



PERENNIAL REAL ESTATE HOLDINGS LIMITED

(Incorporated in the Republic of Singapore)

(Company Registration No.: 200210338M)

MINUTES OF ANNUAL GENERAL MEETING HELD ON 24 APRIL 2018

DATE & TIME : 24 APRIL 2018 AT 2.30 P.M.
VENUE : MARINA MANDARIN SINGAPORE, LEO AND CAPRICORN
BALLROOMS, 6 RAFFLES BOULEVARD, MARINA SQUARE LEVEL 1
SINGAPORE 039594

PRESENT

Directors

Mr Ron Sim (Vice-Chairman and Non-Independent Non-Executive Director)

Mr Eugene Paul Lai Chin Look (Lead Independent Non-Executive Director)

Mr Chua Phuay Hee (Independent Non-Executive Director)

Mr Lee Suan Hiang (Independent Non-Executive Director)

Mr Ooi Eng Peng (Independent Non-Executive Director)

Mr Pua Seck Guan (Executive Director and Chief Executive Officer)

Absent With Apologies:

Mr Kuok Khoon Hong, Chairman and Non-Independent Non-Executive Director

By Invitation

Mr Jerry Koh	Deputy Managing Director, Allen & Gledhill LLP
Mr Teh Hoe Yue	Partner, Allen & Gledhill LLP
Mr Edward Long	Associate, Allen & Gledhill LLP
Ms Karen Lee	Partner, KPMG LLP
Ms Sarina Lee	Senior Manager, KPMG LLP
Mr Rick Ong	Senior Manager, Boardroom Corporate & Advisory Services Pte. Ltd.

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In Attendance

Mr Liak Teng Lit	Group Chief Operating Officer
Ms Belinda Gan	Chief Financial Officer
Ms Annie Lee	Deputy Chief Executive Officer (Singapore)
Ms Dawn Tan	Chief Operating Officer (Singapore)
Ms Tan Boon Pheng	Head, Design Management
Ms Tong Ka-Pin	Head, Investors Relations, Corporate Communications & Marketing
Ms Evelyn Kwok	Head, Human Resources
Ms Maggie Ma	Head, Legal & Joint Company Secretary
Ms Yeoh Szu Wooi	Senior General Manager (Singapore)
Mr Roy Lim	Senior Vice President, Investment & Asset Management
Ms Jasmine Wee	Vice President, Finance
Mr Richard Phua	Vice President, Commercial Operations
Ms Sim Ai Hua	Joint Company Secretary

Shareholders

As per Attendance List

Proxies

As per Attendance List

Scrutineers

Moore Stephens LLP

1. INTRODUCTION

Ms Tong Ka-Pin, the emcee for the Annual General Meeting (“**AGM**” or the “**Meeting**”) welcomed all to the AGM and went through the agenda for the AGM.

Thereafter, Ms Tong introduced the members of the board of directors of the Company (the “**Board**”) and the professional adviser (Mr Jerry Koh Keen Chuan, Allen & Gledhill LLP) who were on the panel for the AGM.

Before proceeding to deal with the formal business of the AGM, Ms Tong invited Mr Pua Seck Guan, the Chief Executive Officer (“**CEO**”) and Executive Director of Perennial Real Estate Holdings Limited (the “**Company**”), to deliver a presentation on an overview of the Company’s performance for the financial year ended 31 December 2017.

2. PRESENTATION BY CHIEF EXECUTIVE OFFICER

Mr Pua Seck Guan took the Meeting through a short presentation which covered the following areas:

- (i) a brief overview of the Company and its business;
- (ii) key financial highlights; and
- (iii) strategic intent of the Company going forward.

A copy of the CEO's presentation slides is annexed to these minutes as "**Appendix A**".

3. CHAIRMAN AND QUORUM

On behalf of Mr Kuok Khoon Hong, the Chairman of the Board, Mr Ron Sim, the Vice-Chairman of the Board, extended Mr Kuok's apologies for his absence from the Meeting due to a governmental official meeting in Beijing on the same day. As such, Mr Ron Sim presided as the chairman of the Meeting (the "**Chairman**").

