



OUE LIMITED

(Company Registration No. 196400050E)

FULL YEAR FINANCIAL STATEMENTS AND DIVIDEND ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2016 (UNAUDITED)

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OUE LIMITED
Financial Year Ended 31 December 2016

1(a)(i) Statement of Comprehensive Income

	Notes	The Group		
		FY 2016 \$'000	FY 2015 \$'000	%
Revenue	A	884,241	431,493	>100.0
Cost of sales		(564,417)	(280,838)	>100.0
Gross profit		319,824	150,655	>100.0
Marketing expenses	B	(42,906)	(21,952)	95.5
Administrative expenses		(56,397)	(65,017)	(13.3)
Other operating expenses		(12,314)	(13,457)	(8.5)
Share of results of equity-accounted investees, net of tax	C	66,439	207,580	(68.0)
		274,646	257,809	6.5
Finance expenses	D	(127,768)	(89,135)	43.3
Finance income	E	11,264	12,175	(7.5)
Other gains - net	F	54,408	20,257	>100.0
Profit before tax	G	212,550	201,106	5.7
Tax expense	H	(35,463)	(22,335)	58.8
Profit after tax		177,087	178,771	(0.9)
Other comprehensive income				
Items that are or may be reclassified subsequently to profit or loss:				
Currency translation differences relating to foreign operations		(10,430)	26,433	n.m.
Share of currency translation differences of equity-accounted investees		(18,352)	972	n.m.
Share of other reserves of equity-accounted investees		(3,914)	(1,549)	>100.0
Available-for-sale financial assets:				
- net change in fair value, net of tax		(8,736)	(43,875)	(80.1)
- fair value reserve reclassified to profit or loss on disposal, net of tax		(4,731)	-	n.m.
Cash flow hedges:				
- effective portion of changes in fair value of cash flow hedges		(17,694)	7,250	n.m.
- hedging reserve reclassified to profit or loss		10,915	-	n.m.
Other comprehensive income, net of tax		(52,942)	(10,769)	>100.0
Total comprehensive income for the year		124,145	168,002	(26.1)
Profit attributable to:				
Owners of the Company		144,366	156,370	(7.7)
Non-controlling interests		32,721	22,401	46.1
		177,087	178,771	(0.9)
Total comprehensive income attributable to:				
Owners of the Company		100,373	136,367	(26.4)
Non-controlling interests		23,772	31,635	(24.9)
		124,145	168,002	(26.1)

n.m.: Not meaningful

1 (a)(ii) Explanatory Notes to Statement of Comprehensive Income

A) Revenue

	FY 2016	FY 2015	Change
	\$'000	\$'000	%
Hospitality income	201,655	204,398	(1.3)
Investment properties income	264,674	193,379	36.9
Development properties income			
- OUE Twin Peaks	196,956	23,644	>100.0
- Crowne Plaza Changi Airport Extension	205,000	-	n.m.
Dividend income	1,800	1,800	-
Others	14,156	8,272	71.1
	<u>884,241</u>	<u>431,493</u>	>100.0

On 1 August 2016, the Group completed the divestment of the extension to Crowne Plaza Changi Airport ("CPEX") to OUE Hospitality Real Estate Investment Trust ("OUE H-REIT") under a sale and leaseback arrangement for a consideration of \$205.0 million. The consideration was agreed as per the sale and purchase agreement entered on 28 November 2014 for the package sale of CPCA and the adjacent rooms-only extension i.e. CPEX, which was to be integrated operationally with CPCA.

The consideration amount was recorded as revenue under the property development segment of the Group with its corresponding development and related cost recorded under "cost of sales". The net gain arising from the divestment of CPEX was \$68.7 million.

B) Marketing expenses

Marketing expenses increased \$21.0 million to \$42.9 million for FY 2016. The increase was mainly attributed to sales commission expense incurred on the OUE Twin Peaks units sold. Higher marketing expenses were also incurred with the opening of CPEX and the newly-operational observation deck ("OUE Skyspace, LA") at U.S. Bank Tower.

C) Share of results of equity-accounted investees, net of tax

Contribution from equity-accounted investees decreased \$141.1 million to \$66.4 million for FY 2016. The decrease was mainly due to \$97.9 million lower share of negative goodwill recognised from the additional interest in Gemdale Properties and Investment Corporation Limited ("Gemdale") acquired in FY 2016 as compared to the negative goodwill recognised from the tranche acquired in FY 2015. The negative goodwill represents the excess of the fair value of net assets acquired over the consideration paid.

The decrease in contribution from equity-accounted investees was also attributed to lower share of results from OUE Hospitality Trust ("OUE H-TRUST") and the absence of contribution from OUB Centre Limited ("OUBC"), which owns One Raffles Place. The Group acquired additional interest in OUBC in October 2015 and has since consolidated the results of OUBC as a subsidiary. Prior to the additional interests acquired, results of OUBC were accounted for using the equity method.

