OUE

BOLD VISIONS
EXCITING TRANSFORMATIONS

OUE LIMITED
ANNUAL REPORT
2018

Artist's impression of South Jakarta Development's crown by Skidmore, Owings & Merrill LLP/ATCHAIN


Artist's impression of South Jakarta Development Project by Skidmore, Owings & Merrill LLP/ATCHAIN

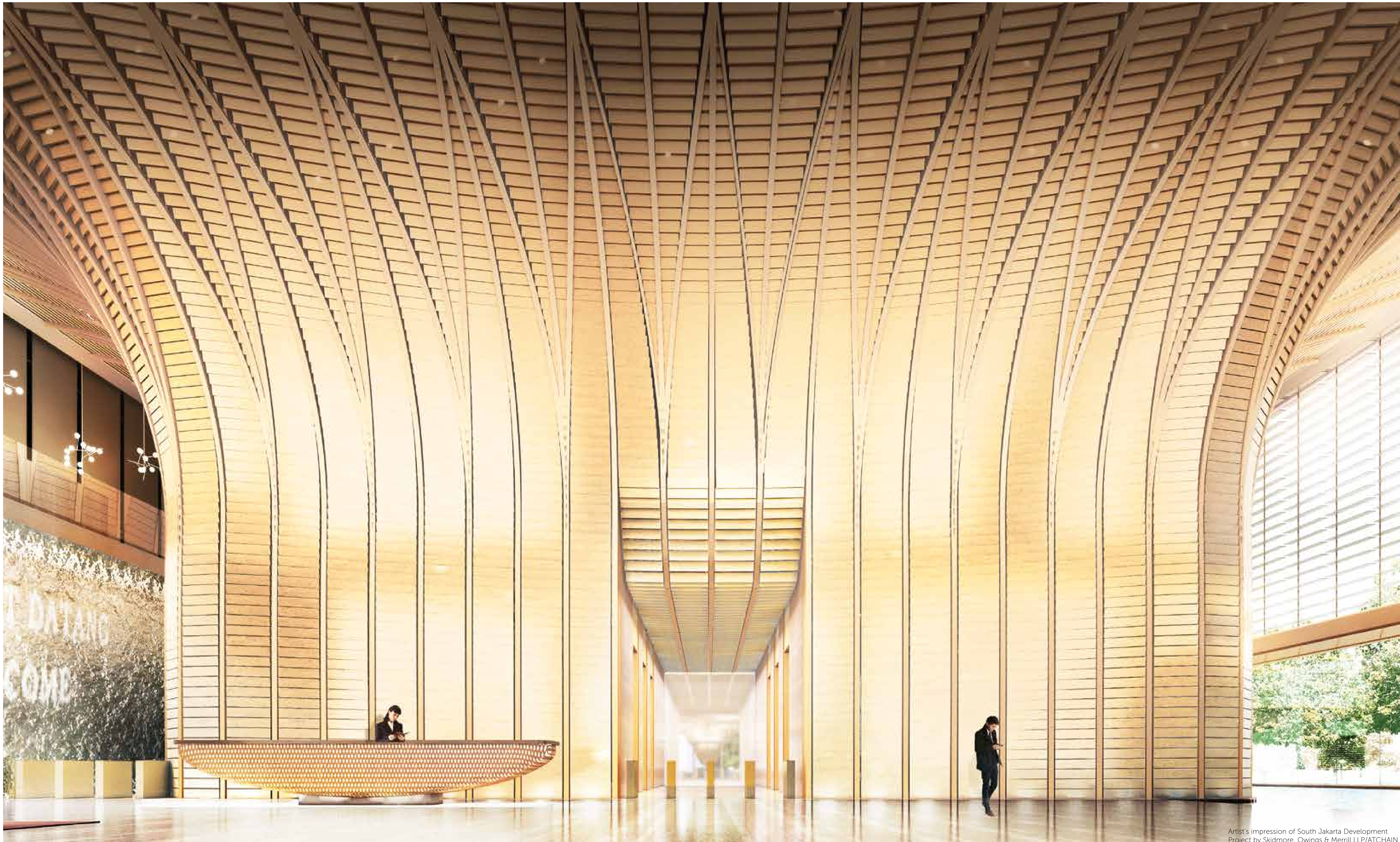
BOLD VISIONS EXCITING TRANSFORMATIONS

At OUE, vision and transformation go hand in hand– the vision to see unique potential, and the ability to transform that potential into exciting developments that deliver value. Always exploring new horizons, OUE's acquisition of prime land in South Jakarta's Central Business District heralds the Group's next bold vision– a 57-storey super high-rise mixed development comprising premium office space and a luxury boutique hotel. Towering above the city, it is envisioned to truly elevate the work and stay experience in the vincinity, and transform the skyline of this bustling metropolis as a landmark of distinction.

CONTENTS

OVERVIEW

South Jakarta Development's office lobby: featuring a dramatic sculptural centrepiece reminiscent of delicately woven baskets



Artist's impression of South Jakarta Development Project by Skidmore, Owings & Merrill LLP/ATCHAIN

GROUP AT A GLANCE COMMERCIAL

Fair Value (S$ Million)

1,173.1

Gross Floor Area (Sq ft. Approx)

503,482

Tenure of land

OUE Bayfront & OUE Tower
99-year lease from 12 November 2007

OUE Link
15-year lease from 26 March 2010

Underpass
99-year lease from 7 January 2002

OUE Bayfront is an 18-storey premium Grade-A office tower located along the waterfront at Collyer Quay in Singapore's Central Business District, between Marina Bay downtown and the established Raffles Place financial hub.

It is adjoined by OUE Link, an overhead pedestrian bridge lined with a variety of retail shops, and OUE Tower, a conserved building with panoramic views of the Marina Bay landscape, currently occupied by a fine dining restaurant.

OUE Bayfront is part of OUE Commercial REIT's portfolio.

OUE Bayfront

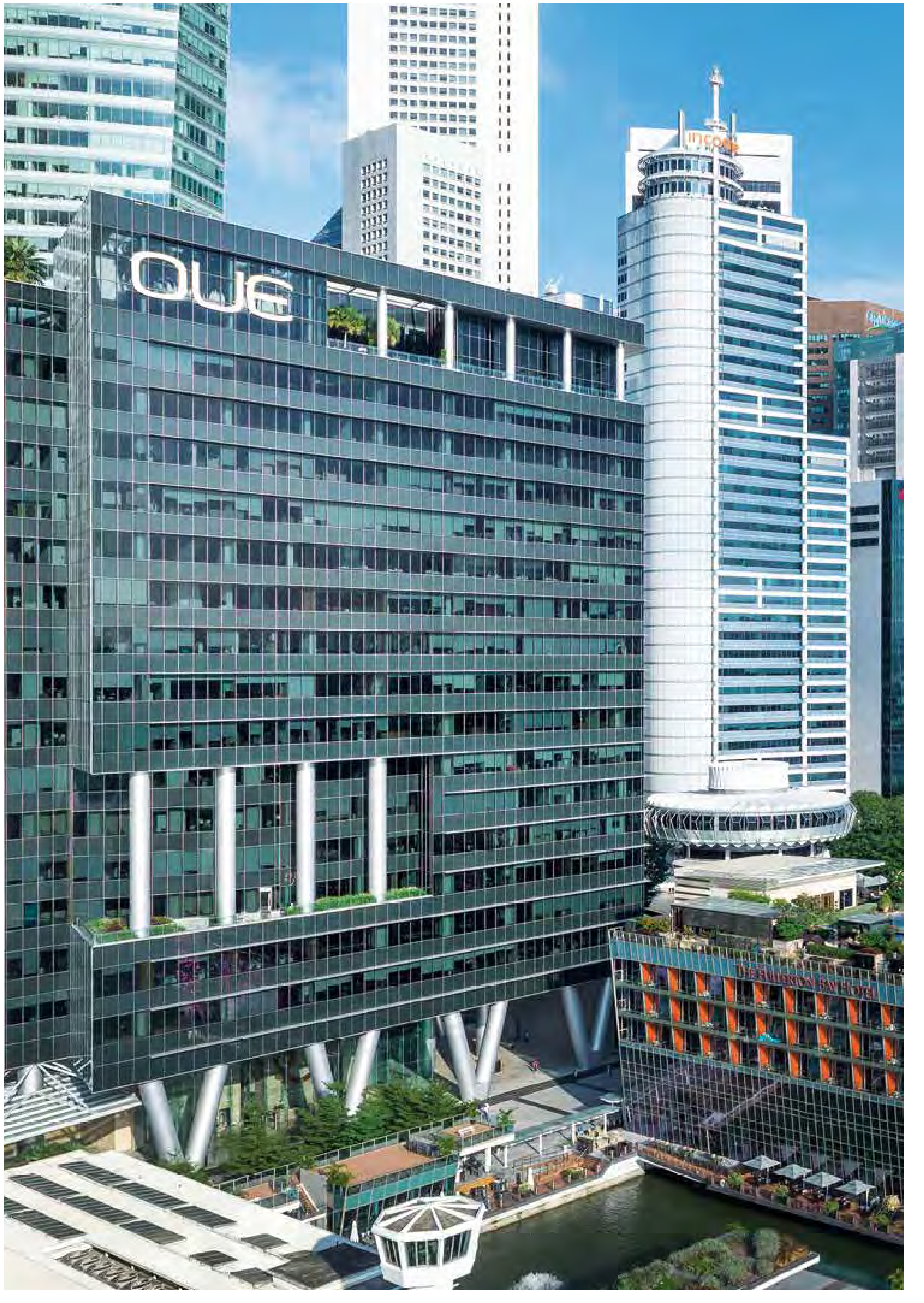
Including **OUE Tower** & **OUE Link**

01 OUE Bayfront's 18-storey office tower alongside the heritage OUE Tower

02 A prime business address against the backdrop of the financial district

01

02



GROUP AT A GLANCE COMMERCIAL

Fair Value (S$ Million)

1,530.0

Gross Floor Area (Sq ft. Approx)

1,249,205

Tenure of land

99-year lease from 19 July 1967

Following a transformation that was completed in 2017, OUE Downtown is a vibrant work-live-play destination comprising offices, a retail mall, and serviced residences.

The 37-storey OUE Downtown 2 and the high zone of the 50-storey OUE Downtown 1 are prime office space. Spanning approximately 150,000 square feet of premium retail space over six levels, Downtown Gallery is home to an extensive mix of tenant offerings with a focus on lifestyle and wellness.

Occupying the 7th to 32nd storeys of OUE Downtown 1, Oakwood Premier OUE Singapore comprises 268 studio, one-bedroom and two-bedroom serviced residences, catering to international travellers looking for luxury urban living, tailored with a full suite of premium hotel facilities, in the heart of the business district.

OUE Downtown's office components were divested to OUE Commercial REIT's portfolio in November 2018.

01

02

01 OUE Downtown's office lobby located on level 4

02 An unrivalled work-live-play destination on Shenton Way

OUE Downtown

GROUP AT A GLANCE COMMERCIAL

Fair Value (S$ Million)

1,813.5

(Fair value attributable to OUB Centre Limited)

Gross Floor Area (Sq ft. Approx)

1,287,645

Tenure of land

Office Tower 1
841-year lease from 1 November 1985

Office Tower 2
99-year lease from 26 May 1983

Shopping Mall
~75.0% of NLA is on 99-year lease from 1 November 1985, with the balance on 841-year lease from 1 November 1985

01 Hai Sai Por's "Seed" and Hiroshi Senju's "Waterfall" enliven One Raffles Place's office lobby

02 One Raffles Place is an established presence in the heart of the financial district

One Raffles Place

One Raffles Place is an iconic commercial development located in the heart of the main financial district of Raffles Place, directly above Raffles Place Mass Rapid Transit station. It comprises two Grade-A office towers and a shopping mall.

Certified Green Mark Gold by the Building and Construction Authority of Singapore, the 62-storey One Raffles Place Tower 1 is one of the tallest buildings in Singapore's Central Business District, crowned by a rooftop restaurant and observation deck offering scenic views of the city skyline. One Raffles Place Tower 2 is a 38-storey office building that has earned Green Mark Platinum certification for its energy-efficient and environmentally sustainable design. The six-storey mall is the largest purpose-built shopping mall in Raffles Place, connected via a direct underground link to Raffles Place Mass Rapid Transit station.

One Raffles Place is part of OUE Commercial REIT's portfolio.

01

02

GROUP AT A GLANCE
COMMERCIAL

Fair Value (US$ Million)

650.0

Gross Floor Area (Sq ft. Approx)

1,869,123

Tenure of land

Freehold

One of the tallest skyscrapers on the West Coast of the United States, the U.S. Bank Tower is a 72-storey Class A office tower prominently located in downtown Los Angeles. Besides having a prime business address, it is a centre of attraction for locals and tourists who flock to visit OUE Skyspace LA, a two-storey experiential location at the top of the tower offering unrivalled 360-degree city views, the highest open-air observation decks in California, a first-of-its-kind Skyslide attraction, and two upscale restaurants.

U.S. Bank Tower became part of OUE's investment property portfolio in June 2013.

01

02

03

01 U.S. Bank Tower lobby surrounded by floor-to-ceiling city views

02 Aerial view of LA's famed Bunker Hill Steps adjacent to U.S. Bank Tower

03 An LA icon and one of the tallest buildings on the US West Coast

U.S. Bank Tower

GROUP AT A GLANCE
COMMERCIAL

Fair Value (RMB Million)

2,950.0

Gross Floor Area (Sq ft. Approx)

629,925

Tenure of land

50-year lease from 2 July 1994

Lippo Plaza is a 36-storey Grade-A commercial development occupied by a diverse high-profile tenant mix. It is located along Huaihai Zhong Road in downtown Shanghai's established business district of Huangpu, a prime location for high-quality offices and high-end retail, residences and hotels.

It enjoys excellent connectivity being within walking distance of the South Huangpi Road Metro station and close to the city's major expressways. This landmark business address is complemented by a three-storey retail mall housing a selection of international and local brands.

Lippo Plaza is part of OUE Commercial REIT's portfolio.

01

02

01 The main entrance of Lippo Plaza's modern office tower

02 Lippo Plaza stands tall along one of downtown Shanghai's busiest commercial streets

Lippo Plaza

GROUP AT A GLANCE COMMERCIAL

Purchase Consideration[1] (IDR Billion)

1,629.3

Land Area (Sq ft. Approx)

86,111

Tenure of land

22 March 2038
(extendable and renewable)

The South Jakarta Development Project is located on Jalan Sudirman within the "Golden Triangle of Jakarta", one of the fastest evolving central business districts in the Asia Pacific region, populated by commercial skyscrapers and financial, government and diplomatic establishments. The South Jakarta Development Project's prime location is close to the key commercial clusters of Sudirman Central Business District, Mega Kuningan, and Rasuna Epicentrum, as well as many retail and entertainment landmarks. The area enjoys good accessibility and is well served by road networks and upcoming Mass Rapid Transit Jakarta stations.

Proposed for the site is a 350-metre-tall, 57-storey super high-rise mixed development featuring Grade-A offices and a luxury boutique hotel, targeted for completion in 2024.

South Jakarta Development Project

01

Artist's Impression of South Jakarta Development Project by Skidmore, Owings & Merrill LLP/ATCHAIN

01 Artist's impression of the South Jakarta Development Project –set to transform the Central Business District skyline

[1] The acquisition is still pending completion as at the date of this Annual Report.

GROUP AT A GLANCE HOSPITALITY

Fair Value (S$ Million)

1,227.0

Tenure of land

Remaining term of lease: Approximately 37.5 years as at 31 December 2018

Since opening in 1971, Mandarin Orchard Singapore has set the standard for world-class hospitality, delivering a signature brand of Asian Grace, Warmth, and Care that is appreciated by leisure and business travellers alike. Located in the heart of Orchard Road, the upscale hotel features 1,077 rooms across a 37-storey Main Tower and a 39-storey Orchard Wing, along with more than 30,000 square feet of meeting and function space. Its five F&B outlets include Shisen Hanten by Chen Kentaro, which in 2018 was awarded two stars in the Michelin Guide Singapore for the third year running. The hotel was awarded Best City Hotel–Singapore in the TTG Travel Awards 2018 for the sixth consecutive year, and Best upscale Hotel-Asia Pacific in the Travel Weekly Asia Readers' Choice Awards 2018 for the second consecutive years.

Mandarin Orchard Singapore is part of OUE Hospitality Trust's portfolio.

Mandarin Orchard Singapore

01

01 An enduring landmark of world-class Asian hospitality in the heart of Singapore's most prominent shopping belt

GROUP AT
A GLANCE
HOSPITALITY

Fair Value (S$ Million)

497.0

Tenure of land

Remaining term of lease: Approximately 64.5 years as at 31 December 2018

Crowne Plaza Changi Airport is a 563-room business hotel managed by the InterContinental Hotels Group. It comprises 320 rooms in the main building and 243 rooms in an adjacent extension, connected via a covered linkway. The hotel is directly connected to the arrival and departure levels of Changi Airport Terminal 3, and to the city centre by expressway and Mass Rapid Transit. It is also a short distance from Changi Business Park and Singapore Expo, and is well positioned to meet the needs of corporate travellers.

In 2018, the hotel won a number of awards including World's Best Airport Hotel by Skytrax for the fourth consecutive year.

Crowne Plaza Changi Airport is part of OUE Hospitality Trust's portfolio.

01

Crowne Plaza Changi Airport

01 Crowne Plaza Changi Airport and its extension connected via a linkway on the second floor

GROUP AT
A GLANCE
HOSPITALITY

Fair Value (S$ Million)

580.0

Gross Floor Area (Sq ft. Approx)

611,402

Tenure of land

99-year lease from 9 September 1980

Marina Mandarin Singapore is a distinguished upscale business hotel favoured by discerning international travellers for its exceptional hospitality and strategic location in the heart of the Marina Bay area, within Singapore's financial district.

This 575-room hotel offers breathtaking views of Marina Bay and the Singapore skyline as well as comprehensive dining, wellness, meeting and event facilities. In 2018, the hotel's Peach Blossoms Chinese restaurant was ranked #3 Best Fine Dining Restaurant, Singapore in the TripAdvisor Travellers' Choice Awards, and among T Dining by Singapore Tatler's Best Restaurants together with the hotel's AquaMarine buffet restaurant.

OUE has a 30.0% effective interest in Marina Mandarin Singapore.

01

01 Marina Mandarin Singapore offers some of the finest epicurean delights in the Marina Bay district

02 The internationally acclaimed business hotel is favoured for its excellent location and service

Marina Mandarin Singapore

02

GROUP AT A GLANCE
HOSPITALITY

Meritus Pelangi Beach Resort & Spa, Langkawi is a blissful retreat nestled within 35 acres of landscaped gardens along the white sandy shores of the famous Cenang Beach in Langkawi, Malaysia. Styled like a traditional Malay village, its 355 guestrooms are housed in wooden chalets, offering views of the ocean and the tropical landscape. Its picturesque beachfront setting and variety of dining, wellness and recreational facilities offer an ideal escape for both family holidays and corporate retreats.

Meritus Pelangi Beach Resort & Spa, Langkawi is managed by Meritus Hotels & Resorts, a hotel management company under the hospitality division of OUE.

01 Beachside restaurant Cba transforms into a happening nightspot on popular Cenang Beach

Meritus Pelangi Beach Resort & Spa, Langkawi

Hotel Under Management

01

GROUP AT A GLANCE
RETAIL

Fair Value (S$ Million)

494.0

Gross Floor Area (Sq ft. Approx)

196,336

Tenure of land

Remaining term of lease:
Approximately 37.5 years as at
31 December 2018

Mandarin Gallery is a high-end retail mall situated within four levels of Mandarin Orchard Singapore, distinguished by a cosmopolitan mix of fashion, dining and lifestyle offerings. It features six duplexes and six streetfront shop units facing Orchard Road, attracting passers-by with a prominent 152-metre-wide frontage. Mandarin Gallery is a choice location for international brand flagship stores, which include the first flagship stores in Southeast Asia opened by fashion designer Michael Kors and American lingerie brand Victoria's Secret.

Mandarin Gallery is part of OUE Hospitality Trust's portfolio.

01

Mandarin Gallery

01 A haven of upscale retail in the heart of Orchard Road

GROUP AT A GLANCE
RESIDENTIAL

Book Value (S$ Million)

392.8

Gross Floor Area (Sq ft. Approx)

436,168

(includes balcony)

Tenure of land

99-year lease from 10 May 2010

OUE Twin Peaks is a luxurious residential development situated in the tranquil surroundings of Leonie Hill, a stone's throw away from Orchard Road, Singapore's popular shopping belt. The development comprises two identical 35-storey towers with 462 well-appointed one-, two- and three-bedroom apartments, which can be combined by connecting doors.

The development's urban resort living theme is expressed in lush tropical gardens, artful lighting, and water features designed by renowned landscape architect Bill Bensley. Facilities in each tower include a triple-volume indoor and outdoor sky gym on the 13th floor and a Sky Loggia on the 36th floor, surrounded by panoramic views of the cityscape.

01

01 One-bedroom apartment with a view of Orchard Road

02 Two towers of urban resort living in a lush garden setting

OUE Twin Peaks

02

GROUP AT A GLANCE
HEALTHCARE

JAPAN

01
Hikari Heights Varus Fujino (Sapporo)

02
Hikari Heights Varus Ishiyama (Sapporo)

03
Hikari Heights Varus Tsukisamu-Koen (Sapporo)

04
Elysion Amanohashidate (Kyoto)

05
Elysion Gakuenmae (Nara)

06
Elysion Mamigaoka & Elysion Mamigaoka Annex (Nara)

07
Hikari Heights Varus Kotoni (Sapporo)

08
Elysion Kaichi West (Nagano)

09
Varus Cuore Sapporo-Kita & Varus Cuore Sapporo-Kita Annex (Sapporo)

10
Hikari Heights Varus Makomanai-Koen (Sapporo)

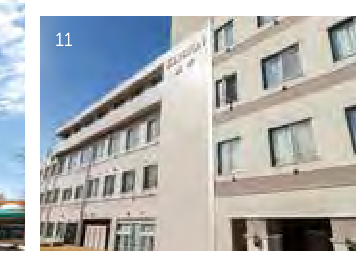
11
Elysion Kaichi North (Nagano)

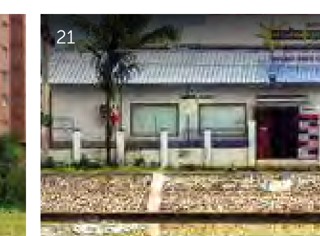
12
Varus Cuore Yamanote (Sapporo)

CHINA

13
Artist's impression of Chengdu Integrated Hospital Development Project

14
Wuxi Phoenix Hospital





OUE Lippo Healthcare Limited

Catalist Board-listed OUE Lippo Healthcare Limited (OUELH) is an integrated healthcare services and facilities provider with a presence in Japan, the People's Republic of China, Malaysia and Myanmar. Its existing assets include 12 quality nursing homes located in cities across Japan. It also has plans to build an integrated hospital project in Chengdu and a mixed-use development in Kuala Lumpur, Malaysia, tapping on growth opportunities in the Asia Pacific region.

In January 2019, OUELH entered into a sale and purchase agreement for the acquisition[1] of a stake in two joint venture companies that own three hospitals, one medical centre, and two clinics in Myanmar.

MALAYSIA

15
Artist's impression of KLCC Development Project

MYANMAR[1]

16
PHSH Hlaing Tharyar (Yangon)

17
PHSH Mandalay

18
Sein Hospital (Taunggyi)

19
Pun Hlaing Clinic (Bogyoke Aung San Road)

20
Pun Hlaing Clinic (Star City)

21
Pun Hlaing Clinic (Naung Shwe)

[1] Shareholders of OUELH have approved the acquisition of the two Myanmar companies on 28 January 2019. The acquisition is still pending completion as at the date of this Annual Report.

GROUP AT A GLANCE
HEALTHCARE

INDONESIA

01
Siloam Hospitals Kebon Jeruk

02
Imperial Aryaduta Hotel & Country Club

03
Siloam Hospitals Surabaya

04
Mochtar Riady Comprehensive Cancer Centre

05
Siloam Hospitals Lippo Cikarang

06
Siloam Hospitals Manado & Hotel Aryaduta Manado

07
Siloam Hospitals Makassar

08
Siloam Hospitals Bali

09
Siloam Hospitals TB Simatupang

10
Siloam Hospitals Purwakarta

11
Siloam Sriwijaya

12
Siloam Hospitals Kupang & Lippo Plaza Kupang

13
Siloam Hospitals Labuan Bajo

14
Siloam Hospitals Lippo Village

15
Siloam Hospitals Buton & Lippo Plaza Buton

16
Siloam Hospitals Yogyakarta

SINGAPORE

17
Pacific Healthcare Nursing Home @ Bukit Merah

18
Pacific Healthcare Nursing Home II @ Bukit Panjang

19
The Lentor Residence

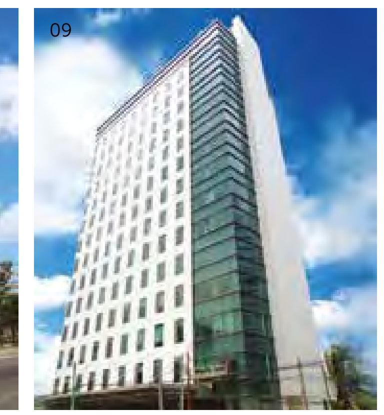
SOUTH KOREA

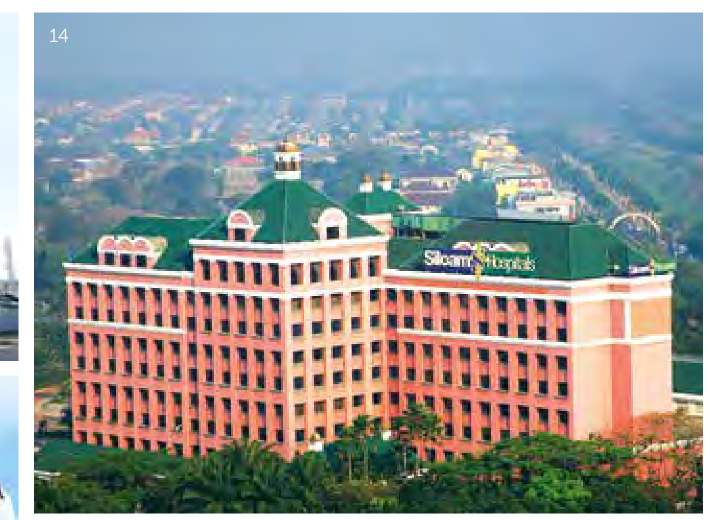
20
Sarang Hospital

First Real Estate Investment Trust

On 26 October 2018, OUE Limited and OUE Lippo Healthcare Limited completed the acquisition of Bowsprit Capital Corporation Limited, the manager of SGX Mainboard-listed First Real Estate Investment Trust (First REIT).

First REIT is Singapore's first healthcare real estate investment trust with a diversified portfolio of assets in Asia that are primarily used for healthcare or healthcare-related purposes. First REIT's portfolio consists of 20 properties located in Indonesia, Singapore, and South Korea.

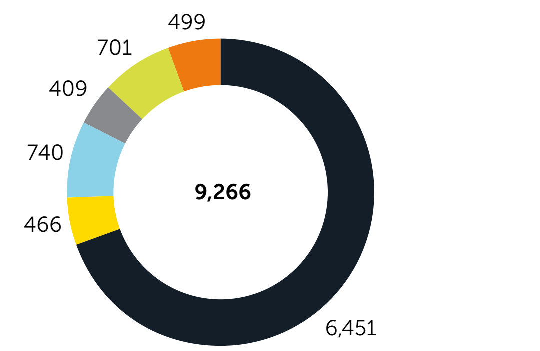




OVERVIEW OF GROUP FINANCIAL POSITION

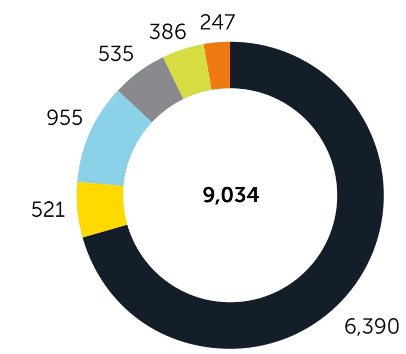
TOTAL ASSETS OWNED
(S$ MILLION)

2018



Investment properties	6,451
Development properties	466
Interests in equity-accounted investees	740
Cash and cash equivalents	409
Other investments	701
Others	499
Total Assets Owned (S$ Million)	**9,266**

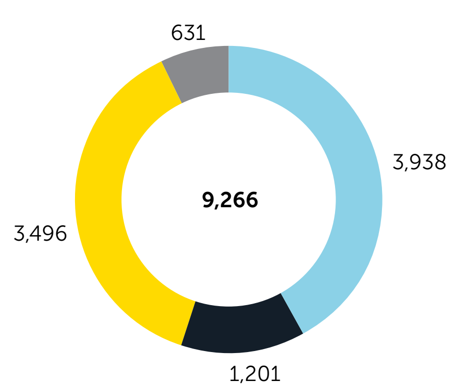
2017



Investment properties	6,390
Development properties	521
Interests in equity-accounted investees	955
Cash and cash equivalents	535
Other investments	386
Others	247
Total Assets Owned (S$ Million)	**9,034**

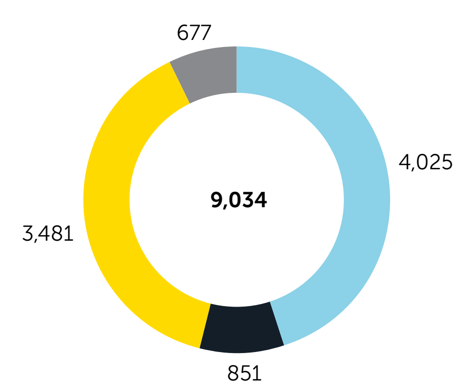
TOTAL LIABILITIES AND CAPITAL INVESTED
(S$ MILLION)

2018



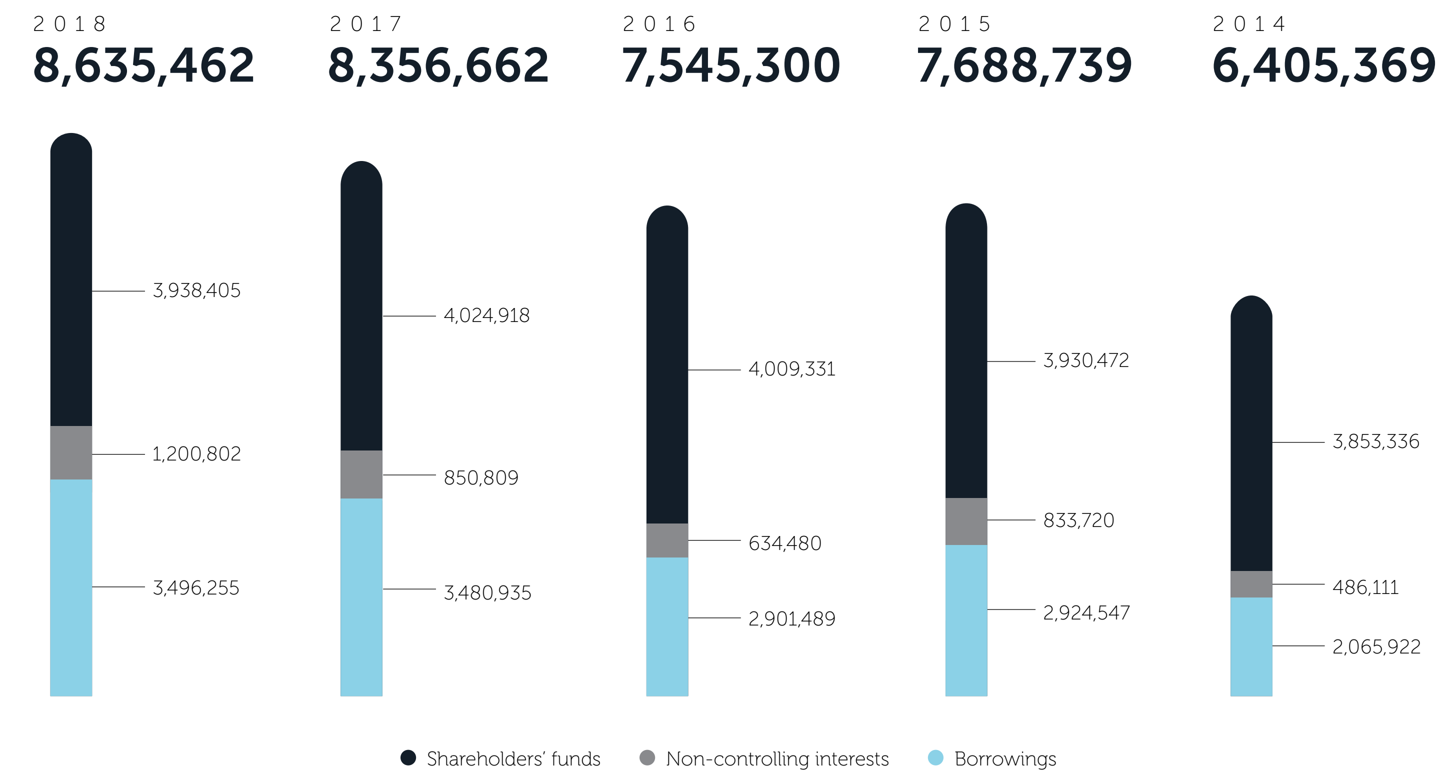
Shareholders' funds	3,938
Non-controlling interests	1,201
Borrowings	3,496
Other Liabilities	631
Total Liabilities and Capital Invested (S$ Million)	**9,266**

2017

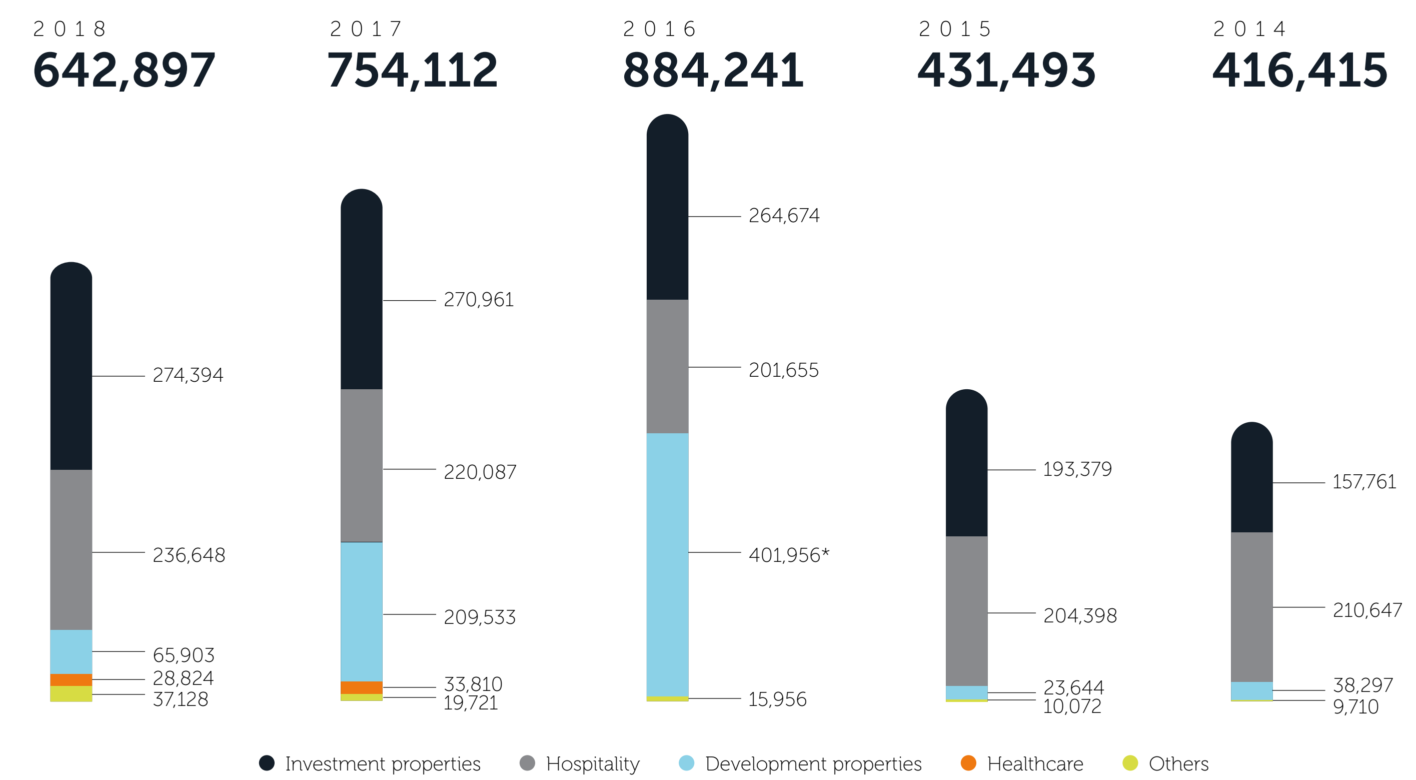


Shareholders' funds	4,025
Non-controlling interests	851
Borrowings	3,481
Other Liabilities	677
Total Liabilities and Capital Invested (S$ Million)	**9,034**

SOURCES OF FINANCE
(S$'000)



GROUP TURNOVER
(S$'000)

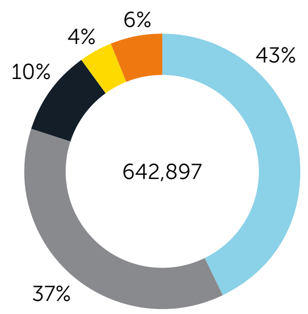


*Includes sales consideration of $205 million on divestment of the extension of Crown Plaza Changi Airport ("CPEX") to OUE Hospitality Real Estate Investment Trust.