Having ascertained that a quorum was present from the Company Secretary, the Chairman called the Meeting to order.

4. NOTICE OF ANNUAL GENERAL MEETING

The Chairman recommended that the Notice of the AGM dated 2 April 2018, which was earlier circulated to shareholders of the Company ("**Shareholders**") be taken as read. There was no objection from any Shareholder.

5. VOTING BY POLL

The Chairman advised the Meeting that, in accordance to Rule 730(A)(2) of the Listing Rules, he had directed that the vote on each Resolution as set out in the Notice of Meeting be conducted by poll.

The Chairman informed the Meeting that he had been appointed as proxy for a number of Shareholders and will be exercising those proxy votes in accordance with the appointers' instructions.

The Chairman also informed that polling was to be conducted in a paperless manner using a wireless handset and that he would propose all the resolutions of the Meeting with the exception of Resolution 3(b) which was related to his re-election as a director of the Board. Moore Stephens LLP had been appointed as the scrutineers to conduct the poll and Ms Michelle Chong, Associate Director, of Moore Stephens LLP would explain the procedures for voting by electronic poll. Ms Chong proceeded to explain the polling procedures.

ORDINARY BUSINESS

6. ORDINARY RESOLUTION 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

The Chairman proposed the resolution and informed the Meeting that the Directors' Statement and Audited Financial Statements can be found in the annual report of the Company (the "Annual Report"). A Shareholder, Ms Kua Choon Huay, Irene, seconded the resolution.

- (i) A Shareholder, Mr Lim Hock Chuan, referred to page 92 of the Annual Report in relation to the Company's debt maturity profile. He commented that the Company's total debt is close to S\$2.5 billion with approximately 50% of total debt maturing this year. Moving forward, the interest rate would be expected to go up by about 100 basis points. He questioned the impact on the finance costs when the debt was being refinanced, and the manner in which the debt would be refinanced.

- (ii) In response to Mr Lim's question, the CEO referred to Page 92 of the Annual Report and mentioned that the orange segments in the debt maturity profile diagram was mostly secured against the property assets. The Company used to borrow on a bank margin of 1.8%, but in the past year, bank margins have come down to as low as 1.1% to 1.2%. SOR used to be 0.3% to 0.5%, and now SOR is closed to 1.0%. The Company's borrowing costs were approximately 2.2% to 2.3%. For retail bonds and medium-term notes ("MTN") previously issued, the Company used to pay a slightly higher interest of close to 6.0%. The MTN notes issued last year and at the start of this year had an interest rate of 3.8% to 4.0%. The Company was able to lower its borrowing costs due to the Company's credit strength and the support of a major shareholder (Wilmar International Limited) which resulted in credit enhancement. As the lower margin helped to cushion higher SOR rate, the Company does not expect too much of an adverse impact from the interest rate increase.

- (iii) As a follow-on question, Mr Lim asked for a specific figure or quantum about the impact on the finance costs. The CEO responded by explaining that the impact on finance costs depended on the instruments used. In relation to the loans secured by properties, the Company's borrowing costs had reduced but SOR had increased, so the net effect was an increase of around 20 basis points in the Company's total finance costs. In relation to the MTN, it depended on when the notes were issued by the Company. Previously, the Company would issue MTN notes with interests rates of 5.0% to 6.0%, but the current interest rates were approximately 4.0%. The Company did not anticipate much increase in costs to replace the expiring notes.