1 (a)(ii) Explanatory Notes to Statement of Comprehensive Income

D) Finance expenses

	FY 2016	FY 2015	Change
	\$'000	\$'000	%
Borrowing costs	114,644	89,608	27.9
Less: Borrowing costs capitalised in development property	-	(1,804)	n.m.
	<u>114,644</u>	<u>87,804</u>	30.6
Ineffective portion of changes in fair value of cash flow hedges	2,209	1,331	66.0
Hedging reserve reclassified from equity	10,915	-	n.m.
	<u><u>127,768</u></u>	<u><u>89,135</u></u>	43.3

The increase in borrowing costs was mainly attributed to the borrowings drawn down in October 2015 to fund the acquisition of OUBC.

The hedging reserve reclassified from equity pertains to the cumulative net fair value movements of certain interest rate swaps and was reclassified to profit or loss due to the discontinuation of hedge accounting.

E) Finance income

	FY 2016	FY 2015	Change
	\$'000	\$'000	%
Interest income	4,174	1,681	>100.0
Net foreign exchange gain	798	9,444	(91.6)
Change in fair value of financial derivatives	6,001	-	n.m.
Others	291	1,050	(72.3)
	<u><u>11,264</u></u>	<u><u>12,175</u></u>	(7.5)

F) Other gains – net

	FY 2016	FY 2015	Change
	\$'000	\$'000	%
Reversal of impairment loss/(Impairment loss) on a development property	62,495	(23,205)	n.m.
Impairment loss on available-for-sale financial assets	-	(1,000)	n.m.
Impairment loss on goodwill arising from acquisition of a subsidiary	-	(12,403)	n.m.
Net change in fair value of investment properties	(34,067)	6,860	n.m.
Net change in fair value of investments designated at fair value through profit or loss	21,249	(8,366)	n.m.
Gain on remeasurement of previously held equity interest in an associate which became a subsidiary	-	587	n.m.
Gain on disposal of property, plant and equipment	-	57,784	n.m.
Gain on sale of available-for-sale financial asset	4,731	-	n.m.
	<u><u>54,408</u></u>	<u><u>20,257</u></u>	>100.0

The reversal of impairment loss on a development property of \$62.5 million pertains to the write-back of impairment on the units sold for OUE Twin Peaks.

1 (a)(ii) Explanatory Notes to Statement of Comprehensive Income

The net change in fair value of investment properties mainly relates to the fair value loss on OUE Downtown, partially offset by fair value gains on U.S. Bank Tower, One Raffles Place and Lippo Plaza.

The net change in fair value of investments designated at fair value through profit or loss of \$21.2 million mainly relates to the fair value gain on the investment in a mutual fund.

The gain on disposal of property, plant and equipment of \$57.8 million relates to the gain recognised on the completion of sale of Crowne Plaza Changi Airport in FY 2015 pursuant to the sale and purchase agreement entered on 28 November 2014 for the package sale of CPCA and the adjacent rooms-only extension i.e. CPEX. The net gain on divestment of CPEX which was completed in this financial year was reflected under gross profit (see note A).

G) Profit before tax

	FY 2016	FY 2015	Change
	\$'000	\$'000	%
Profit before tax is stated after charging/(crediting):			
Depreciation of property, plant and equipment	4,430	3,952	12.1
Allowance for impairment on trade and other receivables	224	99	>100.0
Bad debts written off	188	291	(35.4)
Gain on disposal of property, plant and equipment	(100)	(57,791)	(99.8)

H) Tax Expense

	FY 2016	FY 2015	Change
	\$'000	\$'000	%
The charge for income tax expense includes the following:			
Overprovision in respect of prior years			
- Current tax	(2,930)	(3,954)	(25.9)
- Deferred tax	-	(164)	n.m.
Deferred tax on fair value gains of investment properties	15,274	4,693	>100.0