SEGMENTAL PERFORMANCE ANALYSIS

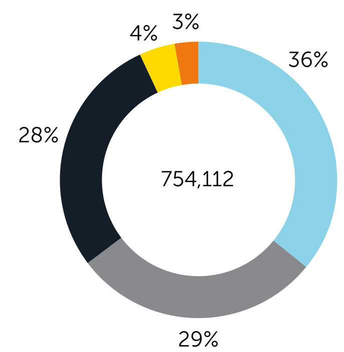
TOTAL TURNOVER BY BUSINESS SEGMENT
(S$ '000)

2018



Investment properties	274,394	43%
Hospitality	236,648	37%
Development properties	65,903	10%
Healthcare	28,824	4%
Others	37,128	6%
Total	**642,897**	**100%**

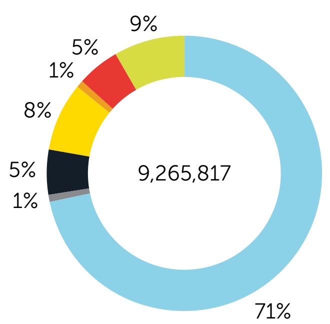
2017



Investment properties	270,961	36%
Hospitality	220,087	29%
Development properties	209,533	28%
Healthcare	33,810	4%
Others	19,721	3%
Total	**754,112**	**100%**

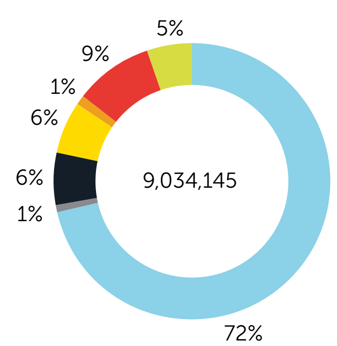
TOTAL ASSETS BY BUSINESS SEGMENT
(S$ '000)

2018



Investment properties	6,589,170	71%
Hospitality	118,170	1%
Development properties	474,314	5%
Healthcare	726,966	8%
Fund Management	109,223	1%
Others	479,133	5%
Unallocated assets	768,841	9%
Total	**9,265,817**	**100%**

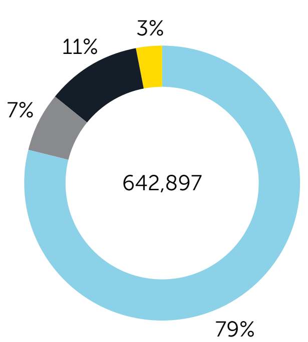
2017



Investment properties	6,511,452	72%
Hospitality	107,706	1%
Development properties	526,385	6%
Healthcare	532,223	6%
Fund Management	65,808	1%
Others	791,066	9%
Unallocated assets	499,505	5%
Total	**9,034,145**	**100%**

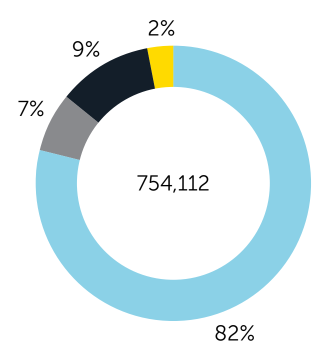
TOTAL TURNOVER BY GEOGRAPHICAL SEGMENT
(S$ '000)

2018



Singapore	505,909	79%
The People's Republic of China	44,261	7%
United States of America	73,602	11%
Japan	16,575	3%
Others	2,550	0%
Total	**642,897**	**100%**

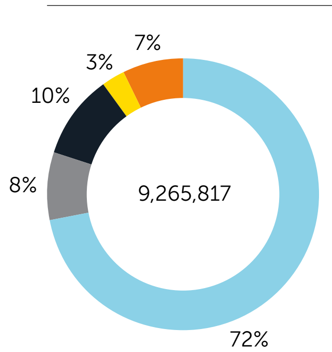
2017



Singapore	618,908	82%
The People's Republic of China	53,836	7%
United States of America	65,597	9%
Japan	13,083	2%
Others	2,688	0%
Total	**754,112**	**100%**

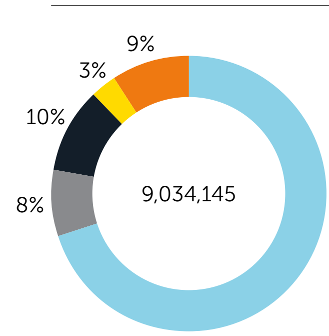
TOTAL ASSETS BY GEOGRAPHICAL SEGMENT
(S$ '000)

2018



Singapore	6,678,225	72%
The People's Republic of China	715,226	8%
United States of America	940,434	10%
Japan	312,097	3%
Others	619,835	7%
Total	**9,265,817**	**100%**

2017



Singapore	6,286,829	70%
The People's Republic of China	731,523	8%
United States of America	859,507	10%
Japan	303,103	3%
Others	853,183	9%
Total	**9,034,145**	**100%**

FIVE-YEAR FINANCIAL SUMMARY

	2018 S$'000	%	2017 S$'000	%	2016 S$'000	%	2015 S$'000	%	2014 S$'000	%
Group Turnover										
Investment properties	274,394	43	270,961	36	264,674	30	193,379	45	157,761	38
Hospitality	236,648	37	220,087	29	201,655	23	204,398	47	210,647	51
Development properties	65,903	10	209,533	28	401,956	45	23,644	6	38,297	9
Healthcare	28,824	4	33,810	4	-	-	-	-	-	-
Others	37,128	6	19,721	3	15,956	2	10,072	2	9,710	2
TOTAL	**642,897**	**100**	**754,112**	**100**	**884,241**	**100**	**431,493**	**100**	**416,415**	**100**
Group Profit and Loss										
Earnings before interest and tax	182,477		166,071		274,646		257,809		185,074	
Attributable net profit	10,022		94,560		144,366		156,370		1,094,020	
Group Balance Sheet										
Investment properties	6,451,029		6,390,048		5,742,752		5,627,266		3,671,968	
Development properties	466,498		521,181		724,224		859,269		875,570	
Interests in equity-accounted investees	740,396		955,013		942,376		812,695		1,150,776	
Property, plant and equipment	55,419		31,494		19,438		21,337		20,591	
Cash and cash equivalents	409,371		535,249		238,973		172,353		161,957	
Asset held for sale	-		-		-		-		223,564	
Other investments	700,967		386,616		344,664		545,622		545,394	
Other assets	442,137		214,544		70,978		91,296		44,510	
TOTAL ASSETS	**9,265,817**		**9,034,145**		**8,083,405**		**8,129,838**		**6,694,330**	
Equity attributable to owners of the Company	3,938,405		4,024,918		4,009,331		3,930,472		3,853,336	
Non-controlling interests	1,200,802		850,809		634,480		833,720		486,111	
Borrowings										
- Current	471,691		1,081,828		656,046		157,195		649,507	
- Non-current	3,024,564		2,399,107		2,245,443		2,767,352		1,416,415	
Other liabilities	630,355		677,483		538,105		441,099		288,961	
TOTAL EQUITY AND LIABILITIES	**9,265,817**		**9,034,145**		**8,083,405**		**8,129,838**		**6,694,330**	
Earnings per share (cents)	1.1		10.5		16.0		17.2		120.2	
Dividends per share (cents)										
- Interim dividend	1.0		1.0		1.0		1.0		1.0	
- Special dividend	11.0		-		2.0		3.0		-	
- Distribution *In Specie*	-		-		-		-		13.9	
- Final dividend	1.0		2.0		2.0		1.0		1.0	
TOTAL DIVIDEND	**13.0**		**3.0**		**5.0**		**5.0**		**15.9**	
Net asset per share (S$)	4.37		4.46		4.45		4.35		4.23	
Gearing ratio*	61%		61%		57%		58%		44%	

* *Net Borrowings/Total Equity less Intangible Assets and Goodwill*

South Jakarta Development's office drop-off: graceful lines curve up to form the backdrop of the quadruple-volume lobby

Artist's impression of South Jakarta Development Project by Skidmore, Owings & Merrill LLP/ATCHAIN

"While the Group's focus remains on the Singapore market, we are continuously on the lookout for attractive opportunities, both locally and overseas, that will drive financial returns for our shareholders."

"华联企业集团在继续关注新加坡市场的同时，也不断探索其他在海外和本地市场的商机，持续为股东创造优越的商业回报。"

Dear Shareholders,

In 2018, OUE remained focused on strengthening our asset portfolio to boost our recurring income base while capitalising on strategic growth opportunities.

In its first full year of operations since the completion of asset enhancement works in 2017, OUE Downtown cemented its place as a defining landmark in Singapore's Central Business District. With its vibrant mix of prime office space, luxury serviced residences, and innovative retail, dining, wellness and lifestyle offerings, OUE Downtown has established a value proposition as an exciting place to work, live and commune in the city.

In November 2018, the office components of OUE Downtown were divested to OUE Commercial REIT (OUE C-REIT) for S$908.0 million. This timely initiative enabled OUE to unlock capital to fund business plans for higher-growth reinvestment opportunities and at the same time grow OUE C-REIT, which in turn contributes to stable income streams.

BOLD VISIONS FOR GROWTH

With its timely entry into the healthcare real estate sector in early 2017, the Group is strongly poised to capitalise on the tremendous growth potential of this sector through its subsidiary, OUE Lippo Healthcare Limited (OUELH).

In October 2018, as part of the Group's plan to grow its asset management business, OUE and OUELH acquired a 60.0% and 40.0% stake respectively in Bowsprit Capital Corporation Limited (Bowsprit), the manager of SGX Mainboard-listed First Real Estate Investment Trust (First REIT), for a total consideration of S$98.9 million.

First REIT is Singapore's first healthcare real estate investment trust and currently has a portfolio of 20 properties located in Indonesia, Singapore, and South Korea. With the acquisition of Bowsprit, the Group now manages three REITs with accumulated assets under management of approximately S$8 billion.

In December 2018, OUELH entered into a non-binding letter of intent with China Merchants Shekou Industrial Zone Holdings Co., Ltd, a China Merchants Group (CMG) member company, to jointly develop, operate and manage a high-end international hospital in Prince Bay, Shenzhen, the People's Republic of China, which is set to be a flagship development within the Guangdong-Hong Kong-Macao Greater Bay Area. Additionally, OUELH announced that its 50:50 joint venture company with CMG had signed management agreements with other CMG member companies to manage three medical facilities in Shanghai, Chongqing, and Nanjing.

尊敬的各位股东，

华联企业在2018年继续着重于加强我们的资产投资组合，在把握策略性增长机会的同时提升经常性收入。

华联城（OUE Downtown）在2017年资产增值项目完竣后投入营业之第一个完整年度，成功奠定其为新加坡中央商业区地标的地位。设有优质办公室空间、豪华服务公寓及新颖的零售、餐饮、保健设施，倡导生活方式新概念的华联城，以活力四射的综合项目塑造精彩的城市定位，掀起令人向往的工作、生活和社区互动风潮。

2018年11月，华联企业集团以9亿800万新元将华联城的办公楼出售给华联企业商业房地产投资信托（华联商业信托）。此举时机恰当，并让华联企业集团盘活资金开展更高增长回报的再投资商业计划，同时也有助于加强华联商业信托的投资组合，从而提供稳定的收入。

宏伟增长愿景

华联企业集团于2017年初适时进军医疗房地产领域，让本集团能通过附属公司华联力宝医疗有限公司（华联力宝医疗）把握这个领域的无限增长潜能。

2018年10月，做为本集团扩展资产管理业务计划的一部分，华联企业和华联力宝医疗联手以9,890万新元收购了Bowsprit Capital Corporation Limited (Bowsprit)，分别持股60.0%和40.0%。Bowsprit是新加坡交易所主板上市的先锋医疗产业信托（先锋信托）的管理公司。

先锋信托是新加坡首个医疗房地产投资信托，目前在印度尼西亚、新加坡和韩国共拥有20个医疗房产。收购Bowsprit后，华联企业集团目前管理3个房地产投资信托，累记资产管理规模达80亿新元。

2018年12月，华联力宝医疗与招商局蛇口工业区控股有限公司，一家招商局集团成员公司，签署不具拘束力的意向书，以携手在中国深圳太子湾发展和经营一家高端国际医院。这家医院势必成为粤港澳大湾区内的旗舰发展项目。除此之外，华联力宝医疗还宣布其与招商局集团50:50股份的合资公司，还跟招商局集团的其他成员公司签署了管理协议来管理设于上海、重庆和南京的三家医疗机构。

CHAIRMAN'S STATEMENT

In January 2019, OUELH announced its plans to venture into Myanmar, one of the fastest growing emerging economies, via the acquisition of minority stakes in two joint venture companies. Between the two joint venture companies, they operate three hospitals, one medical centre, and two clinics in the key cities of Yangon, Mandalay, and Taunggyi.

Through these strategic acquisitions and partnerships, the Group is making great strides towards its vision of becoming a leading healthcare real estate company with a presence in key Asian growth markets to meet the rising demand for quality healthcare.

EXCITING TRANSFORMATIONS
While the Group's focus remains on the Singapore market, we are continuously on the lookout for attractive opportunities, both locally and overseas, that will drive financial returns for our shareholders.

In September 2018, OUE entered into a conditional land sale and purchase agreement to purchase prime plots of land with a total area of approximately 86,100 square feet, located within the central business district in South Jakarta, for a purchase consideration of IDR 1,629.3 billion (approximately S$165.6 million).

Recognising Indonesia as a key growth market, this potential acquisition represents an exciting and rare opportunity with excellent commercial prospects for OUE. Leveraging on our track record in bringing value and expertise to commercial, hospitality, retail, and residential developments, we look forward to transforming this site into a high-quality mixed development that will complement our existing portfolio of assets.

MOVING FORWARD
We will maintain our focus on pursuing opportunities to expand our portfolio while driving a robust operating performance. Our growing recurring income from a well-diversified portfolio continues to provide us with greater resilience and flexibility as we work towards delivering sustainable shareholder returns for the long term. We also continue to seek opportunities to grow our asset management business with a view to doubling the assets under management in the foreseeable future.

IN GRATITUDE
In appreciation of our shareholders' continued support and trust, the Board of Directors has proposed a final cash dividend of 1.0 Singapore cent per share and a special cash dividend of 11.0 Singapore cents per share. Together with the interim dividend of 1.0 Singapore cent per share declared in August 2018, the total cash dividend for FY2018 amounts to 13.0 Singapore cents per share.

I would like to express my deepest gratitude to my fellow Board members, strategic partners, financial advisors, management team, and staff of OUE. With your continued support, dedication and hard work, I am confident that OUE's bold visions will bring exciting transformations.

Stephen Riady
Executive Chairman
March 2019

2019年1月，华联力宝医疗宣布其通过收购两家合资公司少数股份的形式进军缅甸的计划。缅甸是亚洲发展最快的新兴经济体之一。这两家合资公司协同在仰光、曼德勒和东枝经营三家医院、一家医疗中心和两家诊所。

通过这些战略性的收购项目和合伙关系，华联企业集团正大步迈向成为区域医疗房地产翘楚的愿景，在各主要亚洲增长市场建立其地位，以迎合优质医疗服务需求上升的趋势。

振奋人心的蜕变
华联企业集团在继续关注新加坡市场的同时，也不断探索其他在海外和本地市场的商机，持续为股东创造优越的经济回报。

2018年9月，华联企业集团订立了一份有条件土地转让协议，以1万6293亿印尼盾（约1亿6560万新元）收购一块位于南雅加达中央商务区占地约86,100平方英尺的优质地皮。

华联企业集团视印度尼西亚为主要发展市场之一，因此这项收购对华联企业集团而言是难得的契机，将为企业带来不可限量的商业前景。凭借我们为商用、酒店、零售和住宅发展项目资产增值的成功经验，我们有信心使这块优质地皮蜕变发展成高素质的综合发展项目，为我们现有的资产投资组合锦上添花。

前景展望
我们在积极提高营运表现的同时，也将持续关注扩充投资组合的机会。多元化的投资组合为我们提供不断增长的经常性收入，使我们在努力创造长期可持续股东回报的过程中，能更坚韧和灵活地经营投资。我们也将继续寻找商机来增长资产管理业务，以在不远的将来把管理资产规模扩大到目前的两倍。

致谢
为了答谢股东们一路来对华联企业的支持与信任，董事会建议派发每股新元1分的期末现金股息，以及每股新元11分的特别现金股息。连同2018年8月所宣布的每股新元1分的中期股息在内，2018年度总现金股息达到每股新元13分。

我想借此机会向各位董事会成员、战略伙伴、财务顾问、管理团队和员工们致谢。有你们的不懈支持、辛勤付出和努力工作，我有信心华联企业集团一定能够继续大展宏图，再创辉煌。

李棕
董事主席
2019年3月

CEO'S STATEMENT

"We look forward to continuing to share this journey with you as we drive OUE's growth and deliver more exciting transformations."

"期待与你们继续共同经历本集团的发展蜕变，并创造出更多辉煌的业绩。"

Dear Shareholders,

The Group delivered a satisfactory performance in 2018 with recurring income growth from its well-diversified portfolio of prime assets. During the year, we continued to maintain our focus on improving our recurring income through active lease management while exploring strategic investment opportunities to further enhance shareholder value.

OVERALL PERFORMANCE

For the financial year ended 31 December 2018 (FY2018), the Group reported revenue of S$642.9 million as compared to S$754.1 million in the corresponding period last year (FY2017). The decline in revenue was largely due to lower contributions from the Development Property and Healthcare Divisions, which were partially mitigated by higher contributions from the Investment Properties and Hospitality Divisions.

Earnings before interest and tax (EBIT) rose to $182.5 million in FY2018. This was mainly attributed to higher contributions from the Hospitality Division and higher dividend income, offset partially by lower contribution from the Development Property Division and equity-accounted investees.

Profit attributable to shareholders decreased to S$10.0 million mainly due to lower net fair value gains recognised on investment properties and impairment of goodwill relating to the Group's investment in OUE Lippo Healthcare Limited (OUELH); partially mitigated by higher EBIT in FY2018.

The Group closed the year with a healthy balance sheet with net assets at S$5.1 billion.

OUR BUSINESSES IN REVIEW

In FY2018, revenue from the Group's Investment Properties Division increased to S$274.4 million, largely attributable to a first full year's rental income from Downtown Gallery, which commenced operations in May 2017.

The Hospitality Division recorded revenue of S$236.6 million in FY2018, a 7.5% increase from FY2017. This was mainly due to higher contribution from Oakwood Premier OUE Singapore, the serviced residences component of OUE Downtown, which has continued to ramp up its business since its opening in June 2017.

尊敬的各位股东，

依靠多元化的优质资产投资组合所取得的经常性收入增长令集团在2018财务年度取得不俗的表现。在这一年里，我们继续通过积极的租赁管理着重于提升经常性收入，并探索其他战略性投资机会，以增进股东价值。

整体业务表现

截至2018年12月31日的财务年度（2018财务年度），集团总营业收入为6亿4290万新元， 2017财务年度则为7亿5410万新元。总营业收入的下滑主要源于产业发展和保健护理部门贡献减少，但因产业投资和酒店部门的贡献提高而获得一定缓冲。

2018财务年度的息税前收益上升至1亿8250万新元。这主要归功于酒店部门收入以及股息收入提高，但部分息税前收益因产业发展和股权投资对象的下滑而受影响。

净利润滑落至1000万新元，主要因为产业投资的公允价值收益和集团投资于华联力宝医疗 (OUE Lippo Healthcare) 的相关商誉价值有所减少；2018财务年度更高的税前收益缓冲了部分净利润的滑落。

集团截至2018财务年度的资产负债表以稳健的51亿新元净资产报收。

集团业务回顾

集团的产业投资部门于2018财务年度呈献的营业收入增至2亿7440万新元，主要归功于自2017年5月开始营业的华联城购物廊（Downtown Gallery）所首次贡献的一整年租金收入。

酒店部门本年度营业收入达2亿3660万新元，与2017年财务年度同比上升7.5%。这主要归功于新加坡华联奥卓豪景酒店公寓（Oakwood Premier OUE Singapore）即位于华联城的服务式公寓所贡献的收入提高。新加坡华联奥卓豪景酒店公寓自2017年6月开业以来持续着重于增长业务与业绩。

CEO'S STATEMENT

Revenue from the Development Property Division decreased to S$65.9 million due to lower sales completed for units sold under the deferred payment schemes in FY2018. Similarly, revenue from the Healthcare Division, contributed by OUELH, decreased to S$28.8 million mainly due to lower contribution from its operations in China.

Higher dividend income at S$13.0 million was mainly due to dividend received from the Group's interests in Gemdale Properties and Investment Corporation Limited.

LOOKING AHEAD

The divestment of the office components of OUE Downtown to OUE Commercial Real Estate Investment Trust in FY2018 has enabled OUE to unlock capital to fund business plans in higher-growth opportunities.

We look forward to laying the groundwork for the South Jakarta Development Project, an integrated office and hotel development that will set a new benchmark for high-quality developments in this bustling metropolis. Following our strategic healthcare-focused acquisitions in 2018, we are well positioned to grow our healthcare sector into a leading healthcare company with expanding presence in the Pan-Asian region.

NOTE OF APPRECIATION

It takes a great team to make great things happen. I would like to express my sincere thanks to our management team and staff. Without their hard work and commitment, our achievements today would not have been possible. I would also like to thank you, our valued shareholders, for your continued trust and support. We look forward to continuing to share this journey with you as we drive OUE's growth and deliver more exciting transformations.

Thio Gim Hock
CEO/Group Managing Director
March 2019

产业发展部门的营业收入在2018财务年度跌至6590万新元。这是因为集团在延期付款计划下售卖的公寓单位于2018财务年度完成交易数额与2017财务年度所完成的单位交易数额同比降低。同样的，由华联力宝医疗所呈献的保健护理部门的营业收入也因其中国地区营运的贡献减少，而跌至2880万新元。

另一方面，股息收入增至1300万新元，主要源于本集团所持有的金地商置集团有限公司（Gemdale Properties and Investment Corporation Limited）股份的股息。

集团未来展望

集团在2018财务年度出售华联城（OUE Downtown）的办公楼给华联企业商业房地产投资信托（华联商业信托），令集团盘活资本，以便开展有更高回报潜能的商业计划。

我们期待为位于南雅加达的发展项目破土奠基，把这个集办公楼和酒店为一体的优质综合发展项目开发为充满活力的国际大都会的最新地标。凭借我们于2018年所进行的战略性保健护理收购项目，集团有信心把保健护理业务扩大做强，使本集团成为亚太区域保健护理领域中的佼佼者。

致谢

只有拥有高素质的团队，才能创造骄人的业绩。我要衷心感谢管理层和员工。没有他们的不懈努力和付出，就不会有今天的成就。同时，我也要答谢我们的股东，感谢你们持续不断的信任和支持。期待与你们继续共同经历本集团的发展蜕变，并创造出更辉煌的业绩。

张清福
首席执行总裁/集团董事经理
2019年3月

BOARD OF DIRECTORS

Seated (from left to right)
Dr. Stephen Riady, Executive Chairman
Mr. Thio Gim Hock, Chief Executive Officer/Group Managing Director

Standing (from left to right)
Mr. Kin Chan, Non-Executive Non-Independent Director
Mr. Christopher James Williams, Deputy Chairman
Mr. Sin Boon Ann, Lead Independent Director
Mr. Kelvin Lo Kee Wai, Independent Director

BOARD OF DIRECTORS

Dr. Stephen Riady
Executive Chairman

Dr. Stephen Riady was appointed Executive Chairman of OUE Limited on 9 March 2010. He has been serving as Executive Director since 30 November 2006. He is a deemed substantial shareholder of OUE Limited. Details of his deemed shareholdings can be found on pages 243 and 244 of this Annual Report. He was last re-elected as a Director at the Annual General Meeting held on 21 April 2016.

Dr. Riady is also an executive director of Lippo Limited and has been its chairman since 1991. He was appointed a director of Lippo China Resources Limited in 1992 and on 25 March 2011, he was appointed as its chairman. He has been an executive director of Hongkong Chinese Limited since 1992 and on 25 March 2011, he was appointed as its chairman. Dr. Riady is also a member of the remuneration committee and nomination committee of Lippo Limited, Lippo China Resources Limited and Hongkong Chinese Limited, which are all listed on the Main Board of The Stock Exchange of Hong Kong Limited. He was also appointed a non-executive non-independent director of (i) OUE Lippo Healthcare Limited in July 2017; and (ii) Healthway Medical Corporation Limited in August 2017, which are both listed on the Catalist board of the Singapore Exchange Securities Trading Limited.

His service to society includes such civic engagements as founding honorary advisor of the University of Hong Kong Foundation for Education Development and Research, member of the Boards of Trustees of Volunteer Service Trust and The Better Hong Kong Foundation, member of the Advisory Council of One Country, Two Systems Research Institute, fellow of the Duke of Edinburgh's Award World Fellowship and member of the Advisory Board of Sloan School of Management of the Massachusetts Institute of Technology, United States of America. He was a member of the Council and the Court of Hong Kong Baptist University.

In public service, Dr. Riady was a Hong Kong Affairs Advisor from April 1995 to June 1997, appointed by the Hong Kong and Macao Office of the State Council and Xinhua News Agency, Hong Kong Branch of the People's Republic of China ("**PRC**"). In addition, he is a member of the Committee to Promote Economic Co-operation between Fujian and Hong Kong, a committee established by the Provincial Government of Fujian, PRC.

Accolades he has received include the Chevalier de L'Ordre des Arts et des Lettres awarded by the French government, and the Strategic Investment Entrepreneur of the Year in Ernst & Young's annual Entrepreneur of the Year Awards Singapore 2007. He was awarded the 2018 EY Asean Entrepreneurial Excellence Award, an award which recognises successful Southeast Asian businesses that contribute to the economy and community in the region. He is an Honorary Citizen of Shenzhen, PRC.

Dr. Riady is a graduate of the University of Southern California, United States of America and holds a Master of Business Administration from Golden Gate University, United States of America. He was conferred an Honorary Degree of Doctor of Business Administration from Edinburgh Napier University, United Kingdom, and is one of the first Honorary University Fellows installed by the Hong Kong Baptist University.

Mr. Thio Gim Hock
Chief Executive Officer/ Group Managing Director

Mr. Thio Gim Hock has been the Chief Executive Officer/Group Managing Director since 6 November 2007. He was last re-elected as a Director at the Annual General Meeting held on 21 April 2016.

Mr. Thio has extensive experience in engineering, real estate (commercial and residential properties, hotels) property development and consultancy. He was an executive director of Lippo Realty (Singapore) Pte Limited from 2005 to 2007, the chief executive officer and director of Target Realty Limited from 2001 to 2003, an executive director for City Project Management/ Property Development at City Developments Ltd from 1999 to 2003, and an executive director of Hotel Properties Limited from 1988 to 1999.

Mr. Thio holds a Bachelor of Engineering (Civil) from the University of Malaya, Malaysia and attended graduate school at the Massachusetts Institute of Technology, United States.

Mr. Christopher James Williams
Deputy Chairman

Mr. Christopher James Williams was appointed as a Non-Executive Director on 19 July 2006 and became Deputy Chairman of the Board with effect from 9 March 2010. He currently serves as a member of the Nominating Committee and the Remuneration Committee. He was last re-elected as a Director at the Annual General Meeting held on 28 April 2017.

Mr. Williams is a founding partner of Howse Williams (formerly known as Howse Williams Bowers), Hong Kong, which he co-founded in 2012 as an independent Hong Kong law firm. Mr. Williams was responsible in particular for establishing the non-contentious area of the practice. Howse Williams has subsequently grown to become one of the leading independent law firms in Hong Kong.

Prior to co-founding Howse Williams, Mr. Williams was from 1994 a partner in Richards Butler, an international law firm which merged with the US law firm Reed Smith in 2008 and was throughout this period based in Hong Kong.

Mr. Williams is presently a non-independent non-executive director of OUE Hospitality REIT Management Pte. Ltd. ("**OUEHRM**") and OUE Hospitality Trust Management Pte. Ltd. ("**OUEHTM**"). He was also the chairman of the board of directors of OUEHRM and OUEHTM from April 2013 to November 2017. Mr. Williams was appointed as chairman and non-independent non-executive director of OUE Commercial REIT Management Pte. Ltd. in October 2013 and as chairman and non-independent non-executive director of Bowsprit Capital Corporation Limited, the manager of First Real Estate Investment Trust, in October 2018. He has been a director of OUB Centre Limited since January 2014.

Mr. Williams specialises in corporate finance, mergers and acquisitions, direct investment and corporate restructurings and reorganisations. He also advises on corporate governance and compliance. His practice encompasses Hong Kong and the Asia Pacific region, particularly Indonesia and Singapore. He has been named in the *Guide to the World's Leading Mergers and Acquisitions Lawyers*, published by Euromoney Publications PLC, and the *International Who's Who of Merger and Acquisition Lawyers*, published by Law Business Research, as one of the world's top mergers and acquisitions lawyers.

Mr. Williams qualified as a solicitor in England and Wales in 1986 and was admitted as a solicitor in Hong Kong in 1991. He holds a Bachelor of Arts (Honours) in International Relations and Economics from the University of Reading, United Kingdom.

Mr. Sin Boon Ann
Lead Independent Director

Mr. Sin Boon Ann was appointed as an Independent Director on 25 May 2009. He serves as Lead Independent Director, Chairman of the Nominating Committee and the Remuneration Committee, and as a member of the Audit Committee. He was last re-elected as a Director at the Annual General Meeting held on 26 April 2018.

Mr. Sin is a Consultant at Drew & Napier LLC. He was the Deputy Managing Director of Drew & Napier's Corporate and Finance Department and the Co-head of the Capital Markets Practice before he retired to be a consultant in March 2018. Mr. Sin is principally engaged in corporate finance and mergers and acquisitions. He was a Member of Parliament for Tampines GRC from 1996 to 2011. Mr. Sin was a member of the Government Parliamentary Committee for Health and Defence and Foreign Affairs from 2009 to 2011. Mr. Sin taught at the Faculty of Law of the National University of Singapore from 1987 to 1992.

Mr. Sin has been a lead independent director of HRnetGroup Limited since 2017 and an independent director of CSE Global Limited since 2002 and Rex International Holding Limited since 2013. He was appointed as an independent director of TIH Limited and Datapulse Technology Limited in 2018. Mr. Sin also serves as the chairman of the risk management committee, and a member of the remuneration committee, for TIH Limited. He was appointed as a board member of Singapore Centre for Social Enterprise Ltd. in April 2015.

Mr. Sin holds Bachelor of Arts and Bachelor of Laws (Honours) degrees from the National University of Singapore, and a Master of Laws from the University of London.

BOARD OF DIRECTORS

Mr. Kelvin Lo Kee Wai
Independent Director

Mr. Kelvin Lo Kee Wai was appointed as an Independent Director on 19 July 2006. He also serves as the Chairman of the Audit Committee, and is a member of the Nominating Committee and the Remuneration Committee. He was last re-elected as a Director at the Annual General Meeting held on 28 April 2017.

Mr. Lo has been engaged in the funds management business and practicing law in New South Wales, Australia at Alliance Law Group since 2007. He previously served as chief investment officer of Value Creation Inc from 2002 to 2007, chief executive officer of Mreferral Corporation Ltd from 2000 to 2001, chief financial officer of Midland Realty Ltd from 1999 to 2001, and financial controller of Lippo Limited from 1992 to 1999. Mr. Lo was appointed as a non-executive director of Medtech Group Company Ltd, a company listed in Hong Kong, in 2001.

Mr. Lo is a fellow of the Association of Chartered Certified Accountants of England, an associate of the Hong Kong Institute of Certified Public Accountants, an associate of the Chartered Professional Accountants Canada, a chartered financial analyst of the CFA Institute of United States, and an associate of the Chartered Secretaries Australia. He is an associate member of the Law Society of New South Wales, Australia. Mr. Lo obtained a Master of Laws from University of Sydney, Australia. Mr. Lo was appointed a Notary Public of New South Wales of Australia in 2012.

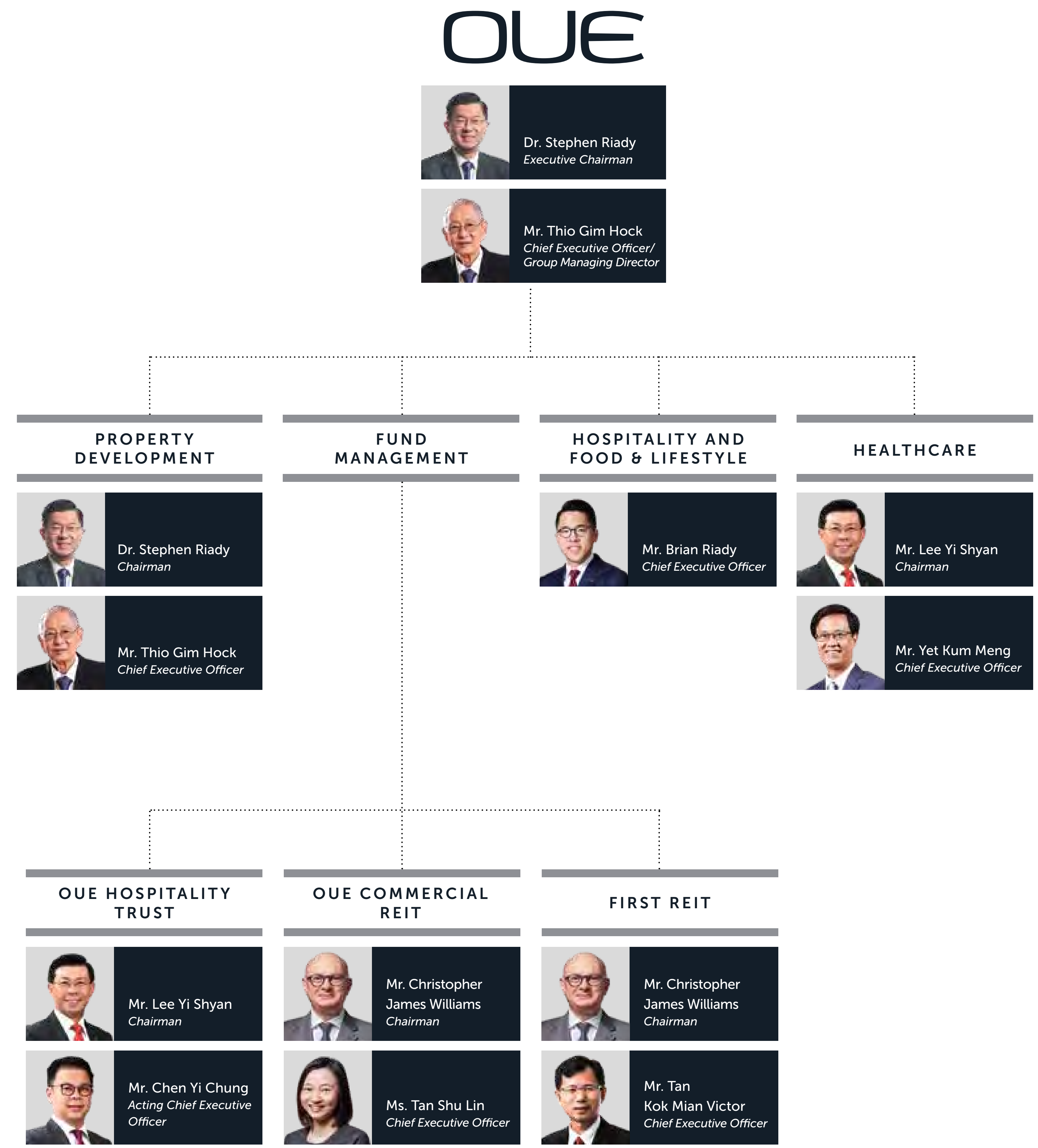
Mr. Kin Chan
Non-Executive Non-Independent Director

Mr. Kin Chan was appointed as a Non-Executive Director on 17 March 2010. He currently serves as a member of the Audit Committee. Mr. Chan has been the chief investment officer of Argyle Street Management Limited since 2002 and is a deemed substantial shareholder of OUE Limited. Details of his deemed shareholdings can be found on pages 243 and 244 of this Annual Report. He was last re-elected as a Director at the Annual General Meeting held on 26 April 2018.

Mr. Chan has been the chairman of TIH Limited, a company listed in Singapore, since 2005 and has been appointed as a non-executive director of CITIC Resources Holdings Limited, a company listed in Hong Kong, since 2017. He was a non-executive director of (i) The ONE Group Hospitality, Inc., a company listed in the United States of America, for the period from November 2017 to January 2019; and (ii) Mount Gibson Iron Limited, a company listed in Australia, for the period from September 2016 to January 2018.

Mr. Chan earned an AB degree from Princeton University and a Master's degree in Business Administration from the Wharton School of University of Pennsylvania where he was a Palmer Scholar.

MANAGEMENT STRUCTURE



MANAGEMENT STRUCTURE

PROPERTY DEVELOPMENT

Dr. Stephen Riady
Chairman

For Dr. Stephen Riady's biography, please refer to page 48 – the "Board of Directors" section of this Annual Report.

Mr. Thio Gim Hock
Chief Executive Officer

For Mr. Thio Gim Hock's biography, please refer to page 48 – the "Board of Directors" section of this Annual Report.

HEALTHCARE

OUE LIPPO HEALTHCARE LIMITED

Mr. Lee Yi Shyan
Chairman

Mr. Lee joined OUE Limited as an Executive Adviser to the Chairman of OUE Limited in January 2016. He was appointed as the chairman and non-independent non-executive director of OUE Lippo Healthcare Limited on 17 July 2017.

Mr. Lee Yi Shyan was appointed as the deputy chairman and non-independent non-executive director of the board of directors of OUE Hospitality REIT Management Pte. Ltd. (the manager of OUE Hospitality Real Estate Investment Trust) and OUE Hospitality Trust Management Pte. Ltd. (the trustee-manager of OUE Hospitality Business Trust) (collectively, the "**Managers**") on 12 January 2016. He assumed the role of chairman of the board of directors of the Managers on 1 November 2017. He is also the chairman and director of OUE USA Services Corp.

Mr. Lee is also an elected member of parliament for East Coast GRC. Mr. Lee has been appointed as chairman of Business China since 1 October 2016. He is also the chairman and director of ICE Futures Singapore Pte. Ltd. ("**IFSG**"), a company which operates as an approved exchange under the supervision of the Monetary Authority of Singapore ("**MAS**"), and ICE Clear Singapore Pte. Ltd., which operates as an approved clearing house under the supervision of MAS, and a director of ICE Singapore Holdings Pte. Ltd., the holding company of IFSG. He was appointed as an advisor of Keppel Corporation Limited in January 2018, and a director of each of Sino-Singapore Tianjin Eco-City Investment and Development Co., Ltd., the developer of Eco-City, Singapore Tianjin Eco-City Investment Holdings Pte. Ltd. and Keppel Group Eco-City Investments Pte. Ltd. in March 2018.

Prior to joining OUE Limited, Mr. Lee was a member of the Cabinet of the Singapore government from 2006 to 2015. As senior minister of state for the Ministry of National Development, Mr. Lee oversaw urban planning, construction productivity development and town council management. As senior minister of state for the Ministry of Trade & Industry, Mr. Lee had extensive interactions with governments and businesses in China, the Middle East, Africa and Russia.

Prior to his political career, Mr. Lee was the chief executive officer of International Enterprise Board from 2001 to 2006, whose mission was to help Singapore businesses internationalise through its 40 offices worldwide. He was the deputy chief executive officer of SPRING Singapore from 2000 to 2001, which helped small and medium enterprises in capacity building, innovation and productivity development.

Mr. Lee was honoured with the Distinguished Alumni Award by the Centre for Creative Leadership, North Carolina, USA, in 2009, and the Distinguished Engineering Alumni Award by the Faculty of Engineering, National University of Singapore, in 2013.

Mr. Lee studied Chemical Engineering in the National University of Singapore. He completed an executive management programme at the Harvard Business School in 1997 and a management programme at Tsinghua University in 2001.

HEALTHCARE

OUE LIPPO HEALTHCARE LIMITED

Mr. Yet Kum Meng
Chief Executive Officer

Mr. Yet Kum Meng was appointed as chief executive officer and executive director of OUE Lippo Healthcare Limited ("**OUELH**") on 28 February 2019. Mr. Yet was previously the chief financial officer of OUELH since May 2017. As chief executive officer and executive director, Mr. Yet manages and oversees the overall business and development matters of the OUELH Group.

Mr. Yet has more than 20 years of experience in the airline and real estate sectors, both in Singapore and China, serving in various management roles.

Mr. Yet joined Lippo Group in 2008 and served as its chief executive officer/president, China Real Estate Division, as well as board member of the China project companies till 2015. During his tenure, Mr. Yet led the acquisition, development and/or management of projects in Beijing, Huai An and Taizhou in Jiangsu Province, Zhuhai in Guangdong Province and Putian in Fujian Province. He has also been on the board of directors of Lippo Group's retail businesses in China since 2010.

Prior to joining Lippo Group, Mr. Yet was with GuocoLand Limited ("**GuocoLand**") as group financial controller of China from 2005 to 2008, overseeing finance and accounting, taxation, business development, human resources and legal matters. During this period, GuocoLand's footprint in China expanded to new projects in Beijing, Shanghai, Tianjin and Nanjing in Jiangsu Province.

Mr. Yet was involved in the airline sector from 1996 to 2005, having served in various management roles with Singapore Airlines ("**SIA**") in Finance, Treasury, Sales and Marketing, Northern China station, as well as being staff assistant to SIA group chairman and deputy chairman/chief executive officer. His last held position was senior manager Corporate Accounts and Projects responsible for the SIA Group's statutory and management reporting.

Mr. Yet holds a Bachelor of Accountancy (First Class Honours) degree and a Master of Business Administration (Hospitality and Tourism Management) degree from Nanyang Technological University, Singapore.

HOSPITALITY AND FOOD & LIFESTYLE

Mr. Brian Riady
Chief Executive Officer

Mr. Brian Riady was appointed as the Chief Executive Officer, Hospitality Division of OUE Limited on 24 October 2018. He is responsible for managing all aspects of the business of the Hospitality Division of OUE Limited.

Mr. Riady was previously vice president of strategy of Lippo Group from 2013 to 2018. Mr. Riady also served as group chief executive officer of Lippo Group's Entertainment and Lifestyle Division, conceptualising and growing multiple concepts, developing over 150 food and beverage and entertainment outlets and expanding into over 30 cities across Indonesia.

Prior to joining Lippo Group, Mr. Riady was an analyst at Credit Suisse's Real Estate, Gaming and Lodging investment banking group.

Mr. Riady holds a Bachelor of Science (Political Communication) and a Bachelor of Arts (Economics) from the University of Texas at Austin, and has also completed Executive Education programmes at Harvard Business School.

MANAGEMENT STRUCTURE

FUND MANAGEMENT

OUE HOSPITALITY TRUST

Mr. Lee Yi Shyan
Chairman

For Mr. Lee Yi Shyan's biography, please refer to page 52 – the "Management Structure, Healthcare (OUE Lippo Healthcare Limited)" section of this Annual Report.

Mr. Chen Yi Chung
Acting Chief Executive Officer

Mr. Chen Yi Chung is the acting chief executive officer of OUE Hospitality REIT Management Pte. Ltd., the manager of OUE Hospitality Real Estate Investment Trust ("**OUE H-REIT**" and the manager of OUE H-REIT, the "**REIT Manager**"). OUE Hospitality Trust comprises OUE H-REIT and OUE Hospitality Business Trust ("**OUE H-BT**"). OUE H-BT is dormant.

Mr. Chen has extensive experience in the real estate and consulting industry in Singapore and internationally. Mr. Chen joined the REIT Manager as vice president, Investments where he was in charge of investment and asset management. Mr. Chen was part of the team which listed OUE Hospitality Trust on the Main Board of Singapore Exchange Securities Trading Limited on 23 July 2013. Mr. Chen was appointed as the acting chief executive officer of the REIT Manager on 16 July 2018. Before joining the REIT Manager, Mr. Chen was with the sponsor of OUE H-REIT, OUE Limited, where his last held position was Vice President, Investments. Prior to joining OUE Limited, Mr. Chen was with the manager of Lippo Malls Indonesia Retail Trust.

Mr. Chen holds a Bachelor's degree in Business Administration from Fu Jen Catholic University in Taiwan, a Master's degree in Computer Science from the University of Texas at Arlington and a Master's degree in Business Administration from the University of Chicago Booth School of Business.

FUND MANAGEMENT

FIRST REIT

Mr. Christopher James Williams
Chairman

For Mr. Christopher James Williams' biography, please refer to page 49 – the "Board of Directors" section of this Annual Report.

Mr. Tan Kok Mian Victor
Chief Executive Officer

Mr. Tan Kok Mian Victor is an executive director and chief executive officer of Bowsprit Capital Corporation Limited ("**Bowsprit**"), the manager of First Real Estate Investment Trust. As executive director and chief executive officer, he has full executive responsibilities over the business direction and operational decisions in the day-to-day management of Bowsprit.

Mr. Tan joined Bowsprit as senior finance manager in April 2008 and was responsible for the financial operations of Bowsprit. He was appointed as chief financial officer of Bowsprit in July 2008. Mr. Tan was appointed as executive director and acting chief executive officer of Bowsprit in May 2017 and was subsequently re-designated as chief executive officer of Bowsprit in September 2017.

Prior to joining Bowsprit, Mr. Tan was with Parkway Holdings Limited ("**Parkway**"). He joined Parkway in 1997 as an accountant, and was promoted to the position of group accountant and subsequently to financial controller. His scope of work in Parkway included supervising the preparation of financial accounts and handling accounting matters for the holding company as well as some of the subsidiary companies within the Parkway Group. During his tenure, he also assisted Parkway's chief financial officer in preparation of the consolidated accounts for the Parkway Group.

