, adding a further 500,000 sqm of retail GFA to Foshan.[21]

Despite the competition, average retail sales in Foshan remained strong. More international retailers are expected to enter the market, attracted by the city's strong economic growth and growing average household disposable income.[21]

STRATEGIC PRIORITIES IN FY2018

This year, the focus will be on ensuring the successful launch of PIHMH and Chengdu Xiehe Home to bring to fruition Perennial's first signature integrated real estate and healthcare showcase. The target is to scale this integrated real estate and healthcare model from two to eight HSR integrated developments in China by leveraging on the recently established up to US$1.2 billion Perennial-syndicated joint venture ("**JV**").

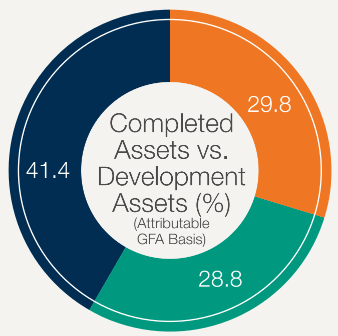
The JV secured an initial capital commitment of US$500 million in January 2018 and is mandated to invest in HSR Healthcare Integrated Mixed-use Developments in China's tier one and/or strong tier two cities and provincial capitals. Perennial holds a 45% stake in the JV vehicle, with remaining stakes in the consortium held by a subsidiary of Shun Tak Holdings Limited (30%), Bangkok Bank Public Company Limited (10%), a subsidiary of BreadTalk Group Limited (5%), an investment vehicle of Mr Kuok Khoon Hong (4%), S1F Pte Ltd (4%) and a subsidiary of Wilmar International Limited (2%).

Perennial will also concentrate on executing its next landmark healthcare integrated mixed-use development project, the Xi'an North HSR Integrated Development ("**Xi'an North HSR**"), where written approval was recently secured for Plot 5 to be designated for medical and healthcare usage. In addition, construction works at Beijing Tongzhou Integrated Development will be closely managed to drive the development timeline. The sale of residences is also expected to be launched in 2018. The completion of these development projects, which account for more than 70% of Perennial's total China GFA (attributable GFA basis), is expected to spur the Group's net asset value growth over time.

Perennial will continue to strengthen the operating performance of assets in Shenyang, Foshan and Chengdu to improve recurring income streams. The West Wing of the Shenyang Red Star Macalline Furniture Mall ("**Shenyang Red Star Mall**") is set to be repositioned into a medical and healthcare centre.

Perennial remains committed to growing its presence in China and aims to build its reputation as a dominant player in the HSR and transportation hub real estate space.

CHINA



Non-Healthcare Completed
Healthcare Development[2]
Non-Healthcare Development[1]

1 Non-healthcare Developments include Chengdu East HSR Integrated Development Plot C and Plot D1; Beijing Tongzhou Integrated Development, Xi'an North HSR Integrated Development Plot 4 and Zhuhai Hengqin Integrated Development.

2 Healthcare Developments include Perennial International Health and Medical Hub and Plot D2 at Chengdu East HSR Integrated Development and Xi'an North HSR Integrated Development Plot 5.

17 Savills Briefing Office Sector Zhuhai August 2017 (http://pdf.savills.asia/asia-pacific-research/china-research/zhuhai-research/17h1-zh-office-cn.pdf).
18 Xinhua news article dated 31 March 2017 (http://www.xinhuanet.com/english/2017-03/31/c_136175078.htm).
19 Shenyang Daily News article dated 12 July 2017 (https://sy.focus.cn/zixun/56ca228d14c5214d.html).
20 Askci news article dated 2 February 2018 (http://www.askci.com/news/finance/20180202/152221117497.shtml).
21 Valuation and Advisory Report of Perennial Jihua Mall Foshan, December 2017 by CBRE.

CHENGDU EAST HIGH SPEED RAILWAY INTEGRATED DEVELOPMENT
成都东站综合项目

Chengdu East HSR Integrated Development is a large-scale mixed-use project comprising PIHMH, Chengdu HSR Integrated Development Plot C ("**Chengdu Plot C**"), Plot D1 ("**Chengdu Plot D1**") and Plot D2 ("**Chengdu Plot D2**").

Measuring over 14.2 million sq ft in total GFA, the development comprises medical, eldercare and senior housing, retail, office and residential components. The integrated development is also connected to the Chengdu East HSR Station, one of the eight largest[1] HSR transportation hubs in China, with inter-city railway, intra-city subway, long and short distance bus terminals and taxi services. The Chengdu East HSR Station currently serves approximately 200,000 passengers daily and this figure is projected to increase twofold to approximately 400,000 by 2030.[1] Within the city of Chengdu, the development is well-served by Subway Line 2, a crosstown northwest-southeast trunk route, and Subway Line 7, a loop line which commenced operations in December 2017.

With direct HSR routes to major cities including Chongqing and Xi'an in operations since 2016 and 2017 respectively, Chengdu East HSR Integrated Development is well-poised to become a one-stop destination for healthcare and commercial services for the Chengdu-Chongqing-Xi'an metropolitan region and neighbouring cities in West China.

1 Sichuan News Network article dated 30 January 2018 (http://city.newssc.org/system/20180130/002357227.htm).

PERENNIAL INTERNATIONAL HEALTH AND MEDICAL HUB

Positioned as a regional healthcare hub to serve the Sichuan province, PIHMH will offer a holistic suite of medical and healthcare-related services. The development will be anchored by the Chengdu ParkwayHealth Hospital and tenanted by five mini-anchor medical and healthcare-related service providers comprising Perennial International Specialist Medical Centre, Care Alliance Rehabilitation Hospital, BGI Perennial Genomics Diagnostic Imaging Centre, St. Stamford Plastic Surgery and Aesthetic Hospital and AND Maternal and Child Health Centre. PIHMH will also host other complementary medical, healthcare-related and retail services.

Key Developments in FY2017

Construction of PIHMH was completed in FY2017, with fitting-out works of common areas and tenants' premises reaching various stages of completion. Mini-anchor tenant Care Alliance Rehabilitation Hospital of Chengdu soft-opened in 4Q 2017 and has since officially commenced operations.

Total committed occupancy stood at 76.6% as at 31 December 2017, and rose to 84.6% at end January 2018. New tenants secured during the year include renowned brands such as *Will's Fitness*, a high-end fitness club, *Kidswant*, a department store for baby and children products, and *Jenny@Eataly*, a gourmet grocery retailer which will open its Chengdu flagship store at PIHMH.

CHENGDU PLOT C

Chengdu Plot C is expected to comprise two office towers and a retail podium.

CHENGDU PLOT D1

Chengdu Plot D1 is expected to comprise offices/Small Office Home Office ("**SOHO**") and retail offerings in view of the potential housing and rental demand from medical staff and visitors of PIHMH and the Chengdu Xiehe Home, which will operate at Chengdu Plot D2. Construction works are expected to commence in FY2018.

CHENGDU PLOT D2

Chengdu Plot D2 comprises six tower blocks with some retail spaces. Chengdu Xiehe Home, which will occupy one tower block on Chengdu Plot D2, will comprise a retirement home, a nursing home and a rehabilitation home. The building usage plans for the other five tower blocks are currently being finalised.

Key Developments in FY2017

External façade works for all six tower blocks on Chengdu Plot D2 were completed in FY2017. Fitting out works for Chengdu Xiehe Home are in progress and in-principle approval has been received from the government for Chengdu Xiehe Home to commence operations.

Focus Areas for FY2018

In FY2018, the focus will be on managing the official opening of PIHMH in 1H 2018. At Chengdu Xiehe Home, the target is to complete fitting out works and secure final regulatory approval for operations to commence between 2Q to 4Q 2018. Usage plans for the remaining five blocks on Chengdu Plot D2 will also be determined.

Perennial International Specialist Medical Centre

Care Alliance Rehabilitation Hospital of Chengdu

Site Map of Chengdu East HSR Integrated Development 成都东站综合项目位置图

BEIJING TONGZHOU INTEGRATED DEVELOPMENT
北京通州综合项目

Beijing Tongzhou Integrated Development, comprising Phase 1 and Phase 2, is an iconic mixed-use development measuring over 8.4 million sq ft in GFA, with retail, office and residence components. Located in the prime Tongzhou District, the development is situated close to the new Beijing Municipal Government Administrative Centre which is projected to welcome 400,000 people from the end of 2017 to 2019 as part of the Beijing Municipal Government's relocation exercise. Set to become a bustling 'sub-centre' of Beijing, the Tongzhou district will feature key tourist attractions, with Universal Studios Beijing opening in 2020 and the historically significant Beijing-Hangzhou Grand Canal being restored for cultural tourism.[2]

Sitting atop the future Tongyunmen Subway Interchange Station, which will be served by the operational Subway Line M6 and future Line S6, the integrated development will be easily accessible from the upcoming Beijing Municipal Government Administrative Centre, Beijing Capital International Airport and the new airport in the Daxing District. The newly-opened Beijing Suburban Railway Subcentre Line and the future Subway Line R1 will further enhance the development's connectivity to Beijing's city centre. Featuring an iconic design and fronting the famous Beijing-Hangzhou Grand Canal, Beijing Tongzhou Integrated Development is slated to become the premier waterfront 'live, work and play' destination in Beijing.

Key Developments in FY2017

Construction permits for one plot at Phase 1 and another plot at Phase 2 were obtained in 2017. This brings the total number of permits obtained to four out of six plots, with permits received for three plots at Phase 2 and one plot at Phase 1. In addition, construction for one plot at Phase 2 has reached 10 storeys. Due to environmental-related regulations on construction activities, the expected completion of Phase 1 and Phase 2 has been pushed back to 2021 and 2020 respectively.

As at the end of 2017, some functions of the Beijing Municipal Government such as the Beijing Municipal Party Committee, Beijing Municipal People's Congress and Beijing Chinese People's Political Consultative Conference have moved to the Tongzhou district. The new Beijing Suburban Railway Subcentre Line also officially commenced operations on 31 December 2017, connecting west Beijing to Tongzhou in 48 minutes and central Beijing to Tongzhou in less than half an hour.[3] In addition, Renmin University of China, one of China's top universities, announced the building of its new campus in Tongzhou, which upon completion in 2025 will enroll up to 22,000 students.[4] The growing prominence of Tongzhou district bodes well for Beijing Tongzhou Integrated Development, which will serve as a key confluence for the diverse communities of government officials, corporate institutions and businesses, tourists and students in Tongzhou.

Focus Areas for FY2018

In FY2018, the focus will be on securing the remaining two construction permits for two plots at Phase 1 and commencing construction on those plots. Sale of residences at the development is also expected to be launched in 2018.

2 China Daily article dated 26 November 2017 (http://www.chinadaily.com.cn/a/201711/26/WS5a276c28a3107865316d3c8e.html).

3 China Stock Weekly article dated 20 December 2017 (http://news.hongzhoukan.com/17/1220/wjy110510.html).

4 China.org.cn article dated 17 October 2017 (http://china.org.cn/china/2017-10/03/content_41681279.htm).


Artist's impression may differ from the view of the completed property

Site Map of Beijing Tongzhou Integrated Development 北京通州综合项目位置图

XI'AN NORTH HIGH SPEED RAILWAY INTEGRATED DEVELOPMENT
西安北站综合项目

Xi'an North HSR Integrated Development, comprising Plot 4 and Plot 5, is a large-scale mixed-use development measuring over 9.2 million sq ft in total GFA. Plot 4 will comprise retail, SOHO, serviced apartment and hotel components. Plot 5 is being planned to comprise medical, healthcare, eldercare, and hotel components.

The landmark development is sited adjacent and connected to the Xi'an North HSR Station, the largest[1] HSR station in Northwest China with inter-city railway, intra-city subway, long and short distance bus terminals and taxi services. Within the city of Xi'an, the development is served by the operational north-south Subway Line 2 and the future Subway Line 4, which is expected to commence operations in 2018.[5] In 2017, the Xi'an-Chengdu HSR line commenced operations, reducing travel time between Xi'an and Chengdu from 16 to three hours.[6] The Baoji-Lanzhou HSR line, which is directly connected to the Xi'an-Baoji HSR line and Lanzhou-Xinjiang HSR line, also commenced operations during the year, reducing travelling time between Xi'an and Xinjiang/Urumqi from approximately 25 hours to 15 hours.[7] With the expanded HSR network, the regional hub is well-positioned to serve the sizeable catchment within Xi'an and beyond upon completion.

Key Developments in FY2017

Three towers on Plot 4 topped out in 4Q 2017, with construction on one of the podium buildings reaching level four. Written approval was also secured to designate Plot 5 for medical and healthcare usage.

5 Huashang article dated 1 January 2018 (https://baijiahao.baidu.com/s?id=1589983625620352531&wfr=spider&for=pc).
6 The Straits Times article dated 24 November 2017 (http://www.straitstimes.com/asia/east-asia/chinas-newest-high-speed-rail-line-cuts-through-historical-sites-legendary-mountains?login=true).
7 Xinhua News article dated 9 July 2017 (http://www.xinhuanet.com/english/2017-07/09/c_136430275.htm).

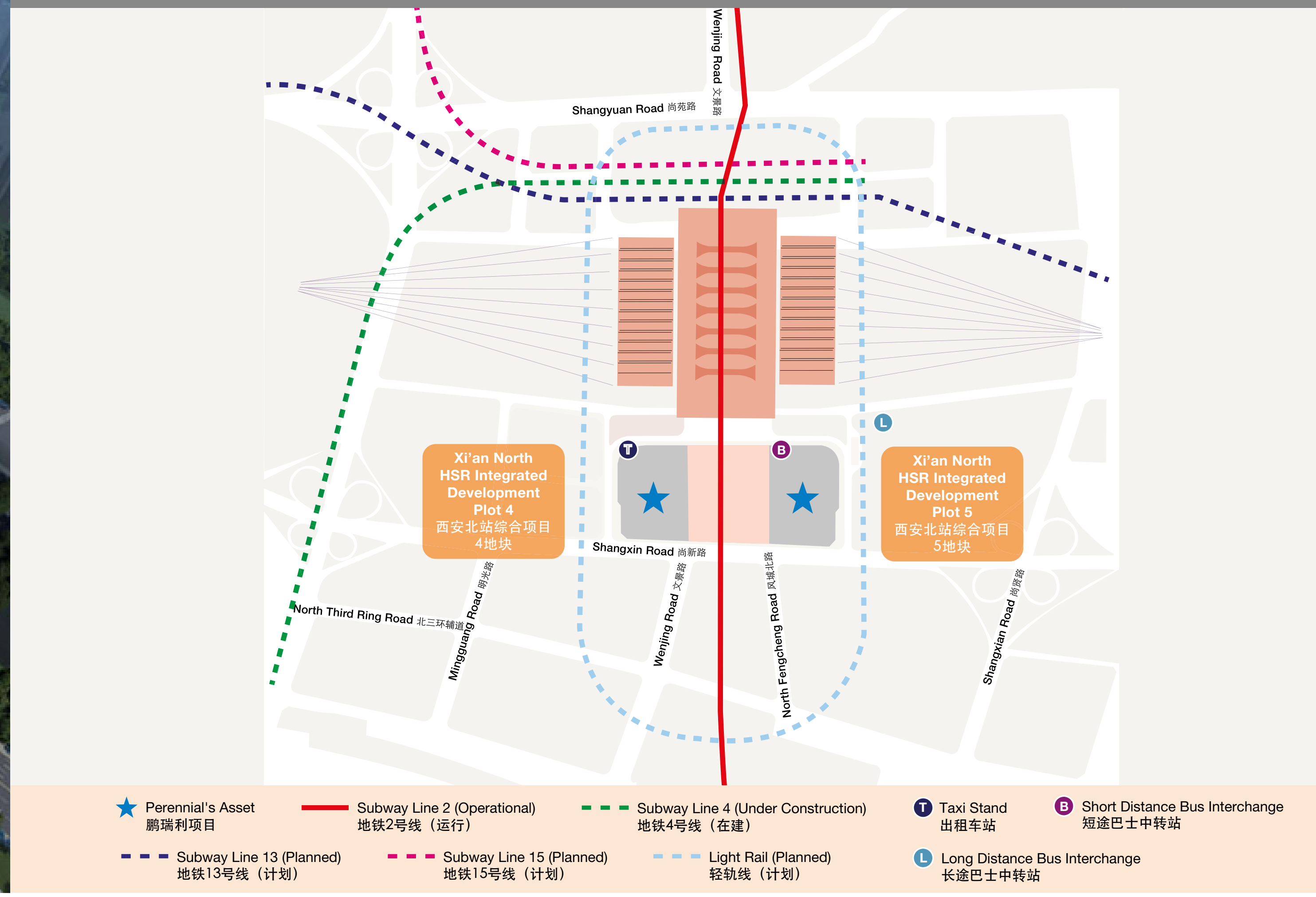
Focus Areas for FY2018

Plot 4 is expected to be fully completed by 2019. Perennial will intensify leasing efforts to engage potential tenants as well as a hotel management company to operate the hotel component of the development.

For Plot 5, Perennial will seek to secure the relevant planning approvals and finalise the architectural plan, with construction targeted to commence in 1H 2018. Construction is expected to be completed in 2020.

Retail Podium on Plot 4

Site Map of Xi'an North HSR Integrated Development 西安北站综合项目位置图



ZHUHAI HENGQIN INTEGRATED DEVELOPMENT
珠海横琴综合项目

Zhuhai Hengqin Integrated Development is an iconic mixed-use development sited on a prime plot adjacent and connected to the Hengqin Immigration Plaza on Zhuhai's Hengqin Island. The Hengqin Immigration Plaza links to Cotai of Macau via the Lotus Bridge and is the major gateway between Hengqin Island and Macau. With major infrastructural developments such as the Hong Kong-Zhuhai-Macau bridge and Guangzhou-Zhuhai Intercity Mass Rapid Transit[8] expected to be completed within the next two years, the development is poised to be a vibrant and signature landmark in Zhuhai with retail, office, hotel and residential components.

Key Developments in FY2017

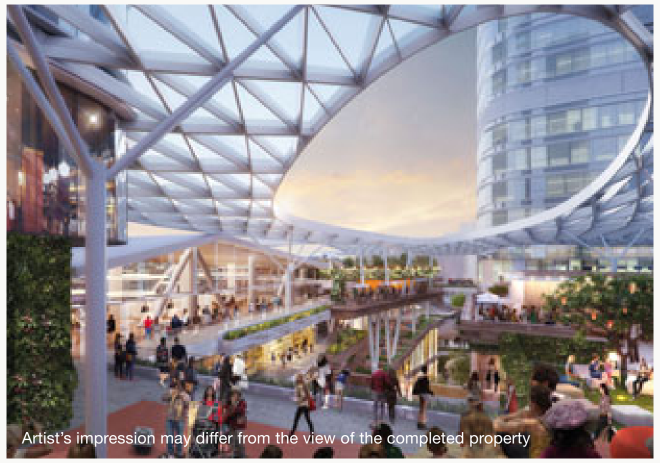
Construction works on the hotel and serviced apartment tower have reached 17 storeys, while foundation works for the retail podium and office tower are nearing completion.

Focus Areas for FY2018

Presale for the residential and office components is slated for commencement in 2H 2018, subject to regulatory approval and market conditions. With completion targeted for 2020, Zhuhai Hengqin Integrated Development is well-positioned to partake in the growing vitality of the region, which is expected to enjoy accelerated economic growth resulting from the Hong Kong-Macau-Guangdong Greater Bay Area regional integration development blueprint.


Artist's impression may differ from the view of the completed property

Exterior Atrium

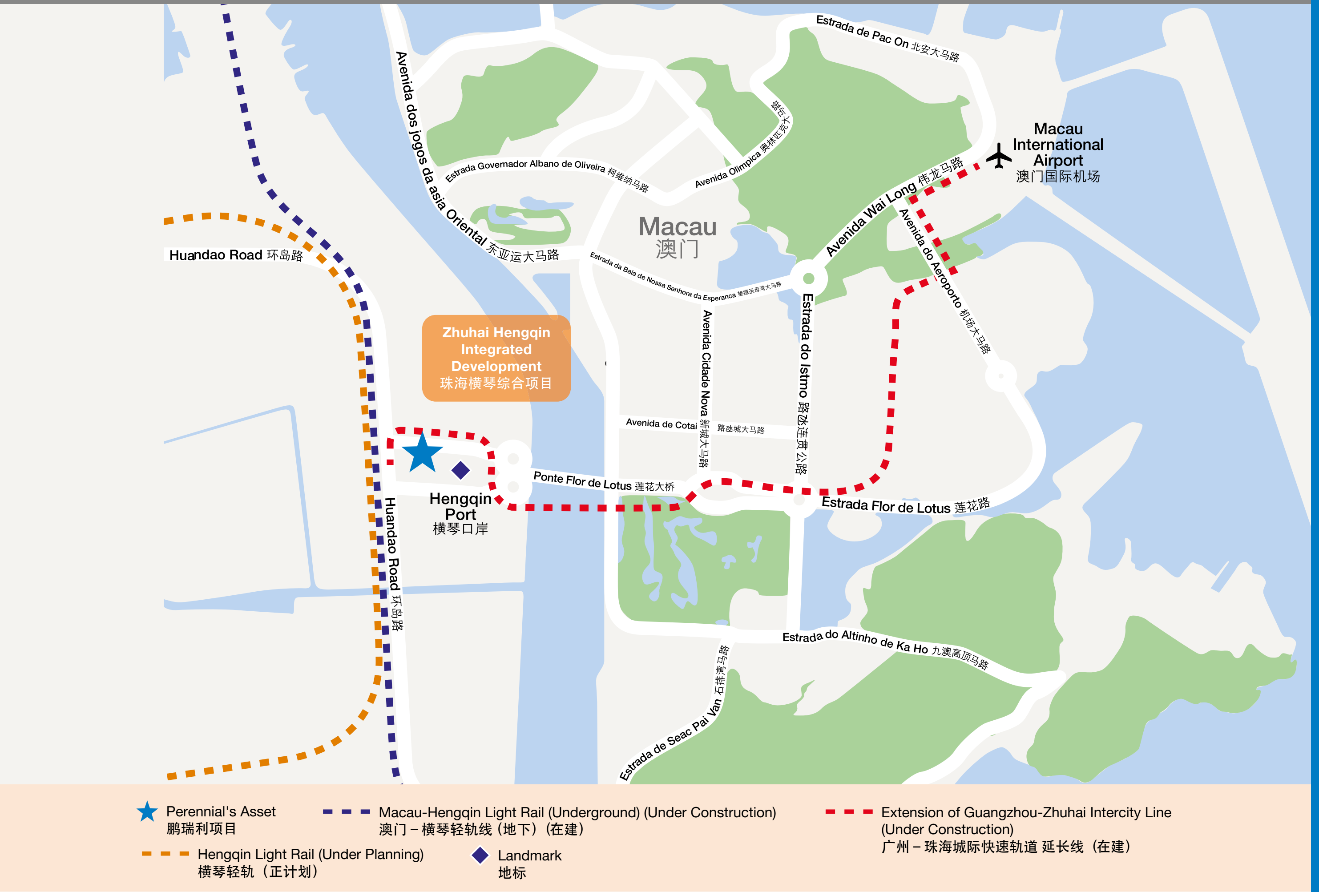

Artist's impression may differ from the view of the completed property

Rooftop Garden

8 Nanfang News article dated 27 September 2016 (zh.southcn.com/content/2016-09/27/content_156536903.htm).

Artist's impression may differ from the view of the completed property

Site Map of Zhuhai Hengqin Integrated Development 珠海横琴综合项目位置图



SHENYANG LONGEMONT INTEGRATED DEVELOPMENT
沈阳龙之梦综合项目

Shenyang Longemont Integrated Development, comprising Shenyang Longemont Shopping Mall, Shenyang Red Star Macalline Furniture Mall and Shenyang Longemont Offices, is located within the Shenyang Longemont Asia Pacific City ("**APC**"), one of the largest mixed-use commercial developments in Shenyang, which comprises other operational developments such as 3-star, 4-star and 5-star hotels, residential apartments, an IMAX cinema and wholesale centres.

Prominently located along Shenyang's First Ring Road and well-served by extensive road infrastructure, the integrated development also enjoys direct connectivity to the Shenyang APC Transportation Hub, which incorporates the Pangjiangjie Subway Interchange Station, long and short-distance bus interchange, and taxi services.

SHENYANG LONGEMONT SHOPPING MALL

Shenyang Longemont Shopping Mall is one of the largest shopping malls in Shenyang. The mall hosts a myriad of established local and foreign brands, as well as a wide range of education and children-related trades. With its prime location and extensive offerings, Shenyang Longemont Shopping Mall enjoys a good standing as one of the most popular one-stop dining, shopping, entertainment destinations catering to families, youths, professionals from Shenyang and tourists from the nearby cities.

Key Developments in FY2017

Total committed occupancy at the Shenyang Longemont Shopping Mall increased YoY from 81% to 87.6%. Several popular fashion, electronics and food and beverage brands such as Ochirly, Five Plus, Puma, Chanibaby and OPPO were introduced to enhance the existing tenant mix. On the back of various marketing and promotional activities organised throughout the year, the upward trend in shopper traffic continued into FY2017.

SHENYANG LONGEMONT OFFICES

Shenyang Longemont Offices, which sits atop the Shenyang Longemont Shopping Mall, is an ideal office address for companies seeking a prime location with excellent connectivity and good supporting amenities.

Key Developments in FY2017

Co-working space was launched at Shenyang Longemont Offices in FY2017 to cater to growing demand from technology companies as well as small start-up enterprises. Total committed occupancy at the offices increased from 62.6% in FY2016 to 65.5% in FY2017.

SHENYANG RED STAR MALL

The East Wing of the mall is master-leased to Shanghai Red Star Macalline Home Furnishing Co., Ltd ("**Red Star Macalline**"), one of the largest furniture retail operators in China. Plans are currently underway to reposition the West Wing of the mall into a medical and healthcare centre.

Key Developments in FY2017

To make way for the repositioning of the West Wing into a medical and healthcare centre, the lease with master tenant, Red Star Macalline, was intentionally restructured with a reduced space. In-principle approval for the repositioning of the West Wing for healthcare usage has been received and detailed design planning for the partial conversion is in progress.

Focus Areas for FY2018

Perennial will keep abreast of the latest office and retail leasing trends and seek to tailor its offerings towards the needs of existing and potential tenants at Shenyang Longemont Shopping Mall and Shenyang Longemont Offices, so as to raise overall occupancy rates. The focus will also be on finalising the design plans for the partial conversion of the Shenyang Red Star Mall into a medical and healthcare centre. With the northeast loop Shenyang Metro Line 10 expected to commence operations in 2018, the Shenyang Longemont Integrated Development stands to enjoy increased human traffic as it is situated right above the Pangjiangjie Subway Interchange Station.

PERENNIAL QINGYANG MALL, CHENGDU
鹏瑞利青羊广场, 成都

Perennial Qingyang Mall in Chengdu is a prime one-stop suburban mall positioned to serve the sizeable population catchment in the western part of Chengdu. The mall is part of an integrated development, comprising a five-star hotel, four office blocks and SOHO, with several residential developments in the vicinity, allowing the mall to enjoy a sizeable shopper catchment from its immediate surroundings.

Strategically sited with prominent frontage along Guanghua Avenue, a key west arterial road leading to the Chengdu city centre, Perennial Qingyang Mall is easily accessible by car and connected directly via an underground pedestrian link to Zhongba Subway Station on the east-west Subway Line 4. With its strategic location, complementary surrounding establishments and strong tenant mix, Perennial Qingyang Mall is the premier shopping, dining and entertainment destination in the western region of Chengdu.

Key Developments in FY2017

Perennial Qingyang Mall continued to deliver outstanding performance, with total committed occupancy reaching 99.4% in FY2017 and average rental increasing by approximately 9% year-on-year. Despite competition from new malls in the precinct, shopper traffic remained resilient at about 13 million in FY2017.

Focus Areas for FY2018

In FY2018, the focus will be on curating a unique retail experience for shoppers by optimising the tenant mix and differentiating the mall's offerings so as to reinforce its distinctive positioning in the precinct. Marketing activities including bank and mobile application promotions continue to be intensified to drive shopper traffic and tenants' sales.

PERENNIAL JIHUA MALL, FOSHAN
鹏瑞利季华广场, 佛山

Perennial Jihua Mall in Foshan is a prime one-stop suburban mall that is part of an integrated development with 16 high-rise residential towers. Located in Foshan's affluent Nanhai District, the mall enjoys over 200 metres of main frontage along Jihua Road and Guilan Road, two of the key arterial roads in Foshan. The mall is also situated close to the future Guilan Road Subway Station on the new Subway Line 6. With an excellent location well-supported by a large residential catchment in its immediate precinct and a wide array of family and lifestyle retail offerings, the mall is popular among residents as a shopping, dining and entertainment destination.

Key Developments in FY2017

Perennial Jihua Mall continued to perform strongly, with total committed occupancy increasing from 99.2% in FY2016 to 99.8% in FY2017. New tenants such as Modern Education, an educational enrichment provider, were introduced during the year to enhance the mall's positioning as a one-stop family destination. Shopper traffic remained steady in FY2017 at about 8 million, while average rent increased approximately 2% YoY.

Focus Areas for FY2018

In FY2018, the focus will be on enhancing the variety of food and beverage offerings at the mall to cater to the growing demand for dine-out options. Marketing and promotional activities will also be organised regularly to attract shoppers from the surrounding community and drive tenants' sales.

PORTFOLIO AT A GLANCE

Property[1, 2]		Location	Description[3]	Tenure	Effective Interest (%)	Land Area (sq ft)	Gross Floor Area (sq ft)	Target Completion	Anchor/Major Tenants
Chengdu East HSR Integrated Development	**Perennial International Health and Medical Hub[4]**	Plot A, East of Jinxiu Avenue, Chenghua District, Chengdu, Sichuan Province	Medical Block: 5 levels above ground and 3 basement levels Retail and Medical Block: 5 levels above ground 3 basement levels (car park covers part of basement 2 and 3)	40 years, expiring on 20 February 2051	80	519,057	Medical and Retail Block: 2,406,178 Car Park/Others: 747,209 Total: 3,153,387	Construction completed in end-2017	Chengdu ParkwayHealth Hospital, St. Stamford Plastic Surgery and Aesthetic Hospital, Care Alliance Rehabilitation Hospital, AND Maternal and Child Health Centre, Perennial International Specialist Medical Centre, BGI Perennial Genomics Diagnostic Imaging Centre
	Chengdu Plot C	East of Qionglaishan Road, Chenghua District, Chengdu, Sichuan Province	Retail Podium: 11 levels (9 above ground and 2 basement levels) Office: Two 63-storey towers Car Park: 3 basement levels		50	412,401	Office and Retail: 3,850,000 Car Park/Others: 1,770,000 Total: 5,620,000	2020	–
	Plot D1		Retail Podium/Office/SOHO: Four 37-storey towers Car Park: 1 basement level		50	235,906	Retail/Office/SOHO: 2,083,819 Car Park/Others: 322,920 Total: 2,406,739	2020	–
	Plot D2[5]		SOHO: Six 32-storey towers Retail Podium: 5 levels 3 levels above ground and 2 basement levels (including underground car park)		50	363,449	SOHO: 1,819,101 Retail: 885,267 Car Park/Others: 398,867 Total: 3,103,235	2Q to 4Q 2018	Chengdu Xiehe International Eldercare and Retirement Home[6]
Beijing Tongzhou Integrated Development	**Phase 1**	Plots 13, 14-1 and 14-2, Xinhua Avenue, Tongzhou District, Beijing	Retail Podium: 8 levels (6 above ground and 2 basement levels) Office: 2 towers Residences: 1 tower Car Park: 2 basement levels	Commercial: 40 years, expiring on 4 November 2052 Office and Residence: 50 years, expiring on 4 November 2062	40[7]	418,999	Retail: 1,439,774 Office: 1,276,631 Residence: 543,039 Car Park/Others: 1,195,976 Total: 4,455,420	2021	–
	Phase 2	Plots 10, 11, 12, Xinhua Avenue, Tongzhou District, Beijing	Retail Podium: 8 levels (6 above ground and 2 basement levels) Office: 1 tower Residences: 2 towers Car Park: 1 basement level	Commercial: 40 years, expiring on 9 May 2053 Office and Residence: 50 years, expiring on 9 May 2063	23.3[7]	537,489	Retail: 1,252,995 Office: 994,009 Residence: 716,107 Car Park/Others: 1,004,730 Total: 3,967,841	2020	–

1 The value of leasehold properties totalled RMB35,341.9 million as at 31 December 2017.
2 As all designs are undergoing refinement, the information in this table are subject to change.
3 Based on current plans and subject to the relevant authorities' approval of the plans.
4 Valuation as at 31 December 2017 was RMB3,332 million.
5 Valuation as at 31 December 2017 was RMB2,488 million.
6 A Memorandum of Understanding was entered into, with Shanghai Summit Property Development Limited and Shanghai RST Chinese Medicine Co., Ltd. This was announced on 14 January 2016.
7 Approximate percentage.

PORTFOLIO AT A GLANCE

Property[1,2]		Location	Description[3]	Tenure	Effective Interest (%)	Land Area (sq ft)	Gross Floor Area (sq ft)	Target Completion	Anchor/Major Tenants
Xi'an North HSR Integrated Development	**Plot 4[8]**	North of Shangxin Road, South of Xi'an North HSR Station, Weiyang District, Xi'an, Shaanxi Province	Retail Podium: 4 levels above ground and 1 basement level SOHO/Loft: 2 towers Hotel (3, 4 and 5 stars): 1 tower Serviced Apartment: 1 tower Car Park: 2 basement levels	40 years, expiring on 23 November 2052	51	506,973	Retail: 660,498 SOHO/Loft: 572,938 Hotel: 1,715,987 Serviced Apartment: 410,900 Car Park/Others: 1,045,506 Total: 4,405,829	2019	–
	Plot 5		Retail Podium: 5 levels (4 above ground and 1 basement level) Eldercare and Retirement Home: 1 tower Hotel: 1 tower Medical Block: 2 towers		51	554,310	Retail: 267,957 Hotel: 1,156,701 Eldercare: 316,642 Medical: 1,658,794 Car Park/Others: 1,432,676 Total: 4,832,770	2020	–
Zhuhai Hengqin Integrated Development		East of Huandao East Road, South of Jilin Road, Next to Hengqin Port Plaza, Hengqin District, Zhuhai, Guangdong Province	Retail Podium: 6 levels (4 above ground and 2 basement levels) Office: 1 tower Hotel/Serviced Apartments: 1 tower Car Park: 4 basement levels	Commercial: 40 years, expiring on 1 March 2054 Residential: 70 years, expiring on 1 March 2084	20	256,550	Retail: 482,578 Office: 455,765 Hotel/Serviced Apartments: 179,198 Residential: 352,755 Car Park/Others: 766,412 Total: 2,236,708	2020	–

Property[1]		Location	Description	Tenure	Effective Interest (%)	Valuation[9] (RMB million)	Land Area (sq ft)	Gross Floor Area (sq ft)	Net Lettable Area (sq ft)	Operational	Anchor/Major Tenants
Shenyang Longemont Integrated Development	**Shenyang Red Star Macalline Furniture Mall**	No. 24 Pangjiang Street, Dadong District, Shenyang, Liaoning Province	Retail Podium: 8 levels (7 above ground and 1 basement level) Car Park: 1 basement level	50 years, expiring on 20 January 2059	50	2,453	482,711	3,048,831	2,558,754	Since September 2010	Shanghai Red Star Macalline Home Furnishing Co., Ltd
	Shenyang Longemont Shopping Mall	No. 20 Pangjiang Street, Dadong District, Shenyang, Liaoning Province	Retail Podium: 10 levels (8 above ground and 2 basement levels)		50	3,763	574,019	3,528,288	2,207,235	Since October 2011	Sinbad Joy Castle, Carrefour, C&A, H&M, UNIQLO
	Shenyang Longemont Offices		Office: Two 56-storey towers		50	2,224		2,129,132	1,911,563	Since October 2012	Taiping Insurance, Pingan Insurance, Taikang Insurance
Perennial Qingyang Mall, Chengdu		No. 55 North Guanghua Third Road, Qingyang District, Chengdu, Sichuan Province	Retail Podium: 4 levels (3 above ground and 1 basement level) Car Park: 2 basement levels	40 years, expiring on 19 January 2050	100	1,225	575,742	1,455,303	637,048	Since April 2014	Yonghui Superstore (Supermarket), Jinyi Cineplex, Kidswant
Perennial Jihua Mall, Foshan		No. 45 Guilan South Road, Nanhai District, Foshan, Guangdong Province	Retail Podium: 4 levels (3 above ground and 1 basement level) Car Park: (1 above ground and 1 basement level)	40 years, expiring on 20 May 2049	100	928	370,403	979,966	472,805	Since August 2013	Yonghui Superstore (Supermarket), Jinyi Cineplex, Inditex Group

8 Valuation as at 31 Dcember 2017 was RMB995 million.
9 Valuations as at 31 December 2017.

OVERVIEW

In FY2017, Perennial focused primarily on making progress on the Penang Waterfront Integrated Development in Malaysia, now branded as The Light City, as well as concluding regulatory matters for the Accra Integrated Development in Ghana.

Perennial also maintained oversight on matters relating to the potential redevelopment of Aviva Tower in London, United Kingdom.

MALAYSIA
MARKET OVERVIEW AND OUTLOOK
Robust Economy Supported by Strong Domestic Demand

Malaysia's economy achieved Gross Domestic Product ("**GDP**") growth of 5.9% in 2017 despite ongoing political and economic headwinds, supported by domestic demand and robust exports.[1] The economic uptrend is expected to continue, with the World Bank projecting real GDP growth of 5.2% in 2018, though external shocks may potentially derail growth.[2]

Malaysia continues to attract substantial Foreign Direct Investment ("**FDI**"). In particular, Penang is a top destination for FDI, registering the highest amount of approved FDI in 2017 at MYR8.5 billion.[3] The state's economy is driven mainly by the tourism and manufacturing industries. A total of 7.2 million passenger arrivals were recorded at the Penang International Airport in 2017, increasing 8% from the year before.[4]

GHANA
MARKET OVERVIEW AND OUTLOOK
High-Growth Economy Open to Foreign Investment

Ghana remains one of the most prosperous and stable countries in Sub-Saharan Africa. In 2017, Ghana's economy expanded by 7.9%, which was more than a twofold increase from its 2016 GDP growth of 3.7%, significantly outperforming the global economy and its regional peers.[5] While Ghana continued to face internal fiscal challenges, efforts to stabilise the economy have begun to bear fruit. Ongoing reforms achieved targets to limit government spending and a slowdown in the rate of debt growth.[6]

Under the leadership of the new government elected in 2017,[7] the country has outlined its strategic focus on creating jobs for local communities and expanding private sector participation.[8] New initiatives to improve foreign investment laws such as the review of the Ghana Investment Promotion Centre ("**GIPC**") Act have been set in motion to create a conducive business environment and boost the level of FDI. These initiatives are expected to support Ghana's economic performance, which is projected to accelerate in 2018.[5]

UNITED KINGDOM
MARKET OVERVIEW AND OUTLOOK
Established Market with Robust Fundamentals

The ongoing Brexit negotiations continued to weigh on UK's political and economic landscape as its 2017 economic growth sank to a five-year low of 1.8%. The labour market remained stable with unemployment rate at a 42-year low of 4.2%.[9]

The London real estate market remains firmly underpinned by strong fundamentals, evident in resilient market indicators and capital values achieved during the year. Transaction volumes and development activity from domestic and international investors continued to recover after the initial jolt from Brexit in 2016. The final impact of Brexit on the real estate markets remains to be seen, with Brexit negotiations expected to carry on until at least early 2019.

1 New Straits Times article dated 14 February 2018 (https://www.nst.com.my/business/2018/02/335371/malaysia-post-59pct-gdp-growth-2017).
2 World Bank's Malaysia Economic Monitor, December 2017 (http://www.worldbank.org/en/country/malaysia/publication/malaysia-economic-monitor-december-2017).
3 Projects Approved By State 2017 and 2016, Malaysian Investment Development Authority (http://www.mida.gov.my/home/projects-approved-by-state,-2017-and-2016/posts/).
4 Free Malaysia Today news article dated 1 February 2018 (http://www.freemalaysiatoday.com/category/nation/2018/02/01/guan-eng-asks-najib-to-hurry-with-penang-airport-expansion/).
5 PWC 2018 budget highlights: "Putting Ghana back to work".
6 Bloomberg article dated 8 February 2018 (https://www.bloomberg.com/news/articles/2018-02-08/ghana-president-pledges-to-build-on-economic-progress-of-2017).
7 President Nana Akufo-Addo took office on 7 January 2017 after his National Patriotic Party's (NPP) win over John Dramani Mahama of the National Democratic Congress.
8 Message on the State of the Nation by President Nana Akufo-Addo dated 8 February 2018 (https://www.ghanaweb.com/GhanaHomePage/NewsArchive/FULL-SPEECH-President-Nana-Akufo-Addo-s-2018-SONA-624767).
9 Bloomberg article dated 24 January 2018 (https://www.bloomberg.com/news/articles/2018-01-24/u-k-labor-market-shows-surprise-strength-as-employment-rises).

THE LIGHT CITY, PENANG, MALAYSIA
THE LIGHT CITY, 槟城, 马来西亚

Newly branded The Light City, the project is positioned as Penang's first mega iconic waterfront integrated development, measuring 4.1 million sq ft in gross floor area. The development will comprise a retail mall with thematic street concepts and waterfront dining, premium residential towers, an office tower, two hotels, and the largest convention centre in Penang. It will be built at an estimated total development cost of over MYR3 billion (approximately S$1 billion).

The development is located on a freehold site on the eastern coastline of Penang Island. The waterfront site is served by Tun Dr Lim Chong Eu Expressway and is located in close proximity to the Penang Bridge, one of two road bridges connecting Penang Island to Peninsular Malaysia.

Key Developments in FY2017

The project's new branding The Light City was officially launched at a ceremony in May 2017, which was graced by the Chief Minister of Penang, Y.A.B. Tuan Lim Guan Eng. The names of the two premium residential projects were also unveiled at the ceremony as *Mezzo* and *The Essence*.

In 2017, substantial progress was made on the project development front, with the successful receipt of building plan approvals and other regulatory permits. In preparation for construction works which are set to commence in 1H 2018, various project tenders were called.

Focus Areas for FY2018

The focus for The Light City project in FY2018 is to commence on-site construction works. The appointment of a hotel operator for the four and five-star hotels planned at the development is expected to be finalised by 1H 2018. If market conditions are receptive, residential sales of *Mezzo* will also be launched.

Artist's impression may differ from the view of the completed property

ACCRA INTEGRATED DEVELOPMENT, GHANA
阿克拉综合项目，加纳

Located in Accra, the capital of Ghana in West Africa, the Accra Integrated Development will comprise a shopping mall, residential towers, an office tower, serviced apartments, and a five-star hotel to be managed by Shangri-La Asia Limited. It will be built at a total development cost of over US$250 million (approximately S$352 million).

The site is located in the prime Airport district of Accra with prominent frontage on the key Tetteh Quarshie Interchange, which links major thoroughfares leading towards Accra's city centre and other nearby cities. Its close proximity to the Kotoka International Airport is a key selling point for investors and businesses as it provides convenient access to the airport while avoiding the traffic gridlock commonly experienced in central Accra.

Key Developments in FY2017

In FY2017, the land tenure for the Accra Integrated Development was extended to a term of 50 years until 30 November 2067. Negotiations with local authorities to secure regulatory approvals for design and construction-related matters made steady progress, while the development scheme was further refined.

Focus Areas for FY2018

The focus for the Accra Integrated Development in FY2018 is to commence on-site works, subject to the conclusion of regulatory matters.

Artist's impression may differ from the view of the completed property

AVIVA TOWER, LONDON, UNITED KINGDOM
英杰华大楼，伦敦，英国

In FY2016, Perennial secured a call option to acquire a 20% stake in Aviva Tower based on an agreed property value of £330 million ("**Call Option**"), derived from an 'as-is' market valuation of £323 million. The total consideration paid to enter into the Call Option was US$4, exercisable upon the owners' decision to redevelop Aviva Tower. Aviva Tower is owned by Mr Kuok Khoon Hong[10], Perennial's largest sponsor and Chairman, Mr Martua Sitorus and his family[11] as well as two other investors.

Based on the planning approval granted by the City of London, Aviva Tower can be redeveloped into a new landmark office tower with a total gross floor area ("**GFA**") of 154,100 square metres ("**sqm**") and net lettable area ("**NLA**") of 93,578 sqm, which will be approximately three times Aviva Tower's current GFA of 49,083 sqm and NLA of 30,006 sqm. Post-redevelopment, it will be the tallest building in the City of London at a height of 304.94 metres, hosting UK's highest publicly accessible viewing gallery, London's highest office space and public restaurant as well as a larger public square.

Aviva Tower is currently a 28-storey office tower located at 1 Undershaft, EC3, right in the heart of London's Financial District within the City of London, also commonly known as the 'Square Mile'. The property is sited across the road from prominent famous London landmark 'The Gherkin'[12], and in close proximity to existing and upcoming renowned commercial buildings such as the 'Cheesegrater'[13], the 'Scalpel'[14], 22 Bishopsgate, Tower 42 and Heron Tower.

Anchored by Aviva International Insurance, the prime development enjoys excellent transport connectivity with access to Liverpool Street Station and Bank Station, which together serve six London Tube lines, three Rail lines and the new Elizabeth Line Crossrail, which is due to open in December 2018.

Key Developments in FY2017

There is no change to Perennial's position regarding the Call Option which remains valid until 31 July 2019, as the owners of Aviva Tower are reviewing whether to proceed with its redevelopment.

Focus Areas for FY2018

In FY2018, the focus for the Aviva Tower project is to oversee the overall feasibility, planning and regulatory issues related to the potential redevelopment, subject to the decision of the owners.

10 Held through HPRY Holdings Limited.
11 Held through Burlingham International Ltd.
12 30 St Mary Axe.
13 122 Leadenhall Street.
14 52-54 Lime Street.

Artist's impression may differ from the view of the completed property

PORTFOLIO AT A GLANCE

Property[1,2]	Location	Description	Tenure	Effective Interest (%)	Land Area (sq ft)	Gross Floor Area[3] (sq ft)	Target Completion
The Light City, Penang, Malaysia	About 1 km north of Penang Bridge, Gelugor, Malaysia	Retail Podium and Thematic Shops Residential Office Hotels Convention Centre	Freehold	50	1,427,000	Retail and Thematic Shops: 1,452,500 Residential: 1,190,500 Office: 507,600 Hotels: 609,900 Convention Centre: 377,700 Total: 4,138,200	2021
Accra Integrated Development, Ghana	Along Liberation Road and about 2 km from Kotoka International Airport within the Airport district of Accra, Ghana	Retail Podium Residential Office Hotel Serviced Apartments	50 years, expiring on 30 November 2067	55	537,000	Retail: 231,400 Residential: 375,400 Office: 592,000 Hotel: 354,200 Serviced Apartments: 194,200 Total: 1,747,200	2021
Aviva Tower, London, United Kingdom	1 Undershaft, London, EC3A 8AB, UK	Office	Freehold	Post-exercise of call option, will hold 20[4]	Approximately 71,000	Current: 528,300 Post-redevelopment: 1,658,700	Operational[4]

1 The value of leasehold property was S$44.1 million as at 31 December 2017. The value of freehold property was S$45.9 million as at 31 December 2017.
2 As all designs are undergoing refinement, the details in the table are subject to change.
3 The gross floor area excludes carpark space based on current plans and are subject to the relevant authorities' approval of the plans.
4 Perennial will hold an effective interest of 20% if the Call Option is exercised upon confirmation of the execution of redevelopment plans by its owners.

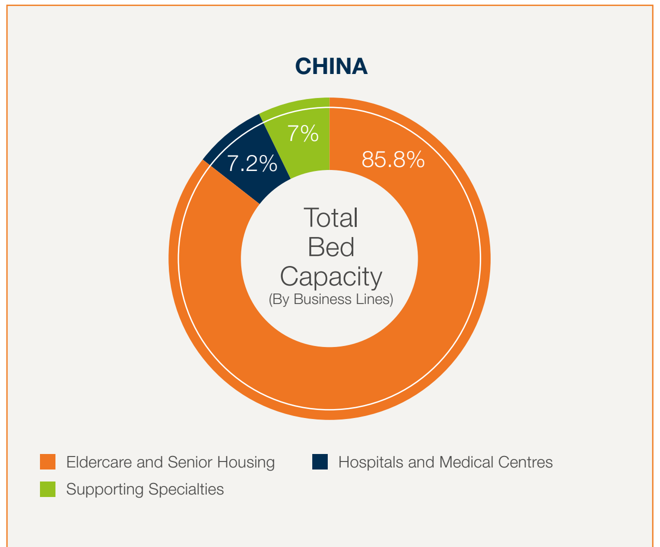
BUSINESS REVIEW: HEALTHCARE – CHINA

OVERVIEW

Perennial significantly expanded its operations as a healthcare services owner, operator and provider in China, with its portfolio of total operating beds growing by 45.4% to reach 4,167 beds at the end of 2017. The increase was mainly driven by the eldercare and senior housing segment, which added 1,152 beds to the portfolio. The total number of committed pipeline and potential pipeline of beds also increased to 7,858 and 13,500 respectively.

To further drive the implementation of the Group's integrated real estate and healthcare model in China, Perennial outlined its strategy to pursue two main business segments: (i) Hospitals and Medical Centres and (ii) Eldercare and Senior Housing, complemented by supporting specialties in (a) Genomics and Diagnostic Imaging (b) Plastic Surgery and Aesthetics and (c) Maternal and Child Health Management.

In February 2018, the Group established a strategic tie-up with Hunan Xiangya Emergency Response Investment Management Co., Ltd[1] to launch the first BGI Perennial Genomics Diagnostic Imaging Centre at PIHMH in 1H 2018. A health screening and diagnostic imaging centre for health management and medical diagnosis, the facility will support the two main segments of the Group's healthcare business.



Medical and Healthcare Business Lines	Bed Capacity
Eldercare and Senior Housing[2]	3,577
Hospitals and Medical Centres[3]	300
Supporting Specialties[4]	290
Total	**4,167**

MARKET REVIEW AND OUTLOOK

China's growing middle class and rapidly ageing population continued to spur demand for healthcare and medical services, as well as quality integrated elderly care.

Hospitals and Medical Centres

At the end of 2016, there were more than 980,000 medical facilities in China with total operating in-patient bed capacity of over 7.4 million.[5] The number of operating beds per 10,000 people almost doubled from 28 beds in 2007 to 54 beds in 2016.[5] The per capita medical expenditure of urban residents reached RMB1,631 in 2016, representing a compound annual growth rate ("**CAGR**") of approximately 10% since 2007.[5] To cater to the growing demand for quality healthcare facilities, the Chinese government has taken steps to open up the country's healthcare sector to foreign investors, with the easing of regulatory controls on foreign ownership of hospitals. Foreign direct investment ("**FDI**") can now constitute up to 70% of local private hospitals' shareholding. In some Chinese cities and provinces such as Beijing, Tianjin, Shanghai, Jiangsu, Fujian, Guangdong and Hainan, foreign investors can also establish wholly-owned hospitals.

Eldercare and Senior Housing

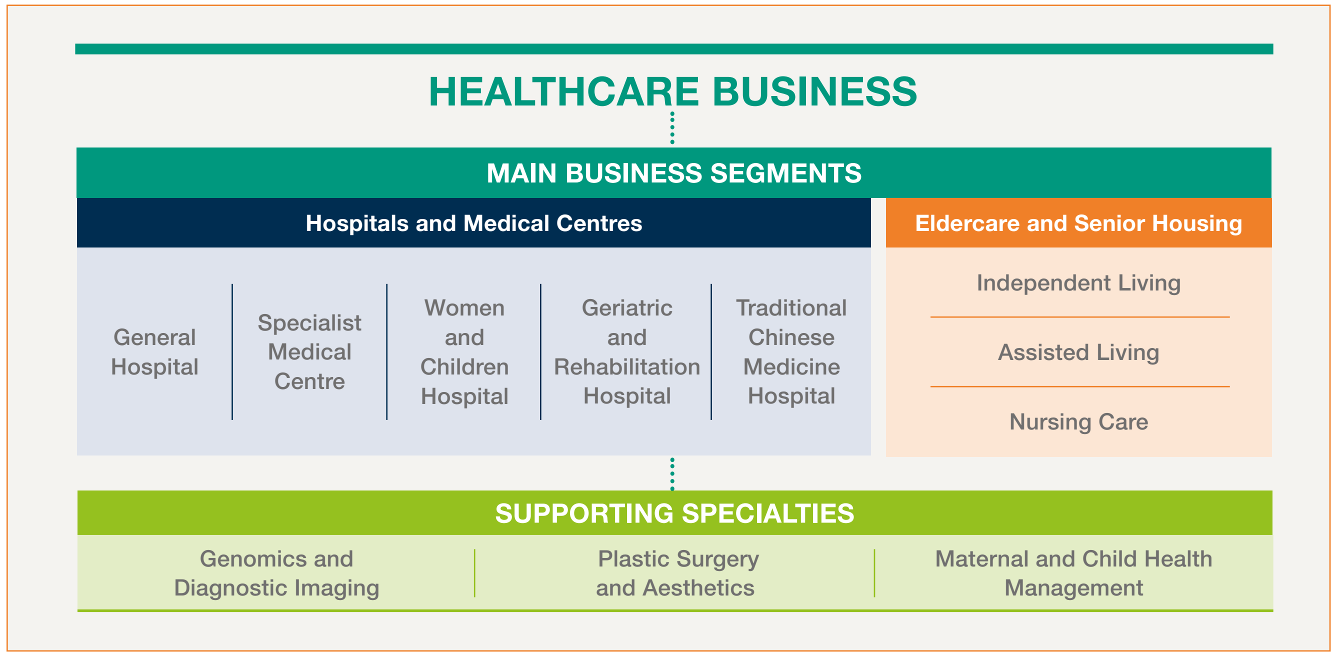
At the end of 2016, more than 150 million people or about 10% of China's population were over 65 years old, representing a CAGR of approximately 4% since 2007.[5] The proportion of people over 65 years old is projected to exceed 20% by 2040.[6] According to the Chinese Academy of Social Sciences, the eldercare market is expected to grow from RMB4 trillion in 2014 to RMB13 trillion in 2030.[7]

Supporting Specialties

Genomics and Diagnostic Imaging

The genomics industry in China has seen rapid growth in recent years. The gene sequencing market alone in China has recorded CAGR growth of 20% from RMB1.1 billion in 2012 to RMB3.0 billion in 2015.[8] The Chinese government has also introduced various regulations and incentives since 2014 to legalise genomics applications in the medical field. With improving healthcare infrastructure, high unmet medical needs, rising patient disposable incomes and growing healthcare expenditures, the genomics segment is expected to see faster growth in future.

1 Hunan Xiangya Emergency Response Investment Management Co., Ltd (湖南湘雅紧急救援投资管理有限公司) was nominated by BGI Management Holdings Co., Ltd (华大基因医院管理控股有限公司) to enter into the joint venture with Perennial. BGI Genomics is one of the world's largest genomic sequencing organisations providing next generation sequencing services and a portfolio of genetic tests for medical and research institutions.
2 Relates to Renshoutang.
3 Relates to St. Stamford Modern Hospital, Guangzhou.
4 Relates to Aidigong, which provides maternal and child health management services.
5 National Bureau of Statistics of China (http://data.stats.gov.cn/easyquery.htm?cn=C01).
6 Chyxx article dated 19 January 2018 (http://www.chyxx.com/industry/201801/605554.html).
7 Chyxx article dated 23 September 2016 (http://www.chyxx.com/industry/201609/451391.html).
8 Zhihu article dated 3 October 2017 (https://zhuanlan.zhihu.com/p/29549649).



Plastic Surgery and Aesthetics

The plastic surgery market in China has expanded remarkably in recent years. Exceeding US$5 billion in market value in 2014, it is projected to expand at an annual rate of 13% from 2015 to 2019, and reach over US$9 billion in 2018.[9] The yearly number of patients who received plastic surgery increased by over 10% annually from 2011 to 2014, and is expected to grow considerably from 2015 to 2019.[9]

With relatively fewer side effects, demand for non-invasive plastic surgery procedures is set to increase in popularity, with its market share expected to increase from 28.8% in 2014 to 38% in 2018.[9]

Maternal and Child Health Management

Since China's introduction of its two-child policy in late 2015 to alleviate an impending demographic strain, there has been an uptick in birth rates. In 2017, Chinese mothers bore 17.2 million babies[10], an increase of 2.6% from the average birth rate between 2011 and 2015.[11] With the number of new births projected to reach at least 19 million annually by 2020[12], demand for professional maternal and child management services in China is expected to strengthen.

Strategic Priorities in FY2018

In 2018, Perennial will focus on building its expertise in its two main business segments of *Hospitals and Medical Centres* and *Eldercare and Senior Housing* as well as executing its committed pipeline projects.

Under the *Hospitals and Medical Centres* segment, Perennial will strive to continually elevate its treatment standards and enhance its medical and healthcare facilities. To remain at the forefront of international best practices, Perennial will seek to offer cutting-edge medical solutions and provide regular training to its medical staff to deepen their skillsets.

The *Eldercare and Senior Housing* segment is set to become the leading growth platform for Perennial's healthcare businesses, given China's rapidly ageing population and the government's focus on quality integrated elderly care. Perennial's focus will be on offering tailored integrated care at its eldercare facilities for independent living, assisted living and nursing care to ensure the varying needs of all residents are met for a comfortable living experience.

As China opens up its healthcare sector to private and overseas investors, Perennial will actively explore potential opportunities to broaden the reach of its medical and healthcare services. In particular, the focus will be on prime integrated real estate and healthcare projects as well as integrated eldercare with medical facilities.

9 Chyxx article dated 20 May 2016 (http://www.chyxx.com/industry/201605/418180.html).
10 The Economist article dated 8 February 2018 (https://www.economist.com/news/china/21736574-two-child-rule-still-applies-officials-know-more-babies-are-needed-not-fewer-china).
11 National Bureau of Statistics of the PRC (http://www.stats.gov.cn/tjsj/tjgb/ndtjgb/).
12 Chyxx article dated 24 March 2017 (http://www.chyxx.com/industry/201703/506613.html).

HOSPITALS AND MEDICAL CENTRES

ST. STAMFORD MODERN HOSPITAL, GUANGZHOU
广州圣丹福现代医院

St. Stamford Modern Hospital in Guangzhou is one of the leading private cancer hospitals in the province and the first China-Singapore joint venture Joint Commission International ("**JCI**")-accredited hospital in China. Its primary expertise include the medical specialties of Oncology, Fertility, Obstetrics and Gynaecology, Paediatrics as well as Cardiology and Cardiovascular Surgery.

St. Stamford Modern Hospital is operated by St. Stamford International Medical ("**St. Stamford**"), a brand established through a 40-60 joint venture with Guangdong Boai Medical Group Co., Ltd ("**Guangdong Boai**") to own, develop and operate hospitals and medical services in China. Guangdong Boai is a subsidiary of China Boai Medical Group ("**BOAI**"), one of the largest private hospital and medical service operators in China.