n.m.: Not meaningful

OUE LIMITED
Financial Year Ended 31 December 2016

1(b)(i) Statements of Financial Position

	Notes	The Group		The Company	
		31/12/16 \$'000	31/12/15 \$'000	31/12/16 \$'000	31/12/15 \$'000
ASSETS					
Current assets					
Cash and cash equivalents		238,973	172,353	77,778	83,782
Trade and other receivables		19,643	38,931	823,306	789,848
Inventories		1,124	727	254	246
Other investments	A	175,514	371,399	-	-
Development properties	B	724,224	859,269	-	-
Other assets		34,324	35,589	1,585	1,753
Loans to subsidiaries		-	-	2,034,624	2,394,206
Derivative assets	C	-	32	-	-
		<u>1,193,802</u>	<u>1,478,300</u>	<u>2,937,547</u>	<u>3,269,835</u>
Non-current assets					
Available-for-sale financial assets	D	154,160	174,223	143,805	157,262
Investments in equity-accounted investees	E	942,376	812,695	491,917	391,224
Investments in subsidiaries		-	-	334,792	334,792
Loans to subsidiaries		-	-	199,468	124,750
Other investments	A	14,990	-	-	-
Other assets		2,624	3,255	976	976
Investment properties	F	5,742,752	5,627,266	-	-
Property, plant and equipment		19,438	21,337	12,609	14,139
Deferred tax assets		12,948	6,189	765	1,273
Derivative assets	C	315	6,573	-	-
		<u>6,889,603</u>	<u>6,651,538</u>	<u>1,184,332</u>	<u>1,024,416</u>
Total assets		<u>8,083,405</u>	<u>8,129,838</u>	<u>4,121,879</u>	<u>4,294,251</u>
LIABILITIES					
Current liabilities					
Trade and other payables		218,727	237,740	103,203	67,595
Borrowings	G	656,046	157,195	299,937	152,000
Provision		4,187	-	4,969	4,665
Loans from subsidiaries		-	-	45,000	216,702
Current tax liabilities		33,718	27,373	5,218	1,957
Derivative liabilities	C	43	-	-	-
		<u>912,721</u>	<u>422,308</u>	<u>458,327</u>	<u>442,919</u>
Non-current liabilities					
Borrowings	G	2,245,443	2,767,352	497,035	795,250
Deferred tax liabilities	H	142,641	119,664	-	392
Deferred income	I	71,877	-	-	-
Other payables		59,165	56,142	415	390
Provision		-	-	4,002	8,395
Derivative liabilities	C	7,747	180	-	-
		<u>2,526,873</u>	<u>2,943,338</u>	<u>501,452</u>	<u>804,427</u>
Total liabilities		<u>3,439,594</u>	<u>3,365,646</u>	<u>959,779</u>	<u>1,247,346</u>
Net Assets		<u>4,643,811</u>	<u>4,764,192</u>	<u>3,162,100</u>	<u>3,046,905</u>
EQUITY					
Share capital		693,315	693,315	693,315	693,315
Other reserves		(100,441)	(51,672)	(55,574)	(39,769)
Accumulated profits		3,416,457	3,288,829	2,524,359	2,393,359
Equity attributable to owners of the Company		<u>4,009,331</u>	<u>3,930,472</u>	<u>3,162,100</u>	<u>3,046,905</u>
Non-controlling interests	J	634,480	833,720	-	-
Total equity		<u>4,643,811</u>	<u>4,764,192</u>	<u>3,162,100</u>	<u>3,046,905</u>

Notes:

- A) The decrease in “Other investments” of \$180.9 million was mainly due to the partial redemption of the Group’s investment in a mutual fund amounting to \$216.0 million, offset by additional investments made during the financial year.
- B) The decrease in “Development Properties” of \$135.0 million was due to the divestment of CPEX to OUE H-REIT and sale of units of OUE Twin Peaks; offset by acquisition of the two land parcels located at 28 Nassim Road, Singapore.
- C) “Derivative assets” and “derivative liabilities” relate to the fair value of the interest rate swaps entered into to hedge the Group’s exposure to floating interest rates on its borrowings.
- D) “Available-for-sale financial assets” decreased by \$20.1 million due mainly to fair value loss recognised on the Group’s investment in Marina Centre Holdings, as well as the divestment of an interest in a limited partnership in the United States of America.
- E) The increase in “Investments in equity-accounted investees” of \$129.7 million was partially due to the Group’s subscription of new stapled securities in OUE Hospitality Trust via a rights issue in April 2016 amounting to \$78.5 million and the acquisition of additional shares in Gemdale Properties and Investment Corporation Limited (“Gemdale”), an entity listed on The Stock Exchange of Hong Kong Limited, through a joint venture of the Group in March 2016.
- F) The increase in “Investment properties” of \$115.5 million was mainly due to capital expenditure incurred, slightly offset by net fair value loss recognised.
- G) The decrease in “Borrowings” of \$23.1 million was due to net repayments of borrowings during the financial year.
- H) The increase in “Deferred tax liabilities” of \$23.0 million was mainly due to the deferred tax liability recognised on the fair value gain on US Bank Tower and Lippo Plaza.
- I) “Deferred income” relates to the non-refundable deposits received from the OUE Twin Peaks units sold under deferred payment schemes. Revenue from units sold under deferred payment schemes are deferred and will be recognised on completion of the sale of the unit.
- J) The decrease in “Non-controlling interests” of \$199.2 million was mainly due to the Group’s acquisition of additional unitholding in OUE C-REIT in February 2016.

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1(b)(ii) Aggregate amount of group's borrowings and debt securities

	As at 31/12/16			As at 31/12/15		
	Secured \$'000	Unsecured \$'000	Total \$'000	Secured \$'000	Unsecured \$'000	Total \$'000
Amount repayable in one year or less, or on demand	356,109	299,937	656,046	5,195	152,000	157,195
Amount repayable after one year	1,748,408	497,035	2,245,443	1,972,102	795,250	2,767,352
	<u>2,104,517</u>	<u>796,972</u>	<u>2,901,489</u>	<u>1,977,297</u>	<u>947,250</u>	<u>2,924,547</u>

Details of any collateral

Secured borrowings are collateralised by:

- pledging of the borrowing companies' properties/assets and/or
- assignment of all rights and benefits to sale, lease and/or insurance proceeds with respect to the properties