Mr. Tan graduated in 1997 with professional qualifications from the Association of Chartered Certified Accountants ("**ACCA**"). He is a Chartered Accountant of the Institute of Singapore Chartered Accountants and a fellow member of ACCA.

FUND MANAGEMENT

OUE COMMERCIAL REIT

Mr. Christopher James Williams
Chairman

For Mr. Christopher James Williams' biography, please refer to page 49 – the "Board of Directors" section of this Annual Report.

Ms. Tan Shu Lin
Chief Executive Officer

Ms. Tan Shu Lin was appointed as executive director of the board of OUE Commercial REIT Management Pte. Ltd. (the "**Manager**"), the manager of OUE Commercial Real Estate Investment Trust ("**OUE C-REIT**") on 31 October 2013. As chief executive officer, she is responsible for the strategic management, growth and operation of OUE C-REIT. She works with the board of directors of the Manager to determine OUE C-REIT's business strategies and plans, and with the management team to ensure that such strategies are executed accordingly.

Ms. Tan has extensive experience in corporate finance, investments, mergers and acquisitions, and financial management, with more than 14 years of experience in direct real estate investments and fund management. Prior to joining the Manager, she was with Ascendas Funds Management Pte Ltd, the manager of Ascendas REIT ("**A-REIT**"), where as head, Singapore Portfolio and head, Capital Markets and Transactions, she had overall strategic direction, as well as operational and capital structure responsibilities for A-REIT's portfolio. She was also responsible for formulating and executing appropriate strategies to meet A-REIT's funding requirements, as well as managing investor relations.

From 2007 to 2008, Ms. Tan was with the wealth management division of UBS as director, Real Estate Investment Management. Prior to that, she was with Ascendas Pte Ltd, where she held various positions engaged in sourcing and structuring potential investment opportunities, as well as exploring and evaluating property fund management opportunities. Ms. Tan started her career with various banks where her responsibilities included advising companies on capital market transactions and other fund-raising exercises.

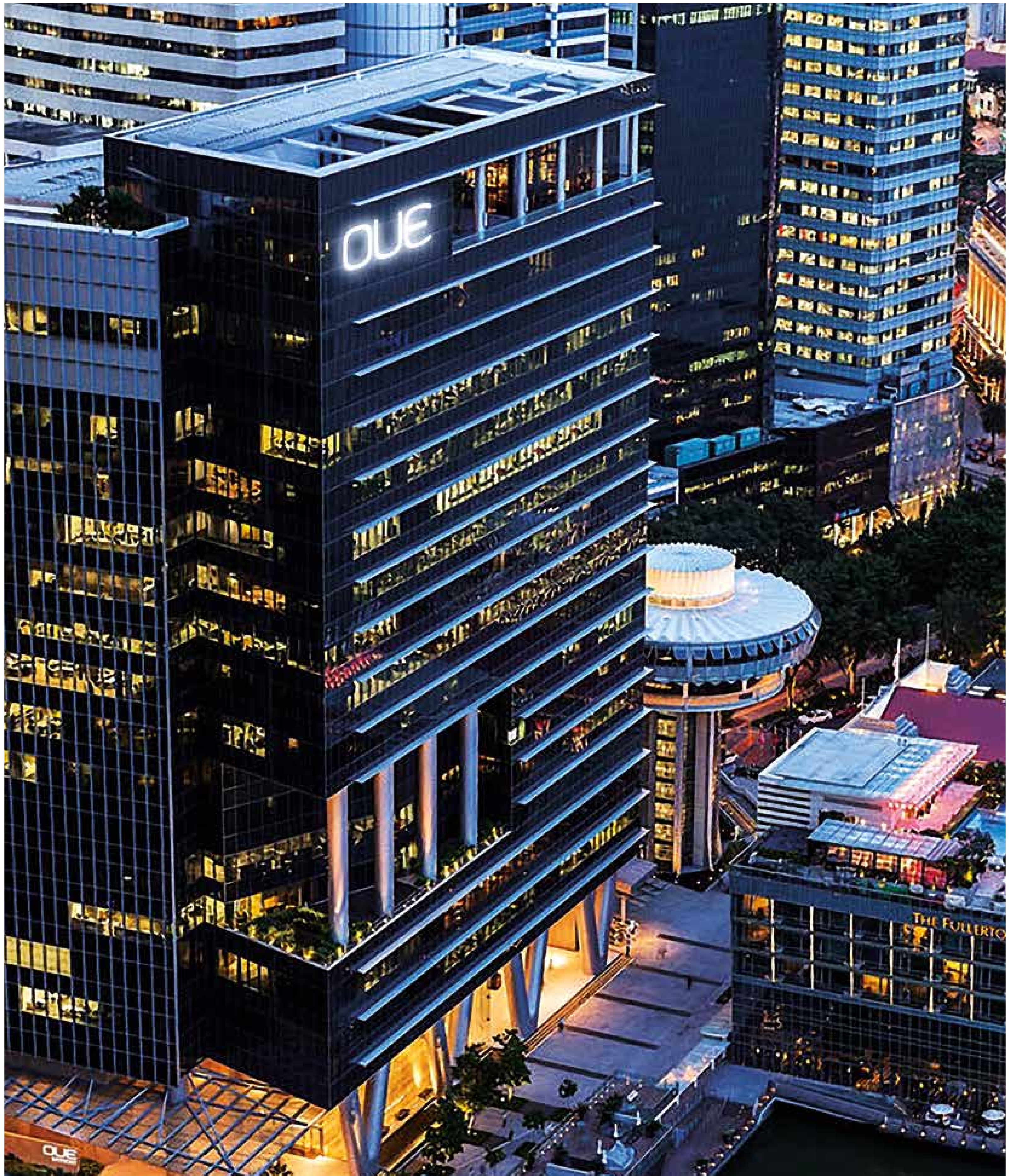
Ms. Tan holds a Bachelor of Arts (First Class Honours) in Economics from the University of Portsmouth, United Kingdom, and is also a Chartered Financial Analyst.

South Jakarta Development's hotel drop-off: futuristic elegance inspired by traditional Indonesian craft creating a spectacular arrival

Artist's impression of South Jakarta Development Project by Skidmore, Owings & Merrill LLP/ATCHAIN

OUE BAYFRONT

01



A modern landmark on Singapore's historic waterfront

01 OUE Bayfront offers premium office space with commanding views of Marina Bay

02 OUE Tower is home to the exclusive Tóng Lè Private Dining revolving restaurant

03 Entrance to the OUE Link overhead bridge

02

OUE TOWER

03

OUE LINK

OUE Bayfront is a landmark commercial building with 18 floors of premium Grade-A office space, located advantageously between downtown Marina Bay and the established financial hub of Raffles Place. Green Mark Gold certified by Singapore's Building and Construction Authority, it remains a top choice for leading financial, legal and professional services firms, with a notable list of tenants that include Bank of America Merrill Lynch, Hogan Lovells Lee & Lee, Allen & Overy LLP, and Citrix Systems Singapore Pte Ltd.

OUE Bayfront is adjoined by two ancillary properties: OUE Tower and OUE Link. A remnant of Singapore's historic waterfront, which has been accorded heritage conservation status, OUE Tower houses two storeys of food and beverage space, including one of only two revolving restaurants in Singapore, and the only one in the Central Business District.

OUE Link is an air-conditioned overhead pedestrian bridge that provides sheltered access to Raffles Place across the nine-lane thoroughfare below, and is lined with a selection of double-frontage retail shops. OUE Bayfront's accessibility is further served by an underground pedestrian linkway to the Downtown Mass Rapid Transit station.

Redefining the work-live-play experience

OUE DOWNTOWN

01 OUE Downtown redefines the work-live-play concept in the bustling Central Business District

02 Main drop-off atrium on Shenton Way

02

01

OUE Downtown brings the work-live-play concept vibrantly to life through the integration of premium offices, a six-storey retail mall and luxury serviced residences.

The office buildings—the 37-storey OUE Downtown 2 and the high zone of the 50-storey OUE Downtown 1 —offer efficiently designed office space in a prime location on Shenton Way, in the midst of an established business and commercial hub bustling with international banks, multinationals, financial and professional services companies. This premium address lies close to major expressways and is well served by public transport networks, including the existing Tanjong Pagar, Downtown, as well as the upcoming Shenton Way and Prince Edward Mass Rapid Transit stations.

Downtown Gallery is the place to commune in Singapore's Central Business District. Its approximately 150,000 square feet of premium retail space is distinguished by a unique tenant mix offering an exciting array of lifestyle and wellness experiences. With a strong focus on the sharing economy, future trends and new-to-market concepts, Downtown Gallery is an all-in-one destination for the office crowd to shop, dine, and de-stress.

OUE Downtown's serviced residences component, Oakwood Premier OUE Singapore, is an award-winning luxury hotel and serviced residences that provides international travellers with a tailored stay in the heart of the Central Business District. Occupying the 7th to 32nd storeys of OUE Downtown 1, its 268 serviced residences cater to different needs with a choice of studio, one-bedroom and two-bedroom units, complemented by a range of luxury hotel facilities.

In November 2018, OUE Downtown's office components were divested to OUE Commercial REIT.

OPERATIONS REVIEW
COMMERCIAL

one Raffles Place

The perfect balance of prominence and convenience

01 Main lobby of One Raffles Place

02 One Raffles Place offers direct access to Raffles Place Mass Rapid Transit station

03 One Raffles Place is a familiar landmark on the Central Business District skyline

02

01

Located in the heart of Singapore's financial district, *One Raffles Place* is an integrated development consisting of One Raffles Place Tower 1 and Tower 2 Grade-A office buildings, and One Raffles Place Shopping Mall.

Being situated above and seamlessly linked to the Raffles Place Mass Rapid Transit (MRT) interchange station, it offers a convenient commute to the office via the North-South and East-West MRT lines. It also offers accessibility to other developments within Raffles Place and Marina Bay via an extensive underground network of pedestrian walkways.

Designed by the late renowned Japanese architect Kenzo Tange, the 62-storey One Raffles Place Tower 1 is one of the tallest buildings in Singapore. Its distinctive features include a dramatic entrance marked by an eight-storey-high cutaway, regular column-free office space that is occupied by leading financial services, banking and professional firms, as well as a rooftop restaurant and observation deck offering panoramic views of the Singapore skyline. The building was Green Mark Gold certified by Singapore's Building and Construction Authority (BCA) in 2016.

Designed by Paul Noritaka Tange, the late Kenzo Tange's son, the 38-storey One Raffles Place Tower 2 was built on the legacy of One Raffles Place Tower 1. A cutting-edge addition to the skyline, the tower earned BCA Green Mark Platinum recertification in 2017 for its energy-efficient and environmentally sustainable design.

Everything a busy executive could need is well catered for at One Raffles Place Shopping Mall, which offers a diverse range of retail, dining, beauty and wellness options across six storeys. Current enhancement works will further diversify the tenant mix and improve the retail space for a transformed mall experience.

One Raffles Place is part of OUE Commercial REIT's portfolio.

03

OPERATIONS
REVIEW
COMMERCIAL

U.S. BANK TOWER

01

01 The 72-storey U.S. Bank Tower soars above the rooftops of downtown Los Angeles

02 An angel wings mural at OUE Skyspace provides the perfect spot for a memorable shot

03 The OUE Skyspace LA observation deck draws visitors with breathtaking 360-degree views

02

03

A Los Angeles icon and one of the tallest buildings on the West Coast, *U.S. Bank Tower* is a 72-storey Class A property located in the city's upscale Bunker Hill. Following the completion of significant enhancement works in June 2016, U.S. Bank Tower has re-emerged as a prime business address and a major visitor attraction.

At ground level, a transparent 30-foot-high glass curtain wall has transformed the office lobby into a bright and inviting environment. Drawing the eye of passers-by is a high-resolution video art wall, 130 feet wide by 17 feet high, displaying dynamic digital art content inspired by the culture and history of Los Angeles.

At sky level is the two-storey OUE Skyspace LA. Soaring almost 1,000 feet above the city, it is the Western United States' highest and only open-air observation deck, where visitors can take in breathtaking 360-degree views of the city that stretch from the Hollywood Hills to the Pacific Ocean.

Visitors can also enjoy the thrill of the first-of-its-kind Skyslide attraction, a glass slide affixed to the exterior of the tower, extending 45 feet from the 70th floor to the 69th floor. They can then satisfy their appetites in the lively atmosphere of 71Above on the 71st floor, the highest restaurant and bar west of the Mississippi.

Following its transformation, U.S. Bank Tower has been honoured with a number of awards, including the BOMA International Outstanding Building of the Year 2018 in the Renovated Building category and the Renovated Buildings Award in the Los Angeles Business Council's 2018 Architectural Awards. OUE Skyspace LA was also recognised with a Gold Award for Retail Development in the Los Angeles Business Journal's 2017 Commercial Real Estate Awards.

04

Iconic trophy office building with a top attraction in downtown Los Angeles

05

04 The Skyslide offers a thrilling experience 1,000 feet above the LA streets

05 The state-of-the-art video wall in the lobby captures the imagination of the city's sightseers

01 The office lobby showcases a sleek modern design

02 Lippo Plaza's diverse retail mix attracts locals and tourists alike

03 Lippo Plaza is a well-known landmark in Shanghai's Huangpu core commercial district

02

Strategically located in Shanghai's upscale commercial district

01

LIPPO PLAZA

Lippo Plaza is a landmark business address located in the key commercial area of Puxi in downtown Shanghai. It comprises 36 storeys of prime Grade-A office space complemented by a three-storey retail podium with basement retail units.

The building is sited near the eastern end of Huaihai Zhong Road in the well-established business district of Huangpu, which attracts multinational corporations, international financial institutions and local Chinese enterprises. Lippo Plaza adds to this mix with a diverse collection of tenants from the retail, consulting, financial services, manufacturing and pharmaceutical sectors.

Known as the "Champs-Élysées of the East", Huaihai Zhong Road is also an upscale shopping street with global designer brand stores, luxury retail malls, upscale hotels, and restaurants lining its route. Within its midst, Lippo Plaza's retail podium offers an exclusive shopping experience with well-known international brands and other unique retail offerings. They include the first Victoria's Secret flagship store in China, which extends over four storeys and showcases the brand's entire range of lingerie, beauty products, fragrances, and bags.

Lippo Plaza continues to be an attractive choice for prospective tenants due to its excellent citywide connectivity. It is located a short walk from the South Huangpi Road and Huaihai Zhong Road Metro Stations, which are served by Metro Lines 1 and 13 respectively, and in close proximity to major expressways.

Lippo Plaza is part of OUE Commercial REIT's portfolio of properties.

03

Reshaping the South Jakarta skyline

01 Artist's impression of the South Jakarta Development Project by Skidmore, Owings & Merill LLP/ATCHAIN

02 Artist's impression of the South Jakarta Development's office floor by Skidmore, Owings & Merill LLP/ATCHAIN

01

South Jakarta Development Project

In September 2018, OUE expanded its growth portfolio with the entry into a conditional agreement for the opportunistic acquisition of prime land in South Jakarta zoned for commercial development. The site is located on Jalan Sudirman within what it is popularly known as the "Golden Triangle of Jakarta", one of the most coveted addresses in South Jakarta's Central Business District.

The site is surrounded by commercial developments, private buildings occupied by private companies, educational and government institutions, with a number of key commercial clusters in close proximity, including Sudirman Central Business District, Mega Kuningan, Rasuna Epicentrum, and Kuningan Persada. Besides being the main commercial cluster, Jalan Sudirman is also dotted with retail malls and entertainment centres. It enjoys good accessibility, being well served by a comprehensive network of roads and upcoming Mass Rapid Transit Jakarta stations.

Plans are underway to transform the site with a 57-storey super high-rise mixed development featuring premium Grade-A offices and a luxury boutique hotel. Towering at 350 metres, the development will pierce the skyline and serve as a new beacon for the city. The concept for its design blends elegant and futuristic forms with an expression of the destination derived from traditional Indonesian craft, while spectacular volumes of space elevate the sense of luxury. Rising above the surrounding office towers, it is envisaged as an epicentre of activity. Subject to the completion of the acquisition, the development is targeted for completion in 2024[1].

02

[1] As at the date of this Annual Report, the acquisition is pending completion. Completion is subject to various conditions precedent under the agreement, including the obtaining of relevant governmental and regulatory approvals.

OPERATIONS REVIEW
HOSPITALITY

01

01 Bespoke offerings and personalised services for guests of the Meritus Club

International tourist arrivals worldwide hit the 1.4 billion mark in 2018, two years ahead of the long-term forecast issued by the World Travel Organisation (UNWTO) in 2010, and demonstrating the second best year of results in the last eight years.

The latest UNWTO World Tourism Barometer pegs international tourist arrivals to have increased 6.0% in 2018, with the Middle East, Africa, Asia and the Pacific, and Europe leading the remarkable growth.

Of the world's top source markets, the Russian Federation and France led with double-digit growths in outbound expenditure in the first nine to eleven months of 2018 at 16.0% and 10.0%, respectively. Following closely are the United States and the Republic of Korea, with spending figures increasing 7.0% and 6.0%, respectively, from the prior year.

Driving the overall results were a favourable economic environment, strong outbound demand from major source markets, enhanced air connectivity, as well as increased visa facilitation in key destinations around the globe.

For Singapore, 2018 marked the third consecutive year of growth for the tourism sector despite continuing headwinds from some economic uncertainties. Singapore's top 15 visitor arrival markets for the year were China, Indonesia, India, Malaysia, Australia, Japan, Philippines, United States of America, South Korea, Vietnam, United Kingdom, Thailand, Hong Kong SAR, Taiwan, and Germany; while the top five tourism receipts markets included China, Indonesia, India, Australia, and Japan.

Preliminary full year estimates by the Singapore Tourism Board (STB) show visitor arrivals increasing 6.2% to hit a record high of 18.5 million, while tourism receipts rose 1.0% to S$27.1 billion. The stellar results are from the growth in visitor arrivals across 14 of the top 15 markets, as well as higher visitor spending from all of the top five tourism receipts markets.

In terms of international visitor arrivals, China, India, Philippines, United Kingdom, United States of America, Vietnam, and Germany all reached new highs—with China (+6.0%), Indonesia (+2.0%), and India (+13.0%) making the top three contributing markets.

Growth was also registered across all of Singapore's top five tourism receipts markets for the first nine months of 2018, with India, Indonesia, and China posting the highest year-on-year absolute growth in visitor expenditures at 18.0%, 8.0%, and 3.0%, respectively.

Visitor arrivals from the Business Travel and Meetings, Incentive Travel, Conventions and Exhibitions (BTMICE) sector grew 14.0% year-on-year to hit two million, in turn boosting tourism receipts from the sector by 10.0% to S$3.44 billion for the period from January to September 2018.

2018 also saw all performance indicators registering growth for the local hotel industry. Total gazetted room revenue grew 7.4% to reach S$4 billion, while occupancy rose 1.2 percentage points to 86.0%. Average room rate increased 0.9% year-on-year to S$219, while revenue per available room (RevPAR) rose 2.4% to reach S$189 in 2018. Boding well for Singapore hotels' RevPAR going forward in 2019 is the substantial tapering off of new additions to the hotel room supply vis-à-vis a robust demand from the leisure segments.

Meanwhile, the Hospitality Division of OUE ended 2018 on a strong note with revenue of S$236.6 million for the full year, up 7.5% from S$220.1 million the prior year. The Group's flagship Mandarin Orchard Singapore registered a higher RevPAR at S$226, a year-on-year increase of 1.0% attributable to higher occupancy and greater demand from the transient and corporate segments. Also demonstrating a strong operating performance for the full year 2018 is Crowne Plaza Changi Airport, finishing with a year-on-year RevPAR growth of 7.7% to S$180. With Jewel Changi Airport (Jewel) slated to open in the first half of 2019, the hotel stands to benefit substantially from being seamlessly connected to Jewel via a pedestrian bridge at Terminal 3. Set to become another iconic landmark of Singapore, Jewel augments Changi Airport's position as a leading air hub globally and boosts its appeal as a stopover destination for travellers.

While the operating environment is expected to remain challenging amidst a competitive global landscape, outlook for the local tourism sector in 2019 remains positive with the continued growth in visitor arrivals and strengthened flight connectivity in key visitor source markets.

Also certain to continue impacting the sector favourably are STB's innovative and intensified efforts to amplify the appeal of Singapore as a top global destination to business, leisure, and MICE audiences worldwide. Such efforts include, amongst others, forging strategic marketing partnerships that enhance the visitor experience and drive spending, ramping up tourism campaigns targeted at emerging markets, hosting high-profile, branded events that showcase what Singapore has to offer, and introducing key initiatives to help drive industry competitiveness.

OPERATIONS REVIEW
HOSPITALITY

MANDARIN ORCHARD
SINGAPORE
BY MERITUS

Mandarin Orchard Singapore enjoys a long heritage of hospitality excellence in Singapore. Preferred by discerning international travellers for its service excellence and prime location in the heart of the city's most prominent shopping district, the upscale hotel is easily accessible via public transport.

The Orchard and Somerset Mass Rapid Transit stations are within walking distance of the hotel, with both stations a few stops away from the key interchange stations of Dhoby Ghaut, City Hall and Newton. Popular tourist destinations in the Marina Bay area are within approximately a 10- to 15-minute driving distance. The hotel also benefits from its walking proximity to Singapore's top medical facilities such as Paragon Medical Centre and Mount Elizabeth Hospital.

Mandarin Orchard Singapore boasts some 1,077 spacious guestrooms and suites distributed across two towers, and offering panoramic views of the city skyline from higher floors. All rooms are equipped with advanced in-room technologies including a smartphone solution that provides registered guests complimentary local and international calls to up to 15 countries, as well as access to unlimited 4G data throughout their stay. Guests can also enjoy the latest blockbuster movies through the hotel's complimentary in-room movie platform.

The hotel's award-winning culinary lineup includes the all-time favourite *Chatterbox*, home of the legendary Mandarin Chicken Rice; *Triple Three*, a Japanese-inspired international buffet restaurant; *Bar on 5*, one of the top whisky haunts in the Lion City; and *Shisen Hanten by Chen Kentaro* which marked its third consecutive year as Singapore's highest Michelin-rated Chinese restaurant after it was once again conferred two stars in the Michelin Guide Singapore 2018.

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01 Epitomising the brand's signature *Asian Grace, Warmth, and Care* is the iconic Meritus Ambassador

02 Prime meeting and event spaces are backed by specialised services and award-winning facilities

03 Located on higher floors, the hotel's spacious and well-appointed Premier Rooms overlook the cityscape

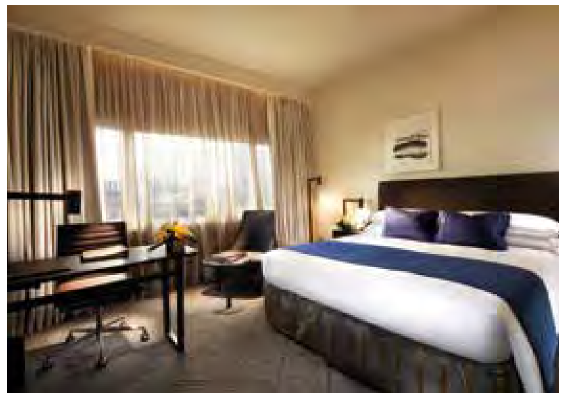
For travellers seeking to rediscover the pleasures of business travel, bespoke amenities await guests of the *Meritus Club* — from the personalised service of Meritus Ambassadors, to all-day refreshments and evening cocktails served in the exclusive environment of *Meritus Club Lounge at Top of the M*.

Mandarin Orchard Singapore features over 30,000 square feet of meeting and function spaces backed by state-of-the-art audio-visual equipment, intelligent lighting systems, efficient connectivity, and the dedicated expertise of Meeting and Event Specialists. Other facilities in the hotel include an outdoor swimming pool, a fitness centre, a tennis court, and a medical clinic.

A stone's throw from Mandarin Orchard Singapore are some of the city's most iconic shopping malls—Paragon, Takashimaya, and ION Orchard, to name a few. Right within the hotel premises is Mandarin Gallery, an intimate shopping haven comprising four storeys of high-end international fashion brands and boutique eateries. The synergistic pairing of Mandarin Orchard Singapore and Mandarin Gallery affords guests an all-encompassing retail, dining, and hospitality experience.

Mandarin Orchard Singapore was recognised as Best City Hotel Singapore for the sixth consecutive year at the TTG Travel Awards 2018, Asia-Pacific's most prestigious annual travel awards programme honouring the best organisations and individuals in the industry for their outstanding achievements and contributions. The hotel was also awarded Best Upscale Hotel Asia Pacific at the Travel Weekly Asia Readers' Choice Awards 2018.

03



A proud heritage of hospitality excellence in Singapore since 1971

OPERATIONS REVIEW
HOSPITALITY

CROWNE PLAZA®
AN IHG® HOTEL
CHANGI AIRPORT

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01 The hotel's two buildings are directly linked to Changi Airport

02 In-room business-ready amenities ensure a productive stay

03 The elegantly appointed guestrooms envelop guests in soundproofed comfort

A premier stay just minutes from the runway

Crowne Plaza Changi Airport is a 563-room business hotel managed by the InterContinental Hotels Group that is strategically located within the vicinity of the passenger terminals of Singapore Changi Airport.

Crowne Plaza Changi Airport is directly connected to Terminal 3 on both the arrival and departure levels of the airport, and offers easy access to Terminals 1 and 2 via the airport's Skytrain service. The hotel is also within a short distance to Changi Business Park and Singapore EXPO, and offers easy access to downtown Singapore by expressway and the Mass Rapid Transit.

Crowne Plaza Changi Airport continues to make a mark amongst the best airport hotels in the world, and as an example of best environmental conservation practices in the industry. It is uniquely positioned to tap passenger traffic going through one of the world's busiest airports for international travel, whilst also catering to the corporate travellers whose offices are located at the nearby Changi Business Park.

Being an airport hotel, Crowne Plaza Changi Airport's guestrooms are designed and built to be insulated from noise from the airport runway, aircraft operations, and the surrounding expressway. Its nature-inspired architecture provides an iconic backdrop for the delicate floral motifs and distinctly Asian influences permeating the hotel's interior. Adding to the feel of an urban resort are beautiful gardens and an outdoor landscaped pool.

Guests can choose from the hotel's selection of restaurants and bar-*Azur*, an East-meets-West buffet restaurant with two show kitchens; *Lobby Lounge* for quick meetings and light refreshments, be it in the air-conditioned comfort of the lobby or the lush tranquillity of its al fresco dining area; and *bar '75*, a retro sports bar inspired by Asia in the 70's.

Crowne Plaza Changi Airport's conference and banquet facilities are equipped with state-of-the-art audio-visual technology. There are six function rooms, including the pillar-less Chengal Ballroom.

The hotel also offers a Meet and Greet Service, through which VIP guests are escorted from the aerobridge or the arrival hall right up to their guestroom for a seamless in-room check-in.

Crowne Plaza Changi Airport was named the World's Best Airport Hotel at the Skytrax World Airport Awards in 2018, an accolade the hotel has been conferred consecutively since 2015. The 2018 awards were based on 13.73 million nominations by over 100 nationalities of air travellers.

Crowne Plaza Changi Airport was also awarded Best Airport Hotel in Asia Pacific by Business Traveller Asia-Pacific, and Best Airport Hotel of Asia at the Hotel Discovery Award 2018.

The hotel continues to be recognised for its commitment to building a responsible and sustainable business through environmental conservation. Crowne Plaza Changi Airport was presented the 3R Awards for Hotels in 2018, as well as the ASEAN Green Hotel Award 2016-2018, reaffirming its position as one of the most eco-friendly hotels in the region.

OPERATIONS REVIEW
HOSPITALITY

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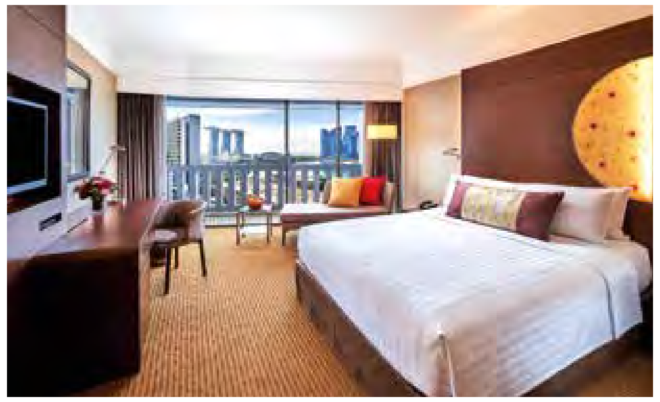

02

Favoured for its excellent service and location

01 High-ceilinged interiors streamed with natural light enhance every space

02 Every room features a private balcony overlooking the famous Singapore harbour or the city skyline

03 Adding to an impressive arrival experience is the hotel's 21-storey-high open atrium–one of the largest in Southeast Asia

MARINA MANDARIN SINGAPORE BY MERITUS

Marina Mandarin Singapore is an upscale business hotel known for its prestigious address in Singapore's Central Business District, offering direct access to Marina Square Shopping Mall and located opposite the Suntec Singapore International Convention & Exhibition Centre and The Esplanade—Theatres on the Bay. Also within walking distance of the hotel are popular tourist attractions such as Gardens by the Bay and the Singapore Flyer.

Marina Mandarin Singapore ranks high on the list of favourite hotels amongst avid Formula One fans, as the hotel is ideally situated trackside of the annual Singapore Grand Prix Formula One race.

The hotel boasts one of the largest open atriums in Southeast Asia, soaring 21 storeys high and permeated by natural light. Each of the 575 guestrooms, including the newly rejuvenated Deluxe, Executive Deluxe, and Premier rooms, overlooks the atrium and features a private balcony for unparalleled views of the Singapore harbour or the vibrant cityscape.

Food and beverage options include *AquaMarine*, which features an all-day Halal-certified buffet spread of Asian and international favourites; *Peach Blossoms*, renowned for its authentic Cantonese cuisine; *Atrium Lounge* and *Café Mocha* for cosy tête-à-têtes; *Sushi Jiro*, home to fine Japanese dining; and the world-famous *Ruth's Chris Steak House*.

Those looking to escape the hustle and bustle of the city can opt for a relaxing dip in the hotel's 25-metre outdoor natural mineral pool, whilst soaking in stunning views of the surrounding city skyline.

Marina Mandarin Singapore offers over 20,000 square feet of extensive meeting facilities that spell stylish versatility and modern convenience. The column-free Marina Mandarin Ballroom can accommodate up to 700 guests whilst the elegant Vanda Ballroom allows for up to 300 guests. In addition, a selection of 12 meeting rooms is available to accommodate smaller business gatherings.

Guests of the *Meritus Club* enjoy exclusive privileges and preferential services, including access to the Meritus Club Lounge where tailored business facilities are also available.

The hotel was ranked in several categories in the Singapore edition of Le Concierge Orient Top 10 List, including Top Ten Luxury Hotels Singapore, Top Fine Dining Chinese Restaurants, Top Afternoon Tea Experiences, and Top Nightspots. The hotel was also placed in the TripAdvisor Hall of Fame 2018 for having achieved the Certificate of Excellence for five consecutive years.

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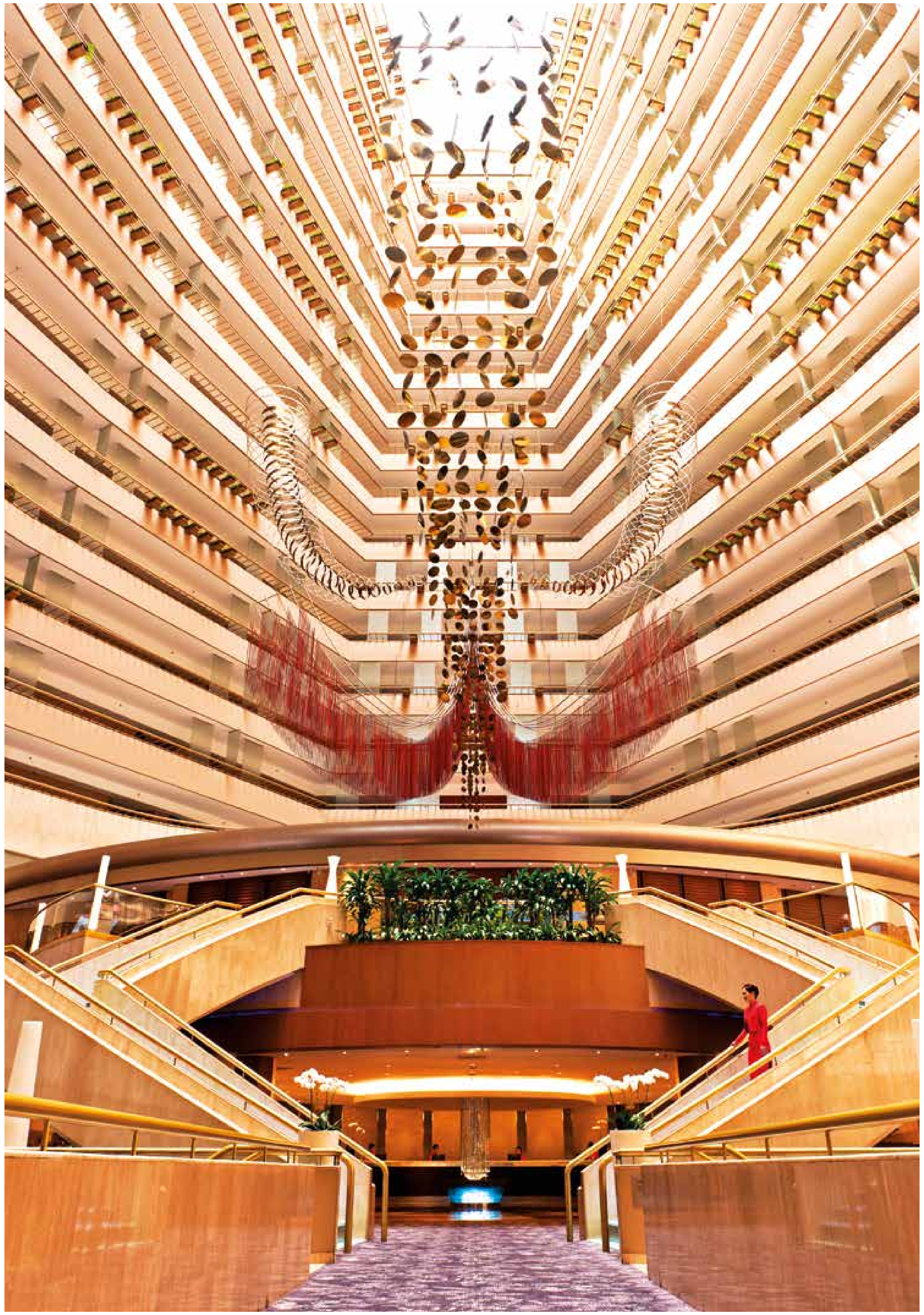

OPERATIONS REVIEW
HOSPITALITY

01 A versatile mix of outdoor activities and wellness facilities await at the picturesque resort

02 Themed food and beverage options feature sunset dinners and barbecue by the beach

An idyllic haven of ethnic charm and modern comforts

02

01

MERITUS
PELANGI BEACH
RESORT & SPA
LANGKAWI

Meritus Pelangi Beach Resort & Spa, Langkawi is a 35-acre tropical resort and spa located along the white sandy shores of the famous *Cenang Beach*, a mere 15-minute drive from Langkawi International Airport.

Fronting a kilometre-stretch of private beach, the resort is designed in the rustic style of a traditional Malay village. 355 guestrooms are housed in clusters of single- and double-storey wooden chalets built on stilts, with spacious verandas overlooking spectacular views of the ocean and the surrounding tropical landscape. The villa interiors are designed to pay homage to the local culture and are equipped with modern conveniences.

Dubbed "The Jewel of Langkawi", the resort is flanked by smaller islands, waterfalls, and golden sandy beaches, promising a tranquil and relaxing experience for both holidaymakers and corporate travellers alike.

Blending seamlessly with the resort's landscape are themed food and beverage outlets that include *Spice Market*, an all-day dining restaurant serving local Malaysian signatures; *Cba*, a beachside restaurant and bar that transforms into a happening nightspot featuring a live six-piece band; *Pelangi Lounge*, a lobby lounge serving up snacks and an array of cocktails, single malts, and refreshments to the accompaniment of nightly live bands; and *Cascade Pool Bar*, a swim-up island bar serving signature thirst quenchers and light bites.

The versatile mix of water sports and outdoor activities offered at the resort is complemented by wellness and rejuvenation facilities at *Pelangi Spa*, where guests can indulge in holistic beauty and massage treatments that rejuvenate the mind, body and soul in a Zen-inspired setting. Those in need of a workout can opt for the resort's state-of-the-art fitness centre that looks out to scenic views of the beach through floor-to-ceiling glass windows.

With its unique indoor and outdoor venues ideal for team building activities and themed events, Meritus Beach Resort & Spa, Langkawi continues to be a widely popular destination for weddings, as well as meetings, incentives, conferences, and exhibitions.

Meritus Beach Resort & Spa, Langkawi was listed on Ctrip Travellers' Top Spots 2017 as Best Resort, and both the resort and Spice Market received the TripAdvisor Certificate of Excellence 2017.

OPERATIONS REVIEW
HOSPITALITY

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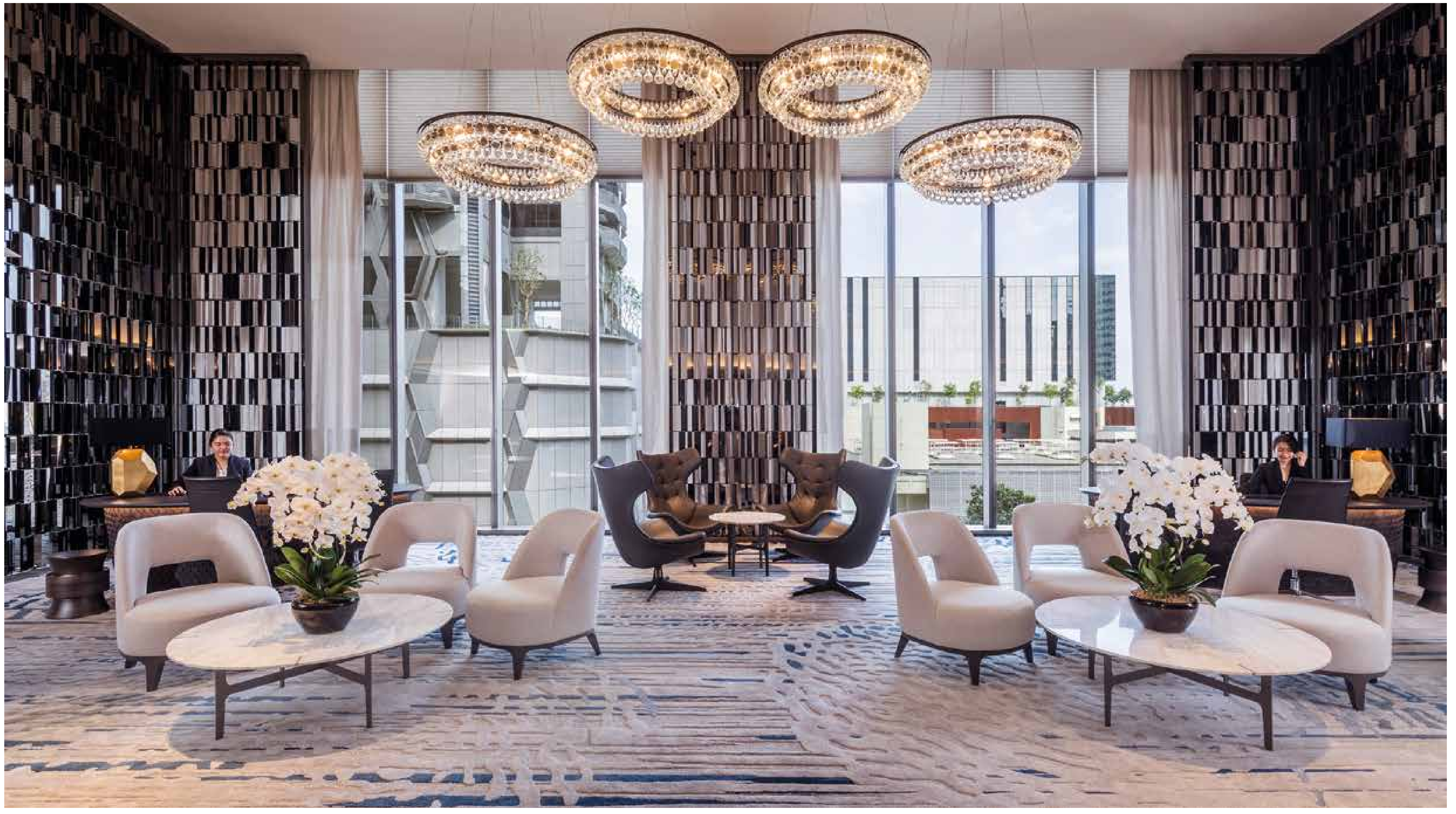

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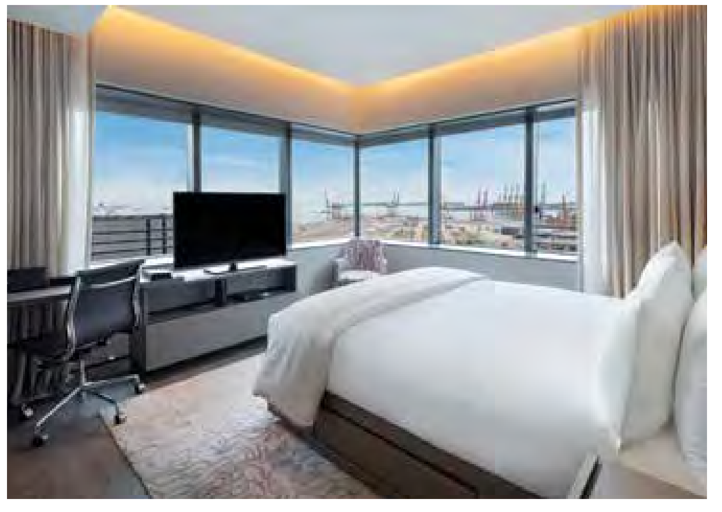

03

01 Grand lobby on the 7th floor of OUE Downtown Tower 1

02 Executive boardroom

03 Elegantly furnished two-bedroom apartment

Oakwood PREMIER OUE SINGAPORE

Oakwood Premier OUE Singapore is the luxury hotel and serviced residences component of OUE Downtown, offering luxury living in the heart of Singapore's Central Business District. It is managed by Oakwood Worldwide (Asia) Pte. Ltd, which operates an award-winning portfolio of the finest residences in the world.