Over time, St. Stamford targets to grow its portfolio in China's first-tier and second-tier provincial cities. The joint venture enjoys access to Perennial's greenfield and completed integrated developments, as well as BOAI's existing portfolio of hospitals and acquisition pipeline across China.

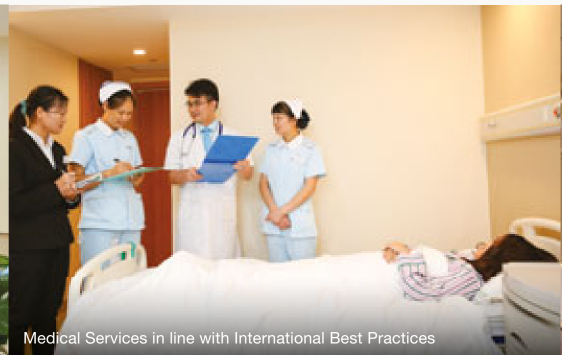
Key Developments in FY2017

At the St. Stamford Modern Hospital in Guangzhou, several upgrading initiatives were completed during the year, including the upgrading of surgical theatres, the CT scan room and IV preparation room in accordance with international best practice guidelines. In FY2017, the hospital successfully renewed its JCI accreditation, deemed the gold standard in healthcare, for a further three years. In addition, it became an official member of the China Anti-Cancer Association, which is the leading non-governmental organisation in China devoted to improving cancer treatment, raising its profile in oncology medical circles.

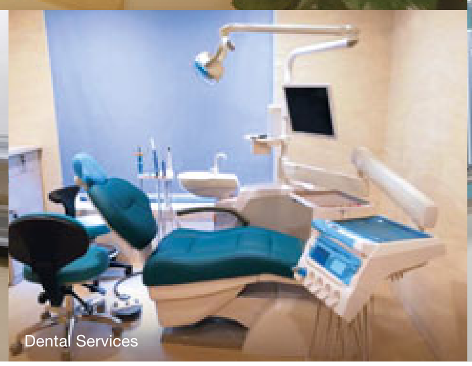
Focus Areas for FY2018

In FY2018, St. Stamford will continue to explore various upgrading and training initiatives to elevate the standard of medical care and services offered to patients.

Nurse Station


Medical Services in line with International Best Practices


Nanoknife Facility


Dental Services


Newly-Renovated Surgical Theatre

PERENNIAL INTERNATIONAL SPECIALIST MEDICAL CENTRE, CHENGDU
成都鹏瑞利国际名医馆

Perennial International Specialist Medical Centre will be one of the first specialist medical centre concepts in China. Positioned as a one-stop premier specialist medical centre, it will host doctors from a wide range of specialties including Gynaecology, Paediatrics, Oncology, Internal Medicine and Surgery, Cardiology, Ophthalmology and Ear, Nose and Throat.

Majority-owned-and-operated by Perennial, the upcoming inaugural facility will be located at PIHMH in Chengdu. Perennial will operate the specialist medical centre, managing the medical facilities, patients' appointments, prescriptions and general services.

Key Developments in FY2017

Fitting-out works for the upcoming facility at PIHMH have been completed and the medical practice license to operate was received.

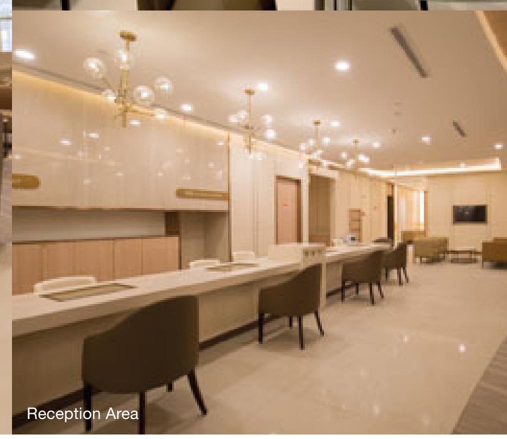
In June 2017, Perennial was a main sponsor of the Third China Doctor Group Conference in Chengdu, which attracted more than 1,500 doctors from across China. As part of the conference programme, doctors visited the Specialist Medical Centre's showroom. Thus far, more than 300 medical specialists have been secured for the upcoming facility at PIHMH.

Focus Areas for FY2018

The focus will be on preparation works to ensure the necessary resources, systems and processes are in place for the upcoming first facility at PIHMH, which is expected to open in 1H 2018.


Foyer


Consultation Room


Reception Area

ELDERCARE AND SENIOR HOUSING

RENSHOUTANG
人寿堂

Founded in 1994, Renshoutang is one of the most established pioneers in private integrated eldercare in China, successfully integrating eldercare, medical and pharmacy services.

Mostly located in the Changning district of Shanghai, Renshoutang's portfolio of 14 eldercare facilities has a total capacity of 3,577 beds and also includes four pharmacies attached to dedicated TCM clinics.

With over 16 years of operating experience, Renshoutang has established two well-known brands for its eldercare services, namely Yixian Eldercare and Retirement Home (逸仙养老) targeted at the mass market, and the Xiehe Eldercare and Retirement Home (协和颐养院) targeted at more affluent customers.

Renshoutang also operates pharmacies under a well-known brand in Shanghai, Renshoutang Medicine (人寿堂国药), which has been awarded the China Time-honoured Brand Award (中华老字号). In addition to serving the general public, the pharmacies supply medicine to the eldercare facilities operated by Renshoutang. Physicians at the TCM clinics also provide treatments to the residents at Renshoutang's senior housing facilities.

With an existing portfolio of 3,577 beds and a committed pipeline and potential pipeline of over 7,750 beds and 13,500 beds respectively, Renshoutang is well positioned to become one of the largest eldercare services operators in the Yangtze River Delta Region in the next few years.

Key Developments in FY2017

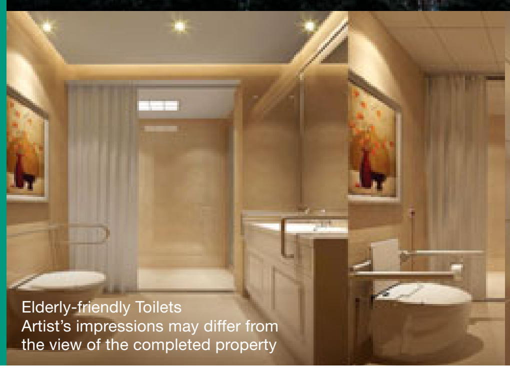
Renshoutang's portfolio grew significantly from 2,425 beds in FY2016 to 3,577 beds in FY2017. It expanded beyond its stronghold in Shanghai during the year with the opening of two new facilities in Zhenjiang, namely the 502-bed Zhenjiang Jurong Yixian Eldercare and Retirement Home and 308-bed Zhenjiang Yixian Eldercare and Retirement Home. In addition, it opened another facility in Shanghai, the 342-bed Yixian Baoshan Eldercare and Retirement Home.

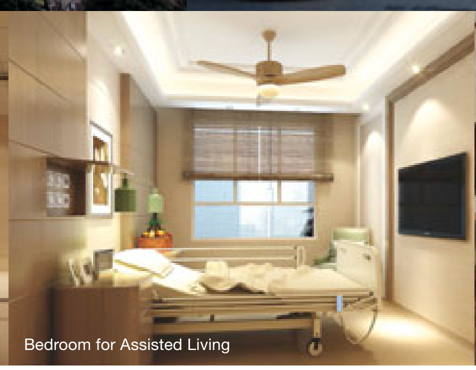
Renshoutang also partnered with Wuhan Civil Affairs Bureau and Jointown Medical Investment to invest in a Public-Private-Partnership ("**PPP**") project located at Hankou, Wuhan, where an 876-bed retirement home and 201-bed nursing home will be developed.

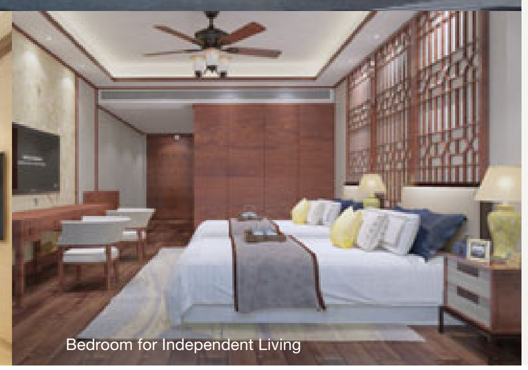
In addition, two eldercare sites were acquired in Changning and Fengxian districts in Shanghai, further strengthening its presence in the city. The Changning site will be redeveloped into the Hongqiao Xiehe Eldercare and Retirement Home, an 850-bed facility with 359 nursing beds. The Fengxian site will be redeveloped into Renshoutang Fengxian Eldercare and Retirement Home, a 2,500-bed facility.


Wuhan Jiuzhoutong Renshoutang Xiehe Eldercare and Retirement Home


Hongqiao Xiehe Eldercare and Retirement Home, Shanghai


Elderly-friendly Toilets
Artist's impressions may differ from the view of the completed property


Bedroom for Assisted Living

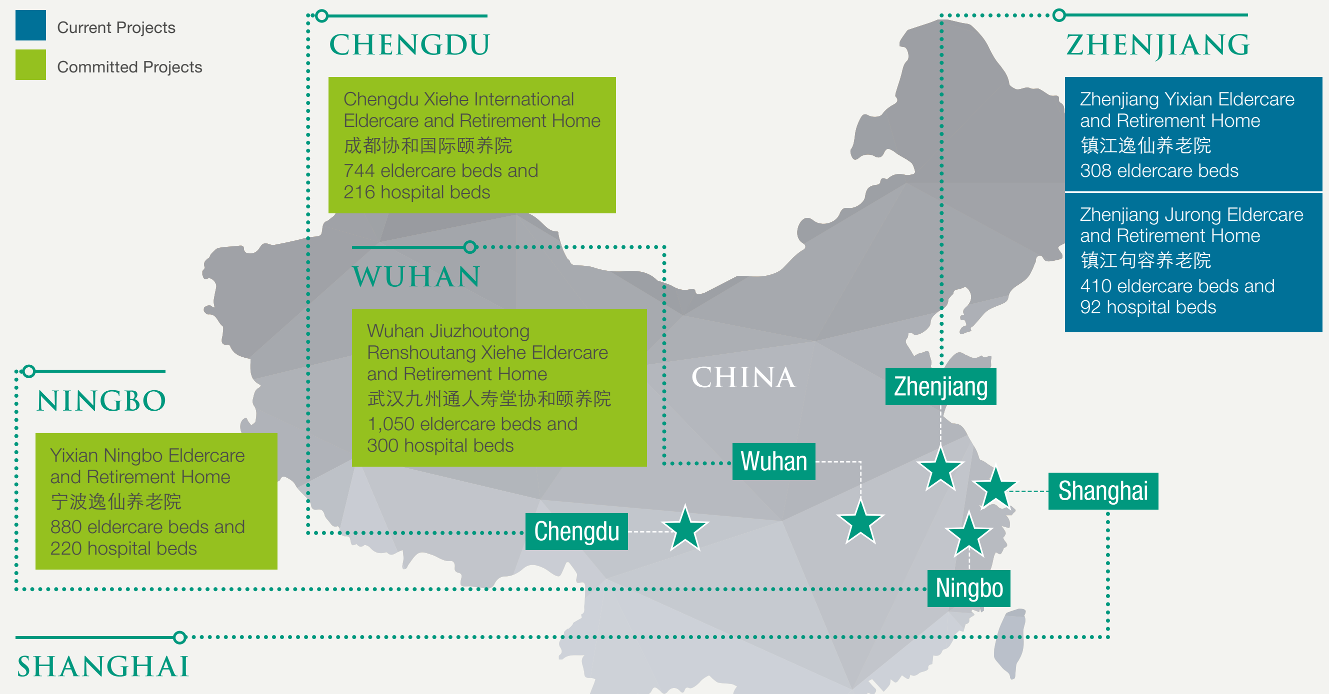

Bedroom for Independent Living

Focus Areas for FY2018

In FY2018, Renshoutang will continue to leverage on a three-pronged leasing, PPP and acquisition model to expand its operations and achieve scale. Bed capacity is expected to increase further by 3,160 beds as three new facilities are slated to commence operations, namely the 850-bed Hongqiao Xiehe Eldercare and Retirement Home in Shanghai, 960-bed Chengdu Xiehe International Eldercare and Retirement Home and 1,350-bed Wuhan Jiuzhoutong Renshoutang Xiehe Eldercare and Retirement Home, which will be Renshoutang's first PPP facility.

Renshoutang will strive to continue offering more diversified and client-oriented services for the elderly at its operational facilities. Different types of rehabilitation equipments and intelligent health management systems for seniors will also be made available.

Renshoutang Presence Map



SHANGHAI

Shanghai Wenjie Nursing Home 上海文杰护理院 99 hospital beds	Yixian Zhonghuan Eldercare and Retirement Home 中环逸仙敬老院 323 eldercare beds	Yixian Chengqiao Eldercare and Retirement Home 逸仙程桥敬老院 132 eldercare beds	Renshoutang Hanghua Pharmacy Weijian TCM Clinic 人寿堂航华药房 维健中医诊所	Shanghai Eldercare and Retirement Home 上海颐长敬老院 92 eldercare beds
Yixian No. 2 Eldercare and Retirement Home 逸仙第二敬老院 372 eldercare beds	Shanghai Xijiao Xiehe Eldercare and Retirement Home 上海西郊协和颐养院 825 eldercare beds	Yixian Baoshan Eldercare and Retirement Home 宝山逸仙养老院 342 eldercare beds	Renshoutang Dahua Pharmacy Dahua TCM Clinic 人寿堂大华药房 大华中医内科诊所	Renshoutang Fengxian Eldercare and Retirement Home 人寿堂奉贤颐养院 2,500 eldercare beds
Yixian No. 3 Eldercare and Retirement Home 逸仙第三敬老院 490 eldercare beds	Jiangsu Road Daycare Centre 江苏路日间照料中心 33 eldercare beds	Renshoutang Main Pharmacy (Jiangsu Road) Renshoutang TCM Clinic 人寿堂江苏路药房总店 人寿堂中医门诊所	Renshoutang Zhong Huan Bao Shan No. 1 Eldercare and Retirement Home 中环人寿堂养老宝山 (一) 400 eldercare beds	Hongqiao Xiehe Eldercare and Retirement Home 虹桥协和颐养院 491 eldercare beds and 359 hospital beds
Yixian Xianxia Community Eldercare and Retirement Home 仙霞社区逸仙敬老院 50 eldercare beds	Yixian Tianshan Eldercare and Retirement Home 逸仙天山养老院 37 eldercare beds	Renshoutang Beihong Road Pharmacy Yanshou TCM Clinic 人寿堂北虹路药房 延寿中医内科诊所	Renshoutang Zhong Huan Bao Shan No. 2 Eldercare and Retirement Home 中环人寿堂养老宝山 (二) 500 eldercare beds	
Changning District Xianxia Road Daycare Centre 长宁区仙霞街道 老年人日间服务中心 32 eldercare beds	Yixian Xianxia Community Eldercare Home 仙霞社区逸仙长者照护之家 32 eldercare beds			

SUPPORTING SPECIALTIES

BGI PERENNIAL GENOMICS DIAGNOSTIC IMAGING CENTRE, CHENGDU
成都华大鹏瑞利医学影像诊断中心

BGI Perennial Genomics Diagnostic Imaging Centre (“**BGI Perennial Genomics**”) is a 40-60 joint venture between Perennial and Hunan Xiangya Emergency Response Investment Management Co., Ltd[1], with Perennial holding a 40% stake.

Equipped with state-of-the-art diagnostic equipment and know-how, BGI Perennial Genomics offers a full suite of medical imaging services for health management and clinical diagnosis. The first upcoming facility will be located at PIHMH in Chengdu. Its primary specialties will be in health screening, medical imaging and tumour diagnosis.

Focus Areas for FY2018

In FY2018, the focus will be on completing fitting-out works for the inaugural facility at PIHMH in Chengdu, which is expected to commence operations by 1H 2018.

1 Hunan Xiangya Emergency Response Investment Management Co., Ltd (湖南湘雅紧急救援投资管理有限公司) was nominated by BGI Management Holdings Co., Ltd (华大基因医院管理控股有限公司) to enter into the joint venture with Perennial. Headquartered in Shenzhen, BGI Genomics is one of the world’s largest genomic sequencing organisations providing next generation sequencing services and a portfolio of genetic tests for medical and research institutions.


MRI Room


CT Scan Room

Reception Area

ST. STAMFORD PLASTIC SURGERY AND AESTHETIC HOSPITAL, CHENGDU
成都圣丹福整形美容医院

St. Stamford Plastic Surgery and Aesthetic Hospital is a premium one-stop specialised facility in plastic surgery and aesthetics by St. Stamford International Medical, which is a 40-60 joint venture with Guangdong Boai.

St. Stamford Plastic Surgery and Aesthetic Hospital’s first upcoming facility will be located at PIHMH in Chengdu, providing plastic surgery, aesthetic medical and dental services by highly qualified local and international doctors.

Focus Areas for FY2018

The focus will be on driving the progress of fitting-out works and ensuring the smooth opening of the upcoming first facility at PIHMH.


Laser Beauty Centre


Consultation Room


Lobby
Artist’s impressions may differ from the view of the completed property

SUPPORTING SPECIALTIES

AIDIGONG
爱帝宫

Founded in 2007, Aidigong is one of the first and most established maternal and child health management operators in China that combines traditional and contemporary methods in postpartum and neonatal care. To-date, Aidigong has served over 10,000 customers and is recognised as a premier and trusted brand in the industry.

Aidigong operates two renowned brands, being AND Maternal and Child Health Centre (爱帝宫国际母婴月子会所), with four centres in Shenzhen and Beijing and an upcoming centre in Chengdu, and two Beauty MAX Postnatal Treatment Centres (美妈汇产后修复中心) in Shenzhen.

With an existing portfolio of 290 beds and a committed pipeline of 72 beds, Aidigong is set to grow its presence in major cities such as Shenzhen, Beijing and Chengdu.

Key Developments in FY2017

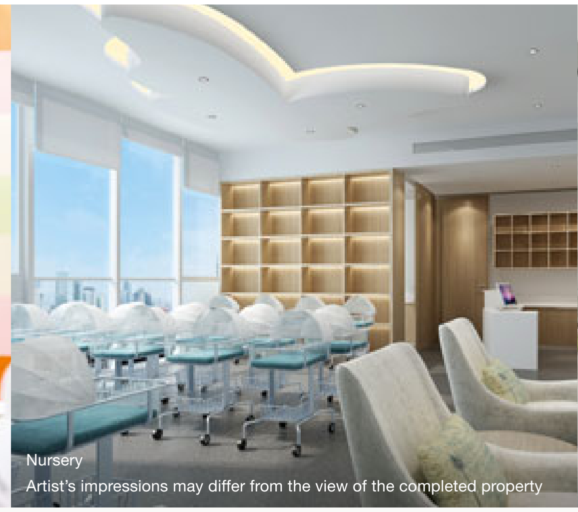
The 136-bed Shekou Branch commenced operations in March 2017 and was close to full capacity by the end of the year. In September 2017, the AND Maternal and Child Health Centre in Beijing expanded its premises to cater to the strong demand for its services, adding an additional capacity of 16 beds.

Focus Areas for FY2018

In FY2018, the focus will be on completing renovations of the AND Maternal and Child Health Centre at PIHMH in Chengdu, which is expected to commence operations in 1H 2018. The 72-bed facility will be the largest maternal and child health centre in Chengdu.

Moving forward, Aidigong will strive to continue raising its service standards and grow its pipeline of new facilities.

Educational Activities



Nursery

Artist's impressions may differ from the view of the completed property

Nursing Room

Aidigong Presence Map

PORTFOLIO AT A GLANCE

Business	Description	Bed/Consultation Room Capacity	Joint Venture Partner	Effective Interest (%)	Medical Specialties	Portfolio of Facilities
HOSPITALS AND MEDICAL CENTRES						
St. Stamford Modern Hospital, Guangzhou	One of the leading private cancer hospitals in Guangzhou and the first China-Singapore joint venture JCI-accredited hospital in China by St. Stamford International Medical	300 beds	Guangdong Boai Medical Group Co., Ltd One of the largest private hospital and medical services operators in China	40[1]	Oncology, Fertility, Obstetrics and Gynaecology, Plastic Surgery and Aesthetic Medicine, Orthopaedics, Paediatrics, Ear, Nose & Throat, Ophthalmology, Dentistry, Cardiology and Cardiovascular Surgery	1 cancer hospital
Perennial International Specialist Medical Centre, Chengdu	Specialist medical centre with over 310 medical specialists from renowned hospitals across China	60 consultation rooms	–	90	Gynaecology, Paediatrics, Oncology, Internal Medicine and Surgery, Ear, Nose & Throat Specialty and Ophthalmology, Dermatology, Traditional Chinese Medicine	Upcoming first facility in Chengdu
ELDERCARE AND SENIOR HOUSING						
Shanghai RST Chinese Medicine Co. Ltd (“Renshoutang”)	The largest integrated eldercare services operator in Shanghai Set to be one of the largest eldercare services operators in the affluent and populous Yangtze River Delta region in the next few years	3,577 beds	–	49.9 (Largest Single Shareholder)	Retirement Home, Nursing Home, Rehabilitation Home and Pharmacy with attached TCM clinics	14 eldercare facilities 4 pharmacies with attached TCM clinics 8 upcoming eldercare facilities in Ningbo, Shanghai, Wuhan, and Chengdu
SUPPORTING SPECIALTIES						
BGI Perennial Genomics Diagnostic Imaging Centre, Chengdu	Health management and medical imaging centre offering a full suite of imaging and health screening services for health management and clinical diagnosis	NA	Hunan Xiangya Emergency Response Investment Management Co., Ltd[2]	40	Health Screening, Laboratory Analysis, Medical Imaging and Tumour Diagnosis	Upcoming first facility in Chengdu
St. Stamford Plastic Surgery and Aesthetic Hospital, Chengdu	Premium one-stop specialised facility in plastic surgery and aesthetics by St. Stamford International Medical	36 beds	Guangdong Boai Medical Group Co., Ltd One of the largest private hospital and medical services operators in China	40	Plastic Surgery, Aesthetic Medical and Dental Services	Upcoming first facility in Chengdu
Shenzhen Aidigong Modern Maternal and Child Health Management Co., Ltd (“Aidigong”)	One of the leading premium maternal and child health management operators in China	290 beds	–	20[1] (Second Largest Single Shareholder)	Postnatal Care, Neonatal Care	4 maternal and child health centres 2 postnatal centres 1 upcoming maternal and child health centre in Chengdu

1 Approximate percentage.
2 Hunan Xiangya Emergency Response Investment Management Co., Ltd (湖南湘雅紧急救援投资管理有限公司) was nominated by BGI Management Holdings Co., Ltd (华大基因医院管理控股有限公司) to enter into the joint venture with Perennial. Headquartered in Shenzhen, BGI Genomics is one of the world's largest genomic sequencing organisations providing next generation sequencing services and a portfolio of genetic tests for medical and research institutions.

FINANCIAL REVIEW

"Prudent capital management is key to us as Perennial continues to invest and grow its business. We monitor our cashflows and funding needs very closely and will draw from our diversified financing sources to match our requirements. Our debt equity stood at 0.57 as at December 2017 which gave us a further debt capacity of about S$1.65 billion. Notwithstanding that, where appropriate, we would consider capital recycling so as to maintain a healthy debt equity ratio."

– Ms Belinda Gan, Chief Financial Officer

PERFORMANCE REVIEW

Perennial achieved a Profit After Tax and Minority Interest ("**PATMI**") of S$100.3 million in FY2017, which was 186.1% higher than FY2016. The significant increase was mainly contributed by a one-off gain from the divestment of 20.2% interest in TripleOne Somerset and the share of results from United Engineers Limited ("**United Engineers**"). During the year under review, a Perennial-led consortium comprising Yanlord Land Group Limited acquired a 33.7% stake in United Engineers. The total PATMI for FY2017 was also boosted by higher fair value gains on revaluation of investment properties.

	REVENUE			EBIT		
	FY2017 S$'000	FY2016 S$'000	Change %	**FY2017 S$'000**	FY2016 S$'000	Change %
Singapore	**20,206**	58,998	(65.8)	**105,431**	17,631	498.0
China	**33,014**	30,904	6.8	**116,115**	81,988	41.6
Management Businesses	**29,227**	34,863	(16.2)	**15,527**	21,407	(27.5)
Corporate and Others	**160**	136	17.6	**(1,902)**	(3,222)	(41.0)
Eliminations	**(8,102)**	(14,710)	(44.9)	**(15,560)**	(6,573)	136.7
	74,505	110,191	(32.4)	**219,611**	111,231	97.4

The Group's revenue for FY2017 was S$74.5 million. This was 32.4% lower than the S$110.2 million recorded in FY2016, as TripleOne Somerset's revenue was no longer consolidated in the Group's revenue following the divestment of 20.2% equity interest in the asset in March 2017.

SINGAPORE

The partial divestment of TripleOne Somerset resulted in the decrease in revenue from Singapore assets from S$59.0 million in FY2016 to S$20.2 million in FY2017. On completion of the divestment, Perennial retained a 30% equity interest in TripleOne Somerset and accounted for it as an associate.

Singapore assets' Earnings Before Interest and Tax ("**EBIT**") increased from S$17.6 million in FY2016 to S$105.4 million in FY2017. The marked improvement was largely driven by the gain from the divestment of a 20.2% equity interest in TripleOne Somerset, the share of results arising from the United Engineers transaction as well as the share of net fair value gains from the retail and hotel components of Capitol Singapore. The divestment gain of Perennial's interests in TripleOne Somerset accounted for S$55.7 million of the total EBIT. In contrast to the fair value gains recognised in FY2017, in FY2016 Perennial took a share of fair value loss from the retail and hotel components of Capitol Singapore as well as an impairment provision of Eden Residences Capitol and a write off of intangible assets which resulted in the lower EBIT.

CHINA

Revenue in China was mainly from the operational malls in Qingyang and Foshan. The improvement from S$30.9 million in FY2016 to S$33.0 million in FY2017 was mainly contributed by Perennial Qingyang Mall, Chengdu, which saw increased shopper traffic and occupancy.

China EBIT increased significantly by S$34.1 million to S$116.1 million (FY2016: S$82.0 million). The EBIT comprised both operational profit and fair value gains from revaluation of investment properties. Fair value gains totalled S$92.7 million and are attributable mainly to the revaluation of Perennial International Health and Medical Hub ("**PIHMH**"), Xi'an North High Speed Railway ("**HSR**") Integrated Development Plot 4 ("**Xi'an Plot 4**"), and Chengdu East HSR Integrated Development Plot D2 ("**Chengdu Plot D2**"). Xi'an Plot 4 was reclassified as an "Investment Property" following an internal strategic review to hold the plot for long-term investment.

During the year, in line with the strategy to grow the healthcare and medical businesses, Perennial acquired a 49.9% interest in Shanghai RST Chinese Medicine Co., Ltd ("**Renshoutang**"), one of the most established private integrated eldercare operators in China and the largest private eldercare operator in Shanghai. The acquisition provided a new stream of recurring income and contribution to the EBIT since April 2017.

MANAGEMENT BUSINESSES

Revenue for the fee-based management business decreased by S$5.7 million to S$29.2 million (FY2016: S$34.9 million). The decrease was due to lower project management fees earned, partially mitigated by a one-off divestment fee received in respect of TripleOne Somerset and a one-off management consultancy fee earned from the United Engineers transaction.

In line with the lower revenue, EBIT decreased by S$5.9 million to S$15.5 million (FY2016: S$21.4 million).

PATMI

The Group's PATMI of S$100.3 million for FY2017 comprised operating PATMI of S$48.1 million (FY2016: S$0.3 million) and fair value gains of S$52.2 million (FY2016: S$34.8 million). The increase in operating PATMI was attributable to the divestment gain and share of results from the United Engineers transaction. The fair value gains were mainly due to the revaluation of the China investment properties. The increase in PATMI was partially offset by higher deferred tax expense provided in respect of the fair value gains.

DIVIDEND

The Board of Directors is pleased to propose a first and final ordinary dividend of 1.0 Singapore cent per share for the financial year ended 31 December 2017. The higher proposed dividend is in view of the improvement in operating results. The dividends are subject to shareholders' approval at the upcoming Annual General Meeting. If approved, the dividend payout would translate to about S$16.6 million or 34.5% of operating PATMI.

In FY2016, a first and final ordinary dividend of 0.4 Singapore cent per share was approved in April 2017 and paid in May 2017. The total dividends paid amounted to S$6.7 million.

TOTAL ASSETS

Total assets as at 31 December 2017 of S$6.7 billion were S$341.6 million or 4.8% lower than that a year ago. The decrease was mainly due to the deconsolidation of TripleOne Somerset following the divestment of a 20.2% equity interest, partially offset by new investments, mainly in United Engineers and medical healthcare businesses.

Singapore and China remain our core markets. Singapore assets and China assets accounted for approximately 24.3% and 74% of total assets respectively.

As at 31 December 2017, Perennial's investment properties held by subsidiaries included CHIJMES in Singapore and Perennial Jihua Mall, Perennial Qingyang Mall, PIHMH and Xi'an Plot 4 in China.

Perennial's investment in associates and joint ventures included mainly Capitol Singapore, House of Tan Yeok Nee, Chinatown Point, AXA Tower and TripleOne Somerset in Singapore, The Light City in Malaysia, as well as Shenyang Longemont Shopping Mall, Shenyang Red Star Macalline Furniture Mall, Shenyang Longemont Offices, Chengdu East HSR Integrated Development Plots C and D1, Chengdu Plot D2, Beijing Tongzhou Integrated Development Phase 2 and Zhuhai Hengqin Integrated Development in China.

Development properties comprised mainly Xi'an North HSR Integrated Development Plot 5 and Beijing Tongzhou Integrated Development Phase 1 in China, and Accra Integrated Development in Ghana.

SHAREHOLDERS' EQUITY

As at 31 December 2017, the issued and paid-up ordinary share capital (excluding treasury shares) of the Company was S$2.2 billion based on approximately 1.7 billion shares. During the financial year, pursuant to the Share Buyback Mandate approved by shareholders at the AGM held on 28 April 2017, the Company commenced share buyback and the total shares bought back and held as treasury shares as at 31 December 2017 amounted to 1,169,300 treasury shares (FY2016: Nil). This represents about 0.07% of the total number of issued shares (excluding treasury shares).

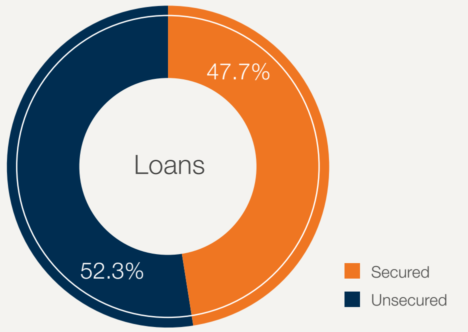
The Group's reserves comprised revenue reserves, capital reserves, foreign currency translation reserve and other reserves such as available for sale reserve and equity compensation reserve. The increase in reserves was mainly attributable to the net profit for the year less dividend paid and fair value gain on available for sale financial assets, partially offset by a reduction in foreign currency translation reserves due to the depreciation of Chinese Renminbi ("**RMB**") against the Singapore Dollar ("**SGD**") by 2% during the year.

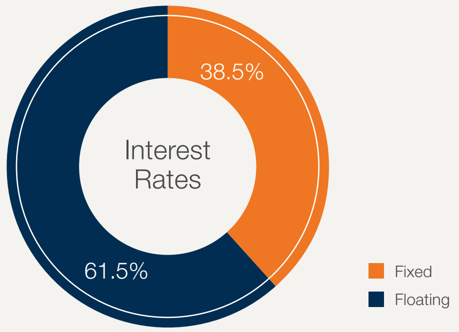
LOANS AND BORROWINGS

As at 31 December 2017, Perennial's gross borrowings stood at S$2.3 billion. The net borrowings were S$2.2 billion after taking into account the cash and cash equivalents of approximately S$111.7 million.

In July 2017, Perennial issued S$100 million Fixed Rate Notes, at 3.85% per annum due in 2020 ("**3.85% Fixed Rate Notes**") under its S$2 billion Multicurrency Debt Issuance Programme ("**S$2 billion MTN Programme**"). In addition, several bank facilities including secured property loans were drawn down for property development, financing new investments, repayment of indebtedness and working capital requirements of the Group. The net debt-equity ratio stood at 0.57 times as at the end of the year, an improvement over the ratio of 0.66 times as at 31 December 2016. The improved debt-to-equity ratio was attributable to the deconsolidation of TripleOne Somerset following the divestment of a 20.2% equity interest on 31 March 2017, partially offset by new loans and borrowings to fund investments.

As at the end of the financial year, about 47.7% of Perennial's borrowings were secured by mortgages on the borrowing subsidiaries' investment or development properties. In terms of interest rate, about 61.5% of the borrowings was on floating rate while the balance 38.5% was on fixed rate.





CAPITAL MANAGEMENT

As at 31 December 2017, Perennial had a total asset size of S$6.7 billion supported by a strong equity base of S$3.9 billion and total borrowings of S$2.3 billion. Perennial adopts a prudent capital management approach, actively tracks its cash flows and funding needs and reviews its debt maturity profile. Over the years, Perennial has built up and increased its network of banking institutions. With the support of these financial institutions, Perennial was able to tap on the bank facilities to further its strategic objectives. To ensure financial flexibility, Perennial also diversified its sources of funding beyond the conventional bank borrowings. Besides the Fixed Rate Notes issued under the MTN, Perennial has also tapped the retail bonds market to widen its pool of funding sources.

DEBT PROFILE

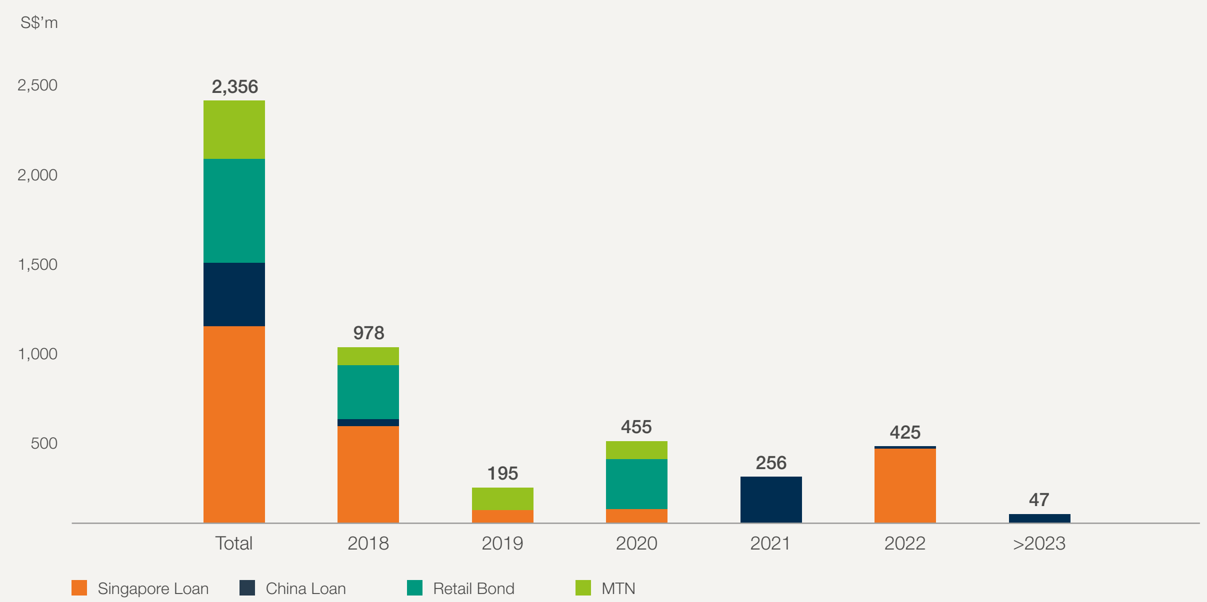
85% of Perennial's borrowings are denominated in SGD while the remaining 15% are denominated in RMB. Where practicable, Perennial will borrow in the same functional currencies required of its overseas projects to achieve a natural foreign currency hedge.

The weighted average interest rate on its borrowings for the financial year was about 3.8% per annum. As at 31 December 2017, the weighted average debt maturity profile is 2.17 years.

About S$978 million of loans are maturing in 2018. The loans due in 2018 comprise secured loans of S$327 million, fixed rate notes of S$100 million, retail bonds of S$300 million and unsecured loans of S$251 million.

To fund the redemption of the fixed rate notes due in March 2018, Perennial issued S$120 million fixed rate notes in January 2018, at 3.90% per annum due in 2021 under its S$2 billion MTN Programme. For the other loans due in 2018, Perennial has progressively commenced discussions to refinance the loans.

Debt Maturity Profile
As at 31 December 2017



Note: The debt is the gross amount without amortised transaction costs.

CASH FLOWS

As at 31 December 2017, Perennial had cash and cash equivalents of S$111.7 million. For the financial year, net cash of S$122.2 million was used in operating activities, mainly towards development properties expenditure.

Net cash of S$294.0 million utilised for investing activities was mainly expended to provide shareholders' loan to an associate, Yanlord Perennial Investment (Singapore) Pte Ltd ("**YPIS**"), investment in associates and joint ventures, mostly into Renshoutang, plus capital expenditure incurred in investment properties, primarily PIHMH.

Net cash from financing activities of S$304.2 million mainly arose from net proceeds from loans and borrowings, including the issuance of S$100 million 3.85% Fixed Rate Notes.

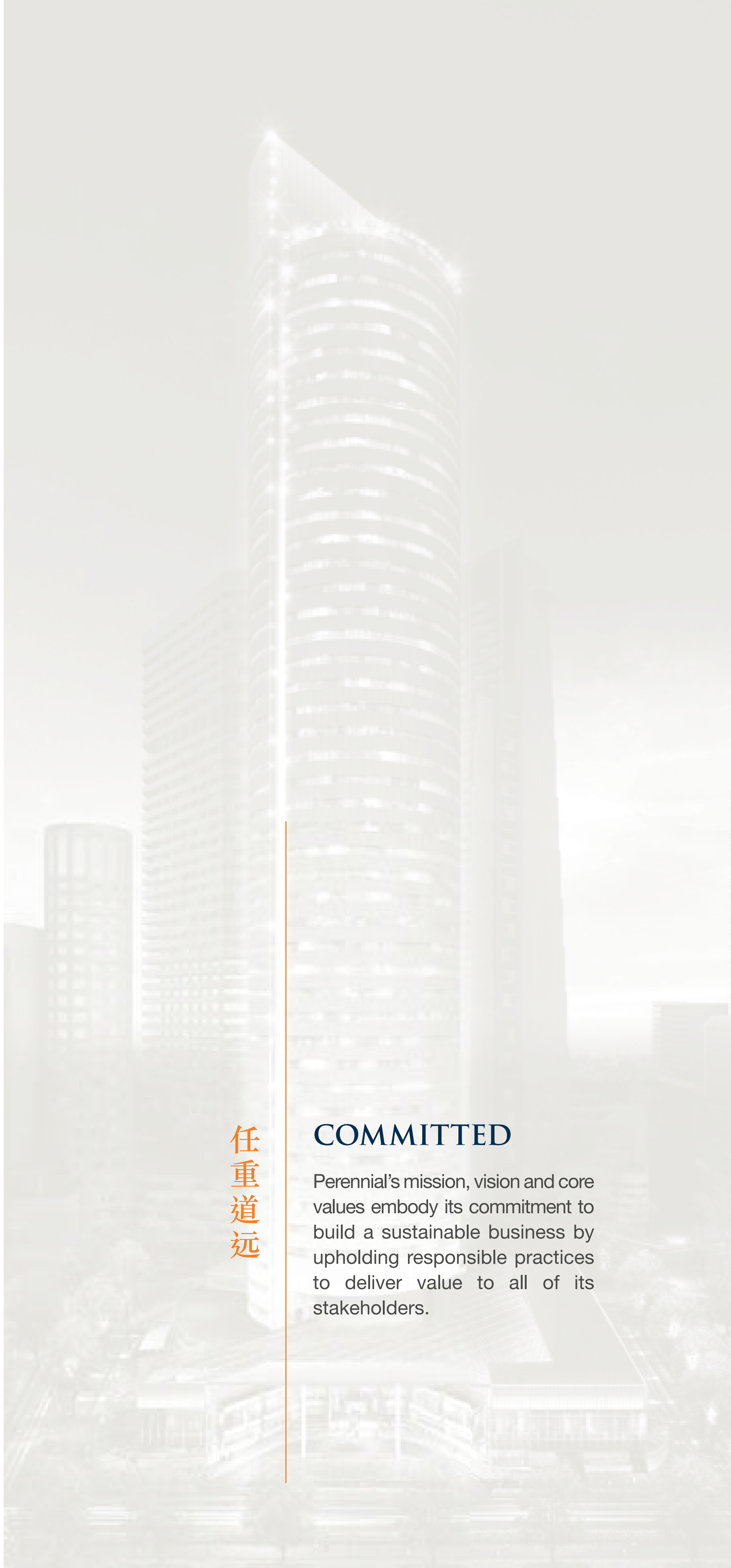
VALUE ADDED STATEMENT

	FY2017 S$'m	FY2016 S$'m
Value added from:		
Revenue earned	**74.5**	110.2
Less: Purchase of materials and services	**(25.3)**	(32.8)
Add: Other income	**150.8**	40.1
Gross value added from operations	**200.0**	117.5
In addition		
Share of results of associates and joint ventures	**55.8**	32.2
Total value added	**255.8**	149.7
Distribution:		
To employees in wages, salaries and benefits	**22.5**	20.2
To government in taxation	**35.8**	17.4
To providers of capital in:		
– Net finance cost on borrowings	**55.4**	61.2
– Dividends to non-controlling shareholders in subsidiary	**–**	0.9
– Dividends to owners of the Company	**6.7**	6.6
	120.4	106.3
Balance retained in the business:		
Depreciation and amortisation	**3.2**	5.3
Non-controlling interests	**38.5**	9.4
Revenue reserves	**93.6**	28.5
	135.3	43.2
Allowance for doubtful receivables/written-off	**0.1**	0.2
Total Distribution	**255.8**	149.7
Productivity analysis: [1]		
Value added per employee (S$'000)	**664.5**	453.7
Value added per dollar of employment cost (S$)	**8.9**	5.8
Value added per dollar sales (S$)	**2.7**	1.1

1 The increase was mainly contributed by higher other income. In FY2017, the higher other income was due to the one-off gain from the partial divestment of a 20.2% equity interest in TripleOne Somerset and net fair value gains from the revaluation of investment properties. The increase was partially offset by an increase in employment cost as the Group expanded its business operations.

任重道远 COMMITTED

MOUNT LUSHAN
Jiujiang, Jiangxi
Mount Lushan is distinguished by stark contrasts of valleys and peaks, caves and hillsides and rivers and waterfalls. This ecosystem strikes a delicate balance, sustaining livelihoods of the surrounding communities.



任重道远 COMMITTED

Perennial's mission, vision and core values embody its commitment to build a sustainable business by upholding responsible practices to deliver value to all of its stakeholders.

SUSTAINABILITY REPORT

BOARD STATEMENT

This year marks the issuance of our first official Sustainability Report ("**Sustainability Report**"), which ties in with the Singapore Exchange Securities Trading Limited's ("**SGX-ST**") introduction of sustainability reporting for all Singapore-listed companies on a 'comply or explain' basis. We recognise that for our business to thrive in the long run, we must deliver value to our stakeholders and fulfil our responsibility to the communities we operate in and the environment. Sustainability is ingrained in Perennial's vision, mission and core values. We have been an advocate of sustainability practices since we commenced trading on the Mainboard of SGX-ST on 26 December 2014.

To ensure the growth and success of our company, the Board of Directors ("**Board**") oversees the business affairs of Perennial and is collectively responsible for its long-term performance. This includes providing leadership on Perennial's overall strategy while taking into consideration the Environmental, Social and Governance ("**ESG**") impact of Perennial's business activities.

Based on a materiality assessment conducted in 2016, the management, with the assistance of an independent consultant, identified five ESG factors most material to the Group's operations and three additional ESG factors deemed to be standard factors reported by the industry. These eight ESG factors have been endorsed by the Board, who will work with the Sustainability Committee to oversee the strategic management of the sustainability-related risks and opportunities associated with these factors. This approach ensures alignment to frameworks, policies, guidelines and processes and that sustainability factors are effectively managed.

Feedback

Feedback from all stakeholders are most welcome as we strive to continually improve our sustainability policies, processes and performance. Please send your comments and suggestions to sustainability@perennialrealestate.com.sg.

OVERVIEW

Perennial is pleased to present this Sustainability Report which has been prepared in accordance with the SGX-ST Mainboard Listing Rule 711(B) and the Global Reporting Initiative ("**GRI**") Standards – 'Core' reporting requirements. The reporting scope covers Perennial's real estate operations and properties in Singapore from 1 January 2017 to 31 December 2017, with 1 January 2016 to 31 December 2016 being the year of comparison where applicable.

The Board has taken a phased approach for Perennial's sustainability reporting journey. The scope for the Sustainability Report will include Perennial's real estate business in Singapore, which comprises AXA Tower, Capitol Singapore, CHIJMES, Chinatown Point and TripleOne Somerset. The House of Tan Yeok Nee has been excluded as it is tenanted by a healthcare operator which only commenced business in July 2017. For more details on the properties, please refer to pages 44 to 51 of the Real Estate Singapore Business Review.

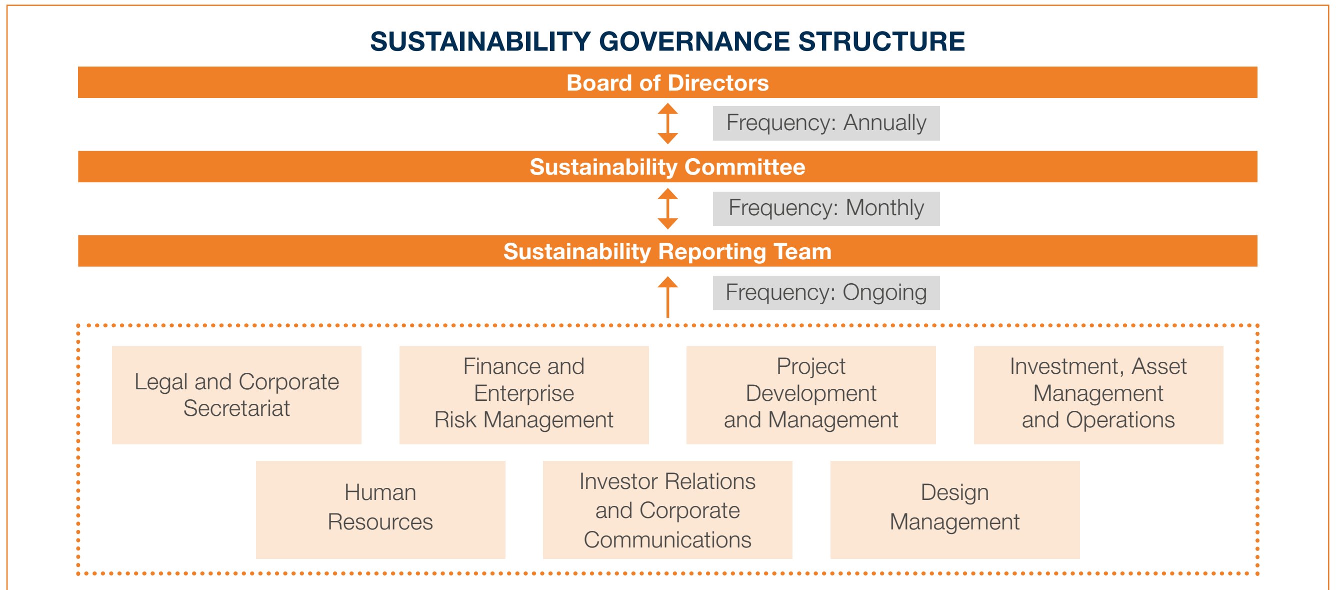
Perennial endeavours to take progressive steps to expand our reporting scope to include the healthcare segment in Singapore and China, as well as our overseas real estate operations and properties in China, Malaysia and Ghana. For this report, Perennial has not sought external assurance and will be considering it as its reporting matures over time.

In line with Perennial's commitment towards sustainability and conservation of resources, Perennial's Annual Report 2017, which incorporates the Sustainability Report, will not be sent to shareholders but will be made available upon request. A copy of this report is available for download at www.perennialrealestate.com.sg.

Sustainability Governance Structure

The Board maintains oversight of the implementation of sustainability practices. Formed in FY2017, the Sustainability Committee (Figure 1), guided by the Board, is responsible for the implementation of sustainability policies and initiatives at Perennial. Through regular communications with the Sustainability Reporting Team, the Sustainability Committee receives updates on Perennial's sustainability performance, which is communicated to the Board on an annual basis.

Figure 1: Sustainability Governance Structure of Perennial



STAKEHOLDER ENGAGEMENT

Building strong relationships with our stakeholders is critical to the long-term viability of our Company. We believe that constant engagement of our stakeholders to understand their needs and concerns is key to enabling us to enhance our business operations and remain at the forefront of the market.

Perennial's approach towards engaging stakeholders and how we address their interests and concerns are summarised in the table below.

Stakeholder	Key Concerns/ Interests Raised by Stakeholder Groups	Perennial's Response	Methods of Engagement	Frequency of Engagement
Customers (Tenants, Shoppers and Visitors)	• Health, safety and security at all properties • Customer satisfaction	• Project managers and property management teams consistently review health and safety measures, including emergency processes and response plans • Formulate key strategic decisions on product and service offerings based on understanding of customers' perspectives and expectations • Stringent assessment and selection of contractors and suppliers to ensure Company standards are met	Face-to-face meetings	Ongoing
			Customer service touch points such as service desk, hotline and general enquiries mailbox	Daily
Business Partners	• Timely payment upon completion of works • Regulatory compliance • Alignment of sustainability practices	• Payments are monitored closely by the procurement and finance department • Ensuring compliance with relevant laws and regulations, adherence to code of conduct and policies, and implementing formalised channels of reporting • Commitment towards sustainability practices	Calls and email correspondences	Ongoing
			Face-to-face meetings to review feedback and performance	Ongoing
			Chinese New Year Spring Festival Dinner	Annual
Regulators	• Regulatory compliance • Upholding health and safety standards • Environmental impact of Perennial's operations and activities	• Ensuring compliance with relevant laws and regulations, adherence to code of conduct and policies, and implementing formalised channels of reporting • Having in place a robust Corporate Governance ("**CG**") framework • Implementation of various health and safety measures for both customers and employees • Close monitoring and checking of energy and water usage and efficiency	Internal management discussions and open communications with authorities	As appropriate
			Systematic review of energy and water consumption to ensure efficiency	Ongoing
			Monitoring and tracking of usage through utility bills	Ongoing
			Attending talks, seminars and workshops organised by regulatory agencies	Ongoing
Our Community	• Responsible and sustainable use of resources • Management of our community impact • Support for our community by providing timely help and fostering a strong relationship	• Monitoring and regular review of energy and water consumption • Monetary, in-kind and venue sponsorships to various organisations • Champion and support initiatives that focus on corporate giving, community partnerships, and employee volunteerism	Community outreach programmes[1]	As appropriate
			Sponsorships (monetary, in-kind and venue sponsorships)	As appropriate

1 More information on Perennial's community outreach programs can be found on page 146 in the Our Community section of Perennial's Annual Report 2017.

Stakeholder	Key Concerns/ Interests Raised by Stakeholder Groups	Perennial's Response	Methods of Engagement	Frequency of Engagement
Shareholders and the Investment Community	• Business operations and performance • Growth strategy and market outlook • Capital management	• Regular communication and engagement with shareholders and the Investment Community • Proactive management of foreign currency exposure and liquidity while maximising capital efficiency	Annual General Meeting	Annual
			SGXNet announcements and press releases	As appropriate
			Participation in Securities Investors Association (Singapore) ("**SIAS**") Shareholder Communication Services Programme	Ongoing
			Investor meetings	Ongoing
			Analysts' and media briefing	Semi-annually for Financial Results and when necessary for major transactions
			Website	Ongoing
			Calls and email correspondences	Ongoing
Our People	• Fair and equal employment opportunities • Remuneration, compensation and benefits • Career progression • Skills development and continuous upgrading • Employee wellness • Safe and healthy working environment	• Adoption of the Tripartite Alliance for Fair and Progressive Employment Practices' ("**TAFEP**") five principles of fair employment practices[2] • Open door policy for employees to provide feedback on any issues or concerns • Perennial Real Estate Graduate Associate Programme • Provide opportunities for employee volunteerism to promote greater employee fulfilment • Compliance with Ministry of Manpower ("**MOM**") regulations through implementation of safety risk assessment framework managed by Operations Teams • Appointment of OHSAS 18001 certified contractors on-site	Open communication and performance reviews with employees through prompt feedback given by immediate supervisors and Human Resources ("**HR**") department	Ongoing
			Workshops for work and non-work related developments	As appropriate
			Employee Volunteerism Programmes	As appropriate
			Staff bonding sessions	As appropriate
			External and in-house trainings conducted by professional bodies	Ongoing

2 For more details on the TAFEP's five principles of fair employment practices, please refer to https://www.tafep.sg/fair-employment-practices.

MATERIALITY ASSESSMENT PROCESS

In November 2016, Perennial conducted its first materiality assessment workshop to determine the material factors to be reported in its Sustainability Report. Through the workshop, Perennial identified eight ESG factors, which encompass key areas of stakeholder interests and significant impacts generated by its business activities.

Perennial has adopted the GRI sustainability reporting framework as it is one of the most prevalent and internationally recognised frameworks. Please refer to the "**GRI Content Index**" on pages 107 to 109 for a summary of Perennial's application of the GRI framework.

Perennial will focus on channelling its sustainability efforts towards the eight factors shown in Figure 3.

Figure 2: Perennial's Materiality Assessment Process

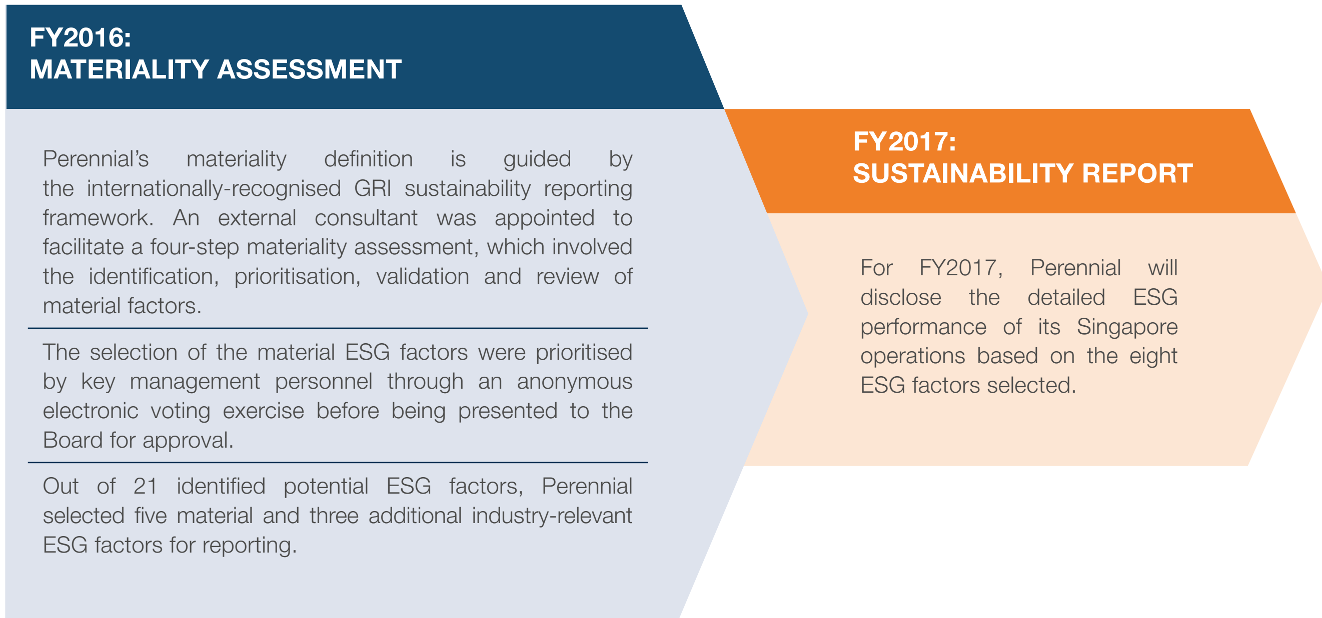


Figure 3: Materiality Matrix

Following the materiality assessment process, a review of Perennial's Enterprise Risk Management ("**ERM**") framework was completed to ensure alignment between the Group's key risks and eight selected ESG factors. A summary of ESG factors mapped to their associated key risks has been included below.

ESG Factors	Key Risks
Customer Satisfaction	• Medical and Healthcare Business Risk • Health, Safety and Security Risk
Occupational Health and Safety	• Project Development Risk • Health, Safety and Security Risk
Health and Safety of Stakeholders	• Medical and Healthcare Business Risk • Health, Safety and Security Risk
Business Ethics	• Fraud and Corruption Risk
Corporate Governance	• Fraud and Corruption Risk • Compliance Risk
Compliance with Laws and Regulations	• Compliance Risk
Energy, Greenhouse Gas ("GHG") Emissions and Alternate Energy Sources	• Project Development Risk • Health, Safety and Security Risk
Water Management	• Compliance Risk

SOCIAL

Customer Satisfaction

Perennial is committed to delivering a good customer experience. Through regular engagements with tenants and patrons, Perennial seeks to understand customer expectations and gather feedback to enhance and tailor its offerings.

Perennial's office assets in Singapore, AXA Tower and TripleOne Somerset, are currently undergoing Asset Enhancement Initiatives ("**AEIs**") aimed at offering the surrounding community and tenants a more holistic suite of services to support their needs. Some of the new services already implemented or expected to be introduced include:

AXA Tower

- Refurbishment of lift cabins and implementation of a lift destination control system integrated with security turnstiles to reduce lift waiting times at the main office tower. Lift efficiency has since increased by approximately 30%.
- Introduction of end-of-trip amenities such as bicycle parking and shower facilities for added convenience.
- Construction of medical suites at new retail podium to offer more supporting services to tenants and the surrounding community.

TripleOne Somerset

- Enhanced building exterior by repainting façade.
- New retail podium positioned as a gourmet marketplace to offer a wide variety of specialty food and beverage, health and wellness options for tenants and shoppers.
- Additional lots allocated for bicycle parking, as well as new shower and locker facilities for office tenants.

For assets which are fully operational, Perennial regularly undertakes minor upgrading works to enhance the properties' facilities. For instance, at CHIJMES, retractable awnings were installed at the outdoor refreshment areas to provide shelter from the heat and rain. Air coolers and ambient lighting have also been installed to enhance the alfresco dining atmosphere for diners.