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- (iv) Mr Lim further asked how much of the S\$900 million debt had been refinanced and what would be their maturity dates. The CEO stated that the Company was working on refinancing the S\$300 million 4.65% retail bonds with maturity date in October 2018. The Chief Financial Officer (“CFO”) then said that an MTN was raised earlier this year at 3.90% to redeem the notes of 4.25% due in March 2018, and as such, the Company has managed to improve the interest rate.
- (v) Mr Lim questioned the proportion of fixed and floating rate of the Company’s debt. The CFO replied that approximately 41.0% were at fixed rates and the balance was at floating rates.
- (vi) Mr Lim suggested the possibility of increasing the proportion of debt with fixed rates to hedge against interest rate hikes. The CFO replied that the Company was aware that interest rate was rising and would be looking at hedging instruments. However, there were costs associated with hedging. For example, the Company had obtained quotes from the banks – if the Company were to hedge its loan for the next two years, the Company would be subject to an interest rate of 1.85%. Based on SOR, the Company was currently paying an interest rate of approximately 1.1% to 1.2%. If the Company were to undertake hedging, it would have to pay 75 basis points more over the next two years. The Company had to strike a balance between increased borrowing costs now to protect against future increases or to benefit from lower borrowing costs and hedge at a later date. The Company would be monitoring this issue very closely.
- (vii) Mr Lim asked how much of debt was in foreign currency. The CFO replied that less than 10.0% of the Company’s debt was in Renminbi with the rest of the debt in Singapore Dollars.
- (viii) A Shareholder, Mr Vincent Tan Yong Nee complimented the Board on the well-written and informative Annual Report. He then referred to page 13 of the Annual Report, in relation to the section on achieving “first-mover advantage in high growth and untapped emerging markets”, where there was a reference to the “Call Option for Aviva Tower, London, United Kingdom”. He pointed out that the United Kingdom was not an untapped emerging market. He was surprised to find that the Company paid US\$4 for that the call option. The CEO replied that the low price for the call option was due to the generosity of Mr Kuok Khoo Hong, one of the sponsors of the Company. The CEO explained that the Company had a first-mover advantage in “high-growth”, though not necessarily “emerging” markets. The CEO stated that the building and construction costs for the Aviva Tower would result in a cost price of approximately GBP 1,001 per square foot. However, the transaction values of property deals in London were currently around GBP 1,600 to GBP 1,700 per square foot. Hence, the call option for the Aviva Tower represented a good deal for the Company.

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- (ix) Mr Vincent Tan then referred to Page 16 of the Annual Report which sets out Perennial's three models of its eldercare business in China, specifically, the leasing model, the Public-Private Partnership ("PPP") model and the acquisition model. He asked whether the Company could elaborate on the models of growth and in relation to leasing, whether the Company was referring to third parties?
- (x) The CEO explained for the leasing model, the eldercare homes are constructed by the Government and subsequently leased to the private sector entities, such as the Company, to operate for terms ranging from 20 to 30 years (公建民营). He mentioned that the Company was one of the few good operators of eldercare facilities.
- (xi) In relation to the PPP model, the CEO explained that the government would construct the property and lease it to the Company pursuant to the terms of a joint venture agreement entered into between the government and the Company. Through this model, the government effectively subsidises the construction cost such that there would be no capital outlay to be made by the Company to construct the property.
- (xii) In relation to the acquisition model, the CEO said that the Company would use its own capital to invest in development projects located in Tier 1 cities, such as Shanghai, Beijing and Guangzhou, where the purchasing power was high and good assets were not easy to come by.
- (xiii) Mr Vincent Tan said that it was implied in the Annual Report that because the Company had been investing in two HSR projects, the Company was able to get priority in relation to the location of the projects. Further, it was stated in the presentation and the Annual Report that the Company would potentially grow its HSR portfolio from two to eight projects. He mentioned that this plan sounds worrying and would like to know the Company's funding plan for the HSR projects.
- (xiv) The CEO responded by saying that the Company has good reasons for setting up the US\$1.2 billion joint venture fund with reputable investors. The Company managed to attract such investors by presenting to them good opportunities and a healthy pipeline of projects. The Company had a track record of developing and managing healthcare projects, which helped to build credibility when dealing with government officials in relation to new projects. Mr Vincent Tan questioned the absence of competitive bids in the market for the HSR projects. The CEO informed that it was not appropriate to provide the full mechanics as it may erode the Company's competitive edge.