1(c) Consolidated Statement of Cash Flows

	The Group	
	FY 2016	FY 2015
	\$'000	\$'000
Cash flows from operating activities		
Profit after tax	177,087	178,771
Adjustments for:		
Depreciation of property, plant and equipment	4,430	3,952
Dividend income	(1,800)	(1,800)
(Reversal of impairment loss)/ impairment loss on a development property	(62,495)	23,205
Impairment loss on available-for-sale financial assets	-	1,000
Impairment loss on goodwill arising from acquisition of a subsidiary	-	12,403
Net change in fair value of investment properties	34,067	(6,860)
Net change in fair value of investments designated at fair value through profit or loss	(21,249)	8,366
Gain on remeasurement of previously held equity interest in an associate which became a subsidiary	-	(587)
Gain on sale of available-for-sale financial asset	(4,731)	-
Gain on disposal of property, plant and equipment	(100)	(57,791)
Finance expenses	127,768	89,135
Finance income	(11,264)	(12,175)
Share of results of equity-accounted investees, net of tax	(66,439)	(207,580)
Tax expense	35,463	22,335
	<u>210,737</u>	<u>52,374</u>
Changes in:		
- trade and other receivables and other assets	11,233	2,257
- inventories	(381)	15
- development properties	197,540	17,002
- trade and other payables and provision	(12,830)	(5,744)
- deferred income	71,877	-
Cash generated from operations	<u>478,176</u>	<u>65,904</u>
Tax paid	(11,976)	(10,639)
Net cash from operating activities	<u>466,200</u>	<u>55,265</u>
Cash flows from investing activities		
Acquisition of interest in associates	(78,486)	(1,376)
Acquisition of subsidiaries, net of cash acquired	-	(471,057)
Acquisition of available-for-sale financial assets	(7,749)	(809)
Acquisition of other investments	(14,396)	(288,311)
Additions to property, plant and equipment	(2,246)	(4,161)
Additions to investment properties	(153,892)	(131,398)
Dividends from:		
- equity-accounted investees, net of tax	29,110	41,522
- available-for-sale financial assets, net of tax	1,800	1,800
- other investments, net of tax	288	607
Interest received	1,196	1,776
Loan to an associate	(10,650)	-
Loan to joint venture	(25,247)	(196,686)
Repayment of loan from a joint venture	8,837	-
Proceeds from sale of other investments	217,134	236,616
Proceeds from sale of available-for-sale financial asset	18,889	-
Proceeds from disposal of property, plant and equipment	292	290,109
Net cash used in investing activities	<u>(15,120)</u>	<u>(521,368)</u>

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Financial Year Ended 31 December 2016

	The Group	
	FY 2016	FY 2015
	\$'000	\$'000
Cash flows from financing activities		
Acquisition of non-controlling interests	(165,970)	(442)
Dividends paid	(73,780)	(71,175)
Finance expense paid (including amounts capitalised in development property)	(107,596)	(86,049)
Proceeds from borrowings	541,856	1,718,116
Repayment of borrowings	(577,074)	(1,180,813)
Proceeds from issuance of units by a subsidiary	-	112,886
Unit issue costs of a subsidiary	-	(5,991)
Repurchase of own shares	(2,348)	(11,952)
Changes in pledged deposits	1,902	(383)
Net cash (used in)/from financing activities	(383,010)	474,197
Net increase in cash and cash equivalents	68,070	8,094
Cash and cash equivalents at 1 January	156,893	146,880
Effect of exchange rate fluctuations on cash held	452	1,919
Cash and cash equivalents at 31 December¹	225,415	156,893

¹Cash and cash equivalents as at 31 December 2016 excludes the Group's pledged deposits of \$13,558,000 (31/12/15: \$15,460,000).

OUE LIMITED
Financial Year Ended 31 December 2016

1(d)(i) Statement of Changes in Equity

	Attributable to Owners of the Company			Non-controlling interests	Total Equity
	Share Capital	Other Reserves	Accumulated Profits		
THE GROUP	\$'000	\$'000	\$'000	\$'000	\$'000
At 1 January 2016	693,315	(51,672)	3,288,829	833,720	4,764,192
Total comprehensive income for the year					
Profit for the year	-	-	144,366	32,721	177,087
Other comprehensive income					
Currency translation differences relating to foreign operations	-	(3,705)	-	(6,725)	(10,430)
Share of currency translation differences of equity-accounted investees	-	(18,352)	-	-	(18,352)
Share of other reserves of equity-accounted investees	-	(3,914)	-	-	(3,914)
Available-for-sale financial assets:					
- net change in fair value, net of tax	-	(8,736)	-	-	(8,736)
- fair value reserve reclassified to profit or loss on disposal, net of tax	-	(4,731)	-	-	(4,731)
Cash flow hedges:					
- effective portion of changes in fair value of cash flow hedges	-	(11,444)	-	(6,250)	(17,694)
- hedging reserve reclassified to profit or loss	-	6,889	-	4,026	10,915
Total other comprehensive income, net of tax	-	(43,993)	-	(8,949)	(52,942)
Total comprehensive income for the year	-	(43,993)	144,366	23,772	124,145
Transactions with owners, recognised directly in equity					
Contributions by and distributions to owners					
Own shares acquired	-	(2,348)	-	-	(2,348)
Dividends paid	-	-	(36,097)	(37,683)	(73,780)
Total contributions by and distributions to owners	-	(2,348)	(36,097)	(37,683)	(76,128)
Changes in ownership interests in subsidiaries					
Changes in ownership interests in a subsidiary without a change in control	-	-	19,359	(185,329)	(165,970)
Total changes in ownership interests in subsidiaries	-	-	19,359	(185,329)	(165,970)
Total transactions with owners	-	(2,348)	(16,738)	(223,012)	(242,098)
Share of reserves of an equity-accounted investee	-	(2,428)	-	-	(2,428)
At 31 December 2016	693,315	(100,441)	3,416,457	634,480	4,643,811