Perennial remains committed to delivering value to all stakeholders. Besides rolling out AEIs across its properties, the leasing team constantly surveys the ground and gathers feedback from tenants on building matters. In the coming year, Perennial is planning to progressively roll out training programmes and explore more robust ways to capture and analyse customer feedback, so as to improve its service culture and quality.

Focus Area	Perpetual Target	FY2016 Performance	FY2017 Performance
Customer Satisfaction	Continuously exploring AEIs for all properties to ensure relevance and competitiveness of all assets to meet customer expectations	Achieved	Achieved

Focus Area	Target for FY2018
Customer Satisfaction	To roll out training programs for service culture

Supplier Management

Perennial understands that the quality of its suppliers play a vital role in the Company's ability to fulfil customer expectations. For all major projects, a stringent four-step supplier performance management process is practised.

PRE-QUALIFICATION

Potential suppliers are pre-qualified before being invited for tender.

For current suppliers, they have to meet Perennial's internal vendors' assessment (minimum average grading).

For all new suppliers, they should prepare relevant financial statements, track records, ISO certifications and also meet respective guidelines such as:

i) Security suppliers: Police Licensing and Regulatory Department minimum B

ii) Builder and electrical vendors: BCA and ISO certification

TENDER CALLING

In the case that a specific work requires tender calling, the second screening for potential suppliers will be conducted at this stage. Any deviation from the Pre-Qualification list will require upper management's approval.

Based on the specific work requirements, the Operations Team will determine the required works and evaluate suppliers based on price and quality of materials used.

In the tender description, vendors are required to meet specified requirements to ensure the quality of their goods and services. For security and cleaning contracts, the following terms are spelt out.

Security

Security Officers engaged are to possess the Workforce Skills Qualifications ("**WSQ**") Certificate in Security Operations. They should also be physically fit and have relevant working experience.

Cleaner

The Contractor shall provide WSQ/National Skills Recognition System ("**NSRS**") certification or equivalent by the Spring Singapore Supervisors and Cleaners.

EXECUTION

All suppliers are mandated to comply with laws and regulations, e.g. Employment Act and Workplace Safety and Health ("**WSH**") Act.

All service staff are required to attend the service culture training to improve service delivery and develop a positive working attitude.

REVIEW

Supplier performance is closely monitored via activities such as:

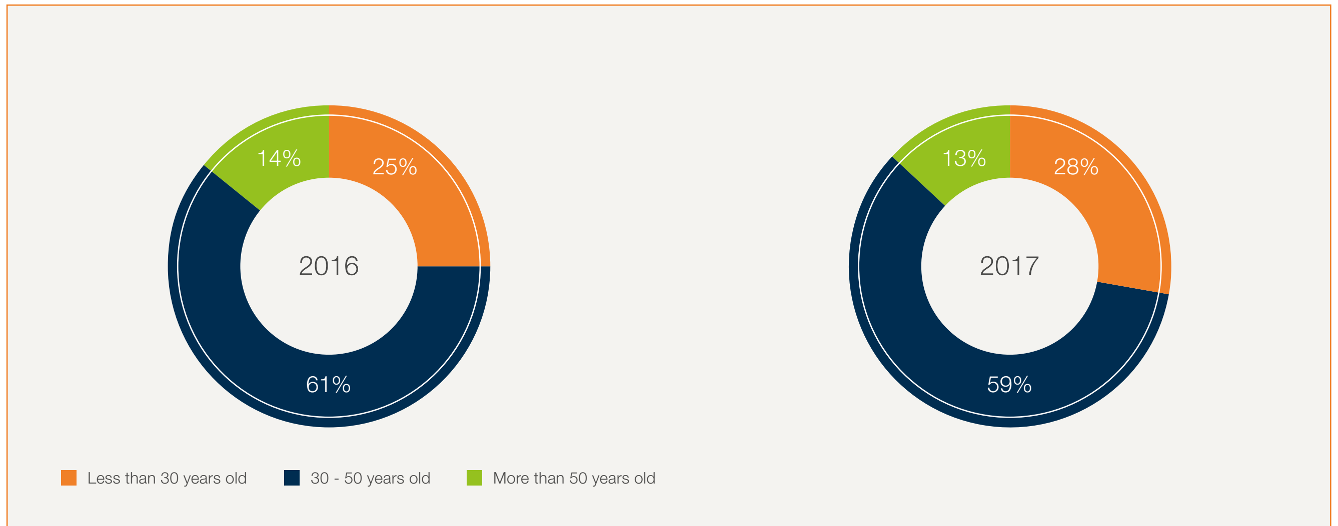
1. Site inspection – To ensure that work is carried out in an orderly manner to ensure workers' health and safety.
2. Proper handover – Work carried out by Contractors should be followed up by proper handover documentation with sign-off from all parties.
3. Internal audit – Internal audit team will work together with independent external consultants to audit operational processes and ensure that standards are met.
4. Regular engagements – To meet suppliers and contractors for project or work updates.

Profile Of Our Workforce

At Perennial, we recognise that our people are key to the long-term growth and viability of the Company. Perennial pursues an integrated human capital strategy through a three-pronged approach of ensuring workplace fairness and equality, having a robust talent management and development program, and actively engaging employees. In Singapore, 68% of employees are females and 32% are males. In terms of age, the proportion of employees less than 30 years old continued to grow, increasing from 25% in 2016 to 28% in 2017. More details of our three-pronged approach can be found in the 'Our People' section on pages 148 to 149 of the Annual Report.

Figure 4: Composition of Singapore Workforce - by Gender

Figure 5: Composition of Singapore Workforce - by Age



Occupational Health And Safety

Perennial is committed to the well-being of its employees and seeks to maintain a healthy and safe workplace.

The Company has standard operating procedures and guidelines to ensure all potential safety risks in its day-to-day operations are identified and communicated to employees. The implementation of control measures to prevent workplace accidents is overseen by the Centre Management Team ("**CMT**"), with the support of HR. Should an accident occur, employees are required to report details of the incident to CMT and HR, as stipulated under the standard operating procedures ("**SOP**") of the Company's incidence reporting system. To determine the appropriate actions to be taken, CMT and HR conduct investigations of all reported accidents.

In FY2016, a slip and fall incident involving an employee from the Facilities Management team was reported. Following the incident, the CMT team stepped up checks and no similar incidents were reported in FY2017. CMT and HR will continue to reinforce the importance of having in place the necessary safety measures during maintenance works.

Absenteeism Rate		Workplace Injury Rate (Incidence Rate) Per 100,000 people		Lost Day Rate (Severity Rate) Per 1,000,000 people	
FY2016	FY2017	FY2016	FY2017	FY2016	FY2017
1.34%	1.87%	1,111	1,010	16	14

Focus Area	Perpetual Target	FY2016 Performance	FY2017 Performance
Occupational Health and Safety	Zero fatality rate	Achieved	Achieved

In FY2016 and FY2017, Perennial recorded zero fatalities across its operations. The Company seeks to maintain this record by enhancing its safety management systems and instilling strong safety awareness among its employees.

Health And Safety Of Stakeholders

Health and safety has always been a priority for Perennial. As an owner and operator of real estate assets, Perennial strives to provide a vibrant work and play environment that is safe for all tenants, visitors, business partners and third-party service providers. Jointly responsible for the implementation of safety procedures at all assets, the CMT and Operations Department constantly seek to enhance health and safety measures and go beyond mere compliance with the WSH standards stipulated by Singapore's MOM.

For asset enhancement works carried out at its operational properties, Perennial hires only qualified contractors with a proven track record and health and safety certifications such as OHSAS 18000 and ISO 14001. In addition, Perennial ensures that safety hoardings with ample lightings are installed around areas under construction to caution tenants and visitors against potential safety hazards.

For all of Perennial's Singapore assets, the Operations Department has a ready-set of Crisis Management Standard Procedures which provides guidance to employees on actions to be taken when dealing with the following situations:

- Medical Emergencies
- Violent Crimes or Behaviour
- Political Situations
- Environmental/ Natural Disasters
- Building Faults[3]

Additionally, Perennial ensures that the property management teams across all its assets in Singapore consist of personnel trained to handle fire evacuation situations. AXA Tower and TripleOne Somerset are managed by external property management teams which have certified Fire Safety Managers. CHIJMES and Chinatown Point have two employees and one employee respectively who are certified Fire Safety Managers, having completed the Fire Safety Manager course conducted by the Singapore Civil Defence Force.

Focus Area	Target for FY2018
Health and Safety of Stakeholders	To attain bizSafe Level 3

Perennial targets to attain the bizSafe Level 3 certification in FY2018. It will build an internal Health and Safety team to oversee the implementation of policies and procedures to ensure the health and safety of tenants and visitors.

3 Faults that fall under this category threaten the safety aspect of the building and/or our customers. They can include shattered glass, fallen external objects, power and electrical failure, burst pipes, gas pipe leaks and water supply cut-offs lasting more than one hour.

GOVERNANCE

Business Ethics

A strong foundation provides stability to a building, and similarly strong business ethics are critical to the success of Perennial as an organisation. Perennial's vision, mission and core values (Refer to Page 2) serve as a guide for employees on how to conduct business in a sound and ethical manner.

Perennial has in place an Employee Code of Conduct, Whistle-blowing Policy and grievance handling procedures for reporting suspected wrongful activities within the organisation.

To emphasise the importance of responsible business conduct, the HR department disseminates the Company's Employee Code of Conduct, Whistle-blowing Policy, anti-corruption measures and regulatory compliance procedures to all employees on an annual basis. This practice was implemented in FY2017 and is aimed at reinforcing Perennial's commitment to ethical business practices.

Focus Area	Perpetual Target	FY2016 Performance	FY2017 Performance
Business Ethics	Zero tolerance towards fraud, corruption and unethical actions	Achieved	Achieved

With reference to the above table, there were no reported cases of corruption in FY2016 and FY2017. Through continuous review and improvement of internal controls, Perennial seeks to maintain this good record.

Corporate Governance

Focus Area	Perpetual Target	FY2016 Performance	FY2017 Performance
Corporate Governance ("CG")	Full compliance with principles and guidelines of the Code of CG 2012	Achieved	Achieved

Perennial is committed to upholding the highest standards of corporate governance practices. The combination of an effective Board and a robust CG framework provides a firm foundation for building financial integrity, organisational credibility and investor confidence. Perennial's CG framework also includes a comprehensive ERM framework that takes into consideration sustainability risks and opportunities. For more comprehensive information on the key risks, please refer to pages 141 to 143 of the Risk Management section of the Annual Report. More details on Perennial's CG practices and business ethics policies can also be found in pages 110 to 137 of the Corporate Governance section of the Annual Report. As a demonstration of its commitment in this aspect, Perennial has been a signatory of SIAS CG Statement of Support since FY2015.

Compliance With Laws And Regulations

Focus Area	Perpetual Target	FY2016 Performance	FY2017 Performance
Compliance with Laws and Regulations	Zero cases of non-compliance with laws and regulations	Achieved	Achieved

Perennial is committed to fully complying with all applicable laws and regulations pertaining to its core business operations, the environment, labour, and health and safety. To ensure all applicable regulatory obligations are met, the Company has in place a rigorous compliance framework. Non-compliance may subject the Group to monetary penalties and reputational damage, which may limit the Group's future growth prospects.

To keep abreast of the latest regulatory changes, Perennial's employees attend regular compliance trainings and seminars relating to their scope of work. Should there be any clarifications on applicable laws and regulations required, advice from the Company's legal counsels or external professional advisors will be sought.

ENVIRONMENT

The efficient use of natural resources forms an integral aspect of Perennial's sustainability approach. To actively manage the environmental impact of the Group's business activities, efforts are channelled towards detailed reviews of energy and water efficiency, monitoring of consumption levels and cost-benefit analysis of adopting new innovations that improve efficiency.

Energy, Greenhouse Gas ("GHG") Emissions And Alternate Energy Sources

Focus Area	Perpetual Target	FY2016 Performance	FY2017 Performance
Energy, GHG Emissions and Alternate Energy Sources	Green Mark Certification upon completion[4] of projects	Ongoing	Ongoing
	Mid-term Target	**FY2016 Performance**	**FY2017 Performance**
	Install 100% LED light fittings for all existing and upcoming properties' common areas and façade by FY2018	Not applicable	Changed all the PLC downlights to LED lights for 2 floors (Basement 2 and Level 2) at Chinatown Point

In FY2017, Perennial's total electricity consumption was 10,706 MWh, a 7% decrease from 2016 total electricity consumption of 11,467 MWh. Correspondingly, indirect carbon emissions from electricity consumption also decreased 7% from 5,917 tonnes CO_2 in FY2016 to 5,524 tonnes CO_2 in FY2017. The decrease was mainly contributed by the replacement of chiller plants in Chinatown Point. Perennial worked with a third-party supplier to replace old chillers with new and more efficient chiller plants. The new systems also come equipped with a monitoring system, which allows the CMT Department to identify and address faults immediately.

Figure 7: Energy Consumption and Intensity

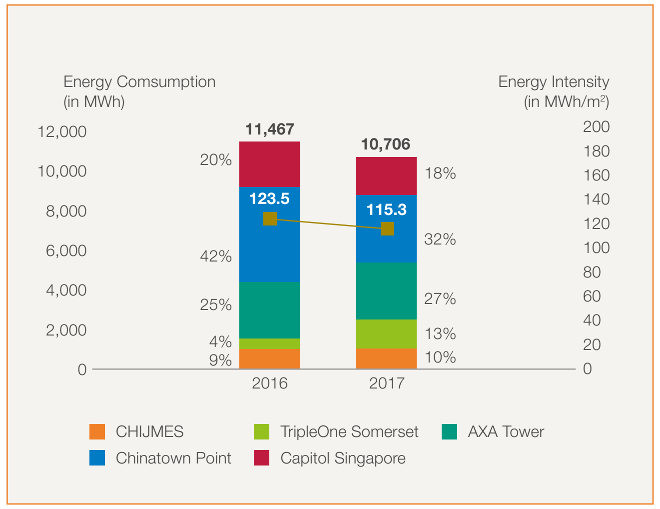
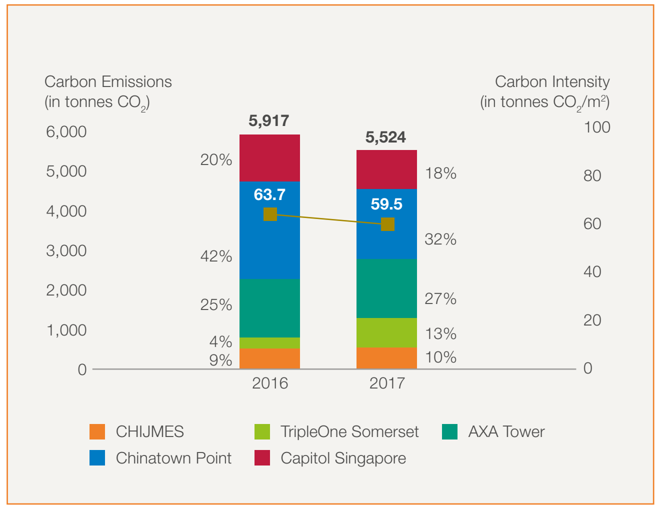


Figure 8: Carbon Emissions and Intensity



Perennial is progressively moving towards the use of LED light fittings for all of the common areas at its existing and upcoming properties. At Chinatown Point, the initiative to change PLC downlights to LED lights at the corridors of Level 2 and Basement 2 resulted in an annual saving of 30,758 kWh in electricity consumption, accounting for approximately 53% of total energy saved at the mall in FY2017.

In FY2018, Perennial targets to carry out similar light replacement works at Level 1 and Basement 1 of Chinatown Point. Moving forward, Perennial will look to adopt more energy-efficient initiatives across its properties to reduce electricity consumption and increase cost savings.

At TripleOne Somerset and AXA Tower, amenities such as bicycle lots, showers and locker facilities are being installed to encourage tenants and visitors to cycle to work.

To reduce its carbon footprint, Perennial is also currently reassessing its internal work processes. Staff are now encouraged to reduce business travel and leverage on alternatives to face-to-face meetings such as video chat applications WebEx and WeChat for communication.

4 Green Mark Certification is a regulatory requirement, which will be awarded by Singapore's Building and Construction Authority upon completion of a building project.

Water Management

Maximising water efficiency is a key sustainable practice adopted across all Perennial assets. A conscious effort is made to reduce water use through various initiatives, such as ensuring all water fittings installed have two or more Water Efficiency Labelling Scheme ("**WELS**") ticks from PUB, Singapore's national water agency.

Figure 9: Water Consumption

In FY2017, Perennial achieved 12% in total water cost savings as water consumption decreased from 211,719 cubic metres ("**m³**") in FY2016 to 193,541 m³ in FY2017. Water consumption at all assets is monitored monthly, so that any drastic deviations from average consumption can be flagged out to the Operations team for investigation. The active monitoring led to the identification of a water leakage at CHIJMES, which was quickly rectified.

Focus Area	Mid-term Target
Water Management	Adopting more accurate methods to track water consumption including the strategic installation of water meters at selected water outlets in all assets

Moving forward, Perennial intends to identify all water meters in its buildings and analyse optimal places to install additional water meters. The strategic installations of water meters will help in the monitoring of any anomalies in water usage. This will provide Perennial with an additional avenue to pinpoint and quickly rectify water leakage issues, alongside the monitoring of its consumption through utilities bills.

Besides encouraging more efficient water use, Perennial has also taken steps to increase usage of NEWater[5], particularly in its air-conditioning system. The usage of NEWater has increased 90% from 37,636 m³ in FY2016 to 71,549 m³ in FY2017, accounting for more than one-third of total water consumed in FY2017. This initiative is directly aligned with PUB's national target of increasing overall NEWater usage in Singapore from 40% of total water demand today to 50% by 2030.[6]

5 NEWater is high-grade reclaimed water produced from treated used water that is further purified using advanced membrane technologies and ultra-violet disinfection, making it ultra-clean and safe to drink.

6 Statistics adapted from *Our Water, Our Future*, a publication that sets out the water strategies and plans PUB will be undertaking in the next 50 years. Source: https://www.pub.gov.sg/Documents/PUBOurWaterOurFuture.pdf.

GRI CONTENT INDEX

GRI 102: General Disclosures 2016			
GRI Standard Disclosure Reference	**Description**	**Section of Sustainability Report**	**Page Reference**
Organisational Profile			
102-1	Name of the organisation	Overview	Pg 96
102-2	Activities, brands, products, and services	Overview	Pg 96
102-3	Location of headquarters	Overview	Pg 96
102-4	Location of operations	Overview	Pg 96
102-5	Ownership and legal form	Overview	Pg 96
102-6	Markets served	Overview	Pg 96
102-7	Scale of the organisation	Overview	Pg 96
102-8	Information on employees and other workers	Profile of our Workforce	Pg 102
102-9	Supply chain	Customer Satisfaction	Pg 100-101
102-10	Significant changes to the organisation and its supply chain	Not applicable	–
102-11	Precautionary Principle or approach	Materiality Assessment Process; Corporate Governance	Pg 99 Pg 104
102-12	External initiatives	Profile of our Workforce	Pg 102
102-13	Membership of associations	Not applicable	–
Strategy			
102-14	Statement from senior decision-maker	Board Statement	Pg 96
Ethics and Integrity			
102-16	Values, principles, standards, and norms of behaviour	Business Ethics	Pg 104
Governance			
102-18	Governance structure	Sustainability Governance Structure	Pg 96
102-22	Composition of the highest governance body and its committees	Annual Report 2017	Pg 110
102-23	Chair of the highest governance body	Annual Report 2017	Pg 114-115
102-24	Nominating and selecting the highest governance body	Annual Report 2017	Pg 115-116
102-25	Conflicts of interest	Annual Report 2017	Pg 112 and 118
102-26	Role of highest governance body in setting purpose, values and strategy	Board Statement; Sustainability Governance Structure	Pg 2 Pg 4
102-27	Collective knowledge of highest governance body	Annual Report 2017	Pg 112-113
102-28	Evaluating the highest governance body's performance	Annual Report 2017	Pg 117
102-29	Identifying and managing economic, environmental and social impacts	Board Statement; Sustainability Governance Structure; Corporate Governance	Pg 96 Pg 104
102-30	Effectiveness of risk management processes	Board Statement; Corporate Governance	Pg 96 Pg 104
102-32	Highest governance body's role in sustainability reporting	Board Statement; Corporate Governance	Pg 96 Pg 104
102-35	Remuneration policies	Annual Report 2017	Pg 118-122
102-36	Process for determining remuneration	Annual Report 2017	Pg 118-122
102-37	Stakeholders' involvement in remuneration	Annual Report 2017	Pg 118-122

GRI CONTENT INDEX

GRI 102: General Disclosures 2016			
GRI Standard Disclosure Reference	**Description**	**Section of Sustainability Report**	**Page Reference**
Stakeholder Engagement			
102-40	List of stakeholder groups	Stakeholder Engagement	Pg 97-98
102-41	Collective bargaining agreements	None of Perennial's employees are covered by collective bargaining agreements	–
102-42	Identifying and selecting stakeholders	Stakeholder Engagement	Pg 97-98
102-43	Approach to stakeholder engagement	Stakeholder Engagement; Customer Satisfaction	–
102-44	Key topics and concerns raised	Stakeholder Engagement; Customer Satisfaction	Pg 97-98 Pg 100-101
Reporting Practice			
102-45	Entities included in the consolidated financial statements	Annual Report 2017	Pg 222-224
102-46	Defining report content and topic Boundaries	Overview	Pg 96
102-47	List of material topics	Materiality Assessment; GRI Content Index	Pg 99 Pg 107-109
102-48	Restatements of information	Not applicable	–
102-49	Changes in reporting	Not applicable	–
102-50	Reporting period	Overview	Pg 96
102-51	Date of most recent report	FY2017	–
102-52	Reporting cycle	Annually	–
102-53	Contact point for questions regarding the report	Feedback	Pg 96
102-54	Claims of reporting in accordance with the GRI Standards	Overview	Pg 96
102-55	GRI content index	GRI Content Index	Pg 107-109
102-56	External assurance	Overview	Pg 96

ESG Factors				
GRI Standard Disclosure Reference		**Description**	**Section of Sustainability Report**	**Page Reference**
Corporate Governance				
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	Overview	Pg 96
	103-2	The management approach and its components	Corporate Governance	Pg 104
	103-3	Evaluation of the management approach	Corporate Governance	Pg 104
Customer Satisfaction				
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	Overview	Pg 96
	103-2	The management approach and its components	Customer Satisfaction	Pg 100-101
	103-3	Evaluation of the management approach	Customer Satisfaction	Pg 100-101
Business Ethics				
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	Overview	Pg 96
	103-2	The management approach and its components	Business Ethics	Pg 104
	103-3	Evaluation of the management approach	Business Ethics	Pg 104
GRI 205: Anti-Corruption 2016	205-2	Communication and training about anti-corruption policies and procedures	Business Ethics	Pg 104
	205-3	Confirmed incidents of corruption and actions taken	Business Ethics	Pg 104

ESG Factors				
GRI Standard Disclosure Reference		**Description**	**Section of Sustainability Report**	**Page Reference**
Energy, GHG Emissions and Alternate Energy Sources				
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	Overview	Pg 96
	103-2	The management approach and its components	Energy, GHG Emissions and Alternate Energy Sources	Pg 105
	103-3	Evaluation of the management approach	Energy, GHG Emissions and Alternate Energy Sources	Pg 105
GRI 302: Energy 2016	302-1	Energy consumption within the organisation	Energy, GHG Emissions and Alternate Energy Sources	Pg 105
	302-3	Energy intensity	Energy, GHG Emissions and Alternate Energy Sources	Pg 105
GRI 305: Emissions 2016	305-2	Energy indirect (Scope 2) GHG Emissions	Energy, GHG Emissions and Alternate Energy Sources	Pg 105
	305-4	GHG emissions intensity	Energy, GHG Emissions and Alternate Energy Sources	Pg 105
Water Management				
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	Overview	Pg 96
	103-2	The management approach and its components	Water Management	Pg 106
	103-3	Evaluation of the management approach	Water Management	Pg 106
GRI 303: Water 2016	303-1	Water withdrawal by source	Water Management	Pg 106
	303-3	Water recycled and reused	Water Management	Pg 106
Compliance with Laws and Regulations				
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	Overview	Pg 96
	103-2	The management approach and its components	Compliance with Laws and Regulations	Pg 104
	103-3	Evaluation of the management approach	Compliance with Laws and Regulations	Pg 104
GRI 307: Environmental Compliance 2016	307-1	Non-compliance with environmental laws and regulations	Compliance with Laws and Regulations	Pg 104
GRI 419: Socioeconomic Compliance 2016	419-1	Non-compliance with laws and regulations in the social and economic area	Compliance with Laws and Regulations	Pg 104
Occupational Health and Safety				
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	Overview	Pg 96
	103-2	The management approach and its components	Occupational Health and Safety	Pg 103
	103-3	Evaluation of the management approach	Occupational Health and Safety	Pg 103
GRI 403: Occupational Health and Safety 2016	403-2	Types of injury and rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities	Occupational Health and Safety	Pg 103
Health and Safety of Stakeholders				
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	Overview	Pg 96
	103-2	The management approach and its components	Health and Safety of Stakeholders	Pg 103
	103-3	Evaluation of the management approach	Health and Safety of Stakeholders	Pg 103
GRI 416: Customer Health and Safety 2016	416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	Health and Safety of Stakeholders	Pg 103

CORPORATE GOVERNANCE

"Perennial's firm commitment in adopting and complying with best practices of corporate governance is essential to the long-term sustainability of the Group's businesses and performance. Perennial will continue to take steps to ensure its compliance with recommended best practices."

– Mr Kuok Khoon Hong, Board Chairman

Perennial Real Estate Holdings Limited (the "**Company**", and together with its subsidiaries, "**Perennial**" or "**Group**") has developed its corporate governance framework and structure which is approved by the Board Of Directors ("**Board**").

CORPORATE GOVERNANCE FRAMEWORK

BOARD OF DIRECTORS

Seven Directors
Chairman – Mr Kuok Khoon Hong
(Non-Independent Non-Executive Director)
Vice-Chairman – Mr Ron Sim
(Non-Independent Non-Executive Director)

Audit and Risk Committee ("ARC")	Nomination Committee ("NC")	Remuneration Committee ("RC")	Corporate Disclosure Committee ("CDC")	Executive Committee ("EC")
Chairman: Mr Ooi Eng Peng Members: Mr Eugene Lai, Mr Lee Suan Hiang, Mr Chua Phuay Hee	Chairman: Mr Lee Suan Hiang Members: Mr Ron Sim, Mr Eugene Lai	Chairman: Mr Eugene Lai Members: Mr Kuok Khoon Hong, Mr Lee Suan Hiang	Members: Mr Ooi Eng Peng, Mr Pua Seck Guan	Chairman: Mr Kuok Khoon Hong Members: Mr Ron Sim, Mr Pua Seck Guan
All members, including the ARC Chairman, are independent non-executive Directors	All members are non-executive Directors	All members are non-executive Directors	Mr Ooi Eng Peng is the ARC Chairman, an independent non-executive Director	All members are non-independent Directors
	2 out of 3 members, including the NC Chairman, are independent Directors	2 out of 3 members, including the RC Chairman, are independent Directors	Mr Pua Seck Guan is the CEO, an executive Director	
	Mr Eugene Lai, being the Lead Independent Director, is one of the independent members of the NC			
Key Objective: Assist the Board to discharge its responsibilities relating to financial and accounting matters, internal controls, risk management and compliance	Key Objective: Recommend appointment, re-appointment and retirement of Directors, review board profile and corporate governance practices, evaluate Board and Directors' performance, assess Directors' independence	Key Objective: Oversee the remuneration of the Board and Key Management Personnel and set appropriate remuneration framework and policies	Key Objective: Review the promptness and adequacy of disclosures and to approve the public release of material information	Key Objective: Assist the Board in the approval of key strategic decisions

This report sets out Perennial's corporate governance practices for the financial year ended 31 December 2017 with reference to the principles and guidelines of the Code of Corporate Governance 2012 (the "**Code**") issued in May 2012, which forms part of Perennial's continuing obligations under the Listing Rules of Singapore Exchange Securities Trading Limited ("**SGX-ST**"). Perennial has complied with the Code in all material respects. To the extent that there are deviations, explanations have been provided in the report and alternative practices have been adopted by the Company.

THE BOARD'S CONDUCT OF AFFAIRS

Principle 1: Every company should be headed by an effective Board to lead and control the company. The Board is collectively responsible for the long-term success of the company. The Board works with Management to achieve this objective and Management remains accountable to the Board.

Role of the Board

The Board is collectively responsible for the long-term success of Perennial to protect and enhance shareholder value. All Directors have collectively and individually exercised due diligence and independent judgement in dealing with the business affairs of the Group, obliged to act in good faith, make decisions objectively and act in the best interest of the Company.

The principal duties of the Board are to:

- Provide leadership and guidance to the formulation of the Group's overall strategic business plans and direction
- Oversee the Group's overall performance objectives, key operational initiatives and major business decisions
- Assume responsibility for corporate governance and ensure the adequacy of internal control and risk management frameworks and standards, including ethical standards
- Review performance of the management team ("**Management**") and approve remuneration matters
- Provide guidance on sustainability issues such as environmental, social and governance factors, as part of the Group's overall business strategy

To assist the Board in discharging its duties and responsibilities, the Board has delegated special authorities to the Board Committees, namely the ARC, NC, RC, CDC and EC. Each of the Board Committees has been constituted with clear written terms of reference approved by the Board and may decide on matters within its terms of reference and applicable limits of authority. The terms of reference of the respective Board Committees are made available through Perennial's corporate website (http://www.perennialrealestate.com.sg). All the terms of reference are reviewed and updated when necessary to ensure their continued relevance. Notwithstanding the delegation of authority to the Board Committees, the ultimate responsibility for decision-making and oversight rest with the Board as a whole.

The Board Committees are structured to comprise Directors with appropriate qualifications and skills and to achieve an equitable distribution of responsibilities among Board members so as to foster active participation and contributions among the Directors, thereby maximising the effectiveness of the Board members.

Meetings and Attendance

The Board and Board Committees meet regularly for the purpose of reviewing the financial performance and approving the release of financial results, deliberating and approving key business strategies and investments as well as reviewing remuneration matters and governance issues. The dates of the Board meetings, the Board Committee meetings and Annual General Meeting of the Company ("**AGM**") are scheduled at least one year in advance and all Board members are notified accordingly. The Company Secretary consults every Director before fixing the dates of these meetings so as to ensure optimal attendance and participation from the Directors. The Company's Constitution allows the Board meetings to be conducted via telephone conference, video conference or other means of similar communication. Directors, who are unable to be physically present at any Board meeting, will be able to participate in the meeting via such means. In between scheduled meetings, matters that require the Board's or the Board Committee's approval are circulated via email to the Directors for their consideration and decision.

Ad-hoc Board meetings are convened as and when necessary to consider other specific matters or as warranted by particular circumstances. As part of Perennial's corporate governance practice, all Directors are also invited to attend the Board Committee meetings. Records of all Board and Board Committee meetings including discussions on key deliberations and decisions taken are maintained by the Company Secretary and circulated to all Directors to keep them updated.

Should a Director be unable to attend a Board or Board Committee meeting, he will still receive the materials that were tabled for discussion and have the opportunity to separately convey any views to the Chairman for consideration or further discussion with other Directors. If necessary, a separate session may be organised for the Management to brief that Director and obtain his comments and/or approval.

For the financial year ended 31 December 2017, the number of Board and Board Committee meetings held and the Directors' attendance thereat is set out below:

Name of Directors	Board Meeting	ARC Meeting	NC Meeting	RC Meeting
Mr Kuok Khoon Hong	4	N/A	N/A	2
Mr Ron Sim	4	N/A	1	N/A
Mr Eugene Lai	4	4	1	2
Mr Ooi Eng Peng	4	4	N/A	N/A
Mr Lee Suan Hiang	4	4	1	2
Mr Chua Phuay Hee	4	4	N/A	N/A
Mr Pua Seck Guan	4	N/A	N/A	N/A
Total number of meetings held in the financial year	4	4	1	2

Perennial has established internal guidelines setting forth matters that require the Board's approval, including business strategies and proposals, investment acquisitions and disposals, borrowings and financing arrangements, budgets, project development and capital and operating expenditures. These internal guidelines are set out in the Financial Authority Limits, which provide Perennial with clear guidelines on the approval for all financial matters and ensure that appropriate controls and decision-making are consistently applied throughout the Group. The Financial Authority Limits undergo reviews and updates to ensure operational relevancy with respect to the changing needs within the Company and the Group as a whole. The Board approves the Financial Authority Limits and any changes thereof.

Apart from matters that specifically require the Board's approval, the Board has delegated its authority to approve transactions below certain threshold limits to the Board Committees and the Management. Approval sub-limits are also provided at the Management levels to facilitate operational efficiency.

Any Director who has or appears to have a direct/indirect interest that may conflict with a subject under discussion by the Board shall declare his interest and recuse himself from the information flow and discussion of the subject-matter. He will also abstain from any decision-making on the subject-matter.

Board Orientation and Training

All newly-appointed Directors receive letters of appointment explaining their roles, duties and obligations as a director of the Company. The Company conducts orientation and induction programmes for new Directors, which include comprehensive briefings on Board structure and responsibilities, corporate governance practices, strategic business plans and direction, organisation structure, business activities and financial performance of Perennial. New Directors will also be briefed on their duties and statutory obligations as a Director of the Company. Site visits are also organised for the Directors to familiarise themselves with Perennial's assets and to better understand its business operations. This also allows new Directors to get acquainted with Management, thereby facilitating Board interaction and access to the latter.

If first-time Directors are appointed, the Company will provide training in areas such as accounting, legal and industry-specific knowledge as appropriate. The Board values ongoing professional development for all the Directors. Following their appointment, the Company ensures that Directors are provided with opportunities for continual professional development in areas such as directors' duties and responsibilities, changes to relevant laws, regulations and accounting standards, and industry-related matters, so as to keep them updated on regulatory requirements and on matters that may affect or enhance their performance as Directors or Board Committee members.

The Board as a whole is updated regularly on risk management, corporate governance, industry-specific knowledge and key changes in the relevant regulatory requirements and financial reporting standards so as to enable each Director to properly discharge their duties as Board or Board Committee members.

All training and seminars attended by the Directors are arranged and funded by Perennial. These are done through specially convened sessions, including training sessions and seminars conducted by external professionals. Perennial's external auditors, KPMG LLP ("**KPMG**"), update the ARC and the Board on new and revised financial reporting standards relevant to Perennial while Ernst & Young Advisory Pte Ltd, Perennial's internal auditors, also update the ARC and the Board on regulatory changes regarding risk and governance issues.

During the year, members of the ARC attended a seminar organised by the Accounting and Corporate Regulatory Authority ("**ACRA**"), SGX and Singapore Institute of Directors. The seminar brought together regulators and industry experts to share the latest developments in the financial reporting landscape, regulatory compliance and ACRA's Financial Reporting Surveillance Programme.

BOARD COMPOSITION AND GUIDANCE

Principle 2: There should be a strong and independent element on the Board, which is able to exercise objective judgement on corporate affairs independently, in particular, from Management and 10% shareholders. No individual or small group of individuals should be allowed to dominate the Board's decision making.

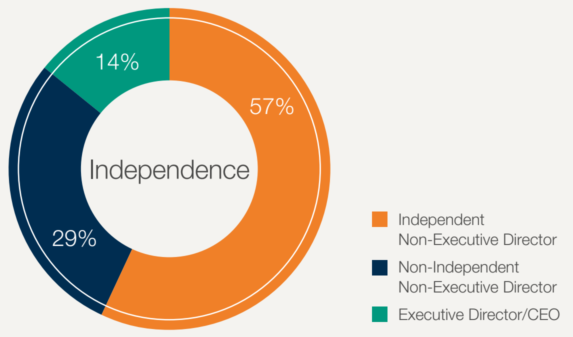
Board Composition and Diversity

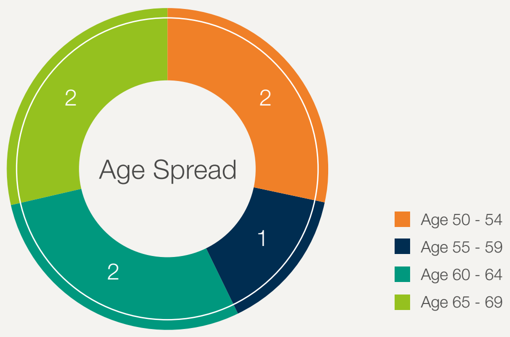
The Board comprises Directors who are business leaders and professionals with strong experience relevant to Perennial's businesses, ranging from real estate, healthcare-related, banking, finance, investment to legal sectors. In addition, the Directors' combined work experience spans the areas of risk management, strategic planning and business development. The varied backgrounds of the Directors enable Management to benefit from their external, diverse and objective perspectives on issues brought before the Board for its deliberation. All key information on the Directors is set out on pages 24 to 27 of this report.

Best efforts have been made to ensure that in addition to contributing their valuable expertise and insight to Board deliberations, each Director also brings to the Board an independent and objective perspective to enable balanced and well-considered decisions to be made by the Board. All Directors are encouraged to participate actively in the development of Perennial's strategic plans and operations, and in the performance review of the Management and the Group. No individual or small group of individuals dominates the Board's decision-making process. Non-executive Directors also confer among themselves without the presence of Management as and when the need arises.

Key Features of our Board

- Strong and independent element on the Board
- More than half of the Board consist of independent Directors
- Separation of the roles of Board Chairman and CEO
- None of the Directors has served on the Board for more than 9 years
- Other than the CEO, no other Director is a former or current employee of Perennial
- External professionals have provided training for the Directors





The Board, through the NC, reviews the size and composition of the Board annually. The NC seeks to ensure that the Board size is appropriate in facilitating effective decision-making, taking into account the scope and nature of Perennial's operations.

In addition, the NC aims to maintain an appropriate balance and diversity of experience, skills, gender, knowledge, perspectives, qualifications and other attributes in the relevant areas among the Directors in order to build an effective and cohesive Board. Any potential conflicts of interest are also taken into consideration.

The NC is of the view that the current size and composition of the Board provides an appropriate balance and diversity of skills, experience and knowledge of the industry and that the Directors, as a Group, have the necessary core competencies in finance, business or management experience and industry knowledge to allow for diverse and objective perspectives on Perennial's business strategy and directions. Taking into account the scope and nature of Perennial's operations as well as the requirements of the business, the Board concurs with the NC that the current size and composition of the Board provides for sufficient balance and diversity and at the same time, facilitates effective decision-making at the Board and Board Committees.

The Board is supportive of gender diversity and shares the view that female directors can offer fresh perspective and enhance the decision-making process. To build on gender diversity as an important attribute of the Board's composition, the Board will consider female candidates for future directorship appointments, especially those in the medical healthcare field, to complement the Board's Core Competencies. However, the Board is also of the view that gender should not be the main selection criteria and that the appointment of a Director should be made based on skills, experience and knowledge.

The NC carries out a proactive review of the Board composition at least annually or as and when an existing non-executive Director indicates his intention to retire or resign. This is to assess the collective skills of non-executive Directors represented on the Board to determine whether the Board, as a whole, has the skills required to achieve Perennial's strategic and operational objectives. In carrying out this assessment, the NC will take into account that the Board composition should reflect balance in matters such as skill representation, tenure, gender, experience, age spread and diversity before making relevant recommendations for appointment or re-election of a Director to the Board.

Review of Directors' Independence

The NC reviews and evaluates the independence of the Directors on an annual basis. The Board will then, in turn, assess the independence of each Director, taking into account the recommendations of the NC. When evaluating the independence of the Directors, the Board follows the guidance in the Code, where an independent director is defined as one who has no relationship with Perennial, its related corporations, its shareholders with shareholdings of 10% or more voting shares in Perennial or its officers that could interfere, or reasonably perceived to interfere, with the exercise of a director's independent business judgement with a view to the best interests of the Group.

Annually, each Director is required to submit his declaration of independence by completing the Director's Independence Checklist ("**Checklist**"). The Checklist is based on the Code's definition of an "independent director" and guidance as to the existence of relationships which would deem a Director as not independent. Newly-appointed Directors are also requested to complete the Checklist to confirm their independence. In addition, Directors are required to immediately report to the Company on any changes in their external appointments, interests in shares and other pertinent information (including any corporate developments relating to their external appointments) which may affect their independence. The NC and Board also examine different relationships identified by the Code that might impair a Director's independence and objectivity.

For the financial year ended 31 December 2017, all Directors have completed their Checklist which has been evaluated by the NC and Board to determine their independence. The NC has affirmed that with the exception of Mr Kuok Khoon Hong, Mr Ron Sim and Mr Pua Seck Guan, the rest of the Directors – Mr Eugene Lai, Mr Ooi Eng Peng, Mr Lee Suan Hiang and Mr Chua Phuay Hee – are independent. The Board concurred with the NC's assessment of the independence of the relevant Directors. None of the Directors have served more than nine years on the Board.

Mr Kuok Khoon Hong, who holds an effective interest of 35.67% in the Company, is deemed a non-independent Director. Similarly, Mr Ron Sim, who holds an effective interest of 15.42% in the Company, is deemed to be non-independent. Mr Pua Seck Guan is deemed to be a non-independent executive Director, as he is Chief Executive Officer ("**CEO**") of the Company and holds an effective interest of 10.3% in the Company. However, both Mr Kuok Khoon Hong and Mr Ron Sim are considered to be independent of management and business relationships with the Company[1].

The Board and the Management appreciates an effective and robust board whose members engage in open and constructive discussions and challenge the Management on its assumptions and proposals. A board should also aid in the development of strategic proposals and oversee the effective implementation by Management.

Independent Directors also meet without the presence of the Management on a need-to basis to discuss matters such as the Group's financial performance, corporate governance initiatives, board processes, succession planning as well as leadership development and the remuneration of the executive Director.

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

Principle 3: There should be a clear division of responsibilities between the leadership of the Board and the executives responsible for managing the company's business. No one individual should represent a considerable concentration of power.

The Chairman and CEO of the Company are separate persons and they are not immediate family members. The roles of the Chairman and the CEO are deliberately kept distinct through a clear division of responsibilities to ensure effective oversight, appropriate balance of power, increased accountability and greater capacity of the Board for independent decision-making.

The current Chairman is Mr Kuok Khoon Hong and he is responsible for providing Perennial with strong leadership and leading the Board in discharging its duties effectively. He also ensures effective functioning of the Board on all aspects of its role. He facilitates the relationship and information flow within and between the Board, CEO and the Management, sets the agendas for Board meeting with inputs from the Management, ensures sufficient allocation of time for thorough discussion of each agenda item at Board meetings, and engages the Board and Management in effective discussions. The Chairman also promotes an open environment for deliberation and ensures that the Board meetings are conducted objectively and professionally, where all views are heard and debated in a fair and open manner. At the same time, the Chairman also monitors follow-up to the Board's decisions and ensures that such decisions are translated into executive actions.

In addition, the Chairman works with the Board, the Board Committees and the Management to establish the Group's risk limits and to promote a high standard of integrity and corporate governance. He also acts as a sounding board for the CEO and provides leadership, guidance and advice to Management, particularly with regard to Perennial's growth strategy and developments. At AGMs and other Shareholders' meetings, he plays a pivotal role in fostering constructive dialogue between Shareholders, the Board and Management.

The CEO, assisted by the Management team, makes strategic proposals to the Board and after robust Board discussions, executes the agreed strategies and policies, manages and develops Group's businesses and implements the Board's decisions. The current CEO is Mr Pua Seck Guan and his primary role includes effectively managing and supervising day-to-day business operations, reporting to the Board on all aspects of operations and performance, cultivating good relationships and ensuring effective communication with all stakeholders.

Taking cognisance of the Chairman's non-independence, the Board has appointed Mr Eugene Lai as the Lead Independent Director to serve as an intermediary between the independent Directors and the Chairman. He is also the Chairman of the RC and a member of the ARC and NC.

The Lead Independent Director acts as a counter-check on Management issues in the decision-making process and avails himself to address Shareholders' concerns for which contact through normal channels to the Chairman or Management has failed to resolve or is inappropriate. He also works closely with the independent Directors, and when necessary, meets them without the presence of the Chairman or the Management to discuss matters that were deliberated during the Board meetings and on such occasions as deemed appropriate. The feedback which the Lead Independent Director obtained during such meetings is communicated to the Chairman.

Through the establishment of various Board Committees with power and authority to perform key functions beyond the authority of, or without the undue influence from, the Chairman or the Vice-Chairman, and the establishment of internal controls to allow effective oversight of Perennial's businesses by the Board, the Board is of the view that the decision-making process is objective and transparent, and decisions are made in the best interests of Perennial and its Shareholders.

BOARD MEMBERSHIP

Principle 4: There should be a formal and transparent process for the appointment and re-appointment of directors to the Board.

Key terms of reference of the NC:

- Approve the appointment of CEO and other key management personnel
- Review succession plans for Directors and key management personnel within the Company
- Review the effectiveness of the Board and the Board Committees and evaluate the performance and contribution of the Directors
- Review and recommend candidates for appointment to the Board and Board Committees
- Review the training and development of the Board, key management personnel and talented executives within the Company
- Review and recommend nomination for re-appointment or re-election or renewal of appointment of the Director
- Determine if a Director is independent
- Assess each Director's contribution and performance
- Recommend to the Board objective performance criteria for the purpose of evaluating the Board's performance as a whole and to implement performance evaluation established by the Board
- Evaluate the Board's performance as a whole

Appointment and Re-appointment of Directors

In reviewing the succession plans for the Board, the NC has put in place a formal and transparent process for the renewal of the Board and the selection of new Directors. At least annually or on each occasion where an existing non-executive Director indicates his intention to retire or resign, the NC reviews the size, composition, gender, skill mix and competencies of the Board members to take stock of the expertise within the Board, and to identify the Board's current and future needs, taking into consideration the growth and the evolving business requirements of Perennial. The NC considers, inter alia, the knowledge, experience and attributes of the existing Directors, the retirement and re-election of Directors, each Director's performance and contributions, and whether new competencies are required to enhance the Board's effectiveness.

In the light of such review and in consultation with Chairman of the Board, the NC assesses if there is any inadequate representation in respect of any of those attributes. When the need to appoint a new Director arises, either to strengthen the Board or to replace a retiring Director, the NC will establish the profile required for the role and the desirable competencies for the particular appointment in order for the Board to have an appropriate mix of core competencies to fulfil its roles and responsibilities.

1 In its determination on whether a director is considered to be independent of management and business relationships with the Company, the NC and the Board took into account the following criteria:
- (i) A director shall not be considered to be independent from management relationships with the Company or with any of its subsidiaries if —
  - (a) he is employed by the Company or by any of its subsidiaries, or has been so employed, at any time during the current financial year or any of the preceding 3 financial years of the Company;
  - (b) any member of his immediate family —
    - (A) is being employed by the Company or by any of its subsidiaries as an executive officer whose compensation is determined by the board of directors of the Company or the subsidiary, as the case may be; or
    - (B) has been so employed at any time during the current financial year or any of the preceding 3 financial years of the Company; or
  - (c) he is accustomed or under an obligation, whether formal or informal, to act in accordance with the directions, instructions or wishes of the management of the Company or any of its subsidiaries;
- (ii) A director shall not be considered to be independent from business relationships with the Company or with any of its related corporations, or with any officer of the company or any of its related corporations, if —
  - (a) he is a substantial shareholder, a director or an executive officer of any corporation, or a sole proprietor or partner of any firm, where such corporation, sole proprietorship or firm carries on business for purposes of profit to which the Company or any of its related corporations has made, or from which the Company or any of its related corporations has received, payments at any time during the current or immediately preceding financial year of the Company; or
  - (b) he is receiving or has received compensation from the Company or any of its related corporations, other than remuneration received for his service as a director or as an employee of the Company or any of its related corporations, at any time during the current or immediately preceding financial year of the Company.

The search for potential candidates to be appointed to the Board is conducted through contacts of and recommendations from the Directors and Management. If the need arises, external consultants may also be engaged to access a wider base of potential candidates. The NC will shortlist and interview potential candidates to assess his or her suitability and ensure that the candidate is aware of the expectations and the level of commitment required as a Director. The NC also considers whether the potential candidate is able to commit sufficient time and effort to effectively carry out the responsibilities of a Director. The NC then recommends the most suitable candidate to the Board for appointment as a Director.

The criteria and guidelines for appointment of new Directors are broadly set out as follows:

Background	• Possess good reputation as persons of integrity
Experience	• Have core competencies to meet the current or foreseeable needs of Perennial • Complement the skills and competencies of the existing Directors • Have the necessary qualifications and varied experience • Preferably have experience in acting as a director of a listed company
Independence	• Be impartial, objective and independent • Have the courage to voice their independent opinions free from the influence or pressure of other Directors or the Management

Procedures and control mechanisms are also in place to ensure that independence of the Directors is actively monitored. Please refer to pages 113 to 114 on Board Independence.

With respect to the annual retirement by rotation and re-election of Directors, the NC reviews the composition of the Board and the needs of the Company at the relevant time as well as the Director's performance, attendance, contributions, preparedness and competing time commitments, before making the relevant recommendations to the Board for subsequent Shareholders' approval at the AGM. Each member of the NC will recuse himself from deliberations of his own re-election.

Pursuant to the Company's Constitution, one-third (or, if the number is not a multiple of three, the number nearest to but not greater than one-third) of the Board of Directors, including the CEO who also sits on the Board, are required to retire and are subject to re-election at every AGM of the Company ("**One-third Retirement Rule**"). Retiring Directors are selected on the basis of those who have been longest in office since their last appointment or re-election, and as between those persons who became Directors on the same day, they will be selected by agreement or by lot. A newly-appointed Director must also subject himself for retirement and re-election at the AGM immediately following his appointment. Thereafter he is subject to the One-third Retirement Rule. The role of the CEO is separate from his position as a Board member, and does not affect the ability of Shareholders to exercise their right to appoint all of the Board members.

At the forthcoming AGM, the Directors standing for re-election are Mr Lee Suan Hiang and Mr Ron Sim. Mr Lee Suan Hiang is a non-executive independent Director of the Company, Chairman of the NC and also a member of the ARC and RC. Mr Ron Sim is currently Vice-Chairman, non-independent non-executive Director of the Company and he is also a member of both the NC and EC. Both Directors have indicated their willingness to stand for re-election. The NC has nominated and recommended to the Board their re-election at the forthcoming AGM, and the Board has endorsed the recommendation.

The Board does not encourage the appointment of alternate Directors. No alternate Director has been or is currently being appointed to the Board.

Review of Directors' Time Commitments

Perennial believes that Directors who sit on multiple boards will bring with them a wide range of experience and broad knowledge of business best practices and strategies to provide invaluable leadership contributions for the long-term success of Perennial. The Board is of the opinion that the maximum number of listed company board representation should be based on the capacity and circumstances of each individual Director instead of prescribing a numerical limit. The NC monitors and determines annually whether a Director, who has multiple board representations and other principal commitments, has sufficient time to adequately carry out his duties as a Director of Perennial by taking into account the participation, effectiveness, contributions and the actual conduct of the individual Director.

In the financial year, the NC recognises that the Directors have effectively discharged their duties as Director of the Company in their commitments, contributions and oversight of Perennial, taking into consideration their board representations in other listed companies and their principal commitments. The NC also noted that based on the attendance and participation at the Board and Board Committee meetings held in the financial year, all Directors were able to actively engage in and contribute to such meetings to carry out their duties. The NC was therefore satisfied that for the financial year, where a Director had other listed company board representations and/or other principal commitments, each of such Director has given sufficient time and attention to the affairs of the Group and has been able to discharge his duties as a Director effectively.

BOARD PERFORMANCE

Principle 5: There should be a formal annual assessment of the effectiveness of the Board as a whole and its board committees and the contribution by each director to the effectiveness of the Board.

Board Evaluation Process and Performance Criteria

The NC seeks to ensure that Directors appointed to the Board and Board Committees, whether individually or collectively, possess the background, experience, business knowledge, financial literacy and management skills critical to the Group's businesses. The NC aims to have each Director bring to the Board an independent and objective perspective to enable sound, balanced and well-considered decisions to be made.

Each year, in consultation with the NC, the Board assesses its performance to determine if it is performing effectively as well as to identify key areas for improvement. The Company has in place a formal process to evaluate the effectiveness and performance of the Board, the Board Committees and the individual Directors. The performance evaluation criteria adopted were recommended by the NC and approved by the Board. The evaluations are done by way of each Director completing various questionnaires which seek their views on the different aspects of performance by the Board, the Board Committees and the individual Directors, and on areas of improvement to increase the effectiveness of the Board and Board Committees.

To assess the Board's performance, each Director is required to complete an evaluation on various criteria, which include the effectiveness of the Board and Board Committees, adequacy of the blend of skillsets and expertise on the Board, and relevance and timeliness of the Board and Board Committees' meeting agendas and papers. The assessment also considers factors such as the size and composition of the Board and Board Committees, Board processes, the Board and Board Committees' roles as well as communication within the Board and with Management. The assessment results and feedback are consolidated by the Company Secretary for analysis by the NC. The NC evaluates the assessment results and feedback, and deliberates on the areas of strengths and weaknesses to improve the effectiveness of the Board and the Board Committees.

The criteria taken into consideration to evaluate the performance and contributions of each individual Director include the Director's level of understanding of Perennial's business environment, degree of preparedness, level of participation, attendance at Board and Board Committee meetings, the Director's expertise and experience, fairness and impartiality in discussions, effectiveness in highlighting potential issues and challenging Management where necessary. Contributions by an individual Director can also take other forms, including providing objective perspectives on issues, facilitating business opportunities and strategic relationships, and accessibility to Management beyond formal meetings.

The completed questionnaires are then consolidated, reviewed and presented to the NC. Results of such performance evaluation of individual Directors are also used by the NC in appropriate circumstances, such as during the review of board composition and to support the appointment of new Directors or the re-election of retiring Directors. When evaluating the performance of a Director who is also a member of the NC, that member abstains from the discussions in order to avoid any conflict of interests.

The individual Director evaluation exercise assists the NC in determining whether to re-nominate Directors who are due for retirement at the forthcoming AGM and in determining whether Directors with multiple board representations are able to adequately discharge their duties as directors of the Company. The replacement of a director, is not necessarily a reflection of the director's performance or level of contribution, but may rather be driven by the need to align the Board to the medium or long-term needs of Perennial.

For the financial year ended 31 December 2017, questionnaires which assessed the effectiveness of the Board, the Board Committees and the individual Directors were completed by all the Directors. The results of the assessment indicated that the Board and Board Committees have functioned effectively and the contributions of individual Directors were satisfactory.

ACCESS TO INFORMATION

Principle 6: In order to fulfil their responsibilities, directors should be provided with complete, adequate and timely information prior to board meetings and on an ongoing basis so as to enable them to make informed decisions to discharge their duties and responsibilities.

Access to Complete, Adequate and Timely Information

All Directors are given sufficient time to prepare for the Board and the Board Committee meetings. To make informed decisions, the Management provides the Directors with complete, accurate, timely and detailed information, including background information, copies of disclosure documents, financial statements and other materials that are relevant to the agendas of these meetings. In general, such information is provided at least five days prior to the date of the relevant meeting. Draft agendas for Board and Board Committee meetings are circulated in advance to the Chairman and respective Chairman of the Board Committees for their review and approval. All Directors are invited to attend all the Board Committee meetings to keep themselves informed of the discussions and decisions made in the respective meetings. Accordingly, the reports and papers for the Board Committee meetings are provided to all Directors.

At each ARC and Board meeting, the CEO gives a complete and comprehensive update on Perennial's business and operations, significant developments on the Group's business initiatives and industry developments. The Chief Financial Officer ("**CFO**") presents financial highlights of Perennial's performance as well as the material events and transactions. The Board is also apprised of risk management updates, regulatory updates and analysis or press commentaries through other presentations by the Management. This allows the Directors to develop a better understanding of the Group's business as well as the issues and challenges faced by the Group.

In addition to briefings by the CEO and CFO at every ARC and Board meeting, when necessary, Management, auditors and external advisers engaged by Perennial also attend the Board and the Board Committee meetings to present key topics identified by the Board, provide insights into matters being discussed and respond to any questions that the Directors may have. All requests for additional information from the Directors are also dealt with promptly by the Management.

The Directors also receive operational and financial reports regarding the performance of Perennial. These reports include key financial indicators, variance analysis, property updates and strategic or business highlights. Additionally, informal briefings are conducted by Management to inform the Directors about potential business opportunities and developments at an early stage before formal Board approval is sought.

The Directors have separate, independent and unrestricted access to the CEO, the Management, Company Secretary and internal and external auditors at all times.

Company Secretary

Under the direction of the Chairman, the Company Secretary ensures good information flow within the Board and Board Committees, as well as between the Management and non-executive Directors.

The Company Secretary assists the Chairman and the Chairman of respective Board Committees in the administration of the Board and various Board Committees meetings. She attends all Board and Board Committees meetings of the Company and prepares minutes of meetings. The Company Secretary is responsible in designing and implementing a framework for Management to comply with the SGX-ST Listing Rules, including advising Management to ensure that material information is disclosed promptly. She also advises the Board on all corporate governance matters and assists to implement and strengthen corporate governance practices and processes, including facilitating orientation for newly appointed Directors and continuing professional development for the Directors as required. In addition, the Company Secretary is responsible for ensuring that the Board procedures are observed and that relevant rules and regulations, including requirements of the Companies Act, the Securities and Futures Act and the SGX-ST Listing Rules are complied with. The Company Secretary also liaises on behalf of Perennial with the SGX-ST, ACRA and when necessary, the Shareholders. The appointment and the removal of the Company Secretary are subject to the Board's approval.

Independent Professional Advice

When the Board, whether as individual Director or as a Group, requires independent professional advice in the furtherance of their duties, the Company Secretary will assist in appointing a professional advisor to render the advice and keep the Board informed of such advice. The cost of obtaining such professional advice will be at the expense of the Company.

PROCEDURES FOR DEVELOPING REMUNERATION POLICIES

Principle 7: There should be a formal and transparent procedure for developing policy on executive remuneration and for fixing the remuneration packages of individual directors. No director should be involved in deciding his own remuneration.

Key terms of reference of the RC:

- Review and recommend the remuneration framework for the Board and key management personnel
- Review and recommend the remuneration packages for each Director as well as the key management personnel
- Consider, review and approve and/or vary (if necessary) the entire specific remuneration package and service contract terms for each key management personnel having regard to the executive remuneration policy within the Company
- Consider and approve termination payments, retirement payments, gratuities, ex-gratia payments, severance payments and other similar payments to key management personnel
- Review the ongoing appropriateness and relevance of executive remuneration policy and other benefit programmes
- Review and approve the design of all option plans, stock plans and/or other equity based plans
- Determine each year whether awards will be made under each of the equity plans
- Review and approve each award as well as the total proposed awards under each plan in accordance to the rules governing each plan
- Review, approve and keep under review performance hurdles and/or fulfilment of performance hurdles for each of the equity based plans

The primary function of the RC is to ensure a formal and transparent process in developing remuneration policy and in determining the remuneration packages of individual Director and key management personnel. The RC recommends for the Board's endorsement, a framework of remuneration which covers all aspects of remuneration, including but not limited to Directors' fees, salaries, allowances, bonuses, benefit-in-kinds and specific remuneration packages for each Director. The RC aims to build a capable and committed management team, through competitive compensation packages and progressive policies which are aligned with the long-term interests and risk policies of Perennial and which can attract, retain and motivate a pool of talented employees to drive business growth and strategy while creating long-term shareholder value.