- (xv) Mr Vincent Tan asked whether the Company would have to raise capital from Shareholders and how would the Company be able to keep asset light. The CEO replied that the Company was in a growing phase, and would necessarily have to make capital expenditures to recruit good doctors and invest in facilities. The CEO assured the Shareholders that the Company had done its sums and would create value enhancement. The Company was nimble and quick to reposition itself to seize new opportunities as the directors on board understand the business environment in China.

- (xvi) Mr Vincent Tan then asked whether the Company would expand beyond the four current specialities of eldercare, maternity care, diagnostics and TCM, and whether the Company would replicate its Chinese eldercare/ healthcare business model in Singapore. The CEO replied that the high property costs and potential height restriction of buildings made it difficult for the Company to replicate the Chinese business model in Singapore. They would focus on China due to better opportunities there.

- (xvii) A Shareholder, Mr Tan Hock Leong referred to Page 39 of the Annual Report in relation to the business overview. He noted that the Malaysian and Ghanaian assets made up a very small percentage of the Company's assets. He questioned the Company's rationale and strategy in holding on to these assets and how would the Company differentiate itself from other developers in Malaysia and Ghana.

- (xviii) The CEO mentioned that the partner developer in Malaysia, IJM Land Berhad ("**IJM**"), was a very good developer in its own right but was looking for a partner with strong retail skillset. Thus, IJM approached the Company and offered the land to the Company at an attractive rate of about Malaysian Ringgit 100 per square foot of GFA. The Company believed that this mixed-used project had potential in the long term because the residential component could be sold and the proceeds invested into the retail component to generate recurring income. The CEO also explained that Ghana was one of the better countries in Africa, and the Company bought the asset at a price that was lower than the market land value at that point in time. Capital was very scarce in Africa and people were looking to make quick returns so hotel room rates there were exorbitant. The Company would leverage on the "Shangri-La" brand for its hotel component in the Ghana development. The idea was to develop the project, sell the residential and office components and retain the hotel. The Company could rely on a team from Wilmar which was experienced with the business climate and political situation in Ghana.

- (xix) A Shareholder, Mr S Nallakaruppan, remarked that Perennial was trading at a 45.0% discount to book value. In order to provide minority Shareholders with returns on their invested capital, he suggested that perhaps the Company could balance between growth and generation of higher returns to Shareholders.

- (xx) The Chairman replied that the Company had always prioritised return on capital before returns to Shareholders.

- (xxi) A Shareholder, Mr Yen Heng Fook, asked the CEO for updates on Capitol Singapore and the Company's stake in United Engineers Limited ("**United Engineers**"). The CEO replied, in relation to United Engineers, that there were "unpolished gems" in their asset portfolio, such as UE BizHub CITY (formerly known as UE Square), and that he would provide guidance, through his board representation on United Engineers, to the management on potential asset enhancement initiatives to unlock the value of these assets. In relation to Capitol Singapore, the CEO said that a deadlock in relation to the management of Capitol Singapore had been resolved with Perennial acquiring full ownership of Capital Singapore. He mentioned that he was glad with the outcome because acquiring a similar development in the market would cost at least 15.0% to 20.0% more. The CEO mentioned that he hope to announce the operator of the hotel component in Capitol Singapore at the end of May 2018.

7. ORDINARY RESOLUTION 2: TO APPROVE THE DECLARATION AND PAYMENT OF A PROPOSED FINAL TAX-EXEMPT (ONE-TIER) DIVIDEND OF 1.0 SINGAPORE CENTS PER ORDINARY SHARE IN RESPECT OF THE FINANCIAL PERIOD ENDED 31 DECEMBER 2017

The Chairman proposed the resolution and a Shareholder, Mr David Lim Kai Guan, seconded the resolution. The Shareholders did not have any question on the resolution.

8. ORDINARY RESOLUTION 3A: TO RE-ELECT MR LEE SUAN HIANG AS A DIRECTOR

The Chairman proposed the resolution on Mr Lee's re-election and a Shareholder, Mr Chang Jeng Quay, seconded the resolution.