QUE LIMITED
Financial Year Ended 31 December 2016

	Attributable to Owners of the Company			Non-controlling interests	Total Equity
	Share Capital	Other Reserves	Accumulated Profits		
THE GROUP	\$'000	\$'000	\$'000	\$'000	\$'000
At 1 January 2015	693,315	6,223	3,153,798	486,111	4,339,447
Total comprehensive income for the year					
Profit for the year	-	-	156,370	156,370	178,771
Other comprehensive income					
Currency translation differences relating to foreign operations	-	20,890	-	20,890	26,433
Share of currency translation differences of equity-accounted investees	-	972	-	972	972
Share of other reserves of equity-accounted investees	-	(1,549)	-	(1,549)	(1,549)
Fair value loss on available-for-sale financial assets	-	(43,875)	-	(43,875)	(43,875)
Effective portion of changes in fair value of cash flow hedges	-	3,559	-	3,559	7,250
Total other comprehensive income, net of tax	-	(20,003)	-	(20,003)	(10,769)
Total comprehensive income for the year	-	(20,003)	156,370	136,367	168,002
Transactions with owners, recognised directly in equity					
Contributions by and distributions to owners					
Own shares acquired	-	(11,952)	-	(11,952)	(11,952)
Dividends paid	-	-	(45,231)	(45,231)	(71,175)
Proceeds from issuance of units in a subsidiary	-	-	-	112,886	112,886
Unit issue costs of a subsidiary	-	(2,893)	-	(2,893)	(5,991)
Total contributions by and distributions to owners	-	(14,845)	(45,231)	83,844	23,768
Changes in ownership interests in subsidiaries					
Changes in ownership interests in a subsidiary with a change in control	-	(25,798)	25,798	232,386	232,386
Changes in ownership interests in a subsidiary without a change in control	-	46	(232)	(256)	(442)
Total changes in ownership interests in subsidiaries	-	(25,752)	25,566	232,130	231,944
Total transactions with owners	-	(40,597)	(19,665)	315,974	255,712
Share of reserves of an equity-accounted investee	-	2,705	(1,674)	1,031	1,031
At 31 December 2015	693,315	(51,672)	3,288,829	833,720	4,764,192

OUE LIMITED
Financial Year Ended 31 December 2016

THE COMPANY	Share Capital \$'000	Other Reserves \$'000	Accumulated Profits \$'000	Total Equity \$'000
At 1 January 2016	693,315	(39,769)	2,393,359	3,046,905
Total comprehensive income for the year				
Profit for the year	-	-	167,097	167,097
Other comprehensive income				
Fair value loss on available-for-sale financial assets	-	(13,457)	-	(13,457)
Total other comprehensive income, net of tax	-	(13,457)	-	(13,457)
Total comprehensive income for the year	-	(13,457)	167,097	153,640
Transactions with owners of the Company, recognised directly in equity				
Contributions by and distributions to owners of the Company				
Own shares acquired	-	(2,348)	-	(2,348)
Dividends paid	-	-	(36,097)	(36,097)
Total transactions with owners of the Company	-	(2,348)	(36,097)	(38,445)
At 31 December 2016	693,315	(55,574)	2,524,359	3,162,100
At 1 January 2015	693,315	16,545	1,875,525	2,585,385
Total comprehensive income for the year				
Profit for the year	-	-	563,065	563,065
Other comprehensive income				
Fair value loss on available-for-sale financial assets	-	(44,362)	-	(44,362)
Total other comprehensive income, net of tax	-	(44,362)	-	(44,362)
Total comprehensive income for the year	-	(44,362)	563,065	518,703
Transactions with owners of the Company, recognised directly in equity				
Contributions by and distributions to owners of the Company				
Dividends paid	-	-	(45,231)	(45,231)
Own shares acquired	-	(11,952)	-	(11,952)
Total transactions with owners of the Company	-	(11,952)	(45,231)	(57,183)
At 31 December 2015	693,315	(39,769)	2,393,359	3,046,905

- 1(d)(ii) Details of any changes in the Company's share capital arising from rights issue, bonus issue, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on. State also the number of shares that may be issued on conversion of all the outstanding convertibles as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year.**

There is no change in the Company's share capital in 2016.