The RC also reviews the Company's obligations arising from the termination of the employment contracts of the executive Director and key management personnel. The RC is of the view that the termination clauses are fair and reasonable as such contracts only contain the standard clause on notice period for termination. In the deliberation of remuneration matters, none of the RC members are involved in deciding any remuneration, compensation, share-based incentives or any form of benefits to be granted to himself.

In discharging their duties, the RC may seek advice from Human Resource Department of Perennial ("**HR**") and external consultants, whenever necessary.

As part of Perennial's formal succession planning, HR assists in identifying the critical positions at both the executive and management level within Perennial. HR will determine the requirements and the gaps of these positions before mapping succession to the pipeline of internal high potential executive talents identified. Recognising the need to groom internal talent, HR designs and implements training plans to nurture staff capabilities, which include on-the-job assignments, job rotations, international assignments and internal promotions. HR also regularly reviews and surveys the practices of other corporations, so that best practices suited to Perennial's culture, structure and strategy can be adopted.

LEVEL AND MIX OF REMUNERATION, DISCLOSURE ON REMUNERATION

Principle 8: The level and structure of remuneration should be aligned with the long-term interest and risk policies of the company, and should be appropriate to attract, retain and motivate (a) the directors to provide good stewardship of the Company, and (b) key management personnel to successfully manage the company. However, companies should avoid paying more than is necessary for this purpose.

Principle 9: Every company should provide clear disclosure of its remuneration policies, level and mix of remuneration, and the procedure for setting remuneration, in the company's Annual Report. It should provide disclosure in relation to its remuneration policies to enable investors to understand the link between remuneration paid to directors and key management personnel, and performance.

Remuneration for Non-Executive Directors

The non-executive Directors receive their Directors' fees in accordance with their various levels of contributions, taking into account factors such as their responsibilities, effort and time spent for serving on the Board and the Board Committees. Their remuneration package consists of basic retainer fees as a Director as well as additional fees for serving on the Board Committees. A larger fee is accorded to the Chairman of each Board Committee in view of the greater responsibility. The Lead Independent Director also receives an additional fee which reflects his expanded responsibility.

There is no change to the annual fee structure for the Board for the financial year ended 31 December 2017 as compared to the preceding financial period. As per previous years, the non-executive Directors do not receive any salary and their remuneration does not include any variable components.

The fee structure for non-executive Directors for the financial year ended 31 December 2017 is as follows:

Fee Structure	S$
Basic Retainer Fee	
Director	50,000
Audit and Risk Committee	
Chairman	25,000
Member	15,000
Remuneration Committee	
Chairman	10,000
Member	5,000
Nomination Committee	
Chairman	10,000
Member	5,000
Lead Independent Director	10,000

The details of remuneration for the Directors and CEO for the financial year ended 31 December 2017 are provided in the table below.

Directors of the Company	Salary inclusive of Annual Wage Supplement and employer's CPF S$'000	Bonus and other benefits inclusive of employer's CPF S$'000	Stock options granted and other share-based incentives and awards S$'000	Director's Fees S$'000	Total S$'000
Executive Director					
Mr Pua Seck Guan	487	1,005	338	-	1,830
Non-Executive Directors					
Mr Kuok Khoon Hong	-	-	-	55	55
Mr Ron Sim	-	-	-	55	55
Mr Eugene Lai	-	-	38	90	128
Mr Ooi Eng Peng	-	-	-	75	75
Mr Lee Suan Hiang	-	-	38	80	118
Mr Chua Phuay Hee	-	-	38	65	103

For Directors' shareholdings, please refer to pages 152 to 155.

The RC ensures that the non-executive Directors are not over-compensated to the extent that their independence may be compromised. Mr Pua Seck Guan, being the executive Director and CEO of the Company, does not receive any Director's fees but he is remunerated for his role as a member of the Management. For the financial year ended 31 December 2017, the Company has issued one million share options to each independent non-executive Director. The aggregate Directors' fees for non-executive Directors are subject to Shareholders' approval at the forthcoming AGM.

For the financial year ended 31 December 2017, Perennial did not appoint any external remuneration consultants to advise on the remuneration of the Directors.

Remuneration for Executive Director and Key Management Personnel

The Company advocates a remuneration system that is flexible and responsive to market conditions as well as a remuneration framework that is based on the key principle of aligning compensation to business performance and strategic objectives. Such performance-centric remuneration is linked to the achievement of corporate and individual performance targets, both in terms of short and long-term quantifiable objectives, as well as to support the ongoing enhancement of shareholder value.

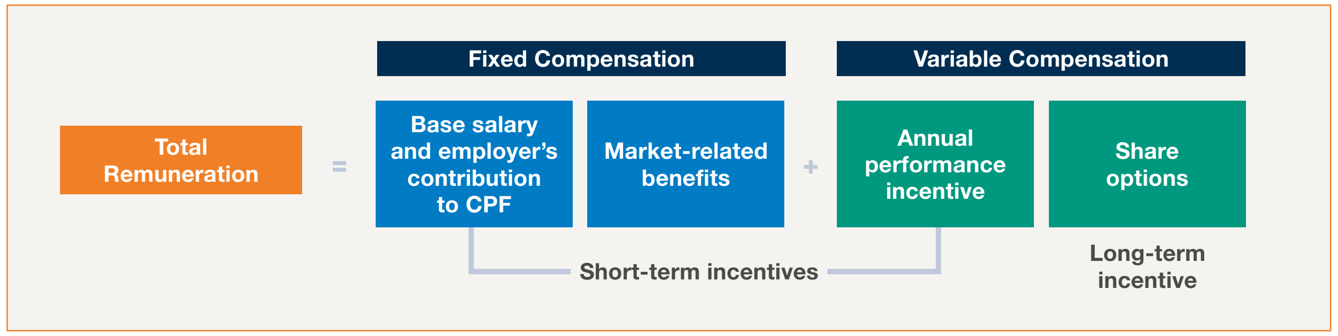
In designing the remuneration structure, the RC seeks to ensure that the level and mix of remuneration is competitive and relevant in attracting, motivating and retaining the employees. The RC also exercises independent judgment in ensuring that the remuneration structure is aligned with the interests of Shareholders and promote long-term success and sustainable growth of Perennial.

The balance between fixed and variable compensation elements changes according to the individual employee's performance, rank and department, so as to incentivise employees into adopting appropriate risk behaviours and remaining focused on prudent risk management. The RC considers the mix of fixed and variable compensation to be appropriate for Perennial and for each individual role.

The remuneration structure also takes into account Perennial's risk policies and risk tolerance limits as well as the time horizon of risks, in order to build a sustainable leadership team and business in the long-term. The RC is satisfied that there are adequate risk mitigation features in the Company's remuneration structure, such as prudent funding of annual cash compensation and the vesting feature in Perennial Employee Share Option Scheme 2014 ("**Perennial ESOS 2014**"). The RC is also of the view that the overall level of remuneration is not considered to be at a level which is likely to promote behaviour contrary to Perennial's risk profile. The RC also has the discretion not to award incentive in any year if an executive is involved in misconduct or fraud resulting in financial loss to Perennial. The RC will continue to undertake periodic reviews of compensation-related risks.

In determining the remuneration of key management personnel, the Company leveraged on external consultants' data on pay benchmarks as guidance and compares itself against peer companies and comparably-sized local listed companies with which the Company competes with for talent and capital. The RC is of the view that the remuneration of key management personnel is competitive and fair and they have met the performance targets.

The key remuneration components for key management personnel are summarised below:



The remuneration mix for key management personnel comprises four key components: fixed compensation, variable cash compensation, share-based compensation and market-related benefits. This mix of various fixed and variable compensation elements ensure a close linkage between total compensation and the achievement of long term business objectives, thereby driving sustainable performance for Perennial.

(a) *Fixed Compensation*
The fixed component comprises the base salary and compulsory employer contribution to an employee's Central Provident Fund ("**CPF**") account. The fixed component is determined by benchmarking against similar and comparable industries, taking into account an individual's responsibilities, competencies, performance, qualifications and experience.

(b) *Variable Cash Compensation*
The variable cash compensation is designed to support Perennial's business strategy and the ongoing creation of shareholder value through the delivery of annual financial and operational objectives. It includes an annual performance incentive that is linked to the achievement of short-term pre-agreed financial and non-financial performance targets for Perennial and individual employees. Company-wide performance targets are dependent on factors such as business performance, profitability and operational growth. Individual performance targets are set at the beginning of each financial year and are aligned to the overall strategic, financial and operational goals of Perennial.

In determining the payout quantum for employees, the RC takes into account overall business performance and individual performance, amongst other considerations.

(c) *Share-based Compensation*
Share options are incentive plans that are designed to strengthen the pay-for-performance framework which serves to reward and recognise employees' contributions to Perennial's growth and shareholder value in the longer term. Such long-term remuneration is a retention tool and promotes long-term success of the Company and the Group as a whole.

Perennial ESOS 2014 was established with the objective of motivating employees of managerial level and above to strive for sustained long-term growth and superior performance in Perennial. It also aims to foster a share ownership culture among employees within the Company and better align employees' incentives with Shareholders' interests. The share options scheme involves the grant of Market Price share options which are vested and released over four consecutive years at the rate of 25% for each year. The vesting of the first tranche of any such share options will be on the first anniversary of the Date of Grant. Perennial ESOS 2014 was approved and adopted by Shareholders of the Company on 10 October 2014.

Under Perennial ESOS 2014, share options were granted based on the achievement of corporate and individual performance targets. These performance targets, which are approved by the RC, are chosen as they are the key drivers of shareholder value creation and are aligned to Perennial's business objectives.

In the financial year ended 31 December 2017, 22 million share options were granted under Perennial ESOS 2014. The RC has reviewed and is satisfied that the quantum of performance-related bonuses and the value of share options vested under the Perennial ESOS 2014 was fair and appropriate, taking into account the extent to which their performance conditions were met.

More information on the Perennial ESOS 2014 can be found in the Directors' Statement from pages 154 to 155 and in the Notes to the Financial Statements from pages 197 to 199. For more information on the Directors' shareholding of the Company, please refer to page 152.

(d) *Market-related Benefits*
The employment-related benefits provided are comparable with local market practices.

Perennial notes that the Code recommends that at least the top five key management personnel's remuneration be disclosed in bands of S$250,000 and as best practice, companies are also encouraged to fully disclose the remuneration of the said top five key management personnel. After careful consideration, the Board believes that such disclosure would be disadvantageous to Perennial's business interests, taking into consideration the competitive pressures in the talent market especially for personnel with the requisite knowledge, expertise and experience in Perennial's business activities. The Company believes that in view of the competitive human resource environment and to support the Company's effort in attracting and nurturing a sustainable talent pool for smooth continuity in leadership, it should maintain confidentiality on employee remuneration matters.

For these reasons, the Company is only disclosing the remuneration of the key management personnel in bands of S$250,000 with a breakdown in percentage terms. The Board is of the opinion that the information disclosed would be sufficient for the Shareholders to have an adequate appreciation of the Company's remuneration policies and practices.

For the financial year ended 31 December 2017, the details of remuneration for the top five key management personnel are set out below:

Name	Salary inclusive of AWS and employer's CPF %	Bonus and other benefits inclusive of employer's CPF %	Stock options granted and other share-based incentives and awards %	Total %
Between S$750,000 and S$999,999				
Mr Liak Teng Lit*	71.6	28.4	-	100
Between S$500,000 and S$749,999				
Mr Koh Ming Chye, Ivan	56.0	29.2	14.8	100
Ms Gan Chui Chui, Belinda	57.2	27.5	15.3	100
Ms Annie Lee	60.6	24.6	14.8	100
Mr Lim Kong Cheng	49.8	39.1	11.1	100

* Mr Liak Teng Lit joined on 6 March 2017. Mr Goh Soon Yong left on 5 March 2017 and Dr Wong Weng Hong left on 2 March 2017.

The aggregate remuneration paid to the top five key management personnel of the Company (excluding the CEO) for the financial year was S$3,460,090.

For the financial year ended 31 December 2017, the Company does not have any employee who is an immediate family member of a Director or the CEO. "Immediate family member" refers to the spouse, child, adopted child, step-child, sibling or parent. There were no termination, retirement or post-employment benefits granted to Directors, CEO and any key management personnel. There were also no special retirement plan, "golden parachute" or special severance packages given to the key management personnel.

ACCOUNTABILITY

Principle 10: The Board should present a balanced and understandable assessment of the company's performance, position and prospects.

Perennial believes that strict compliance with statutory reporting requirements and the adoption of good business practices are imperative to maintain Shareholders' confidence and trust in the Group as well as to deliver sustainable value to Shareholders.

Directors receive operational and financial reports regarding the Group's performance, which include key performance indicators, variance analysis, property updates, strategic and business highlights and key developments to enable them to keep abreast and make a balanced and informed assessment of the Company's performance, financial position and prospects. When necessary, the Management also provides updates to the Board on key business indicators and major issues relevant to the Group's performance.

Shareholders are provided with quarterly and full-year financial results which are approved by the Board. In line with the SGX-ST's requirements, negative assurance statements were issued by the Board to accompany Perennial's quarterly financial results announcements, confirming that to the best of its knowledge, nothing had come to its attention which would render Perennial's quarterly results false or misleading. The Company has also procured undertakings from Directors and key officers under Rule 720(1) of the SGX-ST Listing Rules.

The Board is also updated regularly on relevant changes to rules, regulations and accounting standards so that it can monitor and ensure that Perennial complies with the relevant regulatory requirements.

RISK MANAGEMENT AND INTERNAL CONTROLS

Principle 11: The Board is responsible for the governance of risk. The Board should ensure that Management maintains a sound system of risk management and internal controls to safeguard shareholders' interests and the company's assets, and should determine the nature and extent of the significant risks which the Board is willing to take in achieving its strategic objectives.

The Group recognises the importance of a robust risk management and internal control system to safeguard the assets of Perennial and Shareholders' interests. The Board has overall responsibility for the governance of risk management and internal controls.

Perennial proactively manages risks and embeds the risk management process into all planning and decision-making processes as well as into the day-to-day operations at the Company and Group levels. The Board sets the overall strategic direction, governs the risk management strategy and framework, and determines the risk tolerance limits and risk policies for Perennial. With these in place, the Board oversees the Management in the design, implementation and monitoring of risk management and internal control systems, and ensures that strategies are aligned with the risk tolerance limits as well as any potential emerging risks that Perennial may face.

The Board delegates the responsibility of overseeing Perennial's risk management framework and policies to the ARC. The ARC reviews, at least on an annual basis, the key organisational risks and the robustness of Perennial's risk management and internal control systems, including financial, operational, compliance and information technology ("**IT**") controls, and reports to the Board any observations and recommendations under its purview as it considers necessary. The ARC recommends risk tolerance limits and other associated risk parameters, as well as determines the nature and extent of significant risks the Board is willing to assume to achieve Perennial's strategic objectives. The ARC also assesses the Group's compliance with the risk management framework to effectively identify, measure, manage and monitor risks.

Risk Management

To effectively seize business opportunities, Perennial understands that preparation and planning as well as active management of the accompanying uncertainties are needed. In this regard, Perennial has implemented a comprehensive Enterprise Risk Management ("**ERM**") framework which identifies key risks and enacts appropriate mitigation plans and actions.

The ERM framework, which is largely derived from ISO 31000 Risk Management – Principles and Guidelines (2009), lays out the governing policies, processes and systems to identify, evaluate and manage risks as well as to facilitate the assessment on the adequacy and effectiveness of the Group's risk management system. The ERM framework is approved by the ARC and the Board, and is reviewed annually to ensure its relevance to Perennial's business environment.

On a quarterly basis, the Management, who is responsible for the implementation of the ERM framework and day-to-day risk management, reports to the ARC on the status of key risks and provides updates on risk management activities undertaken. At the same time, the ARC and the Board review the key risk indicators and risk dashboard, and discuss the status of risk exposures and risk management action plans.

Perennial also produces and maintains risk registers, which identifies the risks it faces and the corresponding internal controls it has in place to manage or mitigate those risks. The risk profile, risk registers and controls are reviewed by the ARC and reported at least annually to the Board.

For the financial year ended 31 December 2017, the ARC and Board reviewed Perennial's risk management framework, policies and system and are satisfied with the adequacy and effectiveness of the Group's risk management system.

Adequate and Effective System of Internal Controls

Supporting the ERM framework (Please refer to page 138 to 143 of this report) is a system of internal controls, comprising Group-wide governance and internal control policies, procedures and guidelines which cover financial, operational, IT and regulatory compliance matters. Such internal control mechanisms include segregation of duties, approval authorities and limits and checks and balances embedded in business processes. Fraud risk management processes and the implementation of policies such as the Whistle-blowing Policy and Employee Code of Conduct also help to clearly establish Management's expectations with regard to employees' business and ethical conduct. This system of internal controls is reviewed for continuous improvement and strengthening.

Internal and external auditors conduct audits that involve testing the adequacy and effectiveness of material internal controls. Such audits provide an independent assessment and assurance on the reliability, adequacy and effectiveness of our system of internal controls, risk management procedures, governance framework and processes. Any material non-compliance or lapses in internal controls, together with corrective measures recommended by internal and external auditors, are reported to the ARC. The adequacy, timeliness and effectiveness of the measures taken by the Management in response to the recommendations made by the internal and external auditors are also reviewed by the ARC. The results of these audits serve to provide the basis for the adequacy of Perennial's internal controls.

For the financial year, the Board has received written assurance from the CEO and CFO that the financial records of Perennial have been properly maintained, the financial statements for the financial year ended 31 December 2017 give a true and fair view of Perennial's operations and financial results, and the internal controls and risk management systems of Perennial are adequate and effective in addressing the financial, operational, compliance and IT risks of the Group in its current business environment.

Based on the ERM framework and internal controls established and maintained by Perennial, work performed by external and internal auditors, and written assurance received from the CEO and CFO, the Board, with the concurrence of the ARC, is of the opinion that Perennial's risk management and internal control systems are adequate and effective in addressing the financial, operational, compliance and IT risks which the Group considers relevant and material to its current business scope and environment.

However, all internal control and risk management systems contain inherent limitations and no system of internal controls and risk management can provide absolute assurance against the occurrence of material errors, poor judgment in decision-making, human error, losses, fraud or other irregularities. Owing to such inherent limitations, the Board notes that the systems of risk management and internal controls established by the Management provide reasonable, but not absolute assurance that Perennial will not be adversely affected by any event that can be reasonably foreseen or anticipated, as it strives to achieve its business objectives. The Board will ensure that should any significant internal control failings or weaknesses arise, necessary remedial actions will be swiftly taken.

AUDIT AND RISK COMMITTEE

Principle 12: The Board should establish an Audit Committee with written terms of reference which clearly set out its authority and duties.

The ARC comprises four independent non-executive Directors. It is chaired by Mr Ooi Eng Peng and its members are Mr Eugene Lai, Mr Lee Suan Hiang and Mr Chua Phuay Hee. The Board considered all the ARC members to have the appropriate finance and business management knowledge and experience to discharge their responsibilities. The ARC does not have any member who was a former partner or director of the company's external auditors, KPMG, within the last 12 months, or who holds any financial interest in KPMG.

Authority and Duties of the ARC

The ARC is guided by its terms of reference which is reviewed when necessary to ensure relevance and compliance with good corporate governance and best practices. In particular, the ARC:

- reviews the quarterly, half-year and full-year results announcements, accompanying press releases, presentation slides and financial statements of the Group, as well as the adequacy and accuracy of information disclosed prior to submission to the Board for approval;
- reviews significant financial reporting issues and key areas of management judgments so as to ensure the integrity of the financial statements of the Group and any announcements relating to Perennial's financial performance;
- reviews and reports to the Board at least annually on the adequacy and effectiveness of Perennial's internal controls, including financial and accounting, operational, compliance and IT controls, and risk management systems;
- reviews the effectiveness and adequacy of internal audit function, the scope and results of the audit reviews, the annual audit plan and the internal audit reports, including the adequacy of internal audit resources and its appropriate standing within Perennial;
- oversees Management's implementation of improvements to internal control systems identified by internal auditors;
- reviews the scope and results of the external audit, the annual audit plans, the audit reports and the independence and objectivity of the external auditors;
- makes recommendations to the Board on the nomination for the appointment, re-appointment and removal of external and internal auditors, and approves the remuneration and terms of engagement of the external and internal auditors;
- monitors Perennial's compliance with laws and regulations, particularly those of the Companies Act and the SGX-ST Listing Rules;
- reviews the Whistle-blowing Policy and arrangements put in place by which staff and external parties may, in confidence, raise probable improprieties in matters of financial reporting or other matters, with the objective that arrangements are in place for the independent investigation of such matters and for appropriate follow up actions; and
- oversees the procedures established to regulate interested person transactions and ensuring the compliance of such transactions with the Listing Rules.

The ARC has reasonable resources to discharge its functions properly, enjoying full access to Management and the explicit authority to investigate any matter within its terms of reference. For all requests made by the ARC, Management is required to fully cooperate in furnishing the relevant information and resources. The ARC also has direct access to the internal and external auditors and has full discretion to invite any Director or executive officer to attend its meetings. Similarly, both the internal and external auditors are given unrestricted access to the ARC. The ARC is also authorised to engage any firm of accountants, lawyers or other external independent professionals as it sees fit to provide independent advice to assist in the review or investigation of such matters within its terms of reference as it deems appropriate at the expense of Perennial.

The ARC met four times during the financial year ended 31 December 2017 and all other Directors (who are not members of the ARC) were invited to attend the ARC meetings. The CEO, CFO, Company Secretary, internal and external auditors as well as other Management staff attended these ARC meetings. In addition, whenever necessary, other employees of Perennial will be invited to attend the ARC meetings to answer queries and provide detailed insights into their areas of operations. The ARC is provided with all necessary information ahead of the ARC meetings to enable them to make informed decisions. The ARC has also taken active measures to keep abreast of the changes to accounting standards and issues which have a direct impact on financial statements. The external auditors also highlighted changes in accounting standards and issues during their quarterly reviews with the ARC.

Key Audit Matters

In the review of financial statements, the ARC has discussed with Management on the accounting policies that were adopted and applied. The ARC also considered the judgments and estimates made by Management that might affect the integrity of the financial statements. The ARC reviewed, amongst other matters, the following key audit matters as reported by the external auditors for the financial year ended 31 December 2017.

Key Audit Matters	How the ARC reviewed these matters
Accounting for Acquisitions	The Group had made some acquisitions during the financial year. The ARC enquired the accounting treatment, judgement and estimates adopted by Management in relation to the acquisitions and was satisfied that the methodology and estimates used were appropriate.
Valuation of Investment Properties	The Group's investment properties are stated at fair values. The fair values were based on valuation carried out by external independent valuers. The external independent valuers have adopted valuation techniques which include the discounted cashflows methods, the capitalisation approach and the direct comparison method. The ARC discussed the valuation with Management at Board meeting, focusing on those with significant movement in fair values. The ARC also considered the reasonableness of the inputs and assumptions used and the methodology adopted by the external independent valuers in deriving the valuations and was satisfied that the methodologies used were appropriate and the valuations are within the expected range.
Valuation of Development Properties	The development properties are also valued by external independent valuers. Management regularly updated the ARC on the lastest developments surrounding the sites where the Group's projects are located. For the valuations performed by external independent valuers, the ARC considered the methodologies used and key assumptions used to derive the values and are satisfied with the valuation process and the estimation of net realisable values.
Impairment of Goodwill	Management performed impairment test annually using discounted cashflows method to determine the value in use for the cash generating unit based on certain assumptions and bases. The ARC reviewed the assumptions and estimates used for the impairment tests and are satisfied that the parameters adopted are appropriate and reasonable.
Classification of Investment Properties	The Group reclassified one of its mixed development projects in China from development property to Investment property under development during the year. The investment property under development is carried at fair value based on valuation by external independent valuer. The ARC was briefed on the strategic decision to hold the project for long term use instead of strata sale as was originally envisaged when the site was acquired. The ARC reviewed the rationale and bases for the reclassification and was satisfied that due considerations have been taken by Management in the reclassification and the reclassified category is appropriate for the new use of the property.

External Auditors

The Company has complied with Rules 712 and 715 read with 716 of the SGX-ST Listing Rules in relation to the appointment of its external auditors. The ARC has also reviewed and is satisfied with the standard of the external auditors' work. Additionally, the ARC undertook a review of the independence of KPMG through reviewing the processes, policies and safeguards adopted by Perennial and KPMG relating to audit independence. Having also reviewed the nature, extent and volume of non-audit services provided to Perennial by KPMG and its affiliates, and the fees paid for such services, the ARC is satisfied that the provision of such services has not prejudiced KPMG's independence and objectivity. As at 31 December 2017, the aggregate fees paid/payable to KPMG were S$633,388, of which the fees for external audit services and non-audit services were S$631,063 and S$2,325 respectively. No former partner or director of KPMG is a member of the ARC.

In reviewing the nomination of KPMG for re-appointment for the financial year ending 31 December 2018, the ARC has taken into consideration the adequacy of resources, experience and competence of KPMG as well as the quality of audits performed. Satisfied that KPMG has demonstrated appropriate expertise and is adequately resourced and independent of the activities it audits, the ARC and Board have recommended the re-appointment of KPMG as the external auditors at the forthcoming AGM.

During the financial year, the ARC met with the external and internal auditors respectively, without the presence of the Management, to discuss the reasonableness of the financial reporting process, the system of internal controls, and the significant comments and recommendations by the auditors. The deliberate absence of the Management at these meetings is designed to provide a forum where auditors can feel free to raise any potential issues encountered in the course of their work without any possibility of influence by the Management.

Whistle-Blowing Policy

The ARC oversees Perennial's Whistle-blowing Policy, which provides employees and parties who have dealings with Perennial with well-defined procedures and accessible and trusted channels to raise concerns about suspected fraud, corruption, dishonest practices or other probable improprieties in the workplace without fear of reprisals in any form. The Whistle-blowing Policy is intended to provide a trusted avenue for Perennial's employees and other parties to come forward and report such concerns with confidence that it will be independently investigated and appropriate follow-up actions will be taken.

The ARC reviews the Whistle-blowing Policy. The Whistle-blowing Policy and procedures, together with the dedicated whistle-blowing communication channel, are disseminated via email to all employees and also posted on Perennial's corporate website. The secured and protected whistle-blowing communication channel includes a dedicated and independent email account that is only accessible by the ARC. The ARC is guided by the Whistle-blowing Policy to ensure proper and independent conduct of investigations under strict confidentiality, and execution of appropriate closure actions following completion of the investigations, including administrative, disciplinary, civil and/or criminal actions and remediation of control weaknesses that perpetrated the fraud or misconduct so as to prevent a recurrence.

INTERNAL AUDIT

Principle 13: The company should establish an effective internal audit function that is adequately resourced and independent of the activities it audits.

Perennial's internal audit function is outsourced to Ernst & Young Advisory Pte Ltd ("**EY**"), an international accounting firm. The internal audit function assists the ARC in providing an independent and objective evaluation of the adequacy and effectiveness of the system of internal controls. It also improves and promotes effective and efficient business processes within the Group. EY performs reviews to examine the safeguarding of assets, the timeliness and accuracy in the recording of transactions, the compliance with relevant laws, regulations and policies established by the Group as well as the steps taken by Management to address control deficiencies.

EY reports directly to the ARC Chairman and has unfettered access to all documents, records, properties and personnel in Perennial, including unrestricted access to the ARC, the Board and the Management. EY adopts a risk-based methodology in drawing up Perennial's annual audit plan (the "**Audit Plan**"). The Audit Plan is planned in consultation with, but independently of, the Management. Key considerations for the Audit Plan include risk exposures, operating concerns and compliance to regulations, policies and procedures. The Audit Plan includes, amongst others, the audit scope, objectives, and resources to be allocated for the audits. At the beginning of each year, the Audit Plan is submitted to the ARC for review and approval to ensure that the Audit Plan sufficiently covers the audit scope in terms of reviewing the significant risks and internal controls of Perennial. Such significant controls comprise financial, operational, compliance and IT controls.

All internal audit reports, containing identified issues and corrective action plans, are submitted to the ARC and Board for deliberation, with copies of these reports extended to the CEO and relevant Management. At the quarterly ARC and Board meetings, EY also presents a summary of significant issues, recommendations and updates on the corrective actions taken by Management. The ARC has been satisfied that the recommendations made by EY were dealt with by the Management in a timely manner.

The internal audit function is staffed with persons with the relevant qualifications and experience and EY carries out its function according to the standards set by nationally or internationally recognised professional bodies including the International Standards for the Professional Practice of Internal Auditing established by The Institute of Internal Auditors.

The ARC is responsible for approving the hiring, removal, evaluation and compensation of the auditing firm to which the internal audit function is outsourced. For the financial year, the ARC has reviewed and approved the appointment of EY and the fees payable to EY.

On an annual basis, the ARC also undertakes a review to assess the adequacy and effectiveness of the internal audit function. For the financial year, the ARC, having reviewed the Audit Plan, internal audit reports and quality and standard of the internal auditors' work performed for the year, is satisfied that EY is adequately resourced and has appropriate independent standing within Perennial to perform its functions effectively.

SHAREHOLDER RIGHTS AND RESPONSIBILITIES

Principle 14: Companies should treat all shareholders fairly and equitably, and should recognise, protect and facilitate the exercise of shareholders' rights, and continually review and update such governance arrangements.

Principle 15: Companies should actively engage their shareholders and put in place an investor relations policy to promote regular, effective and fair communication with shareholders.

Principle 16: Companies should encourage greater shareholder participation at general meetings of shareholders, and allow shareholders the opportunity to communicate their views on various matters affecting the company.

Disclosure of Information on a Timely Basis

Perennial is committed to disclosing material and price-sensitive information in a timely, comprehensive and accurate manner as well as maintaining regular, effective and transparent communication with its Shareholders and analysts, fund managers, media and various stakeholders (together, the "**Investment Community**").

To uphold these commitments, Perennial has a dedicated investor relations and corporate communications ("**IRCC**") team that reports to the CEO to effectively execute the Group's IRCC policy which is published on Perennial's corporate website. The IRCC team focuses on facilitating communication with Shareholders and the Investment Community and addressing their queries and concerns in a timely manner. The contact details of the IRCC team are listed on Perennial's corporate website and disclosed in this report to facilitate any queries from Shareholders and the Investment Community.

A dedicated investor relations section on Perennial's corporate website provides Shareholders and the Investment Community with pertinent financial and non-financial information including financial results announcements, presentation slides and press releases, publications such as circulars and annual reports, shares and dividend information, updates on business and operations, and other relevant information.

Perennial treats all Shareholders fairly and equitably. It ensures that Shareholders are sufficiently informed of Perennial's performance or any changes in Perennial or its businesses which are likely to materially affect the share price or value of the Company, by disclosing as much relevant information as possible to Shareholders in a timely, fair and transparent manner via SGXNET and Perennial's corporate website. Quarterly and full-year results are also announced by Perennial within the mandatory period. To ensure a level playing field and provide confidence to Shareholders and the Investment Community, unpublished price sensitive information is not selectively disclosed. In the event that unpublished material is inadvertently disclosed to a select group, an announcement on the same disclosure will be released as promptly as possible to the public via SGXNET.

The Board has delegated authority to the CDC to review the promptness and adequacy of disclosures and to approve the public release of material information relating to Perennial.

Establishing and Maintaining Regular Dialogue with Shareholders

Perennial engages Shareholders and the Investment Community to communicate Perennial's strategic business plans and operating performance, share latest corporate and industry developments as well as to gather their views and feedback on a range of strategic and topical issues. Such interactions allow the Management to understand and consider the views and feedback from Shareholders and the Investment Community before formulating its key strategic decisions. In addition to the AGM which is used as the main forum for dialogue with Shareholders and the Investment Community, the CEO and Management also attended investors' conferences and seminars and held dialogue sessions during the financial year. Perennial also engages with Shareholders and the Investment Community through various platforms including phone calls, email communications as well as publication content on Perennial's corporate website.

Shareholders Meetings

Perennial fully supports active Shareholders' participation and voting at AGMs and Extraordinary General Meetings ("**EGMs**") and views such general meetings as important engagement sessions with Shareholders. All Shareholders are invited to attend, participate effectively in and vote at these general meetings, which are held at centralised locations in Singapore with convenient access to public transport.

Shareholders are informed of the general meetings, together with the relevant rules and voting procedures of such meetings, through notices of general meetings of Shareholders published in the local newspaper, reports or circulars sent to all Shareholders as well as via SGXNET and Perennial's corporate website. In compliance with the Company's Constitution and the prevailing laws and regulations, the Annual Report, Notice of AGM and related information are provided at least 14 days prior to the scheduled AGM to give Shareholders ample time to review the documents. Details and matters that require Shareholders' consideration and approval are clearly documented in the Annual Report or circulars to allow Shareholders to participate and vote effectively at the general meetings. The Notice of AGM, where relevant, may include explanatory notes on each item of special business. The Annual Report is also available to all Shareholders via Perennial's corporate website.

Pursuant to the Constitution of the Company, if any shareholder is unable to attend the meeting, he/she is allowed to appoint up to two proxies to attend, speak and vote on his/her behalf at the general meeting through an instrument appointing proxy deposited with the Company not less than 72 hours before the time appointed for the holding of the general meeting. Relevant intermediary as ascribed in Section 181 of the Companies Act, may however appoint more than two proxies to attend, speak and vote in the general meetings without being constrained by the two-proxy requirement.

Pursuant to Rule 730A(2) of the Listing Rules, Perennial will conduct voting by poll for all resolutions at the forthcoming AGM. The Board believes that voting by poll provides better clarity and enhances transparency of the voting process. At shareholders' meetings, each distinct issue is proposed as a separate resolution. The rationale for the resolutions to be proposed at the general meetings is set out in the notices of the meeting or its accompanying appendices. To ensure transparency, the Company conducts electronic poll voting for Shareholders/proxies present at the meeting for all the resolutions proposed at the general meetings. An independent scrutineer is appointed to facilitate the process at the meetings. The total number of votes cast for or against each resolution and the respective percentages will be announced to all Shareholders at the AGM. An announcement of the AGM results will also be made via SGXNET on the same day as the meeting.

The Board Chairman, Chairman of each Board Committee, all Board Members, CEO, CFO, Company Secretary and members of the Management team are in attendance at AGMs or EGMs to take questions and obtain feedback from Shareholders. Shareholders are encouraged to communicate their views, raise questions, provide feedback and discuss with the Board and the Management on issues pertaining to the proposed resolutions or any other matters regarding Perennial. The external auditor, KPMG, also attends the general meetings to assist in addressing queries from Shareholders relating to the conduct of the external audit and the preparation and content of the auditors' report.

External legal advisors and other consultants (where applicable) are also invited to attend the general meetings and will assist the Board and the Management to respond to queries, where relevant. Shareholders also have the opportunity to communicate, discuss and interact with the Board and the Management after the general meetings.

The Company Secretary prepares minutes of the general meetings, which include substantial comments or queries raised by Shareholders and the responses from the Chairman, Board Members and the Management. To safeguard Shareholders' interests and rights and to place adequate attention and focus on each issue, the Company seeks to ensure that each substantially distinct issue is proposed as a separate resolution and that the Code's guideline regarding the "bundling" of resolutions are complied with. These minutes are made available to Shareholders upon their request and are available on Perennial's corporate website.

Dividend Policy

Perennial has a formalised dividend policy which aims to balance cash return to Shareholders and the Investment Community for sustaining growth, while striving for an efficient capital structure. Through this policy, Perennial seeks to provide consistent and sustainable ordinary dividend payments to its Shareholders on an annual basis. The Company's policy is to declare a dividend of up to 25% of the distributable profits (excluding revaluation gains), after taking into account the appropriation of amounts which are sufficient and prudent to meet the working capital, capital expenditure and cash flow needs of the Company. For every dividend declaration made, Shareholders will be notified via an announcement made through SGXNET.

DEALINGS IN SECURITIES

Perennial adopts a trading policy based on the SGX-ST's best practices on dealing in securities which has been communicated to all employees in the Group. Pursuant to the SGX-ST's Listing Rule 1207(19), Perennial issues guidelines to Directors and employees in the Group, which set out the prohibitions against dealings in the Company's securities (i) while in possession of material unpublished price-sensitive information, (ii) during the two weeks immediately preceding, and up to the time of the announcement of, the Company's results for each of the first three quarters of its financial year and (iii) during the one month preceding, and up to the time of announcement of, Perennial's results for the full financial year. The Directors and employees of Perennial are notified by the Company Secretary in advance of the commencement of each period where dealings in the Company's securities are prohibited.

Directors and employees of Perennial are also required to refrain from dealing in the Company's securities on short-term considerations and are required to observe insider trading laws at all times. They are also advised to be mindful and ensure that their dealings in securities do not contravene the laws on insider trading under the Securities and Futures Act.

BUSINESS CONDUCT

The Board and Management are committed to conducting business with integrity that is consistent with high standard of business ethics, as well as in compliance with all applicable laws and regulatory requirements. Perennial has in place an internal policy governing employees' code of conduct, corporate gift guidelines and grievance handling procedures. This business conduct policy crystallises the Group's business principles and practices that are expected of its employees with respect to the matters which may have ethical implications, such as corruption, bribery, conflicts of interest, misappropriation of assets, violation of law and regulations, non-compliance with Perennial's policies and procedures, abuse of position and other misconduct.

The business conduct policy which is communicated to all Perennial's employees, provides a direct and understandable framework for employees to observe the Group's principles, such as integrity, honesty and responsibility at all levels of the organisation.

INTERESTED PERSON TRANSACTIONS

Perennial has established a formal Interested Person Transaction ("**IPT**") Policy, which defines the levels and procedures to obtain approval for IPTs. The IPT Policy is to ensure that all transactions with interested persons are (i) conducted on normal commercial terms and are not prejudicial to the interests of Shareholders and (ii) properly approved by the respective approving authorities and reported in a timely manner to the ARC. The IPT Policy is circulated to all departments in Perennial. All departments are required to be familiar with the IPT Policy and report any IPT to the ARC for review.

In accordance with the reporting requirements in Chapter 9 of the SGX-ST Listing Rules, Perennial also maintains a register of all IPT entered into by the Group. As stipulated in Perennial's IPT Policy, the Management reports the IPT register, which contains all transactions with interested persons and the relevant details of each transaction, to the ARC on a quarterly basis.

When a potential conflict of interest arises, the director concerned does not participate in discussion and refrains from exercising any influence over other members of the Board.

An audit on IPT is also incorporated into Perennial's annual internal audit plan and the findings are reported to the ARC. For the financial year ended 31 December 2017, the ARC is satisfied that the internal controls in respect of the identification, evaluation, review, approval and reporting of the IPTs are effective. More detailed information on the nature and transaction value of IPTs for the financial year may be found in the supplemental information section on page 225 of this report.

MATERIAL CONTRACTS

Since previous financial year ended 31 December 2016, there are no material contracts entered into by Perennial or any of its subsidiaries that involves the interests of any Director or a controlling shareholder of Perennial, and no such contract subsisted as at 31 December 2017, except for those IPTs announced via SGXNET from time to time that are in compliance with the SGX-ST Listing Rules.

CG CODE DISCLOSURE GUIDE

Guideline / Questions	How has the Company complied?
General	
(a) Has the Company complied with all the principles and guidelines of the Code? If not, please state the specific deviations and the alternative corporate governance practices adopted by the Company in lieu of the recommendations in the Code.	Yes, the Company has complied with all principles and guidelines of the Code in all material respects. To the extent that there are deviations, explanations have been provided in the report and alternative practices have been adopted by the Company.
(b) In what respect do these alternative corporate governance practices achieve the objectives of the principles and conform to the guidelines in the Code?	Guideline 4.4: Instead of implementing a maximum number of listed company board representations, the Board is of the view that this should be based on the capacity and circumstances of each individual Director. The NC monitors and assesses annually whether a Director, who has multiple board representations and other principal commitments, is able to and has been adequately carrying out his duties as a Director of Perennial. In the financial year, the NC has performed such an assessment by taking into account the effectiveness, contributions and the actual conduct of the individual Director including his participation and attendance at the Board meetings, and is satisfied that each Director has given sufficient time and attention to the affairs of the Group and has been able to discharge his duties as a Director effectively.
Board Responsibility	
Guideline 1.5 What are the types of material transactions which require approval from the Board?	The specific matters which are reserved for the Board's approval include: (i) Material acquisition/disposal or increase/decrease in equity investments and debt securities (ii) Provision for impairment in investments (iii) Acceptance of banking or guarantee facilities (iv) Granting of corporate guarantee (v) Approval of annual operating and capital expenditure budget (vi) Approval of project development expenditure/asset enhancement initiatives budget
Members of the Board	
Guideline 2.6 (a) What is the Board's policy with regard to diversity in identifying director nominees?	The NC carries out a proactive review of the Board composition at least annually or on each occasion where an existing non-executive Director gives notice of his intention to retire or resign. This is to assess the collective skills of non-executive Directors represented on the Board to determine whether the Board, as a whole, has the skills required to achieve Perennial's strategic and operational objectives. In such review, the NC assesses the board size, composition as well as the diversity in skill, competencies, experience, age and gender. In light of such review and in consultation with the Management, the NC assesses if there is any inadequate representation in respect of any of those attributes and if so, the NC will establish the profile required for the role and the desirable competencies for the particular appointment in order for the Board to have an appropriate mix of core competencies to fulfil its roles and responsibilities.

Guideline / Questions	How has the Company complied?
Members of the Board	
Guideline 2.6 (b) Please state whether the current composition of the Board provides diversity on each of the following – skills, experience, gender and knowledge of the Company, and elaborate with numerical data where appropriate.	The Board consists of Directors with core competencies in the real estate, healthcare-related, banking, finance, legal and investment sectors. In addition, the Directors' combined work experience spans the areas of risk management, strategic planning and business development. Taking into account the scope and nature of Perennial's operations as well as the requirements of the business, the NC is of the view that the current size and composition of the Board provides for an appropriate balance and diversity of skills, experience and knowledge of the industry, and at the same time, facilitates effective decision-making at the Board and Board Committees. The Board is supportive of gender diversity and shares the view that female directors may offer fresh perspective and enhance the decision-making process. To build on gender diversity as an important attribute of the Board's composition, the Board will consider female candidates for future directorship appointments, especially those in the medical healthcare field, to complement the Board's core competencies. However, the Board is also of the view that gender should not be the main selection criteria and that the appointment of a Director should be made based on skills, experience and knowledge.
(c) What steps has the Board taken to achieve the balance and diversity necessary to maximise its effectiveness?	At least annually, the NC reviews the board size and composition to ensure that an appropriate balance and diversity of experience, skills, knowledge, perspectives, qualifications and other attributes in the relevant areas is maintained among the Directors in order to build an effective and cohesive Board. In doing this, the NC considers the knowledge, experience and attributes of the existing Directors, the retirement and re-election of Directors, each Director's performance and contributions, and whether new competencies are required to enhance the Board's effectiveness. The NC is also responsible for reviewing the succession plans for the Board and has put in place a formal process for the renewal of the Board and the selection of new Directors.
Guideline 4.6 Please describe the board nomination process for the Company in the last financial year for (i) selecting and appointing new directors and (ii) re-electing incumbent directors.	During the financial year, there was no appointment of new Directors. With respect to the retirement and re-election of Directors, the NC reviews the composition of the Board and the needs of Perennial at the relevant time as well as each of the retiring Director's performance and contributions, such as attendance, preparedness and participation, before making recommendations to the Board.
Guideline 1.6 (a) Are new directors given formal training? If not, please explain why.	Yes, new Directors undergo an induction programme which include comprehensive briefings on Board structure and responsibilities, overall strategic plans and direction for Perennial, corporate governance practices, Group organisation structure and business activities as well as financial performance of Perennial. New Directors will also be briefed on their duties and statutory obligations as a Director of the Company.
(b) What are the types of information and training provided to (i) new directors and (ii) existing directors to keep them up-to-date?	All existing Directors are provided with opportunities for continuing education in areas such as directors' duties and responsibilities, changes to relevant laws, regulations and accounting standards, and industry-related matters. Site visits are also organised for the Directors to familiarise themselves with Perennial's assets and to better understand its business operations.
Guideline 4.4 (a) What is the maximum number of listed company board representations that the Company has prescribed for its directors? What are the reasons for this number?	The Company has not prescribed a maximum number of listed company board representations for its Directors.

Guideline / Questions	How has the Company complied?
Members of the Board	
Guideline 4.4 (b) If a maximum number has not been determined, what are the reasons?	The Board is of the view that the maximum number of listed company board representation should be based on the capacity and circumstances of each individual Director instead of prescribing a numerical limit.
(c) What are the specific considerations in deciding on the capacity of directors?	The NC conducts an annual assessment on the effectiveness of the Directors and their actual attendance, contributions, participation and conduct on the Board, to determine whether a Director, who has multiple board representations and other principal commitments, is able to and has been adequately carrying out his duties as a Director.
Board Evaluation	
Guideline 5.1 (a) What was the process upon which the Board reached the conclusion on its performance for the financial year?	The Board evaluates its performance through the completion of various questionnaires by the Directors, which seek their views on the different aspects of performance by the Board, the Board Committees and the individual Directors. The results and feedback from the questionnaires are consolidated by the Company Secretary for analysis by the NC. The NC evaluates the assessment results and feedback, and deliberates on the areas of strengths and weaknesses to improve the effectiveness of the Board and the Board Committees.
(b) Has the Board met its performance objectives?	Yes
Independence of Directors	
Guideline 2.1 Does the Company comply with the guideline on the proportion of independent directors on the Board? If not, please state the reasons for the deviation and the remedial action taken by the Company.	Yes. The Board presently has seven Directors, comprising one executive Director and six non-executive Directors, of whom, four are independent Directors.
Guideline 2.3 (a) Is there any director who is deemed to be independent by the Board, notwithstanding the existence of a relationship as stated in the Code that would otherwise deem him not to be independent? If so, please identify the director and specify the nature of such relationship.	No. There is no such Director.
(b) What are the Board's reasons for considering him independent? Please provide a detailed explanation.	Not applicable.
Guideline 2.4 Has any independent director served on the Board for more than nine years from the date of his first appointment? If so, please identify the director and set out the Board's reasons for considering him independent.	None of the independent Directors has served more than nine years on the Board.
Disclosure on Remuneration	
Guideline 9.2 Has the Company disclosed each director's and the CEO's remuneration as well as a breakdown (in percentage or dollar terms) into base/fixed salary, variable or performance-related income/bonuses, benefits in kind, stock options granted, share-based incentives and awards, and other long-term incentives? If not, what are the reasons for not disclosing so?	Yes.

Guideline / Questions	How has the Company complied?
Disclosure on Remuneration	
Guideline 9.3 (a) Has the Company disclosed each key management personnel's remuneration, in bands of S$250,000 or in more detail, as well as a breakdown (in percentage or dollar terms) into base/fixed salary, variable or performance-related income/bonuses, benefits in kind, stock options granted, share-based incentives and awards, and other long-term incentives? If not, what are the reasons for not disclosing so?	Yes.
(b) Please disclose the aggregate remuneration paid to the top five key management personnel (who are not directors or the CEO).	The aggregate remuneration paid to the top five key management personnel of the Company for the financial year was S$3,460,090.
Guideline 9.4 Is there any employee who is an immediate family member of a director or the CEO, and whose remuneration exceeds S$50,000 during the year? If so, please identify the employee and specify the relationship with the relevant director or the CEO.	There is no such employee.
Guideline 9.6 (a) Please describe how the remuneration received by executive directors and key management personnel has been determined by the performance criteria.	The total remuneration mix comprises four key components: fixed compensation, variable compensation, share-based compensation and market-related benefits. The fixed component comprises the base salary, which is determined by benchmarking against similar and comparable industries. The variable compensation is tied to the achievement of short-term pre-agreed financial and non-financial performance targets for the Company and individual employees. The share-based compensation refers to the Perennial ESOS 2014 approved by Shareholders. The Perennial ESOS 2014 is a long-term incentive plan whereby share options are granted based on the achievement of corporate and individual performance targets.
(b) What were the performance conditions used to determine their entitlement under the short-term and long-term incentive schemes?	The compensation structure is directly linked to the achievement of performance targets for the Company and individual employees, with emphasis on both short and long-term objectives. The short-term incentives are based on the fulfilment of corporate targets involving business performance, profitability and operational growth as well as individual performance targets that are aligned to the overall strategic, financial and operational goals of the Company. Long-term incentives consist of share options that were granted based on the achievement of corporate and individual performance targets that are the key drivers of shareholder value creation and are aligned to Perennial's business objectives.
(c) Were all of these performance conditions met? If not, what were the reasons?	Yes. The RC is satisfied that the quantum of performance-related bonuses and the value of share options granted and vested under the Perennial ESOS 2014 was fair and appropriate, taking into account the extent to which their performance conditions for the financial year were met.

Guideline / Questions	How has the Company complied?
Risk Management and Internal Controls	
Guideline 6.1 What types of information does the Company provide to independent directors to enable them to understand its business, the business and financial environment as well as the risks faced by the Company? How frequently is the information provided?	Other than providing Directors with Board meeting materials generally at least five days prior to the date of the relevant meeting, the CEO gives a complete and comprehensive update on Perennial's business and operations, significant developments on the Group's business initiatives and industry developments, while the CFO presents the financial highlights of Perennial's performance. The Board is also apprised of risk management updates, regulatory updates and analysis or press commentaries through other presentations by the Management. Directors are also provided with operational and financial reports on the performance of Perennial. These reports include key financial indicators, variance analysis, property updates and strategic and business highlights. Directors have direct, independent and unrestricted access to the CEO, Management, Company Secretary and internal and external auditors at all times. Any request for additional information from the Directors is also dealt with promptly by the Management.
Guideline 13.1 Does the Company have an internal audit function? If not, please explain why.	Yes, Perennial's internal audit function is outsourced to EY.
Guideline 11.3 (a) In relation to the major risks faced by the Company, including financial, operational, compliance, information technology and sustainability, please state the bases for the Board's view on the adequacy and effectiveness of the Company's internal controls and risk management systems.	The Board oversees Perennial's system of internal controls and risk management with the support from the ARC. Perennial has in place a comprehensive ERM framework which lays out the governing policies, processes and systems to identify, evaluate and manage risks as well as to facilitate the assessment on the adequacy and effectiveness of the Group's risk management system. The CEO and the Management are responsible for the implementation of ERM and day-to-day management of risks in Perennial. Under the ERM framework, Perennial's risk profile, risk registers and all identified risks and controls are reviewed by the ARC and reported to the Board at least annually. On a regular basis, Management updates the ARC on the key risks and the risk management activities of Perennial's business. The ARC and the Board also review the key risk indicators and risk dashboard, and discuss the status of the risk exposures and risk management action plans at the ARC meetings. For the financial year, the ARC and Board reviewed Perennial's risk management framework, policies and system, and is satisfied with the adequacy and effectiveness of the Group's risk management system. The ARC's view on the adequacy and effectiveness of Perennial's internal controls is based on the group-wide governance and internal control policies, procedures and guidelines dictating the segregation of duties, approval authorities and limits as well as checks and balances embedded in business processes. Internal and external auditors conduct audits that involve testing the adequacy and effectiveness of material internal controls, including financial, operational, compliance and IT controls. Any material non-compliance or lapses in internal controls, together with corrective measures recommended by internal and external auditors, are reported to and reviewed by the ARC. The adequacy, timeliness and effectiveness of the measures taken by the Management in response to the recommendations made by the internal and external auditors are also reviewed by the ARC. Based on the ERM framework and internal controls established and maintained by Perennial, work performed by internal and external auditors, and written assurance received from the CEO and CFO, the Board, with the concurrence of the ARC, is of the opinion that Perennial's risk management and internal control systems are adequate and effective to address the financial, operational, compliance and IT risks which the Group considers relevant and material to its business scope and environment.

Guideline / Questions	How has the Company complied?
Risk Management and Internal Controls	
Guideline 11.3 (b) In respect of the past 12 months, has the Board received assurance from the CEO and the CFO as well as the internal auditor that: (i) the financial records have been properly maintained and the financial statements give true and fair view of the Company's operations and finances; and (ii) the Company's risk management and internal control systems are effective? If not, how does the Board assure itself of points (i) and (ii) above?	Yes. The Board has received assurance from the CEO and CFO regarding part (i) and (ii).
Guideline 12.6 (a) Please provide a breakdown of the fees paid in total to the external auditors for audit and non-audit services for the financial year.	As at 31 December 2017, the aggregate fees paid/payable to KPMG were S$631,063 for their external audit services and S$2,325 for their non-audit services.
(b) If the external auditors have supplied a substantial volume of non-audit services to the Company, please state the bases for the Audit Committee's view on the independence of the external auditors.	The ARC undertook a review of the independence of KPMG through reviewing the processes, policies and safeguards adopted by Perennial and KPMG relating to audit independence. An assessment was also carried out by the ARC on the nature, extent and volume of the non-audit services provided by the external auditors and its affiliates, and the fees paid for such services. For the financial year ended 31 December 2017, the non-audit fees accounted for 0.4% of total fees paid to KPMG. The ARC has confirmed that the provision of such non-audit services by the external auditors has not affected their independence.
Communication with Shareholders	
Guideline 15.4 (a) Does the Company regularly communicate with shareholders and attend to their questions? How often does the Company meet with institutional and retail investors?	Yes. The Management meets with Shareholders and the Investment Community to communicate Perennial's strategic business plans and operating performance, share latest corporate and industry developments, and gather their views and feedback. In addition to the AGM which is used as the main forum for dialogue with Shareholders and Investment Community, the CEO and Management also attended investors' conferences and seminars and held dialogue sessions during the financial year ended 31 December 2017. Perennial also engages with Shareholders and the Investment Community through phone calls, emails and its corporate website.
(b) Is this done by a dedicated investor relations team (or equivalent)? If not, who performs this role?	Yes, Perennial has a dedicated investor relations and corporate communications team which facilitates communication with Shareholders and the Investment Community and attends to their queries and concerns in a timely manner.
(c) How does the Company keep shareholders informed of corporate developments, apart from SGXNET announcements and the annual report?	Perennial employs various platforms to effectively engage Shareholders and the Investment Community, including phone calls, e-mail communications and publication content on its corporate website. A dedicated investor relations section on Perennial's corporate website provide Shareholders and the Investment Community with pertinent financial and non-financial related information including financial results' announcements, presentation slides and press releases, circulars and annual reports, shares and dividend information, updates on business and operations, and other relevant information. The contact details of the investor relations and corporate communications team are also listed on Perennial's corporate website to facilitate any queries from Shareholders and the Investment Community.
Guideline 15.5 If the Company is not paying any dividends for the financial year, please explain why.	Not applicable. A dividend has been declared for the financial year ended 31 December 2017.

DISCLOSURE OF CORPORATE GOVERNANCE ARRANGEMENTS

Relevant Guideline or Principle (as per Code of Governance 2012)	Page Reference in this report
Guideline 1.3 Delegation of authority, by the Board to any Board Committee, to make decisions on certain board matters	110-111
Guideline 1.4 The number of meetings of the Board and Board Committees held in the year, as well as the attendance of every Board member at these meetings	112
Guideline 1.5 The type of material transactions that require Board approval under guidelines	112
Guideline 1.6 The induction, orientation and training provided to new and existing Directors	112
Guideline 2.3 The Board should identify in the Company's Annual Report each Director it considers to be independent. Where the Board considers a director to be independent in spite of the existence of a relationship as stated in the Code that would otherwise deem a director not to be independent, the nature of the Director's relationship and the reasons for considering him as independent should be disclosed	113-114
Guideline 2.4 Where the Board considers an independent Director, who has served on the Board for more than nine years from the date of his first appointment, to be independent, the reasons for considering him as independent should be disclosed	114
Guideline 3.1 Relationship between the Chairman and the CEO where they are immediate family members	114
Guideline 4.1 Names of the members of the NC and the key terms of reference of the NC, explaining its role and the authority delegated to it by the Board	115-116
Guideline 4.4 The maximum number of listed company board representations which Directors may hold should be disclosed	116
Guideline 4.6 Process for the selection, appointment and re-appointment of new Directors to the Board, including the search and nomination process	115-116
Guideline 4.7 Key information regarding Directors, including which Directors are executive, non-executive or considered by the NC to be independent	24-27, 110, 114-115
Guideline 5.1 The Board should state in the Company's Annual Report how assessment of the Board, its Board Committees and each Director has been conducted. If an external facilitator has been used, the Board should disclose in the Company's Annual Report whether the external facilitator has any other connection with the Company or any of its Directors. This assessment process should be disclosed in the Company's Annual Report	117

Relevant Guideline or Principle (as per Code of Governance 2012)	Page Reference in this report
Guideline 7.1 Names of the members of the RC and the key terms of reference of the RC, explaining its role and the authority delegated to it by the Board	110, 118
Guideline 7.3 Names and firms of the remuneration consultants (if any) should be disclosed in the annual remuneration report, including a statement on whether the remuneration consultants have any relationships with the Company	120
Principle 9 Clear disclosure of remuneration policies, level and mix of remuneration, and procedure for setting remuneration	118-122
Guideline 9.1 Remuneration of Directors, the CEO and at least the top five key management personnel (who are not also Directors or the CEO) of the Company. The annual remuneration report should include the aggregate amount of any termination, retirement and post-employment benefits that may be granted to Directors, the CEO and the top five key management personnel (who are not Directors or the CEO)	120-122
Guideline 9.2 Fully disclose the remuneration of each individual Director and the CEO on a named basis. There will be a breakdown (in percentage or dollar terms) of each Director's and the CEO's remuneration earned through base/fixed salary, variable or performance-related income/bonuses, benefits in kind, stock options granted, share-based incentives and awards, and other long-term incentives	120
Guideline 9.3 Name and disclose the remuneration of at least the top five key management personnel (who are not Directors or the CEO) in bands of S$250,000. There will be a breakdown (in percentage or dollar terms) of each key management personnel's remuneration earned through base/fixed salary, variable or performance-related income/bonuses, benefits in kind, stock options granted, share-based incentives and awards, and other long-term incentives. In addition, the Company should disclose in aggregate the total remuneration paid to the top five key management personnel (who are not Directors or the CEO). As best practice, companies are also encouraged to fully disclose the remuneration of the said top five key management personnel	122
Guideline 9.4 Details of the remuneration of employees who are immediate family members of a Director or the CEO, and whose remuneration exceeds S$50,000 during the year. This will be done on a named basis with clear indication of the employee's relationship with the relevant Director or the CEO. Disclosure of remuneration should be in incremental bands of S$50,000	122
Guideline 9.5 Details and important terms of employee share schemes	121
Guideline 9.6 For greater transparency, companies should disclose more information on the link between remuneration paid to the executive Directors and key management personnel, and performance. The annual remuneration report should set out a description of performance conditions to which entitlement to short-term and long-term incentive schemes are subject, an explanation on why such performance conditions were chosen, and a statement of whether such performance conditions are met	120-122

Relevant Guideline or Principle (as per Code of Governance 2012)	Page Reference in this report
Guideline 11.3 The Board should comment on the adequacy and effectiveness of the internal controls, including financial, operational, compliance and information technology controls and risk management systems The commentary should include information needed by stakeholders to make an informed assessment of the Company's internal control and risk management systems The Board should also comment on whether it has received assurance from the CEO and the CFO: (a) that the financial records have been properly maintained and the financial statements give true and fair view of the Company's operations and finances; and (b) regarding the effectiveness of the Company's risk management and internal control systems	123
Guideline 12.1 Names of the members of the ARC and the key terms of reference of the ARC, explaining its role and the authority delegated to it by the Board	110, 124
Guideline 12.6 Aggregate amount of fees paid to the external auditors for that financial year, and breakdown of fees paid in total for audit and non-audit services respectively, or an appropriate negative statement	125
Guideline 12.7 The existence of a Whistle-blowing Policy should be disclosed in the Company's Annual Report	126
Guideline 12.8 Summary of the ARC's activities and measures taken to keep abreast of changes to accounting standards and issues which have a direct impact on financial statements	124
Guideline 15.4 The steps the Board has taken to solicit and understand the views of the Shareholders e.g. through analyst briefings, investor roadshows or Investors' Day briefings	126-127
Guideline 15.5 Where dividends are not paid, companies should disclose their reasons	Not applicable. A dividend has been declared for the financial year.