Occupying the 7th to 32nd storeys of the 50-storey OUE Downtown 1, Oakwood Premier OUE Singapore's 268 serviced residences comprise 82 studio units, 139 one-bedroom units and 47 two-bedroom units, where discerning international business and leisure travellers can ease into the comfort of exclusive residences furnished in elegant contemporary style.

The Oakwood Premier OUE Singapore lifestyle is complemented by a range of facilities and services akin to those of a luxury hotel, including an outdoor infinity pool, a round-the-clock fitness centre, a residents' lounge, daily housekeeping and concierge services, high-speed internet connectivity, and a restaurant.

Its prime location is prized for corporate meetings and social gatherings, where guests may choose from a variety of event venues, from the elegantly designed Oakwood Executive Club overlooking the outdoor infinity pool with a barbecue pit, to the Executive Boardroom, an intimate venue for business meetings bathed in natural light and equipped with state-of-the-art amenities.

In 2018, its first full year of operations, Oakwood Premier OUE Singapore was honoured with four prestigious industry awards, namely Best Serviced Residence in Asia-Pacific at the Business Traveller Asia-Pacific Awards, Best Serviced Residence (Property Level) at the 29th Annual TTG Travel Awards, and most recently, Continent Winner (Asia) in both the Luxury Business Serviced Apartment and the Luxury Contemporary Serviced Apartment categories of the 2018 World Luxury Hotel Awards.

The best of luxury living

Mandarin Gallery

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Occupying four levels within the Mandarin Orchard Singapore hotel, *Mandarin Gallery* is an upscale retail mall with a unique boutique feel. Its prominent 152-metre-wide frontage provides an attractive window from the bustling streets of Orchard Road into a haven of curated retail, dining and lifestyle experiences.

Featuring four duplex stores and six streetfront shop units facing Orchard Road, Mandarin Gallery offers a highly visible location for international fashion brands. High-profile tenants include Japanese cult streetwear brand *Bathing Ape*, and the first Southeast Asia flagship stores of *Victoria's Secret* and *Michael Kors*, each offering an immersive brand experience across 12,000 and 7,000 square feet of premium retail space respectively.

Shoppers can explore the latest lifestyle accessories at stores such as *Leica*, *Atomi*, and *Rimowa*, purveyors of luxury travelware, and indulge in the finest hair and beauty treatments at the likes of *Leekaja Beauty Salon* and *Clé de Peau Beauté*.

Mandarin Gallery also presents a mouthwatering variety of dining options, from casual eats to exquisite epicurean experiences. Whether enjoying a perfectly done steak at *Lawry's The Prime Rib*, wholesome flavours at *The Providore* gourmet café, or Japanese fine dining at *Sushi Ayumu* omakase restaurant, visitors will discover plenty to indulge in.

Mandarin Gallery is part of OUE Hospitality Trust's portfolio of properties.

03

01 Four levels of exciting retail prominently located on Orchard Road

02 An exclusive shopping environment adjoined to the iconic Mandarin Orchard Singapore

03 Mandarin Gallery's international fashion offerings include Michael Kors' first flagship store in Southeast Asia

04 Flagship store of Leekaja, one of Korea's top hair and beauty salons

05 The Providore café and deli–perfect for a quick coffee or a hearty meal

04

05

Dedicated to the finer side of life

DOWNTOWN Gallery

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02

01 Downtown Gallery's prominent frontage reveals an exciting place to eat, shop, and hang out

02 OUE Beauty Bar's self-service beauty vending machines

03 A farmer's market at The Providore Downtown

03

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04

04 Cooking brings people together at OUE Social Kitchen's co-cooking and dining space

05 A curated selection of fitness studios rejuvenate workout routines

06 Japanese kappo-style restaurant Takayama offers an intimate epicurean encounter

Embracing the future with innovative retail and lifestyle concepts

06

Designed as a destination for people to commune and connect, *Downtown Gallery* is part of the redeveloped OUE Downtown development on Shenton Way, Behind its prominent 262-metre-wide frontage lies approximately 150,000 square feet of premium retail space over six levels, including one basement level, devoted to unique and innovative retail, dining, lifestyle, and wellness experiences centred on the concept of Look Well, Keep Well, Eat Well.

Visitors can find the perfect gift among distinctive, design-led accessories at *Essential Extra*; dine on contemporary European fare with a touch of Asian influence at *VENUE by Sebastian*; enjoy a relaxing time-out in their busy day at *Lunar Coffee Brewers* café; and go all out with their workout at fitness studios such as *Haus Athletics* and *Absolute Cycle*.

Focused on the future, Downtown Gallery also houses one dedicated floor of co-working space, *The Gallery Edit* featuring pop-up stores and retail counters showcasing future-defining trends, and two forward-thinking OUE concepts– OUE Beauty Bar and OUE Social Kitchen.

OUE Beauty Bar features four state-of-the-art self-service beauty vending machines that utilise interactive technology to provide shoppers with instant access to over 140 skincare and cosmetic products from global brands such as Clarins, NARS and Shiseido.

OUE Social Kitchen is Singapore's very first communal cooking space, bringing people together to cook, dine and socialise. It is equipped with over 10 Smeg-styled kitchen spaces that are available for booking, and a free-to-use dining area where consumers can host meals for family and friends, and interact with other users. It can also be transformed into a venue for hosting corporate and private events.

OPERATIONS REVIEW
RETAIL

01

One Raffles Place Shopping Mall is a six-storey retail podium offering a diverse array of shopping, dining, health and wellness services, and more. It is the largest purpose-built shopping mall in Raffles Place and has a direct underground link to the Raffles Place Mass Rapid Transit station.

In mid-2018, the mall commenced asset enhancement works to create a more exciting retail environment and shopping experience that addresses the changing needs and lifestyle preferences of those working in the Central Business District. By improving circulation within the mall, and creating more inviting and open retail space with better visibility, the upgrades will help drive the mall's per-square-foot productivity.

The mall remains operational during the asset enhancement, which is being phased to minimise disruption to both tenants and shoppers. A highlight of the transformation will be the co-working space to be operated by *Spaces by IWG*, the world's leading provider of flexible workspace solutions.

Set to launch in 2019, this multi-level flagship co-working space, occupying more than 30,000 square feet, is envisaged as a focal point for flexible workspaces given its pivotal location in the heart of Raffles Place, enhancing business traffic and synergy for One Raffles Place as an integrated commercial development. A unique aspect will be its ability to host retail and fashion-related events within a mall setting.

The addition of a co-working space together with the mall's strong food and beverage offerings will make One Raffles Place Shopping Mall a preferred choice for corporate gatherings and for catching up with colleagues and friends after work.

One Raffles Place Shopping Mall is part of OUE Commercial REIT's portfolio.

A revitalised retail experience and tenant mix

02

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01 One Raffles Place Shopping Mall's exterior facade by night

02 A diverse array of retail, health and wellness services cater to the Central Business District crowd during and after office hours

03 Various options of dining and takeaways available throughout the six levels

Luxurious city living within tropical bliss

01 The drop-off area adorned with modern tropical landscaping

02 Residents can relax, entertain, and take in the views from the Sky Loggias on the 36th floor

03 The master bedroom exudes chic sophistication with striking city views

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Serenity meets sophistication at *OUE Twin Peaks*, a landmark of urban resort living nestled within lush tropical gardens in a tranquil site on Leonie Hill Road, a stone's throw from Orchard Road, Singapore's premier shopping belt.

The 99-year leasehold luxury development comprises two identical 35-storey towers. Each of its 462 ready-to-live-in apartments is sold fully furnished with iconic furniture pieces by world-renowned designers such as Hans Wegner, Charles & Ray Eames, and Matthew Hilton that grace each home with a sense of timeless style. Multi-generation living is facilitated with the flexibility to combine one-bedroom apartments with two- or three-bedroom apartments.

Just beyond their front door, residents can unwind and indulge in an array of resort-inspired facilities including a swimming pool, jet spas and gourmet dining suites. Residents can also work out in triple-volume sky gyms with inspiring city views, and host a private party in the open-air Sky Loggias with a rooftop bar on the 36th floor.

Luxury living at OUE Twin Peaks unfolds amidst a refreshing mural of nature designed by renowned landscape architect Bill Bensley, featuring gardens, water features, sky terraces, green walls, and rooftop gardens. For its exceptional design and landscaping, OUE Twin Peaks has received numerous awards and certificates, including the Landscape Excellence Assessment Framework (LEAF) certification in 2016 by National Parks, and the Skyrise Greenery Excellence Award, Multi-units Residential category, in 2017.

OPERATIONS REVIEW
HEALTHCARE

01

Seated from left to right: Mr. Xu Yong Jun, General Manager, China Merchants Shekou Industrial Zone Holdings Co., Ltd; Mr. Lee Yi Shyan, Chairman, OUE Lippo Healthcare Limited
Standing: third from left, Mr. Wang Cui Jun, Deputy General Manager, China Merchants Group; fourth from left, Mr. Fu Gang Feng, Executive Director and General Manager, China Merchants Group; third from right, Mr. Mochtar Riady, Chairman, Lippo Group; second from right, Dr. Stephen Riady, Executive Chairman, OUE

Catalist Board-listed *OUE Lippo Healthcare Limited* (OUELH) is an integrated healthcare services and facilities provider with an established presence in Japan, the People's Republic of China, and Malaysia.

OUELH currently owns and manages a portfolio of 12 quality nursing homes in Japan located in the cities of Sapporo, Nara, Kyoto, and Nagano. In addition, it has plans to develop an integrated hospital project in Dujiangyan, Chengdu, and an integrated mixed-use development in the heart of Kuala Lumpur, Malaysia. OUELH is also leveraging on the extensive business networks of its strategic partners, Tokyo Stock Exchange-listed trading company ITOCHU Corporation and state-owned enterprise China Merchants Group (CMG), to expand the healthcare markets in Asia, including Japan and China.

There is tremendous potential in the rapidly expanding healthcare market in Asia driven by growing affluence, technological developments, discerning demand and ageing populations. To strengthen its position to harness these opportunities, OUELH has expanded its reach through two key acquisitions and a strategic partnership.

In October 2018, it acquired a stake in Bowsprit Capital Corporation Limited, the manager of SGX Mainboard-listed First REIT, Singapore's first healthcare real estate investment trust, whose portfolio includes healthcare assets in Indonesia, Singapore, and South Korea.

In December 2018, OUELH entered into a non-binding letter of intent with China Merchants Shekou Industrial Zone Holdings Co., Ltd, a CMG member company, to jointly develop, operate and manage a high-end international hospital in Prince Bay, Shenzhen, which is set to be a flagship development within the Guangdong-Hong Kong-Macao Greater Bay Area. Additionally, OUELH announced that its 50:50 joint venture company with CMG has signed management agreements with other CMG member companies to manage three hospitals in Shanghai, Chongqing, and Nanjing respectively.

In January 2019, OUELH entered into a sale and purchase agreement for the acquisition of a 40.0% stake in Yoma Siloam Hospital Pun Hlaing Limited (YSHPH) and a 35.0% stake in Pun Hlaing International Hospital Limited (PHIH)[1]. YSHPH and PHIH are both joint venture companies, which between them own three hospitals located in Yangon, Mandalay, and Taunggyi, as well as one medical centre and two clinics.

OUELH's investments and partnerships are aligned with its strategy to expand its business across Asia and realise its vision to become a leading healthcare company in the region.

[1] Shareholders of OUELH have approved the acquisition of the two Myanmar companies on 28 January 2019. The acquisition is still pending completion as at the date of this Annual Report.

02

01 The official signing ceremony for the proposed hospital project in Prince Bay, attended by representatives from OUE Lippo Healthcare and China Merchants Group

02 Chairman of OUE Lippo Healthcare Mr. Lee Yi Shyan and Executive Chairman of OUE Dr. Stephen Riady joined representatives from China Merchants Group at the cornerstone laying ceremony in Prince Bay on 12 December 2018

03 Artist's impression of Prince Bay, where a high-end international hospital development by OUE Lippo Healthcare Limited and China Merchants Group will be located

04 Pun Hlaing Siloam Hospital–a flagship hospital located in western Yangon and the first and only hospital in Myanmar to be awarded the prestigious, internationally recognised Gold Seal of Approval for patient safety and quality by the Joint Commission International, USA

03

04

Expanding into growing healthcare markets across Asia

OPERATIONS REVIEW
OUE HOSPITALITY TRUST

OUE HOSPITALITY TRUST

OUE H-Trust is a stapled group comprising OUE Hospitality Real Estate Investment Trust (OUE H-REIT) and OUE Hospitality Business Trust (OUE H-BT). OUE H-REIT was established with the principal investment strategy of investing, directly or indirectly, in a portfolio of income-producing real estate which is used primarily for hospitality and/or hospitality-related purposes, whether wholly or partially, as well as real estate-related assets. OUE H-BT is dormant.

OUE H-REIT is managed by OUE Hospitality REIT Management Pte. Ltd. and is wholly-owned by OUE Limited. OUE H-BT is managed by OUE Hospitality Trust Management Pte. Ltd. and is also wholly-owned by OUE Limited.

01

As at 31 December 2018, OUE Hospitality Trust's (OUE H-Trust's) portfolio comprised two hotels, Mandarin Orchard Singapore (MOS) and Crowne Plaza Changi Airport (CPCA), and the Mandarin Gallery retail mall, with a total value of S$2.2 billion.

OUE H-Trust recorded a gross revenue of S$129.7 million, marginally lower than last year, amidst a competitive trading environment for both the hospitality and retail segments. Notwithstanding these challenges, OUE H-Trust delivered a stable operating performance, underpinned by the underlying strength of our quality portfolio, while maintaining a healthy financial position. Distributable income was S$90.8 million while distribution per stapled security was 4.99 cents, lower than FY2017 by 2.3% and 2.9% respectively. The lower distributable income was mainly attributable to the absence of income support[1] for CPCA and lower master lease income from the hospitality segment, partially mitigated by lower interest expense and higher contribution from the retail segment.

OUE H-Trust's FY2018 master lease income and net property income (NPI) from the hospitality segment were marginally lower by 0.5% and 0.2% over FY2017 respectively. Contribution from MOS was lower as a result of lower F&B sales, mainly due to lower banquet sales, which was partially mitigated by the better performance from all the F&B outlets. While CPCA has made progressive improvement in operating performance to achieve a 7.7% increase in RevPAR over FY2017 to S$180, minimum rent was received for CPCA as the master lease income was below the minimum rent.

The retail segment achieved lower revenue of S$33.9 million in FY2018 compared to FY2017's $34.7 million as a result of lower effective rent, while achieving higher average occupancy of 96.6% compared to 95.5% for FY2017. Net property income at S$25.5 million was higher than FY2017's $25.3 million due to lower property expenses.

As at 31 December 2018, OUE H-TRUST's net asset value per stapled security was S$0.75.

The Group's effective interest in OUE H-TRUST was approximately 36.6% as at 31 December 2018.

[1] Income support provided by OUE Airport Hotel Pte. Ltd. (OUEAH) pursuant to the Deed of Income Support. OUE H-REIT had fully drawn down the entire income support of S$7.5 million as at 3Q2017.

01 Mandarin Orchard Singapore–delivering a unique brand of *Asian Grace*, *Warmth*, and *Care*

02 Mandarin Gallery–high-end retail and dining destination on Orchard Road

03 Crowne Plaza Changi Airport–named World's Best Airport Hotel 2018 by Skytrax

02

03

OUE COMMERCIAL REIT

OUE COMMERCIAL REIT

OUE Commercial Real Estate Investment Trust (OUE C-REIT) was established with the principal investment strategy of investing, directly or indirectly, in a portfolio of income-producing real estate used primarily for office and/or retail purposes, in financial and business hubs within key gateway cities.

OUE C-REIT is managed by OUE Commercial REIT Management Pte. Ltd., and is a wholly-owned subsidiary of OUE Limited.

OUE C-REIT has a portfolio of four strategically located Grade-A commercial properties in Singapore and China with a total assets-under-management of S$4.5 billion as at 31 December 2018.

In Singapore's Central Business District, the properties comprise OUE Bayfront, a premium Grade-A building located at Collyer Quay between the Marina Bay downtown and Raffles Place financial hub; One Raffles Place, an integrated commercial development comprising two Grade-A office towers and a retail mall in the heart of the financial district; and OUE Downtown Office, the Grade-A office space at OUE Downtown, a recently refurbished mixed-use development with office space, a retail podium and serviced residences located at Shenton Way. OUE C-REIT's portfolio also comprises Lippo Plaza, a 36-storey Grade-A commercial building located in the business district of Huangpu in Puxi, Shanghai.

OUE C-REIT acquired OUE Downtown Office on 1 November 2018, marking the strategic addition of a new sub-market in the Singapore Central Business District and increasing OUE C-REIT's exposure to a rising Singapore office market. The acquisition was primarily funded by a combination of equity and debt, which included gross proceeds of S$587.5 million from a fully renounceable rights issue completed on 30 October 2018 and new bank borrowings.

OUE C-REIT achieved an amount available for distribution of S$71.3 million in FY2018, a 1.9% increase year-on-year (YoY), translating to FY2018 DPU of 3.48 cents. FY2018 net property income was stable YoY as the contribution from OUE Downtown Office offset the lower net property contribution from the existing property portfolio. The higher income support drawn and lower distribution to convertible perpetual preferred unit (CPPU) holder, partially offset by higher interest expenses as a result of higher borrowings to partially fund the acquisition of OUE Downtown Office, led to the increase in amount available for distribution in FY2018.

Portfolio committed occupancy was healthy at 94.7% as at 31 December 2018. As the Singapore Central Business District Grade-A office market recorded positive rental growth momentum in 2018, committed rents for new and renewed leases for OUE C-REIT's properties were consistently in line with or above market rents throughout FY2018. In Shanghai, Lippo Plaza also continued to achieve above-market occupancy and committed rents.

OUE C-REIT's aggregate leverage as at 31 December 2018 was 39.3%, with 76.4% of borrowings hedged into fixed rates to mitigate against interest rate fluctuations. In 2018, the Manager obtained S$1.1 billion of new loans on an unsecured basis for the partial financing of OUE Downtown Office and refinancing debt obligations. As a result, the proportion of unsecured debt increased to 61.1% as at 31 December 2018 from 13.9% a year ago, while preserving a stable weighted average cost of debt of 3.5% per annum.

As at 31 December 2018, OUE C-REIT's net asset value (NAV) per unit was S$0.71.

The Group's effective interest in OUE C-REIT as at 31 December 2018 was 56.1%.

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01 OUE Downtown–an exciting place to work and commune in a prime location on Shenton Way

02 One Raffles Place–an iconic integrated commercial development in Singapore's main financial district

03 OUE Bayfront–sophisticated office space with spectacular Marina Bay views

04 Lippo Plaza–a Grade-A office and retail building in downtown Shanghai

OPERATIONS REVIEW
FIRST REIT

First Real Estate Investment Trust (First REIT) is Singapore's first healthcare real estate investment trust listed in 2006. It was established with the principal investment strategy of investing in a diversified portfolio of income-producing real estate and/or real estate-related assets in Asia that are primarily used for healthcare and/or healthcare-related purposes. Managed by Bowsprit Capital Corporation Limited, First REIT's portfolio consists of 20 properties located in Indonesia, Singapore, and South Korea.

On 26 October 2018, OUE Limited and OUE Lippo Healthcare Limited acquired a 60.0% and 40.0% stake, respectively, in Bowsprit Capital Corporation Limited, the manager of First REIT.

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01 Siloam Hospitals Yogyakarta, a centre of excellence for neuroscience and cardiology–part of a 10-storey integrated development

02 Comprehensive Cancer Centre located in Central Jakarta–Indonesia's first private comprehensive cancer treatment centre equipped with state-of-the art facilities and technology

03 The Lentor Residence–a five-storey nursing home with comprehensive medical facilities

04 Siloam Hospitals Lippo Village in West Java–one of the largest private hospitals in the region with world-class neuroscience and cardiology specialties and a first-rate Trauma Centre

05 Sarang Hospital–one of the largest rehabilitative and nursing facility in Yeosu City, South Korea

First REIT currently has a portfolio of 20 high quality healthcare and healthcare-related properties with stable cash flows and long master lease terms with 100% committed occupancy across Indonesia, Singapore, and South Korea, namely 1) Siloam Hospitals Kebon Jeruk, 2) Imperial Aryaduta Hotel & Country Club, 3) Siloam Hospitals Surabaya, 4) Mochtar Riady Comprehensive Cancer Centre, 5) Siloam Hospitals Lippo Cikarang, 6) Siloam Hospitals Manado & Hotel Aryaduta Manado, 7) Siloam Hospitals Makassar, 8) Siloam Hospitals Bali, 9) Siloam Hospitals TB Simatupang, 10) Siloam Hospitals Purwakarta, 11) Siloam Sriwijaya, 12) Siloam Hospitals Kupang & Lippo Plaza Kupang, 13) Siloam Hospitals Labuan Bajo, 14) Siloam Hospitals Lippo Village, 15) Siloam Hospitals Buton & Lippo Plaza Buton, 16) Siloam Hospitals Yogyakarta, 17) Pacific Healthcare Nursing Home @ Bukit Merah, 18) Pacific Healthcare Nursing Home II @ Bukit Panjang, 19) The Lentor Residence and 20) Sarang Hospital.

All hospitals in Indonesia are strategically located within large catchment areas of potential patients and have a "Centre of Excellence". They are operated by PT Siloam International Hospitals Tbk, a strong brand name in the Indonesian healthcare industry supported by a team of international healthcare professionals.

Other assets in Indonesia include the Imperial Aryaduta Hotel & Country Club and Hotel Aryaduta Manado, operated by The Aryaduta Hotel & Resort Group, as well as Lippo Plaza Kupang and Lippo Plaza Buton, managed by PT Lippo Malls Indonesia.

First REIT's other properties include well-run nursing homes in Singapore staffed by well-qualified, dedicated and experienced healthcare professionals, and Sarang Hospital, one of the largest rehabilitative and nursing services facilities in Yeosu City, South Korea, which is managed by a private doctor.

First REIT achieved gross revenue of S$116.2 million in FY2018, a 4.7% increase compared to S$111.0 million in FY2017, driven mainly by contribution from its most recent acquisitions in FY2017, namely Siloam Hospitals Buton & Lippo Plaza Buton, and Siloam Hospitals Yogyakarta, as well as from its existing properties.

Net property income increased 4.5% to S$114.4 million in FY2018 from S$109.5 million in FY2017, even though property operating expenses for FY2018 increased 19.1% to S$1.8 million due to the higher property expenses incurred for Sarang Hospital and Indonesia properties.

Distributable income increased 1.4% in FY2018 to S$67.7 million from S$66.7 million in FY2017, while annualised distribution per unit (DPU) was 8.60 Singapore cents in FY2018, compared with 8.57 Singapore cents in FY2017. This translates to a trading yield of 8.7% based on First REIT's closing price of S$0.985 as at 31 December 2018.

During FY2018, First REIT remained prudent with its capital management and maintained its gearing at a stable 35.0% as at 31 December 2018, with 59.0% of its debt on a fixed rate basis to mitigate interest rate fluctuations.

Net Asset Value per unit as at 31 December 2018 edged higher at 102.51 Singapore cents compared with 101.47 Singapore cents as at 31 December 2017.

The Group's effective interest in First REIT was approximately 13.0% as at 31 December 2018.

First REIT is well positioned to tap on the growing opportunities in the healthcare sector in the Asia Pacific region.

As OUE continues to grow and evolve, we shall also continue to distinguish ourselves as an organisation driven by a commitment to nurturing people, the environment, and the communities we are part of.

At OUE, corporate social responsibility is embedded in our corporate culture and forms an integral part of our business strategy. Every year, we give back through community-based initiatives that focus on education, the arts, and sports. We believe that our ongoing commitment to corporate accountability contributes to bringing about meaningful and sustainable impact on both the company's long-term interests and the welfare of the community.

OUE IN THE COMMUNITY

In 2018, OUE continued its strong support of Community Chest, the national fund-raising and engagement arm of the National Council of Social Service, in the latter's efforts to mobilise all segments in Singapore.

OUE also contributed to the National Book Development Council of Singapore (NBDCS), enabling the NBDCS to promote reading among children in Singapore; and to the Stroke Support Station, a ground initiative started by volunteers to meet the unmet needs of stroke survivors and caregivers in their stroke journey.

Amongst the various other social organisations in Singapore that OUE continued to support in 2018 were the Singapore Symphony Orchestra, LEAP 201, Singapore Clan Foundation and the River Hongbao.

STARS OF CHRISTMAS 2018

For the ninth year running, OUE continued its tradition of holding the Stars of Christmas community project to bring Christmas cheer to beneficiaries of non-profit organisations providing programmes and services to underprivileged children, and those with special needs and illnesses.

Once again making up the cast of supporting partners for Stars of Christmas 2018 were *Komoco Motorcycles Pte Ltd (Harley-Davidson of Singapore—Sole Authorised Dealer)* and *Community Chest*. *Downtown Gallery* and *Takashimaya Singapore Ltd.* also joined for the first time.

Stars of Christmas 2018 was held in support of the *Children's Cancer Foundation, Club Rainbow, KK Women's and Children's Hospital, Ronald McDonald House Charities Singapore,* and various other children's welfare organisations under Community Chest.

The three-part programme commenced with the ceremonial hanging of Christmas stars at the lobby of Mandarin Orchard Singapore on 21 November, led by OUE Chief Executive Officer and Group Managing Director Mr. Thio Gim Hock. Stars bearing beneficiaries' details adorned the Christmas trees at Mandarin Orchard Singapore, Marina Mandarin Singapore, and Downtown Gallery, for donors' useful reference when buying presents, that were then placed under the trees for distribution just before Christmas Day.

On 14 December, the beneficiaries of Stars of Christmas 2018 along with their parents, siblings, and caregivers, were guests of honour at a special Christmas luncheon hosted by OUE Limited. The children were joined by employees of OUE and its affiliate companies for an afternoon of festive treats and entertainment at Marina Mandarin Singapore, ending on a merry note with a visit from Santa who gave out Christmas presents.

On the morning of 15 December, in the grand finale to Stars of Christmas 2018, volunteer riders on a fleet of Harley-Davidson motorcycles gathered at the Orchard Road frontage of Mandarin Gallery in a scene of true festive spirit as they prepared to set off on a Toy Run, delivering Christmas presents to various locations. Upwards of 1,500 beneficiaries received presents under the programme.

HEARTSTRINGS WALK 2018

Supported by OUE, Heartstrings Walk 2018 saw over 200 employees from OUE Limited, Mandarin Orchard Singapore, and Marina Mandarin Singapore joining about 8,000 participants who came together on 25 August 2018 for a 4km morning walk along the picturesque Marina Bay Waterfront Circuit. The walk was part of a series of fun-filled activities showcasing the abilities and strengths of social service users, in a bid to inspire the next generation to step forward and empower lives of those in need.

THE OUE SINGAPORE OPEN 2018

OUE continued its strong support of the Singapore Open, the marquee badminton event that raises the profile of the sport in Singapore through support for the national badminton team and the Singapore Badminton Association (SBA) youth programmes. OUE provided accommodation for the foreign delegations as part of the official hotel sponsorship with the SBA.

WORK EXPERIENCE PROGRAMME FOR SPECIAL NEEDS STUDENTS

Mandarin Orchard Singapore continues to work with *Metta School* and *APSN Delta Senior School* for the Work Experience Programme organised by the Singapore National Employer Federation and the Special Education Branch of the Ministry of Education to offer on-the-job training opportunities for special needs students. The objective is to expose the students to real-life settings and assist them in developing into self-sufficient and productive members of society. Depending on the students' performance during the programme and how successfully they adapt to the work environment, Mandarin Orchard Singapore then facilitates the placement of these students into full-time roles with the hotel.

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01 Volunteer Harley-Davidson riders revving up to deliver presents on the Stars of Christmas 2018 Toy Run

02 OUE CEO/Group Managing Director, Mr. Thio Gim Hock spreads Christmas cheer with gifts for beneficiaries at the Stars of Christmas 2018 Luncheon

03 Employees from OUE and its properties united in support of the Community Chest Heartstrings Walk 2018

HEALTHY WORKPLACE ECOSYSTEMS AT OUE BAYFRONT AND OUE DOWNTOWN

In response to efforts by the Health Promotion Board to encourage busy executives to integrate healthy living choices and behaviours into their daily work life, Healthy Workplace Ecosystem programmes were conducted at OUE Bayfront and OUE Downtown 2. They included weekly workout sessions of Pilates, Zumba and kickboxing as well as monthly cooking lessons and health education sessions that focused on nutrition and maintaining well-being. Overall attendance in 2018 for the various activities was about 1,500 and 2,200 participants at OUE Bayfront and OUE Downtown respectively.

On 30 and 31 January 2019, OUE Bayfront was one of the venue sponsors for 'The Downtown Amazing Race' event held as part of the Healthy Workplace Ecosystem @ Downtown programme. The event involved teams of four completing a series of fitness challenges in a race around the Downtown Business District.

OUE Bayfront Plaza was the venue for the flag-off by the Minister of Health Mr. Gan Kim Yong, as well as the finishing point and one of the fitness challenge pit stops.

TRUE HOSPITALITY FOR GOOD

During the IHG True Hospitality for Good month in September, staff of Crowne Plaza Changi Airport (CPCA) joined colleagues from IHG hotels and corporate offices around the world to make a positive change through volunteering, taking care of the environment, or activities focused on health, fitness and well-being. Working with a select group of charity partners, True Hospitality for Good aims to change lives for the better in two main areas: building skills and education in our hospitality industry; and supporting communities in times of disaster.

CPCA pledged its support through a series of activities, including the 'Know Your Health' workshop, 'Walk for Health' and mass Zumba workouts. Employees also joined students from Metta School in a soap recycling workshop, and had an enjoyable afternoon interacting with partners from the *Association for Persons with Special Needs (APSN)* at the APSN Gala Lunch event. For every employee who participated, IHG made a donation of up to $4 to their nominated IHG charity partner.

OUE FOR THE ENVIRONMENT

At OUE, we are committed to exploring and adopting more sustainable ways of doing business that allow us to improve operational efficiencies while minimising our environmental impact.

GREEN BUILDING CERTIFICATION

Driven by our vision to enhance the durability and desirability of our buildings, OUE identifies with the Green Mark Scheme by the Building and Construction Authority (BCA), a green building certification that looks into the overall environmental performance and practices of buildings as they relate to sustainable design, construction and operations. Criteria for a Green Mark rating include energy, water and waste efficiency, environmental protection, indoor environmental quality and green innovations.

The following properties have received certification under the BCA Green Mark Scheme.

One Raffles Place Comprises One Raffles Place Tower 1 and Tower 2, and One Raffles Place Shopping Mall	**BCA Green Mark Platinum** (Tower 2) **BCA Green Mark Gold** (Tower 1) **BCA Green Mark** (Shopping Mall)
OUE Bayfront Comprises OUE Bayfront, OUE Tower, and OUE Link	**BCA Green Mark Gold**
Downtown Gallery	**BCA Green Mark Gold**
Oakwood Premier OUE Singapore	**BCA Green Mark Gold**
Marina Mandarin Singapore	**BCA Green Mark Gold**
Mandarin Gallery	**BCA Green Mark**
Mandarin Orchard Singapore	**BCA Green Mark**
Crowne Plaza Changi Airport	**BCA Green Mark**

WATER EFFICIENCY

In line with the Public Utilities Board's (PUB's) Water Efficient Building (WEB) Certification Programme, all of OUE's properties in Singapore have been installed with approved water-efficient fittings and have adopted WEB-recommended flow rates and flush volumes. While the water supply is mainly sourced from public utilities, alternative sources are also utilised in an effort to reduce the reliance on potable water. Non-potable water is used in cooling towers, for irrigation as well as flushing in lavatories to reduce water consumption. A water efficiency improvement plan and water provisions are made in the Green Guide for Tenants and Green Procurement Policy.

WASTE MANAGEMENT

Mandarin Orchard Singapore

At Mandarin Orchard Singapore (MOS), the 'Meritus Loves the Earth' green campaign continues to encourage guests and employees alike to participate in the hotel's measures to conserve energy and reduce waste. The three 'Rs' (Reduce, Reuse and Recycle) are applied where possible, from cleaning guestrooms and setting up events, to managing waste in the kitchens and installing recycling bins at back-of-house areas.

As a large hotel with 1,077 rooms, waste management is a key component of MOS' environmental sustainability efforts. In 2014, MOS embarked on a Food Recycling Programme partnering with ECO-WIZ Group Pte. Ltd., one of the world's leading food waste management companies, to recycle all food waste generated. In the same year, it began a Fluorescent Lamp Recycling Programme aimed at reducing the environmental risk from improper disposal of used mercury-containing lamps, including compact fluorescent lamps, fluorescent tubes, and high-intensity discharge lamps, by collecting and treating them in line with international practices. In addition, used materials such as cardboards, newspapers, plastics and glass bottles are collected for recycling.

From January to November 2018, the total weight of non-hazardous waste generated by the Mandarin Orchard Singapore and the adjoining Mandarin Gallery was 1,459 tonnes, of which an estimated 933.76 tonnes was generated by the hotel. Total perishable food waste was at 178 tonnes and total non-perishable waste was at 67 tonnes, with all 245 tonnes of waste sent for recycling.

The hotel was given Merit recognition by the Singapore Hotel Association and National Environment Agency for its 3R programme, where the focus is on improving waste management and recycling rate.

Crowne Plaza Changi Airport

Crowne Plaza Changi Airport (CPCA) has an Environmental Management Committee tasked with implementing effective initiatives to promote sustainability. Among its key initiatives are the adoption of Eco-Wiz Food Digester, which converts food waste into water that is then used for cleaning the bin centre, and Jemflo, a water flow control system which provides sustainable long-term water and energy savings.

Besides embracing environmental technology, CPCA also engages employees and guests in its green practices, which include incorporating 3R initiatives widely within the hotel with readily available recycling points; involving guests by placing linen and towel reuse cards in guestrooms; providing training to employees on waste separation and reduction; and the use of environmentally friendly cleaning products. Recognised for its green efforts, CPCA won the 3R Award for Hotels 2018, jointly presented by the Singapore Hotel Association and National Environment Agency to recognise hotels for going the extra mile to reduce, reuse and recycle.

Mandarin Gallery

Although Mandarin Gallery (MG) does not have direct control over the generation of waste by tenants, the mall has in place a waste management plan, in collaboration with MOS, using waste management technology to compact and automatically discharge waste. MG continues with its waste reduction efforts for which it was acknowledged with a Certificate of Participation for Shopping Malls in 2017. It also proactively tracks the recycling of waste such as paper, metal, glass and plastic.

A HAPPY AND GREEN JET-SETTING CHRISTMAS AT CROWNE PLAZA CHANGI AIRPORT

Crowne Plaza Changi Airport celebrated the festive season in 2018 with sustainability in mind. With support from creative seniors from the NTUC Health Silver Circle Centre and the 'Linens for Life' project team from Diversey, recycled hotel linens were repurposed into eco-plush planes that were used as Christmas tree decorations to bring cheer to guests and inspire innovative green gift ideas. A great way to give used items a new lease of life by transforming them into treasures loved by others.

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01 Busy executives keeping fit and healthy with weekly workout sessions at OUE Bayfront

02 Racers warming up at OUE Bayfront Plaza before the start of the Downtown Amazing Race

PEOPLE ADVOCACY

We recognise that the growth and development of our people is fundamental to driving our organisation's continued growth. We foster an environment of continuous learning while also appreciating the importance of recognising and rewarding good performance.

Upon joining OUE, new employees are required to go through a comprehensive orientation programme that familiarises them with, among other things, the Company vision, its goals and culture, and key policies and procedures. Employees are encouraged to pursue training and development opportunities, to enhance their job performance and help further their careers.

Performance evaluations are carried out at least once a year, providing an opportunity for employees and their supervisors to engage in open and productive dialogue on work performance, career aspirations, training and development needs, and job expectations going forward.

CHAMPIONS OF EXCELLENCE

Service excellence is the cornerstone of Mandarin Orchard Singapore's delivery of the Meritus promise of *Asian Grace*, *Warmth*, and *Care*. The training programme put in place for employees covers not only service execution but also workplace health and safety. As of end November 2018, more than 600 staff had attended at least one training programme and in aggregate accomplished a total of more than 15,000 hours of training.

In 2018, 112 employees of Mandarin Orchard Singapore received the Excellence Service Award (EXSA) across the Star, Gold and Silver categories. A national award that recognises individuals who have delivered quality service, EXSA seeks to develop service models for staff to emulate, and to create service champions. Representing various departments within Mandarin Orchard Singapore, 21 staff received the Star distinction, 50 received the Gold Award, and 41 were awarded Silver. EXSA is managed by seven industry lead bodies (Association of Singapore Attractions, Land Transport Authority, Public Service Division, Restaurant Association of Singapore, Singapore Hotel Association, Singapore Retailers Association and Association of Banks in Singapore), and is supported by SPRING Singapore.

Mandarin Orchard Singapore also transitioned into the ISO 9001:2015 Quality Management System, successfully adopting international standards of quality and service within the hospitality industry. Implementing ISO 9001:2015 enables the continuous improvement of an organisation's quality management systems and processes. In turn, this boosts profitability and improves the ability of the organisation to meet customer requirements and expectations.

WORKPLACE ADVOCACY

OUE advocates a workplace culture that is positive and inclusive, one that promotes the personal and professional well-being of employees, and enhances job satisfaction, teamwork, productivity and performance.

Throughout the year, employees can take part in programmes that foster work-life balance, and in social and recreational activities that strengthen team spirit. Programmes and activities in 2018 included OUE's annual Dinner and Dance, and the nationwide 'Eat With Your Family Day' campaign held on one day in every quarter, when employees are encouraged to leave the office earlier to spend quality time with their families over dinner.

Creating a safe and healthy environment for our customers and employees is also of paramount importance. We make every effort to cultivate a mindset of shared accountability among our employees for maintaining the highest standards of occupational safety and health.

Risk and hazard management plans that meet obligations under the Ministry of Manpower's Workplace Safety and Health (WSH) Act are in place at all our properties, and all employees are required to undergo WSH training, equipping them to identify, assess and manage risks and hazards that threaten the welfare of those in the workplace.

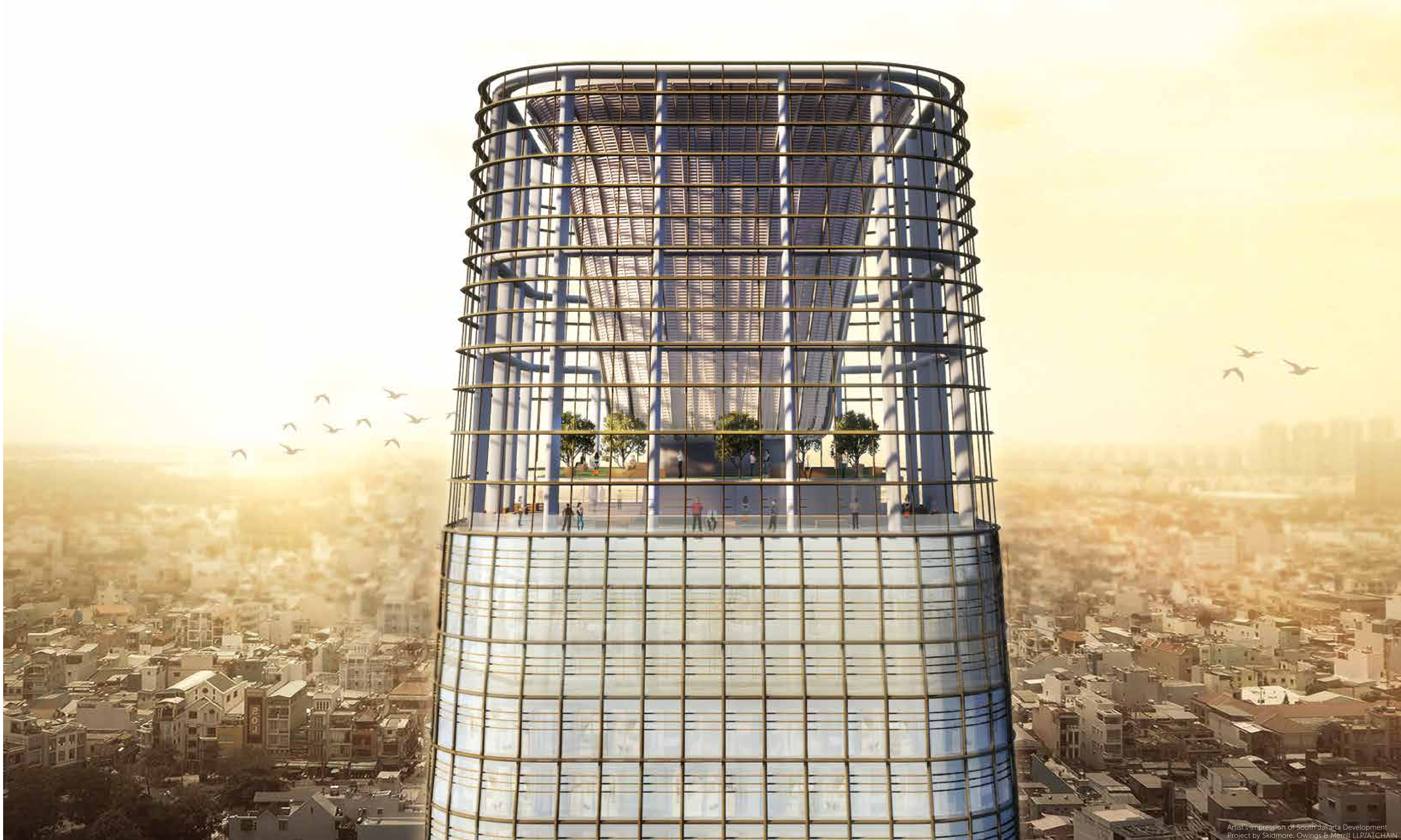
Our properties also subscribe to the bizSAFE programme administered by the Singapore WSH Council, and are subject to periodic audits by WSH auditors to ensure compliance with bizSAFE standards.