As at 31 December 2016, the Company held 79,786,000 (31/12/15: 78,305,000) treasury shares.

- 1(d)(iii) To show the total number of issued shares excluding treasury shares as at the end of the current financial period and as at the end of the immediately preceding year.**

As at 31 December 2016, the Company's total number of issued shares excluding treasury shares is 901,815,860 (31/12/15: 903,296,860).

- 1(d)(iv) A statement showing all sales, transfers, disposal, cancellation and/or use of treasury shares as at the end of the current financial period reported on.**

Not applicable.

- 2 Whether the figures have been audited, or reviewed and in accordance with which auditing standard or practice.**

These figures have not been audited or reviewed.

- 3 Where the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of matter).**

Not applicable.

- 4 Whether the same accounting policies and methods of computation as in the issuer's most recently audited annual financial statements have been applied.**

Except as disclosed in paragraph 5 below, the Group has applied the same accounting policies and method of computation in the financial statements for the current financial period as those of the audited financial statements for the year ended 31 December 2015.

- 5 If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change.**

The Group adopted a number of new standards, amendments to standards and interpretations that are effective for annual periods beginning on 1 January 2016. The adoption of these new standards, amendments to standards and interpretations did not result in any significant impact on the financial statements of the Group.

- 6 **Earnings per ordinary share of the group for the current financial period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends.**

	<u>The Group</u>	
	2016	2015
Weighted average number of ordinary shares in issue	902,787,915	907,624,118
Basic and diluted earnings per share (cents per share) ^(a)	<u>15.99</u>	<u>17.23</u>

(a) Diluted earnings per share is the same as basic earnings per share as there are no dilutive potential ordinary shares.

- 7 **Net asset value (for the issuer and group) per ordinary share based on issue share capital of the issuer at the end of the:-**

- (a) **current financial period reported on; and**
(b) **immediately preceding financial year.**

	<u>The Group</u>		<u>The Company</u>	
	2016	2015	2016	2015
Number of issued shares (excluding treasury shares)	901,815,860	903,296,860	901,815,860	903,296,860
Net asset value per ordinary share (\$)	<u>4.45</u>	<u>4.35</u>	<u>3.51</u>	<u>3.37</u>

- 8 **A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. It must include a discussion of the following:**

- (a) **any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors; and**
(b) **any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on.**

FINANCIAL HIGHLIGHTS	FY 2016 \$'000	FY 2015 \$'000	Change %
Revenue	884,241	431,493	>100.0
Earnings before interest and tax (EBIT)	274,646	257,809	6.5
Profit attributable to Owners of the Company	144,366	156,370	(7.7)

Revenue

In FY 2016, the Group recorded revenue of \$884.2 million (FY 2015: \$431.5 million). The increase was mainly contributed by the property investments and property development divisions.

Hospitality Division

Revenue from the hospitality division decreased slightly by 1.3% to \$201.7 million (FY 2015: \$204.4 million). The decrease was mainly attributed to lower room sales recorded by Mandarin Orchard Singapore.

Property Investments Division

Revenue from property investments division increased \$71.3 million to \$264.7 million (FY 2015: \$193.4 million). The increase was mainly due to the full year consolidation of revenue from One Raffles Place ("ORP") following the acquisition of additional interests in OUBC in October 2015. Higher revenue was also recorded by majority of the Group's investment properties in current year.

Property Development Division

OUE Twin Peaks recorded revenue of \$197.0 million in FY 2016 (FY 2015: \$23.6 million). The revenue recognised relates only to the units sold where completion of the sale had occurred. The revenue relating to the units sold under deferred payment schemes are deferred until completion of the sale of the unit although non-refundable deposits were collected.

With the completion of the divestment of CPEX to OUE H-REIT in August 2016, the Group recorded \$205.0 million revenue in FY 2016 based on the consideration amount agreed as per the sales and purchase agreement entered on 28 November 2014 for the package sale of CPCA and the adjacent rooms-only extension i.e. CPEX, which was to be integrated operationally with CPCA. The corresponding development and related cost of CPEX was recorded under "cost of sales" and the net gain arising from the divestment of CPEX was \$68.7 million.

Others

The increase in other revenue of \$5.9 million was mainly contributed by OUE Skyspace, LA which opened in June 2016.

EBIT

EBIT increased \$16.8 million to \$274.6 million in FY 2016 (FY 2015: \$257.8 million). The increase was mainly contributed by the gain on divestment of CPEX and higher contribution from ORP and OUE Twin Peaks, partially offset by decrease in contribution from equity-accounted investees.

Profit attributable to owners of the Company

Despite higher EBIT, profit attributable to owners of the Company decreased \$12.0 million to \$144.4 million (FY 2015: \$156.4 million) mainly due to net fair value losses on investment properties and higher finance expenses, partially offset by reversal of impairment losses on OUE Twin Peaks and gains on the marked-to-market investments.

9 Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results.

No forecast or prospect statement has been previously disclosed.