RISK MANAGEMENT

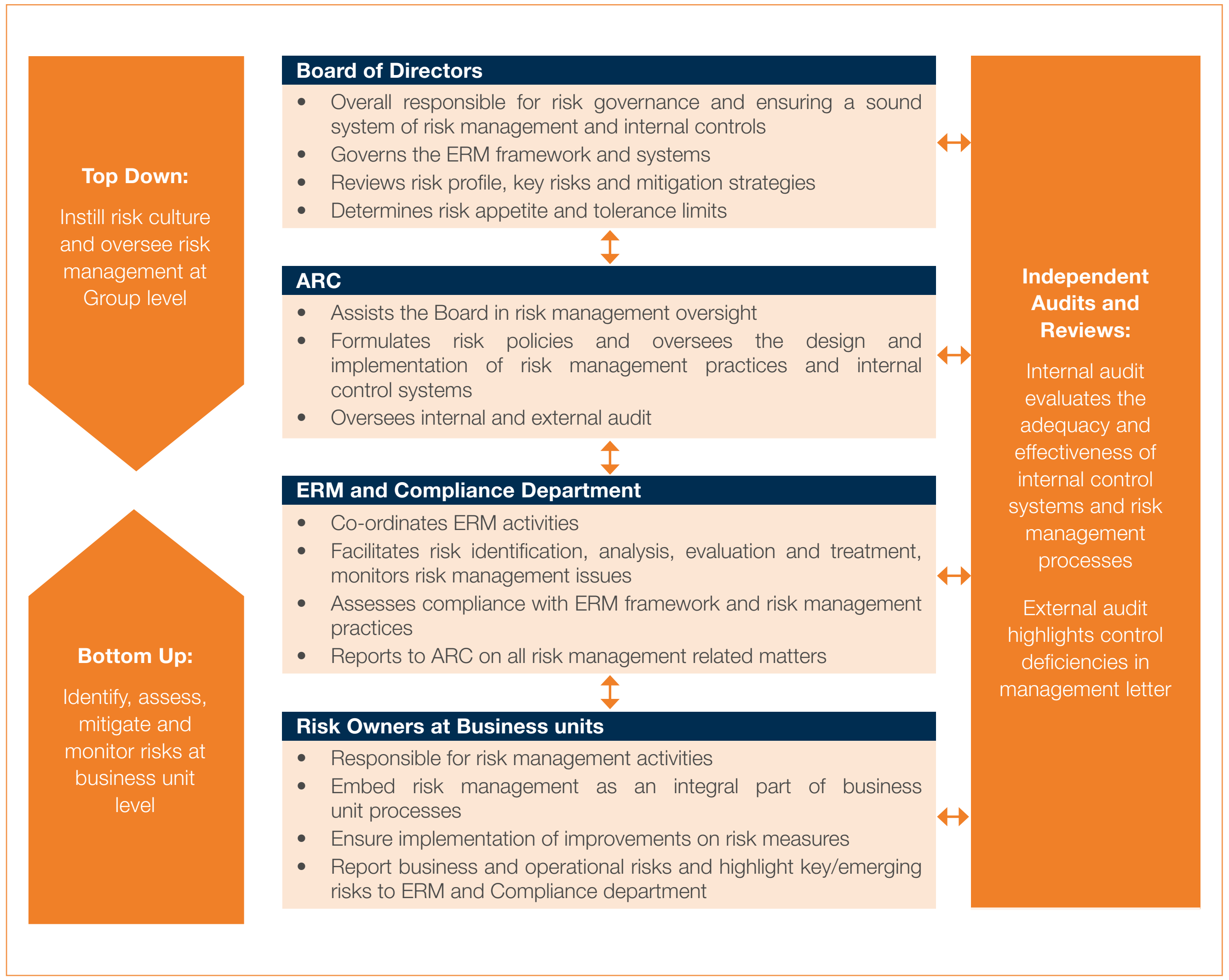
Perennial Real Estate Holdings Limited ("**Company**", and together with its subsidiaries, "**Perennial**") has put in place an Enterprise Risk Management ("**ERM**") framework to identify, measure, manage and monitor risks. The ERM framework, which includes the objectives, policies and procedures for risk management, has been approved by the board of directors of the Company ("**Board**"). The framework is reviewed annually by the Board to ensure that the policies and measures stay relevant, meet the business objectives of Perennial and adapt to the changing business landscape and regulations.

Risk management is an integral part of Perennial's strategic and decision-making process. The risk review and control process is embedded into day-to-day operations at all levels of Perennial.

The Company strongly believes that a proactive approach towards risk management ensures a disciplined pursuit of business objectives and strategies, thereby creating and preserving value for shareholders of the Company ("**Shareholders**").

RISK GOVERNANCE STRUCTURE

The Board is overall responsible for governing and managing the risks of Perennial. The Board is assisted by the Audit and Risk Committee ("**ARC**"), which in turn is supported by the ERM and Compliance Department and the Risk Owners at the various business units as outlined below:

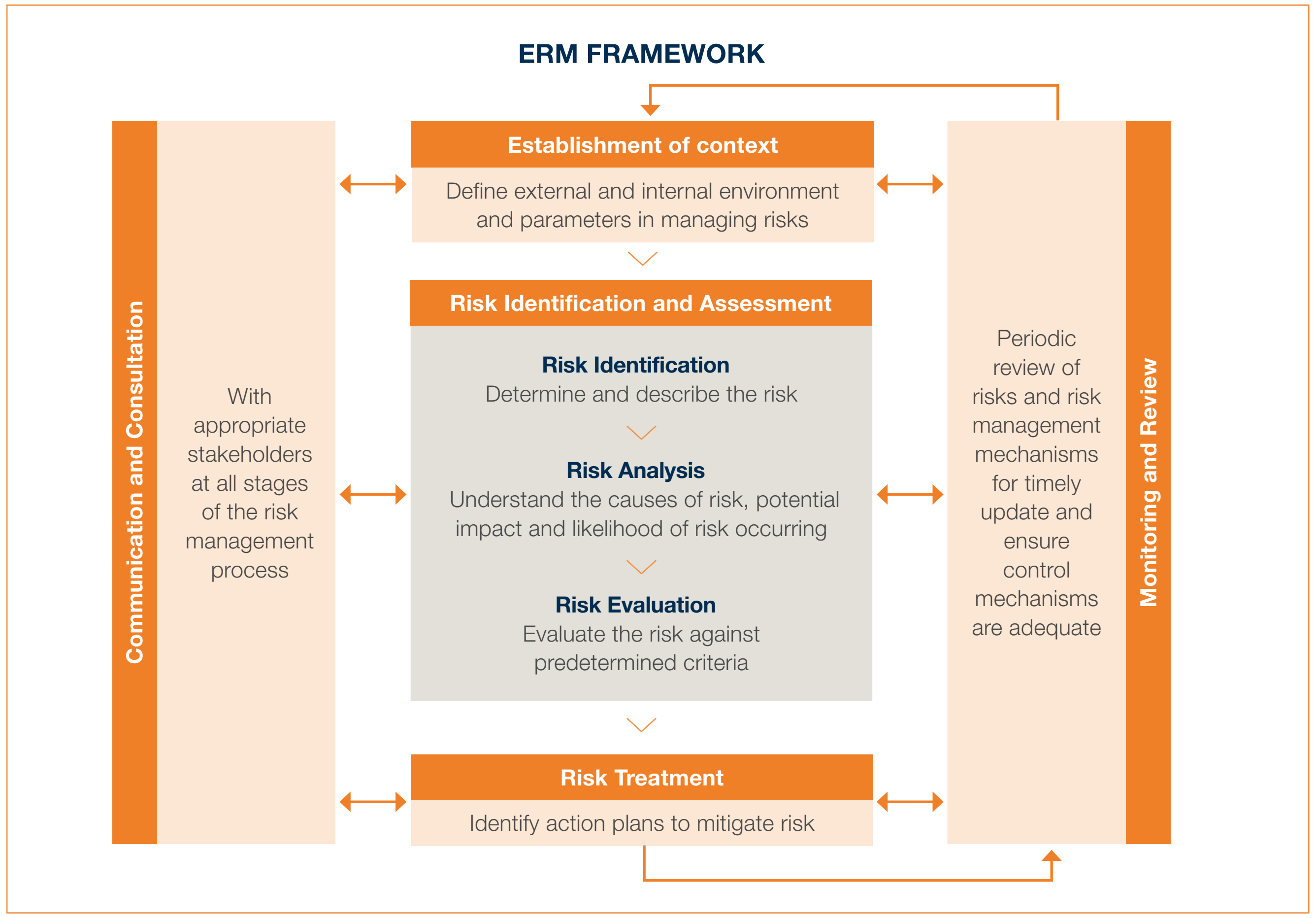


ERM FRAMEWORK

The ERM framework of the Company is to safeguard employees and assets, protect Shareholders' interests, ensure informed decision-making for intrinsic value creation and ultimately to uphold and enhance Perennial's reputation amongst its stakeholders. The Chief Executive Officer and the management team of Perennial ("**Management**") ensure the ERM framework is effectively implemented across Perennial.

Perennial's ERM framework sets out a systematic and structured approach for the identification, assessment, evaluation, monitoring and reporting of risks in an integrated, timely and consistent manner. In designing the ERM framework, Perennial has adapted and made reference to various industry risk management standards, such as ISO 31000 and the COSO framework, to be in line with best practices.

The ERM framework encompasses a five-step risk management process of communication and consultation, establishment of context, risk identification and assessment, risk treatment as well as monitoring and review.



ERM PROCESS

In the risk identification and assessment process, the financial, operational and reputational impact of the risks as well as their likelihood of occurrence are considered. Tools such as risk ratings, risk profile, key risk indicators and risk registers are used in this process. Perennial's risk management process is extended across all operating levels of each business unit, with the Risk Owners and their respective management team responsible for identifying and managing the risks within their functional areas.

Key risks are closely monitored with established risk tolerance limits and key risk indicators, which measure the exposures for such risks. The Board, assisted by the ARC, approves the risk tolerance limits and key risk indicators. To ensure that the risk profile and risk management system remain relevant to Perennial's business strategy and environment, the risk profile, risk registers and all identified risks and controls are regularly updated by their respective Risk Owners. The information is compiled by the ERM and Compliance Department and reviewed at least annually by the ARC and Board.

On a quarterly basis, the Management, respective Risk Owners and ERM and Compliance Department monitor key risks and report to the ARC and Board via a risk dashboard. The dashboard showcases the status of key strategic risks, risk exposures, risk management action plans, and highlights any potential emerging risk or increase in risk exposures, including areas that require immediate attention or pre-emptive actions. The ARC and Board are also apprised of the occurrence of significant risk events and the risk management activities undertaken by Perennial during the quarter.

PROACTIVE ERM

Perennial recognises that risk management is an ongoing process. The ERM framework and related risk management system are reviewed annually, and where appropriate, refined by the Management, ARC and Board, to take into account the changing business and operating environment. With Perennial's expansion into the medical and healthcare business in 2015, additional related risks have been identified and included for monitoring.

Perennial keeps abreast of the latest developments and good practices in risk management through participation in seminars and interactions with field practitioners. The Group seeks to enhance its risk management practices in the following ways:

The Management aims to foster a strong risk-awareness culture in Perennial, which encourages prudent risk-taking in decision-making and business processes. A robust internal control system and an effective, independent review and audit process are the twin pillars that underpin Perennial's ERM framework. While the Management is responsible for the design and implementation of effective internal controls, the internal audits conducted on business operations provide an independent assurance to the ARC of the adequacy and effectiveness of the risk management, financial reporting, internal control and compliance systems.

Formalised guidelines, such as Perennial's Human Resource policy and Whistle-blowing policy, together with structured monitoring and reporting processes are also established to promote good values and ethical behaviour among employees, which are key elements to an effective risk management system.

Through close collaboration with various stakeholders, Perennial will continue to refine and improve its ERM framework, systems and processes to ensure that they remain adequate and effective and risks are well-managed and monitored throughout the Group. This will enable Perennial to capitalise on growth opportunities amid the risks of a dynamic and challenging business environment.

KEY RISKS

Guided by our strategic priorities, Perennial undertakes a comprehensive review at least once a year to identify, monitor, manage and report key risks across the Group. Risks identified include financial risk, project development risk, investment risk, compliance risk, macroeconomic risk, human resource risk etc. We validated the continued importance of the five key risks (first five risks in the table below) identified in FY2016. Arising from our internal review, we have also included three new risks (last three risks in the table below) deemed to have the potential to significantly impact our performance. Among all the risks identified, the key risks that are closely tracked are as follows:

Key Risk	Objective	Impact	Mitigation Measures	Key Risk Indicators	Linkage to Strategic Priority
Financial Risk – **Access to financing resources** – **Foreign exchange and interest rate fluctuation**	To contain exposures to the various types of financial risks (liquidity, interest rate, foreign currency etc.) in order to limit any negative impact on the Group's results and financial position	• Increased financing costs which adversely impact financial performance • Inability to fulfil financial obligations or secure funding • Insufficient cash flows	• Active monitoring of debt maturity profile and cash flows • Maintaining an adequate level of cash flows and available loan facilities • Expanding sources of funding through retail bond market and multicurrency debt issuance programme • Instilling financial discipline at all levels and maintaining a financially sound balance sheet • Improving cash flows through acquisition of new investments to generate recurring income and contribute to a stable income stream (For more details on how various types of financial risk are managed, please see pages 209 to 216)	• Gearing and debt ratios • Working capital ratio	
Project Development Risk – **Inability to meet completion timeline and project specifications**	To ensure the timeliness, quality and safety of all development projects	• Adverse impact on financial and operational performance • Reputational damage	• Proactive management process to monitor project progress per approved timeline • Stringent pre-qualification procedures to appoint well-qualified vendors with proven track records • Site visits by the Management and asset managers	• Project cost overrun as a percentage of total project cost • Progress of the project	
Investment Risk – **Financial loss on investment**	To ensure investments are made according to the stated investment strategy, consistent with the portfolio objectives and after careful analysis and assessment of the potential risks and returns	• Investment loss • Adverse impact on financial and operational performance	• Adopt a systematic approach of risk assessment and risk evaluation for each investment proposal, including macro and project-specific risk analyses • Objective evaluation based on a comprehensive set of investment parameters, supported by due diligence, feasibility studies and sensitivity analyses on key investment assumptions and variables • Early identification of potential business and partnership synergies • Active tracking of project updates and overall investment portfolio performance	• Return on investment ratio • Overall portfolio asset valuation	

Strategic Priorities

- Acquire, own and develop large-scale mixed-use development projects in first-tier and second-tier provincial capitals and major cities which are in close proximity to transportation hubs
- Acquire assets which can be repositioned and redeveloped to extract embedded value
- Introduce healthcare real estate as an asset class in large-scale integrated developments
- Adopt strata-sale/long-term hold strategy to better manage fund flows, while benefitting from operating long-term assets
- Achieve first-mover advantage in high growth and untapped emerging markets
- Invest in or form strategic partnerships with established local and foreign healthcare or medical-related operators to scale up the business

Key Risk	Objective	Impact	Mitigation Measures	Key Risk Indicators	Linkage to Strategic Priority
Compliance Risk – **Breach of relevant laws and regulations**	To ensure compliance with relevant laws and regulations in all material aspects	• Penalty, legal actions and/or loss of operating licenses • Financial and reputational damage	• Identifying applicable laws and regulatory obligations, highlighting emerging regulatory changes and inculcating active compliance into day-to-day operations across all assets • Constantly keeping abreast of regulatory changes through trainings and consultations with legal counsels or external professional advisors	• Regulatory queries, warnings and breaches	
Macroeconomic Risk – **Economic slowdown in Singapore or China** – **Adverse global economic conditions**	To ensure that the Company is prepared and takes appropriate strategies to mitigate any potential adverse impact from deteriorating macroeconomic conditions	• Reduced revenue • Negative impact on valuation as well as gearing and debt ratios • Increased cost of financing and holding cost of investment assets • Negative impact on asset divestment	• Adopting a disciplined approach towards financial management • Constantly reviewing business strategies to formulate pre-emptive mitigations • Vigilant monitoring of budgets and expenditures, key global economic trends and the macroeconomic environment of Perennial's investments • Strengthening competitiveness through product and service differentiation • Diversifying investment portfolio across geographies and asset classes • Focusing on cities and countries where the Company's Management or Sponsors have extensive market knowledge	• Major economic indicators such as GDP growth	
Medical and Healthcare business Risk – **Lack of competency in the highly regulated industry** – **Loss of trust from patients**	To avoid any common pitfalls when operating in a complex and highly regulated industry	• Regulatory or legal actions and/or loss of operating licenses • Reputational damage	• Liaising with Health Bureau, relevant local authorities and consultants to actively monitor medical and healthcare-related regulation or policy developments • Deployment of medical and healthcare industrial information systems to guide treatment decisions and help with handling of exceptions reported • Establishment of robust operational level Standard Operation Procedures ("**SOPs**") to prevent errors and incidents	• Number and trend of complaints and warnings received • Number of regulatory/ legal actions	

Key Risk	Objective	Impact	Mitigation Measures	Key Risk Indicators	Linkage to Strategic Priority
Health, Security and Safety Risk – **Fatality, injury or security issues**	To safeguard the Company's resources and to prevent incidents or conditions that may be detrimental to relevant stakeholders' health and safety	• Injury or even fatality • Operational disruption • Financial and reputational damage	• Establishment of SOPs to ensure employees and contractors adhere to onsite work safety rules and procedures • Processes to escalate and report any occurrence of health, security and safety incidents to the Management and Board • At the asset level, security personnel are employed to guard the property and keep a lookout for suspicious events/persons. The Operations and Leasing team also patrol the property daily at regular intervals to identify unusual happenings • Public liability insurance is purchased for each property. All employees are covered under personal accident, workmen compensation and health insurance	• Number of incidents (fire, water seepage etc.) in assets under management • Number of accidents involving the public, tenants and/or our employees	
Fraud and Corruption Risk – **Fraud or corruption activities carried out internally and/or involving external stakeholders**	To prevent fraud and corruption, enhance the Company's governance, and maintain integrity in the Company's operations	• Financial and reputational loss • Litigation or regulatory actions	• Regular review and audit of internal control systems • Employee Code of Conduct to guide professional behavior in line with Company's core values • Whistle-blowing Policy and process for reporting and investigation of suspected fraudulent activities • Regular review of finance, human resources and operations policies as well as delegation of authority • Access control on all critical information systems	• Number of suspected fraud/ corruption cases reported	

Strategic Priorities

Acquire, own and develop large-scale mixed-use development projects in first-tier and second-tier provincial capitals and major cities which are in close proximity to transportation hubs

Acquire assets which can be repositioned and redeveloped to extract embedded value

Introduce healthcare real estate as an asset class in large-scale integrated developments

Adopt strata-sale/long-term hold strategy to better manage fund flows, while benefitting from operating long-term assets

Achieve first-mover advantage in high growth and untapped emerging markets

Invest in or form strategic partnerships with established local and foreign healthcare or medical-related operators to scale up the business

INVESTOR AND MEDIA RELATIONS

Perennial Real Estate Holdings Limited ("**Perennial**" or the "**Company**") is committed to consistent, timely and transparent communication with its shareholders ("**Shareholders**"), as well as analysts, potential investors, the media and various stakeholders (together, the "**Investment Community**"). Communication efforts are managed by the Investor Relations and Corporate Communications ("**IRCC**") team, which reports directly to the Chief Executive Officer.

ENGAGING THE INVESTMENT COMMUNITY

To empower investors to evaluate the Company and its prospects, Perennial proactively communicates its strategic plans and financial and operating performance. All material and business sensitive information are announced on a timely basis through SGXNET and Perennial's dedicated investor relations ("**IR**") page on its corporate website (www.perennialrealestate.com.sg). An email alert service is also provided to help investors keep abreast of Perennial's latest developments.

Other than statutory announcements, corporate information and financial data such as Perennial's corporate governance framework, IRCC policy and past financial results are provided on the IR webpage to facilitate information access for the Investment Community. In 2H 2017, a dedicated healthcare section in English and Chinese was launched to align Perennial's corporate website with its integrated strategy. The new webpages showcase Perennial's healthcare business across its two core healthcare business segments and three supporting specialties.

Perennial's management and IRCC team also seek to better understand investors' views through regular dialogues. In FY2017, the senior management and IRCC team continued to engage Shareholders and the Investment Community through one-on-one and group meetings, calls, luncheons, conferences and emails. Pertinent issues raised are considered and the IRCC team tailors its communication and engagement efforts based on the feedback received.

For the half year and full year financial results announcements, joint briefings for the media and analysts were hosted by management in conjunction with site visits to Perennial's properties in Singapore. Tours of the strata-sale show suite at AXA Tower and the House of Tan Yeok Nee were organised for the FY2016 and 1H 2017 results briefings respectively.

Perennial's FY2016 Annual General Meeting ("**AGM**") was held on 28 April 2017 and well-attended by about 200 Shareholders. The Minutes of Meeting and AGM presentation slides were also made available on the IR webpage for the benefit of Shareholders who were unable to attend.

To engage retail shareholders, Perennial remained a sponsor of the Securities Investors Association of Singapore ("**SIAS**") Shareholder Communication Services Programme. Perennial also partnered SIAS to organise its inaugural Pre-AGM Meeting for retail investors. The meeting served as an additional avenue for retail Shareholders to engage with Perennial's senior management in a more intimate setting. Retail investors who attended the meeting were also hosted to a tour of the strata-sale show suite at AXA Tower.

In the year, site visits to Perennial healthcare business facilities, such as those operated by Renshoutang and Aidigong, were organised for investors who were keen to understand Perennial's healthcare businesses in China. With the launch of Perennial's first signature integrated real estate and healthcare showcase in Chengdu in 1H 2018, engagement activities such as site visits will be stepped up to enable investors to see the integration model come to fruition. Moving forward, the IRCC team will continue to explore new engagement initiatives to demonstrate the progress of Perennial's integrated real estate and healthcare strategy.

Perennial is covered by two sell-side research houses, namely CGS-CIMB Securities (Singapore) Pte Ltd and DBS Vickers Securities (Singapore) Pte Ltd.

STRENGTHENING CORPORATE GOVERNANCE

Perennial believes that a strong corporate governance culture and a high corporate disclosure standard maximises shareholder value. Last year, Perennial moved up 45 spots to rank 19th on the 2017 Singapore Governance and Transparency Index, and achieved a total score of 92, a 20-point increase from the year before. A testament to the Company's commitment to a high standard of corporate behaviour and ethics, Perennial continues to benchmark itself against best practices and policies to raise its governance and disclosure standards.

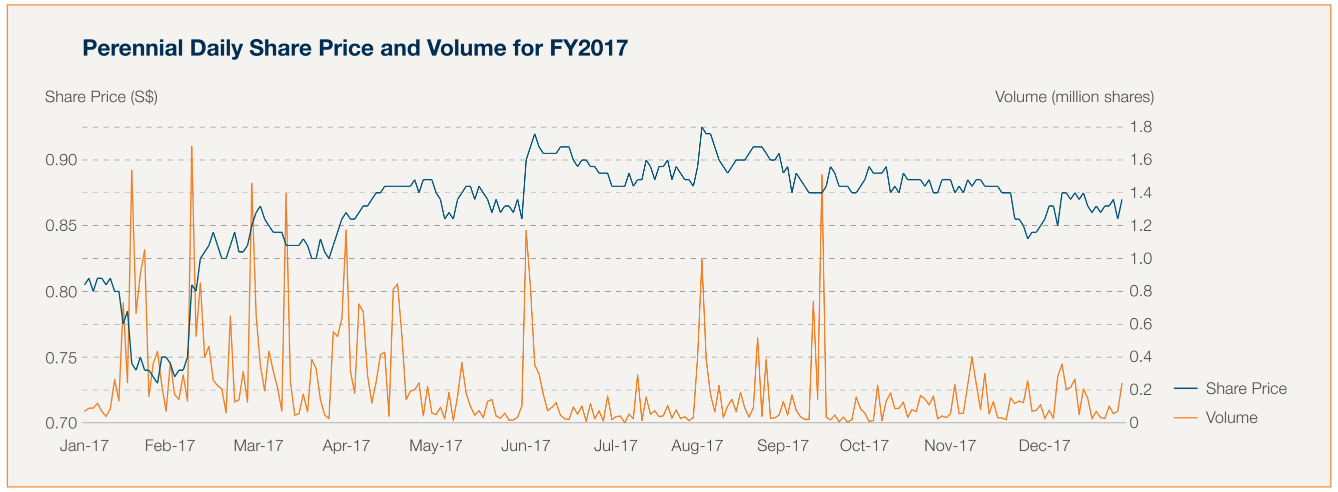
FY2016 AGM

SIAS-Perennial Pre-AGM Meeting

SHARE INFORMATION

Perennial started trading on the Mainboard of Singapore Exchange Securities Trading Limited under the stock symbol 40S from 26 December 2014. As at 29 December 2017, Perennial's closing share price was S\$0.87, translating to a total market capitalisation of approximately S\$1.4 billion.

Perennial seeks to provide sustainable ordinary dividend payments to its Shareholders annually. For the financial year ended 31 December 2017, a dividend of 1.0 Singapore cent which is 2.5 times of FY2016's dividend of 0.4 Singapore cent has been proposed.



INVESTOR RELATIONS CALENDAR FOR FY2017

Events	Date
1Q 2017 Results Announcement	8 May 2017
1H 2017 Results Announcement	8 August 2017
1H 2017 Results Analysts/Media Briefing and Site Visit to the House of Tan Yeok Nee	8 August 2017
Post-1H 2017 Investor Luncheon	8 August 2017
SGX-Credit Suisse Real Estate Corporate Day	3 October 2017
3Q 2017 Results Announcement	7 November 2017
FY2017 Results Announcement	8 February 2018
FY2017 Results Analysts/Media Briefing	8 February 2018
Post-FY2017 Investor Luncheon	8 February 2018
FY2017 Annual General Meeting	24 April 2018
Books Closure Date for Proposed Dividend	4 May 2018
Proposed Payment of FY2017 First and Final Dividend	18 May 2018

INVESTOR RELATIONS CALENDAR FOR FY2018

Events	Date
1Q 2018 Results Announcement	May 2018
1H 2018 Results Announcement	August 2018
3Q 2018 Results Announcement	November 2018
FY2018 Results Announcement	February 2019

OUR COMMUNITY

Perennial is a strong advocate of creating and adding value to the communities in which we operate. Through our three-pronged Corporate Social Responsibility ("**CSR**") approach, we supported various meaningful activities and initiatives in FY2017.

I. CORPORATE GIVING

II. PARTNERSHIPS WITH COMMUNITY ORGANISATIONS

III. EMPLOYEE VOLUNTEERISM

Fertility Awareness Roadshow at Chinatown Point

Picnic and Movie Under the Stars at CHIJMES

'Give the Children a Warm Winter' Campaign

I. Corporate Giving

Perennial's total contribution, including cash and in-kind sponsorships, amounted to over S$600,000 in FY2017. The activities supported included:

- Good Health and Well-being initiatives (such as Fertility Awareness Roadshow by I Love Children Society, National Steps Challenge Roadshow, Children's Cancer Foundation Photovoice Exhibition, National Geographic Earth Day Run in Chengdu, Volunteer Clinics and Sponsorships for Sports Events)
- Education, Arts and Cultural programmes for the community (such as Perennial Real Estate Scholarships at the National University of Singapore's Department of Real Estate, *'Give the Children a Warm Winter'* campaign to provide children in rural parts of Chengdu with winter clothing and educational materials, Singapore International Film Festival, Monaco Film Festival and Singapore Art Week)

II. Partnerships with Community Organisations

Collaborating with relevant community partners helps Perennial to maximise the impact of its CSR activities, ensuring more effective outreach to the appropriate beneficiaries.

Create With Mum Programme and The Rain Tree Book

In August 2017, Perennial collaborated with Focus On The Family Singapore ("**Focus**") to help them launch their inaugural mother-and-child programme known as *Create With Mum*, which is aimed at fostering strong family bonds. *Create With Mum* seeks to celebrate mothers and their child's developmental milestones through fun, meaningful mother-child bonding activities that promote learning and communication.

Concurrently, Perennial sponsored the production of *The Rain Tree* book by Lee Seow Ser, a children's book which celebrates the beauty of trees, nature, and highlights the importance of family relationships. The first print run of more than 600 copies was set aside as gifts for children-centric beneficiary organisations, primary schools and libraries in Singapore. Braille copies were also produced for relevant beneficiary organisations such as Lighthouse School.

National Geographic Earth Day Run in Chengdu

Source: Focus

First Run of *Create with Mum* Programme

The second print was sold to raise funds to allow mums in special circumstances, including single mothers, widows, and mothers from financially challenged families, to participate in the *Create with Mum* programme.

Perennial, together with its corporate partners, raised a total of S$50,000 for Focus to run multiple sessions of the *Create With Mum* programme. The first edition of *Create With Mum* was held in November 2017, with mother-child pairs from various Non-Profit Organisations attending the programme on a complimentary basis.

In addition, Perennial partnered with various community organisations throughout the year to carry out CSR activities such as community donation drives and charity bazaars. Beneficiaries included Kreta Ayer Kim-Seng Community Centre Elderly Care, Singapore Association for the Visually Handicapped and less privileged children living in the rural area of Liang Shan in China.

III. Employee Volunteerism

In FY2017, our employees volunteered for various CSR activities organised by Perennial and other organisations. These activities included the sale of Pink Ribbons to raise funds for Breast Cancer Foundation Singapore ("**BCF**") (see CSR Highlight below) and Clean Up! Singapore's litter clearing activity around Chinatown Point.

Perennial's Staff, Family and Friends at the Pink Ribbon Walk 2017

CSR HIGHLIGHT – PINK RIBBON AWARENESS CAMPAIGN

The Pink Ribbon Awareness Campaign in Singapore is an annual campaign in October driven by BCF, which looks to increase awareness of breast cancer and to raise funds for its research. Perennial is proud to be able to contribute to the meaningful campaign in more than one way.

Kickstarting the campaign, Perennial designated a CSR day, for employees to fundraise for the cause through the sale of pink ribbons to the public. Employees were also encouraged to dress in pink for the CSR day and wear their Pink Ribbon throughout the month of October. Donation boxes for the sale of Pink Ribbons by BCF were placed at AXA Tower, Capitol Singapore, CHIJMES and the House of Tan Yeok Nee for the month. In addition, employees were sponsored to participate in the Pink Ribbon Walk with their family members and friends, in support of raising breast cancer awareness (see People section for details).

Separately, CHIJMES was a venue sponsor for the Rethink Pink 25: Illumination Launch event by the Estee Lauder Companies, which saw the illumination of four iconic buildings in Singapore to raise breast cancer awareness. As one of the four iconic buildings, CHIJMES was illuminated in Pink every evening from 7pm to 10pm for one week in October.

Three of Perennial's properties, CHIJMES, Chinatown Point and Capitol Singapore, were also venue sponsors for the Estee Lauder – Breast Cancer Campaign Exhibition, an art exhibition aimed at shedding light on breast cancer and promoting breast cancer awareness.

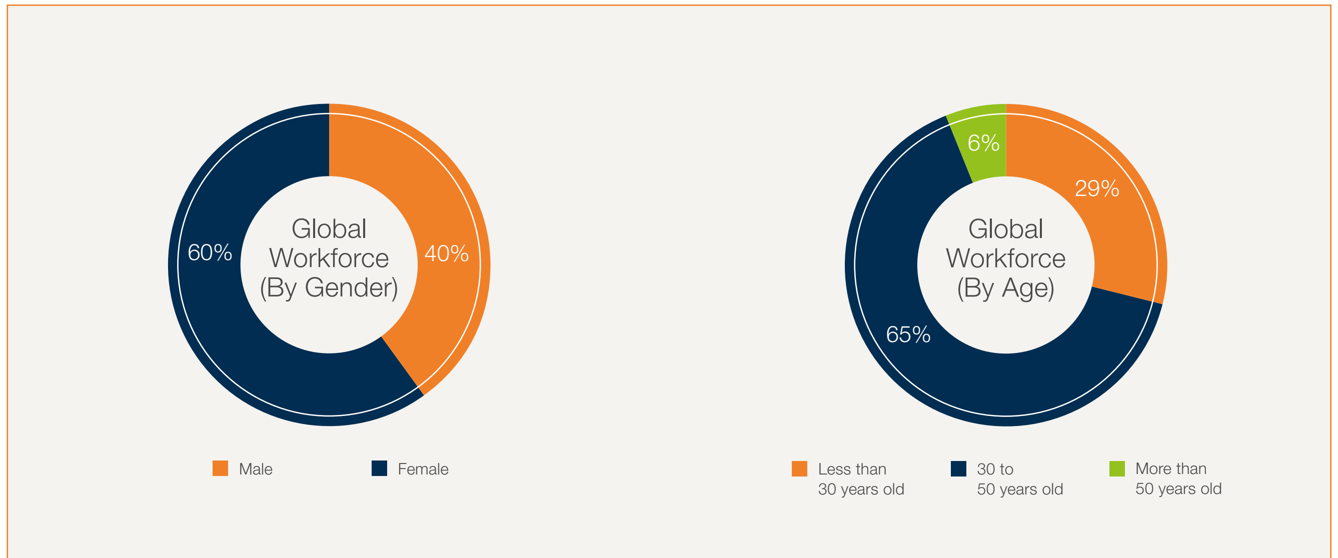
OUR PEOPLE

At Perennial, we recognise that our people are our most important asset and the bedrock of our continued success and growth. In this respect, we continue to take progressive steps in pursuing our integrated human capital strategy through fostering (i) Workplace Fairness and Equality, (ii) Robust Talent Management and Development and (iii) Active Employee Engagement.

Workplace Fairness and Equality

We adhere to the principles of equal and fair employment opportunities based on merit and are committed to the fair employment practice guidelines outlined in the Tripartite Alliance for Fair Employment Practices ("**TAFEP**"). In line with TAFEP's principles, we recruit and select employees based on their skills, work experience and potential, regardless of their age, gender, race or religion. We leverage on various recruitment channels such as recruitment agencies, educational institutions, online job portals and internal referrals to reach out to a wide pool of talents.

At the end of FY2017, Perennial had a total of 302 employees, up from 260 in FY2016. Of these, 33% are located in Singapore and 67% in China. 60% of our employees and 73% of our senior management are females. In terms of age, the proportion of our employees in the 30 to 50 years old age band continued to grow, increasing from 62% in FY2016 to 65% in FY2017. 29% of our employees are less than 30 years old, while 6% are above 50 years old.



Robust Talent Management and Development

We strive to nurture and develop a diverse and vibrant talent pool. A dedicated and dynamic workforce gives us a competitive edge and we aim to maximise the potential of every employee.

We seek to present our employees with substantial learning opportunities to deepen their capabilities and functional skillsets. The average number of training hours per employee was 11.5 hours in FY2017. On-the-job trainings, job rotations and internal promotion opportunities are also offered to broaden exposure and augment critical competencies. Upon joining Perennial, new employees undergo an orientation programme, comprising an induction by the Human Resources ("**HR**") department to familiarise staff with Perennial's culture, businesses, structure and operations, as well as a briefing session with the immediate supervisor on job roles and responsibilities. In September 2017, a healthcare study trip to Singapore was organised for our China healthcare team to facilitate knowledge exchange on healthcare best practices in Singapore and China.

China Healthcare Team's Study Trip to Singapore

In today's constantly evolving business landscape, it is important to equip our employees with the necessary skills to remain relevant. We therefore constantly enhance our training and development programmes to build a strong talent pipeline.

Perennial adopts a merit-based annual performance appraisal framework to review performance and determine rewards. The fundamental goal is to assess work performance objectively based on measurable variables and to reward employees based on their performance. This encourages employees to deliver their best performance and serves to motivate and enhance productivity and effectiveness. Our second share option scheme was awarded to eligible employees in May 2017 to further encourage employee participation and loyalty. Besides aligning employees' interest with that of shareholders, the share option scheme also gives employees the opportunity to have a stake in the Company and share in its growth.

To recognise long-service employees, we enhanced our annual leave entitlement scheme for employees with more than five years of service. These employees are now able to enjoy the annual leave entitlement of the next job grade and also receive a long service award upon hitting their five-year milestone. All employees are covered under Perennial's health insurance plan which provides comprehensive medical, health and dental benefits. As employees' health and well-being are key to our organisational performance and success, we regularly review employee benefits and will continue to implement enhancements to provide a right mix of benefits.

Active Employee Engagement

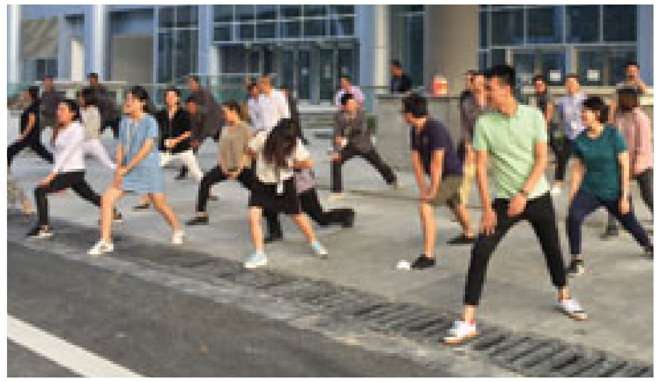
To build employee loyalty and commitment, it is imperative to foster a high level of job satisfaction and engagement. The HR department nurtures and promotes a culture of openness and transparency, encouraging open communication and feedback to better engage employees.

As we believe in building an inclusive and harmonious work environment, we encourage employees to join us in our year round team bonding activities. Aimed at building group camaraderie and team spirit, these activities include birthday and festival celebrations, as well as corporate social responsibility events. In October 2017, our staff gathered to form a Perennial contingent at the Pink Ribbon Walk 2017, which was organised by Breast Cancer Foundation Singapore to promote breast cancer awareness. In China, a sports day is held monthly to encourage regular exercise among employees.


Singapore Mooncake Festival Celebration


China Team's Chinese New Year Celebration

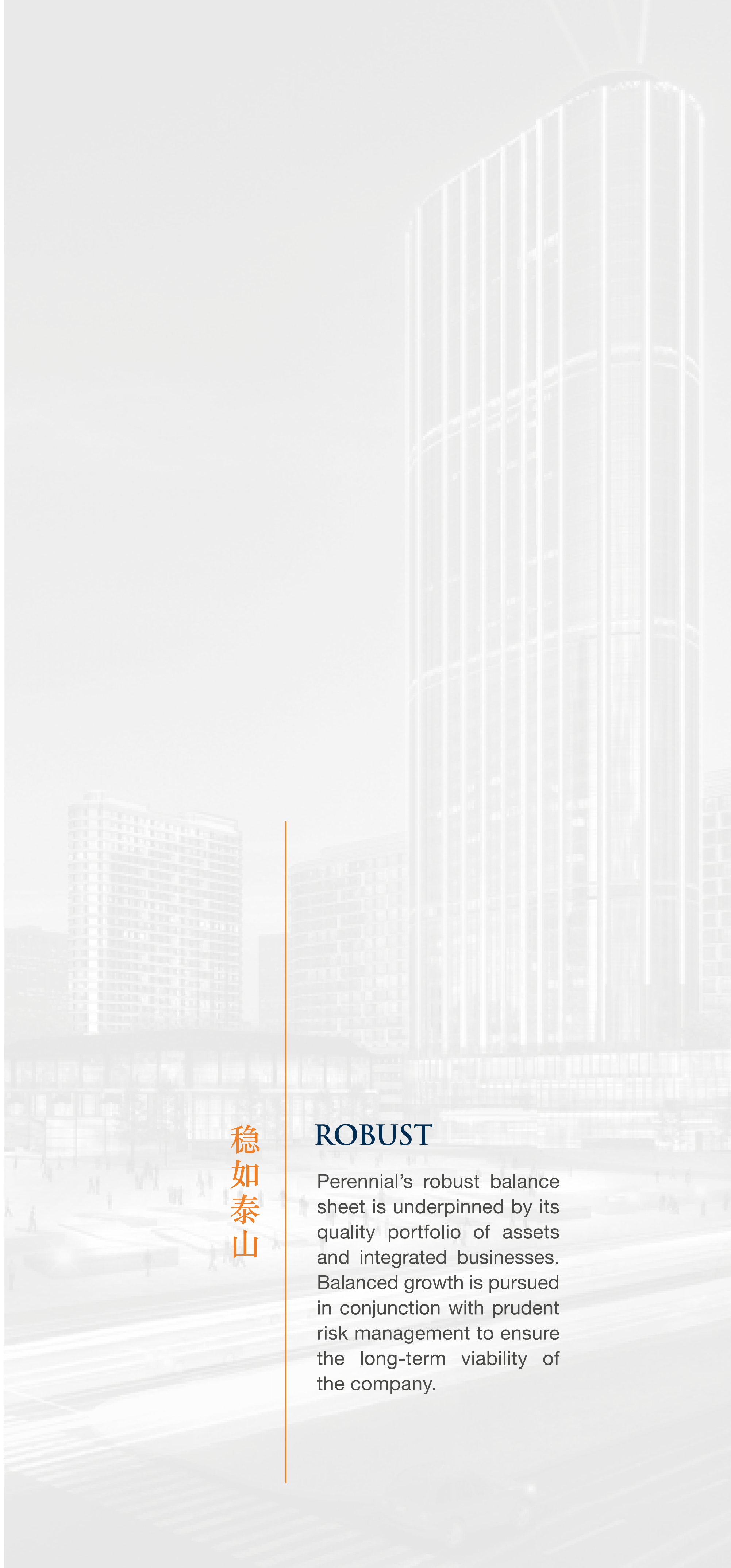

Singapore Team's Bonding Session


China Sports Day

稳如泰山 ROBUST

MOUNT TAISHAN
Tai'an, Shandong

Mount Taishan, famous for its magnificent scenery, is a harmonious integration of natural landscapes. Known as "the first mountain under the heavens", Taishan is one of the most venerated mountains in China. With a history of over 3,000 years, it is a symbol of lasting significance.



稳如泰山 ROBUST

Perennial's robust balance sheet is underpinned by its quality portfolio of assets and integrated businesses. Balanced growth is pursued in conjunction with prudent risk management to ensure the long-term viability of the company.

DIRECTORS' STATEMENT

We are pleased to submit this annual report to the shareholders of the Company together with the audited financial statements for the financial year ended 31 December 2017.

In our opinion:

(a) the financial statements set out on pages 162 to 224 are drawn up so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2017 and the financial performance, changes in equity and cash flows of the Group for the year ended on that date in accordance with the provisions of the Companies Act, Chapter 50 of Singapore (the "**Companies Act**") and Singapore Financial Reporting Standards; and

(b) at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

The Board of Directors has, on the date of this statement, authorised these financial statements for issue.

DIRECTORS

The directors in office at the date of this statement are as follows:

Kuok Khoon Hong
Ron Sim
Eugene Paul Lai Chin Look
Ooi Eng Peng
Lee Suan Hiang
Chua Phuay Hee
Pua Seck Guan

ARRANGEMENTS TO ENABLE DIRECTORS TO ACQUIRE SHARES AND DEBENTURES

Except for the disclosure under the "Directors' interests in shares or debentures" and "Share options" sections of this statement, neither at the end of nor at any time during the financial year was the Company a party to any arrangement whose objects are, or one of whose objects is, to enable the directors of the Company to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

DIRECTORS' INTERESTS IN SHARES OR DEBENTURES

According to the register kept by the Company for the purposes of Section 164 of the Companies Act, particulars of interests of directors who held office at the end of the financial year (including those held by their spouses and infant children) in shares, debentures, and share options in the Company and in related corporations (other than wholly-owned subsidiaries, excluding Perennial Treasury Pte. Ltd.) are as follows:

	Holdings registered in the name of directors		Holdings in which directors are deemed to have an interest	
Name of director	At beginning of the year	At end of the year	At beginning of the year	At end of the year
The Company				
Ordinary shares				
Kuok Khoon Hong	–	–	607,274,031 (1)	592,448,031 (2)
Ron Sim(3)	253,370,564	254,421,564	2,059,035	2,059,035
Ooi Eng Peng	78,634	78,634	–	–
Lee Suan Hiang(4)	200,000	200,000	200,000	200,000
Pua Seck Guan	7,139,168	7,139,168	164,024,526 (5)	164,024,526 (5)
$300 million 3-year 4.65% Retail Bonds due 2018				
Kuok Khoon Hong(6)	–	–	20,000,000	20,000,000
$280 million 4-year 4.55% Retail Bonds due 2020				
Kuok Khoon Hong(7)	–	–	33,713,000	33,713,000

DIRECTORS' INTERESTS IN SHARES OR DEBENTURES *(cont'd)*

	Holdings registered in the name of directors		Holdings in which directors are deemed to have an interest	
Name of director	At beginning of the year	At end of the year	At beginning of the year	At end of the year
Subsidiary				
Perennial Treasury Pte. Ltd.				
$125 million 3-year 4.90% Fixed Rate Notes due 2019				
Kuok Khoon Hong(8)	–	–	1,250,000	1,250,000
$100 million 3-year 3.85% Fixed Rate Notes due 2020				
Kuok Khoon Hong(9)	–	–	–	29,250,000

Notes:

(1) Mr Kuok Khoon Hong's deemed interest in the Shares arises from his shareholdings in HPRY Holdings Limited ("**HPRY**"), Hong Lee Holdings (Pte) Ltd, Longhlin Asia Limited, Shun Yi Holdings Limited, Pearson Investments Limited and Kuok Hock Swee & Sons Sdn. Bhd., through Madam Yong Lee Lee (spouse of Mr Kuok Khoon Hong) and Langton Enterprise Ltd, a company wholly-owned by Madam Yong Lee Lee.

(2) Mr Kuok Khoon Hong's deemed interest in the Shares arises from his shareholdings in HPRY, Hong Lee Holdings (Pte) Ltd, Longhlin Asia Limited, Kuok Hock Swee & Sons Sdn. Bhd. and Pearson Investments Limited, through Madam Yong Lee Lee (spouse of Mr Kuok Khoon Hong) and Langton Enterprise Ltd, a company wholly-owned by Madam Yong Lee Lee.

(3) Mr Ron Sim's direct interest includes the Shares held through bank nominees. Mr Ron Sim is deemed interested in the Shares held by Madam Teo Sway Heong (spouse of Mr Ron Sim).

(4) Mr Lee Suan Hiang's deemed interest in the Shares arises from the Shares held through bank nominees.

(5) Mr Pua Seck Guan's deemed interest in the Shares arises from his shareholdings in PSG Holdings Pte. Ltd. and Shares held in the name of bank nominees.

(6) The deemed interest of Mr Kuok Khoon Hong in the Company's 3-year 4.65% Retail Bonds due 2018 arises from his shareholdings in HPRY.

(7) The deemed interest of Mr Kuok Khoon Hong in the Company's 4-year 4.55% Retail Bonds due 2020 arises from the bonds held through a bank nominee and from his shareholdings in HPRY.

(8) The deemed interest of Mr Kuok Khoon Hong in the subsidiary's 3-year 4.90% Fixed Rate Notes due 2019 arises from his shareholdings in HPRY.

(9) The deemed interest of Mr Kuok Khoon Hong in the subsidiary's 3-year 3.85% Fixed Rate Notes due 2020 arises from his shareholdings in HPRY.

	Holdings registered in the name of directors	
Name of director	At beginning of the year	At end of the year
Perennial Employee Share Option Scheme 2014		
Grant of options to subscribe for ordinary shares exercisable from 16 May 2016 to 15 May 2020 at $1.07 per share		
Eugene Paul Lai Chin Look	500,000	500,000
Lee Suan Hiang	500,000	500,000
Chua Phuay Hee	500,000	500,000
Grant of options to subscribe for ordinary shares exercisable from 9 October 2016 to 8 October 2020 at $0.95 per share		
Pua Seck Guan	5,100,000	5,100,000
Grant of options to subscribe for ordinary shares exercisable from 13 May 2018 to 12 May 2022 at $0.88 per share		
Eugene Paul Lai Chin Look	–	1,000,000
Ooi Eng Peng	–	1,000,000
Lee Suan Hiang	–	1,000,000
Chua Phuay Hee	–	1,000,000
Pua Seck Guan	–	5,100,000

DIRECTORS' INTERESTS IN SHARES OR DEBENTURES *(cont'd)*

By virtue of Section 4 of the Singapore Securities and Futures Act, Chapter 289, Mr Kuok Khoon Hong is deemed to have an interest in the shares of all the subsidiaries to the extent held by the Company.

Except as disclosed in this statement, no director who held office at the end of the financial year had interests in shares or debentures of or share options of the Company, either at the beginning of the financial year or at the end of the financial year.

There was no change in any of the above mentioned directors' interests in the Company between the end of the financial year and 21 January 2018, except for Mr Kuok Khoon Hong's deemed interest in $50 million 3-year 3.90% Fixed Rate Notes due 2021 arising from his shareholdings in HPRY.

SHARE OPTIONS

Perennial Employee Share Option Scheme 2014 ("Perennial ESOS 2014")

The Perennial ESOS 2014 was approved by shareholders of the Company at an Extraordinary General Meeting held on 10 October 2014.

Under the rules of the Perennial ESOS 2014, all directors (including non-executive and independent directors) and employees of the Company and its subsidiaries are eligible to participate in the Perennial ESOS 2014. Controlling shareholders are also eligible to participate in the Perennial ESOS 2014 subject to the approval of independent shareholders in the form of separate resolutions for each participant.

Under the Perennial ESOS 2014, the option entitles eligible participants to subscribe for ordinary share in the Company at a price equal to the volume-weighted average price of the Company's shares on the Singapore Exchange Securities Trading Limited ("**SGX-ST**") for the three consecutive trading days immediately preceding the Date of Grant of that Option ("**Market Price**") or at a discount to the Market Price (up to a maximum 20%).

The maximum number of shares (in respect of the options) that may be granted under the Perennial ESOS 2014, after taking into account of (i) the total number of new shares allotted and issued and/or to be allotted and issued (excluding treasury shares) pursuant to options granted under the Perennial ESOS 2014; and (ii) the total number of shares subject to any other share option or share incentive schemes of the Company, shall not exceed 15% of the total number of issued shares (excluding treasury shares) provided always that all number of shares available to each controlling shareholder or each of their associates shall not exceed 10% of the shares available under the Perennial ESOS 2014.

The Remuneration Committee ("**RC**") is charged with the administration of the Perennial ESOS 2014 in accordance with the rules of the Perennial ESOS 2014. The number of options to be awarded to a participant is dependent on job grade level, performance and criticality to the long-term growth and profitability of the Group.

On 12 May 2017, the Company granted options to certain directors and employees of the Group to subscribe for a total of 22,000,000 shares at $0.88 per share (based on Market Price). All options granted under the Perennial ESOS 2014 are valid for a term of 5 years from the date of their grants and are exercisable in the following manner for eligible participants who have been in employment with more than 12 months services as at date of grant:

- After 1st anniversary of the date of grant – 25% of options granted
- After 2nd anniversary of the date of grant – 25% of options granted
- After 3rd anniversary of the date of grant – 25% of options granted
- After 4th anniversary of the date of grant – 25% of options granted

For eligible participants who have been in employment with less than 12 months services as at date of grant:

- After 2nd anniversary of the date of grant – 25% of options granted
- After 3rd anniversary of the date of grant – 25% of options granted
- After 4th anniversary of the date of grant – 25% of options granted
- After 4.5th anniversary of the date of grant – 25% of options granted

In respect of the Perennial ESOS 2014, no participant received option which totalled 5% or more of the total number of shares available under the scheme. In addition, no option has been granted with exercise price set at a discount to the Market Price of the shares at the date of grant.

As at 31 December 2017, the total number of outstanding options under the grant was 38,330,000 (2016: 16,880,000).

SHARE OPTIONS *(cont'd)*

At the end of the financial year, details of the unissued ordinary shares under options are as follows:

Unissued Shares under Perennial ESOS 2014

Date of grant	As at 1/1/2017 '000	No. of options granted during the year '000	No. of options lapsed/ cancelled '000	No. of options exercised '000	As at 31/12/2017 '000	Exercise price per share $	Validity period
15/5/2015	11,780	–	(490)	–	11,290	1.07	16/5/2016 – 15/5/2020
8/10/2015	5,100	–	–	–	5,100	0.95	9/10/2016 – 8/10/2020
12/5/2017	–	22,000	(60)	–	21,940	0.88	13/5/2018 – 12/5/2022
Total	16,880	22,000	(550)	–	38,330		

The number of outstanding options represents 2.30% of the total number of shares issued as at 31 December 2017.

During the financial year, except as disclosed in this statement, there were:

(i) no options granted by the Company or its subsidiaries to any person to take up unissued shares in the Company or its subsidiaries;

(ii) no shares issued by virtue of any exercise of option to take up unissued shares of the Company or its subsidiaries; and

(iii) no options that entitle the holders to participate, by virtue of the options, in any share issue of any other corporation have been granted.

The information on directors and employees participating in the Perennial ESOS 2014 is as follows:

	Aggregate options granted during the financial year '000	Aggregate options granted since commencement of the option scheme to 31/12/2017 '000	Aggregate options exercised since commencement of the option scheme to 31/12/2017 '000	Aggregate options lapsed since commencement of the option scheme to 31/12/2017 '000	Aggregate options outstanding as at 31/12/2017 '000
Eugene Paul Lai Chin Look	1,000	1,500	–	–	1,500
Ooi Eng Peng	1,000	1,000	–	–	1,000
Lee Suan Hiang	1,000	1,500	–	–	1,500
Chua Phuay Hee	1,000	1,500	–	–	1,500
Pua Seck Guan	5,100	10,200	–	–	10,200
Employees	12,900	26,990	–	(4,360)	22,630
Total	22,000	42,690	–	(4,360)	38,330

AUDIT COMMITTEE

The Audit and Risk Committee ("**ARC**") comprises four independent directors. The members of the ARC during the year and at the date of this statement are:

Ooi Eng Peng (Chairman)
Eugene Paul Lai Chin Look
Chua Phuay Hee
Lee Suan Hiang

The ARC carried out its functions in accordance with Section 201B(5) of the Companies Act, the SGX-ST Listing Manual and the Code of Corporate Governance 2012.

The ARC has held four meetings since the last directors' statement. In performing its functions, the ARC has met with the Company's external and internal auditors.

AUDIT COMMITTEE *(cont'd)*

The ARC also reviewed the following:

- the appropriateness of quarterly, half-year and full year results announcements;
- reliability and integrity of the financial statements of the Group and any announcements relating to the Group's financial performance;
- at least annually on the adequacy and effectiveness of Perennial's internal controls, including financial and accounting, operational, compliance and IT controls, and risk management systems;
- the effectiveness and adequacy of internal and external audits;
- the implementation of improvements to internal control systems identified by internal auditors;
- the appointment, re-appointment and removal of external and internal auditors, and approves the remuneration and terms of engagement of the external and internal auditors;
- the Group's compliance with laws and regulations, particularly those of the Companies Act and the SGX-ST Listing Manual;
- the whistle-blowing policy; and
- the procedures established to regulate interested person transactions and ensuring the compliance of such transactions with the SGX-ST Listing Manual.

The ARC has full access to management and is given the resources required for it to discharge its functions. It has full authority and the discretion to invite any director or executive officer to attend its meetings. The ARC also recommends the appointment and re-appointment of the external auditors and reviews the level of audit and non-audit fees.

The ARC has conducted an annual review of the non-audit services provided by KPMG LLP and is satisfied that such services did not affect their independence as external auditors of the Company.

The ARC has recommended to the Board of Directors that the auditors, KPMG LLP, be nominated for re-appointment as auditors at the forthcoming Annual General Meeting of the Company.

AUDITORS

The auditors, KPMG LLP, have indicated their willingness to accept re-appointment.

On behalf of the Board of Directors

KUOK KHOON HONG
DIRECTOR

PUA SECK GUAN
DIRECTOR

12 March 2018

INDEPENDENT AUDITORS' REPORT

Members of the Company
Perennial Real Estate Holdings Limited

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of Perennial Real Estate Holdings Limited ("**the Company**") and its subsidiaries ("**the Group**"), which comprise the consolidated statement of financial position of the Group and the statement of financial position of the Company as at 31 December 2017, the consolidated statement of profit or loss, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows of the Group for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 162 to 224.

In our opinion, the accompanying consolidated financial statements of the Group and the statement of financial position of the Company are properly drawn up in accordance with the provisions of the Companies Act, Chapter 50 ("**the Act**") and Financial Reporting Standards in Singapore ("**FRSs**") so as to give a true and fair view of the consolidated financial position of the Group and the financial position of the Company as at 31 December 2017 and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group for the year ended on that date.

Basis for opinion

We conducted our audit in accordance with Singapore Standards on Auditing ("**SSAs**"). Our responsibilities under those standards are further described in the *'Auditors' responsibilities for the audit of the financial statements'* section of our report. We are independent of the Group in accordance with the Accounting and Corporate Regulatory Authority *Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities* ("**ACRA Code**") together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Accounting for acquisitions
(Refer to Note 27 to the financial statements)

Risk

The Group makes acquisitions as part of its business strategy. These acquisitions warrant audit focus due to their magnitude. There is also judgement and estimates involved in determining the valuation methods and assumptions to be applied in arriving at the fair values of the identifiable assets acquired and liabilities assumed in a business combination.

Our response

We compared the methodologies and key assumptions applied in arriving at the fair values of the identifiable assets acquired and liabilities assumed to generally accepted market practices and market data.

Findings

The methodologies used are in line with generally accepted market practices. The key assumptions applied in arriving at the fair values of the assets acquired and liabilities assumed, including the fair valuation of identified intangible assets, were within an acceptable range of outcomes.

