PERENNIAL REAL ESTATE HOLDINGS LIMITED
(Incorporated in the Republic of Singapore)
(Company Registration No.: 200210338M)

RESPONSES TO SGX QUERIES

Perennial Real Estate Holdings Limited ("**Perennial**") refers to its announcement dated 20 February 2020 on the "Unaudited Financial Statements for the Fourth Quarter and Full Year Ended 31 December 2019" and wishes to provide the following clarifications in response to queries received from the Singapore Exchange Trading Limited (the "**SGX**") on 21 February 2020.

SGX Queries:

1) We refer to the Company's SGXNet announcement on 20 February 2020 titled "Full Yearly Results". Please provide the commentary for all material fluctuations in the full year results for the consolidated income statement including, inter alia, "Revenue", "Other income" and "Share of results of associates and joint ventures, net of tax".

Company's Response
The Company would like to provide the commentary on its full year results as follows:

FY2019's full year revenue of $124.2 million was 58.7% higher than FY2018 due to (i) the inclusion of Capitol Singapore and Perennial International Health and Medical Hub ("**PIHMH**")'s revenue for the full 12 months as compared to seven months last year, (ii) an increase in revenue from both Capitol Singapore and PIHMH as their operations continued to ramp up and (iii) higher fee income from the management business.

Other income comprised mainly fair value gains and divestment gains. FY2019's other income was 84.2% lower than last year mainly due to lower fair value gains from the valuation of investment properties held by subsidiaries. Fair value gains totaled $48.2 million as compared to $309.1 million in FY2018. The fair value gains in FY2018 were higher as two plots in Beijing Tongzhou Integrated Development Phase 1 were identified for lease following the receipt of construction permits. In addition, there was a re-measurement gain of $13.9 million from the acquisition of the remaining stake in Capitol Singapore in 2018.

Share of results in FY2019 was 43.8% higher than last year due to higher contributions from the associated companies and joint ventures. The higher contributions were due to divestment gain of Chinatown Point, higher fair value gains from associated companies holding investment properties as well as improved performance from healthcare management associated companies and joint ventures.

Net finance costs were higher in FY2019 due to slightly higher interest rates, additional loans drawn during the year to fund new investments and interest expenses of PIHMH which were expensed off on completion of the project.

Tax expenses comprised deferred tax on fair value gains and the amount was lower in FY2019 due to lower fair value gains.

2) It is noted that the Group is currently in a net current liability position with $1.3 billion worth in loans repayable within 1 year or on demand. Please elaborate on how the Group intends to generate sufficient cash flow to repay these loans as well as the current payables.

Company's Response
The net current liability is due primarily to retail bonds and medium term notes ("**MTNs**") totaling $580 million maturing in 2020 as well as various bank loan facilities due for renewal. The Group plans to utilise a combination of unutilised bank lines and new MTN issues or bank loan as well as proceeds from planned divestments in 2020 to repay the bonds due. Majority of the bank facilities are due in fourth quarter of 2020 and the Group would be discussing with the banks to renew the facilities. The facilities were last renewed in 2017. The Group is confident of redeeming the retail bonds, and refinancing the MTNs as well as bank facilities. Besides working on planned divestments, the Group continues to ramp up its newly enhanced operational assets.

3) Please disclose the nature of the "Other financial assets" disposed.

Company's Response
The other financial assets were investment in marketable securities which were disposed over the course of year in 2019.

4) Please provide details of the amounts and terms of the additional short-term shareholders' loan extended to a joint venture. Please also provide the reasons for extending these loans as it is noted that trade and other receivables have increased significantly by $120.3 million or 57.1% to $330.9 million.

Company's Response
The trade and other receivables comprised trade receivables, deposits, prepayments, non-trade receivables and interest receivables. All components increased year-on-year but the main increase was due to a short term loan extended to a joint venture which was in the midst of procuring its bank financing at the project level. The shareholders' loan is expected to be repayable within the year once the bank financing has been put in place. In addition, there were advances extended to non-controlling interests being return of excess capital and would be settled when the capital reduction is finalised.

BY ORDER OF THE BOARD

Wong Chuen Shya
Company Secretary

25 February 2020
Singapore

About Perennial Real Estate Holdings Limited (www.perennialrealestate.com.sg)

Perennial Real Estate Holdings Limited ("**Perennial**") is an integrated real estate and healthcare company headquartered and listed in Singapore. As a real estate owner, developer and manager, Perennial focuses strategically on large-scale mixed-use developments and has a presence in China, Singapore, Malaysia, Indonesia, Myanmar, Sri Lanka and Ghana with a combined portfolio spanning over 65 million square feet in gross floor area.

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

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

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