10 A commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months.

In view of the global economic uncertainties and subdued Singapore economy, the tourism industry continues to face headwinds in the near term as consumers and corporates are likely to be conservative in their travel expenditures. The increased hotel rooms supply in Singapore had created a highly competitive market environment for the hospitality business and this would likely persist as more supply is expected in 2017 before tapering in 2018¹.

In 4Q 2016, vacancy rate for Singapore Core CBD offices remained low at 4.2% but Grade A CBD Core office rents declined 12.5% year-on-year to S\$9.10 per square foot per month². Although net absorption was positive in 4Q 2016, this was mainly due to pre-commitments and further leasing in the newly completed office projects. Hence, vacancy levels are expected to rise when occupiers vacate their existing office to relocate to the pre-committed space in the coming quarters.

In Downtown Los Angeles, vacancy rate remained at 16.8%³ in 4Q 2016. According to CBRE, the U.S. office market is poised for a moderate slowdown in 2017 due to a combination of increasing new supply and softer tenant demand⁴. In Shanghai, the average vacancy rate for CBD increased by 5.3 percentage points year-on-year to 10.2%⁵ as at end of 2016 primarily due to increase in supply. While demand for office space should continue to grow as it is supported by the city's stable economic fundamentals, the influx of new supply will lead the average vacancy rate to further increase in the immediate term and hence, rental outlook is expected to be subdued.

Buying activity in the Singapore residential market continued in 4Q 2016. Prices of non-landed private residential properties in Core Central Region increased by 0.1%⁶ compared with the 1.9% decrease in the previous quarter. The Group recorded higher sales of OUE Twin Peaks from active marketing activities and a total of 348 units were sold as at 31 December 2016. The Group will continue to drive the sale in current challenging market.

Asset enhancement initiatives continue at OUE Downtown and the opening of Downtown Gallery and Oakwood Premier OUE Singapore, the new 268-unit serviced residences, is expected to be by 2Q 2017.

¹ CBRE Research, Hotel MarketView Singapore H2 2016

² CBRE Research, Singapore MarketView, Q4 2016

³ CBRE Research, U.S. MarketView Snapshot, Q4 2016

⁴ CBRE Research, U.S. Market Outlook 2017

⁵ Colliers International, East China Real Estate Market 2016 Review and 2017 Outlook

⁶ URA, Release of 4th Quarter 2016 real estate statistics, 26 January 2017

11 Dividend

(a) Current Financial Period Reported On

Any dividend declared/proposed for the current financial period reported on? Yes.

Name of dividend	Final
Dividend type	Cash
Dividend per share (In cents)	2 cents
Tax rate	Tax exempt (one-tier)

(b) Corresponding Period of the Immediately Preceding Financial Year

Any dividend declared for the corresponding period of the immediately preceding financial year? Yes.

Name of dividend	Final
Dividend type	Cash
Dividend per share (In cents)	1 cent
Tax rate	Tax exempt (one-tier)

(c) Date payable

In relation to the proposed final cash dividend, if approved at the Annual General Meeting to be held on 28 April 2017, will be payable on 26 May 2017.

(d) Books closure date

In relation to the proposed final cash dividend, NOTICE IS HEREBY GIVEN that the Share Transfer Books and the Register of Members of the Company will be closed on **17 May 2017**, for the preparation of dividend warrants. Duly completed transfers received by the Company's Share Registrar, M & C Services Private Limited, 112 Robinson Road #05-01, Singapore 068902 up to the close of business at 5.00 p.m. on **16 May 2017** will be registered to determine shareholders' entitlements to the proposed final dividend. In respect of shares in securities accounts with the Central Depository (Pte) Limited ("CDP"), the proposed final dividend will be paid by the Company to CDP, which will in turn distribute the dividend entitlement to holders of shares in accordance with its practice.

12 If no dividend has been declared/recommended, a statement to that effect.

Not applicable.

13 If the Group has obtained a general mandate from shareholders for Interested Person Transactions ("IPT"), the aggregate value of such transactions as required under Rule 920(1)(a)(ii). If no IPT mandate has been obtained, a statement to that effect.

The Group has not obtained a general mandate from shareholders for any Interested Person Transactions.

14 Confirmation Pursuant to Rule 720(1) of the Listing Manual

The Company confirms that it has procured undertakings from all its directors and executive officers in the format set out in Appendix 7.7 under Rule 720(1) of the Listing Manual.

OUE LIMITED
Financial Year Ended 31 December 2016

15 Segmented revenue and results for business or geographical segments (of the group) in the form presented in the issuer's most recently audited financial results.