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS *(cont'd)*

Key audit matters *(cont'd)*

Valuation of investment properties
(Refer to Note 4 to the financial statements)

Risk

As at 31 December 2017, the Group has investment properties, mainly in Singapore and China, with a total carrying amount of $1.7 billion. These investment properties are stated at fair values based on external independent valuations obtained. The valuation process involves significant judgement by the external independent valuers in determining the underlying assumptions to be applied. The fair values of the investment properties are sensitive to key assumptions applied, including those relating to future net income, price per square metre and capitalisation, discount and terminal yield rates. A change in the key assumptions will have an impact on the valuation.

Our response

We assessed the competency and objectivity of the external independent valuers and held discussion with the valuers to understand their assumptions and basis used.

We compared the net income applied by the external independent valuers to historical levels of net income of the investment properties or market net income of other comparable properties. We evaluated the appropriateness of the price per square metre and discount, capitalisation and terminal yield rates applied by comparing them against historical rates and available industry data, taking into consideration comparability and market factors.

Findings

The valuers are members of generally-recognised professional body for valuers. The key assumptions applied are comparable to the historical trends and within the range of available industry data.

Valuation of development properties
(Refer to Note 9 to the financial statements)

Risk

Development properties comprise completed commercial properties in Singapore, and development properties under construction and land parcels in China. The development properties are stated at the lower of their cost and net realisable values ("**NRV**"). NRV represents the estimated selling price, less the estimated costs of completion and estimated selling expenses. As at 31 December 2017, the carrying value of development properties amounted to $1.7 billion.

The Group assessed the NRV of the completed commercial properties in Singapore by taking into consideration the expected selling prices.

For the development properties under construction and land parcels in China, the Group engaged external independent valuers to assess the NRV of the development properties. The external independent valuers' assessments take into consideration, among others, unit prices of comparable projects, gross development value of the development properties and the estimated costs to complete the development. In deriving the gross development value, the external independent valuers made certain assumptions, including market rent and capitalisation and discount rates.

Our response

For the completed commercial properties in Singapore, we assessed the Group's expected selling prices by comparing them to recent transacted prices for the relevant property or prices of comparable properties located in the same vicinity as the Group's development properties.

For the development properties under construction and land parcels in China, we independently validated the unit prices of the comparable projects and evaluated the reasonableness of market rent, capitalisation and discount rates by comparing to available industry data, taking into consideration comparability and market factors. We also compared the estimated cost to complete the properties assumed by the external independent valuers against construction costs of the comparable projects.

Findings

We found that the assumptions applied in the determination of NRV of the development properties to be within the range of available industry data.

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS *(cont'd)*

Key audit matters *(cont'd)*

Impairment of goodwill
(Refer to Note 6 to the financial statements)

Risk

The Group has recorded goodwill in relation to its management business, at a carrying value of $63.2 million as at 31 December 2017.

The Group has used the value-in-use approach, using discounted cash flow method, in estimating the recoverable amount of the management business. In applying the discounted cash flow method, the Group uses a number of key assumptions, including cash flow projections of the management business, growth rates and discount rates.

Our response

We assessed the key assumptions used by management, including those relating to cash flow projections and growth rates, taking into consideration management's planned strategies around revenue streams and costs initiatives, and compared them against historical performance and committed management contracts. We also compared the discount rates used by management to available market data.

Findings

The key assumptions applied are assessed to be within the range of available market data, comparable to historical trends and take into consideration committed management contracts.

Classification of investment properties
(Refer to Note 4 to the financial statements)

Risk

The Group reclassified part of its development property under construction to investment property under development following the change in use. There is judgement involved in determining the classification of development property versus investment property.

Our response

In assessing the reclassification from development property under construction to investment property under development, we held discussions with key management personnel, inspected internal business plans, and considered the key terms of external contracts and agreements.

Findings

We found the Group's assessment of the reclassification of the development property under construction to investment property under development to be appropriate.

Other information

Management is responsible for the other information contained in the annual report. Other information is defined as all information in the annual report other than the financial statements and our auditors' report thereon.

We have obtained all other information prior to the date of this auditors' report.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS *(cont'd)*

Responsibilities of management and directors for the financial statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Act and FRSs, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair financial statements and to maintain accountability of assets.

In preparing the financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The directors' responsibilities include overseeing the Group's financial reporting process.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.
- Obtain an understanding of internal controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS *(cont'd)*

Auditors' responsibilities for the audit of the financial statements *(cont'd)*

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal controls that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless the law or regulations preclude public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

In our opinion, the accounting and other records required by the Act to be kept by the Company and by those subsidiary corporations incorporated in Singapore of which we are the auditors have been properly kept in accordance with the provisions of the Act.

The engagement partner on the audit resulting in this independent auditors' report is Karen Lee Shu Pei.

KPMG LLP
PUBLIC ACCOUNTANTS AND
CHARTERED ACCOUNTANTS

Singapore
12 March 2018

STATEMENTS OF FINANCIAL POSITION

As at 31 December 2017

	Note	GROUP 2017 $'000	GROUP 2016 $'000	COMPANY 2017 $'000	COMPANY 2016 $'000
Non-current assets					
Plant and equipment		**1,657**	1,624	**186**	–
Investment properties	4	**1,659,723**	1,371,972	**–**	–
Subsidiaries	31	**–**	–	**2,692,753**	2,742,725
Associates and joint ventures	5	**2,471,443**	1,993,529	**–**	–
Intangible assets and goodwill	6	**80,949**	83,553	**–**	–
Other financial assets	7	**87,583**	67,214	**87,583**	67,214
Trade and other receivables	8	**14,568**	15,786	**–**	–
		4,315,923	3,533,678	**2,780,522**	2,809,939
Current assets					
Development properties	9	**1,704,465**	2,757,943	**–**	–
Trade and other receivables	8	**572,668**	528,493	**102,267**	78,546
Cash and cash equivalents	10	**111,678**	226,243	**6,080**	4,963
		2,388,811	3,512,679	**108,347**	83,509
Total assets		**6,704,734**	7,046,357	**2,888,869**	2,893,448
Non-current liabilities					
Loans and borrowings	11	**1,369,767**	1,892,456	**279,317**	605,578
Junior bonds	12	**30,000**	143,977	**–**	–
Redeemable preference shares	13	**–**	47,613	**–**	–
Trade and other payables	15	**31,773**	33,932	**–**	–
Deferred tax liabilities	16	**81,373**	61,375	**–**	–
		1,512,913	2,179,353	**279,317**	605,578
Current liabilities					
Loans and borrowings	11	**974,994**	823,062	**337,251**	29,125
Trade and other payables	15	**290,961**	257,111	**9,341**	21,996
Current tax liabilities		**9,988**	4,915	**740**	–
		1,275,943	1,085,088	**347,332**	51,121
Total liabilities		**2,788,856**	3,264,441	**626,649**	656,699
Net assets		**3,915,878**	3,781,916	**2,262,220**	2,236,749
Equity					
Share capital	17	**2,208,267**	2,208,267	**2,208,267**	2,208,267
Other reserves	18	**463,554**	439,756	**30,513**	7,764
Foreign currency translation reserve		**(105,564)**	(39,255)	**–**	–
Retained earnings		**201,032**	107,833	**23,440**	20,718
Equity attributable to owners of the Company		**2,767,289**	2,716,601	**2,262,220**	2,236,749
Non-controlling interests	19	**1,148,589**	1,065,315	**–**	–
Total equity		**3,915,878**	3,781,916	**2,262,220**	2,236,749

The accompanying notes form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

Year ended 31 December 2017

	Note	2017 $'000	2016 $'000
Revenue	20	**74,505**	110,191
Cost of sales		**(26,105)**	(41,198)
Gross profit		**48,400**	68,993
Other income	21	**144,871**	36,316
Administrative expenses		**(25,815)**	(26,233)
Other operating expenses		**(3,671)**	(23)
Results from operating activities		**163,785**	79,053
Finance income		**20,044**	16,349
Finance costs		**(69,466)**	(73,662)
Net finance costs	22	**(49,422)**	(57,313)
Share of results of associates and joint ventures, net of tax		**55,826**	32,178
Profit before tax		**170,189**	53,918
Tax expense	23	**(31,344)**	(8,533)
Profit for the year	24	**138,845**	45,385
Profit for the year attributable to:			
Owners of the Company		**100,299**	35,053
Non-controlling interests	19	**38,546**	10,332
		138,845	45,385
Earnings per share (cents)			
Basic	26	**6.02**	2.11
Diluted	26	**6.02**	2.11

The accompanying notes form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Year ended 31 December 2017

	Note	2017 $'000	2016 $'000
Profit for the year		**138,845**	45,385
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		**21,120**	4,990
Foreign currency translation losses relating to foreign operations, net of tax		**(89,312)**	(147,285)
Foreign currency translation losses on monetary item forming part of net investment in foreign operations, net of tax		**(1,257)**	(2,657)
Share of other comprehensive income of associate		**483**	–
Other comprehensive income for the year, net of tax		**(68,966)**	(144,952)
Total comprehensive income for the year		**69,879**	(99,567)
Total comprehensive income attributable to:			
Owners of the Company		**55,367**	(69,978)
Non-controlling interests	19	**14,512**	(29,589)
		69,879	(99,567)

The accompanying notes form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Year ended 31 December 2017

	Attributable to owners of the Company						
	Share capital $'000	Other reserves $'000	Foreign currency translation reserve $'000	Retained earnings $'000	Total $'000	Non-controlling interests $'000	Total equity $'000
At 1 January 2016	2,195,373	448,658	70,766	79,402	2,794,199	1,088,194	3,882,393
Total comprehensive income for the year							
Profit for the year	–	–	–	35,053	35,053	10,332	45,385
Other comprehensive income							
Net change in fair value of available-for-sale financial assets	–	4,990	–	–	4,990	–	4,990
Foreign currency translation losses relating to foreign operations, net of tax	–	–	(107,364)	–	(107,364)	(39,921)	(147,285)
Foreign currency translation losses on monetary item forming part of net investment in foreign operations, net of tax	–	–	(2,657)	–	(2,657)	–	(2,657)
Total other comprehensive income	–	4,990	(110,021)	–	(105,031)	(39,921)	(144,952)
Total comprehensive income for the year	–	4,990	(110,021)	35,053	(69,978)	(29,589)	(99,567)
Transactions with owners, recognised directly in equity							
Contributions and distributions to owners							
Share-based payment transactions	–	1,413	–	–	1,413	70	1,483
Dividends paid (note 18)	–	–	–	(6,622)	(6,622)	–	(6,622)
Dividends declared to non-controlling interests	–	–	–	–	–	(856)	(856)
Non-reciprocal capital contribution made to a non-wholly owned subsidiary	–	(8,435)	–	–	(8,435)	8,435	–
Capital injection by non-controlling interests	–	–	–	–	–	5,099	5,099
Total contributions and distributions to owners	–	(7,022)	–	(6,622)	(13,644)	12,748	(896)
Changes in ownership interests in subsidiaries							
Acquisition of non-controlling interests without change of control	12,894	(6,882)	–	–	6,012	(6,038)	(26)
Other capital transactions							
Share of reserves of joint venture	–	12	–	–	12	–	12
Total transactions with owners	12,894	(13,892)	–	(6,622)	(7,620)	6,710	(910)
At 31 December 2016	2,208,267	439,756	(39,255)	107,833	2,716,601	1,065,315	3,781,916

The accompanying notes form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Year ended 31 December 2017

	Attributable to owners of the Company						
	Share capital $'000	Other reserves $'000	Foreign currency translation reserve $'000	Retained earnings $'000	Total $'000	Non-controlling interests $'000	Total equity $'000
At 1 January 2017	2,208,267	439,756	(39,255)	107,833	2,716,601	1,065,315	3,781,916
Total comprehensive income for the year							
Profit for the year	–	–	–	100,299	100,299	38,546	138,845
Other comprehensive income							
Net change in fair value of available-for-sale financial assets	–	21,028	–	–	21,028	92	21,120
Foreign currency translation losses relating to foreign operations, net of tax	–	–	(65,052)	–	(65,052)	(24,260)	(89,312)
Foreign currency translation losses on monetary item forming part of net investment in foreign operations, net of tax	–	–	(1,257)	–	(1,257)	–	(1,257)
Share of other comprehensive income of associate	–	6	–	343	349	134	483
Total other comprehensive income	–	21,034	(66,309)	343	(44,932)	(24,034)	(68,966)
Total comprehensive income for the year	–	21,034	(66,309)	100,642	55,367	14,512	69,879
Transactions with owners, recognised directly in equity							
Contributions and distributions to owners							
Share-based payment transactions	–	2,980	–	–	2,980	–	2,980
Dividends paid (note 18)	–	–	–	(6,661)	(6,661)	–	(6,661)
Capital injection by non-controlling interests	–	–	–	–	–	137,703	137,703
Return of capital to non-controlling interests	–	–	–	–	–	(66,253)	(66,253)
Purchase of treasury shares	–	(1,021)	–	–	(1,021)	–	(1,021)
Transfer to statutory reserve	–	782	–	(782)	–	–	–
Total contributions and distributions to owners	–	2,741	–	(7,443)	(4,702)	71,450	66,748
Changes in ownership interests in subsidiaries							
Disposal of subsidiary with change of control	–	–	–	–	–	(2,688)	(2,688)
Other capital transactions							
Share of reserves of associate and joint venture	–	23	–	–	23	–	23
Total transactions with owners	–	2,764	–	(7,443)	(4,679)	68,762	64,083
At 31 December 2017	2,208,267	463,554	(105,564)	201,032	2,767,289	1,148,589	3,915,878

The accompanying notes form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

Year ended 31 December 2017

	Note	**2017 $'000**	2016 $'000
Cash flows from operating activities			
Profit for the year		**138,845**	45,385
Adjustments for:			
Depreciation of plant and equipment		**571**	758
Bad debts written-off		**88**	62
Amortisation of intangible assets	6	**2,604**	2,604
Intangible assets written-off	6	**–**	1,947
Change in fair value of investment properties	4	**(84,695)**	(24,409)
Foreign currency exchange loss/(gain) (net)		**3,649**	(7,031)
Net finance costs	22	**49,422**	57,313
Share of results of associates and joint ventures, net of tax		**(55,826)**	(32,178)
Gain on disposal of partial interest in a subsidiary		**(35,519)**	–
Re-measurement to fair value of remaining equity interest in a former subsidiary		**(20,151)**	–
Gain on disposal of other financial assets		**–**	(273)
Loss on disposal of an associate		**–**	62
Allowance for doubtful receivables		**19**	155
Equity-settled share-based payment transactions		**2,980**	1,483
Tax expense	23	**31,344**	8,533
		33,331	54,411
Changes in:			
– development properties		**(120,897)**	(78,858)
– trade and other receivables		**(48,381)**	(12,310)
– trade and other payables		**18,301**	(36,945)
Cash used in operations		**(117,646)**	(73,702)
Tax paid		**(4,582)**	(4,673)
Net cash used in operating activities		**(122,228)**	(78,375)
Cash flows from investing activities			
Interest received		**5,131**	8,505
Proceeds from partial disposal of interests in subsidiary, net of cash disposed	27	**73,118**	–
Acquisition of plant and equipment		**(765)**	(316)
Proceeds from disposal of plant and equipment		**–**	3
Development expenditure – investment properties		**(33,824)**	(65,053)
Dividends from an associate		**6,106**	443
Loans to associates and joint ventures		**(181,205)**	(295,592)
Investment in associates and joint ventures		**(163,417)**	(101,382)
Acquisition of other investments		**(3,196)**	(20,916)
Proceeds from disposal of other financial assets		**–**	3,871
Dividends from other financial assets		**4,072**	4,075
Net cash used in investing activities		**(293,980)**	(466,362)

The accompanying notes form an integral part of these financial statements.

	Note	2017 $'000	2016 $'000
Cash flows from financing activities			
Dividends paid to owners of the Company		(6,661)	(6,622)
Purchase of treasury shares		(1,021)	–
Proceeds from loans and borrowings		910,644	1,369,598
Payment of upfront debt arrangement costs		(5,368)	(12,207)
Repayments of loans and borrowings		(591,586)	(686,983)
Loan from a joint venture		20,429	33,125
Loan from non-controlling interest		–	995
Capital injection by non-controlling interests		137,703	5,099
Return of capital to non-controlling interests		(66,253)	–
Dividends paid to non-controlling interests		–	(856)
Interest paid		(93,723)	(93,730)
Net cash from financing activities		304,164	608,419
Net (decrease)/increase in cash and cash equivalents		(112,044)	63,682
Cash and cash equivalents at beginning of the year		226,243	162,030
Effect of exchange rate fluctuations on cash held		(2,521)	531
Cash and cash equivalents at end of the year	10	111,678	226,243

SIGNIFICANT NON-CASH TRANSACTIONS

During the year ended 31 December 2016, the Company issued 9,676,000 ordinary shares to acquire non-controlling interest of a subsidiary for a consideration of $12.9 million.

The accompanying notes form an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

These notes form an integral part of the financial statements.

The financial statements were authorised by the Board of Directors on 12 March 2018.

1 DOMICILE AND ACTIVITIES

Perennial Real Estate Holdings Limited (the "**Company**") is a company incorporated in the Republic of Singapore and has its registered address at 8 Shenton Way, #36-01, AXA Tower, Singapore 068811.

The financial statements of the Group as at and for the year ended 31 December 2017 comprises the Company and its subsidiaries (together referred to as the "**Group**" and individually as "**Group entities**") and the Group's interest in equity-accounted investees.

The principal activities of the Group are those of investment holding, real estate investment and development, asset and property management services, and healthcare services.

2 BASIS OF PREPARATION

2.1 Statement of compliance

The financial statements have been prepared in accordance with the Singapore Financial Reporting Standards ("**FRS**").

2.2 Basis of measurement

The financial statements have been prepared on the historical cost basis except as otherwise described in the notes below.

2.3 Functional and presentation currency

The financial statements are presented in Singapore dollars, which is the Company's functional currency. All financial information presented in Singapore dollars have been rounded to the nearest thousand, unless otherwise stated.

2.4 Use of estimates and judgements

The preparation of the financial statements in conformity with FRSs requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

Information about critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements is included in note 4 – Classification of investment properties.

Information about assumptions and estimation uncertainties that have a significant risk of resulting in material adjustment within the next financial year are included in the following notes:

Note 4 – Fair value of investment properties
Note 5 – Impairment test: recoverable amounts of interests in joint ventures
Note 6 – Impairment test: key assumptions underlying recoverable amounts of cash-generating unit ("**CGU**") containing goodwill
Note 9 – Net realisable value of development properties
Note 27 – Acquisition of equity interest: fair value of the assets acquired and liabilities assumed

Measurement of fair values

A number of the Group's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.

The management regularly reviews significant unobservable inputs and valuation adjustments. Third party information, such as property valuations, broker quotes or pricing services, which is used to measure fair values, is assessed and documented to support the conclusion that such valuations meet the requirements of FRS, including the level in the fair value hierarchy in which such valuations should be classified.

2 BASIS OF PREPARATION *(cont'd)*

2.4 Use of estimates and judgements *(cont'd)*

Measurement of fair values *(cont'd)*

When measuring the fair value of an asset or a liability, the Group uses market observable data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

- **Level 1:** quoted prices (unadjusted) in active markets for identical assets or liabilities.
- **Level 2:** inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- **Level 3:** inputs for the asset or liability that are not based on observable market data (unobservable inputs).

If the inputs used to measure the fair value of an asset or a liability is categorised into different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement (with Level 3 being the lowest).

The Group recognises transfers between levels of the fair value hierarchy as of the end of the reporting period during which the change has occurred.

Further information about the assumptions made in measuring fair values is included in the following notes:

Note 4 – Investment properties
Note 14 – Share-based payment arrangements
Note 25 – Financial instruments

2.5 Changes in accounting policies

(i) Revised standards

The Group has applied the following amendments for the first time for the annual period beginning on 1 January 2017:

- Disclosure Initiative (Amendments to FRS 7)
- Recognition of Deferred Tax Assets for Unrealised Losses (Amendments to FRS 12); and
- Clarification of the scope of FRS 112 (Improvements to FRSs 2016).

Other than the amendments to FRS 7, the adoption of these amendments did not have any impact on the current or prior period and is not likely to affect future periods.

(ii) Disclosure Initiative (Amendments to FRS 7)

From 1 January 2017, as a result of the amendments to FRS 7, the Group has provided additional disclosure in relation to the changes in liabilities arising from financing activities for the year ended 31 December 2017. Comparative information has not been presented (see note 11).

3 SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to all periods presented in these financial statements, and have been applied consistently by the Group entities, except as explained in note 2.5, which addresses changes in accounting policies.

3.1 Basis of consolidation

(i) Business combinations

Business combinations are accounted for using the acquisition method in accordance with FRS 103 *Business Combinations* as at the acquisition date, which is the date on which control is transferred to the Group.

The Group measures goodwill at the acquisition date as:

- the fair value of the consideration transferred; plus
- the recognised amount of any non-controlling interests ("**NCI**") in the acquiree; plus
- if the business combination is achieved in stages, the fair value of the pre-existing equity interest in the acquiree,

over the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed. Any goodwill that arises is tested annually for impairment.

3 SIGNIFICANT ACCOUNTING POLICIES *(cont'd)*

3.1 Basis of consolidation (cont'd)

(i) Business combinations (cont'd)

When the excess is negative, a bargain purchase gain is recognised immediately in profit or loss.

The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognised in profit or loss.

Any contingent consideration payable is recognised at fair value at the date of acquisition and included in the consideration transferred. If the contingent consideration that meets the definition of a financial instrument is classified as equity, it is not remeasured and settlement is accounted for within equity. Otherwise, other contingent consideration is remeasured at fair value at each reporting date and subsequent changes to the fair value of the contingent consideration are recognised in profit or loss.

When share-based payment awards (replacement awards) are exchanged for awards held by the acquiree's employees (acquiree's awards) and relate to past services, then all or a portion of the amount of the acquirer's replacement awards is included in measuring the consideration transferred in the business combination. This determination is based on the market-based value of the replacement awards compared with the market-based value of the acquiree's awards and the extent to which the replacement awards relate to past and/or future service.

NCI that are present ownership interests and entitle their holders to a proportionate share of the acquiree's net assets in the event of liquidation are measured either at fair value or at the NCI's proportionate share of the recognised amounts of the acquiree's identifiable net assets, at the acquisition date. The measurement basis taken is elected on a transaction-by-transaction basis. All other NCI are measured at acquisition-date fair value, unless another measurement basis is required by FRSs.

Costs related to the acquisition, other than those associated with the issue of debt or equity securities, that the Group incurs in connection with a business combination are expensed as incurred.

Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as transactions with owners in their capacity as owners and therefore no adjustments are made to goodwill and no gain or loss is recognised in profit or loss. Adjustments to NCI arising from transactions that do not involve the loss of control are based on a proportionate amount of the net assets of the subsidiary.

(ii) Subsidiaries

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

The accounting policies of subsidiaries have been changed where necessary to align them with the policies adopted by the Group. Losses applicable to NCI in a subsidiary are allocated to the NCI even if doing so causes the NCI to have a deficit balance.

(iii) Acquisition of entities under common control

Business combinations arising from transfers of interests in entities that are under the control of the shareholder that controls the Group are accounted for as if the acquisition had occurred at the beginning of the earliest comparative year presented or, if later, at the date that common control was established; for this purpose comparatives are restated. The assets and liabilities acquired are recognised at the carrying amounts recognised previously in the Group controlling shareholder's consolidated financial statements. The components of equity of the acquired entities are added to the same components within the Group equity and any gain/loss arising is recognised directly in equity.

(iv) Loss of control

Upon the loss of control, the Group derecognises the assets and liabilities of the subsidiary, any NCI and the other components of equity related to the subsidiary. Any surplus or deficit arising from the loss of control is recognised in profit or loss. If the Group retains any interest in the previous subsidiary, then such interest is measured at fair value at the date that control is lost. Subsequently, it is accounted for as an equity-accounted investee or as an available-for-sale financial asset depending on the level of influence retained.

3 SIGNIFICANT ACCOUNTING POLICIES *(cont'd)*

3.1 Basis of consolidation *(cont'd)*

(v) Investments in associates and joint ventures (equity-accounted investees)

Associates are those entities in which the Group has significant influence, but not control or joint control, over the financial and operating policies of these entities. Significant influence is presumed to exist when the Group holds between 20% or more of the voting power of another entity. A joint venture is an arrangement in which the Group has joint control, whereby the Group has rights to the net assets of the arrangement, rather than rights to its assets and obligations for its liabilities.

Investments in associates and joint ventures are accounted for using the equity method. They are recognised initially at cost, which includes transaction costs. Subsequent to initial recognition, the consolidated financial statements include the Group's share of the profit or loss and other comprehensive income ("**OCI**") of equity-accounted investees, after adjustments to align the accounting policies with those of the Group, from the date that significant influence or joint control commences until the date that significant influence or joint control ceases.

When the Group's share of losses exceeds its interest in an equity-accounted investee, the carrying amount of the investment, together with any long-term interests that form part thereof, is reduced to zero, and the recognition of further losses is discontinued except to the extent that the Group has an obligation to fund the investee's operations or has made payments on behalf of the investee.

(vi) Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income or expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements. Unrealised gains arising from transactions with equity-accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

(vii) Subsidiaries, associates and joint ventures in the separate financial statements

Investments in subsidiaries, associates and joint ventures are stated in the Company's statement of financial position at cost less accumulated impairment losses.

3.2 Foreign currency

(i) Foreign currency transactions

Transactions in foreign currencies are translated to the respective functional currencies of Group entities at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency at the exchange rate at that date. The foreign currency gain or loss on monetary items is the difference between amortised cost in the functional currency at the beginning of the year, adjusted for effective interest and payments during the year, and the amortised cost in foreign currency translated at the exchange rate at the end of the year.

Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated to the functional currency at the exchange rate at the date that the fair value was determined. Non-monetary items in a foreign currency that are measured in terms of historical cost are translated using the exchange rate at the date of the transaction. Foreign currency differences arising from retranslation are recognised in profit or loss, except for the differences arising from the retranslation of available-for-sale equity instruments (except on impairment in which case foreign currency differences that have been recognised in OCI are reclassified to profit or loss), which are recognised in OCI.

Foreign currency gains and losses on financial assets and financial liabilities are reported on a net basis as either other income or other operating expenses depending on whether foreign currency movements are in a net gain or net loss position.

(ii) Foreign operations

The assets and liabilities of foreign operations, excluding goodwill and fair value adjustments arising from acquisition, are translated to Singapore dollars at exchange rates prevailing at the end of the reporting date. The income and expenses of foreign operations are translated to Singapore dollars at exchange rates at the dates of the transactions. Goodwill and fair value adjustments arising from the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the exchange rates at the date of acquisition.

3 SIGNIFICANT ACCOUNTING POLICIES *(cont'd)*

3.2 Foreign currency *(cont'd)*

(ii) Foreign operations (cont'd)

Foreign currency differences are recognised in OCI, and presented in the foreign currency translation reserve ("**translation reserve**") in equity. However, if the foreign operation is a non-wholly-owned subsidiary, then the relevant proportionate share of the translation difference is allocated to the NCI. When a foreign operation is disposed of such that control, significant influence or joint control is lost, the cumulative amount in the translation reserve related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal. When the Group disposes of only part of its interest in a subsidiary that includes a foreign operation while retaining control, the relevant proportion of the cumulative amount is reattributed to NCI. When the Group disposes of only part of its investment in an associate or joint venture that includes a foreign operation while retaining significant influence or joint control, the relevant proportion of the cumulative amount is reclassified to profit or loss.

When the settlement of a monetary item receivable from or payable to a foreign operation is neither planned nor likely to occur in the foreseeable future, foreign exchange gains and losses arising from such a monetary item that are considered to form part of a net investment in a foreign operation are recognised in OCI, and are presented in the translation reserve in equity.

3.3 Financial instruments

(i) Non-derivative financial assets

The Group initially recognises loans and receivables on the date that they are originated. All other financial assets (including assets designated at fair value through profit or loss) are recognised initially on the trade date, which is the date that the Group becomes a party to the contractual provisions of the instrument.

The Group derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred, or if neither transfers or retains substantially all of the risks and rewards of ownership and does not retain control over the transferred asset. Any interest in transferred financial assets that is created or retained by the Group is recognised as a separate asset or liability.

Financial assets and liabilities are offset and the net amount presented in the statements of financial position when, and only when, the Group has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

The Group classifies non-derivative financial assets into the following categories: loans and receivables and available-for-sale financial assets.

Loans and receivables

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method, less any impairment losses.

Loans and receivables comprise cash and cash equivalents, and trade and other receivables, excluding prepayments.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and short-term deposits with maturities of three months or less from the date of acquisition that are subject to an insignificant risk of changes in their fair value, and are used by the Group in the management of its short-term commitments.

Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets that are designated as available for sale or are not classified in any other categories of financial assets. Available-for-sale financial assets are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, they are measured at fair value and changes therein, other than impairment losses, are recognised in OCI and presented in the fair value reserve in equity. When an investment is derecognised, the gain or loss accumulated in equity is reclassified to profit or loss.

Available-for-sale financial assets comprise equity securities.

3 SIGNIFICANT ACCOUNTING POLICIES *(cont'd)*

3.3 Financial instruments *(cont'd)*

(ii) Non-derivative financial liabilities

The Group initially recognises debt securities issued and subordinated liabilities on the date that they are originated. Financial liabilities for contingent consideration payable in a business combination are recognised at the date of acquisition. All other financial liabilities (including liabilities designated at fair value through profit or loss) are recognised initially on the trade date, which is the date that the Group becomes a party to the contractual provisions of the instrument.

The Group derecognises a financial liability when its contractual obligations are discharged, cancelled or expire.

Financial assets and liabilities are offset and the net amount presented in the statements of financial position when, and only when, the Group has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

The Group classifies non-derivative financial liabilities into the other financial liabilities category. Such financial liabilities are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, these financial liabilities are measured at amortised cost using the effective interest method.

Other financial liabilities comprise loans and borrowings, junior bonds, redeemable preference shares and trade and other payables, excluding deferred income and advance rental received.

(iii) Share capital

Ordinary shares

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new ordinary shares are recognised as a deduction from equity, net of any tax effects.

Preference share capital

Preference share capital is classified as financial liability if it is redeemable on specific date or at the option of the shareholders, or if dividend payments are not discretionary. Non-discretionary dividends thereon are recognised as interest expense in profit or loss as accrued.

Repurchase, disposal and reissue of share capital (treasury shares)

When share capital recognised as equity is repurchased, the amount of the consideration paid, which includes directly attributable costs, net of any tax effects, is recognised as a deduction from equity. Repurchased shares are classified as treasury shares and are presented in the reserve for own share account. When treasury shares are sold or reissued subsequently, the amount received is recognised as an increase in equity, and the resulting surplus or deficit on the transaction is presented in non-distributable capital reserve.

Distribution of non-cash assets to owners of the Company

The Group measures a liability to distribute non-cash assets as a dividend to the owners of the Company at the fair value of the assets to be distributed. The carrying amount of the dividend is remeasured at each reporting date and at the settlement date, with any changes recognised directly in equity as adjustments to the amount of the distribution. On settlement of the transaction, the Group recognises the difference, if any, between the carrying amount of the assets distributed and the carrying amount of the liability in profit or loss.

(iv) Intra-group financial guarantees in the separate financial statements

Financial guarantees are financial instruments issued by the Company that require the issuer to make specified payments to reimburse the holder for the loss it incurs because a specified debtor fails to meet payment when due in accordance with the original or modified terms of a debt instrument.

Financial guarantees are recognised initially at fair value and are classified as financial liabilities. Subsequent to initial measurement, the financial guarantees are stated at the higher of the initial fair value less cumulative amortisation and the amount that would be recognised if they were accounted for as contingent liabilities. When financial guarantees are terminated before their original expiry date, the carrying amount of the financial guarantee is transferred to profit or loss.

3 SIGNIFICANT ACCOUNTING POLICIES *(cont'd)*

3.4 Plant and equipment

(i) Recognition and measurement

Plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses.

Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes:

- the cost of materials and direct labour;
- any other costs directly attributable to bringing the assets to a working condition for their intended use;
- when the Group has an obligation to remove the asset or restore the site, an estimate of the costs of dismantling and removing the items and restoring the site on which they are located; and
- capitalised borrowing costs.

When parts of an item of plant and equipment have different useful lives, they are accounted for as separate items (major components) of plant and equipment.

The gain or loss on disposal of an item of plant and equipment (calculated as the difference between the net proceeds from disposal and the carrying amount of the item) is recognised in profit or loss.

(ii) Subsequent costs

The cost of replacing a component of an item of plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the component will flow to the Group, and its cost can be measured reliably. The carrying amount of the replaced component is derecognised. The costs of the day-to-day servicing of plant and equipment are recognised in profit or loss as incurred.

(iii) Depreciation

Depreciation is based on the cost of an asset less its residual value. Significant components of individual assets are assessed and if a component has a useful life that is different from the remainder of that asset, that component is depreciated separately.

Depreciation is recognised as an expense in profit or loss on a straight-line basis over the estimated useful lives of each component of an item of plant and equipment, unless it is included in the carrying amount of another asset. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Group will obtain ownership by the end of the lease term.

Depreciation is recognised from the date that the plant and equipment are installed and are ready for use, or in respect of internally constructed assets, from the date that the asset is completed and ready for use.

The estimated useful lives used for the current and comparative years are as follows:

• Furniture, fittings and office equipment	3 – 5 years
• Renovation	3 years or lease term whichever is shorter
• Computer equipment and software	1 – 3 years

Depreciation methods, useful lives and residual values are reviewed at the end of each reporting period and adjusted if appropriate.

3.5 Intangible assets and goodwill

(i) Goodwill

Goodwill that arises upon the acquisition of subsidiaries is included in intangible assets. For the measurement of goodwill at initial recognition, see note 3.1(i).

Subsequent measurement

Goodwill is measured at cost less accumulated impairment losses. In respect of associates and joint ventures, the carrying amount of goodwill is included in the carrying amount of the investment, and an impairment loss on such an investment is not allocated to any asset, including goodwill, that forms part of the carrying amount of the associates and joint ventures.

3 SIGNIFICANT ACCOUNTING POLICIES *(cont'd)*

3.5 Intangible assets and goodwill *(cont'd)*

(ii) Other intangible assets

Other intangible assets that are acquired by the Group and have finite useful lives are measured at cost less accumulated amortisation and accumulated impairment losses.

Amortisation is calculated based on the cost of the asset, less its residual value.

Amortisation is recognised in profit or loss on a straight-line basis over the estimated useful lives of intangible assets, other than goodwill, from the date that they are available for use. The estimated useful lives for the current year and comparative years are as follows:

- Asset management agreements 10 years
- Property management agreements 10 years

Amortisation methods and useful lives are reviewed at the end of each reporting period and adjusted if appropriate.

3.6 Investment properties

Investment properties are properties held either to earn rental income or for capital appreciation or for both, but not for sale in the ordinary course of business, use in the production or supply of goods or services or for administrative purposes. Investment properties acquired through interests in subsidiaries, are accounted for as an acquisition of asset. Investment properties are measured at cost on initial recognition and subsequently at fair value with any change therein recognised in profit or loss.

Cost includes expenditure that is directly attributable to the acquisition of the investment property. The cost of self-constructed investment property includes the cost of materials and direct labour, any other costs directly attributable to bringing the investment property to a working condition for their intended use and capitalised borrowing costs.

Any gain or loss on disposal of an investment property (calculated as the difference between the net proceeds from disposal and the carrying amount of the item) is recognised in profit or loss.

Property that is being constructed for future use as investment property is accounted for at fair value.

Transfer to, or from, investment properties are made where there is a change in use, evidenced by:

- development with a view to sell, for a transfer from investment properties to development properties;
- commencement of owner-occupation, for a transfer from investment properties to property, plant and equipment; and
- end of owner-occupation, for a transfer from property, plant and equipment to investment properties.

When the use of a property changes such that it is reclassified as property, plant and equipment, its fair value at the date of reclassification becomes its cost for subsequent accounting.

3.7 Leased assets

Leases in terms of which the Group assumes substantially all the risks and rewards of ownership are classified as finance leases. Upon initial recognition, the leased asset is measured at an amount equal to the lower of its fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset.

Other leases are operating leases and are not recognised in the Group's statement of financial position.

3.8 Development properties

Development properties under development and completed property held for sale are measured at the lower of cost and net realisable value. Cost includes acquisition costs, development expenditure, capitalised borrowing costs and any other costs directly attributable to the development activities. Cost includes an appropriate share of development overheads allocated based on normal capacity. Development properties acquired through interests in subsidiaries, are accounted for as an acquisition of assets.

Borrowing costs that are directly attributable to the acquisition and development of the development property are capitalised as part of the development property during the period of development.

3 SIGNIFICANT ACCOUNTING POLICIES *(cont'd)*

3.8 Development properties *(cont'd)*

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and selling expenses.

Development properties are classified as current assets in the statements of financial position. Payments received from purchasers arising from pre-sales of the property units prior to the completion or physical handover to the buyers are included as deferred income under current liabilities in the statements of financial position.

The sales are recognised upon the transfer of significant risks and rewards of ownership, which generally coincides with the time the units are delivered to the purchasers.

3.9 Impairment

(i) Non-derivative financial assets

A financial asset not carried at fair value through profit or loss, including an interest in an associate and joint venture, is assessed at the end of each reporting period to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event(s) has occurred after the initial recognition of the asset, and that the loss event(s) has an impact on the estimated future cash flows of that asset that can be estimated reliably.

Objective evidence that financial assets (including equity securities) are impaired can include default or delinquency by a debtor, restructuring of an amount due to the Group on terms that the Group would not consider otherwise, indications that a debtor or issuer will enter bankruptcy, adverse changes in the payment status of borrowers or issuers, economic conditions that correlate with defaults or the disappearance of an active market for a security. In addition, for an investment in an equity security, a significant or prolonged decline in its fair value below its cost is objective evidence of impairment.

Loans and receivables

The Group considers evidence of impairment for loans and receivables at both a specific asset and collective level. All individually significant loans and receivables are assessed for specific impairment. All individually significant loans and receivables found not to be specifically impaired are then collectively assessed for any impairment that has been incurred but not yet identified. Loans and receivables that are not individually significant are collectively assessed for impairment by grouping together loans and receivables with similar risk characteristics.

In assessing collective impairment, the Group uses historical trends of the probability of default, the timing of recoveries and the amount of loss incurred, adjusted for management's judgement as to whether current economic and credit conditions are such that the actual losses are likely to be greater or less than suggested by historical trends.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows, discounted at the asset's original effective interest rate. Losses are recognised in profit or loss and reflected in an allowance account against loans and receivables. Interest on the impaired asset continues to be recognised. When the Group considers that there are no realistic prospects of recovery of the asset, the relevant amounts are written off. If the amount of impairment loss subsequently decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, then the previously recognised impairment loss is reversed through profit or loss.

Available-for-sale financial assets

Impairment losses on available-for-sale financial assets are recognised by reclassifying the losses accumulated in the fair value reserve in equity to profit or loss. The cumulative loss that is reclassified from equity to profit or loss is the difference between the acquisition cost, net of any principal repayment and amortisation, and the current fair value, less any impairment loss recognised previously in profit or loss. Changes in cumulative impairment provisions attributable to application of the effective interest method are reflected as a component of interest income. If, in a subsequent period, the fair value of an impaired available-for-sale debt security increases and the increase can be related objectively to an event occurring after the impairment loss was recognised, then the impairment loss is reversed. The amount of the reversal is recognised in profit or loss. However, any subsequent recovery in the fair value of an impaired available-for-sale equity security is recognised in OCI.

Associates and joint ventures

An impairment loss in respect of an associate or joint venture is measured by comparing the recoverable amount of the investment with its carrying amount in accordance with note 3.9(ii). An impairment loss is recognised in profit or loss. An impairment loss is reversed if there has been a favourable change in the estimates used to determine the recoverable amount.

3 SIGNIFICANT ACCOUNTING POLICIES *(cont'd)*

3.9 Impairment *(cont'd)*

(ii) Non-financial assets

The carrying amount of the Group's non-financial assets, other than investment properties and development properties are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. For goodwill and intangible assets that have indefinite useful lives or that are not yet available for use, the recoverable amount is estimated each year at the same time. An impairment loss is recognised if the carrying amount of an asset or its related CGU exceeds its estimated recoverable amount.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGUs.

Subject to an operating segment ceiling test, for the purposes of goodwill impairment testing, CGUs to which goodwill has been allocated are aggregated so that the level at which impairment testing is performed reflects the lowest level at which goodwill is monitored for internal reporting purposes. Goodwill acquired in a business combination is allocated to groups of CGUs that are expected to benefit from the synergies of the combination.

The Group's corporate assets do not generate separate cash inflows and are utilised by more than one CGU. Corporate assets are allocated to CGUs on a reasonable and consistent basis and tested for impairment as part of the testing of the CGU to which the corporate asset is allocated.

Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the CGU (group of CGUs), and then to reduce the carrying amounts of the other assets in the CGU (group of CGUs) on a *pro rata* basis.

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

Goodwill that forms part of the carrying amount of an investment in an associate or a joint venture is not recognised separately, and therefore is not tested for impairment separately. Instead, the entire amount of the investment in an associate or a joint venture is tested for impairment as a single asset when there is objective evidence that the investment in an associate or a joint venture may be impaired.

3.10 Employee benefits

(i) Defined contribution plans

Defined contribution plans are post-employment benefit plan under which entities pay fixed contributions into separate entities and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as employee benefit expenses in profit or loss in the periods during which the related services are rendered by employees.

(ii) Short-term employee benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognised for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the obligation can be estimated reliably.

3 SIGNIFICANT ACCOUNTING POLICIES *(cont'd)*

3.10 Employee benefits *(cont'd)*

(iii) Share-based payment transactions

The grant date fair value of equity-settled share-based payment awards granted to employees is recognised as an employee expense, with a corresponding increase in equity, over the period that the employees unconditionally become entitled to the awards. The amount recognised as an expense is adjusted to reflect the number of awards for which the related service and non-market performance conditions are expected to be met, such that the amount ultimately recognised as an expense is based on the number of awards that meet the related service and non-market performance conditions at the vesting date. For share-based payment awards with non-vesting conditions, the grant date fair value of the share-based payment is measured to reflect such conditions and there is no true-up for differences between expected and actual outcomes.

3.11 Provisions

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as finance cost.

Levies

A provision for levies is recognised when the condition that triggers the payment of the levy as specified in the relevant legislation is met. If a levy obligation is subject to minimum activity threshold so that the obligating event is reaching a minimum activity, then a provision is recognised when that minimum activity threshold is reached.

3.12 Revenue

(i) Rental income

Rental income from investment properties is recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives granted are recognised as an integral part of the total rental income, over the term of the lease. Contingent rentals, which include gross turnover rental, are recognised as income in the accounting period in which they are earned.

(ii) Sale of development properties

Revenue from sales of development properties is recognised by reference to the stage of completion using the percentage of completion method when the Group determines that (a) control and the significant risks and reward of ownership of the work-in-progress transfer to the buyer in its current state as construction progresses, (b) the sales price is fixed and collectible, (c) the percentage of completion can be measured reliably, (d) there is no significant uncertainty as to the ability of the Group to complete the development, and (e) costs incurred or to be incurred can be measured reliably.

The percentage of completion is measured by reference to the work performed, based on the ratio of construction costs incurred to date to the estimated total construction costs. Profits are recognised only in respect of finalised sales contracts to the extent that such profits relate to the progress of the construction work.

In all other instances, revenue from the sales of development properties is only recognised upon the transfer of control and significant risks and rewards of ownership of the property to the buyer. This generally coincides with the point in time when the development unit is delivered to the buyer. No revenue is recognised when there is significant uncertainty as to the collectability of consideration due or the possible return of units sold.

(iii) Dividend income

Dividend income is recognised in profit or loss on the date that the Group's right to receive payment is established, which in the case of quoted securities is normally the ex-dividend date.

(iv) Acquisition fee and divestment fee

Acquisition and divestment fee are recognised in profit or loss when acquisition or divestment of real estate or equity interests of any vehicle holding directly or indirectly the real estate are completed.

(v) Fee income from real estate management services

Fee income from real estate management services is recognised in profit or loss when services are rendered.

(vi) Leasing fee

Leasing fee is recognised in profit or loss when a new lease is secured and/or when an existing lease is renewed.

3 SIGNIFICANT ACCOUNTING POLICIES *(cont'd)*

3.13 Finance income and finance costs

Finance income comprises interest income on loans and receivables. Interest income is recognised as it accrues in profit or loss, using the effective interest method.

Finance costs comprise interest expenses on borrowings. Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in profit or loss using the effective interest method.

3.14 Tax

Tax expense comprises current and deferred tax. Current tax and deferred tax is recognised in profit or loss except to the extent that it relates to a business combination, or items recognised directly in equity or in OCI.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years. The amount of current tax payable or receivable is the best estimate of the tax amount expected to be paid or received that reflects uncertainty related to income taxes, if any.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for:

- temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss;
- temporary differences relating to investments in subsidiaries, associates and joint ventures to the extent that the Group is able to control the timing of the reversal of the temporary difference and it is probable that they will not reverse in the foreseeable future; and
- taxable temporary differences arising from the initial recognition of goodwill.

The measurement of deferred taxes reflects the tax consequences that would follow the manner in which the Group expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognised for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

In determining the amount of current and deferred tax, the Group takes into account the impact of uncertain tax positions and whether additional taxes and interest may be due. The Group believes that its accruals for tax liabilities are adequate for all open tax years based on its assessment of many factors, including interpretations of tax law and prior experience. This assessment relies on estimates and assumptions and may involve a series of judgements about future events. New information may become available that causes the Group to change its judgement regarding the adequacy of existing tax liabilities; such changes to tax liabilities will impact tax expense in the period that such a determination is made.

3.15 Earnings per share

The Group presents basic and diluted earnings per share for its ordinary shares. Basic earnings per share is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period, adjusted for own shares held. Diluted earnings per share is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding, adjusted for own shares held, and the effects of all dilutive potential ordinary shares, which comprise share options granted to employees and directors.

3 SIGNIFICANT ACCOUNTING POLICIES *(cont'd)*

3.16 Segment reporting

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. All operating segments' results are reviewed regularly by the Group's Chief Executive Officer ("**CEO**") who is responsible for making decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

Segment results that are reported to the Group's CEO include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly corporate assets (primarily the Company's headquarters), head office expenses, and tax assets and liabilities.

Segment capital expenditure is the total cost incurred during the period to acquire investment properties and development properties.

3.17 Lease payments

Payments made under operating leases are recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives received are recognised as an integral part of the total lease expense, over the term of the lease.

3.18 New standards and interpretations not adopted

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning after 1 January 2017, and have not been applied in preparing these financial statements.

Applicable to 2018 financial statements

Convergence with International Financial Reporting Standards (IFRS)

In December 2017, the Accounting Standard Council (ASC) issued the Singapore Financial Reporting Standards (International) (SFRS(I)). Singapore-incorporated companies that have issued, or are in the process of issuing equity or debt instrument for trading in the public market in Singapore, will apply SFRS(I) with effect from annual periods beginning on or after 1 January 2018.

The Group's financial statements for the year ending 31 December 2018 will be prepared in accordance with the SFRS(I). As a result, this will be the last set of financial statements prepared under the current FRS.

In adopting the new framework, the Group will be required to apply the specific transition requirements in SFRS(I) 1 *First-time Adoption of International Financial Reporting Standards*.

In addition to the adoption of the new framework, the Group will also concurrently apply the following new SFRS(I), interpretations of the SFRS(I) and the requirements of SFRS(I) which are mandatorily effective from the same date:

- SFRS(I) 15 *Revenue from Contracts with Customers* which includes the clarifications IFRS 15 *Revenue from Contracts with Customers* issued by the IASB in April 2016;
- SFRS(I) 9 *Financial Instruments* which includes the amendments to IFRS 4 *Insurance Contracts – Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contract* issued by the IASB in September 2016;
- Requirements in SFRS(I) 2 *Share-based Payment* arising from the amendments to IFRS 2 – *Classification and Measurement of Share-based Payment Transactions* issued by IASB in June 2016;
- Requirements in SFRS(I) 1-40 *Investment Property* arising from the amendments to IAS 40 – *Transfers of Investment Property* issued by IASB in December 2016;
- Requirements in SFRS(I) 1 arising from the amendments to IFRS 1 – *Deletion of short-term exemptions for first-time adopters* issued by IASB in December 2016;
- Requirements in SFRS(I) 1-28 *Investments in Associate or Joint Venture* arising from the amendents to IAS 28 – *Measuring an Associate or Joint Venture at Fair Value* issued by IASB in December 2016; and
- SFRS(I) INT 22 *Foreign Currency Transactions and Advance Consideration*.

3 SIGNIFICANT ACCOUNTING POLICIES *(cont'd)*

3.18 New standards and interpretations not adopted *(cont'd)*

The Group does not expect the application of the above standards and interpretations to have a significant impact on the financial statements.

SFRS(I) 1

When the Group adopts SFRS(I) in 2018, the Group will apply SFRS(I) 1 with 1 January 2017 as the date of transition for the Group and the Company. SFRS(I) 1 generally requires that the Group applies SFRS(I) on a retrospective basis, as if such accounting policy had always been applied. If there are changes to accounting policies arising from new or amended standard effective in 2018, restatement of comparatives may be required because SFRS(I) 1 requires both the opening statement of financial position and comparative information to be prepared using the most current accounting policies. SFRS(I) 1 provides mandatory exceptions and optional exemptions from retrospective application, but these are often different from those specific transition provisions in individual FRSs applied to the FRS financial statements. Except as described below, the Group does not expect the application of the mandatory exceptions and the optional exemptions in SFRS(I) 1 to have any significant impact on the financial statements.

Foreign currency translation reserve (FCTR)

The Group plans to elect the optional exemption in SFRS(I) 1 to reset its cumulative FCTR for all foreign operations to nil at the date of transition, and reclassify the cumulative FCTR of $39.3 million as at 1 January 2017 determined in accordance with FRS at that date to retained earnings. After the date of transition, any gain or loss on disposal of any foreign operations will exclude translation differences that arose before the date of transition.

SFRS(I) 9

SFRS(I) 9 contains new requirements for classification and measurement of financial instruments, a new expected credit loss model for calculating impairment of financial assets, and new general hedge accounting requirements.

Changes in accounting policies resulting from the adoption of SFRS(I) 9 will generally be applied by the Group retrospectively,

- The Group plans to take advantage of the exemption in SFRS(I) 1 allowing it not to restate comparative information in the 2018 SFRS(I) financial statements. Differences in the carrying amounts of financial assets and financial liabilities resulting from the adoption of SFRS(I) 9 are recognised in retained earnings and reserves as at 1 January 2018.
- The following assessments have to be made on the basis of facts and circumstances that existed at 1 January 2018.
    - The determination of the business model within which a financial asset is held.
    - The determination of whether the contractual terms of a financial asset give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding.
    - The designation of an investment in equity instruments that is not held for trading as at fair value through other comprehensive income (FVOCI).
    - The designation and revocation of previous designations of certain financial assets and financial liabilities measured at fair value through profit or loss (FVTPL).
- If an investment in a debt security has low credit risk at 1 January 2018, the Group plans to assume that the credit risk on the asset has not increased significantly since its initial recognition.
- New hedge accounting requirements are applied prospectively. All hedging relationships designated under FRS 39 Financial Instruments: Recognition and Measurement at 31 December 2017 that meet the criteria for hedge accounting under SFRS(I) 9 at 1 January 2018 will be regarded as continuing hedging relationships.

The expected impact on adoption of SFRS(I) 9 are described below. The information below reflects the Group's expectation of the implications arising from changes in the accounting treatment.

3 SIGNIFICANT ACCOUNTING POLICIES *(cont'd)*

3.18 New standards and interpretations not adopted *(cont'd)*

Classification and measurement: financial assets

Financial assets currently held at fair value, the Group expects to continue measuring these assets amounting $87.6 million at fair value under SFRS(I) 9. The Group plans to elect to present in OCI the changes in fair value of its AFS equity securities that are held by the Group because these investments are not held for trading.

Impairment

SFRS(I) 9 requires the Group to record expected credit losses on all of its loans and trade receivables, either on a 12-month or lifetime basis. The Group expects to apply the simplified approach and record lifetime expected impairment losses on all trade receivables. The Group does not expect the impairment calculated using the expected credit loss model to have significant impact on the financial statements.

The Group is currently finalising the testing of its expected credit loss model and the quantum of the final transition adjustments may be different upon finalisation.

Hedge accounting

The Group does not hold derivatives and does not adopt hedge accounting as at 31 December 2017.

Applicable to 2019 financial statements

SFRS(I) 16 *Leases*

SFRS(I) 16 replaces existing lease accounting guidance. SFRS(I) 16 is effective for annual periods beginning on or after 1 January 2019, with early adoption permitted if SFRS(I) 15 is also applied. SFRS(I) 16 eliminates the lessee's classification of leases as either operating leases or finance leases and introduces a single lessee accounting model. Applying the new model, a lessee is required to recognise right-of-use (ROU) assets and lease liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value.

The Group plans to adopt the standard when it becomes effective in 2019 and expects to apply the standard using the modified retrospective approach. The Group also expects the ROU assets recognised at date of initial application to be equal to their lease liabilities.

The Group is likely to elect the practical expedient not to reassess whether a contract contains a lease at the date of initial application, 1 January 2019. Accordingly, existing lease contracts that are still effective on 1 January 2019 continue to be accounted for as lease contracts under SFRS(I) 16.

Until 2018, the approximate financial impact of the standard is unknown due to factors that impact calculation of lease liabilities such as discount rate, expected term of leases including renewal options and exemptions for short-term leases. The Group will continue to assess its portfolio of leases to calculate the impending impact of transition to the new standard.

The Group as lessor

SFRS(I) 16 substantially carries forward the current existing lessor accounting requirements. Accordingly, the Group continues to classify its leases as operating leases or finance leases, and to account for these two types of leases using the existing operating lease and finance lease accounting models respectively. However, SFRS(I) 16 requires more extensive disclosures to be provided by a lessor.

4 INVESTMENT PROPERTIES

	GROUP	
	2017 $'000	2016 $'000
At beginning of the year	**1,371,972**	2,290,806
Additions	**75,379**	81,435
Reclassified to development properties	**–**	(988,270)
Reclassified from development properties	**147,616**	–
Change in fair value	**84,695**	24,409
Translation differences	**(19,939)**	(36,408)
At end of the year	**1,659,723**	1,371,972

The investment properties comprise 3 (2016: 3) completed commercial properties which are leased to third parties and 2 (2016: 1) investment properties under development. The leases contain initial lease terms ranging from 1 year to 20 years. Subsequent renewals are negotiated with the lessees.

Contingent rental, based on tenants' turnover, recognised in profit or loss amounted to $4.3 million (2016: $4.8 million).

The borrowing costs capitalised in investment property under development amounted to $16.7 million (2016: $11.6 million). These borrowing costs were incurred at interest rates ranging from 3.16% - 5.39% (2016: 3.61% - 5.25%) per annum.

Classification of investment properties
In determining whether a property is classified as investment property or development property, the Group determines the business model of the property (see note 3.6 for transfer to, or from, investment properties).

Transfer from development properties
Following the change in use of Xi'an North High Speed Railway Integrated Development Plot 4 ("**Xi'an Plot 4**"), the Group reclassified the property from development property to investment property under development.

Transfer to development properties
In 2016, following the change in use of TripleOne Somerset, the Group reclassified the property from investment property to development property. The Group also received various regulatory permits required for the planned asset enhancement work and strata-sale. In March 2017, the Group divested 20.2% of its equity interest in TripleOne Somerset. The remaining equity interest of 30% held by the Group was reclassified as an interest in associate during the year.

Measurement of fair value
The fair value of investment properties is determined by external independent valuers, having appropriate recognised professional qualifications and recent experience in the location and category of the properties being valued.

The valuer has considered valuation techniques including the direct comparison method, capitalisation approach and discounted cash flows method in arriving at the open market value as at the reporting date. The direct comparison method involves the analysis of comparable sales of similar properties and adjusting the sales prices to that, reflective of the investment properties. The capitalisation approach capitalises an income stream into a present value using revenue multipliers or single-year capitalisation rates. The discounted cash flow method involves the estimation and projection of an income stream over a period and discounting the income stream with an internal rate of return to arrive at the market value.

In deriving residual method of valuation, the estimated gross development costs and developer's profit are deducted from the gross development value to arrive at the residual value of land. The gross development value is the estimated value of the property assuming satisfactory completion of the development as at the date of the valuation.

Changes in fair values are recognised as gains in profit or loss and included in other income. All gains are unrealised.

Fair value hierarchy
The fair value measurement for the investment properties of $1,659.7 million (2016: $1,372.0 million) as at 31 December 2017 has been categorised as a Level 3 fair value based on the inputs to the valuation technique used (see note 2.4).

Level 3 fair values
The Level 3 fair value table which shows a reconciliation from the opening to the ending balance is set out in the table above.

4 INVESTMENT PROPERTIES *(cont'd)*

Valuation technique and significant unobservable inputs
The following table shows the Group's valuation technique used in measuring the fair value of investment properties, as well as the significant unobservable inputs used.

Type	Valuation technique	Significant unobservable inputs	Inter-relationship between key unobservable input and fair value measurement
Investment properties – Singapore	Capitalisation approach	• Capitalisation rate 4.50% (2016: 5.00%)	The estimated fair value increases with decreases in the capitalisation rate.
Investment properties – People Republic of China ("**PRC**")	Capitalisation approach	• Capitalisation rate 5.50% (2016: Nil)	The estimated fair value increases with decreases in the capitalisation rate.
	Direct comparison	• Average value of RMB9,100 – RMB9,600 (2016: RMB9,000 – RMB22,000[1]) per square metre	The estimated fair value increases with increases in average value of a similar class of assets.
	Discounted cash flow method	• Discount rate 8.50% – 8.75% (2016: 8.75%) • Terminal yield rate 5.75% – 6.50% (2016: 6.50%)	The estimated fair value increases with decreases in the discount rate and terminal yield rate.
Investment properties under development – PRC	Capitalisation approach	• Capitalisation rate 6.25% (2016: 6.50%)	The estimated fair value increases with decreases in the capitalisation rate.
	Direct comparison	• Average value of RMB12,500 – RMB14,000 (2016: RMB13,000 – RMB13,500) per square metre	The estimated fair value increases with increases in average value of a similar class of assets.
	Discounted cash flow method	• Discount rate 8.25% (2016: Nil) • Terminal yield rate 5.75% (2016: Nil)	The estimated fair value increases with decreases in the discount rate and terminal yield rate.

[1] The comparable value of RMB22,000 per square metre was related to an investment property where the external independent valuer adopted the direct comparison method as one of its valuation techniques in 2016 but not in 2017.

Security
As at 31 December 2017, investment properties with a total carrying amount of $1,456.2 million (2016: $1,372.0 million) were pledged as security for loans and borrowings (see note 11).