To cater to the needs of employees' non-work related health, OUE enrols employees in Group GP Clinic and Outpatient Specialists insurance. Visits to the panel doctors are cashless and Executive Health Screening is provided to employees holding managerial positions and above.

In 2018, there were zero work-related fatalities across the hotels.

GOVERNANCE

South Jakarta Development's crown: rising above the skyline, the elegantly expanded roof crown of this high-rise office and luxury hotel development offers spectacular views of the city in all directions



Artist's impression of South Jakarta Development Project by Skidmore, Owings & Merrill LLP/ATCHAIN

CORPORATE INFORMATION

BOARD OF DIRECTORS

Stephen Riady
(Executive Chairman)

Christopher James Williams
(Deputy Chairman)

Thio Gim Hock

Kelvin Lo Kee Wai

Sin Boon Ann

Kin Chan

AUDIT COMMITTEE

Kelvin Lo Kee Wai
(Chairman)

Sin Boon Ann

Kin Chan

NOMINATING COMMITTEE

Sin Boon Ann
(Chairman)

Christopher James Williams

Kelvin Lo Kee Wai

REMUNERATION COMMITTEE

Sin Boon Ann
(Chairman)

Christopher James Williams

Kelvin Lo Kee Wai

SECRETARY

Ng Ngai

SHARE REGISTRAR

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Public Accountants and Chartered Accountants
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Partner in charge : Ms. Eng Chin Chin
Date of appointment : With effect from financial year ended 31 December 2017

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CORPORATE GOVERNANCE REPORT

OUE Limited (the "**Company**", and together with its subsidiaries, the "**Group**") is committed to maintaining good standards of corporate governance. This report describes the Company's corporate governance practices during the financial year ended 31 December 2018 ("**FY2018**") with specific reference to the principles of the Code of Corporate Governance 2012 (the "**Code**"). The Company is pleased to report that it has complied in all material aspects with the principles and guidelines set out in the Code, save for certain deviations from the Code which are explained under the respective sections.

Outlined below are the policies, processes and practices adopted by the Group in compliance with the principles and spirit of the Code.

A. BOARD MATTERS

PRINCIPLE 1 : BOARD'S CONDUCT OF AFFAIRS

The Company is headed by an effective board of directors (the "**Board**") comprising a majority of non-executive directors ("**Directors**"). The Board is supported by three Board committees ("**Board Committees**"), namely, the Audit Committee ("**AC**"), Remuneration Committee ("**RC**") and Nominating Committee ("**NC**"). Each Board Committee is governed by clear terms of reference, which have been approved by the Board, and set out its duties and authority.

The principal roles and responsibilities of the Board include:

- providing entrepreneurial leadership, setting strategic objectives and ensuring that the necessary financial and human resources are in place for the Company to meet its objectives;
- establishing a framework of prudent and effective controls which enables risks to be assessed and managed, including safeguarding of shareholders' interests and the Company's assets;
- reviewing the performance of the management of the Company ("**Management**");
- identifying the key stakeholder groups and recognising that their perceptions affect the Company's reputation;
- setting the Company's values and standards (including ethical standards), and ensuring that obligations to shareholders and other stakeholders are understood and met; and considering sustainability issues (including environmental and social factors) as part of the Company's overall strategy.

Although the Company has not adopted a Board charter or code of conduct, the current Board comprises highly qualified legal professionals who are able to render regular advice on the roles and responsibilities of the board and provide adequate guidance on the corporate governance practices of the Company.

The Company has adopted internal guidelines which require Board approval for investments, divestments and bank borrowings. The Company has also adopted a framework of delegated authorisation, as set out in its Limits of Authority ("**LOA**"). The LOA sets out the procedures and levels of authorisation required for specified transactions. It also sets out approval limits for operating and capital expenditure. The LOA also contains a schedule of matters specifically reserved for the Board's approval. These include approval of annual business plans, operating budgets, statutory accounts, declaration of interim and final dividends, and material transactions, namely, major acquisitions, joint ventures, strategic alliances, investment proposals, establishment of banking facilities and corporate restructuring.

The Board conducts regular scheduled meetings on a quarterly basis. *Ad hoc* meetings are also convened as and when required. In 2018, the Board met four times. The report on the Directors' attendance for Board and Board Committee meetings is set out below. Directors who are unable to attend Board and/or Board Committee meetings may convey their views to the respective chairmen or the company secretary of the Company ("**Company Secretary**"). The Company's Constitution provides for participation in meetings via telephone or video conference where Directors are unable to be physically present at such meetings. Directors may raise questions and seek clarification through discussion forums with Management in respect of significant matters passed via circular resolutions.

Directors' Attendance for Board and Board Committees Meetings

	Number of meetings attended in FY2018			
Name of Director	**Board**	**AC**	**NC**	**RC**
Stephen Riady	4	-	-	-
Christopher James Williams	4	-	1	1
Thio Gim Hock	4	-	-	-
Kelvin Lo Kee Wai	4	4	1	1
Sin Boon Ann	4	4	1	1
Kin Chan	4	4	-	-
Number of meetings held in FY2018	**4**	**4**	**1**	**1**

Board Orientation and Training

The Company conducts an orientation programme for newly appointed Directors to familiarise them with the businesses, operations and financial performance of the Group. The newly-appointed Directors will also be briefed on the Company's governance practices, including board processes, policies on disclosure of interests in securities, prohibitions on dealing in the Company's securities and restrictions on disclosure of price-sensitive information. No new directors were appointed in FY2018.

Directors are at liberty to request for further explanations, briefings or informal discussions on any aspect of the Group's operations or business issues from Management.

The Company will arrange for the Directors to be kept abreast of developments in the real estate and hospitality industries on a regular basis. To keep pace with the fast-changing laws, regulations and commercial risks, the Directors have an on-going budget to receive further relevant training of their choice in connection with their duties as Directors of the Company. The Directors have opportunities for continuing education in a number of areas, including directors' duties, corporate governance, financial reporting, insider trading, the Companies Act and SGX-ST listing rules, real estate and hospitality industry-related matters and other areas to enhance their performance as Board and Board Committee members. They are also given unrestricted access to professionals for consultations as and when they deem it necessary at the expense of the Company.

The Board is routinely updated on developments and changes in the operating environment and applicable laws and regulations, including directors' duties and responsibilities, corporate governance matters and changes in financial reporting standards, so as to enable them to discharge their duties effectively as members of the Board and where applicable, as members of the Board Committees. The Directors may also attend other relevant courses, conferences and seminars, at the Company's expense. These include programmes run by the Singapore Institute of Directors. Periodically, the Directors are provided with bespoke briefings by professional legal and financial advisors on the latest developments and trends in the respective areas in which the Directors are required to discharge their duties.

The NC makes recommendations to the Board on relevant matters relating to the review of training and professional development programmes for the Board.

PRINCIPLE 2 : BOARD COMPOSITION AND GUIDANCE

The independence of each of the Directors has been assessed by the Board (after taking into account the NC's views) in accordance with the requirements of the Code for assessing independence. Under the Code, an independent director is one who has no relationship with the Company, its related corporations, its 10% shareholders or its officers that could interfere, or be reasonably perceived to interfere, with the exercise of the director's independent business judgment with a view to the best interests of the Company.

The Board comprises six Directors with four non-executive Directors. Of the four non-executive Directors, the NC considers Mr. Sin Boon Ann and Mr. Kelvin Lo Kee Wai to be independent, based on the examples of what relationships would deem a director not to be independent, as set out in Guideline 2.3 of the Code. In reviewing the independence of a Director, the NC takes into consideration, in particular, the Director's objective participation on the Board and a review of whether he has any relationship with the Company, its related corporations or its officers that could interfere or reasonably be perceived to interfere with his independent judgment. In addition to the annual review by the NC of the Directors' independence, each independent Director also submits an annual declaration regarding his independence. The two independent Directors have demonstrated an ability to exercise sound and independent judgment in deliberations in the interests of the Company.

Although both Mr. Kelvin Lo Kee Wai and Mr. Sin Boon Ann have served on the Board as Independent Directors for more than nine years, the Board is of the view that an individual's independence cannot be accurately determined based on an arbitrarily set period of time. Following a rigorous review during FY2018 by the NC, the Board has concluded that both Mr. Kelvin Lo Kee Wai and Mr. Sin Boon Ann have continued to demonstrate independence in character and judgment in the manner in which each of them has discharged his respective responsibilities. Furthermore, there are no relationships or circumstances which affect or would be likely to affect their judgment and ability to discharge their respective responsibilities as an independent Director of the Board, and to contribute to the Board in such capacity.

In relation to Mr. Sin Boon Ann, notwithstanding that the fees invoiced by Drew & Napier LLC (of which Mr. Sin was formerly a Director up to 19 March 2018 and, upon his retirement, undertook the role of Consultant in the Corporate and Finance Department) to the Group for legal fees in FY2018 exceeded S$200,000, the Board has (following a rigorous review by the NC) concluded that Mr. Sin is an Independent Director on the basis that he was not involved in the decision-making processes in respect of the engagement of Drew & Napier LLC as legal advisors of the Company. Further, Mr. Sin is able to exercise independent judgment and demonstrate objectivity in his deliberations at meetings.

There are two non-independent non-executive Directors who also contribute constructively to recommendations from Management. The non-executive Directors may also, from time to time as they consider necessary, discuss via telephone conferences or otherwise, matters relating to the Company and/or the Group, including issues relating to board processes, corporate governance initiatives and other matters to be discussed during Board meetings.

Under Guideline 2.2 of the Code, where (*inter alia*) the Chairman is not an independent Director, independent Directors should make up at least half of the Board. However, the Directors are of the view that although independent Directors do not currently make up at least half of the Board, the Board is collectively able to exercise objective judgment in relation to the affairs of the Company. The external insights from the independent Directors and the non-independent non-executive Directors, who together make up more than half the composition of the Board, contribute to the robust deliberations with Management. In addition, the integrity and professionalism of the Directors have enabled and facilitated them to discharge their responsibilities with due care and diligence. Through active participation during Board meetings, the Directors constructively and judiciously challenge the proposals and assumptions of Management. No individual or small group of individuals dominates the Board's decision making. Combined with the executive Directors' deep knowledge of the business of the Company, the current composition of the Board therefore allows the Company to remain nimble and responsive to business opportunities, and to robustly evaluate the strategy and proposals for the Company in light of these business opportunities.

The Board is of the opinion that its current size is appropriate, taking into account the nature and scope of the Company's businesses, for effective decision making. The current composition of the Board provides an appropriate balance and diversity of skills, experience, and knowledge of the Company, contributing to improved risk management and more robust decision making for the strategic future of the Company. The Board comprises Directors who as a group have the core competencies, such as accounting or finance, business or management experience, legal, industry knowledge, strategic planning experience and customer-based experience or knowledge, required for the Board to be effective in all aspects of its roles.

The NC has recommended to the Board that Dr. Stephen Riady and Mr. Thio Gim Hock be nominated for re-election at the forthcoming Annual General Meeting ("**AGM**"). In making the recommendation, the NC has considered each Director's overall contributions and performance.

Dr. Stephen Riady will, upon re-election as a Director, remain as the Executive Chairman of the Company. Mr. Thio Gim Hock will, upon re-election as a Director, remain as the Chief Executive Officer / Group Managing Director of the Company. Further information on each Director proposed to be re-elected at the AGM can be found on pages 246 to 251 of this Annual Report.

PRINCIPLE 3 : CHAIRMAN AND CHIEF EXECUTIVE OFFICER

The Board is chaired by Dr. Stephen Riady, who is an executive Director. The chairman of the Board ("**Chairman**"), in consultation with Management, sets the agenda for Board meetings and ensures that they are held regularly and whenever necessary. He seeks to ensure that the Directors receive timely, clear and adequate information. As part of the Chairman's responsibilities, he also seeks to ensure that good standards of corporate governance are promoted and adhered to within the Company and by all Directors.

The Board is of the opinion that it is in the best interest of the Company to continue to have Dr. Riady serving as Executive Chairman so that the Board, and in particular the non-executive Directors, can have the benefit of a Chairman who is a visionary with strong commercial acumen, and is knowledgeable about the businesses of the Company. For this reason, Dr. Riady is therefore better able to guide discussions and ensure that the Board is properly briefed in a timely manner on pertinent issues and developments. At the same time, the Board benefits from the objective and independent views of the independent Directors. The Board is also of the view that the current Board composition is effective in steering the Company's strategies. The Board therefore believes that it is the person who fills the role that matters, as opposed to separating or combining the roles *per se*. Further, shareholders may approach any Director for assistance. The independent Directors actively seek clarification from, and engage with, Management as they deem necessary. They may also discuss matters relating to the Company and/or the Group separately without the presence of the other Directors or Management, as they may consider necessary. The Code recommends that a company should appoint an independent director to be the lead independent director where, *inter alia*, the Chairman is not an independent director.

In the interest of embracing recommended best practices, the Board has appointed Mr. Sin Boon Ann as the Lead Independent Director with effect from 17 February 2017. The role of the Lead Independent Director includes meeting with shareholders where they have concerns and when contact through the normal channels of the Chairman, the Chief Executive Officer ("**CEO**") or Chief Financial Officer ("**CFO**") has failed to resolve such issues raised by the shareholder, or for which such contact is inappropriate.

There is a clear separation of responsibilities between the Chairman and the CEO, so as to maintain an appropriate balance of power and authority. The Chairman and the CEO are not related to each other.

PRINCIPLE 4 : BOARD MEMBERSHIP

The NC currently comprises three non-executive Directors, namely, Mr. Sin Boon Ann and Mr. Kelvin Lo Kee Wai (both independent) and Mr. Christopher James Williams. Mr. Sin Boon Ann is the chairman of the NC. The NC met once in FY2018.

The principal responsibilities of the NC in performing the functions of a nominating committee include reviewing and evaluating nominations of directors for appointment to the Board, evaluating the performance of the Directors and the Board as a whole and the Board Committees, reviewing and being mindful of the independence of the Directors, making recommendations on and reviewing the training and professional development programmes for the Board and reviewing the retirement and re-election of Directors. Pursuant to the Company's Constitution, one-third of the Directors will retire from office at the Company's forthcoming Annual General Meeting.

The NC determines on an annual basis, and as and when circumstances require, whether or not a Director is independent, taking into account the Code's guidance on what constitutes an "independent" Director, and the existence of relationships which would deem a Director not to be independent. A Director who has no relationship with the Company, its related corporations, its 10% shareholders or its officers that could interfere, or be reasonably perceived to interfere, with the exercise of his independent business judgment with a view to the best interest of the Company, is considered to be independent under the Code.

In its search and selection process, the NC reviews the composition of the Board, including the mix of expertise, skills and attributes of existing Directors, so as to identify the required and/or desired competencies to supplement the Board's existing attributes. In doing so, where necessary or appropriate, the NC may tap on its networking contacts and/or engage external professional headhunters to assist with identifying and shortlisting candidates. In particular, looking ahead, the NC has been tasked to initiate a search process for more independent Directors. Additionally, in the recruitment of Directors, the NC is mindful of the importance of ensuring that the Board is well balanced and diverse. The NC also understands the need to periodically renew the Board.

The Board continues to be open and vigilant in identifying the appropriate female candidate(s) who may possess the competency level and skill sets necessary to bring greater value to the Company and its various stakeholder constituencies. Whenever it seeks to identify a new Director for appointment to the Board, the Board ensures that female candidates are included for consideration by the NC. From there, the final selection will be made in a fair and undiscriminating manner.

The selection and nomination process involves the following:

(a) in carrying out this review, the NC will take into account that the Board composition should reflect balance in matters such as skill representation, tenure, experience, age spread and diversity;

(b) the NC will identify suitable candidates for appointment to the Board having regard to the skills required and the skills represented on the Board;

(c) external consultants may be used from time to time to access a wide base of potential non-executive Directors. Those considered will be assessed against a range of criteria, including the nominee's track record, background, experience, professional skills, financial literacy, core competencies and personal qualities. The NC and the Board will also consider whether a candidate's skills and experience will complement the existing Board and whether the candidate has sufficient time available to commit to his responsibilities as a Director; and

(d) the NC will make recommendations to the Board on candidates it considers appropriate for appointment.

With regard to the re-appointment/re-election of existing Directors each year, the NC makes recommendations to the Board as to whether the Board should support the re-appointment/re-election of a Director who is retiring. In making recommendations, the NC evaluates the retiring Director's performance and contributions to the Board, taking into account factors such as attendance, preparedness and participation at meetings, the self-performance assessment undertaken by the Director and the Director's annual declaration of independence. However, the replacement of a Director does not necessarily reflect the Director's performance or contributions to the Board, as the NC may have to consider the need to shape the Board in line with the evolving needs of the Company.

Directors must ensure that they are able to give sufficient time and attention to the affairs of the Company, and as part of its review process, the NC decides whether or not a director is able to do so and whether he has been adequately carrying out his duties as a director of the Company. In determining whether a Director has been adequately carrying out his duties as a director of the Company, the NC takes into account the assessments of the individual Director's effectiveness and his actual conduct on the Board. The NC believes that setting a maximum limit on the number of directorships a Director can hold is arbitrary, given that time requirements for each board may vary, and thus should not be prescriptive.

Key information on the Directors' particulars and background can be found on pages 46 to 50 of the Annual Report.

The Board does not appoint alternate directors as recommended by Guideline 4.5 of the Code.

PRINCIPLE 5 : BOARD PERFORMANCE

The NC annually assesses the effectiveness of the Board as a whole and the Board Committees and the contribution by the Chairman and each Director to the effectiveness of the Board. A formal appraisal process to assess the effectiveness of the Board and Board Committees has been implemented. The Board performance evaluation process includes a questionnaire designed to assess the performance of the Board and enhance the overall effectiveness of the Directors. There is a self-performance assessment to be undertaken by each Director. The Company Secretary compiles the Directors' responses to the questionnaire into a consolidated report. The report is discussed at an NC meeting and then shared with the entire Board.

The NC has also set objective performance criteria for evaluating the performance of the Board and the Board Committees, which has been reviewed and approved by the Board. Key areas of focus include the Board size, Board and Board Committee composition, Board information and accountability, Board performance in discharging its principal functions and ensuring the integrity and quality of risk management and internal control systems, standards of conduct of Board members, the Directors' interactions with the CEO and senior management, and Board Committee performance in relation to discharging their responsibilities set out in their respective terms of reference. The performance criteria does not change from year to year, unless the NC is of the view that it is necessary to review the performance criteria, for example, in order to align with any changes to the Code.

In evaluating each Director's performance, the NC considers, *inter alia*, the Directors' attendance, contribution, participation and candour at Board and Board Committee meetings, Directors' individual evaluations, the degree of commitment to the role, effectiveness and value of contribution to the development of strategy, the Director's industry and business knowledge, and functional expertise.

Based on the Board's assessment and review, the Board and its Board Committees have operated effectively and each Director has contributed to the effectiveness of the Board.

PRINCIPLE 6 : ACCESS TO INFORMATION

In order to enable the Directors to make informed decisions to discharge their duties and responsibilities, Management endeavours to provide the Board with complete and adequate information in a timely manner prior to Board meetings and on an on-going basis. Such information includes board papers and related materials, background or explanatory information relating to matters to be brought before the Board, and summaries of disclosure documents, budgets, forecasts and monthly internal financial statements. The Directors also have separate and independent access to Management and the Company Secretary. The role of the Company Secretary and Management is to ensure that all Board procedures are followed and that applicable regulations and rules prescribed by the Companies Act, the Listing Manual of the Singapore Exchange Securities Trading Limited ("**SGX-ST**") and all other applicable laws and regulations are complied with. Under the direction of the Chairman, the responsibilities of the Company Secretary include ensuring timely information flows within the Board and its committees and between Management and non-executive Directors. The appointment and removal of the Company Secretary is a matter for the Board as a whole.

Directors may seek independent professional advice, at the Company's expense, as and when required.

B. REMUNERATION MATTERS

PRINCIPLE 7 : PROCEDURES FOR DEVELOPING REMUNERATION POLICIES
PRINCIPLE 8 : LEVEL AND MIX OF REMUNERATION
PRINCIPLE 9 : DISCLOSURE ON REMUNERATION

Remuneration Committee

The RC comprises three non-executive members, namely, Mr. Sin Boon Ann and Mr. Kelvin Lo Kee Wai (both independent) and Mr. Christopher James Williams. Mr. Sin Boon Ann is the chairman of the RC. The RC met once in 2018.

The principal responsibilities of the RC in relation to remuneration matters include, *inter alia*:

- recommending to the Board a general framework of remuneration for Directors and key management personnel; and
- developing policies for fixing of, and recommending to, the Board, the remuneration packages of individual Directors and key management personnel.

The RC sets the compensation policy to ensure that the compensation offered by the Company is competitive and will attract, retain and motivate Directors and key management personnel of the required experience and expertise to run the Company successfully. In developing and reviewing the policy for the remuneration packages for Directors and key management personnel, the Company's existing internal remuneration policy and other conditions within the industry and in comparable companies are taken into consideration. The remuneration policies of the Company are structured to attract and retain highly qualified persons, and the Company's overall goal is to ensure the long-term sustainability and success of the Company.

For the financial year under review, the Company did not engage any remuneration consultant with regard to the remuneration of Directors and key management personnel in view that the current remuneration evaluation process already takes into account the industry practices and norms on remuneration, including guidelines set out in the Statement of Good Practice issued by the Singapore Institute of Directors. The remuneration range is also benchmarked against a blended mix of industry peers, the list of which has remained unchanged for the last six years.

Fees payable to the Directors are proposed as a lump sum. The lump sum is subject to the approval of shareholders of the Company at its forthcoming Annual General Meeting. The remuneration of the non-executive Directors in the form of directors' fees is paid wholly in cash and the remuneration of the key management personnel in the form of salaries, annual bonuses and allowances is also paid wholly in cash. There is no non-monetary compensation in the form of stock options or shares in the Company paid to the Directors or the key management personnel.

The structure of the Directors' fees for non-executive Directors comprises a base fee for serving as a Director, and additional fees for (i) serving as chairman of the Board, or chairman of the Board Committees, (ii) serving as Lead Independent Director and/or (iii) serving on Board Committees as members, as the case may be. The Directors' fees take into account:

(i) the Directors' level of contribution and respective responsibilities at Board meetings and Board Committee meetings; and

(ii) the industry practices and norms on remuneration including guidelines set out in the Statement of Good Practice issued by the Singapore Institute of Directors.

On the basis of the above, the RC is of the view that the non-executive Directors are not over-compensated to the extent that their independence may be compromised.

The remuneration framework for key management personnel of the Company comprises monthly salaries, annual bonuses and allowances. The Company links executive remuneration to corporate and individual performance, based on the performance appraisal of the key management personnel. The Company currently does not have in place long-term or short-term incentive schemes for executive Directors and key management personnel.

As the key performance indicators to determine the variable component of the CEO's remuneration are not based on financial matrixes which are capable of manipulation resulting in the misstatement of financial results, the Company does not believe that a claw back mechanism on executive compensation is necessary. Further, as the CEO's variable remuneration component is based on past performance, the potential of a bonus claw back based on future misconduct resulting in financial losses to the Company is unlikely to materialise.

A breakdown (in percentage terms) showing the level and mix of the remuneration of each Director and the CEO payable for FY2018 is shown below:

Disclosure on the Remuneration of Directors and the CEO for FY2018

Name of Director	Salary %	Bonuses %	Directors' Fees %	Others %	Total/Remuneration %
Below S$250,000					
Stephen Riady	100	-	-	-	100
Christopher James Williams	-	-	100	-	100
Kelvin Lo Kee Wai	-	-	100	-	100
Sin Boon Ann	-	-	100	-	100
Kin Chan	-	-	100	-	100
S$250,000 to S$499,999					
-	-	-	-	-	-
S$500,000 to S$749,999					
-	-	-	-	-	-
S$750,000 to S$999,999					
-	-	-	-	-	-
S$1,000,000 to S$1,249,999					
-	-	-	-	-	-
S$1,250,000 to S$1,499,999					
-	-	-	-	-	-
S$1,500,000 to S$1,749,999					
-	-	-	-	-	-
S$1,750,000 to S$1,999,999					
-	-	-	-	-	-
S$2,000,000 to S$2,249,999					
-	-	-	-	-	-
S$2,250,000 to S$2,499,999					
-	-	-	-	-	-
S$2,500,000 to S$2,749,999					
Thio Gim Hock	22.76	75.87	-	1.37	100

The Code encourages companies to fully disclose the remuneration of each individual director and the CEO on a named basis. After much deliberation, the Board is of the view that full disclosure of the specific remuneration of each individual director is not in the best interests of the Company or its shareholders. In arriving at its decision, the Board had taken into consideration, *inter alia*, the commercial sensitivity and confidential nature of remuneration matters, the relative size of the Group, the competitive business environment in which the Group operates, and the negative impact which such disclosure may have on the Group in attracting and retaining talent at the Board level on a long-term basis. Based on a comparison against a peer group of listed companies in the same industry over a multi-year period (which peer group remains constant from year to year), the Board believes that the remuneration of the executive Directors is in line with industry practice.

Directors' and Key Management Personnel's Remuneration

Number of Directors and key management personnel of the Company in each remuneration band:

	Number of Directors		Number of Key Management Personnel[1] (who are not also Directors or the CEO)	
Remuneration Bands	**2018**	**2017**	**2018**	**2017**
Below S$250,000	5	5	-	-
S$250,000 to S$499,999	-	-	-	-
S$500,000 to S$749,999	-	-	-	-
S$750,000 to S$999,999	-	-	-	-
S$1,000,000 to S$1,249,999	-	-	-	-
S$1,250,000 to S$1,499,999	-	-	-	-
S$1,500,000 to S$1,749,999	-	-	-	-
S$1,750,000 to S$1,999,999	-	-	-	-
S$2,000,000 to S$2,249,999	-	-	-	-
S$2,250,000 to S$2,499,999	-	-	-	-
S$2,500,000 to S$2,749,999	1	1	-	-
Total	**6**	**6**	**0**	**0**

Note:

[1] The Code defines "key management personnel" to mean the CEO and other persons having authority and responsibility for planning, directing and controlling the activities of the company. The Board is of the view that there are only two persons, being the CEO and the Chairman (who are also Directors), who have the authority and responsibility for planning, directing and controlling the activities of the Company. There are no persons who are not Directors of the Company that have the authority and responsibility for planning, directing and controlling the activities of the Company.

The Code encourages companies to fully disclose the names and remuneration of the top five key management personnel (who are not directors or the CEO). The Board takes the view that there are only two persons, being the CEO and the Chairman (who are also Directors), who have the authority and responsibility for planning, directing and controlling the activities of the Company.

There are no employees who are immediate family members of a Director or the CEO, and whose remuneration exceeds S$50,000 during FY2018. The Company does not have any employee share scheme as the Board is of the view that the current compensation framework is sufficient.

No termination, retirement or post-employment benefits were granted to Directors, the CEO or key management personnel of the Company during FY2018.

C. ACCOUNTABILITY AND AUDIT

PRINCIPLE 10 : ACCOUNTABILITY

The Board is responsible for presenting a balanced and understandable assessment of the Company's performance, position and prospects to its shareholders, the public and the regulators, including interim and other price sensitive public reports and reports to regulators (if required). Management is accountable to the Board and provides the Board with quarterly and full-year results, which are then reviewed and approved by the Board for release to the SGX-ST. Financial results and other price-sensitive information, annual reports and material corporate developments are disclosed via SGXNET.

PRINCIPLE 12 : AUDIT COMMITTEE

The AC consists of three non-executive Directors, namely, Mr. Kelvin Lo Kee Wai and Mr. Sin Boon Ann (both independent) and Mr. Kin Chan. Mr. Kelvin Lo Kee Wai is the chairman of the AC. All members of the AC have many years of experience in senior management positions and have between them extensive and practical expertise in accounting, financial management and corporate finance and law. The Board is of the view that the AC members are appropriately qualified to discharge their responsibilities, including the principal responsibilities of the AC as listed below. The AC met four times in 2018.

The principal responsibilities of the AC include the following:

- reviewing the scope and results of the external audit and its cost effectiveness, and the independence and objectivity of the external auditors;
- reviewing the significant financial reporting issues and judgments so as to ensure the integrity of the financial statements of the Company and any formal announcements relating to the Company's financial performance;
- reviewing the adequacy and effectiveness of the Company's internal controls, including financial, operational, compliance and information technology controls;
- reviewing the effectiveness of the Company's internal audit and control functions, and the hiring, removal, evaluation and compensation of the Company's internal audit and control functions;
- reviewing interested person transactions; and
- making recommendations to the Board on the appointment, re-appointment and removal of the external auditors, and approving the remuneration and terms of engagement of the external auditors.

The results of the AC's review are reported to the Board.

For the financial year under review, the AC met with the external auditors and internal auditors to review the annual audit plans and the results of the audits performed by them. The AC also examined the adequacy and effectiveness of the Company's internal controls with the assistance of the external auditors. The AC further assessed the independence and objectivity of the external auditors and the non-audit services rendered by them. The quarterly financial statements and full year financial statements of the Group and the Company were also reviewed by the AC prior to their submission to the Board for approval and adoption. The AC has met with the external auditors and the internal auditors without the presence of Management.

The AC has reviewed the non-audit fees paid to the external auditors. The AC has considered the nature and extent of the non-audit services provided and is satisfied that the independence and objectivity of the external auditors have not been compromised by the provision of such non-audit services. The amount of fees paid to the external auditors in FY2018 was S$748,000 for non-audit services and S$1,150,000 for audit services. The AC is satisfied that the Company has complied with the requirements of Rules 712 and 715 of the Listing Manual in relation to the appointment of its auditing firm. Accordingly, the AC has recommended to the Board the nomination of the external auditors, Messrs KPMG LLP, for re-appointment at the forthcoming Annual General Meeting to be held on 30 April 2019.

The details of the remuneration of the auditors of the Company during FY2018 are as follows:

	2018 S$'000
Audit services:	
- Auditors of the Company	1,150
- Other auditors	359
Non-audit services:	
- Auditors of the Company	748
- Other auditors	28

The Company has in place a whistle-blowing procedure whereby staff of the Company may, in confidence, raise concerns about possible improprieties in matters of financial reporting or other matters as well as any breach of the Company's Code of Business Conduct and Ethics, without fear of reprisals in any form. The AC has the responsibility of overseeing this policy which is administered with the assistance of the Head of Internal Audit. Under these procedures, arrangements are in place for independent investigation of such matters raised and for appropriate follow-up action to be taken.

In carrying out its duties, the AC is guided by the Guidebook for Audit Committees in Singapore. The external auditors, Messrs KPMG LLP, update the AC members on recent changes to financial reporting standards and regulatory developments. The AC is empowered to conduct or authorise investigations into any activity within its terms of reference, and obtain independent professional advice as it deems necessary. The AC has full access to and co-operation from Management and full discretion to invite any Director or executive officer to attend its meetings, and has adequate resources to enable it to discharge its functions properly.

PRINCIPLE 11 : RISK MANAGEMENT AND INTERNAL CONTROLS
PRINCIPLE 13 : INTERNAL AUDIT

The Board, with the assistance of the AC, annually reviews the adequacy and effectiveness of the Group's risk management and internal control systems, including financial, operational, compliance and information technology controls, oversees the governance of risk and monitors the Group's risks through an Enterprise Risk Management framework which incorporates a Risk Register to capture significant business risks, and the strategies and internal controls to mitigate these risks. The Risk Register is reviewed by the AC quarterly and any issues or matters arising from the Risk Register are highlighted by the AC to the Board.

Based on the AC's review of the effectiveness of the Group's internal controls, including financial, operational, compliance and information technology controls and risk management systems, the Board, with the concurrence of the AC, is of the opinion that the Group's system of internal controls and risk management systems is adequate and effective as at 31 December 2018, and addresses financial, operational, compliance and information technology risks, which the Group considers relevant and material to its operations.

The Board notes that the system of internal controls provides reasonable, but not absolute, assurance that the Group will not be significantly affected by any event that could be reasonably foreseen as it strives to achieve its business objectives. In this regard, the Board also notes that no system can provide absolute assurance against the occurrence of material errors, poor judgment in decision-making, human error, fraud or other irregularities.

The Board, AC and Management continue to re-evaluate the process and adequacy of the Group's risk management framework.

For FY2017, the CEO and the CFO have provided written confirmation to the Board that: (a) the financial records have been properly maintained and the financial statements give a true and fair view of the Group's operations and finances; and (b) the Group's risk management and internal control systems are adequate and effective in addressing the material risks faced by the Group in its current business environment, including material financial, operational, compliance and information technology risks. This certification covers the Company and subsidiaries which are under the Company's management control. In line with the SGX-ST listing rules, the Board provides a negative assurance statement to shareholders in respect of the interim financial statements, which is supported by a negative assurance statement from the CEO and the CFO, and which is in turn supported by a negative assurance confirmation from the various key business and operating/functional heads within the Group that nothing has come to their attention that would render the quarterly financial results to be false or misleading.

Further details on the Group's internal controls and risk management systems, philosophy and approach can be found in the "Managing Risks" section on pages 115 to 116.

The Internal Audit department is headed by the Vice President, Internal Audit who reports directly to the chairman of the AC and administratively to the CEO. The hiring, removal, evaluation and compensation of the Vice President, Internal Audit is also approved by the AC. The Internal Audit department is responsible for assisting the AC in reviewing and evaluating the adequacy and effectiveness of the Group's system of internal controls to address financial, operational and compliance risks. It also audits the operations, regulatory compliance and risk management processes of the Group. The Internal Audit department has unfettered access to all the Company's documents, records, properties and personnel, including access to the AC. The scope of the internal audit reviews are carried out in accordance with the yearly plans prepared by the Vice President, Internal Audit and approved by the AC. Any material non-compliance or lapses in internal controls together with corrective measures are reported to the AC.

In the course of their statutory duties, the Company's external auditors will highlight any material internal control weaknesses which have come to their attention in carrying out their normal audit, which is designed primarily to enable them to express their opinion on the financial statements. Such material internal control weaknesses noted during their audit, and recommendations, if any, by the external auditors are reported to the AC.

In carrying out its functions, the Internal Audit department has adopted the Standards for the Professional Practice of Internal Auditing set by the Institute of Internal Auditors. The AC has reviewed the independence, adequacy and effectiveness of the Internal Audit department annually and is satisfied that the Internal Audit department is independent, effective, adequately resourced and is staffed with persons with relevant qualifications and experience, and that the Internal Audit department has appropriate standing.

D. COMMUNICATION WITH SHAREHOLDERS

PRINCIPLE 14 : REGULAR, EFFECTIVE AND FAIR COMMUNICATION WITH SHAREHOLDERS
PRINCIPLE 15 : ENCOURAGING GREATER SHAREHOLDER PARTICIPATION
PRINCIPLE 16 : CONDUCT OF SHAREHOLDER MEETINGS

Shareholders are informed of the Company's performance and developments through announcements, press releases and the publication of its quarterly and full-year results on the SGXNET, in the Annual Report and on the Company's website. Shareholders are also regularly kept up-to-date on analyst coverage of the Company through the same channels. The Company also has an email alert service to which the public may subscribe (via the Company's website) to receive Company announcements and other SGXNET filings.

The Company also conducts analysts' briefings and investor roadshows, facilitated by its dedicated investor relations team, to maintain regular dialogue with investors and shareholders as well as to solicit and understand the views of shareholders. In addition, the contact details of the investor relations representative are set out in the press releases issued by the Company.

In addition, shareholders are given the opportunity to communicate their views and are encouraged to raise pertinent questions to the Board members and to vote at shareholders' meetings. The respective chairmen of the AC, NC and RC, as well as the external auditors, are also present at shareholders' meetings to address relevant questions raised by the shareholders. Shareholders and potential investors are encouraged to visit the Company's website at www.oue.com.sg for information on the Company. They are also encouraged to call or write to the Company's investor relations department if they have questions.

Under the multiple proxies regime introduced pursuant to the Companies (Amendment) Act 2014, "relevant intermediaries" such as banks, capital markets services licence holders which provide custodial services for securities, and the Central Provident Fund ("**CPF**") Board, are allowed to appoint more than two proxies to attend, speak and vote at general meetings. This will enable indirect investors, including CPF investors, to be appointed as proxies to participate at shareholders' meetings. If any shareholder (who is not a "relevant intermediary") is unable to attend, he or she is allowed to appoint up to two proxies to vote on his or her behalf at the meeting through proxy forms sent in advance.

Voting for all resolutions at shareholders' meetings held in FY2018 was conducted by electronic poll. The voting procedures are explained during the shareholders' meeting. Votes cast for or against and the respective percentages on each resolution were tallied and displayed 'live' on-screen to shareholders immediately after each poll was conducted. The total number of votes cast for or against the resolutions and the respective percentages were also announced on the SGXNET and the Company's website on the same day of the event. Minutes of the shareholders' meetings were also prepared and are available upon request, and include substantial and relevant comments or queries from the shareholders, and responses from the Board and Management.

The Company had adopted an annual cash dividend policy with a view to paying annual dividends of at least 50% of the profit after tax of the Group after adjusting out for fair value gains and after taking into account the Group's capital requirements, expansion plans and other funding requirements. The Company has considered the Group's historical performance and previous dividend payments in determining this policy and believes that this policy is in line with the Company's intention to optimise returns to shareholders, enforce greater accountability to shareholders and allow for good balance sheet management.

E. ADDITIONAL INFORMATION

Interested Person Transactions Policy

The Company has established procedures to monitor and review Interested Person Transactions ("**IPTs**"), including ensuring compliance with the provisions of the Listing Manual related to IPTs (as defined therein). The AC and the Board review the IPTs on a quarterly basis. Any IPTs requiring disclosure are set out in the Annual Report. Save as disclosed, there were no IPTs during FY2018 which, pursuant to the Listing Manual, required immediate announcement or shareholders' approval.

Dealings in Company's Securities

The Company has issued guidelines on dealing in the Company's securities. These pertain to the existence of insider trading laws and the rules and regulations with regard to dealings in the Company's securities by its Directors and officers. The Company sends out memoranda and e-mails to its Directors and officers to remind them that the Directors, key executives of the Group and their connected persons are prohibited from dealing in the Company's shares during the following periods:

(a) two weeks before the announcement of the Company's financial statements for each of the first three quarters of its financial year;

(b) one month before the announcement of the Company's full-year financial statements; and

(c) any time while in possession of price-sensitive information.

The Directors and officers of the Company are prohibited from communicating price-sensitive information to any person. In addition, the Company also discourages the Directors and officers of the Company from dealing in the Company's securities on short-term considerations.

MANAGING RISK

Risk Management is an integral element of the Group's decisions and business processes. The Enterprise Risk Management (ERM) framework, which incorporates a Risk Register, sets out the basis for the integration of risk management into business processes across the Group.

The ERM framework and related risk management policies have been validated by external ERM consultants and are reviewed on a regular basis. Risk workshops are carried out with the risk owners to identify, assess and prioritise the risks. Mitigating actions in managing the key risks, as well as action plans to address the gaps are considered and documented. Risk tolerance limits are set to align with the risk appetite and are subject to quarterly review. Operating within risk tolerances provides the Management with assurance that the Group remains within its risk appetite. The key risks which have been identified by the Group include the following:

OPERATIONAL RISK

Operational risk is the risk of loss resulting from inadequate or failed internal processes, people and systems or from external events.

Responsibility for managing operational risks basically rests with every function at divisional and departmental levels. The Group recognises that operational risks cannot be eliminated completely and that it may not always be cost effective to do so. The Group therefore adopts a risk-based approach to managing operational risks.

Key functions in the Group are guided by their standard operating procedures, limits of authority and reporting framework. The framework provides guidance to management at the various levels to identify and assess key operational exposures and report such risk issues to senior management as early as possible so that the appropriate risk response can be taken.

The internal audit function, which also provides independent checks on operational issues and risk controls, reports directly to the Audit Committee.

INVESTMENT RISK

The Group's investment decision process is based on an investment framework and guided by a set of investment criteria. Balancing risk and return across asset types and geographic regions are key considerations of the investment framework. Risk assessment is an important aspect of the investment decision process. Each investment proposal submitted to the Board of Directors for approval is accompanied by an assessment of risk factors and risk mitigation strategies, including rigorous due diligence, financial modelling and sensitivity analysis on key investment assumptions and variables.

FINANCIAL RISK

In the normal course of business activities, the Group is exposed to a variety of financial risks, including market, liquidity and credit risks. The Group's overall objectives and policies focus on managing financial risks by using financial instruments, where appropriate. Financial market risks and capital structure are closely monitored and actively managed by management, and reported quarterly to the Board.