For the financial year ended 31 December 2016

	Hospitality		Property Investments			Property Development	Fund Management	Investment Holding	Others	Elimination and unallocated items	Group
	Singapore	Others	Singapore	United States	China						
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Revenue											
External revenue	199,203	2,452	179,704	53,840	31,130	401,956	1,395	-	13,891	670	884,241
Inter-segment revenue	107	-	5,842	8,748	-	-	14,573	-	108	(29,378)	-
Segment revenue (including inter-segment revenue)	199,310	2,452	185,546	62,588	31,130	401,956	15,968	-	13,999	(28,708)	884,241
Segment profit/(loss) ¹	3,132	2,024	142,418	24,793	25,125	76,131	17,034	48,679	(16,812)	(47,878)	274,646
Depreciation	(183)	-	(287)	(14)	(6)	-	(163)	-	(1,652)	(2,125)	(4,430)
Finance expenses	(1)	-	(75,738)	(14,075)	(1,961)	(9,338)	(203)	-	(12,993)	(13,459)	(127,768)
Finance income	147	(144)	6,907	85	29	-	4	-	(3,393)	7,629	11,264
Share of results of equity-accounted investees, net of tax	4,839	(32)	5,770	-	-	-	7,187	48,679	-	(4)	66,439
Other material items											
Net change in fair value of investment properties	-	-	(85,019)	31,443	19,509	-	-	-	-	-	(34,067)
Net change in fair value of investments designated at fair value through profit or loss	-	-	-	-	-	-	-	-	21,249	-	21,249
Reversal of impairment loss on a development property	-	-	-	-	-	62,495	-	-	-	-	62,495

OUE LIMITED
Financial Year Ended 31 December 2016

For the financial year ended 31 December 2015

	Hospitality		Property Investments			Property Development	Fund Management	Investment Holding	Others	Elimination and unallocated items	Group
	Singapore	Others	Singapore	United States	China						
Revenue											
External revenue	202,127	2,271	107,704	57,611	28,064	23,644	1,498	-	8,158	416	431,493
Inter-segment revenue	107	-	5,611	8,454	-	-	19,254	-	32	(33,458)	-
Segment revenue (including inter-segment revenue)	202,234	2,271	113,315	66,065	28,064	23,644	20,752	-	8,190	(33,042)	431,493
Segment profit/(loss) ¹	4,094	1,782	131,604	28,099	21,149	(25,407)	22,620	128,224	(11,462)	(42,894)	257,809
Depreciation	(147)	-	(86)	(14)	(7)	-	(165)	-	(1,475)	(2,058)	(3,952)
Finance expenses	(246)	-	(38,914)	(11,069)	(3,854)	(10,808)	(54)	-	(16,160)	(8,030)	(89,135)
Finance income	135	(222)	364	38	260	-	8	-	(26,380)	37,972	12,175
Share of results of equity-accounted investees, net of tax	5,435	(50)	65,231	-	-	-	8,747	128,224	-	(7)	207,580
Other material items											
Net change in fair value of investment properties	-	-	(17,188)	12,651	11,397	-	-	-	-	-	6,860
Impairment loss on goodwill arising from acquisition of a subsidiary	-	-	(12,403)	-	-	-	-	-	-	-	(12,403)
Net gain on disposal of property, plant and equipment	57,784	-	-	-	-	-	-	-	-	-	57,784
Net change in fair value of investments designated at fair value through profit or loss	-	-	-	-	-	-	-	-	(8,366)	-	(8,366)
Impairment loss on a development property	-	-	-	-	-	(23,205)	-	-	-	-	(23,205)

¹Segment profit/(loss) is defined as profit/(loss) before interest, tax and other gains/(losses).

- 16 In the review of performance, the factors leading to any material changes in contributions to turnover and earnings by the business or geographical segments.

See paragraph 8 above.

- 17 A breakdown of sales

	<u>2016</u>	<u>2015</u>	<u>Change</u>
	\$'000	\$'000	%
Revenue reported for first half year	256,750	203,637	26.1
Profit after tax before deducting non-controlling interest reported for first half year	46,848	71,149	(34.2)
Revenue reported for second half year	627,491	227,856	>100.0
Profit after tax before deducting non-controlling interest reported for second half year	<u>130,239</u>	<u>107,622</u>	21.0

- 18 A breakdown of the total annual dividend (in dollar value) for the issuer's latest full year and its previous full year.

Total dividend paid and proposed in respect of the financial year ended 31 December 2016 will be as follows:

	<u>2016</u>	<u>2015</u>
	\$'000	\$'000
Ordinary		
- Interim	9,021	9,033
- Special	18,043	27,099
- Final (Proposed)	18,036 *	9,033
Total annual dividend	<u>45,100</u>	<u>45,165</u>

* The final dividend of 2 cents per share tax-exempt (one-tier) in respect of the financial year ended 31 December 2016 is subject to approval of shareholders at the next Annual General Meeting and the dividend amount is based on the number of issued ordinary shares (excluding 79,786,000 treasury shares) of 901,815,860 as at 31 December 2016.

BY ORDER OF THE BOARD

NG NGAI
COMPANY SECRETARY
17 February 2017

19 Report of person occupying managerial positions who are related to a director, chief executive

Pursuant to Rule 704(13) of the Listing Manual of the Singapore Exchange Securities Trading Limited, the Company confirms that none of the persons occupying managerial positions in the Company or any of its principal subsidiaries is a relative of a director or Chief Executive Officer or substantial shareholder of the Company.

On behalf of the Board of Directors

Dr Stephen Riady
Executive Chairman

Mr Thio Gim Hock
Chief Executive Officer