5 ASSOCIATES AND JOINT VENTURES

	GROUP	
	2017 $'000	2016 $'000
Interests in associates	**792,864**	628,691
Interests in joint ventures	**1,426,345**	1,284,278
Loans to associates	**235,044**	71,998
Loans to joint ventures	**17,190**	8,562
	2,471,443	1,993,529

The loans to an associate and joint ventures are unsecured, interest-free and settlement of these amounts were neither planned nor likely to occur in the foreseeable future. As these amounts are, in substance, a part of the Group's net investment in the entities, they are stated at cost less accumulated impairment loss.

The Group's interests in the associates included investment in junior bonds of $118.6 million and redeemable preferences shares of $28.7 million (2016: junior bonds of $49.9 million) which are stapled together with the equity investment of the associates. The junior bonds bear interest at the lower of 10% per annum and excess fund (determined based on the profits for the period before interest on junior bonds).

5 ASSOCIATES AND JOINT VENTURES *(cont'd)*

Associates

The Group has 7 (2016: 5) associates that are material and a number of associates that are individually immaterial to the Group. The material associates own and develop commercial, retail, hospitality and residential related real estate assets and healthcare services which are aligned to the Group's principal activities. All associates are equity-accounted. The following are material associates:

Name of associates	Principal activities	Country of incorporation	Ownership interest held by the Group 2017 %	2016 %
Nation Mind Development Limited and its subsidiaries[(a)(d)^] ("**Nation Mind**")	Investment holding and property development	Hong Kong	**30.0**	30.0
Perennial Tongzhou Holdings Pte. Ltd. and its subsidiaries[(b)] ("**Perennial Tongzhou Holdings**")	Investment holding and property development	Singapore	**46.6**	46.6
Perennial Shenton Investors Pte. Ltd. and its subsidiaries[(b)] ("**Perennial Shenton**")	Investment and property holding	Singapore	**31.2**	31.2
Perennial Chinatown Point LLP and its subsidiaries[(b)(e)] ("**Chinatown Point**")	Investment and property holding	Singapore	**45.5**	40.0
Shenzhen Aidigong Modern Maternal and Child Health Management Co., Ltd[(a)^] ("**Aidigong**")	Maternal care operation	PRC	**20.0**	20.0
Perennial Somerset Investors Pte. Ltd. and its subsidiaries[(a)^] ("**Perennial Somerset**")	Investment and property holding	Singapore	**30.0**	50.2[(c)]
Yanlord Perennial Investment (Singapore) Pte Ltd[(a)^] ("**YPIS**")	Investment holding	Singapore	**45.0**	–

(a) Audited by other auditors.
(b) Audited by KPMG LLP, Singapore.
(c) Perennial Somerset was classified as a subsidiary in 2016.
(d) Effective interest held by the Group is 20%.
(e) As at 31 December 2017, the Group holds 50.6% effective interest with the same percentage of voting rights of the entity. The entity is considered to be an associate as the Group does not have the ability to direct the relevant activities of the entity.
^ This associate is not considered significant to the Group as defined under the Singapore Exchange Securities Trading Limited ("**SGX-ST**") Listing Manual. For this purpose, an associated company is considered significant as defined under SGX-ST Listing Manual if the Group's share of its net tangible assets represents 20% or more of the Group's consolidated net tangible assets, or if the Group's share of its pre-tax profits accounts for 20% or more of the Group's consolidated pre-tax profits.

The following summarises the financial information of each of the Group's material associates based on their respective (consolidated) financial statements prepared in accordance with FRS, modified for fair value adjustments on acquisition and differences in the Group's accounting policies. The table also analyses, in aggregate, the carrying amount and share of profit and OCI of the remaining individually immaterial associates.

5 ASSOCIATES AND JOINT VENTURES *(cont'd)*

Associates *(cont'd)*

2017	Nation Mind $'000	Perennial Tongzhou Holdings $'000	Perennial Shenton $'000	Chinatown Point $'000	Aidigong $'000	Perennial Somerset $'000	YPIS $'000	Immaterial associates $'000	Total $'000
Revenue	–	–	77,738	32,488	48,039	49,774	–		
(Loss)/Profit after tax	(189)	(352)	10,528	13,765	(619)	(1,722)	63,547		
OCI	(27,053)	(13,378)	–	–	–	–	3,121		
Total comprehensive income	(27,242)	(13,730)	10,528	13,765	(619)	(1,722)	66,668		
Attributable to NCI	–	–	–	–	196	–	–		
Attributable to associate's shareholders	(27,242)	(13,730)	10,528	13,765	(815)	(1,722)	66,668		
Non-current assets	46	591,298	112,800	429,020	149,360	9	699,166		
Current assets	612,867	9,571	1,161,457	34,765	17,836	1,117,669	62,552		
Non-current liabilities	(30,928)	–	(812,363)	(295,568)	(3,508)	(692,631)	(365,470)		
Current liabilities	(260,278)	(221)	(20,148)	(3,529)	(22,579)	(29,595)	(329,565)		
Net assets	321,707	600,648	441,746	164,688	141,109	395,452	66,683		
Attributable to NCI	–	–	–	–	496	–	–		
Attributable to associate's shareholders	321,707	600,648	441,746	164,688	140,613	395,452	66,683		
Carrying amount of interest in associate at end of the year	96,512	279,910	137,825	83,453	28,127	118,636	30,007		
Group's interest in net assets of associate at beginning of the year	104,685	286,309	134,540	74,300	28,857	–	–	–	628,691
Group's share of:									
– (Loss)/Profit after tax	(57)	(164)	3,285	6,780	(163)	(516)	28,596	(36)	37,725
– OCI	(8,116)	(6,235)	–	–	(567)	–	1,411	40	(13,467)
Total comprehensive income	(8,173)	(6,399)	3,285	6,780	(730)	(516)	30,007	4	24,258
Additions/Acquisitions during the year	–	–	–	8,479	–	–	–	18,390	26,869
Carrying amount of a partially disposed subsidiary with change of control re-measured as an associate	–	–	–	–	–	119,152	–	–	119,152
Dividends received during the year	–	–	–	(6,106)	–	–	–	–	(6,106)
Carrying amount of interest in associate at end of the year	96,512	279,910	137,825	83,453	28,127	118,636	30,007	18,394	792,864

5 ASSOCIATES AND JOINT VENTURES *(cont'd)*

Associates *(cont'd)*

2016	Nation Mind $'000	Perennial Tongzhou Holdings $'000	Perennial Shenton $'000	Chinatown Point $'000	Aidigong $'000	Immaterial associate $'000	Total $'000
Revenue	–	–	69,615	898	20,594		
(Loss)/Profit after tax	(198)	(243)	9,781	9,290	3,004		
OCI	9,583	(23,481)	–	–	–		
Total comprehensive income	9,385	(23,724)	9,781	9,290	3,004		
Attributable to NCI	–	–	–	–	37		
Attributable to associate's shareholders	9,385	(23,724)	9,781	9,290	2,967		
Non-current assets	35	604,225	104,035	428,019	138,714		
Current assets	592,917	10,333	1,197,480	35,719	18,822		
Non-current liabilities	(238,231)	–	(839,415)	(6,706)	(3,578)		
Current liabilities	(5,773)	(179)	(30,882)	(292,460)	(9,496)		
Net assets	348,948	614,379	431,218	164,572	144,462		
Attributable to NCI	–	–	–	–	197		
Attributable to associate's shareholders	348,948	614,379	431,218	164,572	144,265		
Carrying amount of interest in associate at end of the year	104,685	286,309	134,540	74,300	28,857		
Group's interest in net assets of associate at beginning of the year	101,869	297,364	131,488	–	–	62	530,783
Group's share of:							
– (Loss)/Profit after tax	(59)	(113)	3,052	4,537	593	–	8,010
– OCI	2,875	(10,942)	–	307	(141)	–	(7,901)
Total comprehensive income	2,816	(11,055)	3,052	4,844	452	–	109
Acquisitions during the year	–	–	–	67,552	28,405	–	95,957
Carrying amount of an available-for-sale financial asset acquired as an associate	–	–	–	2,347	–	–	2,347
Disposal	–	–	–	–	–	(62)	(62)
Dividends received during the year	–	–	–	(443)	–	–	(443)
Carrying amount of interest in associate at end of the year	104,685	286,309	134,540	74,300	28,857	–	628,691

5 ASSOCIATES AND JOINT VENTURES *(cont'd)*

Joint ventures

The Group has 6 (2016: 5) joint ventures that are material and a number of joint ventures that are individually immaterial to the Group. The material joint ventures own and develop commercial, retail, hospitality and residential related real estate assets and healthcare services which are aligned to the Group's principal activities. All joint ventures are equity accounted. The following are material joint ventures:

Name of joint ventures	Principal activities	Country of incorporation	Ownership interest held by the Group 2017 %	Ownership interest held by the Group 2016 %
Capitol Investment Holdings Pte. Ltd. and its subsidiaries[b]^ ("**Capitol Entities**")	Investment and property holding	Singapore	**50.0**	50.0
Chengdu Huifeng Commercial Real Estate Co., Ltd.[a] ("**Chengdu Huifeng**")	Property development	PRC	**50.0**	50.0
Chengdu Changfeng Real Estate Development Co., Ltd.[a] ("**Chengdu Changfeng**")	Property development	PRC	**50.0**	50.0
Shenyang Summit Real Estate Development Co., Ltd.[a] ("**Shenyang Summit**")	Investment and property holding	PRC	**50.0**	50.0
St. Stamford International Medical Pte. Ltd.[a][c] ("**St. Stamford**")	Investment holding	Singapore	**81.63**	81.63
Shanghai RST Chinese Medicine Co., Ltd.[b]^ ("**Renshoutang**")	Investment holding	PRC	**49.9**	–

(a) Audited by other member firms of KPMG International.

(b) Audited by other auditors.

(c) Considered to be a joint venture as the Group has joint control over the relevant activities of the entity with the joint venture partner.

^ This joint venture is not considered significant to the Group as defined under the SGX-ST Listing Manual. For this purpose, a joint venture company is considered significant as defined under SGX-ST Listing Manual if the Group's share of its net tangible assets represents 20% or more of the Group's consolidated net tangible assets, or if the Group's share of its pre-tax profits accounts for 20% or more of the Group's consolidated pre-tax profits.

The following summarises the financial information of each of the Group's material joint ventures based on their respective (consolidated) financial statements prepared in accordance with FRS, modified for fair value adjustments on acquisition and differences in the Group's accounting policies. The table also analyses, in aggregate, the carrying amount and share of profit and OCI of the remaining individually immaterial joint ventures.

5 ASSOCIATES AND JOINT VENTURES *(cont'd)*

Joint ventures *(cont'd)*

2017	Capitol Entities $'000	Chengdu Huifeng $'000	Chengdu Changfeng $'000	Shenyang Summit $'000	St. Stamford $'000	Renshoutang $'000	Immaterial joint ventures $'000	Total $'000
Revenue	14,545	–	–	39,669	–	32,387		
Profit/(Loss) after tax[a]	386	(5)	15,299	19,537	948	2,431		
OCI	–	(7,216)	(7,186)	–	–	–		
Total comprehensive income	386	(7,221)	8,113	19,537	948	2,431		
Attributable to NCI	–	–	–	–	–	(99)		
Attributable to the Group	386	(7,221)	8,113	19,537	948	2,530		
[a] Includes:								
– Depreciation and amortisation	(89)	–	–	(37)	–	(3,213)		
– Interest expense	(25,803)	–	–	–	–	–		
– Tax credit/(expense)	1,951	–	(5,316)	(2,935)	(58)	(1,239)		
Non-current assets	758,361	–	397,800	1,727,826	21,619	342,039		
Current assets[b]	299,770	359,796	115,399	156,700	50	33,650		
Non-current liabilities[c]	(3,217)	–	(47,253)	(297,527)	(116)	(86,732)		
Current liabilities[d]	(813,467)	(8)	(91,192)	(45,731)	(19)	(24,527)		
Net assets	241,447	359,788	374,754	1,541,268	21,534	264,430		
Attributable to NCI	–	–	–	–	–	617		
Attributable to the Group	120,724	179,894	187,377	770,634	17,578	131,643		
Other adjustments	–	–	–	–	3,537	284		
Carrying amount of interest in joint venture at end of the year	120,724	179,894	187,377	770,634	21,115	131,927		
[b] Includes cash and cash equivalents	36,095	92	645	9,171	49	15,081		
[c] Includes non-current financial liabilities (excluding trade and other payables and provisions)	–	–	–	–	–	(85,926)		
[d] Includes current financial liabilities (excluding trade and other payables and provisions)	–	–	–	–	–	(1,228)		
Group's interest in net assets of joint venture at beginning of the year	120,531	183,505	183,320	775,742	6,275	–	14,905	1,284,278
Group's share of:								
– Profit/(Loss) after tax	193	(2)	7,649	9,768	773	1,265	(1,545)	18,101
– OCI	–	(3,609)	(3,592)	(14,876)	(197)	129	(6)	(22,151)
Total comprehensive income	193	(3,611)	4,057	(5,108)	576	1,394	(1,551)	(4,050)
Additions/Acquisitions during the year	–	–	–	–	14,264	130,533	178	144,975
Other adjustments	–	–	–	–	–	–	1,142	1,142
Carrying amount of interest in joint venture at end of the year	120,724	179,894	187,377	770,634	21,115	131,927	14,674	1,426,345

5 ASSOCIATES AND JOINT VENTURES *(cont'd)*

Joint ventures *(cont'd)*

2016	Capitol Entities $'000	Chengdu Huifeng $'000	Chengdu Changfeng $'000	Shenyang Summit $'000	St. Stamford $'000	Immaterial joint ventures $'000	Total $'000
Revenue	26,153	–	–	43,993	–		
(Loss)/Profit after tax[a]	(41,084)	(10)	76,223	13,198	1,187		
OCI	–	(14,490)	(11,421)	–	–		
Total comprehensive income	(41,084)	(14,500)	64,802	13,198	1,187		
[a] Includes:							
– Depreciation and amortisation	(90)	–	–	(63)	–		
– Interest expense	(19,440)	–	–	–	–		
– Tax expense	(262)	–	(25,618)	(2,753)	(59)		
Non-current assets	740,937	–	372,290	1,761,990	6,437		
Current assets[b]	303,669	367,009	121,587	135,491	155		
Non-current liabilities[c]	(17,614)	–	(56,980)	(303,557)	(59)		
Current liabilities	(785,930)	–	(70,255)	(42,440)	(10)		
Net assets	241,062	367,009	366,642	1,551,484	6,523		
Attributable to the Group	120,531	183,505	183,320	775,742	5,325		
Other adjustments	–	–	–	–	950		
Carrying amount of interest in joint venture at end of the year	120,531	183,505	183,320	775,742	6,275		
[b] Includes cash and cash equivalents	35,612	689	4,713	10,683	155		
[c] Includes non-current financial liabilities (excluding trade and other payables and provisions)	–	–	–	–	(59)		
Group's interest in net assets of joint venture at beginning of the year	141,073	190,755	150,920	799,884	–	15,754	1,298,386
Group's share of:							
– (Loss)/Profit after tax	(20,542)	(5)	38,111	6,599	965	(960)	24,168
– OCI	–	(7,245)	(5,711)	(30,741)	(15)	11	(43,701)
Total comprehensive income	(20,542)	(7,250)	32,400	(24,142)	950	(949)	(19,533)
Acquisitions during the year	–	–	–	–	5,325	100	5,425
Carrying amount of interest in joint venture at end of the year	120,531	183,505	183,320	775,742	6,275	14,905	1,284,278

As at 31 December 2017, the shares in certain joint ventures were pledged as security for loans and borrowings (see note 11).

6 INTANGIBLE ASSETS AND GOODWILL

Group	Goodwill $'000	Management contracts $'000	Total $'000
Cost			
At 1 January 2016	63,155	28,244	91,399
Write-off	–	(2,204)	(2,204)
At 31 December 2016	63,155	26,040	89,195
At 1 January 2017 and 31 December 2017	**63,155**	**26,040**	**89,195**
Accumulated amortisation			
At 1 January 2016	–	(3,295)	(3,295)
Amortisation charge for the year	–	(2,604)	(2,604)
Write-off	–	257	257
At 31 December 2016	–	(5,642)	(5,642)
Amortisation charge for the year	–	(2,604)	(2,604)
At 31 December 2017	**–**	**(8,246)**	**(8,246)**
Carrying amounts			
At 1 January 2016	63,155	24,949	88,104
At 31 December 2016	63,155	20,398	83,553
At 31 December 2017	**63,155**	**17,794**	**80,949**

Amortisation

The amortisation of management contracts is included in administrative expenses.

Impairment testing for CGUs containing goodwill

For the purposes of impairment testing, goodwill has been allocated to the Group's CGU as follows:

	2017 $'000	2016 $'000
Management business	**63,155**	63,155

The recoverable amount of this CGU was determined based on value-in-use, estimated using discounted cash flows.

The key assumptions used in the estimation of the recoverable amount are set out below. The values assigned to the key assumptions represent management's assessment of future trends in the relevant industries and have been based on historical data from both external and internal sources.

	2017 %	2016 %
Discount rate	**10.8 – 12.2**	9.6 – 13.1
Terminal value growth rate	**3.0**	3.0 – 5.0
Budgeted EBITDA growth rate	**3.0**	3.0 – 5.0

These assumptions were used for the analysis of the management business segment. Management determined budgeted growth rate based on past performance and its expectations of market developments. The weighted average growth rates used were consistent with forecasts included in industry. The discount rate used was pre-tax and reflected specific risks relating to the relevant segments. The cash flow projections included specific estimates for the years and terminal growth rate thereafter. The terminal growth rate was determined based on management's estimate of the long-term compound annual EBITDA growth rate, consistent with the assumptions that a market participant would make.

Budgeted EBITDA was estimated taking into account past experience, adjusted by revenue growth. Revenue growth was projected taking into account the average growth levels experienced over the past five years and the estimated revenue growth for the next five years.

The estimated recoverable amount of the CGU exceeded its carrying amount. Management has identified that a reasonably possible change in a key assumption could cause the carrying amount to exceed the recoverable amount. The following table shows the amount by which this assumption would need to change for the estimated recoverable amount to be equal to the carrying amount.

6 INTANGIBLE ASSETS AND GOODWILL *(cont'd)*

Impairment testing for CGUs containing goodwill *(cont'd)*

	Change required for carrying amount to equal the recoverable amount 2017 %	2016 %
Discount rate	**1.16**	1.10

7 OTHER FINANCIAL ASSETS

	GROUP 2017 $'000	GROUP 2016 $'000	COMPANY 2017 $'000	COMPANY 2016 $'000
Available-for-sale				
Quoted equity securities	**87,583**	67,214	**87,583**	67,214

The fair value of quoted equity securities is based on quoted bid price.

Quoted equity securities of $86.2 million (2016: 66.2 million) are pledged as security to obtain credit facilities (see note 11).

Information about the Group and the Company's exposures to market risks and fair value measurement is included in note 25.

8 TRADE AND OTHER RECEIVABLES

	GROUP 2017 $'000	GROUP 2016 $'000	COMPANY 2017 $'000	COMPANY 2016 $'000
Trade receivables	**7,818**	8,671	**–**	–
Deposits	**4,218**	4,854	**284**	–
Trade amounts due from:				
– subsidiaries	**–**	–	**12,124**	14,874
– associates	**313**	4	**8**	4
– joint ventures	**2,750**	2,746	**2**	–
Non-trade amounts due from:				
– subsidiaries	**–**	–	**34,889**	37,482
– associates	**72,323**	26,611	**–**	–
– joint ventures	**169**	–	**–**	–
– an affiliated company	**–**	36,011	**–**	–
– non-controlling interests	**36,972**	34,111	**–**	–
Loans to joint ventures	**381,660**	375,709	**–**	–
Interest receivables	**26,319**	11,702	**52,040**	24,032
Other receivables	**38,034**	28,691	**2,693**	2,072
	570,576	529,110	**102,040**	78,464
Prepayments	**16,660**	15,169	**227**	82
	587,236	544,279	**102,267**	78,546
Non-current	**14,568**	15,786	**–**	–
Current	**572,668**	528,493	**102,267**	78,546
	587,236	544,279	**102,267**	78,546

Non-trade amounts due from subsidiaries are unsecured, interest-free and repayable on demand.

Non-trade amounts due from associates are unsecured, interest-free and repayable on demand, except for an interest-bearing amount owing by associates with carrying amount of $17.9 million in 2016, which bears an interest of between 7.64% – 11.64% per annum.

In 2016, non-trade amount due from an affiliated company was unsecured, interest-free and repayable on demand. The amount was fully received in January 2017.

Non-trade amounts due from non-controlling interests are unsecured, interest-free and repayable on demand.

8 TRADE AND OTHER RECEIVABLES *(cont'd)*

Loans to joint ventures are unsecured, interest-free and repayable on demand with the exception of the loan to a joint venture of $368.6 million (2016: $368.6 million) which bears an interest of 3.5% (2016: 3.5%) per annum.

The Group and the Company's exposure to credit and currency risks, and impairment losses for trade and other receivables is disclosed in note 25.

9 DEVELOPMENT PROPERTIES

	GROUP	
	2017 $'000	2016 $'000
Development properties, at cost	1,704,465	2,757,943

Development properties consist of completed commercial properties for sale and land parcels that the Group has intention to develop and sell upon completion. The Group assessed the net realisable value of the completed properties for sale by reference to the recent transacted prices. The net realisable value of the land parcels was assessed by reference to the gross development value of the properties and estimated costs to complete the development. The assessment of the gross development value involved making certain assumptions, including market rental, capitalisation and discount rates. Changes in market condition may affect the net realisable value of the development properties and accordingly, the carrying value of the development properties may have to be written down in the future periods.

The borrowing costs capitalised in development properties amounted to $12.8 million (2016: $13.1 million). These borrowing costs were incurred at interest rates ranging from 2.01% – 4.90% (2016: 1.46% – 7.64%) per annum.

There were no development properties recognised as 'cost of sales' in 2017 (2016: $7.6 million).

Transfer to investment properties

In 2017, the Group reclassified one of its investment property, Xi'an Plot 4, from development property to investment property under development (see note 4).

Transfer from investment properties

In 2016, the Group reclassified one of its investment property, TripleOne Somerset, from investment property to development property (see note 4). In March 2017, the Group divested 20.2% of its equity interest in TripleOne Somerset. The remaining equity interest of 30% held by the Group was reclassified as an interest in associate during the year (see note 4 and 27).

Security

As at 31 December 2017, development properties with a total carrying amount of $1,327.4 million (2016: $2,284.7 million) were pledged as security for loans and borrowings (see note 11).

10 CASH AND CASH EQUIVALENTS

	GROUP		COMPANY	
	2017 $'000	2016 $'000	2017 $'000	2016 $'000
Cash at bank and in hand	75,238	155,908	6,080	4,963
Short-term deposits	36,440	70,335	–	–
Cash and cash equivalents in the statements of financial position	111,678	226,243	6,080	4,963

Cash and cash equivalents amounting to $46.7 million (2016: $49.0 million) is charged or assigned by way of security for credit facilities granted to the Group (see note 11).

11 LOANS AND BORROWINGS

	GROUP		COMPANY	
	2017 $'000	2016 $'000	2017 $'000	2016 $'000
Non-current liabilities				
Bank loans (secured)	792,352	1,043,495	–	28,408
Bank loans (unsecured)	73,749	49,206	–	–
Medium term notes (unsecured)	224,349	222,585	–	–
Retail bonds (unsecured)	279,317	577,170	279,317	577,170
	1,369,767	1,892,456	279,317	605,578
Current liabilities				
Bank loans (secured)	325,996	703,062	37,941	29,125
Bank loans (unsecured)	249,736	120,000	–	–
Medium term notes (unsecured)	99,952	–	–	–
Retail bonds (unsecured)	299,310	–	299,310	–
	974,994	823,062	337,251	29,125

The Group and the Company's exposure to interest rate, foreign currency and liquidity risk are disclosed in note 25.

Terms and debt repayment schedule

Terms and conditions of outstanding loans and borrowings are as follows:

	Currency	Nominal interest rate per annum %	Year of maturity	Face value $'000	Carrying amount $'000
Group					
2017					
Bank loans (secured)	RMB	4.79 – 5.39	2018 – 2027	353,115	352,956
Bank loans (secured)	SGD	1.49 – 3.76	2018 – 2022	771,461	765,392
Bank loans (unsecured)	SGD	2.31 – 3.69	2018 – 2020	325,800	323,485
Medium term notes (unsecured)[1]	SGD	4.25	2018	100,000	99,952
Medium term notes (unsecured)[1]	SGD	4.90	2019	125,000	124,706
Medium term notes (unsecured)[1]	SGD	3.85	2020	100,000	99,643
Retail bonds (unsecured)	SGD	4.65	2018	300,000	299,310
Retail bonds (unsecured)	SGD	4.55	2020	280,000	279,317
				2,355,376	2,344,761
Company					
2017					
Bank loans (secured)	SGD	1.49 – 2.91	2018	38,765	37,941
Retail bonds (unsecured)	SGD	4.65	2018	300,000	299,310
Retail bonds (unsecured)	SGD	4.55	2020	280,000	279,317
				618,765	616,568
Group					
2016					
Bank loans (secured)	RMB	4.90 – 6.15	2017 – 2021	286,531	286,484
Bank loans (secured)	SGD	1.26 – 4.12	2017 – 2019	1,469,199	1,460,073
Bank loans (unsecured)	SGD	2.12 – 4.15	2017 – 2018	170,000	169,206
Medium term notes (unsecured)[1]	SGD	4.25	2018	100,000	99,131
Medium term notes (unsecured)[1]	SGD	4.90	2019	125,000	123,454
Retail bonds (unsecured)	SGD	4.65	2018	300,000	298,278
Retail bonds (unsecured)	SGD	4.55	2020	280,000	278,892
				2,730,730	2,715,518
Company					
2016					
Bank loans (secured)	SGD	1.26 – 2.83	2017 – 2018	60,400	57,533
Retail bonds (unsecured)	SGD	4.65	2018	300,000	298,278
Retail bonds (unsecured)	SGD	4.55	2020	280,000	278,892
				640,400	634,703

[1] Medium term notes issued by Perennial Treasury Pte. Ltd., a subsidiary of the Group, under its $2 billion multicurrency debt issuance programme established on 22 January 2015. The notes are unconditionally and irrevocably guaranteed by the Company.

11 LOANS AND BORROWINGS *(cont'd)*

Securities

As at 31 December 2017, the bank loans are secured on the followings:

- First legal mortgage over the investment properties and land use rights of the investment property under development (see note 4) and development properties (see note 9);
- First fixed charge over the bank accounts and other assets of certain subsidiaries (see note 10);
- An assignment of all the rights, benefit, title and interest of the Group in relation to the sale and purchase agreements and tenancy agreements (including sale proceeds and rental proceeds) relating to investment properties;
- Assignments of rights under all material agreements and contracts (including tenancy agreements and construction agreements), property management agreement, insurance policies (as applicable);
- First legal mortgage over receivables from investment properties including all rights under, and all proceeds arising from tenancy agreements, sales agreements and property management agreement; and
- Share charges over all the shares in certain subsidiaries and joint venture.

Reconciliation of movements of liabilities to cash flows from financing activities

			Non-cash changes				
	1 January 2017 $'000	Financing cash flows $'000	Disposal of a subsidiary (note 27) $'000	Interest expense $'000	Foreign exchange movement $'000	Other changes $'000	31 December 2017 $'000
Loans and borrowings	2,715,518	313,690[1]	(686,483)	10,025	(5,373)	(2,616)	2,344,761
Interest payables	16,455	(93,723)	(163)	87,514	163	–	10,246
Non-trade amounts due to a joint venture	49,042	20,429	–	–	(823)	(5,635)	63,013

(1) Net proceeds from loans and borrowings, repayment of loans and borrowings, payment of transaction costs related to loans and borrowings.

12 JUNIOR BONDS

	GROUP 2017 $'000	GROUP 2016 $'000
Junior bonds (secured)	30,000	143,977

The junior bonds were issued by certain subsidiaries of the Group (the "**Subsidiaries**").

Term and debt repayment schedule

	Currency	Nominal interest rate %	Year of maturity	Face value 2017 $'000	Face value 2016 $'000	Carrying amount 2017 $'000	Carrying amount 2016 $'000
Junior bonds (secured)	SGD	Lower of 10% per annum and excess fund*	2020	30,000	144,042	30,000	143,977

* Excess fund is determined based on the profits of the Subsidiaries for the year before interest on junior bonds.

The junior bonds are secured on the following but subordinated to senior borrowings of the Subsidiaries:

(i) a legal mortgage over the investment property (see note 4) (2016: the investment property (see note 4) and the development properties (see note 9));

(ii) an assignment of the insurance policy relating to the investment property (2016: the investment property and the development property); and

(iii) an assignment of all the rights, benefit, title and interest of the Subsidiaries in relation to the sale and purchase agreements and tenancy agreements (including sale proceeds and rental proceeds) relating to the investment property (2016: the investment property and the development property).

13 REDEEMABLE PREFERENCE SHARES

	GROUP 2017 $'000	GROUP 2016 $'000
Redeemable preference shares	–	47,613

A subsidiary of the Group (the "**Subsidiary**") issued 2,290,000 redeemable preference shares at $41.75 per share. All issued shares are fully paid. The Subsidiary may, at any time, by way of a directors' resolution, redeem the whole or some of the redeemable preference shares, by payment of $41.75 per share ("**Redemption Amount**") upon giving to each holder whose redeemable preference shares to be redeemed a redemption notice. The Subsidiary is obliged to pay, subject to the recommendation of the asset manager, the balance of any distributable profits, after all relevant interest on the secured bank loans and the secured junior bonds have been fully paid and setting aside any amounts that may be required to be reserved for capital expenditure.

The holders of the redeemable preference shares shall not be entitled to vote at any general meeting other than under the following circumstances:

(i) the resolution in question varies the rights attached to the redeemable preference shares; and

(ii) the resolution in question is for the winding-up of the Subsidiary.

The redeemable preference shares shall, in a winding-up of or reduction of capital by the Subsidiary, entitle the holders to full repayment of the Redemption Amount, in priority to any payment to the holders of the ordinary shares in the capital of the Subsidiary.

During the year, the Group divested 20.2% of its equity interest in the Subsidiary. The remaining equity interest of 30% held by the Group was reclassified as an interest in associate (see note 5 and 27).

14 SHARE-BASED PAYMENT ARRANGEMENTS

Perennial Employee Share Option Scheme 2014 ("Perennial ESOS 2014")

The Perennial ESOS 2014 was approved by shareholders of the Company at an Extraordinary General Meeting held on 10 October 2014.

Under the rules of the Perennial ESOS 2014, all directors (including non-executive and independent directors) and employees of the Company and its subsidiaries are eligible to participate in the Perennial ESOS 2014. Controlling shareholders are also eligible to participate in the Perennial ESOS 2014 subject to the approval of independent shareholders in the form of separate resolutions for each participant.

Under the Perennial ESOS 2014, the option entitles eligible participants to subscribe for ordinary share in the Company at a price equal to the volume-weighted average price of the Company's shares on the SGX-ST for the three consecutive trading days immediately preceding the Date of Grant of that Option ("**Market Price**") or at a discount to the Market Price (up to a maximum 20%).

The maximum number of shares (in respect of the options) that may be granted under the Perennial ESOS 2014, after taking into account of (i) the total number of new shares allotted and issued and/or to be allotted and issued (excluding treasury shares) pursuant to options granted under the Perennial ESOS 2014; and (ii) the total number of shares subject to any other share option or share incentive schemes of the Company, shall not exceed 15% of the total number of issued shares (excluding treasury shares) provided always that all number of shares available to each controlling shareholder or each of their associates shall not exceed 10% of the shares available under the Perennial ESOS 2014.

The Remuneration Committee ("**RC**") is charged with the administration of the Perennial ESOS 2014 in accordance with the rules of the Perennial ESOS 2014. The number of options to be awarded to a participant is dependent on job grade level, performance and criticality to the long-term growth and profitability of the Group.

14 SHARE-BASED PAYMENT ARRANGEMENTS *(cont'd)*

Perennial Employee Share Option Scheme 2014 ("Perennial ESOS 2014") *(cont'd)*

On 12 May 2017, the Company granted options to certain directors and employees of the Group to subscribe for a total of 22,000,000 shares at $0.88 per share (based on Market Price). All options granted under the Perennial ESOS 2014 are valid for a term of 5 years from the date of their grants and are exercisable in the following manner for eligible participants who have been in employment with more than 12 months services as at date of grant:

- After 1st anniversary of the date of grant – 25% of options granted
- After 2nd anniversary of the date of grant – 25% of options granted
- After 3rd anniversary of the date of grant – 25% of options granted
- After 4th anniversary of the date of grant – 25% of options granted

For eligible participants who have been in employment with less than 12 months services as at date of grant:

- After 2nd anniversary of the date of grant – 25% of options granted
- After 3rd anniversary of the date of grant – 25% of options granted
- After 4th anniversary of the date of grant – 25% of options granted
- After 4.5th anniversary of the date of grant – 25% of options granted

In respect of the Perennial ESOS 2014, no participant received option which totalled 5% or more of the total number of shares available under the scheme. In addition, no option has been granted with exercise price set at a discount to the Market Price of the shares at the date of grant.

As at 31 December 2017, the total number of outstanding options under the grant was 38,330,000 (2016: 16,880,000).

At the end of the financial year, details of the unissued ordinary shares under options are as follows:

Unissued Shares under Perennial ESOS 2014

Date of grant	As at 1/1/2017 '000	No. of options granted during the year '000	No. of options lapsed/ cancelled '000	No. of options exercised '000	As at 31/12/2017 '000	Exercise price per share $	Validity period
15/5/2015	11,780	–	(490)	–	11,290	1.07	16/5/2016 – 15/5/2020
8/10/2015	5,100	–	–	–	5,100	0.95	9/10/2016 – 8/10/2020
12/5/2017	–	22,000	(60)	–	21,940	0.88	13/5/2018 – 12/5/2022
Total	16,880	22,000	(550)	–	38,330		

The number of outstanding options represents 2.30% of the total number of shares issued as at 31 December 2017 (2016: 1.01%).

Measurement of fair values – Equity-settled share-based payment arrangements

The fair value of the share options is measured using the Black Scholes Simulation Model. Measurement inputs include the share price on the measurement date, the exercise price of the instrument, expected volatility (based on an evaluation of historical volatility of the Company's share price, particularly over the historical period commensurate with the expected term), expected term of the instruments (based on historical experience and general option holder behaviour), expected dividends, and the risk-free interest rate (based on government bonds). Service and non-market performance conditions attached to the transactions are not taken into account in determining fair value.

14 SHARE-BASED PAYMENT ARRANGEMENTS *(cont'd)*

Measurement of fair values – Equity-settled share-based payment arrangements (cont'd)

Year of grant	2015	**2017**
Fair value at grant date ($)	0.226 - 0.247	**0.168**
Share price at grant date ($)	0.96 - 1.09	**0.88**
Exercise price ($)	0.95 - 1.07	**0.88**
Expected volatility	27.2% - 27.5%	**19.46%**
Expected life (years)	5.0	**5.0**
Expected dividend yield	1.50%	**0.60%**
Risk-free interest rate	1.50% - 1.85%	**1.75%**

No options were granted during the financial year ended 31 December 2016.

Expense recognised in profit or loss

For details on the related employee benefit expenses, see note 24.

Reconciliation of outstanding share options

The number and weighted average exercise prices of share options are as follows:

	Weighted average exercise price per share 2017 $	**Number of options 2017 '000**	Weighted average exercise price per share 2016 $	Number of options 2016 '000
Outstanding at the beginning of the year	**1.03**	**16,880**	1.04	20,590
Granted during the year	**0.88**	**22,000**	–	–
Lapsed/cancelled during the year	**1.05**	**(550)**	1.07	(3,710)
Outstanding at end of the year	**0.95**	**38,330**	1.03	16,880
Exercisable at end of the year	**1.03**	**7,820**	1.03	3,840

The options outstanding at 31 December 2017 have a weighted average exercise price of $0.95 (2016: $1.03) per share and a weighted average contractual life of 3.6 (2016: 3.5) years.

15 TRADE AND OTHER PAYABLES

	GROUP 2017 $'000	GROUP 2016 $'000	COMPANY 2017 $'000	COMPANY 2016 $'000
Trade payables	227	2,825	–	–
Properties development expenditures	88,116	57,501	–	–
Accrued operating expenses	9,793	12,251	3,051	3,078
Interest payables	10,246	16,455	5,340	5,341
Other payables	35,423	25,817	875	436
Security deposits	10,186	14,669	–	–
Non-trade amounts due to:				
– a joint venture	63,013	49,042	–	–
– an associate	6	–	–	–
– subsidiaries	–	–	75	13,141
– related corporations	73,313	48,211	–	–
– an affiliated company	–	30,178	–	–
– non-controlling interests	29,742	29,968	–	–
	320,065	286,917	9,341	21,996
Deferred income	–	337	–	–
Advance rental received	2,669	3,789	–	–
	322,734	291,043	9,341	21,996
Non-current	31,773	33,932	–	–
Current	290,961	257,111	9,341	21,996
	322,734	291,043	9,341	21,996

Non-trade amounts due to a joint venture are unsecured, bear interest at 0.01% (2016: 0.01%) per annum and repayable on demand.

Non-trade amounts due to an associate, subsidiaries and related corporations are unsecured, interest-free and repayable on demand.

In 2016, non-trade amount due to an affiliated company was unsecured, interest-free and repayable on demand. The amount was fully repaid in January 2017.

As at 31 December 2017, the non-trade amounts due to non-controlling interests consist of the followings:

(i) The loan of $24.3 million (2016: $24.8 million) which is unsecured, interest-free and repayable on demand from 2020 (2016: 2020);

(ii) The loan of $1.3 million (2016: $1.4 million) which is unsecured, interest-free and repayable on demand; and

(iii) The remaining amount of $4.1 million (2016: $3.8 million) which is unsecured, interest-free and repayable on demand.

Included in other payables is an amount of $8.3 million in respect of the purchase consideration for the acquisition of Renshoutang.

The Group and the Company's exposures to liquidity and market risks relating to trade and other payables are disclosed in note 25.

16 DEFERRED TAX LIABILITIES

Recognised deferred tax liabilities

Movements in temporary differences during the year are as follows:

Group	Balance as at 1/1/2016 $'000	Recognised in profit or loss (note 23) $'000	Foreign exchange differences $'000	Balance as at 31/12/2016 $'000	Recognised in profit or loss (note 23) $'000	Foreign exchange differences $'000	Balance as at 31/12/2017 $'000
Investment properties	57,455	6,102	(2,182)	61,375	21,174	(1,176)	81,373
Undistributed profits of joint venture	1,939	(1,939)	–	–	–	–	–
	59,394	4,163	(2,182)	61,375	21,174	(1,176)	81,373

Unrecognised deferred tax liabilities

At 31 December 2017, a deferred tax liability of $1.1 million (2016: $0.7 million) for temporary differences of $21.3 million (2016: $14.4 million) related to investments in a subsidiary and a joint venture were not recognised because the Group controls the dividend policy of its subsidiaries and is able to veto the payment of dividends of its joint venture – i.e. the Group controls the timing of reversal of the related taxable temporary differences and it is satisfied they will not reverse in the foreseeable future.

Unrecognised deferred tax assets

Deferred tax assets have not been recognised in respect of the following item:

	GROUP 2017 $'000	GROUP 2016 $'000
Tax losses	5,227	26,717

The tax losses with expiry dates are as follows:

	GROUP 2017 $'000	GROUP 2016 $'000
Within 5 years	4,713	7,977

The remaining tax losses do not expire under current tax legislation. Deferred tax assets have not been recognised in respect of this item because it is not probable that future taxable profit will be available against which the Group can utilise the benefits therefrom.

17 SHARE CAPITAL

	Ordinary shares 2017 '000	Ordinary shares 2016 '000
Company		
In issue at beginning of the year	**1,665,144**	1,655,468
Issuance of shares for acquisition of non-controlling interest without change of control	**–**	9,676
In issue at end of the year, including treasury shares	**1,665,144**	1,665,144
Less: Treasury shares	**(1,169)**	–
In issue at end of the year, excluding treasury shares	**1,663,975**	1,665,144

(a) All issued ordinary shares (excluding treasury shares) are fully paid, with no par value. All shares rank equally with regard to the Company's residual assets.

(b) The holders of ordinary shares (excluding treasury shares) are entitled to receive dividends as declared from time to time, and are entitled to one vote per share at meeting of the Company.

(c) Movement in the Company's treasury shares was as follows:

	Ordinary shares 2017 '000
Company	
At beginning of the year	**–**
Purchase of treasury shares	**1,169**
At end of the year	**1,169**

18 RESERVES

Other reserves

	GROUP 2017 \$'000	GROUP 2016 \$'000	COMPANY 2017 \$'000	COMPANY 2016 \$'000
Capital reserve	**432,169**	432,169	**–**	–
Fair value reserve	**25,580**	4,549	**25,339**	4,549
Equity compensation reserve	**6,034**	3,038	**6,195**	3,215
Statutory reserve	**792**	–	**–**	–
Reserve for own shares	**(1,021)**	–	**(1,021)**	–
	463,554	439,756	**30,513**	7,764

Capital reserve
Capital reserve comprises mainly the difference between the paid up capital of the shares issued and the fair value of the initial acquisition and reserve arising from the non-reciprocal capital contribution made to a non-wholly owned subsidiary.

Fair value reserve
Fair value reserve comprises the cumulative net change in the fair value of available-for-sale financial assets until the assets are derecognised or impaired.

Equity compensation reserve
Equity compensation reserve comprises the cumulative value of employee services received for the issue of the options and shares under the share options.

Statutory reserve
Statutory reserve comprises at least 10% of the statutory after tax profits as determined in accordance with the applicable PRC accounting standards and regulations, allocated to statutory reserve until the cumulative total of the reserve reaches 50% of the subsidiaries' registered capital. Subject to approval from the relevant PRC authorities, the statutory reserve may be used to offset any accumulated losses or increase the registered capital of the subsidiaries. The statutory reserve is not available for dividend distribution to shareholders of the PRC subsidiaries.

18 RESERVES *(cont'd)*

Other reserves *(cont't)*

Reserve for own shares
The reserve for the Company's own shares comprises the cost of the Company's shares held by the Group. As at 31 December 2017, the Group held 1,169,000 of the Company's shares (2016: Nil).

Foreign currency translation reserve
Foreign currency translation reserve comprises exchange differences arising from the translation of financial statements of foreign operations, share of currency translation reserve of foreign equity-accounted investees and exchange differences on monetary items which form part of the Group's net investment on foreign operations, provided certain conditions are met.

Dividends
The Board of Directors of the Company has proposed a tax-exempt ordinary dividend of 1.0 Singapore cent per share in respect of the financial year ended 31 December 2017. This would translate to a payout of approximately \$16.6 million based on the number of issued shares (excluding treasury shares) as at 31 December 2017. The tax-exempt dividends are subject to shareholders' approval at the forthcoming annual general meeting of the Company and have not been provided for as at 31 December 2017.

For the financial year ended 31 December 2016, a tax-exempt ordinary dividend of 0.4 Singapore cent per share was approved at the annual general meeting held on 28 April 2017. The said dividends of \$6.7 million were paid in May 2017.

19 NON-CONTROLLING INTERESTS

The following subsidiaries have non-controlling interests ("**NCI**") that are material to the Group:

Name of subsidiaries	Country of incorporation	Ownership interest held by the NCI 2017 %	Ownership interest held by the NCI 2016 %
Chengdu Ruifeng Real Estate Development Co., Ltd. ("**Chengdu Ruifeng**")	PRC	**20.0**	20.0
Xi'an Perennial Cheng Tou West Real Estate Co., Ltd. ("**Xi'an West**")	PRC	**49.0**	49.0
Xi'an Perennial Cheng Tou East Real Estate Co., Ltd. ("**Xi'an East**")	PRC	**49.0**	49.0
Perennial Somerset	Singapore	**–** [1]	49.8
Perennial (CHIJMES) Pte. Ltd. and its subsidiaries ("**Perennial CHIJMES**")	Singapore	**48.4**	48.4
Perennial Tongzhou Development Pte. Ltd. and its subsidiaries ("**Perennial Tongzhou Development**")	Singapore	**47.4**	47.4
Perennial Hengqin Investment Group Pte. Ltd. ("**Perennial Hengqin**")	Singapore	**33.3**	33.3
Perennial UW Pte. Ltd. ("**Perennial UW**")	Singapore	**27.8**	–

(1) In 2017, the Group divested 20.2% of its equity interest in Perennial Somerset. The remaining equity interest of 30% held by the Group was reclassified as an interest in associate during the year.

19 NON-CONTROLLING INTERESTS *(cont'd)*

The following summarises the financial information for the above subsidiaries prepared in accordance with FRS, modified for fair value adjustments on acquisition and differences in the Group's accounting policies.

2017	Chengdu Ruifeng $'000	Xi'an West $'000	Xi'an East $'000	Perennial CHIJMES $'000	Perennial Tongzhou Development $'000	Perennial Hengqin $'000	Perennial UW $'000	Other immaterial NCI $'000	Total $'000
Revenue	–	–	–	13,547	–	–	–		
Profit/(Loss) after tax	20,304	42,288	(410)	(82)	(395)	1,373	28,590		
OCI	(6,621)	(4,836)	(3,792)	–	(27,931)	(9,531)	1,405		
Total comprehensive income	13,683	37,452	(4,202)	(82)	(28,326)	(8,158)	29,995		
Attributable to NCI:									
– Profit/(Loss) after tax	9,653	20,721	(201)	(40)	(267)	458	7,942	280	38,546
– OCI	(1,652)	(2,370)	(1,858)	–	(13,231)	(3,177)	390	(2,136)	(24,034)
Total comprehensive income	8,001	18,351	(2,059)	(40)	(13,498)	(2,719)	8,332	(1,856)	14,512
Non-current assets	694,793	203,700	157	334,141	4	167,095	194,469		
Current assets	57,104	153,728	188,276	8,283	1,373,767	1,780	6,998		
Non-current liabilities	(189,355)	(14,184)	–	(258,315)	(201,723)	(73,017)	–		
Current liabilities	(98,685)	(18,577)	(845)	(6,110)	(62,727)	(6)	(6)		
Net assets	463,857	324,667	187,588	77,999	1,109,321	95,852	201,461		
Net assets attributable to NCI	92,771	159,087	91,918	37,741	661,966	31,951	55,961	17,194	1,148,589
Cash flows from operating activities	11,169	(35,608)	(668)	8,315	(82,179)	(5)	–		
Cash flows from investing activities	(50,291)	(23)	(8)	(1,642)	(14)	5	(164,462)		
Cash flows from financing activities	43,771	39,009	–	(8,680)	88	–	165,403		
Net increase/(decrease) in cash and cash equivalents	4,649	3,378	(676)	(2,007)	(82,105)	–	941		

19 NON-CONTROLLING INTERESTS *(cont'd)*

2016	Chengdu Ruifeng $'000	Xi'an West $'000	Xi'an East $'000	Perennial Somerset $'000	Perennial CHIJMES $'000	Perennial Tongzhou Development $'000	Perennial Hengqin $'000	Other immaterial NCI $'000	Total $'000
Revenue	–	–	–	45,193	13,805	–	–		
Profit/(Loss) after tax	17,919	(459)	(379)	4,111	(144)	(1,294)	3,116		
OCI	(11,815)	(9,269)	(7,586)	–	–	(59,777)	2,880		
Total comprehensive income	6,104	(9,728)	(7,965)	4,111	(144)	(61,071)	5,996		
Attributable to NCI:									
– Profit/(Loss) after tax	8,089	(225)	(186)	2,047	(70)	(819)	935	561	10,332
– OCI	(2,987)	(4,542)	(3,717)	–	–	(28,316)	960	(1,319)	(39,921)
Total comprehensive income	5,102	(4,767)	(3,903)	2,047	(70)	(29,135)	1,895	(758)	(29,589)
Non-current assets	603,736	173	215	14	334,256	4	176,682		
Current assets	5,574	246,133	192,379	1,024,879	10,729	1,427,424	1,795		
Non-current liabilities	(126,235)	–	–	(1,007,897)	(63,908)	(205,768)	(74,463)		
Current liabilities	(59,222)	(875)	(847)	(12,274)	(202,996)	(91,018)	(4)		
Net assets	423,853	245,431	191,747	4,722	78,081	1,130,642	104,010		
Net assets attributable to NCI	84,771	120,261	93,956	2,352	37,781	675,466	34,670	16,058	1,065,315
Cash flows from operating activities	(63)	(11,188)	(1,169)	1,461	(2,191)	(65,373)	(5)		
Cash flows from investing activities	(45,475)	(10)	(95)	(4,490)	23	(5)	–		
Cash flows from financing activities	28,247	13,169	–	(11,239)	3,105	143,288	–		
Net (decrease)/increase in cash and cash equivalents	(17,291)	1,971	(1,264)	(14,268)	937	77,910	(5)		

20 REVENUE

	GROUP 2017 $'000	GROUP 2016 $'000
Property rental and related income	**53,220**	79,493
Fee income from real estate management services	**21,285**	20,298
Sale of development properties	**–**	10,400
	74,505	110,191

21 OTHER INCOME

	GROUP 2017 $'000	GROUP 2016 $'000
Fair value gain on revaluation of investment properties	**84,695**	24,409
Foreign currency exchange gains	**–**	7,031
Gain on disposal of partial interest in a subsidiary	**35,519**	–
Re-measurement to fair value of remaining equity interest in a former subsidiary	**20,151**	–
Others	**4,506**	4,876
	144,871	36,316

22 NET FINANCE COSTS

	GROUP 2017 $'000	GROUP 2016 $'000
Interest income on loans to associates and joint ventures	13,193	11,839
Interest income on junior bonds of associates	5,889	3,740
Interest income on bank deposits	962	770
Finance income	20,044	16,349
Interest expense on financial liabilities measured at amortised cost	98,976	98,339
Less:		
Borrowing costs capitalised in:		
– investment properties	(16,666)	(11,575)
– development properties	(12,844)	(13,102)
Finance costs	69,466	73,662
Net finance costs recognised in profit or loss	49,422	57,313

23 TAX EXPENSE

	Note	GROUP 2017 $'000	GROUP 2016 $'000
Tax recognised in profit or loss			
Current tax expense			
Current year		9,918	3,262
Changes in estimates related to prior years		252	1,108
		10,170	4,370
Deferred tax expense			
Origination and reversal of temporary differences		21,174	6,102
Changes in estimates related to prior years		–	(1,939)
	16	21,174	4,163
Total tax expense		31,344	8,533
Reconciliation of effective tax rate			
Profit before tax		170,189	53,918
Less: Share of results of associates and joint ventures, net of tax		(55,826)	(32,178)
		114,363	21,740
Tax using Singapore tax rate of 17% (2016: 17%)		19,442	3,696
Effect of tax rates in foreign jurisdictions		8,004	3,074
Non-deductible expenses		8,453	4,362
Tax exempt income		(4,001)	(1,493)
Current year losses for which no deferred tax asset was recognised		178	1,540
Changes in estimates related to prior years		252	(831)
Others		(984)	(1,815)
		31,344	8,533

24 PROFIT FOR THE YEAR

The following items have been included in arriving at profit for the year:

	GROUP 2017 $'000	GROUP 2016 $'000
Audit fees paid/payable to:		
– auditors of the Company	631	654
– other auditors	61	–
Non-audit fees paid/payable to:		
– auditors of the Company	2	107
– other auditors	–	71
Operating lease expense	796	844
Direct operating expenses arising from rental of investment properties	21,417	31,477
Depreciation and amortisation expense	3,175	3,362
Intangible assets written-off	–	1,947
Employee benefits expense (see below)	22,416	20,193
Employee benefits expense		
Salaries, bonuses and other costs	18,356	17,725
Contributions to defined contribution plans	1,080	985
Equity-settled share-based payment transactions	2,980	1,483
	22,416	20,193

25 FINANCIAL INSTRUMENTS

Financial risk management

Overview

The Group has exposure to the following risks arising from financial instruments:

- credit risk
- liquidity risk
- market risk

This note presents information about the Group's exposure to each of the above risks, the Group's objectives, policies and processes for measuring and managing risks, and the Group's management of capital.

Risk management framework

The Board of Directors has overall responsibility for the establishment and oversight of the Group's risk management framework.

The Group's risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risks limits and controls, and to monitor risks and adherence to limits. The Group's overall risk management strategy seeks to minimise any adverse effects from the unpredictability of financial markets on the Group's financial performance. Risk management policies and procedures are reviewed regularly to reflect changes in market conditions and the Group's activities.

The Audit and Risk Committee ("**ARC**") oversees the effectiveness of the compliance with the Group's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Group. The ARC is assisted in its oversight role by Internal Audit. Internal Audit undertakes both regular and ad-hoc review of risk management controls and procedures, the results of which are reported to the ARC.

25 FINANCIAL INSTRUMENTS *(cont'd)*

Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises primarily from the Group's receivables from tenants of its operating assets and balances with related parties.

The carrying amounts of financial assets in the statements of financial position represent the Group and the Company's maximum exposures to credit risk, before taking into account any collateral held. The Group and the Company do not hold any collateral in respect of their financial assets, except for balances with tenants where security deposits are obtained.

Risk management policy

The Group's objective is to seek continual revenue growth while minimising losses incurred due to increased credit risk exposure. It is the Group's policy that all tenants are subject to credit verification procedure. Credit evaluations are performed by management before lease agreements are entered into with tenants. In addition, receivable balances are monitored on an ongoing basis with the result that the Group's exposure to bad debts is not significant.

Exposure to credit risk

The maximum exposure to credit risk for trade and other receivables[(1)] at the reporting date by geographical region and type of counterparty was:

	GROUP		COMPANY	
	2017 $'000	2016 $'000	2017 $'000	2016 $'000
By geographical areas				
Singapore	394,039	388,221	102,040	78,464
PRC	163,947	133,386	–	–
Others	12,590	7,503	–	–
	570,576	529,110	102,040	78,464
By type of counterparty				
Related parties	486,695	494,052	99,063	76,392
Non-related parties	83,881	35,058	2,977	2,072
	570,576	529,110	102,040	78,464

(1) Excludes prepayments

As at 31 December 2017, the Group's most significant counterparty, a joint venture of the Group, accounts for $368.6 million (2016: a joint venture with $368.6 million) of trade and other receivables carrying amount. Other than balances with related parties, there is no concentration of customer risk at the Company level.

25 FINANCIAL INSTRUMENTS *(cont'd)*

Credit risk *(cont'd)*

Impairment

The ageing of trade receivables not impaired at the reporting date was:

	GROUP		COMPANY	
	2017 $'000	2016 $'000	2017 $'000	2016 $'000
Neither past due nor impaired	6,495	6,937	3,166	3,910
Past due 1 - 30 days	1,054	615	2	–
Past due 31 - 60 days	205	297	–	–
Past due over 60 days	3,127	3,572	8,966	10,968
	10,881	11,421	12,134	14,878

Trade and other receivables that are neither past due nor impaired are mainly related to companies with a good payment track record with the Group.

The Group and the Company believe that the unimpaired amounts that are past due are still collectible based on historical payment behaviour.

Movement in the allowance for impairment of trade and other receivables is as follows:

	GROUP	
	2017 $'000	2016 $'000
Individual impairments		
At beginning of the year	732	639
Impairment loss recognised	19	155
Amounts written-off	(88)	(62)
At end of the year	663	732

Cash and cash equivalents

The Group and Company held cash and cash equivalents of $111.7 million and $6.1 million respectively at 31 December 2017 (2016: $226.2 million and $5.0 million respectively), which represent its maximum credit exposure on these assets. The cash and cash equivalents are held with banks with high credit ratings.

Liquidity risk

Risk management policy

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group's approach to managing liquidity is to maintain a balance between continuity of funding and flexibility through the use of stand-by credit facilities. The Group's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities.

The Group has contractual commitments to incur capital expenditure with regard to its investment properties under development and development properties (see note 32).

25 FINANCIAL INSTRUMENTS *(cont'd)*

Liquidity risk *(cont'd)*

Exposure to liquidity risk

The following are the contractual maturities of financial liabilities, including estimated interest payments:

Group	Carrying amount $'000	Contractual cash flows $'000	Within 1 year $'000	2 to 5 years $'000	More than 5 years $'000
2017					
Non-derivative financial liabilities					
Loans and borrowings	2,344,761	(2,572,374)	(1,007,623)	(1,447,757)	(116,994)
Trade and other payables[1]	320,065	(378,083)	(346,405)	(31,678)	–
Junior bonds	30,000	(33,087)	(1,504)	(31,583)	–
	2,694,826	(2,983,544)	(1,355,532)	(1,511,018)	(116,994)

Group	Carrying amount $'000	Contractual cash flows $'000	Within 1 year $'000	2 to 5 years $'000	More than 5 years $'000	No contractual maturity $'000
2016						
Non-derivative financial liabilities						
Loans and borrowings	2,715,518	(2,932,021)	(912,081)	(1,864,859)	(155,081)	–
Trade and other payables[1]	286,917	(288,092)	(254,157)	(33,935)	–	–
Junior bonds	143,977	(160,951)	(12,295)	(148,656)	–	–
Redeemable preference shares	47,613	(47,613)	–	–	–	(47,613)
	3,194,025	(3,428,677)	(1,178,533)	(2,047,450)	(155,081)	(47,613)

[1] Excludes deferred income and advanced rental received.

Company	Carrying amount $'000	Contractual cash flows $'000	Within 1 year $'000	2 to 5 years $'000
2017				
Non-derivative financial liabilities				
Loans and borrowings	616,568	(660,445)	(363,516)	(296,929)
Trade and other payables	9,341	(9,341)	(9,341)	–
	625,909	(669,786)	(372,857)	(296,929)
2016				
Non-derivative financial liabilities				
Loans and borrowings	634,703	(709,769)	(57,989)	(651,780)
Trade and other payables	21,996	(21,996)	(21,996)	–
	656,699	(731,765)	(79,985)	(651,780)

The maturity analyses show the undiscounted cash flows of the financial liabilities of the Group and the Company on the basis of their earliest possible contractual maturity.

It is not expected that the cash flows included in the maturity analysis above could occur significantly earlier, or at significantly different amounts.

In addition to the above table, the Company has exposure to liquidity risk from financial guarantees issued to certain financial institutions, in respect of banking and securities drawn by its subsidiaries, an associate and a joint venture of $1,225.5 million (2016: subsidiaries of $925.0 million). At reporting date, the Company does not consider that it is probable that a claim will be made against the Company under the financial guarantee contracts. Accordingly, the Company does not expect any net cash outflows resulting from the financial guarantee contracts.

25 FINANCIAL INSTRUMENTS *(cont'd)*

Market risk

Market risk is the risk that changes in market prices, such as foreign currency exchange rates, interest rates and equity prices will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

When necessary, the Group uses financial instruments such as foreign currency borrowings for the purposes of managing certain financial risks and does not engage in speculation.

Currency risk

Risk management policy

The Group is exposed to currency risk mainly arising from sales, purchases and borrowings that are denominated in a currency other than the respective functional currencies of Group entities. The currencies giving rise to this risk include Chinese Renminbi ("**RMB**") and United States Dollar ("**USD**").