A Shareholder, Mr S Nallakaruppan, said that he did not receive a hard copy of the annual report and requested Mr Lee to give a quick overview of his background. Mr Lee said that that he spent a large part of his career in the public sector, and was CEO of a number of statutory boards, including the Real Estate Developers' Association of Singapore.

9. ORDINARY RESOLUTION 3B: TO RE-ELECT MR RON SIM AS A DIRECTOR

Mr Eugene Paul Lai Chin Look, the Lead Independent Non-Executive Director, proposed the resolution on Mr Sim's re-election and a Shareholder, Mr Anthony Chin Whye Liang, seconded the resolution.

A Shareholder, Mr S Nallakaruppan, asked for a quick overview of Mr Sim's background. Mr Sim said that he is currently the Chairman and CEO of V3 Group Limited, a company which focuses on lifestyle, wellness and entertainment. He is also a Director of the subsidiaries and associated companies of V3 Group of companies, including OSIM International Pte. Ltd., TWG Tea Company Pte. Ltd. and ONI Global Pte. Ltd.

Another Shareholder, Mr Seah Boon Huak, asked Mr Sim to share his experience in obtaining approval to list on the Hong Kong Stock Exchange, and whether he would recommend that Perennial seek a co-listing in Hong Kong or China. The CEO said that a listing in Hong Kong was not appropriate for the Company at this stage.

10. ORDINARY RESOLUTION 4: TO RE-APPOINT KPMG LLP AS THE COMPANY'S AUDITORS AND TO AUTHORISE THE DIRECTORS TO FIX THEIR REMUNERATION

The Chairman proposed the resolution and a Shareholder, Mr Goh Han Choon Steve, seconded the resolution. The Chairman informed the Meeting that KPMG LLP had expressed their willingness to continue in office. The Shareholders did not have any question on the resolution.

11. ORDINARY RESOLUTION 5: TO APPROVE THE PAYMENT OF THE DIRECTORS' FEES OF S\$420,000 FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

The Chairman informed the Meeting that the resolution was to seek Shareholders' approval for payment of S\$420,000 as Directors' fees for the financial year ended 31 December 2017 and the fees were for services rendered by the Directors on the Board, as well as the various Board Committees.

The Chairman proposed the resolution and a Shareholder, Mr Ho Mun Sang, seconded the resolution. The Shareholders did not have any question on the resolution.

SPECIAL BUSINESS

12. ORDINARY RESOLUTION 6: TO AUTHORISE DIRECTORS TO ISSUE SHARES AND TO MAKE OR GRANT CONVERTIBLE INSTRUMENTS

The Chairman informed the Meeting that the resolution was to authorise Directors to issue shares in the Company pursuant to Section 161 of the Companies Act. This authority given to the Directors would expire at the conclusion of the next AGM.

The Chairman proposed the resolution and a Shareholder, Ms Kua Choon Huay Irene, seconded the resolution.

A Shareholder, Mr S Nallakaruppan, commented that the minority Shareholders' interest should be taken into account before issuing shares because the Company's shares were trading way below book value. The Chairman said that the potentially dilutive impact would be more for the majority Shareholders in the event of any issue of shares. As such, the interest of the minority and majority Shareholders were aligned in this matter.

13. ORDINARY RESOLUTION 7: AUTHORITY TO ALLOT AND ISSUE SHARES UNDER THE PERENNIAL EMPLOYEE SHARE OPTION SCHEME 2014

The Chairman informed the Meeting that the resolution was to authorise the Directors to issue shares pursuant to the exercise of options under the Perennial Employee Share Option Scheme 2014. The resolution provided that the number of new shares which may be issued under the share option scheme would be limited to 15% of the Company's issued share capital.

The Chairman proposed the resolution and a Shareholder, Mr Goh Han Choon Steve, seconded the resolution. The Shareholders did not have any question on the resolution.