Market Risk

Market risk is the risk that the Group's earnings and capital or its ability to meet its business objectives will be adversely affected by movements in interest rates, foreign exchange rates and equity prices.

The Group hedges foreign exchange risk naturally as a general rule by financing asset purchases and borrowings in the local currency of the relevant markets in which it conducts business. Where necessary, the exposure to foreign exchange rate changes is hedged via forward foreign exchange contracts and cross currency swaps.

The Group reduces its exposure to interest rate volatility, and thereby managing its funding costs, by matching maturities of loans and term deposits and maintaining an optimal interest cost structure using a mix of fixed and floating rate loans. Where necessary, the exposure to interest rate changes is hedged via interest rate swaps.

Equity price risk arises from fluctuation in market prices of the Group's investment in financial assets. Management monitors the mix of debt and equity securities in 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.

Liquidity Risk

Liquidity risk is the potential that the Group will be unable to meet its obligations when they fall due because of an inability to obtain adequate funding or liquidate assets. In managing liquidity risk, the Group monitors cash flows and maintains a level of cash and credit facilities deemed adequate to ensure the ability to finance the Group's operations and reduce the effects of fluctuation in cash flows.

Credit Risk

Credit risk is the risk of losses arising from a counterparty defaulting on an obligation which will result in an economic loss to the Group. The Group has a credit policy and procedures in place and credit risk is monitored regularly. The Group monitors its exposure to credit risk arising from trade consumers and corporate customers on an on-going basis, and credit evaluations are performed on all customers requiring credit. The Group also spreads credit limits amongst a number of counterparties to avoid concentrations of credit exposure. The Group only enters into transactions involving financial instruments with financial institutions that are licensed and with acceptable credit ratings.

MANAGING RISKS

COMPLIANCE, LEGAL AND REGULATORY RISK

Compliance risk arises from the potential violations of regulations and laws that may result in adverse judgments in lawsuits or regulatory sanctions, and therefore negatively affects the Group's ability to meet its business objectives. The responsibility of compliance with laws and regulations lies with the heads of business units and oversight of the discharge of their responsibilities is provided by the Group Legal Department. Legal risk arises from the potential failure of the Group to meet the legal requirements which may result in unenforceable contracts, litigation or other adverse consequences.

The Group identifies and manages legal risk through effective use of its internal and external legal counsel. Regulatory risk is the risk that laws or regulations may change in a way that adversely affects the Group's operations and competitive viability. The Group Legal Department monitors changes to applicable laws and regulations with support from external legal advisors.

INFORMATION TECHNOLOGY (IT) RISK

IT risk arises from system downtime or breach in security, and such risks may have an adverse impact on the integrity, accuracy and completeness of data and information. The Group recognises its responsibility in establishing and maintaining adequate cyber risk governance over its information assets and its preparedness against cyber threats and risks.

The Group has in place comprehensive policies and procedures to manage these risks, including a disaster recovery strategy, backup and restore procedures, and email security to prevent social engineering attacks such as phishing and impersonation. The Group also conducts regular reviews and testing, including yearly vulnerability assessment and penetration testing to detect and resolve any vulnerability, threat or risk in the network, servers and network infrastructure.

SUSTAINABILITY REPORT

The Board of Directors for OUE continues to consider sustainability issues as part of the Group's overall strategy.

BOARD STATEMENT [GRI 102-14]

The Board presents our second Sustainability Report. Over the course of the development of our first report in 2017, we validated the sustainability topics that were most relevant to our business. We were able to oversee the process of determining and formalising our policies and processes for sustainability across the Group and put in place performance indicators and targets. This year the management team reviewed and reconsidered the material Environmental, Social and Governance ("ESG") factors chosen for OUE Limited and determined that the material ESG factors remain unchanged. The Board validated this decision. Over the year, we have continued to review our management processes, including formalising our sustainability governance structure, integrating sustainability reviews into our internal audit process, and more deeply considering the sustainability risks and opportunities for our business.

This sustainability report describes our activities over the last year and compares our performance against the targets set in 2017.

The Board of Directors for OUE Limited ("the Board"), continues to consider sustainability issues as part of the Group's overall strategy and the Board is regularly updated on our sustainability performance by our management team from across the OUE Group. This report is aligned to the SGX-ST Listing Rules – Sustainability Reporting Guide and references the internationally recognised Global Reporting Initiative ("GRI") Standards (2016).

WHO WE ARE [GRI 102-2] [GRI 102-16]

OUE Limited (the "Company", and together with its subsidiaries, the "Group") is a real estate owner, developer and operator with a real estate portfolio located in Asia and the United States. We constantly grow our business by leveraging our brands and proven expertise in developing and managing assets across the commercial, hospitality, retail, residential and healthcare sectors.

We are committed to maximising shareholder value through our growing portfolio.

SUSTAINABILITY TRENDS, RISKS AND OPPORTUNITIES [GRI 102-18] [GRI 102-16]

The OUE brand is known for higher quality real estate with a focus on design and finish. We work hard to provide reliable and responsive services and to develop effective partnerships. It is through maintaining these principles and this focus that we continue to grow and succeed. Sustainability considerations are a part of this identity.

Over the last year, the Group has built on lessons learned over the development of our 2017 report and begun to deeply define how sustainability is governed and managed within the Group. Our current sustainability governance team, the Sustainability Steering Committee (SSC) consisting of C-suite leaders across the Group, will be expanding and roles and responsibilities will be formalised. In addition, after an assessment of our sustainability data collection process by an external consultant, our Internal Audit team is now tasked with overseeing performance data collection to improve controls around this process.

Another focus of our sustainability efforts over the last year has been to work with internal stakeholders to consider emerging and existing sustainability-related trends. By doing so, we are able to more holistically identify and manage any potential current and impending business risks that need to be managed or take advantage of any opportunities they may provide. Trends include increased expectations from millennials in regards to sustainable and socially cohesive buildings or deepening regulation around carbon emission reporting. Understanding these sustainability-related trends can and will enhance the management and guidance of our business to develop value for our shareholders.

SUSTAINABILITY FOCUS AREA	RISKS TO OUE GROUP'S BUSINESS	OPPORTUNITIES FOR OUE'S BUSINESS
Eco-efficient buildings		
Trend - There are continuous architectural, technological and mechanical developments that improve the eco-efficiency of buildings. In addition, customers are increasingly demanding eco-efficient buildings, due to the environmental and operational cost benefits.	Increasing regulation and related time costs for fulfilling regulation. Increasing customer awareness on eco-efficiency could mean that OUE falls behind if we do not keep track with the market trends.	Keeping track of architectural, technological and mechanical developments allows us to improve the eco-efficiency of our buildings, which will not only keep us up-to-date with increasing regulation and customer demand, but will also allow us to uphold our reputation for providing high quality, modern real estate opportunities in a competitive landscape. Our building management teams are continually looking for opportunities to increase the environmental performance of our buildings and achieve higher levels of BCA Green Mark certification on both our existing and new builds.
Creating social ecosystems		
Trend - How people use buildings is changing. Customers' lifestyles are changing and tenants are craving environments that contribute to social and physical wellness.	OUE Group must evolve our buildings in line with this trend in order for our buildings to continue to be in demand and meet the needs of our customers and tenants.	We collaborated with Faith Popcorn's BrainReserve, a New York-based futurist trend organisation, to help look into what's around the corner in terms of consumer insight and paint the 'Future of Retail'.
People and resourcing		
Trend - We rely on our people to deliver the standard of service that our partners have come to expect from our brand. In order to deliver reliable, responsive and effective services, we need people that also believe in these principles.	Loss of key talent, inability to recruit the right talent, reducing productivity due to job disillusionment and a feeling of not being safe at work will all contribute to a lower standard of service in the workforce, which will impact the value of our brand.	Providing our employees with the tools and resources they need will improve the quality of work that we produce as a Group.
Good Corporate Governance		
Trend – Corporates are no longer just expected to deliver financial returns; they are expected to deliver financial returns whilst operating ethically and responsibly.	Non-compliance with anti-corruption laws and regulations or any laws and regulations will have serious consequences, financially, operationally and reputationally.	OUE Group's stringent and robust compliance management strengthens stakeholders' trust in the Group and the way that the Group operates.

ABOUT THIS REPORT [GRI 102-50]

OUE's second sustainability report is published as an affirmation of its commitment to sustainability. The report addresses OUE's material environmental, social and governance ("ESG") topics from 1 January to 31 December 2018.

REPORTING SCOPE [GRI 102-46]

This report focuses on OUE's sustainability performance across its commercial, hospitality and retail buildings in Singapore, as well as the performance of properties under the ownership of its real estate investment trusts ("REITs"); OUE H-Trust and OUE C-REIT. OUE's day-to-day development activities, although overseen by us, are not within our direct control, therefore, we will describe how we work with our contractors to encourage alignment on sustainability principles rather than including performance data for these sites. Our overseas activities will be scoped in as we roll out our sustainability monitoring processes in the coming years.

As Downtown Gallery and Oakwood Premier OUE Singapore have now been in operation for over a year, we are pleased to include their sustainability activities in this report. OUE Lippo Healthcare Limited ("OUE Lippo Healthcare") is excluded from this report due to the different nature of its business activities. OUE Lippo Healthcare, as a listed company, does produce its own sustainability report; please refer to this for their sustainability performance. In October 2018, we completed the acquisition of Bowsprit Capital Corporation Limited, the manager of First REIT. Likewise, please refer to the sustainability report of First REIT for information on their sustainability performance.

REPORTING STANDARD [GRI 102-54]

This report has been prepared in compliance with the requirements of SGX-ST Listing Rules 711A and 711B. The report is with reference to the Global Reporting Initiative ("GRI") Standards (2016) and the GRI Reporting Principles, and includes consideration of the GRI Construction and Real Estate Sector Disclosures. The GRI Content Index and the relevant references are presented on pages 131 to 134.

FEEDBACK [GRI 102-53]

OUE welcomes all feedback to help us improve our sustainability practices. Please send your questions or feedback to sustainability@oue.com.sg.

ASSESSING MATERIALITY WITH OUR STAKEHOLDERS IN MIND

ENGAGING WITH OUR STAKEHOLDERS [GRI 102-40] [GRI 102-42] [GRI 102-43] [GRI 102-44]

OUE has a number of stakeholders, that is, groups of individuals whose opinions are important to us, either because their actions impact our business or our business impacts their actions. Our various teams interact with them on a regular basis and it is through these interactions that we are able to determine which ESG topics may be of most interest to them. Some of the ways that we interact with our stakeholders are listed below along with topics most relevant to that group.

STAKEHOLDERS	ENGAGEMENT METHODS	RELEVANT ESG TOPICS
Shareholders and investors	• Release of financial results, announcements, press releases, and other relevant disclosures through SGXNET, Annual Report and OUE's website • Email alert subscriptions via OUE's website • Annual General Meeting • Extraordinary General Meeting, where necessary • Updates through one-on-one and group meetings and investor roadshows	• Sustainable and market comparable financial returns • Ethical business operations • Keeping up-to-date with customer and market trends
Tenants and Guests	• Tenant engagement activities • Informal gatherings and networking sessions • Management circulars and notices	• Cost-efficient buildings • Modern, high quality facilities and features • Safe environments that safeguard their well-being and provide for their various needs
Employees	• Training and development programmes • Annual performance reviews • Recreational and team-building activities • Employee townhall sessions and feedback channels	• Productive working environments that have their safety and well-being in mind • Opportunities for career development and growth • Competitive salaries and benefits
Government and Regulators	• Industry networking functions • Annual regulatory audits • Compliance with mandatory reporting requirements	• Compliance with laws and regulations • Ethical corporate business practices

MATERIALITY ASSESSMENT [GRI 102-47]

Members of the SSC, with representatives from across the Group, came together in January 2017 and conducted our first formal ESG materiality assessment. ESG factors were selected based on their impact on the business and their concern to stakeholders. This year, we reviewed the ESG factors selected in view of emerging sustainability trends and the risks and opportunities they present to OUE Group along with consideration of any changes to the business. It was determined that the ESG factors, as chosen last year, are still relevant in 2018 and, therefore, we retain these factors as the focus of our work and the content for this report.

The following 13 factors are the material ESG factors for OUE Limited. Please refer to the Financial Statements on page 135 for more information on OUE's economic performance for the financial year ended 31 December 2018.

SUSTAINABILITY FOCUS AREAS	MATERIAL ESG FACTORS[1]
Eco-efficient Buildings	• Energy • Emissions • Water • Effluents and Waste • Compliance with Environmental Regulations
Creating Social Ecosystems	• Customer Health and Safety
People and Resources	• Occupational Health and Safety • Talent Retention • Career Development • Diversity and Equal Opportunity • Economic Performance
Governance	• Compliance with Local Laws and Regulations • Anti-corruption

At OUE, we balance the priorities of reducing energy usage and delivering high quality facilities through innovative ways.

ECO-EFFICIENT BUILDINGS

ENERGY AND EMISSIONS [GRI 302-1] [GRI CRE1] [GRI 305-2] [GRI CRE3]

FY2018 Highlights

Indicator	Performance	Performance against target set for 2018	Targets for 2019
Building Energy Intensity	324.03 kWh/m^2	Achieved – Decrease from 384.19[2] in 2017	Maintain building energy intensity at equal or below the baseline year of 2017 intensity
GHG Emissions Intensity from Buildings	0.14 tCO_2e/m^2	Achieved – Decrease from 0.16[2] in 2017	Maintain greenhouse gas emissions intensity at equal or below the baseline year of 2017 intensity

Building electricity usage has a significant greenhouse gas (GHG) emission contribution globally and GHG emissions remain high on global and national agendas. Our buildings range from retail to commercial to residential and, therefore, energy demands vary from building to building and even month to month. At OUE, in line with our brand, we need to find ways to balance the priorities of reducing energy usage and delivering high quality facilities for our tenants in innovative ways.

We are committed to an Energy Management Policy or Environmental, Health and Safety (EHS) policy, depending on the building, which outline the procedures for monitoring and managing energy use in our buildings. It is part of the mandate of our building management teams to continually look for ways to reduce the electricity demand of the buildings under their care. Some management initiatives that help to improve energy efficiency across the Group's properties include:

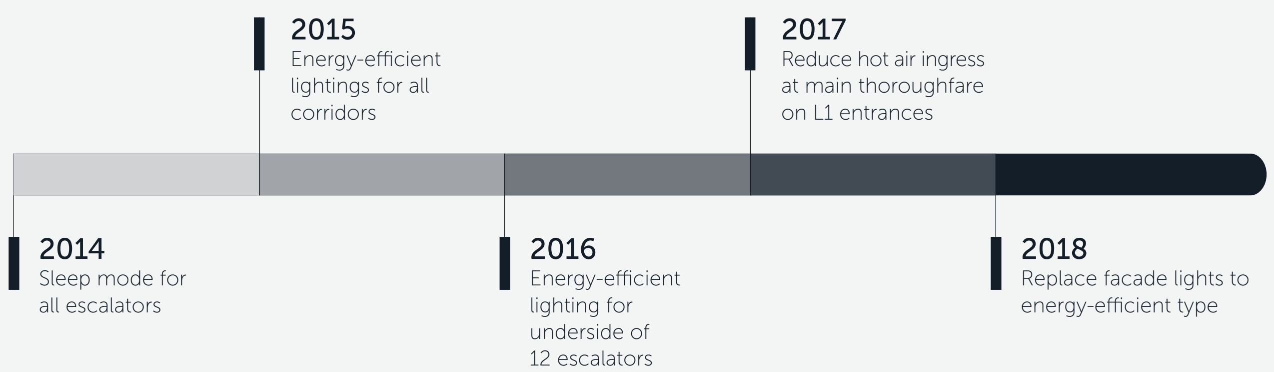
- *Adoption of the Energy Efficiency Index (EEI) to benchmark energy use*
- *Monthly tracking of utilities data by Building Management System / Property Management*
- *Report building information and energy consumption data quarterly/annually to BCA via BESS (Building Energy Submission System)*
- *Provision of a Green Guide for tenants which addresses energy, water, waste and indoor air quality management. The guide provides hints and tips, and in the case of indoor air quality management, some requirements for reducing demand for these in their respective areas*

At our properties, we install energy-efficient LED lightings for all interior corridors, have regular monitoring of chiller plant efficiency and upgrading of old chillers, and set the sleep mode for escalators.

[1] Material topic boundary, which describes where significant impacts occur for each material factor and where OUE Limited has caused or contributed to the impacts through our business relationships, for all factors are considered to be OUE Limited, our property managers and our master lessees.
[2] 2017 data is restated due to revision of scope of electricity data included.

ECO-EFFICIENT BUILDINGS (CONT'D)

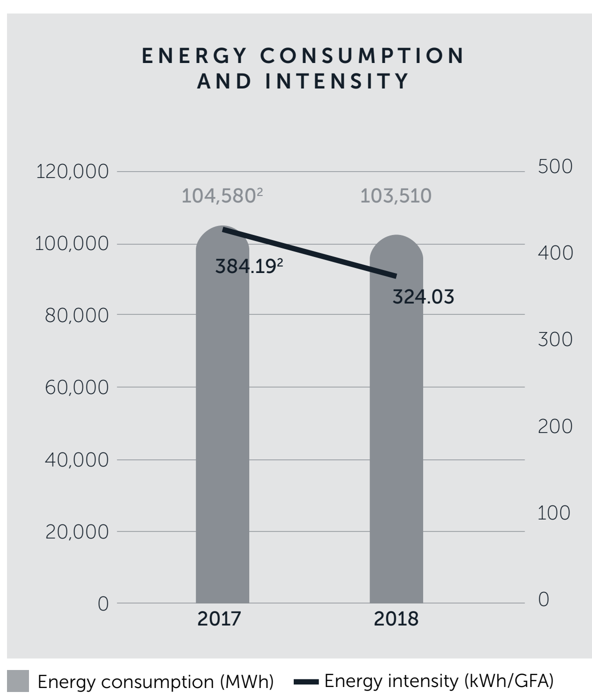
Over the last few years, we have embarked on a number of energy-saving initiatives for Mandarin Gallery. These initiatives have allowed us to achieve a saving of about 73,000kwh per year. The average yearly consumption has been reduced from 345,000kwh in 2010 to 271,000kwh in 2018.

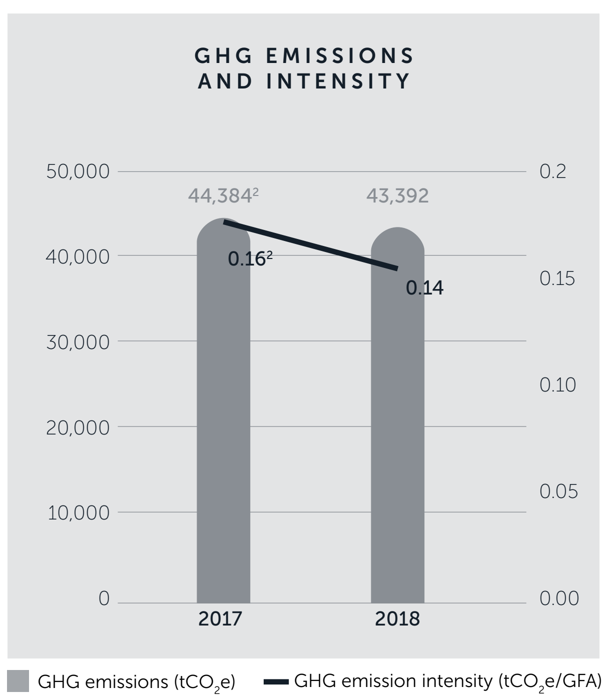


Although at OUE, we are not directly responsible for energy usage at our development sites, we encourage our contractors to show the same responsibility in this regard. We have also established a Green Procurement Policy, which intends to reduce adverse environmental impacts of purchasing decisions by buying goods and services from contractors and vendors who are committed to environmental sustainability. The Policy encourages the purchase of energy-efficient products and services, communication of the policy to suppliers, preference for products with sustainability certifications and standards, and provision of training to staff involved in purchasing.

The bulk of the Group's energy consumption is from purchased grid electricity. In 2018, electrical energy consumption[3] amounted to 103,510 megawatt hours (MWh), a slight decrease on 2017, which was 104,580[2] MWh. Overall building energy intensity reduced from 384.19[2] to 324.03 kilowatt hour per square metre of floor area (kWh/m^2) in 2018.

The Group's indirect GHG emissions[4] and intensity from electrical energy in 2018 was approximately 43,392 tonnes of carbon dioxide equivalent (tCO_2e) and 0.14 tCO_2e/m^2, respectively. Both of these decreased from 2017 levels.





[3] Energy consumption excludes tenanted areas that are not within the operational control of OUE Limited.
[4] GHG emissions for 2017 are based on Singapore's Grid Emission Factors published by the Energy Market Authority in early 2018. GHG emissions for 2018 are based on the latest available Singapore's Grid Emission Factors published by the Energy Market Authority.

ECO-EFFICIENT BUILDINGS (CONT'D)

We believe that high quality buildings do not only provide comfort and luxury to our tenants, visitors and guests, but they also make use of the most up-to-date eco-efficient best practices and technologies. In our new builds and retro-fitting activities, we adhere to the Building and Construction Authority (BCA) Green Mark Scheme and, where possible, we aim for a higher level of certification than regulation level. We also host a monthly engineering forum to address developments and properties whose Green Mark certifications are on-going or are close to expiry in order to recertify. The following properties have received certification or fulfill the requirements under the BCA Green Mark Scheme:

One Raffles Place Comprises One Raffles Place Tower 1 and Tower 2, and One Raffles Place Shopping Mall	**BCA Green Mark Platinum (Tower 2)** **BCA Green Mark Gold (Tower 1)** **BCA Green Mark (Shopping Mall)**
OUE Bayfront Comprises OUE Bayfront, OUE Tower, and OUE Link	**BCA Green Mark Gold**
Downtown Gallery	**BCA Green Mark Gold**
Oakwood Premier OUE Singapore	**BCA Green Mark Gold**
Marina Mandarin Singapore	**BCA Green Mark Gold**
Mandarin Gallery	**BCA Green Mark**
Mandarin Orchard Singapore	**BCA Green Mark**
Crowne Plaza Changi Airport	**BCA Green Mark**

WATER [GRI 303-1] [GRI CRE2]

FY2018 Highlights

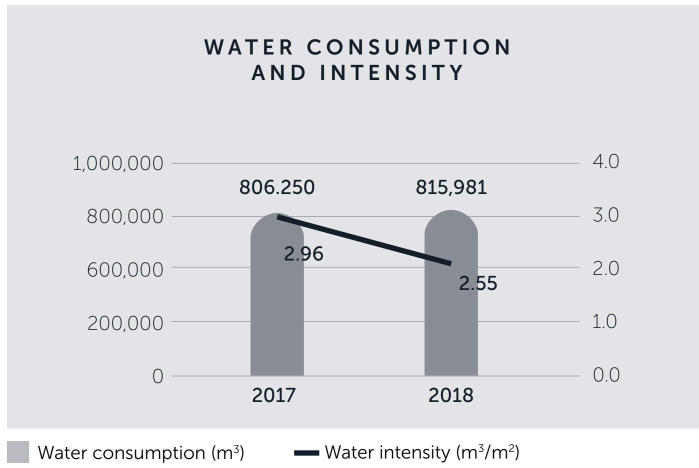
Indicator	Performance	Performance against target set for 2018	Target for 2019
Building Water Intensity	2.55 m^3/m^2	Achieved – Decrease from 2.96 in 2017	Maintain building water intensity at equal or below the baseline of 2017 intensity

Singapore is considered a water-scarce country and, therefore, this resource is precious and must be managed well on a national level. We aim to play our part in managing water in the buildings that we manage and operate.

Water is used in our buildings' washrooms, kitchens and guestrooms. Our hotels also use substantial amounts of water for laundry and other cleaning activities. Clearly, we cannot reduce these activities, but we can find ways to obtain the same high quality results with less water. In order to do this, we follow guidelines as set out by the Public Utilities Board's (PUB's) Water Efficient Building (WEB) Certification Programme and have received certificates for all our buildings. Initiatives we have adopted from WEB recommendations include installing water-efficient fittings, and setting WEB-recommended flow rates and flush volumes, and using non-potable water in cooling towers, for irrigation as well as flushing in lavatories. We also have a water efficiency improvement plan and water provisions are made in our Green Guide for Tenants and Green Procurement Policy. In addition, NEWater is utilised at several of our properties.

ECO-EFFICIENT BUILDINGS (CONT'D)

The majority of our water consumption is from public utilities. Total building water consumption[5] in 2018 recorded 815,981 cubic metres (m^3), which was an increase on 2017 due to the inclusion of an additional property, Oakwood Premier OUE Singapore, in 2018. The water intensity, however, decreased slightly to 2.55 m^3/m^2 allowing us to meet our target.



At OUE, our provision of effective, high quality services expands to waste management in our buildings.

EFFLUENTS AND WASTE [GRI 306-2]

FY2018 Highlights

Indicator	Performance	Performance against target set for 2018	Target for 2019
Percentage of Waste Sent for Recycling	7.47%	See commentary below	Maintain waste recycling rate at equal or above baseline year of 2017 rate

At OUE, our provision of effective, high quality services expands to waste management in our buildings. As a baseline, good waste management is a given to keep buildings and loading areas clean, tidy and hygienic. In addition, tenants, visitors and guests are increasingly demanding recycling facilities in order to reduce their environmental footprint and we provide this service for their use, where practicable.

In 2018, new eco-waste collection equipment was installed. This system is a rotary drum garbage storage and discharging system, which compresses and cuts garbage into small pieces, reducing the volume and saving multiple trips to the incinerator. Recycling bins are provided in common areas to promote the recycling of waste such as glass, paper, metal, plastic, food and used electronic equipment. This waste is collected, sorted and quantified before it is sent to be recycled by an external vendor. To close the loop, our Green Procurement Policy encourages purchase of recycled content materials such as carpets and floor tiles and bio-degradable or compostable products.

In 2018, the total weight of non-hazardous waste generated was 5,650,277 kilograms. Total waste sent for recycling amounted to 392,964 kilograms in 2018 which is 7.47% of the total. This is less than the percentage rate in 2017. Management will be putting additional focus by reviewing the current process to see how we can step up on the recycling activities at each of our properties in the coming year.

[5] Water consumption excludes tenanted areas that are not within the operational control of OUE Limited.

CREATING SOCIAL ECOSYSTEMS

CUSTOMER HEALTH AND SAFETY [GRI 416-2]

FY2018 Highlights

Indicator	Performance	Performance against target set for 2018	Target for 2019
Non-compliance with regulations and/ or voluntary codes concerning the health and safety of guests, tenants and building users which resulted in a fine, penalty or warning	See commentary below		Zero non-compliance with regulations and/ or voluntary codes concerning the health and safety of guests, tenants and building users resulting in a fine, penalty or warning

The design of buildings is evolving, where buildings are no longer simply expected to stand up straight. They are expected to provide places for work and play, inspiration and relaxation, areas for communal gatherings and singular meditation. For this reason, design of buildings from the construction stage through to refitting and renovating, needs to consider how tenants, visitors and guests will be using the building and how to make all users, of all abilities, feel comfortable, welcomed and safe. Recognising this, OUE collaborated with Faith Popcorn's BrainReserve, a New York-based futurist trend organization that brings together leading thinkers across different spaces, to help peer into what's around the corner in terms of consumer insight and paint the 'Future of Retail'. The collaboration between OUE and Faith Popcorn's BrainReserve lights the way for OUE to bring innovation on two fronts:

- Reimagining the mall concept and how the space is planned to enable retailers to experiment more and support their innovative concepts
- Change up the old advertising and promotion model by focusing more on digital capability, social currency and content creation

The collaboration has given us insights into new definitions of luxury, wellness and bespoke experiences and tangible examples of how consumers will live these concepts in their everyday lives. Downtown Gallery is therefore centred on the three elements of 'Keep Well', 'Look Well' and 'Eat Well'. Our tenant mix has been curated in line with these three pillars. Our intention is to create a destination for people to commune and connect, which is why our tenant mix needs to have the right balance of F&B, retail, wellness and other offerings that will engage consumers.

As well as innovative new ideas, OUE continues to place the safety of our building users at the forefront of our priorities. This is managed by our Property Managers who have various policies and procedures in place to assess, address and report safety risks within our buildings. Risk assessments and on-site checks are conducted every two to three weeks in our buildings to ensure that facilities in all common areas (such as lifts and escalators) are in safe operating condition. Any hazards identified are required to be adequately signposted to prevent unnecessary accidents or injuries.

If any incidents do occur, Property Managers are required to write incident reports detailing the incidents and these are submitted on a monthly basis, along with maintenance records. Maintenance and servicing of all equipment and machinery are conducted at least every quarter. We have developed a tenant handbook which describes the safety guidelines in our buildings and we require that all tenants adhere to these guidelines.

We work closely with our contractors and ensure that both our contractors and those of our tenants agree to take up policies on workmen compensation, third party liability insurance, and contractor's all risk insurance. Any third party service providers are also required to produce and maintain relevant safety certifications throughout the engagement.

We place a high priority on the health, safety and comfort of our building users and guests. However, an unfortunate health incident occurred at Mandarin Orchard Singapore ("MOS") in early December 2018. Some guests were reported to have experienced symptoms of gastroenteritis after attending banquet events held at the hotel's Grand Mandarin Ballroom over a weekend. This resulted in joint investigations by the National Environment Agency ("NEA"), the Ministry of Health and the Agri-Food & Veterinary Authority. In the interest of public health, operations at the Grand Mandarin Ballroom and the attached banquet kitchen were temporarily suspended. Our hotel management responded swiftly by contacting and offering assistance to those affected and cooperated fully with the relevant authorities as they conducted their investigations. The investigations have been completed and the cause of contamination was found to be an outbreak of norovirus gastroenteritis. The suspension of services at the Grand Mandarin Ballroom and its attached kitchen was officially lifted on 29 January 2019 after the authorities deemed that the hotel had satisfactorily implemented measures required to rectify identified lapses. The hotel management will continue to step up efforts on enforcing stringent standards of cleanliness and sanitation set by the regulatory body across all the food and beverage premises in the hotel.

PEOPLE AND RESOURCING

TALENT RETENTION [GRI 102-8] [GRI 401-1]

FY2018 Highlights

Indicator	Performance	Performance against target set for 2018	Target for 2019
Monthly rate of new employee hires	2.7%	National industry average turnover in 2018 is 2.6%[6]. Target not achieved	Maintain employee turnover rate below national industry average
Monthly rate of employee turnover	3.4%		

In order to deliver the quality of service that OUE business partners and stakeholders expect, we need the right talent and people whose vision aligns with the Group. Without this we would not be able to achieve success. The right people in the right roles are highly valuable to us and we invest in attracting and retaining this talent.

Our Human Resource strategies and policies reflect this value and the Group has developed policies that outline our recruitment, equal opportunities and fair employment practices. These policies lead the way in developing a working culture that nurtures productivity and encourages employees to stay with the company for the long term. These policies are available and accessible to staff in the Employee Handbook.

In 2018, the Group's workforce[7], including permanent and temporary employees, totalled 1,153. Of these, seven are part-time. During the period, the monthly rate of new employee hires was 2.7%. Monthly employee turnover rate stands at 3.4%. In 2018, the higher turnover rate included the termination of employees from the closure of a restaurant business.

FY2018 WORKFORCE

PERMANENT EMPLOYEES

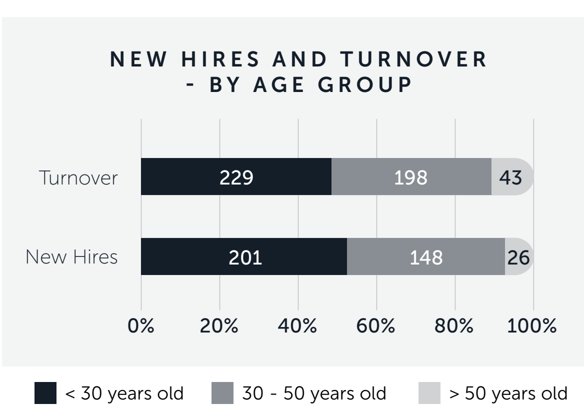
604 Male

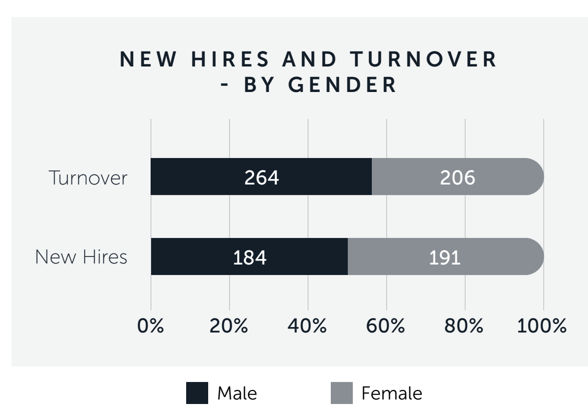
542 Female

TEMPORARY EMPLOYEES

1 Male

6 Female





[6]Taken from Ministry of Manpower, 1st quarter to 3rd quarter Labour statistics – "Clerical, Sales and Service workers".
[7]Total reported workforce includes employees of OUE Limited Group, OUE Commercial REIT Management Pte. Ltd., and OUE Hospitality REIT Management Pte. Ltd. The data excludes casual labour employed on an ad-hoc basis.

PEOPLE AND RESOURCING (CONT'D)

DIVERSITY AND EQUAL OPPORTUNITY [GRI 405-1]

FY2018 Highlights

Indicator	Performance	Performance against target set for 2018	Target for 2019
Diversity within workforce and governance body	Staff base is 52% male and 48% female	Achieved	Continue to employ fair recruitment practices with no preference for any particular gender, ethnicity, religion or age

It is well understood that working environments where employees feel accepted and valued, where they are free to speak up without judgement and where they are rewarded based on good work will lead to a more productive, innovative workforce. We work to create this kind of environment for the benefit of both our employees and the Group. OUE employs qualified candidates without any discrimination against age, gender, race, marital status or religion.

The Group has a number of components to our Human Resource policies that build these practices into our working culture. In addition, the Group subscribes to the Tripartite Alliance for Fair & Progressive Employment Practices (TAFEP) guidelines and government employment legislation in all its recruitment and selection practices.

OUE places emphasis on maintaining a diverse workforce and fostering an inclusive workplace that is free from discrimination. Our employees are split roughly equally between genders, with a 48% female staff base, and across age groups. The disclosures below provide a quantitative measure of diversity within the Group, at both the employee level and Board level.

DIVERSITY WITHIN WORKFORCE

BY GENDER

605 Male

548 Female

BY AGE GROUP

353 < 30

476 30 – 50

324 > 50

BY EMPLOYEE CATEGORY

55 Senior management

236 Middle management

862 Executive

DIVERSITY WITHIN BOARD OF DIRECTORS

BY GENDER

6 Male

0 Female

BY AGE GROUP

0 < 30

0 30 – 50

6 > 50

PEOPLE AND RESOURCING (CONT'D)

CAREER DEVELOPMENT [GRI 404-3]

FY2018 Highlights

Indicator	Performance	Performance against target set for 2018	Target for 2019
Percentage of eligible employees receiving regular performance and career development reviews	100% of eligible employees received an annual performance appraisal	Achieved – 100% of eligible employees received an annual performance appraisal	Continue to conduct annual performance appraisals for 100% of eligible employees

Recruiting the right employees enables a company to gain the skills and knowledge that it needs. Developing these employees means that their careers and skills can grow and develop along with the needs of the company, ensuring that skills and knowledge retained by the company continue to be relevant in changing landscapes. Investing in employees can also increase staff loyalty and retention, which contributes to less disruption and a more contented working environment.

Our Employee Handbook includes our Group training policy, which focuses on enabling continuous learning and development throughout the employment cycle. This begins upon joining and continues right through to retirement, addressing learning needs at all stages of the employee's career development. Programmes made available are aimed at improving employees' technical as well as soft skills.

Apart from in-house training, employees are also encouraged to pursue development opportunities to further their careers. Examples of such opportunities include industry seminars and conferences, skills certification training, courses to attain professional qualifications as well as scholarship programmes. Across the Group, employees received an average of 28.1 hours of training per employee in 2018.

The Group adopts an open performance evaluation process, which is conducted at least once a year. Employees receive performance feedback from their supervisors and are encouraged to communicate and discuss their training and development goals. All eligible employees received a performance appraisal in 2018.

WORKPLACE HEALTH & SAFETY [GRI 403-9]

FY2018 Highlights[8]

Indicator	Performance	Performance against target set for 2018	Target for 2019
Number of incidents resulting in employee fatality or permanent disability	0	Achieved	Maintain zero incidents resulting in employee fatality or permanent disability
Accident Frequency Rate (AFR)	13.35		

As well as a productive, innovative and dynamic working environment, OUE Group places great importance on the safety of our employees whilst at work. Our employees take on a range of roles at work, from office-based to maintenance and operational. Although some of these roles may pose a higher safety risk than others, it is important to make sure all employees feel safe when under the Group's care.

The Group has an occupational health and safety management framework, in place across all its locations, which takes reference from the Ministry of Manpower's Workplace Safety and Health (WSH) Act. The Group also subscribes to the bizSAFE programme administered by the Singapore WSH Council to develop its capabilities in ensuring workplace health and safety.

Polices are one way to inculcate a safety culture. However, putting these policies into practice involves awareness and training. We provide this for our employees also, as part of the new joiner orientation programme and at other relevant points throughout the employees' tenure at OUE. Our risk assessments and regular walk-throughs allow us to pre-warn employees of any hazards and put into place various safety measures. Our technical and operational employees receive training specific to their roles.

To look after employees' non-work related health, OUE enrols employees in Group GP Clinical and Outpatient Specialists insurance. Visits to the panel doctors are cashless and Executive Health Screening is provided to employees holding managerial positions and above.

In 2018, there were zero work-related fatalities across the properties. OUE's accident frequency rate (AFR)[9] was 13.35.

[8] Includes employees of OUE Limited Group (inclusive of hotel brands under the Group), OUE Commercial REIT Management Pte. Ltd., and OUE Hospitality REIT Management Pte. Ltd. The data excludes casual labour employed on an ad-hoc basis.

[9] AFR refers to the number of injuries per million man hours worked. The calculation of AFR excluded Marina Mandarin Singapore due to its insignificant contribution. Marina Mandarin Singapore had only two employees, with zero workplace safety incidents during the year.

GOOD CORPORATE GOVERNANCE

ANTI-CORRUPTION [GRI 205-3]

FY2018 Highlights

Indicator	Performance	Performance against target set for 2018	Target for 2019
Confirmed incidents of corruption and actions taken	Zero confirmed incidents of corruption	Achieved – Zero confirmed incidents of corruption	Zero confirmed incidents of corruption

Corruption and fraud is a constant risk to any business, and one that can have grave consequences. A high quality service extends to good corporate governance and ethical business practices, of which anti-corruption is one. The Code of Business Conduct and Ethics sets out expectations of employees in relation to issues such as fraud, bribery, segregation of duties and anti-competitive conduct. Employees are made aware of the Group's commitment to anti-corruption and from the beginning of their employment, where they are required to sign a certificate of compliance to indicate their willingness to adhere to the Code.

The Group also has a whistle-blowing policy in place which allows employees to report concerns about possible fraud, improprieties in financial reporting and other matters in a confidential setting. We do not permit retaliation or harassment of any kind against individuals for complaints submitted that are made in good faith. All complaints or concerns received are investigated by the Group Ethical Officer, who advises the Chief Executive Officer and the Chief Financial Officer, and reports to the Chairman of the Audit Committee.

We have also established well-defined Limits of Authority to manage decision making within OUE Group. This ensures that all actions to be authorised are at all times consistent with the OUE Group's objectives, principles, ethics and relevant legal and/or regulatory requirements.

There were no confirmed incidents of corruption during the year.

COMPLIANCE WITH LOCAL LAWS AND REGULATIONS [GRI 419-1] [GRI 307-1]

FY2018 Highlights

Indicator	Performance	Performance against target set for 2018	Target for 2019
Non-compliance with laws and/ or regulations which resulted in significant fines and non-monetary sanctions	Zero incidents of non-compliance with laws and/ or regulations resulting in significant fines and non-monetary sanctions	Achieved – zero incidents of non-compliance with laws and/or regulations resulting in significant[10] fines and non-monetary sanctions	Maintain zero incidents of non-compliance with laws and/or regulations resulting in significant[10] fines and non-monetary sanctions
Non-compliance with environmental laws and/or regulations which resulted in significant fines and non-monetary sanctions	Zero incidents of non-compliance with environmental laws and/or regulations resulting in significant fines and non-monetary sanctions	Achieved – zero incidents of non-compliance with environmental laws and/or regulations resulting in significant[10] fines and non-monetary sanctions	Maintain zero incidents of non-compliance with environmental laws and/ or regulations resulting in significant[10] fines and non-monetary sanctions

The Real Estate industry in Singapore is policed by a number of different regulators in order to control the activities and transactions that occur. Regulations encompass environmental, safety and financial activities and impacts. OUE's Board of Directors and Management uphold strict standards of compliance with all laws and regulations relevant to the Group in all decision making.

There are a number of individuals responsible for compliance within the Group, with each department head tasked with this. Internal Audit and our legal teams support and track these activities.

[10] A significant fine is one that exceeds 5% of the Group's profit.

GOOD CORPORATE GOVERNANCE (CONT'D)

At the corporate level, the legal department monitors changes to applicable laws and regulations through the media, press publishing, and advice and publications from legal counsels. From time to time, our legal personnel attend sessions conducted by law firms or audit firms to be kept abreast of the latest legislative changes and updates to legislations and regulations which are relevant to OUE. Where necessary, external legal counsels are engaged to assist the team in implementing policies or frameworks to ensure compliance with laws and regulations, and to conduct training for the directors and relevant departments within the Group. Group-wide training on countering the financing of terrorism and the prevention of money laundering are conducted once a year.