The Group management monitors the Group's currency risk exposure and does not hedge foreign currency exposure.

The Group's exposure to currency risk is as follows:

Group	USD $'000	RMB $'000
2017		
Cash and cash equivalents	746	7,076
Trade and other receivables	3,562	3,647
Trade and other payables	(414)	(73,306)
	3,894	(62,583)
2016		
Cash and cash equivalents	50,141	1,046
Trade and other receivables	39,861	6,837
Trade and other payables	(856)	(48,112)
	89,146	(40,229)

Sensitivity analysis

A reasonable possible strengthening (weakening) of the above currencies against the respective functional currencies of Group entities at the reporting date would have increased (decreased) the profit or loss (before any tax effects) by the amounts shown below. This analysis is based on foreign currency exchange rate variances that the Group considered to be reasonably possible at the end of the reporting period. The analysis assumes that all other variables, in particular interest rates, remain constant.

	GROUP PROFIT OR LOSS	
	2017 $'000	2016 $'000
USD (5% strengthening)	**195**	4,457
RMB (5% strengthening)	**(3,129)**	(2,011)
USD (5% weakening)	**(195)**	(4,457)
RMB (5% weakening)	**3,129**	2,011

Interest rate risk

Risk management policy

Interest rate risk is the risk that the fair value or future cash flows of the financial instruments will fluctuate because of changes in market interest rates.

The Group manages its interest rate exposure by entering into a mixture of fixed rate instruments and variable rate instruments.

25 FINANCIAL INSTRUMENTS *(cont'd)*

Interest rate risk *(cont'd)*

Exposure to interest rate risk

At the reporting date, the interest rate profile of the Group's interest-bearing financial instruments was as follows:

	Note	GROUP NOMINAL AMOUNT 2017 $'000	GROUP NOMINAL AMOUNT 2016 $'000	COMPANY NOMINAL AMOUNT 2017 $'000	COMPANY NOMINAL AMOUNT 2016 $'000
Fixed rate instruments					
Cash and cash equivalents	10	**36,440**	70,335	**–**	–
Loans and borrowings	11	**(905,000)**	(805,000)	**(580,000)**	(580,000)
		(868,560)	(734,665)	**(580,000)**	(580,000)
Variable rate instruments					
Loan to subsidiaries	31	**–**	–	**549,323**	532,771
Interest in associates - Junior bonds	5	**118,620**	49,920	**–**	–
Cash and cash equivalents	10	**75,238**	155,908	**6,080**	4,963
Loans and borrowings	11	**(1,450,376)**	(1,925,730)	**(38,765)**	(60,400)
Junior bonds	12	**(30,000)**	(144,042)	**–**	–
		(1,286,518)	(1,863,944)	**516,638**	477,334

Fair value sensitivity analysis for fixed rate instruments

The Group does not account for any fixed rate financial assets and liabilities at fair value through profit or loss. Therefore, a change in interest rates at the reporting date would not affect profit or loss.

Cash flow sensitivity analysis for variable rate instruments

An increase of 10 basis points in the interest rates at the reporting date would have decreased profit or loss (before any tax effects) by $1.3 million (2016: $1.9 million) for the Group and increased profit or loss (before any tax effects) by $0.5 million (2016: $0.5 million) for the Company. This analysis assumes that all other variables, in particular foreign currency rates, remain constant. A decrease of 10 basis points in the interest rates at the reporting date would have had the equal but opposite effect, on the basis that all other variables remain constant.

Other market price risk

Risk management policy

Market price risk is the risk that the fair value of future cash flows of the Group's financial instruments will fluctuate because of changes in market prices (other than interest or exchange rates).

Equity price risk arises from available-for-sale financial assets. Management monitors its investment portfolio based on its fair value and responds to fluctuation in market prices as and when necessary to optimise the Group's return.

Sensitivity analysis

The Group and the Company are exposed to price changes from its quoted equity securities. If the prices of the investments were to increase/decrease by 10% at the reporting date, fair value reserve would increase/decrease by approximately $8.6 million (2016: $6.7 million).

Capital management

The primary objective of the Group's capital management is to ensure that it maintains an optimal capital structure so as to maximise shareholders' value. Capital consists of all equity.

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders, issue new shares, and obtain new borrowings to leverage on lower cost of borrowings versus the Group's weighted average cost of capital or divest assets to reduce borrowings.

Management monitors capital based on a set of financial ratios with the primary focus on gearing ratio.

The gearing ratio is calculated as net debt divided by total equity. Net debt is calculated as borrowings less cash and cash equivalents.

Neither the Company nor any of its subsidiaries are subject to externally imposed capital requirements.

25 FINANCIAL INSTRUMENTS *(cont'd)*

Accounting classifications and fair values

The carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy are as follows. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

Group	Note	Carrying amount: Loans and receivables $'000	Carrying amount: Available-for-sale $'000	Carrying amount: Other financial liabilities $'000	Carrying amount: Total $'000	Fair value: Level 1 $'000	Fair value: Level 2 $'000	Fair value: Level 3 $'000	Fair value: Total $'000
2017									
Financial assets measured at fair value									
Other financial assets	7	–	87,583	–	87,583	87,583	–	–	87,583
Financial assets not measured at fair value									
Interest in associates									
– Junior bonds	5	118,620	–	–	118,620				
– Redeemable preference shares	5	28,682	–	–	28,682				
Trade and other receivables[1]	8	570,576	–	–	570,576				
Cash and cash equivalents	10	111,678	–	–	111,678				
		829,556	–	–	829,556				
Financial liabilities not measured at fair value									
Loans and borrowings									
– Secured and unsecured bank loans	11	–	–	(1,441,833)	(1,441,833)				
– Medium term notes	11	–	–	(324,301)	(324,301)	–	(328,171)	–	(328,171)
– Retail bonds	11	–	–	(578,627)	(578,627)	(588,592)	–	–	(588,592)
Trade and other payables[2]	15	–	–	(309,879)	(309,879)				
Security deposits	15	–	–	(10,186)	(10,186)	–	–	(9,273)	(9,273)
Junior bonds	12	–	–	(30,000)	(30,000)	–	–	(30,000)	(30,000)
		–	–	(2,694,826)	(2,694,826)				

25 FINANCIAL INSTRUMENTS *(cont'd)*

Accounting classifications and fair values *(cont'd)*

Group	Note	Carrying amount: Loans and receivables $'000	Carrying amount: Available-for-sale $'000	Carrying amount: Other financial liabilities $'000	Carrying amount: Total $'000	Fair value: Level 1 $'000	Fair value: Level 2 $'000	Fair value: Level 3 $'000	Fair value: Total $'000
2016									
Financial assets measured at fair value									
Other financial assets	7	–	67,214	–	67,214	67,214	–	–	67,214
Financial assets not measured at fair value									
Interest in associates									
– Junior bonds	5	49,920	–	–	49,920				
Trade and other receivables[1]	8	529,110	–	–	529,110				
Cash and cash equivalents	10	226,243	–	–	226,243				
		805,273	–	–	805,273				
Financial liabilities not measured at fair value									
Loans and borrowings									
– Secured and unsecured bank loans	11	–	–	(1,915,763)	(1,915,763)				
– Medium term notes	11	–	–	(222,585)	(222,585)	–	(225,431)	–	(225,431)
– Retail bonds	11	–	–	(577,170)	(577,170)	(573,800)	–	–	(573,800)
Trade and other payables[2]	15	–	–	(272,248)	(272,248)				
Security deposits	15	–	–	(14,669)	(14,669)	–	–	(14,105)	(14,105)
Junior bonds	12	–	–	(143,977)	(143,977)	–	–	(144,042)	(144,042)
Redeemable preference shares	13	–	–	(47,613)	(47,613)	–	–	(47,613)	(47,613)
		–	–	(3,194,025)	(3,194,025)				

25 FINANCIAL INSTRUMENTS *(cont'd)*

Accounting classifications and fair values *(cont'd)*

Company	Note	Carrying amount: Loans and receivables $'000	Carrying amount: Available-for-sale $'000	Carrying amount: Other financial liabilities $'000	Carrying amount: Total $'000	Fair value: Level 1 $'000	Fair value: Level 2 $'000	Fair value: Level 3 $'000	Fair value: Total $'000
2017									
Financial assets measured at fair value									
Other financial assets	7	–	87,583	–	87,583	87,583	–	–	87,583
Financial assets not measured at fair value									
Trade and other receivables[1]	8	102,040	–	–	102,040				
Cash and cash equivalents	10	6,080	–	–	6,080				
		108,120	–	–	108,120				
Financial liabilities not measured at fair value									
Loans and borrowings									
– Secured bank loans	11	–	–	(37,941)	(37,941)				
– Retail bonds	11	–	–	(578,627)	(578,627)	(588,592)	–	–	(588,592)
Trade and other payables	15	–	–	(9,341)	(9,341)				
		–	–	(625,909)	(625,909)				
2016									
Financial assets measured at fair value									
Other financial assets	7	–	67,214	–	67,214	67,214	–	–	67,214
Financial assets not measured at fair value									
Trade and other receivables[1]	8	78,464	–	–	78,464				
Cash and cash equivalents	10	4,963	–	–	4,963				
		83,427	–	–	83,427				
Financial liabilities not measured at fair value									
Loans and borrowings									
– Secured bank loans	11	–	–	(57,533)	(57,533)				
– Retail bonds	11	–	–	(577,170)	(577,170)	(573,800)	–	–	(573,800)
Trade and other payables	15	–	–	(21,996)	(21,996)				
		–	–	(656,699)	(656,699)				

[1] Excludes prepayments

[2] Excludes security deposit, deferred income and advanced rental received

25 FINANCIAL INSTRUMENTS *(cont'd)*

Measurement of fair values

(i) Valuation techniques and significant unobservable inputs

The following table shows the valuation techniques used in measuring Level 2 and 3 fair values, as well as the significant unobservable inputs used.

Financial instruments not measured at fair value

Type	Valuation technique
Medium term notes	The fair value is determined based on quoted price of the notes in markets that are not active.
Security deposits, junior bonds and redeemable preference shares	Discounted cash flows: The valuation model considers the present value of future principal and interest cash flows, discounted using a risk adjusted discount rate. The discount rate used ranges from 2.23% – 3.81% (2016: 2.15% – 7.50%).

(ii) Transfers between the levels

There were no transfers between the levels during the year.

26 EARNINGS PER SHARE

	GROUP	
	2017 $'000	2016 $'000
Earnings per share (cents)		
Basic	**6.02**	2.11
Diluted	**6.02**	2.11

Basic earnings per share

The calculation of basic earnings per share is based on the profit attributable to owners of the Company and weighted average number of ordinary shares in issue during the year, calculated as follows:

	GROUP	
	2017 $'000	2016 $'000
Profit attributable to owners of the Company for the year	**100,299**	35,053

Weighted-average number of ordinary shares

	GROUP	
	2017 Number of shares '000	2016 Number of shares '000
Issued ordinary shares at beginning of the year	**1,665,144**	1,655,468
Effect of shares issued during the year	**–**	4,177
Effect of own shares held	**(61)**	–
Weighted average number of ordinary shares in issue during the year	**1,665,083**	1,659,645

Diluted earnings per share

At 31 December 2017, 38,330,000 (2016: 16,880,000) share options were excluded from the diluted weighted-average number of ordinary shares calculation as their effect would have been anti-dilutive.

27 ACQUISITIONS AND DISPOSALS

During the year, the Group has the following acquisitions and disposals:

(A) Acquisition of associates and joint ventures

The Group acquired the following equity interests:

- additional 5.4% in Chinatown Point for a cash consideration of $8.5 million. The Group's effective interest in Chinatown Point has increased from 45.2% to 50.6%;
- 49.9% in Renshoutang for a purchase consideration of $130.5 million. The carrying amount of investment in Renshoutang as at 31 December 2017 includes goodwill of $59.4 million. The goodwill represents the excess of total purchase consideration over fair values of the identifiable net assets; and
- the Group, through its subsidiary, Perennial UW, invested in an equity interest of 45% in YPIS, an associate at an investment cost of $164.5 million. YPIS acquired a 33.7% equity interest in United Engineers Limited ("**UEL**") for a cash consideration of $567.4 million. The Group has an effective interest of 10.9% in UEL.

  The Group recognised a gain on bargain purchase amounting to $26.1 million. The gain is included in the share of results of associates in the consolidated statement of profit or loss. The gain on bargain purchase represents the excess of fair values of the identifiable net assets over total purchase consideration.

(B) Disposal of a subsidiary

On 31 March 2017, the Group completed the divestment of a 20.2% equity interest in Perennial Somerset, which owns TripleOne Somerset. The Group, through its wholly owned subsidiary, held a 50.2% equity interest in Perennial Somerset. Subsequent to the divestment, the Group retained a 30% equity interest and reclassified the investment as an associate.

Details of the consideration received, net assets disposed of and the effects on the cash flows of the Group, at the disposal date, were as follows:

	Perennial Somerset $'000
Plant and equipment	13
Development properties	999,598
Trade and other receivables	2,524
Cash and cash equivalents	27,036
Loans and borrowings	(686,483)
Trade and other payables	(12,175)
Current tax liabilities	(510)
Net assets as at 31 March 2017	330,003
Net assets disposed	66,660
Realisation of group cost	(2,025)
Gain on disposal of partial interest in a subsidiary	35,519
Total consideration	100,154
Cash and cash equivalents disposed	(27,036)
Net cash inflow	73,118

27 ACQUISITIONS AND DISPOSALS *(cont'd)*

In 2016, the Group had the following acquisitions:

(A) Acquisition of associates and joint ventures

The Group acquired the following equity interests:

- additional 26.6% in PRE 3 Investment Pte. Ltd. ("**PRE 3**") for a consideration of $5.8 million, which owns a 13.8% equity interest in Chinatown Point, which in turn owns the investment property known as Chinatown Point. Upon completion of the acquisition, the Group's effective interest in PRE 3 has increased to 37.2% and PRE 3 became an associate of the Group. The Group's effective interest in Chinatown Point has increased from 1.5% to 5.2%;
- additional 40% in Chinatown Point for a cash consideration of $61.8 million. The Group's effective interest in Chinatown Point has increased from 5.2% to 45.2%; and
- 20% equity interest in Aidigong for a cash consideration of $28.4 million and 40% effective equity interest in Modern Hospital for a cash consideration of $2.7 million.

  The carrying amounts of investments in Aidigong and Modern Hospital as at 31 December 2016 include goodwill of $21.5 million and $0.2 million respectively. The goodwill represents the excess of total purchase consideration over fair values of the identifiable net assets.

(B) Acquisition of non-controlling interests

The Group issued 9.7 million ordinary shares of the Company as consideration to acquire 51% interest in Perennial Real Estate Pte. Ltd.. The acquisition was subject to certain terms and conditions and completed on 27 July 2016.

Measurement of fair value

Fair values of the assets acquired and liabilities assumed in acquisitions of equity interests are determined by management using various valuation techniques. The adoption of valuation techniques and their inputs is subject to significant estimation uncertainties. Any change in the valuation techniques or inputs would affect goodwill or gain on bargain purchase recognised.

28 OPERATING SEGMENTS

Management determines the operating segments based on the reports reviewed and used by the Group's CEO for strategic decisions making and resources allocation. For management purposes, the Group is organised into Singapore, China, management businesses and corporate and others.

The China segment comprises mainly large scale integrated mixed use projects which are under development, 2 operational retail malls and 1 operational integrated development as well as contribution from healthcare services. The Singapore segment comprises mainly income producing projects located in downtown civic district, central business district and Orchard Road precinct. Management businesses include asset and retail management, project development, project and design management, as well as investment advisory services. Other developing markets together with corporate function are included under corporate and others.

Management monitors the operating results of each of its business units for the purpose of making decisions on resource allocation and performance assessment. Performance is measured based on segment earnings before interest and tax ("**EBIT**"). EBIT is used to measure performance as management believes that such information is the most relevant in evaluating the results of certain segments relative to other entities that operate within these industries. Tax expenses are managed on a group basis and are not allocated to operating segments. Inter-segment pricing is determined on arm's length basis.

28 OPERATING SEGMENTS *(cont'd)*

Information about reportable segments

	Singapore $'000	China $'000	Management businesses $'000	Corporate and others $'000	Eliminations $'000	Total $'000
31 December 2017						
Revenue:						
Sales to external customers	20,206	33,014	21,125	160	–	74,505
Inter-segment	–	–	8,102	10,882	(18,984)	–
Total revenue	20,206	33,014	29,227	11,042	(18,984)	74,505
Results:						
Segment results	67,130	98,225	15,527	(1,537)	(15,560)	163,785
Share of results of associates and joint ventures, net of tax	38,301	17,890	–	(365)	–	55,826
Net finance cost	(20,091)	(25,533)	13	(6,049)	2,238	(49,422)
Profit before tax						170,189
Tax expense						(31,344)
Profit for the year						138,845
Assets and liabilities:						
Segment assets	741,143	3,639,128	249,850	4,335,443	(4,764,849)	4,200,715
Associates and joint ventures	670,088	1,784,511	–	16,844	–	2,471,443
Unallocated assets						32,576
Total assets						6,704,734
Segment liabilities	1,244,117	2,654,579	277,116	696,258	(3,054,727)	1,817,343
Unallocated liabilities						971,513
Total liabilities						2,788,856
Capital expenditure	7,941	187,608	150	197	–	195,896

28 OPERATING SEGMENTS *(cont'd)*

Information about reportable segments *(cont'd)*

	Singapore $'000	China $'000	Management businesses $'000	Corporate and others $'000	Eliminations $'000	Total $'000
31 December 2016						
Revenue:						
Sales to external customers	58,998	30,904	20,153	136	–	110,191
Inter-segment	–	–	14,710	13,137	(27,847)	–
Total revenue	58,998	30,904	34,863	13,273	(27,847)	110,191
Results:						
Segment results	31,369	35,959	21,407	(3,109)	(6,573)	79,053
Share of results of associates and joint ventures, net of tax	(13,738)	46,029	–	(113)	–	32,178
Net finance cost	(30,891)	(21,251)	1,090	(7,513)	1,252	(57,313)
Profit before tax						53,918
Tax expense						(8,533)
Profit for the year						45,385
Assets and liabilities:						
Segment assets	1,750,579	3,402,833	274,478	4,014,567	(4,442,701)	4,999,756
Associates and joint ventures	345,460	1,640,728	–	7,341	–	1,993,529
Unallocated assets						53,072
Total assets						7,046,357
Segment liabilities	2,046,794	2,283,830	307,062	699,787	(2,788,819)	2,548,654
Unallocated liabilities						715,787
Total liabilities						3,264,441
Capital expenditure	11,273	159,517	42	–	–	170,832

29 FINANCIAL GUARANTEE CONTRACTS

Intra-group financial guarantees

Intra-group financial guarantees comprise guarantees given by the Company to banks in respect of banking facilities and securities drawn by subsidiaries, an associate and a joint venture (2016: subsidiaries). The maximum exposure of the Company is $1,255.5 million (2016: $925.0 million). At the reporting date, the Company does not consider it probable that a claim will be made against the Company under the guarantees. The period in which the financial guarantees will expire are as follows:

	COMPANY 2017 $'000	2016 $'000
Within one year	**650,273**	580,000
After one year but within five years	**605,256**	345,000
	1,255,529	925,000

30 RELATED PARTIES

Key management personnel remuneration

Key management personnel compensation comprised:

	GROUP 2017 $'000	2016 $'000
Salaries, bonuses and other costs	**4,514**	3,706
Contributions to defined contribution plans	**79**	104
Share-based payments	**697**	430
Directors' fees	**420**	420
	5,710	4,660

During the financial year, other than as disclosed elsewhere in the financial statements, the following were significant related party transactions based on agreed terms:

Other related party transactions	GROUP 2017 $'000	2016 $'000
Associates and joint ventures		
Consultancy fee income	**5,500**	–
Divestment fee income	**4,317**	478
Property and asset management fee income	**8,439**	7,806
Leasing fee income	**1,732**	1,283
Project management fee income	**1,122**	7,667

31 SUBSIDIARIES

	COMPANY 2017 $'000	2016 $'000
Equity investments at cost	**784,054**	783,269
Loans to subsidiaries:		
– Interest-bearing	**549,323**	532,771
– Interest-free	**1,359,376**	1,426,685
	2,692,753	2,742,725

The loans to subsidiaries form part of the Company's net investment in the subsidiaries for which settlement is neither planned nor likely to occur in the foreseeable future. They are stated at cost less accumulated impairment losses. As at 31 December 2017, the effective interest rates ranged from 2.13% – 5.11% (2016: 5.07% – 5.24%) per annum.

As at 31 December 2017, the shares in certain subsidiaries were pledged as security for loans and borrowings (see note 11).

31 SUBSIDIARIES *(cont'd)*

Name of subsidiaries	Country of incorporation	Ownership interests 2017 %	Ownership interests 2016 %
Directly held by the Company			
Perennial Treasury Pte. Ltd.(1)	Singapore	**100.0**	100.0
Perennial China Retail Trust(1)(4)	Singapore	**100.0**	100.0
Perennial China Investment Holdings Pte. Ltd.(1)	Singapore	**100.0**	100.0
Perennial Singapore Investment Holdings Pte. Ltd.(1)	Singapore	**100.0**	100.0
Perennial Management Investment Holdings Pte. Ltd.(1)	Singapore	**100.0**	100.0
Perennial EM Holdings Pte. Ltd.(1)	Singapore	**100.0**	100.0
Perennial Healthcare Pte. Ltd.(1)	Singapore	**100.0**	100.0
Directly or indirectly held by Perennial China Retail Trust			
Perennial China Retail Pte. Ltd.(1)	Singapore	**100.0**	100.0
– Shenyang Retail 1 (BVI) Limited(2)	British Virgin Islands ("**BVI**")	**100.0**	100.0
– Shenyang Retail 2 (BVI) Limited(2)	BVI	**100.0**	100.0
– Perennial (Chengdu) Industries Co., Ltd.(1)	PRC	**100.0**	100.0
– Perennial Foshan Retail Co., Ltd.(1)	PRC	**100.0**	100.0
– Chengdu Ruifeng Real Estate Development Co., Ltd.(1)	PRC	**80.0**	80.0
Directly or indirectly held by Perennial China Investment Holdings Pte. Ltd.			
Perennial Xi'an Development Holding 1 Pte. Ltd.(1)	Singapore	**100.0**	100.0
– Xi'an Perennial Cheng Tou West Real Estate Co., Ltd.(1)	PRC	**51.0**	51.0
Perennial Xi'an Development Holding 2 Pte. Ltd.(1)	Singapore	**100.0**	100.0
– Xi'an Perennial Cheng Tou East Real Estate Co., Ltd.(1)	PRC	**51.0**	51.0
Perennial Hengqin Investment Pte. Ltd.(1)	Singapore	**100.0**	100.0
– Perennial Hengqin Investment Group Pte. Ltd.(1)	Singapore	**66.7**	66.7
Perennial Tongzhou Development Pte. Ltd.(1)(5)	Singapore	**52.6**	52.6
– Perennial Mei Rong Jia 1 Real Estate (Beijing) Company Limited(1)	PRC	**76.0**	76.0
– Perennial Mei Rong Jia 2 Real Estate (Beijing) Company Limited(1)	PRC	**76.0**	76.0
– Perennial Mei Rong Jia 3 Real Estate (Beijing) Company Limited(1)	PRC	**76.0**	76.0
Perennial Chenghua C Pte. Ltd.(1)	Singapore	**100.0**	100.0
Perennial Chenghua D Pte. Ltd.(1)	Singapore	**100.0**	100.0
PRE 2 Investments Pte. Ltd.(1)	Singapore	**100.0**	100.0
– Guangdong Pengxiang Management Co., Ltd.(2)	PRC	**70.0**	70.0
Peng Xi (Beijing) Eldercare Co. Ltd(3)	PRC	**100.0**	–
Perennial HC Holdings Pte. Ltd.(6)	Singapore	**100.0**	–

31 SUBSIDIARIES *(cont'd)*

Name of subsidiaries	Country of incorporation	Ownership interests 2017 %	Ownership interests 2016 %
Directly or indirectly held by Perennial Singapore Investment Holdings Pte. Ltd.			
Perennial (CHIJMES) Pte. Ltd.(1)	Singapore	**51.6**	51.6
– PRE 8 Investments Pte. Ltd.(1)	Singapore	**100.0**	100.0
Perennial Somerset Investors Pte. Ltd.	Singapore	**–**(7)	50.2(1)
– Perennial (Somerset) Pte. Ltd.	Singapore	**–**(7)	100.0(1)
Perennial (Capitol) Pte. Ltd.(1)	Singapore	**100.0**	100.0
New Capitol Pte. Ltd.(1)	Singapore	**100.0**	100.0
Perennial TYN Investment Pte. Ltd.(1)	Singapore	**100.0**	100.0
Perennial UW Pte. Ltd.(1)	Singapore	**72.2**	–
Perennial V3 Pte. Ltd.(6)	Singapore	**100.0**	–
PRE 9 Pte. Ltd.(6)	Singapore	**100.0**	–
Directly or indirectly held by Perennial Management Investment Holdings Pte. Ltd.			
Perennial Real Estate Pte. Ltd.(1)	Singapore	**100.0**	100.0
– Perennial China Retail Trust Management Pte. Ltd.(1)	Singapore	**100.0**	100.0
Perennial (Singapore) Asset Management Pte. Ltd.(1)	Singapore	**100.0**	100.0
Perennial (Singapore) Retail Management Pte. Ltd.(1)	Singapore	**100.0**	100.0
Perennial (China) Retail Management Pte. Ltd.(1)	Singapore	**100.0**	100.0
– Perennial (Shanghai) Retail Management Co., Ltd.(1)	PRC	**100.0**	100.0
Directly or indirectly held by Perennial EM Holdings Pte. Ltd.			
Skillplus Investments Ltd.(2)	BVI	**55.0**	55.0
– Perennial Ghana Development Ltd. (formerly known as Shangri-La Hotel (Ghana) Ltd.)(3)	Ghana	**100.0**	100.0
Perennial Penang Pte. Ltd.(1)	Singapore	**100.0**	100.0
Perennial SL Pte. Ltd.(6)	Singapore	**100.0**	–
Directly or indirectly held by Perennial Healthcare Pte. Ltd.			
Chengdu Penghong Management Co., Ltd.(3)	PRC	**100.0**	100.0
Chengdu Pengyi Management Co., Ltd.(3)	PRC	**100.0**	100.0

(1) KPMG LLP is the auditor of all significant Singapore-incorporated subsidiaries. Other member firms of KPMG International are auditors of significant foreign-incorporated subsidiaries. For this purpose, a subsidiary is considered significant as defined under the SGX-ST Listing Manual if its net tangible assets represent 20% or more of the Group's consolidated net assets, or if its pre-tax profits account for 20% of more of the Group's consolidated pre-tax profits.

(2) Not subject to audit by law of country of incorporation.

(3) Audited by other auditor.

(4) Includes 2.3% interest indirectly held through Perennial China Retail Trust Management Pte. Ltd.

(5) Includes 13.3% interest indirectly held through Perennial China Retail Trust.

(6) Not subject to audit for financial period ended 31 December 2017.

(7) In 2017, the Group divested 20.2% of its equity interest in Perennial Somerset. The remaining equity interest of 30% held by the Group was reclassified as an interest in associate during the year.

32 COMMITMENTS

At the reporting date, the Group has the following commitments in respect of:

	GROUP 2017 $'000	GROUP 2016 $'000
(a) capital and development expenditures contracted but not provided for	854,384	964,430
(b) capital contributions in joint ventures	60,503	213,216
	914,887	1,177,646

The Group leases out its investment properties (see note 4). The future minimum lease receivable under non-cancellable leases are as follows:

	GROUP 2017 $'000	GROUP 2016 $'000
Within 1 year	38,089	63,735
After 1 year but within 5 years	118,200	142,795
After 5 years	151,384	145,986
	307,673	352,516

33 CALL OPTION

On 29 November 2016, the Group entered into a call option to acquire a 20% equity interest in Aroland Holdings Limited ("**Aroland**"). The total consideration paid to enter into the call option amounted to USD4. Aroland owns Aviva Tower, a commercial building in London. The call option is exercisable upon confirmation of the execution of redevelopment plans by its owners and will expire on 31 July 2019.

34 EVENTS OCCURRING AFTER THE REPORTING DATE

On 3 January 2018, the Group established a joint venture with a targeted committed capital of up to USD1.2 billion, to jointly invest in, acquire and develop predominantly healthcare integrated mixed-use developments which are connected to high speed railway stations in China. The initial committed capital is USD500 million and the Group has a 45% stake in the joint venture.

On the same date, the Group entered into a settlement agreement with its joint venture partner of Capitol Entities, Chesham Properties Pte Ltd ("**Chesham**"), to enable either the Group or Chesham to acquire all of the other's shares in the Capitol Entities. On 12 March 2018, the Group announced that it will be executing a Sale and Purchase Agreement ("**SPA**") with Chesham on 13 March 2018 to acquire the remaining 50% interest in Capitol Entities for a cash consideration of $129.6 million. The acquisition is expected to be completed 8 weeks from the date of the SPA.

On 12 January 2018, the Company issued fixed rate notes of $120 million, at 3.90% p.a. due 2021, under the $2 billion multicurrency debt issuance programme. The proceeds were for the repayment of indebtedness and working capital requirements of the Group.

On 6 February 2018, the Group incorporated an associate, Chengdu Chenghua BGI Perennnial Medical Diagnostic Imaging Centre Co., Ltd, a health management and diagnostic imaging centre located at Perennial International Health and Medical Hub.

SUPPLEMENTAL INFORMATION

INTERESTED PERSON TRANSACTIONS

Interested person transactions carried out during the financial year which fall under Chapter 9 of the Listing Manual of the Singapore Exchange Securities Trading Limited are as follows:

	GROUP Aggregate value of all interested person transactions during the financial year under review (excluding transactions less than S$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920)[1] $'000	GROUP Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920 (excluding transactions less than S$100,000)[1] $'000
Transactions with associates of Mr Kuok Khoon Hong		
Entry into joint venture	296,089	–
Interest paid/payable in relation to subscription of fixed rate notes	2,310	–
Transaction with associates of Wilmar International Limited		
Entry into joint venture	296,089	–

(1) Perennial did not have a shareholders' mandate pursuant to Rule 920 of the Listing Manual of Singapore Exchange Securities Trading Limited during the financial year.

STATISTICS OF SHAREHOLDINGS

As at 5 March 2018

Number of Shares *(excluding treasury shares)*	:	1,663,575,068
Number of Shareholders	:	6,169
Number/Percentage of treasury shares	:	1,569,300 (0.094%)
Class of Shares	:	Ordinary shares ("**Shares**")
Voting Rights	:	One vote per share

DISTRIBUTION OF SHAREHOLDINGS

Size of Shareholdings	Number of Shareholders	%	Number of Shares	%
1 – 99	475	7.70	18,296	0.00
100 – 1,000	695	11.27	345,647	0.02
1,001 – 10,000	3,021	48.97	13,772,674	0.83
10,001 – 1,000,000	1,951	31.62	91,252,166	5.49
1,000,001 and above	27	0.44	1,558,186,285	93.66
Total	6,169	100.00	1,663,575,068	100.00

TWENTY LARGEST SHAREHOLDERS

No.	Name	Number of Shares	%*
1	DBS Nominees (Private) Limited	333,354,395	20.04
2	WCA Pte Ltd	333,028,874	20.02
3	Citibank Nominees Singapore Pte Ltd	211,842,788	12.73
4	DB Nominees (Singapore) Pte Ltd	191,107,470	11.49
5	Raffles Nominees (Pte) Limited	126,947,503	7.63
6	PSG Holdings Pte Ltd	120,323,170	7.23
7	DBSN Services Pte. Ltd.	102,358,208	6.15
8	HSBC (Singapore) Nominees Pte Ltd	70,855,483	4.26
9	Longhlin Asia Limited	11,747,349	0.71
10	United Overseas Bank Nominees (Private) Limited	7,617,505	0.46
11	Pua Seck Guan**	7,256,768	0.44
12	DBS Vickers Securities (Singapore) Pte Ltd	6,164,643	0.37
13	Hong Lee Holdings (Pte) Ltd	5,873,412	0.35
14	Toh Tiong Wah	4,259,972	0.26
15	Asdew Acquisitions Pte Ltd	3,464,797	0.21
16	UOB Kay Hian Private Limited	2,923,679	0.18
17	OCBC Securities Private Limited	2,800,072	0.17
18	S Nallakaruppan	2,650,219	0.16
19	Phillip Securities Pte Ltd	2,349,735	0.14
20	Heng Siew Eng	2,251,166	0.14
	Total	1,549,177,208	93.14

* Based on 1,663,575,068 Shares (excluding Shares held as treasury shares) as at 5 March 2018.

** The above shareholding of Mr Pua Seck Guan does not include Shares registered in the name of bank nominees for his account.

SHAREHOLDING HELD BY THE PUBLIC

Based on the information available to the Company as at 5 March 2018, approximately 16.57% of the issued Shares of the Company is held by the public, and accordingly, Rule 723 of the Listing Rules of Singapore Exchange Securities Trading Limited has been compiled with.

INTEREST OF SUBSTANTIAL SHAREHOLDERS

(Recorded in the Register of Substantial Shareholders)

Substantial Shareholders	Direct Interest	Deemed Interest	Total Interest	%
Mr Kuok Khoon Hong[1]	-	593,419,431	593,419,431	35.67
HPRY Holdings Limited[2]	-	474,280,734	474,280,734	28.51
WCA Pte. Ltd.	333,028,874	-	333,028,874	20.02
Wilmar International Limited[3].	-	333,028,874	333,028,874	20.02
Mr Ron Sim[4]	254,535,564	2,059,035	256,594,599	15.42
PSG Holdings Pte. Ltd.	120,323,170	-	120,323,170	7.23
Mr Pua Seck Guan[5]	7,256,768	164,024,526	171,281,294	10.30

Notes:

(1) Mr Kuok Khoon Hong's deemed interest in the Shares arises from his shareholdings in HPRY Holdings Limited ("**HPRY**"), Hong Lee Holdings (Pte) Ltd, Longhlin Asia Limited, Kuok Hock Swee & Sons Sdn Bhd, Pearson Investments Limited, through Madam Yong Lee Lee (spouse of Mr Kuok Khoon Hong) and through Langton Enterprise Ltd, a company wholly-owned by Madam Yong Lee Lee.

(2) HPRY's deemed interest in the Shares arises from the Shares registered in the name of bank nominees for the account of HPRY.

(3) The deemed interest of Wilmar International Limited ("**Wilmar**") in the Shares arises from its shareholding in WCA Pte. Ltd., a wholly-owned subsidiary of Wilmar.

(4) Mr Ron Sim's direct interest includes the Shares held through bank nominees. Mr Ron Sim is deemed interested in the Shares held by Madam Teo Sway Heong (spouse of Mr Ron Sim).

(5) Mr Pua Seck Guan's deemed interest in the Shares arises from his shareholdings in PSG Holdings Pte. Ltd. and Shares registered in the name of bank nominees.

NOTICE OF ANNUAL GENERAL MEETING

PERENNIAL REAL ESTATE HOLDINGS LIMITED

(Incorporated in the Republic of Singapore)
Company Registration Number: 200210338M

NOTICE IS HEREBY GIVEN THAT the Fifteenth Annual General Meeting of Perennial Real Estate Holdings Limited (the "**Company**") will be held at Marina Mandarin, Leo and Capricorn Ballrooms, 6 Raffles Boulevard, Marina Square Level 1, Singapore 039594 on Tuesday, 24 April 2018 at 2.30 p.m. for the following purposes:

ORDINARY BUSINESS

1. To receive and adopt the Directors' Statement and Audited Financial Statements for the financial year ended 31 December 2017 and the Auditors' Report thereon. — Resolution 1

2. To approve the declaration and payment of a proposed final tax-exempt (one-tier) dividend of 1.0 Singapore cent (FY2016: 0.4 Singapore cent) per ordinary share in respect of the financial year ended 31 December 2017. — Resolution 2

3. To re-elect the following Directors who are retiring pursuant to Articles 91 and 92 of the Constitution of the Company and who, being eligible, offer themselves for re-election as Directors:

    (a) Mr Lee Suan Hiang — Resolution 3a

    (b) Mr Ron Sim — Resolution 3b

4. To re-appoint KPMG LLP as the Company's Auditors and to authorise the Directors to fix their remuneration. — Resolution 4

5. To approve the payment of Directors' Fees of S$420,000 (FY2016: S$420,000) for the financial year ended 31 December 2017. — Resolution 5

SPECIAL BUSINESS

To consider and, if thought fit, to pass the following as Ordinary Resolutions, with or without modifications:

6. **General authority to allot and issue shares in the capital of the Company** — Resolution 6

    That pursuant to Section 161 of the Companies Act, Chapter 50 of Singapore (the "**Companies Act**"), the Company's Constitution and the Listing Rules of Singapore Exchange Securities Trading Limited (the "**SGX-ST**"), authority be and is hereby given to the Directors of the Company to:

    (a) (i) allot and further issue shares in the capital of the Company ("**Shares**") whether by way of rights, bonus or otherwise; and/or

    (ii) make or grant offers, agreements or options (collectively, "**Instruments**") that might or would require Shares to be issued, including but not limited to the creation and issue of (as well as adjustments to) warrants, debenture or other instruments convertible into Shares,

    at any time and upon such terms and conditions and for such purposes and to such persons as the Directors may in their absolute discretion deem fit; and

    (b) (notwithstanding the authority conferred by this Resolution may have ceased to be in force) issue Shares in pursuance of any Instruments made or granted by the Directors while this Resolution was in force,

provided that:

(1) the aggregate number of Shares to be issued pursuant to this Resolution (including Shares to be issued in pursuance of Instruments made or granted pursuant to this Resolution) does not exceed 50% of the total number of issued Shares (excluding treasury shares and subsidiary holdings) in the capital of the Company at the time this Resolution is passed (as calculated in accordance with sub-paragraph (2) below), of which the aggregate number of Shares to be issued other than on a *pro rata* basis to shareholders of the Company (including Shares to be issued in pursuance of Instruments made or granted pursuant to this Resolution) shall not exceed 20% of the total number of issued Shares (excluding treasury shares and subsidiary holdings) in the capital of the Company at the time this Resolution is passed (as calculated in accordance with sub-paragraph (2) below);

(2) (subject to such manner of calculation as may be prescribed by SGX-ST) for the purpose of determining the aggregate number of Shares that may be issued under sub-paragraph (1) above, the percentage of issued Shares shall be based on the total number of issued Shares (excluding treasury shares and subsidiary holdings) in the capital of the Company, at the time this Resolution is passed, after adjusting for:

    (i) new Shares arising from the conversion or exercise of any convertible securities;

    (ii) new Shares arising from the exercise of share options or vesting of share awards which are outstanding or subsisting at the time this Resolution is passed, provided the options or awards were granted in compliance with Part VIII of Chapter 8 of the Listing Rules of the SGX-ST; and

    (iii) any subsequent bonus issue, consolidation or subdivision of Shares;

(3) in exercising the authority conferred by this Resolution, the Company shall comply with the provisions of the Listing Rules of the SGX-ST for the time being in force (unless such compliance has been waived by the SGX-ST) and the Constitution for the time being of the Company; and

(4) (unless revoked or varied by the Company in general meeting) the authority conferred by this Resolution shall continue in force until the conclusion of the next Annual General Meeting of the Company or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is the earlier.

7. **Authority to allot and issue shares under the Perennial Employee Share Option Scheme** — Resolution 7

    That authority be and is hereby given to the Directors of the Company to allot and issue from time to time such number of shares as may be required to be issued pursuant to the exercise of options under the Perennial Employee Share Option Scheme (the "**Scheme**"), provided always that the aggregate number of shares to be issued pursuant to the Scheme when added to:

    (i) the total number of new Shares allotted and issued and/or to be allotted and issued (which for the avoidance of doubt shall exclude treasury shares) pursuant to options granted under the Scheme; and

    (ii) the total number of Shares subject to any other share option or share incentive schemes of the Company,

    shall not exceed 15% of the total number of issued ordinary Shares (excluding treasury shares and subsidiary holdings) in the capital of the Company on the date preceding the date of grant of any option under the Scheme.

8. **Renewal of Share Buyback Mandate** Resolution 8

That:

(1) for the purposes of Sections 76C and 76E of the Companies Act, the exercise by the Directors of the Company of all the powers of the Company to purchase or otherwise acquire issued Shares not exceeding in aggregate the Maximum Limit (as hereafter defined), at such price or prices as may be determined by the Directors of the Company from time to time up to the Maximum Price (as hereafter defined), whether by way of:

(a) on-market purchase(s) ("**Market Purchase(s)**") transacted on the SGX-ST through one or more duly licensed dealers appointed by the Company for the purpose; and/or

(b) off-market purchase(s) ("**Off-Market Purchase(s)**") (if effected otherwise than on the SGX-ST) in accordance with any equal access scheme(s) (as defined in Section 76C of the Companies Act) as may be determined or formulated by the Directors of the Company as they consider fit, which scheme(s) shall satisfy all the conditions prescribed by the Companies Act,

and otherwise in accordance with all other laws and regulations and rules of the SGX-ST as may for the time being be applicable, be and is hereby authorised and approved generally and unconditionally (the "**Share Buyback Mandate**");

(2) unless varied or revoked by the Company in a general meeting, the authority conferred on the Directors of the Company pursuant to the Share Buyback Mandate may be exercised by the Directors of the Company at any time and from time to time during the period commencing from the date of the passing of this Resolution and expiring on the earliest of:

(a) the date on which the next Annual General Meeting of the Company is held or required by the law to be held;

(b) the date on which the authority conferred by the Share Buyback Mandate is revoked or varied; or

(c) the date on which purchases and acquisitions of Shares pursuant to the Share Buyback Mandate are carried out to the full extent mandated;

(3) in this Resolution:

"**Average Closing Price**" means the average of the last dealt prices of a Share for the five consecutive Market Days on which the Shares are traded on the SGX-ST immediately preceding the date of the Market Purchase(s) by the Company or, as the case may be, the date of the making of the offer pursuant to the Off-Market Purchase(s), and deemed to be adjusted, in accordance with the Listing Rules of the SGX-ST, for any corporate action that occurs after the relevant five-day period;

"**Date of the making of the offer**" means the date on which the Company announces its intention to make an offer for the purchase or acquisition of Shares from holders of Shares, stating therein the purchase price (which shall not be more than the Maximum Price calculated on the foregoing basis) for each Share and the relevant terms of the equal access scheme for effecting the Off-Market Purchase(s);

"**Maximum Limit**" means that number of issued Shares representing 5% of the total number of issued Shares as at the date of the passing of this Resolution (excluding treasury shares and subsidiary holdings as at that date); and

"**Maximum Price**" in relation to a Share to be purchased or acquired, means the purchase price (excluding related brokerage, commission, applicable goods and services tax, stamp duties, clearance fees and other related expenses) which shall not exceed, in the case of both Market Purchase(s) and Off-Market Purchase(s) of a Share, 105% of the Average Closing Price of the Shares.

(4) the Directors of the Company and/or any of them be and are hereby authorised to complete and do all such acts and things (including executing such documents as may be required) as they and/or he may consider expedient or necessary to give effect to the transactions contemplated and/or authorised by this Resolution.

NOTICE OF BOOKS CLOSURE AND DIVIDEND PAYMENT

Notice is hereby given that the Share Transfer Books and Register of Members of the Company will be closed on Friday, 4 May 2018 at 5.00 p.m. for the purpose of determining the Shareholders' entitlements of the proposed final dividend ("**Dividend**") for the financial year ended 31 December 2017.

Duly completed transfers of ordinary shares ("**Shares**") received by the Company's Share Registrar, Boardroom Corporate & Advisory Services Pte Ltd, at 50 Raffles Place, #32-01 Singapore Land Tower, Singapore 048623 up to 5.00 p.m. on Friday, 4 May 2018 will be registered to determine Shareholders' entitlements to the Dividend. Shareholders (being Depositors) whose securities accounts with The Central Depository (Pte) Limited are credited with Shares at 5.00 p.m. on Friday, 4 May 2018 will be entitled to the Dividend.

The Dividend, if approved at the Annual General Meeting to be held on Tuesday, 24 April 2018, will be paid on Friday, 18 May 2018.

By Order of the Board
SIM AI HUA
Company Secretary

2 April 2018
Singapore

EXPLANATORY NOTES:

1. Ordinary Resolutions 3a and 3b

Mr Lee Suan Hiang, if re-elected, will remain as a Member of the Audit and Risk Committee and Remuneration Committee and will also continue to remain as Chairman of the Nomination Committee. Mr Lee Suan Hiang will be considered as an Independent Non-Executive Director of the Company.

Mr Ron Sim, if re-elected, will continue to serve as Vice-Chairman of the Board and remain as a Member of the Nomination Committee and Executive Committee. Mr Ron Sim will be considered as a Non-Independent Non-Executive Director of the Company.

2. Ordinary Resolution 6

Ordinary Resolution 6, if passed, will authorise and empower the Directors of the Company from the date of the Annual General Meeting until the next Annual General Meeting of the Company to allot and further issue Shares whether by way of rights, bonus or otherwise, and/or make or grant Instruments that might or would require Shares to be issued, and to issue Shares in pursuance of such Instruments, up to a limit of 50% of the total number of issued Shares (excluding treasury shares and subsidiary holdings) in the capital of the Company, at the time this Resolution is passed, and with a sub-limit of 20% for issues other than on a *pro rata* basis, calculated as described in the Resolution.

3. Ordinary Resolution 7

Ordinary Resolution 7, if passed, will authorise and empower the Directors of the Company to allot and issue from time to time such number of Shares as may be required to be issued pursuant to the exercise of such options under the Scheme up to an amount not exceeding 15% of the total number of issued Shares (excluding treasury shares and subsidiary holdings) in the capital of the Company from time to time. This 15% limit includes (1) the Shares which have been allotted and issued pursuant to the exercise of options under the Scheme since the implementation of the Scheme and (2) the total number of Shares subject to any other share option or share incentive schemes of the Company.

4. Ordinary Resolution 8

The Ordinary Resolution 8 proposed above, if passed, will empower the Directors of the Company, from the date of the Annual General Meeting until the next Annual General Meeting or the date by which the next Annual General Meeting of the Company is required by law to be held or when the authority is varied or revoked by the Company in a general meeting, whichever is earlier, to purchase or acquire up to 5% of the total number of issued Shares (excluding treasury shares and subsidiary holdings), at prices up to but not exceeding the Maximum Price (as defined above), as at the date of the passing of this Ordinary Resolution 8. Details of the proposed renewal of the Share Buyback Mandate are set out in the appendix to this Notice of Annual General Meeting dated 2 April 2018 (the "**Appendix**").

The Company may use its internal resources or external borrowings or a combination of both to finance the purchase or acquisition of its Shares. The amount of financing required for the Company to purchase or acquire its Shares, and the impact on the Company's financial position, cannot be ascertained as at the date of this Notice as this will depend on the number of the Shares purchased or acquired and the price at which such Shares were purchased or acquired are held in treasury or cancelled.

Based on the total number of issued and paid-up Shares as at 5 March 2018 (the "**Latest Practicable Date**") and assuming no further Shares are issued, on or prior to the Annual General Meeting, the purchase by the Company of up to 5% of its Shares will result in the purchase or acquisition of 83,178,753 Shares. Assuming that the Company purchases or acquires 83,178,753 Shares at the Maximum Price, in the case of both Market Purchase(s) and Off-Market Purchase(s), of S$0.8999 for one Share (being the price equivalent to 105% of the Average Closing Price of the Shares for the five consecutive Market Days on which the Shares were traded on the SGX-ST immediately preceding the Latest Practicable Date), the maximum amount of funds required for the purchase of 83,178,753 Shares is approximately S$74,852,560.

The financial effects of the purchase or acquisition of Shares by the Company pursuant to the proposed renewal of the Share Buyback Mandate on the Audited Financial Statements of the Company and its subsidiaries for the financial year ended 31 December 2017, based on certain assumptions, are set out in the Appendix and are for illustration purposes only. Please refer to the Appendix for more details.

A member who is not a relevant intermediary is entitled to appoint not more than two proxies to attend, speak and vote at the meeting. Where such member's form of proxy appoints more than one proxy, the proportion of the shareholding concerned to be represented by each proxy shall be specified in the form of proxy.

A member who is a relevant intermediary is entitled to appoint more than two proxies to attend, speak and vote at the meeting, but each proxy must be appointed to exercise the rights attached to a different share or shares held by such member. Where such member's form of proxy appoints more than two proxies, the number and class of shares in relation to which each proxy has been appointed shall be specified in the form of proxy.

"**Relevant intermediary**" has the meaning ascribed to it in Section 181 of the Companies Act.

A proxy need not be a member of the Company.

The instrument appointing a proxy or proxies (a form is enclosed) must be deposited at the Share Registrar of the Company, Boardroom Corporate & Advisory Services Pte Ltd at 50 Raffles Place, #32-01 Singapore Land Tower, Singapore 048623, not less than 72 hours before the time appointed for holding the meeting.

PERSONAL DATA PRIVACY:

By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the Annual General Meeting ("**AGM**") and/or any adjournment thereof, a member of the Company (i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents) for the purpose of the processing and administration by the Company (or its agents) of proxies and representatives appointed for the AGM (including any adjournment thereof) and the preparation and compilation of the attendance lists, proxy list, minutes and other documents relating to the AGM (including any adjournment thereof), and in order for the Company (or its agents) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "**Purposes**"), and (ii) warrants that where the member discloses the personal data of the member's proxy(ies) and/or representative(s) to the Company (or its agents), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (iii) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty.

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PROXY FORM

PERENNIAL REAL ESTATE HOLDINGS LIMITED

(Incorporated in the Republic of Singapore)
Company Registration Number: 200210338M

IMPORTANT:

1. Relevant intermediaries as defined in Section 181 of the Companies Act, Chapter 50 of Singapore may appoint more than two proxies to attend, speak and vote at the Annual General Meeting.
2. For CPF/SRS investors who have used their CPF monies to buy shares in Perennial Real Estate Holdings Limited, this form of proxy is not valid for use and shall be ineffective for all intents and purposes if used or purported to be used by them. CPF/SRS investors should contact their respective Agent Banks if they have any queries regarding their appointment as proxies.
3. By submitting an instrument appointing a proxy(ies) and/or representative(s), a member accepts and agrees to the personal data privacy terms set out in the Notice of Annual General Meeting dated 2 April 2018.
4. **PLEASE READ THE NOTES TO THE PROXY FORM.**

I/We ____

(Name(s) and NRIC Number(s)/Passport Number(s)/Company Registration Number)

of ____ (Address)

being a Member/Members of Perennial Real Estate Holdings Limited (the "**Company**"), hereby appoint:

Name	NRIC/Passport Number	Proportion of Shareholdings	
		No. of Shares	%
Address			

and/or (delete as appropriate)

Name	NRIC/Passport Number	Proportion of Shareholdings	
		No. of Shares	%
Address			

or failing him/them, the Chairman of the Annual General Meeting (the "**AGM**"), as my/our proxy/proxies to attend, speak and vote for me/us on my/our behalf at the AGM of the Company to be held at Marina Mandarin, Leo and Capricorn Ballrooms, 6 Raffles Boulevard, Marina Square Level 1, Singapore 039594 on Tuesday, 24 April 2018, at 2.30 p.m. and at any adjournment thereof. I/We direct my/our proxy/proxies to vote for or against the resolutions to be proposed at the AGM as indicated hereunder. If no specified direction as to voting is given, the proxy/proxies may vote or abstain from voting at his/their discretion, as he/they may on any other matter arising at the AGM.

No.	Resolutions Relating to:	No. of Votes For*	No. of Votes Against*
	ORDINARY BUSINESS		
1	Adoption of the Directors' Statement, Audited Financial Statements and the Auditors' Report thereon		
2	Approval of a final dividend		
3a	Re-election of Director: Mr Lee Suan Hiang		
3b	Re-election of Director: Mr Ron Sim		
4	Re-appointment of KPMG LLP as the Company's Auditors		
5	Approval of Directors' Fees		
	SPECIAL BUSINESS		
6	Authority for Directors to issue Shares and to make or grant convertible Instruments		
7	Authority for Directors to issue Shares pursuant to the exercise of options under the Perennial Employee Share Option Scheme		
8	Proposed renewal of the Share Buyback Mandate		

* *Voting will be conducted by poll. If you wish to exercise all your votes "For" or "Against" the relevant resolution, please tick (√) within the relevant box provided. Alternatively, if you wish to exercise your votes both "For" and "Against" the relevant resolution, please indicate the number of shares in the boxes provided.*

Dated this ________ day of ________________ 2018

Total number of Shares held (Note 1)

____

Signature(s)/Common Seal of Member(s)

IMPORTANT: PLEASE READ NOTES OVERLEAF

Notes:

1. If the member has Shares entered against his name in the Depository Register (maintained by The Central Depository (Pte) Limited), he should insert that number of Shares (as defined in Section 81SF of the Securities and Futures Act, (Cap 289)). If the member has Shares registered in his name in the Register of Members (maintained by or on behalf of the Company), he should insert that number of Shares. If the member has Shares entered against his name in the Depository Register and registered in his name in the Register of Members, he should insert the aggregate number of Shares. If no number is inserted, this form of proxy will be deemed to relate to all Shares held by the member.
2. (a) A member who is not a relevant intermediary is entitled to appoint not more than two proxies to attend, speak and vote at the meeting. Where such member's form of proxy appoints more than one proxy, the proportion of the shareholding concerned to be represented by each proxy shall be specified in the form of proxy, failing which the nomination shall be deemed to be alternative.

   (b) A member who is a relevant intermediary is entitled to appoint more than two proxies to attend, speak and vote at the meeting, but each proxy must be appointed to exercise the rights attached to a different Share or Shares held by such member. Where such member's form of proxy appoints more than two proxies, the number and class of shares in relation to which each proxy has been appointed shall be specified in the form of proxy.

   "**Relevant intermediary**" has the meaning ascribed to it in Section 181 of the Companies Act.
3. A proxy need not be a member of the Company.
4. The instrument appointing a proxy or proxies must be deposited at the Share Registrar of the Company at Boardroom Corporate & Advisory Services Pte Ltd at 50 Raffles Place, #32-01 Singapore Land Tower, Singapore 048623, not less than 72 hours before the time appointed for holding the meeting.
5. Completion and return of this instrument appointing a proxy or proxies shall not preclude a member from attending and voting at the meeting. Any appointment of a proxy or proxies shall be deemed to be revoked if a member attends the meeting in person, and in such event, the Company reserves the right to refuse to admit any person or persons appointed under the instrument of proxy, to the meeting.
6. The instrument appointing a proxy or proxies must be under the hand of the appointor or of his attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed either under its common seal or under the hand of its attorney or a duly authorised officer.
7. Where an instrument appointing a proxy or proxies is signed on behalf of the appointor by an attorney, the letter or power of attorney or a duly certified copy thereof must (failing previous registration with the Company) be lodged with the instrument of proxy, failing which the instrument may be treated as invalid.
8. A corporation which is a member may by resolution of its directors or other governing body authorise such person as it thinks fit to act as its representative at the general meeting.
9. The Company shall be entitled to reject an instrument appointing a proxy or proxies which is incomplete, improperly completed, illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the instrument (including any related attachment). In addition, in the case of a member whose Shares are entered in the Depository Register, the Company may reject an instrument appointing a proxy or proxies if the member, being the appointor, is not shown to have Shares entered against his name in the Depository Register as at 72 hours before the time appointed for holding the meeting, as certified by The Central Depository (Pte) Limited to the Company.

PERSONAL DATA PRIVACY: By submitting an instrument appointing a proxy(ies) and/or representative(s), the member accepts and agrees to the personal data privacy terms set out in the Notice of Annual General Meeting dated 2 April 2018.

1st fold here

2nd fold here

PERENNIAL 鵬瑞利

Affix
Postage
Stamp

Perennial Real Estate Holdings Limited
c/o The Share Registrar
Boardroom Corporate & Advisory Services Pte. Ltd.
50 Raffles Place
#32-01 Singapore Land Tower
Singapore 048623

3rd fold here. Glue all sides firmly. Stapling and spot sealing are disallowed.

CORPORATE INFORMATION

BOARD OF DIRECTORS

Mr Kuok Khoon Hong
Chairman, Non-Independent Non-Executive Director

Mr Ron Sim
Vice-Chairman, Non-Independent Non-Executive Director

Mr Eugene Paul Lai Chin Look
Lead Independent Non-Executive Director

Mr Ooi Eng Peng
Independent Non-Executive Director

Mr Lee Suan Hiang
Independent Non-Executive Director

Mr Chua Phuay Hee
Independent Non-Executive Director

Mr Pua Seck Guan
Chief Executive Officer and Executive Director

BOARD COMMITTEES

Audit and Risk Committee
Mr Ooi Eng Peng (Chairman)
Mr Eugene Paul Lai Chin Look
Mr Lee Suan Hiang
Mr Chua Phuay Hee

Nomination Committee
Mr Lee Suan Hiang (Chairman)
Mr Ron Sim
Mr Eugene Paul Lai Chin Look

Remuneration Committee
Mr Eugene Paul Lai Chin Look (Chairman)
Mr Kuok Khoon Hong
Mr Lee Suan Hiang

Corporate Disclosure Committee
Mr Ooi Eng Peng
Mr Pua Seck Guan

Executive Committee
Mr Kuok Khoon Hong
Mr Ron Sim
Mr Pua Seck Guan

JOINT COMPANY SECRETARIES

Ms Maggie Ma
Ms Sim Ai Hua

INDEPENDENT AUDITOR

KPMG LLP
Public Accountants and Chartered Accountants
16 Raffles Quay
#22-00 Hong Leong Building
Singapore 048581

Audit Partner-in-Charge: Ms Karen Lee Shu Pei
(Appointed since 27 October 2014)

SHARE REGISTRAR

Boardroom Corporate & Advisory Services Pte Ltd
50 Raffles Place
#32-01 Singapore Land Tower
Singapore 048623
Tel : (65) 6536 5355
Fax: (65) 6536 1360
Website : www.boardroomlimited.com

PRINCIPAL BANKERS

Agricultural Bank of China Limited
Bangkok Bank Public Company Limited
Bank of China Limited
DBS Bank Ltd
Hong Leong Finance Limited
Malayan Banking Berhad
Oversea-Chinese Banking Corporation Limited
Standard Chartered Bank
United Overseas Bank Limited

REGISTERED OFFICE

8 Shenton Way
#36-01 AXA Tower
Singapore 068811
Tel : (65) 6602 6800
Fax: (65) 6602 6801
Website : www.perennialrealestate.com.sg

INVESTOR RELATIONS AND CORPORATE COMMUNICATIONS

Ms Tong Ka-Pin
Email : tong.ka-pin@perennialrealestate.com.sg

PLACE OF INCORPORATION

Singapore
Company Registration Number: 200210338M

DATE OF LISTING ON MAINBOARD OF SGX-ST

26 December 2014

Perennial Real Estate Holdings Limited
(Company Registration No.: 200210338M)
8 Shenton Way
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Singapore 068811
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Fax : (65) 6602 6801
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