14. ORDINARY RESOLUTION 8: RENEWAL OF SHARE BUYBACK MANDATE

The Chairman informed the Meeting that the resolution was to approve the renewal of the share buyback mandate to enable the Company to acquire or purchase its shares. The limit on the number of shares which may be purchased or acquired under this mandate was 5% of the Company's current issued share capital (excluding treasury shares). If approved by Shareholders, this mandate would continue until the next AGM of the Company or until it had been varied or revoked by the Company in general meeting.

The Chairman proposed the resolution and a Shareholder, Mr Luo Sui, seconded the resolution.

A Shareholder, Mr S Nallakaruppan, stressed that the shares of the Company were now very undervalued and suggested that the Company continue with share buyback exercise.

15. RESULTS OF AGM

Ordinary Resolution 1

The poll results on Ordinary Resolution 1 were as follows:

	Number of Shares	%
Votes "For"	1,247,284,762	99.94
Votes "Against"	709,730	0.06
Total number of valid votes cast	1,247,994,492	100.00

Based on the results of the poll, the Chairman declared Ordinary Resolution 1 carried.

Ordinary Resolution 2

The poll results on Ordinary Resolution 2 were as follows:

	Number of Shares	%
Votes "For"	1,246,945,139	99.94
Votes "Against"	720,796	0.06
Total number of valid votes cast	1,247,665,935	100.00

Based on the results of the poll, the Chairman declared Ordinary Resolution 2 carried.

Ordinary Resolution 3a

The poll results on Ordinary Resolution 3a were as follows:

	Number of Shares	%
Votes "For"	1,246,163,809	99.86
Votes "Against"	1,688,305	0.14
Total number of valid votes cast	1,247,852,114	100.00

Based on the results of the poll, the Chairman declared Ordinary Resolution 3a carried.

Ordinary Resolution 3b

The poll results on Ordinary Resolution 3b were as follows:

	Number of Shares	%
Votes "For"	1,246,934,100	99.93
Votes "Against"	856,423	0.07
Total number of valid votes cast	1,247,790,523	100.00

Based on the results of the poll, the Chairman declared Ordinary Resolution 3b carried.

Ordinary Resolution 4

The poll results on Ordinary Resolution 4 were as follows:

	Number of Shares	%
Votes "For"	1,246,651,183	99.93
Votes "Against"	877,276	0.07
Total number of valid votes cast	1,247,528,459	100.00

Based on the results of the poll, the Chairman declared Ordinary Resolution 4 carried.

Ordinary Resolution 5

The poll results on Ordinary Resolution 5 were as follows:

	Number of Shares	%
Votes "For"	1,246,322,465	99.92
Votes "Against"	939,129	0.08
Total number of valid votes cast	1,247,261,594	100.00

Based on the results of the poll, the Chairman declared Ordinary Resolution 5 carried.

Ordinary Resolution 6

The poll results on Ordinary Resolution 6 were as follows:

	Number of Shares	%
Votes "For"	1,233,934,445	98.92
Votes "Against"	13,424,655	1.08
Total number of valid votes cast	1,247,359,100	100.00

Based on the results of the poll, the Chairman declared Ordinary Resolution 6 carried.

Ordinary Resolution 7

The poll results on Ordinary Resolution 7 were as follows:

	Number of Shares	%
Votes "For"	1,233,378,767	98.88
Votes "Against"	13,945,493	1.12
Total number of valid votes cast	1,247,324,260	100.00

Based on the results of the poll, the Chairman declared Ordinary Resolution 7 carried.

Ordinary Resolution 8

The poll results on Ordinary Resolution 8 were as follows:

	Number of Shares	%
Votes "For"	1,246,649,187	99.93
Votes "Against"	859,689	0.07
Total number of valid votes cast	1,247,508,876	100.00

Based on the results of the poll, the Chairman declared Ordinary Resolution 8 carried.

16. CONCLUSION

There being no other business, the Chairman declared the AGM closed at 3.50 p.m. and thanked everyone present for their attendance.

Confirmed by:

Mr Ron Sim
Vice-Chairman of the Board and
Chairman of the Meeting