At the property level, Property Managers keep track of the building regulations that they must adhere to and conduct regular checks within the buildings. These regulations include the Energy Conservation Act, the Environmental Protection and Management Act, Certification of potable water for consumption by PUB, Legionella bacteria control for cooling tower by NEA, Lift Safety & Escalator Safety Tests by BCA, and the Main Electrical Switchroom by EMA. Property managers confirm compliance with reporting requirements on submitting data on its building energy consumption, waste management and water efficiency on an annual basis as required. Properties are also subject to periodic environmental audits by the local authorities. If any non-compliance is identified, the legal and regulatory impacts will be assessed and remedial plans will be carried out.

There were no incidents of non-compliance with laws and regulations, including environmental regulations, resulting in significant fines or sanctions in 2018.

OUE's Board of Directors and Management uphold strict standards of compliance with all laws and regulations relevant to the Group in all decision making.

GRI CONTENT INDEX [GRI 102-55]

GRI Standards (2016)		Notes/Page number(s)
GENERAL DISCLOSURES		
Organisational Profile		
102-1	Name of the organisation	OUE Limited ("OUE")
102-2	Activities, brands, products, and services	Group at a Glance, page 04 Operations Review, page 58
102-3	Location of headquarters	Group at a Glance, page 04 Operations Review, page 58
102-4	Location of operations	Group at a Glance, page 04 Operations Review, page 58
102-5	Ownership and legal form	Financial Statements, page 135
102-6	Markets served	Group at a Glance, page 04 Operations Review, page 58
102-7	Scale of the organisation	Group at a Glance, page 04 Operations Review, page 58
102-8	Information on employees and other workers	People and Resourcing, Talent Retention, page 126
		There was no significant variation in employment numbers during the reporting period. A significant portion of the organisation's activities are not performed by workers who are not employees.
102-9	Supply chain	About this Report, Reporting Scope, page 119 Eco-efficient Buildings, Energy and Emissions, Page 121 Creating Social Ecosystems, Customer Health & Safety, page 125
102-10	Significant changes to organisation and its supply chain	There was no significant change to the organisation and its supply chain during the reporting period.
102-11	Precautionary principle or approach	OUE Limited does not specifically address the principles of the Precautionary approach.
102-12	External initiatives	Tripartite Alliance for Fair and Progressive Employment Practices
102-13	Membership of associations	Singapore Institute of Directors
Strategy		
102-14	Statement from senior decision-maker	Board Statement, page 118
Ethics and Integrity		
102-16	Values, principles, standards, and norms of behaviour	Who We Are, Sustainability Trends, Risks and Opportunities, page 118
Governance		
102-18	Governance structure	Who We Are, Sustainability Trends, Risks and Opportunities, page 118
Stakeholder Engagement		
102-40	List of stakeholder groups	Assessing Materiality with Our Stakeholders in Mind, Engaging with Our Stakeholders, page 120
102-41	Collective bargaining agreements	None of our employees are covered by collective bargaining agreements.
102-42	Identifying and selecting stakeholders	Assessing Materiality with Our Stakeholders in Mind, Engaging with Our Stakeholders, page 120
102-43	Approach to stakeholder engagement	Assessing Materiality with Our Stakeholders in Mind, Engaging with Our Stakeholders, page 120
102-44	Key topics and concerns raised	Assessing Materiality with Our Stakeholders in Mind, Engaging with Our Stakeholders, page 120

GRI CONTENT INDEX [GRI 102-55]

GRI Standards (2016)		Notes/Page number(s)
Reporting Practice		
102-45	Entities included in the consolidated financial statements	Financial Statements, page 135
102-46	Defining report content and topic boundaries	About this Report, Reporting Scope, page 119
102-47	List of material topics	Assessing Materiality with Our Stakeholders in Mind, Materiality Assessment, page 120
102-48	Restatements of information	Not applicable
102-49	Changes in reporting	Not applicable
102-50	Reporting period	1 January 2018 – 31 December 2018
102-51	Date of most recent report	1 January 2017 – 31 December 2017
102-52	Reporting cycle	Annual
102-53	Contact point for questions regarding the report	About this Report, Feedback, page 120
102-54	Claims of reporting in accordance with GRI Standards	About this Report, Reporting Standard, page 120
102-55	GRI content index	The GRI content index is laid out on pages 131 to 134.
102-56	External assurance	OUE has not sought external assurance on this report
MATERIAL TOPICS		
Economic Performance		
201-1	Direct economic value generated and distributed	Financial Statements, page 135
Anti-corruption		
103-1	Explanation of the material topic and its boundary	Good Corporate Governance, Anti-corruption, page 129
103-2	The management approach and its components	
103-3	Evaluation of the management approach	
205-3	Confirmed incidents of corruption and actions taken	Good Corporate Governance, Anti-corruption, page 129
Environmental Compliance		
103-1	Explanation of the material topic and its boundary	Good Corporate Governance, Compliance with Local Laws and Regulations, page 129
103-2	The management approach and its components	
103-3	Evaluation of the management approach	
307-1	Non-compliance with environmental laws and regulations	Good Corporate Governance, Compliance with Local Laws and Regulations, page 129
Employment		
103-1	Explanation of the material topic and its boundary	People and Resourcing, Talent Retention, page 126
103-2	The management approach and its components	
103-3	Evaluation of the management approach	
401-1	New employee hires and employee turnover	People and Resourcing, Talent Retention, page 126

GRI CONTENT INDEX [GRI 102-55]

GRI Standards (2016)		Notes/Page number(s)
Diversity and Equal Opportunity		
103-1	Explanation of the material topic and its boundary	People and Resourcing, Diversity and Equal Opportunity, page 127
103-2	The management approach and its components	
103-3	Evaluation of the management approach	
405-1	Diversity within workforce and governance body	People and Resourcing, Diversity and Equal Opportunity, page 127
Occupational Health and Safety (2018)		
103-1	Explanation of the material topic and its boundary	People and Resourcing, Workplace Health & Safety, page 128
103-2	The management approach and its components	
103-3	Evaluation of the management approach	
403-9	Work-related injuries	People and Resourcing, Workplace Health & Safety, page 128 Number of man hours worked is included in the calculation of injury rates
403-1 403-2 403-3 403-4 403-5 403-6 403-7	Occupational health and safety management system Hazard identification, risk assessment, and incident investigation Occupational health services Worker participation, consultation, and communication on occupational health and safety Worker training on occupational health and safety Promotion of worker health Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	People and Resourcing, Workplace Health & Safety, page 128
Training and Education		
103-1	Explanation of the material topic and its boundary	People and Resourcing, Career Development, page 128
103-2	The management approach and its components	
103-3	Evaluation of the management approach	
404-3	Percentage of employees receiving regular performance and career development reviews	People and Resourcing, Career Development, page 128
Customer Health and Safety		
103-1	Explanation of the material topic and its boundary	Creating Social Ecosystems, Customer Health & Safety, page 125
103-2	The management approach and its components	
103-3	Evaluation of the management approach	
416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	Creating Social Ecosystems, Customer Health & Safety, page 125

GRI CONTENT INDEX [GRI 102-55]

GRI Standards (2016)		Notes/Page number(s)
Socioeconomic Compliance		
103-1	Explanation of the material topic and its boundary	Good Corporate Governance, Compliance with Local Laws and Regulations, page 129
103-2	The management approach and its components	
103-3	Evaluation of the management approach	
419-1	Non-compliance with laws and regulations in the social and economic area	Good Corporate Governance, Compliance with Local Laws and Regulations, page 129
Energy		
103-1	Explanation of the material topic and its boundary	Eco-efficient Buildings, Energy and Emissions, page 121
103-2	The management approach and its components	
103-3	Evaluation of the management approach	
302-1	Energy consumption within the organisation	Eco-efficient Buildings, Energy and Emissions, page 121
CRE1	Building energy intensity	Eco-efficient Buildings, Energy and Emissions, page 121
Water		
103-1	Explanation of the material topic and its boundary	Eco-efficient Buildings, Water, page 123
103-2	The management approach and its components	
103-3	Evaluation of the management approach	
303-1	Water withdrawal by source	Eco-efficient Buildings, Water, page 123
CRE2	Building water intensity	Eco-efficient Buildings, Water, page 123
Emissions		
103-1	Explanation of the material topic and its boundary	Eco-efficient Buildings, Energy and Emissions, page 121
103-2	The management approach and its components	
103-3	Evaluation of the management approach	
305-2	Energy indirect (scope 2) GHG emissions	Eco-efficient Buildings, Energy and Emissions, page 121
CRE3	Greenhouse gas emissions intensity from buildings	Eco-efficient Buildings, Energy and Emissions, page 121
Effluents and Waste		
103-1	Explanation of the material topic and its boundary	Eco-efficient Buildings, Effluents and Waste, page 124
103-2	The management approach and its components	
103-3	Evaluation of the management approach	
306-2	Waste by type and disposal method	Eco-efficient Buildings, Effluents and Waste, page 124

FINANCIAL STATEMENTS

OTHER INFORMATION

We are pleased to submit this annual report to the members of the Company together with the audited financial statements for the financial year ended 31 December 2018.

In our opinion:

(a) the financial statements set out on pages 143 to 241 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 2018 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 Singapore Companies Act, Chapter 50 (the "Act") and Singapore Financial Reporting Standards (International); 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:

Stephen Riady
Christopher James Williams
Thio Gim Hock
Kelvin Lo Kee Wai
Sin Boon Ann
Kin Chan

Directors' interests

According to the register kept by the Company for the purposes of Section 164 of the 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 or debentures in the Company and in related corporations (other than wholly-owned subsidiaries) are as follows:

Name of director and corporation in which interests are held	Holdings at beginning of the financial year		Holdings at end of the financial year	
	Stephen Riady	Kin Chan	Stephen Riady	Kin Chan
Deemed Interest				
The Company				
OUE Limited				
- ordinary shares	618,916,410	618,916,410	618,916,410	618,916,410
Related Corporations				
Lippo ASM Asia Property Limited				
- Class A Shares	400	400	400	400
- Class B Shares	200	–	200	–
- Class C Shares	–	200	–	200
Fortune Code Limited				
- ordinary shares	45,932	45,932	45,932	45,932
Golden Concord Asia Limited				
- ordinary shares	1,000	1,000	1,000	1,000
OUE Realty Pte. Ltd.				
- ordinary shares	50,000,000	50,000,000	50,000,000	50,000,000
OUE Lippo Healthcare Limited				
- ordinary shares	1,429,514,500	1,429,514,500	2,859,029,000	2,859,029,000
Health Kind International Limited				
- ordinary shares	19,125,765	19,125,765	19,125,765	19,125,765
Health Kind International (Shanghai) Co., Ltd.				
- registered capital (USD)	2,000,000	2,000,000	2,000,000	2,000,000
Shanghai Yi Lin Medical Management Consulting Co., Ltd				
- registered capital (RMB)	1,200,000	1,200,000	1,200,000	1,200,000

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 the Company, or of related corporations, either at the beginning or at the end of the financial year.

There were no changes in any of the above mentioned interests in the Company between the end of the financial year and 21 January 2019.

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.

Share options

During the financial year, 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; and

(ii) no shares issued by virtue of any exercise of option to take up unissued shares of the Company or its subsidiaries.

As at the end of the financial year, there were no unissued shares of the Company or its subsidiaries under options.

Audit Committee

The Audit Committee comprises three non-executive directors, two of whom are independent. The members of the Audit Committee during the year and at the date of this statement are:

Kelvin Lo Kee Wai (Chairman)
Sin Boon Ann
Kin Chan

The Audit Committee carried out its functions in accordance with Section 201B of the Act, the SGX Listing Manual and the Code of Corporate Governance.

The Audit Committee has held 4 meetings since the last directors' statement. In performing its functions, the Audit Committee has met with the Company's external and internal auditors to discuss the scope of their work, the results of their examination and evaluation of the Company's internal accounting control system.

The Audit Committee also reviewed the following:

- annual audit plans and scope of work of the internal and external auditors;
- results of the internal and external audit procedures;
- evaluation of the Group's internal accounting control system;
- assistance given by the Company's officers to the Audit Committee, the internal auditors and external auditors, where applicable;
- quarterly financial information and annual financial statements of the Group and the Company prior to their submission to the directors of the Company for adoption; and
- interested person transactions (as defined in Chapter 9 of the SGX Listing Manual).

The Audit Committee 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 Audit Committee also recommends the appointment of the external auditors and reviews the level of audit and non-audit fees.

The Audit Committee 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 Audit Committee 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.

In appointing our auditors of the Company, subsidiaries and significant associated companies, we have complied with Rules 712 and 715 of the SGX Listing Manual.

DIRECTORS' STATEMENT

Year ended 31 December 2018

Auditors

The auditors, KPMG LLP, have indicated their willingness to accept re-appointment.

On behalf of the Board of Directors

Christopher James Williams
Deputy Chairman

Thio Gim Hock
Chief Executive Officer/Group Managing Director

18 March 2019

INDEPENDENT AUDITORS' REPORT

Year ended 31 December 2018

Members of the Company
OUE Limited

Report on the audit of the financial statements

Opinion

We have audited the financial statements of OUE Limited (the "Company") and its subsidiaries (the "Group"), which comprise the statements of financial position of the Group and the Company as at 31 December 2018, the statement of comprehensive income, statement of changes in equity and 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 143 to 241.

In our opinion, the accompanying financial statements of the Group and the Company are properly drawn up in accordance with the provisions of the Singapore Companies Act, Chapter 50 (the "Act") and Singapore Financial Reporting Standards (International) ("SFRS(I)") so as to give a true and fair view of the financial position of the Group and the Company as at 31 December 2018 and of the financial performance, changes in equity and 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.

Valuation of investment properties
(Refer to note 22 to the financial statements)

Risk

The Group has a portfolio of investment properties mainly in Singapore, the People's Republic of China and the United States of America with a carrying value of $6.5 billion. Investment properties represent the most significant asset item on the statement of financial position.

The Group's accounting policy is to state investment properties at fair value which are based on independent external valuations. Significant judgements and estimates are involved in determining the appropriate valuation methods and assumptions applied in the valuations. A small change in the key assumptions applied by the valuers such as the discount rate, terminal yield rate, capitalisation rate and price per square foot/metre can have a significant impact to the valuation.

Our response

We evaluated the competency and objectivity of the external valuers and made enquiries of the valuers to understand their valuation approach and basis of valuation.

We considered the valuation methods used, which included the discounted cash flow method, capitalisation method, direct comparison method and residual value method, against those applied for similar property types. We assessed the reasonableness of the key assumptions used in the valuations which included a comparison of the discount rates, terminal yield rates, capitalisation rates and price per square foot/metre, against historical rates and available market data, taking into consideration comparability and market factors. We also considered the adequacy of the disclosures in the financial statements.

Our findings

We are satisfied with the competency and objectivity of the external valuers. The valuers are members of recognised professional bodies for valuers and have considered their own independence in carrying out their work. The valuation methods used by the valuers are in line with generally accepted market practices and the key assumptions used in the valuations are within range of market data.

Valuation of equity investment at fair value through other comprehensive income
(Refer to notes 15 and 39 to the financial statements)

Risk

The Group has a material investment in an unlisted equity security of $154.0 million as at 31 December 2018 where the investee owns hotels and a retail mall. In estimating the fair value of this investment, the Group has used the net asset value of the investee, adjusted for the fair values of the underlying properties held by the investee based on independent external valuations, and applied a discount to take into consideration the lack of marketability of the investment.

Judgement is involved in determining an appropriate valuation method and the key assumptions to be applied in estimating the fair value of the investment.

Our response

We considered the valuation approach used by the Group in estimating the fair value of this investment against those applied for similar equity securities. We assessed the reasonableness of the fair values of the underlying properties held by the investee as well as the discount applied, by considering comparable properties and available industry market data.

Our findings

The valuation approach and key assumptions applied by the Group in estimating the fair value of this investment is in line with generally accepted market practices and within the range of market data.

Litigations, claims and other contingencies
(Refer to note 36 to the financial statements)

Risk

The Group's subsidiary, OUE Lippo Healthcare Limited ("OUELH") and its subsidiaries ("OUELH Group") was involved in several on-going litigations and claims, and provision relating to legal and related expenses of $42.1 million was made as at 31 December 2018. There are uncertainties as to the possible outcome of these on-going litigations and claims, and the eventual outcome may be subjected to change, which can potentially affect the amount of provision made by OUELH.

Our response

We assessed the reasonableness of management's basis for the provision made in relation to the on-going litigations and claims. We held discussions with management and the external legal counsels. We reviewed relevant correspondences and/or agreements between the parties involved and the adequacy of disclosures in the financial statements. We also obtained confirmation letters from the external legal counsels.

Our findings

We found management's basis for the provision relating to legal and related expenses to be supportable, taking into consideration the legal advices obtained, latest developments on the litigations and claims, and the possible course of actions to be taken.

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 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 and will 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.

INDEPENDENT
AUDITORS' REPORT
Year ended 31 December 2018

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 SFRS(I), 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 of the Group, or has no realistic alternative but to do so.

The responsibilities of the directors 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.

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 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 law or regulation precludes 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.

INDEPENDENT AUDITORS' REPORT

Year ended 31 December 2018

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 Eng Chin Chin.

KPMG LLP

Public Accountants and

Chartered Accountants

Singapore

18 March 2019

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Year ended 31 December 2018

	Note	2018 $'000	2017 $'000
Revenue	4	642,897	754,112
Cost of sales		(361,092)	(483,394)
Gross profit		281,805	270,718
Marketing expenses		(19,204)	(30,928)
Administrative expenses		(102,560)	(83,716)
Other operating expenses		(17,820)	(58,765)
Share of results of equity-accounted investees, net of tax		40,256	68,762
		182,477	166,071
Finance expenses	7	(139,406)	(130,926)
Finance income	8	18,192	12,227
		61,263	47,372
Other gains – net	9	42,381	141,995
Profit before tax		103,644	189,367
Tax expense	10	(47,016)	(32,486)
Profit after tax		56,628	156,881
Other comprehensive income			
Items that are or may be reclassified subsequently to profit or loss:			
Foreign operations:			
- currency translation differences		(21,010)	(43,639)
- currency translation differences reclassified to profit or loss on disposal		21,006	–
Share of other comprehensive income of equity-accounted investees:			
- currency translation differences		10,230	(8,755)
- currency translation differences reclassified to profit or loss on disposal		(5,047)	742
- other reserves		728	10,446
- other reserves reclassified to profit or loss on disposal		(1,674)	–
Net change in fair value of available-for-sale financial assets, net of tax		–	26,729
Cash flow hedges:			
- effective portion of changes in fair value of cash flow hedges		(13)	(6,699)
- hedging reserve reclassified to profit or loss		1,705	714
		5,925	(20,462)
Items that will not be reclassified subsequently to profit or loss:			
Share of other reserves of an equity-accounted investee		(11,488)	–
Net change in fair value of investments at fair value through other comprehensive income, net of tax		(108,804)	–
		(120,292)	–
Other comprehensive income, net of tax		(114,367)	(20,462)
Total comprehensive income for the year		(57,739)	136,419
Profit attributable to:			
Owners of the Company		10,022	94,560
Non-controlling interests		46,606	62,321
		56,628	156,881
Total comprehensive income attributable to:			
Owners of the Company		(98,414)	80,690
Non-controlling interests		40,675	55,729
		(57,739)	136,419
Earnings per share for profit attributable to the owners of the Company			
Basic earnings per share (cents)	11	1.11	10.49
Diluted earnings per share (cents)	11	0.20	10.49

The accompanying notes form an integral part of these financial statements.

STATEMENTS OF FINANCIAL POSITION

As at 31 December 2018

		Group			Company		
	Note	2018 $'000	2017 $'000	1 January 2017 $'000	2018 $'000	2017 $'000	1 January 2017 $'000
Assets							
Cash and cash equivalents	12	409,371	535,249	238,973	161,395	42,614	77,778
Trade and other receivables	13	303,523	65,451	19,643	1,088,521	1,239,260	823,306
Inventories	14	1,058	2,009	1,124	234	222	254
Other investments	15	35,889	179,639	175,514	–	–	–
Development properties	16	466,498	521,181	724,224	–	–	–
Other assets	17	42,787	79,330	34,324	5,692	3,967	1,585
Loans to subsidiaries	20	–	–	–	1,799,004	1,860,509	2,034,624
Derivative assets	25	247	–	–	–	–	–
Current assets		1,259,373	1,382,859	1,193,802	3,054,846	3,146,572	2,937,547
Intangible assets and goodwill	18	39,086	19,626	–	–	–	–
Interests in equity-accounted investees	19	740,396	955,013	942,376	497,794	495,745	491,917
Investments in subsidiaries	20	–	–	–	424,492	334,712	334,792
Loans to subsidiaries	20	–	–	–	218,593	193,567	199,468
Lease prepayments	21	28,221	29,821	–	–	–	–
Other investments	15	665,078	206,977	169,150	154,040	171,271	143,805
Other assets	17	9,552	5,897	2,624	1,019	796	976
Investment properties	22	6,451,029	6,390,048	5,742,752	–	–	–
Property, plant and equipment	23	55,419	31,494	19,438	9,136	10,567	12,609
Deferred tax assets	28	17,663	12,410	12,948	–	264	765
Derivative assets	25	–	–	315	–	–	–
Non-current assets		8,006,444	7,651,286	6,889,603	1,305,074	1,206,922	1,184,332
Total assets		9,265,817	9,034,145	8,083,405	4,359,920	4,353,494	4,121,879
Liabilities							
Trade and other payables	26	201,297	255,043	218,727	246,715	101,891	103,203
Borrowings	27	471,691	1,081,828	656,046	199,331	35,000	299,937
Provision	30	42,079	46,000	4,187	405	4,115	4,969
Loans from subsidiaries	20	–	–	–	226,341	539,278	45,000
Current tax liabilities		36,240	34,913	33,718	5,079	6,575	5,218
Deferred income	24	55,738	12,579	–	–	–	–
Derivative liabilities	25	714	487	43	–	–	–
Current liabilities		807,759	1,430,850	912,721	677,871	686,859	458,327
Borrowings	27	3,024,564	2,399,107	2,245,443	593,475	497,300	497,035
Deferred income	24	27,011	83,111	71,877	–	–	–
Deferred tax liabilities	28	208,763	182,042	142,641	841	–	–
Other payables	29	50,685	52,603	59,165	5	180	415
Provision	30	–	–	–	–	287	4,002
Derivative liabilities	25	7,828	10,705	7,747	–	–	–
Non-current liabilities		3,318,851	2,727,568	2,526,873	594,321	497,767	501,452
Total liabilities		4,126,610	4,158,418	3,439,594	1,272,192	1,184,626	959,779
Net assets		5,139,207	4,875,727	4,643,811	3,087,728	3,168,868	3,162,100
Equity							
Share capital	31	693,315	693,315	693,315	693,315	693,315	693,315
Other reserves	32	(186,155)	(77,139)	(62,304)	(41,983)	(29,073)	(55,574)
Accumulated profits	33	3,431,245	3,408,742	3,378,320	2,436,396	2,504,626	2,524,359
Equity attributable to owners of the Company		3,938,405	4,024,918	4,009,331	3,087,728	3,168,868	3,162,100
Non-controlling interests	34	1,200,802	850,809	634,480	–	–	–
Total equity		5,139,207	4,875,727	4,643,811	3,087,728	3,168,868	3,162,100

The accompanying notes form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Year ended 31 December 2018

	Attributable to owners of the Company					
	Share capital $'000	Other reserves $'000	Accumulated profits $'000	Total $'000	Non-controlling interests $'000	Total equity $'000
At 1 January 2018	693,315	(77,139)	3,408,742	4,024,918	850,809	4,875,727
Total comprehensive income for the year						
Profit for the year	–	–	10,022	10,022	46,606	56,628
Other comprehensive income						
Foreign operations:						
- currency translation differences	–	(14,620)	–	(14,620)	(6,390)	(21,010)
- currency translation differences reclassified to profit or loss on disposal	–	21,187	–	21,187	(181)	21,006
Share of other comprehensive income of equity-accounted investees:						
- currency translation differences	–	10,230	–	10,230	–	10,230
- currency translation differences reclassified to profit or loss on disposal	–	(5,047)	–	(5,047)	–	(5,047)
- other reserves	–	(10,760)	–	(10,760)	–	(10,760)
- other reserves reclassified to profit or loss on disposal	–	(1,674)	–	(1,674)	–	(1,674)
Net change in fair value of investments at fair value through other comprehensive income, net of tax	–	(108,804)	–	(108,804)	–	(108,804)
Cash flow hedges:						
- effective portion of changes in fair value of cash flow hedges	–	78	–	78	(91)	(13)
- hedging reserve reclassified to profit or loss	–	974	–	974	731	1,705
Total other comprehensive income, net of tax	–	(108,436)	–	(108,436)	(5,931)	(114,367)
Total comprehensive income for the year	–	(108,436)	10,022	(98,414)	40,675	(57,739)

The accompanying notes form an integral part of these financial statements.

	Note	Share capital $'000	Other reserves $'000	Accumulated profits $'000	Total $'000	Non-controlling interests $'000	Total equity $'000
		Attributable to owners of the Company					
Transactions with owners, recognised directly in equity							
Contributions by and distributions to owners							
Own shares acquired		–	(476)	–	(476)	–	(476)
Dividends paid	35	–	–	(27,051)	(27,051)	(37,812)	(64,863)
Issue of convertible bonds, net of tax	27	–	4,797	–	4,797	–	4,797
Proceeds from issuance of shares by a subsidiary, net of issuance costs		–	(772)	–	(772)	53,035	52,263
Proceeds from issuance of units by a subsidiary, net of issuance costs		–	(3,968)	–	(3,968)	256,061	252,093
Total contributions by and distributions to owners		–	(419)	(27,051)	(27,470)	271,284	243,814
Changes in ownership interests in subsidiaries							
Disposal of interests in subsidiaries		–	–	–	–	(45)	(45)
Proceeds from issuance of shares by a subsidiary, net of issuance cost		–	–	–	–	77,450	77,450
Changes in ownership interests in subsidiaries without a change in control	43	–	–	39,371	39,371	(39,371)	–
Total changes in ownership interests in subsidiaries		–	–	39,371	39,371	38,034	77,405
Total transactions with owners		–	(419)	12,320	11,901	309,318	321,219
Transfer from fair value reserve to accumulated profits		–	(161)	161	–	–	–
At 31 December 2018		693,315	(186,155)	3,431,245	3,938,405	1,200,802	5,139,207

The accompanying notes form an integral part of these financial statements.

	Note	Share capital $'000	Other reserves $'000	Accumulated profits $'000	Total $'000	Non-controlling interests $'000	Total equity $'000
		Attributable to owners of the Company					
At 1 January 2017		693,315	(62,304)	3,378,320	4,009,331	634,480	4,643,811
Total comprehensive income for the year							
Profit for the year		–	–	94,560	94,560	62,321	156,881
Other comprehensive income							
Currency translation differences relating to foreign operations		–	(39,813)	–	(39,813)	(3,826)	(43,639)
Share of other comprehensive income of equity-accounted investees:							
- currency translation differences		–	(8,755)	–	(8,755)	–	(8,755)
- currency translation differences reclassified to profit or loss on disposal		–	742	–	742	–	742
- other reserves		–	10,446	–	10,446	–	10,446
Net change in fair value of available-for-sale financial assets, net of tax		–	26,729	–	26,729	–	26,729
Cash flow hedges:							
- effective portion of changes in fair value of cash flow hedges		–	(3,590)	–	(3,590)	(3,109)	(6,699)
- hedging reserve reclassified to profit or loss		–	371	–	371	343	714
Total other comprehensive income, net of tax		–	(13,870)	–	(13,870)	(6,592)	(20,462)
Total comprehensive income for the year		–	(13,870)	94,560	80,690	55,729	136,419
Transactions with owners, recognised directly in equity							
Contributions by and distributions to owners							
Dividends paid	35	–	–	(27,054)	(27,054)	(32,855)	(59,909)
Unit issue costs of a subsidiary		–	–	–	–	(906)	(906)
Total contributions by and distributions to owners		–	–	(27,054)	(27,054)	(33,761)	(60,815)
Changes in ownership interests in subsidiaries							
Liquidation of a subsidiary with non-controlling interests		–	–	–	–	(28)	(28)
Proceeds from issuance of units by a subsidiary		–	–	–	–	150,000	150,000
Acquisition of subsidiaries with non-controlling interests		–	–	–	–	46,960	46,960
Contribution from non-controlling interests		–	–	–	–	49	49
Changes in ownership interests in subsidiaries without a change in control	43	–	–	(38,049)	(38,049)	(2,620)	(40,669)
Total changes in ownership interests in subsidiaries		–	–	(38,049)	(38,049)	194,361	156,312
Total transactions with owners		–	–	(65,103)	(65,103)	160,600	95,497
Transfer from asset revaluation reserve to accumulated profits		–	(965)	965	–	–	–
At 31 December 2017		693,315	(77,139)	3,408,742	4,024,918	850,809	4,875,727

The accompanying notes form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

Year ended 31 December 2018

	2018 $'000	2017 $'000
Cash flows from operating activities		
Profit after tax	56,628	156,881
Adjustments for:		
Depreciation of property, plant and equipment	6,859	6,957
Dividend income	(13,017)	(1,800)
Amortisation of intangible assets	234	175
Amortisation of lease prepayments	720	711
Provision	–	46,000
Reversal of impairment loss on a development property	(895)	(20,379)
Net change in fair value of investment properties	(83,982)	(112,155)
Net change in fair value of investments designated at fair value through profit or loss	15,526	(4,095)
Provision for impairment of interest in an equity-accounted investee	1,818	–
Impairment loss on intangible assets and goodwill	19,159	–
Provisional negative goodwill	(5,451)	–
Loss/(Gain) on disposal of interests in equity-accounted investees	10,384	(5,366)
Loss on disposal of interests in subsidiaries	1,060	–
Gain on disposal of property, plant and equipment	(35)	(1,424)
Property, plant and equipment written off	2,519	–
Finance expenses	139,406	130,926
Finance income	(18,192)	(12,227)
Share of results of equity-accounted investees, net of tax	(40,256)	(68,762)
Tax expense	47,016	32,486
	139,501	147,928
Changes in:		
- trade and other receivables and other assets	(7,719)	(55,737)
- inventories	621	(14)
- development properties	55,578	166,490
- trade and other payables and provision	(28,932)	(7,506)
- deferred income	(12,941)	23,813
Cash generated from operations	146,108	274,974
Tax paid	(26,724)	(25,780)
Net cash from operating activities carried forward	119,384	249,194

The accompanying notes form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

Year ended 31 December 2018

	Note	2018 $'000	2017 $'000
Net cash from operating activities brought forward		119,384	249,194
Cash flows from investing activities			
Acquisition of interest in an associate		(104,785)	–
Acquisition of subsidiaries, net of cash acquired	42	(101,067)	(83,711)
Acquisition of available-for-sale financial assets		–	(12,681)
Acquisition of other investments		(595,991)	(2,095)
Additions to property, plant and equipment		(7,163)	(10,480)
Additions to investment properties		(40,635)	(136,243)
Deposits placed for investments		(159,408)	–
Dividends from:			
- equity-accounted investees, net of tax		35,021	33,139
- available-for-sale financial assets, net of tax		–	1,800
- other investments, net of tax		13,862	440
Interest received		3,890	1,531
Loan to an associate		(2,000)	(4,000)
Loan to a joint venture		(518)	–
Proceeds from sale of other investments		524,037	1,958
Proceeds from disposal of interests in equity-accounted investees		8,970	34,787
Proceeds from disposal of interests in subsidiaries, net of cash disposed		(25,179)	–
Proceeds from disposal of property, plant and equipment		202	2,280
Net cash used in investing activities		(450,764)	(173,275)
Cash flows from financing activities			
Acquisition of non-controlling interests	43	–	(40,669)
Contribution from non-controlling interests		–	49
Dividends paid		(64,863)	(59,909)
Finance expense paid	27	(130,187)	(124,656)
Proceeds from borrowings	27	2,520,237	2,200,223
Repayment of borrowings	27	(2,500,863)	(1,894,776)
Proceeds from issuance of shares by a subsidiary		132,213	–
Proceeds from issuance of units by a subsidiary		259,193	150,000
Shares issue costs of a subsidiary		(2,500)	–
Units issue costs of a subsidiary		(7,031)	(906)
Repurchase of own shares		(476)	–
Changes in pledged deposits		(313)	5,636
Net cash from financing activities		205,410	234,992
Net (decrease)/increase in cash and cash equivalents		(125,970)	310,911
Cash and cash equivalents at 1 January		527,327	225,415
Effect of exchange rate fluctuations on cash held		(221)	(8,999)
Cash and cash equivalents at 31 December	12	401,136	527,327

Significant non-cash transactions

Significant non-cash transactions during the year were as follows:

(i) disposal of PT Alpha Sentra Prima and its subsidiaries ("Alpha Group") together with the novation of shareholder's loan previously extended to Alpha Group for IDR2,473,746,000,000 (approximately $249,553,000), satisfied by way of promissory notes maturing in May 2019 (note 42).

(ii) a 10% refundable deposit paid for land acquisition of IDR162,928,800,000 (approximately $16,560,000) through the utilisation of promissory notes (note 17).

The accompanying notes form an integral part of these financial statements.

These notes form an integral part of the financial statements.

The financial statements were authorised for issue by the Board of Directors on 18 March 2019.

1 DOMICILE AND ACTIVITIES

OUE Limited (the "Company") is a company incorporated in Singapore. The address of the Company's registered office is 50 Collyer Quay, #18-01/02, OUE Bayfront, Singapore 049321.

The principal activities of the Company are those of hospitality services, property investment and investment holding. The principal activities of its significant subsidiaries are set out in note 44 to the financial statements.

The consolidated financial statements as at and for the year ended 31 December 2018 comprise the Company and its subsidiaries (together referred to as the "Group" and individually as "Group entities") and the Group's interests in equity-accounted investees.

The Company's immediate holding company is OUE Realty Pte. Ltd., a company incorporated in Singapore. The ultimate holding company is Lippo ASM Asia Property Limited, a company incorporated in the Cayman Islands.

2 BASIS OF PREPARATION

2.1 Statement of compliance

The financial statements have been prepared in accordance with the Singapore Financial Reporting Standards (International) ("SFRS(I)"). These are the Group's first financial statements prepared in accordance with SFRS(I) and SFRS(I) 1 *First-time Adoption of Singapore Financial Reporting Standards (International)* has been applied.

In the previous financial years, the financial statements were prepared in accordance with Financial Reporting Standards in Singapore ("FRS"). An explanation of how the transition to SFRS(I) and application of SFRS(I) 9 and SFRS(I) 15 have affected the reported financial position and financial performance is provided in note 45.

2.2 Basis of measurement

The financial statements have been prepared on the historical cost basis except as disclosed in the notes below.

2.3 Functional and presentation currency

These financial statements are presented in Singapore dollars, which is the Company's functional currency. All financial information has been rounded to the nearest thousand, unless otherwise stated.

2.4 Use of estimates and judgements

The preparation of financial statements in conformity with SFRS(I) 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 on-going 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 are described in the following notes:

- Notes 19 and 20 Consolidation: whether the Group has control over its investees
- Note 22 Classification of investment properties under development
- Note 42 Recognition of acquisition as business combinations or asset acquisitions

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment within the next financial year are included in the following notes:

- Note 15 Determination of fair value of an unlisted equity investment
- Note 16 Measurement of net realisable values of development properties
- Note 18 Impairment testing of goodwill: key assumptions underlying recoverable amounts
- Note 22 Determination of fair value of investment properties
- Note 36 Recognition and measurement of provisions and contingencies: key assumptions about the likelihood and magnitude of an outflow of resources

NOTES TO THE
FINANCIAL STATEMENTS
Year ended 31 December 2018

2 BASIS OF PREPARATION (CONT'D)

2.4 Use of estimates and judgements (Cont'd)

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 Group has an established control framework with respect to the measurement of fair values. The finance team has overall responsibility for all significant fair value measurement, including Level 3 fair values, where applicable.

The finance team regularly reviews significant unobservable inputs and valuation adjustments. If third party information, such as broker quotes or pricing services, is used to measure fair values, then the finance team assesses the evidence obtained from the third parties to support the conclusion that such valuations meet the requirements of SFRS(I), including the level in the fair value hierarchy in which such valuations should be classified.

Significant valuation issues are reported to the Group's Audit Committee.

When measuring the fair value of an asset or a liability, the Group uses observable market 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 fall 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 fair value hierarchy as of the end of the reporting period in which the change has occurred.

Further information about the assumptions made in measuring fair values is included in the following notes:

- Note 15 Other investments
- Note 22 Investment properties
- Note 39 Financial instruments
- Note 42 Acquisition of subsidiaries

3 SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to all periods presented in these financial statements and in preparing the opening SFRS(I) statements of financial position at 1 January 2017 for the purposes of the transition to SFRS(I), unless otherwise indicated.

The accounting policies have been applied consistently by the Group.

3.1 Basis of consolidation

(i) Business combinations

The Group accounts for business combinations using the acquisition method when control is transferred to the Group.

Acquisitions from 1 January 2017

For acquisitions from 1 January 2017, the Group measures goodwill at the date of acquisition as:

- the fair value of the consideration transferred; plus
- the recognised amount of any non-controlling interest ("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.

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.

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.1 Basis of consolidation (Cont'd)

(i) Business combinations (Cont'd)

Acquisitions from 1 January 2017 (Cont'd)

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 date of acquisition. 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 SFRS(I)s.

Costs related to the acquisition, other than those associated with the issue of debt or equity investments, 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.

Acquisitions before 1 January 2017

As part of transition to SFRS(I), the Group elected not to restate those business combinations that occurred before the date of transition to SFRS(I), i.e. 1 January 2017.

(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 when 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) Acquisitions from 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 Group equity and any gain/loss arising is recognised directly in equity.

(iv) Loss of control

When the Group loses control over a subsidiary, the Group derecognises the assets and liabilities of the subsidiary, and any related NCI and the other components of equity. Any resulting gain or loss is recognised in profit or loss. Any interest retained in the former subsidiary is measured at fair value at the date that control is lost.

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 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) Joint operations

A joint operation is an arrangement in which the Group has joint control whereby the Group has rights to the assets, and obligations for the liabilities, relating to an arrangement. The Group accounts for each of its assets, liabilities and transactions, including its share of those held or incurred jointly, in relation to the joint operation.

(vii) 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.

(viii) 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 translated 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 translated 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 on translation are generally recognised in profit or loss. However, foreign currency differences arising from the translation of the following items are recognised in OCI:

- a financial liability designated as a hedge of the net investment in a foreign operation to the extent that the hedge is effective; and
- qualifying cash flow hedges to the extent that the hedge is effective.

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.2 Foreign currency (Cont'd)

(ii) Foreign operations

The assets and liabilities of foreign operations are translated to Singapore dollars at exchange rates at the reporting date. The income and expenses of foreign operations are translated to Singapore dollars at the dates of the transactions.

Foreign currency differences are recognised in OCI. Since 1 January 2017, the Group's date of transition to SFRS(I), such differences have been recognised 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 Property, plant and equipment

(i) Recognition and measurement

Items of property, plant and equipment are measured at cost, which includes capitalised borrowing costs, 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.

Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

The gain or loss on disposal of an item of property, 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 property, 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 property, plant and equipment are recognised in profit or loss as incurred.

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FINANCIAL STATEMENTS
Year ended 31 December 2018

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.3 Property, plant and equipment (Cont'd)

(iii) Depreciation

Depreciation is based on the cost of an asset less 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 property, 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 property, 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 annual rates used for the current and comparative years are as follows:

	%
Leasehold improvements	$3^{1/2}$ – $33^{1/3}$
Freehold premises	2
Plant, machinery and office equipment	5 – $33^{1/3}$
Furniture and fittings	10 – $33^{1/3}$
Motor vehicles	10 – 25

Leasehold land and buildings are amortised evenly over the lease period ranging from 16 years to 35 years. Construction and renovation in progress are not depreciated.

Depreciation methods, useful lives and residual values are reviewed at the end of each reporting period and adjusted if appropriate.

3.4 Lease prepayments

Lease prepayments represent prepaid operating lease payments for land use rights less accumulated amortisation and accumulated impairment losses. Amortisation is calculated using the straight-line method to allocate the prepaid operating lease payments for the land use rights till the lease expiration in 2055.

3.5 Intangible assets and goodwill

(i) Goodwill

Goodwill arising from acquisition of subsidiaries is included in intangible assets. For the measurement of goodwill at initial recognition, refer 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.

Goodwill is measured at cost less accumulated impairment losses.

(ii) Medical distribution licences

Medical distribution licences acquired is measured at cost less accumulated amortisation and accumulated impairment losses.

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.5 Intangible assets and goodwill (Cont'd)

(iii) Management rights

Management rights acquired is initially recognised at cost and subsequently measured at cost less accumulated impairment losses, if any. The useful life of the management rights is estimated to be indefinite as management believes there is no foreseeable limit to the period over which management rights is expected to generate net cash inflows for the Group.

(iv) Subsequent expenditure

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is recognised in profit or loss as incurred.

(v) Amortisation

Amortisation is recognised in profit or loss on a straight-line basis over the estimated useful lives of the intangible assets, other than goodwill, from the date they are available for use. The estimated useful lives for the current and comparative years are as follows:

Medical distribution licences	5 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 (including investment properties under development) 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 are measured at cost on initial recognition and subsequently at fair value with any change therein recognised in profit or loss. Investment properties include properties that are being constructed or developed for future use as investment properties.

Cost includes expenditure that is directly attributable to the acquisition of the investment property (including those under development). 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 its 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. When an investment property that was previously classified as property, plant and equipment is sold, any related amount included in the revaluation reserve is transferred to retained earnings.

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.

Property that is being constructed for future use as investment property is accounted for at fair value.

Transfers to, or from, investment properties are made where there is a change in intent and use, evidenced by:

- development with a view to sell, for a transfer from investment properties to development properties for sale;
- commencement of leasing activities and/or capital appreciation for a transfer from development properties for sale to investment 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.

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.

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FINANCIAL STATEMENTS
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3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.8 Development properties

Development properties are measured at the lower of cost and net realisable value. Cost includes acquisition costs, development expenditure, and other costs directly attributable to the development activities.

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and selling expenses. The write-down to net realisable value is presented as allowance for impairment losses.

3.9 Inventories

Inventories are measured at the lower of cost and net realisable value. The cost of inventories is based on the weighted average method, and includes expenditure incurred in acquiring the inventories, production or conversion costs and other costs incurred in bringing them to their existing location and condition. In the case of manufactured inventories and work in progress, cost includes an appropriate share of production overheads based on normal operating capacity.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and estimated costs necessary to make the sale.

3.10 Financial instruments

(i) Recognition and initial measurement

Non-derivative financial assets and financial liabilities

Trade receivables and debt investments issued are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the Group becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at fair value through profit or loss ("FVTPL"), transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

(ii) Classification, subsequent measurement and gain and losses

Non-derivative financial assets – Policy applicable from 1 January 2018

On initial recognition, a financial asset is classified as measured at: amortised cost; fair value through other comprehensive income ("FVOCI") – debt investment; FVOCI – equity investment; or FVTPL.

Financial assets are not reclassified subsequent to their initial recognition unless the Group changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

Financial assets at amortised cost

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.10 Financial instruments (Cont'd)

(ii) Classification, subsequent measurement and gain and losses (Cont'd)

Debt investments at FVOCI

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

These assets are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognised in profit or loss. Other net gains and losses are recognised in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to profit or loss.

Equity investments at FVOCI

On initial recognition of an equity investment that is not held-for-trading, the Group may irrevocably elect to present subsequent changes in the investment's fair value in OCI. This election is made on an investment-by-investment basis.

These assets are subsequently measured at fair value. Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in OCI and are never reclassified to profit or loss.

Financial assets at FVTPL

All financial assets not classified as measured at amortised cost or FVOCI as described above are measured at FVTPL. On initial recognition, the Group may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in profit or loss.

Financial assets: Business model assessment – Policy applicable from 1 January 2018

The Group makes an assessment of the objective of the business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management. The information considered includes:

- the stated policies and objectives for the portfolio and the operation of those policies in practice. These include whether management's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realising cash flows through the sale of the assets;
- how the performance of the portfolio is evaluated and reported to the Group's management;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- how managers of the business are compensated – e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and
- the frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

Transfers of financial assets to third parties in transactions that do not qualify for derecognition are not considered sales for this purpose, consistent with the Group's continuing recognition of the assets.

Financial assets that are held-for-trading or are managed and whose performance is evaluated on a fair value basis are measured at FVTPL.

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FINANCIAL STATEMENTS
Year ended 31 December 2018

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.10 Financial instruments (Cont'd)

(ii) Classification, subsequent measurement and gain and losses (Cont'd)

Non-derivative financial assets: Assessment whether contractual cash flows are solely payments of principal and interest – Policy applicable from 1 January 2018

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Group considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Group considers:

- contingent events that would change the amount or timing of cash flows;
- terms that may adjust the contractual coupon rate, including variable rate features;
- prepayment and extension features; and
- terms that limit the Group's claim to cash flows from specified assets (e.g. non-recourse features).

A prepayment feature is consistent with the solely payments of principal and interest criterion if the prepayment amount substantially represents unpaid amounts of principal and interest on the principal amount outstanding, which may include reasonable additional compensation for early termination of the contract. Additionally, for a financial asset acquired at a significant discount or premium to its contractual par amount, a feature that permits or requires prepayment at an amount that substantially represents the contractual par amount plus accrued (but unpaid) contractual interest (which may also include reasonable additional compensation for early termination) is treated as consistent with this criterion if the fair value of the prepayment feature is insignificant at initial recognition.

Non-derivative financial assets – Policy applicable before 1 January 2018

The Group classifies non-derivative financial assets into the following categories: financial assets at FVTPL, loans and receivables and available-for-sale financial assets.

Non-derivative financial assets: Subsequent measurement and gains and losses – Policy applicable before 1 January 2018

Financial assets at FVTPL

A financial asset was classified at FVTPL if it was classified as held for trading or was designated as such upon initial recognition. Financial assets were designated at FVTPL if the Group managed such investments and made purchase and sale decisions based on their fair value in accordance with the Group's documented risk management or investment strategy. Directly attributable transaction costs were recognised in profit or loss as incurred. Financial assets at FVTPL were measured at fair value, and changes therein, which took into account any dividend income, were recognised in profit or loss.

Financial assets designated at FVTPL comprised equity securities and interest in an investment fund that otherwise would have been classified as available-for-sale.

Loans and receivables

Loans and receivables were financial assets with fixed or determinable payments that were not quoted in an active market. Such assets were recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, loans and receivables were measured at amortised cost using the effective interest method, less any impairment losses.

Loans and receivables comprised cash and cash equivalents, trade and other receivables, investment in debt securities, other assets and loans to subsidiaries.

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.10 Financial instruments (Cont'd)

(ii) Classification, subsequent measurement and gain and losses (Cont'd)

Available-for-sale financial assets

Available-for-sale financial assets were non-derivative financial assets that were designated as available for sale or were not classified in any of the above categories of financial assets. Available-for-sale financial assets were initially measured at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, they were measured at fair value and changes therein, other than impairment losses, were recognised in OCI and presented in the fair value reserve in equity. When an investment was derecognised, the gain or loss accumulated in equity was reclassified to profit or loss.

Available-for-sale financial assets comprised investments in equity securities and interests in limited partnerships.

Non-derivative financial liabilities: Classification, subsequent measurement and gains and losses

Financial liabilities are classified as measured at amortised cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in profit or loss. Directly attributable transaction costs are recognised in profit or loss as incurred.

Other financial liabilities are initially measured at fair value less directly attributable transaction costs. They are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss. Other financial liabilities comprised borrowings and trade and other payables.

(iii) Derecognition

Financial assets

The Group derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Group neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

The Group enters into transactions whereby it transfers assets recognised in its statement of financial position, but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognised.

Financial liabilities

The Group derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire. The Group also derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value.

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in profit or loss.

(iv) Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

(v) Cash and cash equivalents

Cash and cash equivalents comprise cash balances and short-term deposits 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.

Pledged deposits are excluded for the purpose of the statement of cash flows. Cash and cash equivalents comprise cash balances and deposits with financial institutions which are subject to an insignificant risk of changes in their fair values.

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.10 Financial instruments (Cont'd)

(vi) Derivative financial instruments and hedge accounting

Derivative financial instruments and hedge accounting – Policy applicable from 1 January 2018

The Group holds derivative financial instruments to hedge its interest rate risk exposures. Embedded derivatives are separated from the host contract and accounted for separately if the host contract is not a financial asset and certain criteria are met.

Derivatives are initially measured at fair value and any directly attributable transaction costs are recognised in profit or loss as incurred. Subsequent to initial recognition, derivatives are measured at fair value, and changes therein are generally recognised in profit or loss.

At inception of designated hedging relationships, the Group documents the risk management objective and strategy for undertaking the hedge. The Group also documents the economic relationship between the hedged item and the hedging instrument, including whether the changes in cash flows of the hedged item and hedging instrument are expected to offset each other.

Hedging relationships designated under FRS 39 that were still existing as at 31 December 2017 are treated as continuing hedges and hedge documentations were aligned accordingly to the requirements of SFRS(I) 9.

Cash flow hedges

The Group designates certain derivatives as hedging instruments to hedge the variability in cash flows associated with highly probable forecast transactions arising from changes in interest rates.

When a derivative is designated as a cash flow hedging instrument, the effective portion of changes in the fair value of the derivative is recognised in OCI and accumulated in the hedging reserve. The effective portion of changes in the fair value of the derivative that is recognised in OCI is limited to the cumulative change in fair value of the hedged item, determined on a present value basis, from inception of the hedge. Any ineffective portion of changes in the fair value of the derivative is recognised immediately in profit or loss.

If the hedge no longer meets the criteria for hedge accounting or the hedging instrument is sold, expires, is terminated or is exercised, then hedge accounting is discontinued prospectively. When hedge accounting for cash flow hedges is discontinued, the amount that has been accumulated in the hedging reserve and the cost of hedging reserve remains in equity until, for a hedge of a transaction resulting in recognition of a non-financial item, it is included in the non-financial item's cost on its initial recognition or, for other cash flow hedges, it is reclassified to profit or loss in the same period or periods as the hedged expected future cash flows affect profit or loss.

If the hedged future cash flows are no longer expected to occur, then the amounts that have been accumulated in the hedging reserve and the cost of hedging reserve are immediately reclassified to profit or loss.

Derivative financial instruments and hedge accounting – Policy applicable before 1 January 2018

The policy applied in the comparative information presented for 2017 is similar to that applied for 2018. However, embedded derivatives are not separated from host contracts that are financial assets in the scope of SFRS(I) 9. Instead, the hybrid financial instrument is assessed as a whole for classification of financial assets under SFRS(I) 9. Furthermore, for all cash flow hedges, including hedges of transactions resulting in the recognition of non-financial items, the amounts accumulated in the cash flow hedge reserve were reclassified to profit or loss in the same period or periods during which the hedged expected future cash flows affected profit or loss. Furthermore, for cash flow hedges that were terminated before 2017, forward points were recognised immediately in profit or loss.

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.10 Financial instruments (Cont'd)

(vii) Convertible bonds

Convertible bonds that can be converted to ordinary shares at the option of the holder, where the number of shares to be issued is fixed and does not vary with changes in fair value are accounted for as compound financial instruments.

The liability component of a compound financial instrument is initially recognised at the fair value of a similar liability that does not have an equity conversion option. The equity component is initially recognised at the difference between the fair value of the compound financial instrument as a whole and the fair value of the liability component.

Subsequent to initial recognition, the liability component of a compound financial instrument is measured at amortised cost using the effective interest method. The equity component of a compound financial instrument is not remeasured. Interest related to the financial liability is recognised in profit or loss.

When the conversion option is exercised, the carrying amount of the liability and equity components will be transferred to the share capital. When the conversion option lapses, the carrying amount of the equity component will be transferred to accumulated profits.

When a convertible bond is being repurchased before its maturity date, the purchase consideration (including directly attributable costs, net of tax effects) is allocated to the liability and equity components of the convertible bonds at the date of transaction. Any resulting gain or loss relating to the liability component is recognised in the profit or loss.

(viii) Exchangeable bonds

Exchangeable bonds that can be exchangeable to the Group's existing investment in stapled securities of OUE Hospitality Trust ("OUE H-Trust") at the option of the holder are accounted for as compound financial instruments.

The liability component of a compound financial instruments is initially recognised at the fair value of a similar liability that does not have an exchangeable conversion option. The derivative liability is initially recognised at the difference between the fair value of the compound financial instrument as a whole and the fair value of the liability component.

Subsequent to initial recognition, the liability component of a compound financial instrument is measured at amortised cost using the effective interest method and all changes in the fair value of derivative liability is recognised immediately in profit or loss. Interest related to the financial liability is recognised in profit or loss.

(ix) 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.

Repurchase, disposal and reissue of share capital (treasury shares)

When share capital recognised as equity is repurchased, the amount of the consideration paid, which include 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 less costs to distribute. 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.

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.10 Financial instruments (Cont'd)

(x) 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 issued are initially measured at fair value and the initial fair value is amortised over the life of the guarantees. Subsequent to initial measurement, the financial guarantees are measured at the higher of the amortised amount and the amount of loss allowance.

Expected credit losses ("ECLs") are a probability-weighted estimate of credit losses. ECLs are measured for financial guarantees issued as the expected payments to reimburse the holder less any amounts that the Company expects to recover.

Policy applicable before 1 January 2018

The policy applied in the comparative information presented for 2017 is similar to that applied for 2018. However, for subsequent measurement, the financial guarantees were measured at the higher of the amortised amount and the present value of any expected payment to settle the liability when a payment under the contract has become probable.

3.11 Impairment

(i) Non-derivative financial assets

Policy applicable from 1 January 2018

The Group recognises loss allowances for ECLs on financial assets measured at amortised costs. Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of these assets.

Loss allowances of the Group are measured on either of the following bases:

- 12-month ECLs: these are ECLs that result from default events that are possible within the 12 months after the reporting date (or for a shorter period if the expected life of the instrument is less than 12 months); or
- Lifetime ECLs: these are ECLs that result from all possible default events over the expected life of a financial instrument.

Simplified approach

The Group applies the simplified approach to provide for ECLs for all trade receivables. The simplified approach requires the loss allowance to be measured at an amount equal to lifetime ECLs.

General approach

The Group applies the general approach to provide for ECLs on all other financial instruments. Under the general approach, the loss allowance is measured at an amount equal to 12-month ECLs at initial recognition.

At each reporting date, the Group assesses whether the credit risk of a financial instrument has increased significantly since initial recognition. When credit risk has increased significantly since initial recognition, loss allowance is measured at an amount equal to lifetime ECLs.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment and includes forward-looking information.

If credit risk has not increased significantly since initial recognition or if the credit quality of the financial instruments improve such that there is no longer a significant increase in credit risk since initial recognition, loss allowance is measured at an amount equal to 12-month ECLs.

The Group considers a financial asset to be in default when the borrower is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realising security (if any is held).

The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.11 Impairment (Cont'd)

(i) Non-derivative financial assets (Cont'd)

Measurement of ECLs

ECLs are probability-weighted estimates of credit losses. Credit losses are measured at the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Group expects to receive). ECLs are discounted at the effective interest rate of the financial asset.

Credit-impaired financial assets

At each reporting date, the Group assesses whether financial assets carried at amortised cost and debt investments at FVOCI are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default;
- the restructuring of a loan or advance by the Group on terms that the Group would not consider otherwise;
- it is probable that the borrower will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for a security because of financial difficulties.

Write-off

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Group determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's procedures for recovery of amounts due.

Policy applicable before 1 January 2018

A financial asset not carried at FVTPL, including an interest in an associate and joint venture, was assessed at the end of each reporting period to determine whether there was objective evidence that it was impaired. A financial asset was impaired if objective evidence indicated that a loss event(s) had occurred after the initial recognition of the asset, and that the loss event(s) had an impact on the estimated future cash flows of that asset that can be estimated reliably.

Objective evidence that financial assets (including equity securities) were 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 would 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 was objective evidence of impairment.

Loans and receivables

The Group considered evidence of impairment for loans and receivables at a specific asset level.

An impairment loss in respect of a financial asset measured at amortised cost was 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 were 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 were no realistic prospects of recovery of the asset, the relevant amounts were written off. If the amount of impairment loss subsequently decreased and the decrease was related objectively to an event occurring after the impairment was recognised, then the previously recognised impairment loss was reversed through profit or loss.

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3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.11 Impairment (Cont'd)

(i) Non-derivative financial assets (Cont'd)

Available-for-sale financial assets

Impairment losses on available-for-sale financial assets were recognised by reclassifying the losses accumulated in the fair value reserve in equity to profit or loss. The cumulative loss that was reclassified from equity to profit or loss was 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 were reflected as a component of interest income. If, in a subsequent period, the fair value of an impaired available-for-sale equity security increased and the increase was related objectively to an event occurring after the impairment loss was recognised in profit or loss, then the impairment loss was reversed, with the amount of the reversal recognised in OCI.

(ii) 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 3.11(iii). 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.

(iii) Non-financial assets

The carrying amount of the Group's non-financial assets, other than investment properties, inventories, development properties and deferred tax assets, 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 cash-generating unit ("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. 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 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, unless the asset is carried at revalued amount, in which case, such impairment loss is treated as a revaluation decrease. Impairment losses recognised in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amounts of the other assets in the CGU 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 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 joint venture is tested for impairment as a single asset when there is objective evidence that the investment in an associate or joint venture may be impaired.

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.12 Employee benefits

(i) Defined contribution plans

Defined contribution plans are post-employment benefit plans under which the Group pays 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 an employee benefit expense 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.

3.13 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.

(i) Provision for income support

A provision for income support is recognised when the Group enters into a contractual arrangement to make top-up payments for any shortfall of guaranteed rental amounts in respect of property disposed. The provision is measured at the present value of the payments expected to be made under the income support arrangement.

(ii) 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.

3.14 Revenue recognition

(i) Goods and services sold

Revenue from sale of goods and services in the ordinary course of business is recognised when the Group satisfies a performance obligation ("PO") by transferring control of a promised good or service to the customer. The amount of revenue recognised is the amount of the transaction price allocated to the satisfied PO.

The transaction price is allocated to each PO in the contract on the basis of the relative stand-alone selling prices of the promised goods or services. The individual standalone selling price of a good or service that has not previously been sold on a stand-alone basis, or has a highly variable selling price, is determined based on the residual portion of the transaction price after allocating the transaction price to goods and/or services with observable stand-alone selling prices. A discount or variable consideration is allocated to one or more, but not all, of the performance obligations if it relates specifically to those performance obligations.

Transaction price is the amount of consideration in the contract to which the Group expects to be entitled in exchange for transferring the promised goods or services. The transaction price may be fixed or variable and is adjusted for time value of money if the contract includes a significant financing component. Consideration payable to a customer is deducted from the transaction price if the Group does not receive a separate identifiable benefit from the customer. When consideration is variable, the estimated amount is included in the transaction price to the extent that it is highly probable that a significant reversal of the cumulative revenue will not occur when the uncertainty associated with the variable consideration is resolved.

Revenue may be recognised at a point in time or over time following the timing of satisfaction of the PO. If a PO is satisfied over time, revenue is recognised based on the percentage of completion reflecting the progress towards complete satisfaction of that PO.

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.14 Revenue recognition (Cont'd)

(ii) Rental income

Rental income from operating leases on investment properties is recognised in profit or loss on a straight-line basis over the lease term. Contingent rentals are recognised as income in the accounting period in which they are earned. Lease incentives granted are recognised as an integral part of the total rental income, over the term of the lease. The carrying amount of the lease incentives is reflected in the fair value of investment properties.

(iii) Hospitality revenue

Revenue from the rental of hotel rooms and other hotel facilities is recognised at the point when the services are rendered to the customer. Revenue from the sale of food and beverage is recognised at the point when the goods are delivered.

(iv) Development properties for sale

The Group develops and sells residential development projects to customers through fixed-price contracts. Revenue is recognised when the control over a development property has been transferred to the customer. At contract inception, the Group assesses whether the Group transfers control of the residential project over time or at a point in time by determining if (a) its performance does not create an asset with an alternative use to the Group; and (b) the Group has an enforceable right to payment for performance completed to date.

Where a development property has no alternative use for the Group due to contractual restriction, and the Group has enforceable rights to payment for performance completed to date arising from the contractual terms, revenue is recognised over time by reference to the Group's progress towards completing the construction of the development property. The measure of progress is determined based on the stage of completion of construction certified by quantity surveyors. Costs incurred that are not related to the contract or that do not contribute towards satisfying a performance obligation are excluded from the measure of progress and instead are expensed as incurred.

In respect of contracts where the Group does not have an enforceable right to payment for performance completed to date, revenue is recognised only when the completed property is delivered to the customer and the customer has accepted it in accordance with the sales contract.

Revenue is measured at the transaction price agreed under the contract entered into with customers. Estimates of revenues, costs or extent of progress towards completion are revised if circumstances change. Any resulting increases or decreases in estimated revenues or costs are reflected in the profit or loss in the period in which the circumstances that give rise to the revision become known by management.

The customer is invoiced based on a payment schedule which is typically triggered upon achievement of specified construction milestones. If the value of the goods transferred by the Group exceeds the payments, a contract asset is recognised. If the payments exceed the value of the goods transferred, a contract liability is recognised.

(v) Fund management fee

Property management and fund administrative services are provided as a series of distinct goods or services that are substantially the same and transferred over time, either separately or in combination as an integrated offering, and are treated as a single PO. Accordingly the fund management fee from property management and fund administrative services is recognised as the service is performed over time.

(vi) Healthcare income

i) Rental income

Revenue from rental income from operating leases (net of any incentives given to the lessees) derived from nursing facilities is recognised on a straight-line basis over the lease term.

ii) Rendering services

Revenue from hospital and other healthcare services is recognised at the point when the services are rendered, amount of revenue and related cost can be reliably measured and the collection is reasonably assured.

iii) Sale of medicine and medical equipment

Revenue from the sale of medicine and medical equipment is recognised at the point when the medicine and medical equipment are delivered to its customers.

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.14 Revenue recognition (Cont'd)

(vii) Dividend income

Dividend income is recognised in profit or loss when the right to receive payment is established.

3.15 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.

Minimum lease payments made under finance leases are apportioned between the finance expense and the reduction of the outstanding liability. The finance expense is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

Contingent lease payments are accounted for by revising the minimum lease payments over the remaining term of the lease when the lease adjustment is confirmed.

3.16 Finance expenses and finance income

The Group's finance income and finance costs include:

- interest income;
- interest expense;
- the foreign currency gain or loss on financial assets and financial liabilities;
- hedge ineffectiveness recognised in profit or loss; and
- the reclassification of net gains and losses previously recognised in OCI on cash flow hedges of interest rate risk and foreign currency risk for borrowings.

Interest income or expense is recognised using the effective interest rate method. The 'effective interest rate' is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument to:

- the gross carrying amount of the financial asset; or
- the amortised cost of the financial liability.

In calculating interest income and expense, the effective interest rate is applied to the gross carrying amount of the asset (when the asset is not credit-impaired) or to the amortised cost of the liability. However, for financial assets that have become credit-impaired subsequent to initial recognition, interest income is calculated by applying the effective interest rate to the amortised cost of the financial asset. If the asset is no longer credit-impaired, then the calculation of interest income reverts to the gross basis.

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.

Foreign currency gains and losses on financial assets and financial liabilities are reported on a net basis as either finance income or finance expense depending on whether foreign currency movements are in a net gain or net loss position.

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3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.17 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.

Current tax assets and liabilities are offset only if certain criteria are met.

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 differences and it is probable that they will not reverse in the foreseeable future; and
- taxable temporary differences arising on 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. For investment properties that are measured at fair value, the amount of deferred tax recognised is measured using the tax rates that would apply on sale of those assets at their carrying values at the reporting date unless the property is depreciable and held within a business model whose objective is to consume substantially all the economic benefits embodied in the investment property over time, rather than through sale. In all other cases, the amount of deferred tax is measured based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using 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.

3.18 Dividends to the Company's shareholders

Interim dividends are recorded during the financial year in which they are declared payable. Final dividends are recorded during the financial year in which the dividends are approved by the shareholders.

3.19 Earnings per share

The Group presents basic and diluted earnings per share data 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 year, 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, for the effects of all dilutive potential ordinary shares.

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.20 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' operating results are reviewed regularly by the executive committee whose members are 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 executive committee 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 year to acquire property, plant and equipment and investment properties.

4 REVENUE

	Group	
	2018 $'000	2017 $'000
Investment properties income	274,394	270,961
Hospitality income	236,648	220,087
Development property income	65,903	209,533
Healthcare income	28,824	33,810
Dividend income	13,017	1,800
Others	24,111	17,921
	642,897	754,112

In the following table, revenue is disaggregated by timing of revenue recognition.

Timing of revenue recognition for products and services transferred*:

	2018		2017	
	At a point in time $'000	Over time $'000	At a point in time $'000	Over time $'000
Hospitality income	236,648	–	220,087	–
Development property income	65,903	–	209,533	–
Healthcare income**	12,249	–	21,338	–
Others	20,546	3,565	16,375	1,546
	335,346	3,565	467,333	1,546

* *Excluding investment properties income and dividend income*
** *Excluding rental income*

5 EXPENSES BY NATURE

		Group	
	Note	2018 $'000	2017 $'000
Advertising and promotion expense		11,087	23,765
Impairment loss for trade receivables	39	647	425
Amortisation of intangible assets	18	234	175
Amortisation of lease prepayments	21	720	711
Bad debts written off		–	216
Depreciation of property, plant and equipment	23	6,859	6,957
Development costs included in cost of sales		58,534	176,549
Employee benefits	6	97,537	90,392
Gain on disposal of property, plant and equipment		(35)	(1,424)
Property, plant and equipment written off		2,519	–
Hospitality supplies and services		45,421	45,314
Healthcare supplies and services		7,539	12,519
Operating lease expense		95,831	96,347
Professional and legal services		9,169	10,396
Property tax		31,772	29,273
Provision for legal and related expenses		–	46,000
Repair and maintenance expense		52,197	51,899
Utility charges		16,286	15,633
Others		64,359	51,656
Total cost of sales, marketing, administrative and other operating expenses		500,676	656,803

6 EMPLOYEE BENEFITS

	Group	
	2018 $'000	2017 $'000
Salaries, bonuses and other costs	87,756	81,173
Contributions to defined contribution plans	9,781	9,219
	97,537	90,392

7 FINANCE EXPENSES

	Group	
	2018 $'000	2017 $'000
Borrowing costs on:		
- Borrowings	128,464	107,079
- Derivatives	5,918	10,578
	134,382	117,657
Net foreign exchange loss	4,206	10,104
Unwinding of discount of non-current rental deposits	165	125
Change in fair value of financial derivatives	–	2,326
Hedging reserve reclassified from equity	653	714
	139,406	130,926

The above finance expenses include interest expense in respect of liabilities not at fair value through profit or loss amounting to $128,464,000 (2017: $107,079,000).

8 FINANCE INCOME

	Group 2018 $'000	Group 2017 $'000
Interest income	9,563	6,477
Ineffective portion of changes in fair value of cash flow hedges	2,874	5,310
Net change in fair value of financial derivatives	4,910	–
Others	845	440
	18,192	12,227

The above finance income includes interest income in respect of assets not at fair value through profit or loss amounting to $9,563,000 (2017: $6,477,000).

9 OTHER GAINS - NET

	Note	Group 2018 $'000	Group 2017 $'000
Reversal of impairment loss on a development property	16(b)	895	20,379
Net change in fair value of investment properties	22	83,982	112,155
Net change in fair value of investments designated at FVTPL		(15,526)	4,095
Provision for impairment loss of interest in an equity-accounted investee	19	(1,818)	–
Impairment loss on intangible assets and goodwill	18	(19,159)	–
Provisional negative goodwill	42	5,451	–
(Loss)/Gain on disposal of interests in equity-accounted investees	19	(10,384)	5,366
Loss on disposal of interests in subsidiaries*		(1,060)	–
		42,381	141,995

* Comprises the loss from disposal of interest in Alpha Group and loss on deconsolidation of a subsidiary of OUE Lippo Healthcare Limited ("OUELH"), Wuxi New District Phoenix Hospital Co., Ltd ("Wuxi Co"), of $563,000 (note 42) and $497,000 respectively.

10 TAX EXPENSE

	Group 2018 $'000	Group 2017 $'000
Tax recognised in profit or loss		
Current tax expense		
Current year	27,482	24,977
Underprovision in respect of prior years	447	1,107
	27,929	26,084
Deferred tax expense		
Origination and reversal of temporary differences	19,045	22,330
Effect of reduction in tax rate in foreign jurisdictions	–	(17,833)
Underprovision in respect of prior years	42	1,905
	19,087	6,402
	47,016	32,486
Reconciliation of effective tax rate		
Profit before tax	103,644	189,367
Less:		
Share of results of equity-accounted investees, net of tax	(40,256)	(68,762)
	63,388	120,605
Tax using the Singapore tax rate of 17% (2017: 17%)	10,776	20,503
Effect of tax rates in foreign jurisdictions	7,639	8,896
Effect of reduction in tax rates in foreign jurisdictions	–	(17,833)
Non-deductible expenses	21,814	17,108
Income not subject to tax	(4,811)	(11,927)
Effect of taxable distribution from subsidiary and associate	8,279	8,207
Singapore statutory stepped income exemption	(330)	(315)
Utilisation of previously unrecognised deferred tax assets	(2,768)	(9,618)
Current tax losses for which no deferred tax assets are recognised	9,032	9,756
Change in unrecognised deductible temporary differences	(4,061)	3,791
Effect of tax losses not available for carry forward	957	906
Underprovision in respect of prior years	489	3,012
	47,016	32,486

11 EARNINGS PER SHARE

The calculation of basic earnings per share has been based on the following profit attributable to ordinary shareholders and weighted average number of ordinary shares outstanding.

	Group 2018 $'000	Group 2017 $'000
Profit attributable to owners of the Company	10,022	94,560

Weighted average number of ordinary shares

	Group 2018 '000	Group 2017 '000
Issued ordinary shares at 1 January	901,816	901,816
Effect of own shares held	(163)	–
Weighted average number of ordinary shares during the year	901,653	901,816
Basic earnings per share (cents per share)	1.11	10.49

11 EARNINGS PER SHARE (CONT'D)

The calculation of diluted earnings per share has been based on the following profit attributable to ordinary shareholders and weighted average number of ordinary shares outstanding after adjustment for the effects of all dilutive potential ordinary shares.

Profit attributable to owners of the Company (diluted)

	Group	
	2018 **$'000**	**2017** **$'000**
Profit attributable to owners of the Company (basic)	10,022	94,560
Interest expense on exchangeable bonds	4,794	–
Transaction costs paid	(2,963)	–
Change in fair value of derivative liability of exchangeable bonds	(3,487)	–
Adjustment to share of results of equity-accounted investee on exercise of exchangeable bonds	(6,481)	–
	1,885	94,560

As at 31 December 2018, the financial impact of the convertible bonds was excluded from the calculation of the profit attributable to owners of the Company as their effect would have been anti-dilutive.

Weighted average number of ordinary shares (diluted)

	Group	
	2018 **'000**	**2017** **'000**
Weighted average number of ordinary shares (basic)	901,653	901,816
Effect of conversion of convertible bonds	52,796	–
Weighted average number of ordinary shares during the year	954,449	901,816
Diluted earnings per share (cents per share)	0.20	10.49

12 CASH AND CASH EQUIVALENTS

	Group		Company	
	2018 **$'000**	**2017** **$'000**	**2018** **$'000**	**2017** **$'000**
Cash at bank and on hand	222,979	500,383	66,899	42,614
Time deposits with financial institutions	186,392	34,866	94,496	–
	409,371	535,249	161,395	42,614
Deposits pledged	(8,235)	(7,922)		
Cash and cash equivalents in the statement of cash flows	401,136	527,327		

Deposits pledged relate to bank balances of a subsidiary pledged as security to obtain credit facilities (note 27).

Bank balances of $15,714,000 (2017: $14,712,000) are included as part of the floating charge for borrowings of the Group (note 27). This amount is included as part of cash and cash equivalents as the utilisation of these bank balances is not restricted.

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13 TRADE AND OTHER RECEIVABLES

		Group		Company	
	Note	**2018** **$'000**	**2017** **$'000**	**2018** **$'000**	**2017** **$'000**
Trade receivables					
- Associates		8,407	9,191	4,243	3,073
- Subsidiaries		–	–	24,415	42,672
- Third parties		25,250	19,067	6,129	7,525
Trade receivables		33,657	28,258	34,787	53,270
Less: impairment loss					
- Third parties		(1,045)	(1,124)	(770)	(339)
Trade receivables - net		32,612	27,134	34,017	52,931
Promissory notes	(i)	234,846	–	–	–
Non-trade receivables					
- Associates		584	96	80	89
- Joint venture		–	206	–	206
- Subsidiaries		–	–	1,062,524	1,186,034
- Third parties	(ii)	35,481	38,015	–	–
Non-trade receivables		270,911	38,317	1,062,604	1,186,329
Less: impairment loss					
- Subsidiaries		–	–	(8,100)	–
Non-trade receivables - net		270,911	38,317	1,054,504	1,186,329
		303,523	65,451	1,088,521	1,239,260

The non-trade receivables due from associates, joint venture and subsidiaries are unsecured, interest-free and repayable on demand. Apart from the impairment loss on receivables from subsidiaries and third parties, there is no impairment loss on the other outstanding balances as the ECLs are not material.

The exposure of the Group and Company to credit risk, market risk and impairment loss for trade and other receivables, are disclosed in note 39.

(i) Promissory notes

The Group completed the disposal of Alpha Group together with the novation of the shareholder's loan on 25 September 2018. The aggregate of the sale consideration together with the novated shareholder's loan of IDR2,473,746,000,000 (approximately $249,553,000) was satisfied by way of promissory notes maturing in May 2019 (note 42).

On 25 September 2018, the Group has through its wholly-owned subsidiary, PT OUE Pengembangan Properti entered into a conditional land sales and purchase agreement to acquire a land parcel located in South Jakarta for a total consideration of IDR1,629,288,000,000 (approximately $165,600,000) with settlement by way of utilisation of a portion of the promissory notes. The remaining promissory notes are expected to be utilised for further land acquisition.

(ii) Non-trade receivables with third parties

Non-trade receivables with third parties include amounts due from deconsolidated subsidiaries of OUELH.

OUELH had in August 2016 derecognised its subsidiaries, IHC Management Pte. Ltd., IHC Management (Australia) Pty Ltd, IHC Medical RE Pte. Ltd., IHC Healthcare REIT, IHC Australia First Trust and IHC Australia Second Trust (collectively, "Deconsolidated subsidiaries") as these Deconsolidated subsidiaries are currently under receivership and OUELH has no control over these subsidiaries.

The recoverability of the amount due from the Deconsolidated subsidiaries is dependent on the outcome of five on-going legal suits that OUELH and the Deconsolidated subsidiaries have with certain lenders, and the possible course of actions the management might take in the future. The management is required to apply judgement in determining the potential outcome of these legal suits and the possible course of actions, based on advice by external legal counsel (note 36(a)). If the outcome differs, the level of impairment of these receivables may increase or decrease.

14 INVENTORIES

	Group 2018 $'000	Group 2017 $'000	Company 2018 $'000	Company 2017 $'000
Food and beverage	797	872	234	222
Pharmacy supplies	260	1,057	–	–
Medical and surgical supplies	1	80	–	–
	1,058	2,009	234	222

The cost of inventories recognised as expense and included in "cost of sales" amounted to $25,064,000 (2017: $28,559,000).

15 OTHER INVESTMENTS

	Note	Group 2018 $'000	Group 2017 $'000	Company 2018 $'000	Company 2017 $'000
Current					
Financial assets designated at FVTPL:					
- Equity investments - quoted	(i)	23,490	16,905	–	–
- Mutual fund		12,399	162,734	–	–
		35,889	179,639	–	–
Non-current					
Available-for-sale financial assets:	(iii)				
- Equity investments - unquoted		–	171,271	–	171,271
- Interests in limited partnerships		–	21,965	–	–
Financial assets designated at amortised cost:					
- Debt investments	(ii)	32,826	13,741	–	–
Financial assets designated at FVOCI:	(iii)				
- Equity investments:					
- Quoted		441,062	–	–	–
- Unquoted		154,040	–	154,040	–
- Interests in limited partnerships		37,150	–	–	–
		665,078	206,977	154,040	171,271

(i) Equity investments designated at FVTPL with a carrying amount of $16,709,000 at 31 December 2017 were previously charged to a bank for credit facilities granted to the Group (note 27).

(ii) The debt investments at amortised costs are denominated in Singapore Dollar and Indonesian Rupiah (2017: Indonesian Rupiah), bear interest at 4.32% to 25% (2017: 25%) and mature in 2022 and 2023 (2017: 2023).

(iii) As at 1 January 2018, the Group designated the investments classified as available-for-sale in 2017 as investments designated at FVOCI as these investments represent investments that the Group intends to hold for the long-term for strategic purposes (note 45). The fair values of the Group's investments in equity investments and interests in limited partnerships designated at FVOCI are estimated based on the quoted price of the investments; or adjusted net asset values of the investee entities which take into consideration the fair value of the underlying investments and properties held by these entities.

Dividend income received from financial assets designated at FVOCI recognised during the year amounting to $13,017,000 are included in "revenue" (note 4).

The exposure of the Group to credit risk, market risk and fair value measurement, are disclosed in note 39.

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16 DEVELOPMENT PROPERTIES

	Note	Group 2018 $'000	Group 2017 $'000
Completed property held for sale			
Completed property	(a)	402,767	466,625
Less: Impairment loss	(b)	(9,983)	(11,454)
		392,784	455,171
Properties for development			
Costs incurred	(c)	73,714	66,010
		466,498	521,181

The movement in allowance for impairment in respect of a development property is as follows:

	Note	Group 2018 $'000	Group 2017 $'000
At 1 January		11,454	54,136
Reversal of impairment loss	9	(895)	(20,379)
Utilised		(576)	(22,303)
At 31 December		9,983	11,454

(a) This relates to the OUE Twin Peaks development which was pledged as security for a banking facility in 2018 (note 27).

(b) An impairment loss of $895,000 (2017: $20,379,000) was reversed in respect of certain units in OUE Twin Peaks, following the sale of such units at prices higher than the carrying amounts. The amounts are included in "Other gains – net" (note 9).

(c) The balance represents the costs incurred in relation to the land parcels located at 26A Nassim Road, Singapore.

(d) Details of the development properties of the Group are as follows:

Description and location	Purpose of development	Group's effective interest 2018 %	Group's effective interest 2017 %	Approximate site area (square metre)	Approximate gross floor area (square metre)
OUE Twin Peaks A 462-unit leasehold residential project at Leonie Hill, Singapore	Condominium	100	100	12,163	40,521*
26A Nassim Road Freehold land parcels at 26A Nassim Road, Singapore	Bungalows	100	100	3,378	3,312

* Includes balcony

Measurement of net realisable values of development properties

The Group estimates the net realisable values of the development properties by reference to recent selling prices for the development project or comparable projects, market conditions, expected selling expenses and the development expenditure incurred or in the case of properties under development, the estimated total construction costs. The estimated total construction costs are based on contracted amounts and, in respect of amounts not contracted for, management's estimates of the amounts to be incurred, taking into consideration historical trends of the amounts incurred. Market conditions may, however, change which may affect the future selling prices of the remaining unsold units of the development properties and accordingly, the carrying value of development properties for sale may have to be written down in future periods.

17 OTHER ASSETS

	Group 2018 $'000	Group 2017 $'000	Company 2018 $'000	Company 2017 $'000
Sundry receivables	23,969	25,057	2,679	3,026
Less: Impairment Loss	(1)	(113)	–	–
	23,968	24,944	2,679	3,026
Rental deposits				
- Subsidiary	–	–	1,019	796
Other deposits	18,348	53,139	238	264
	42,316	78,083	3,936	4,086
Prepayments	10,023	7,144	2,775	677
	52,339	85,227	6,711	4,763
Current	42,787	79,330	5,692	3,967
Non-current	9,552	5,897	1,019	796
	52,339	85,227	6,711	4,763

Other deposits as at 31 December 2018 includes the 10% refundable deposit paid for the land acquisition located in South Jakarta of IDR162,928,800,000 (approximately $16,560,000) through the utilisation of promissory notes (note 13).

The exposure of the Group and the Company to credit and market risks, and impairment loss for other assets, are disclosed in note 39.

18 INTANGIBLE ASSETS AND GOODWILL

	Note	Goodwill $'000	Medical distribution licences $'000	Intangible asset $'000	Total $'000
Group					
Cost					
At 1 January 2018		19,159	642	–	19,801
Acquisition of subsidiaries	42	3,057	–	35,776	38,833
Effect of movements in exchange rates		24	(15)	–	9
At 31 December 2018		22,240	627	35,776	58,643
Accumulated amortisation and impairment losses					
At 1 January 2018		–	175	–	175
Amortisation	5	–	234	–	234
Impairment loss	9	19,159	–	–	19,159
Effect of movements in exchange rates		–	(11)	–	(11)
At 31 December 2018		19,159	398	–	19,557
Cost					
At 1 January 2017		–	–	–	–
Acquisition of subsidiaries	42	19,159	638	–	19,797
Effect of movements in exchange rates		–	4	–	4
At 31 December 2017		19,159	642	–	19,801
Accumulated amortisation and impairment losses					
At 1 January 2017		–	–	–	–
Amortisation	5	–	175	–	175
Effect of movements in exchange rates		–	*	–	*
At 31 December 2017		–	175	–	175
Carrying amounts					
At 31 December 2017		19,159	467	–	19,626
At 31 December 2018		3,081	229	35,776	39,086

* Amount less than $1,000

18 INTANGIBLE ASSETS AND GOODWILL (CONT'D)

Amortisation

The amortisation of medical distribution licences is allocated to the cost of inventory and is included in 'cost of sales' as inventory is sold.

Impairment test for goodwill

In 2017, the Group acquired equity interest in OUELH, a company listed on the Catalist of the Singapore Exchange Securities Trading Limited (the "SGX-ST"), in various tranches. OUELH became a subsidiary of the Group on 2 March 2017. The Group had recognised a goodwill amounting to $19.2 million (note 42) arising from the acquisition and OUELH and its subsidiaries ("OUELH Group") is identified as one CGU in view of the expected benefits arising from the synergies of the business combination.

In 2018, the Group has performed an annual impairment test and determined the recoverable amount of the CGU based on the fair value less costs of disposal, calculated based on the quoted market price of OUELH as at 31 December 2018. The fair value measurement was categorised as a Level 1 fair value based on the inputs in the valuation technique used (note 2.4).

The estimated recoverable amount of the CGU was lower than its carrying amount. As a result, a full impairment loss amounting to $19,159,000 (2017: nil) was recognised and included within "other gains – net" (note 9), as OUELH Group continues to be exposed to on-going litigations.

19 INTERESTS IN EQUITY-ACCOUNTED INVESTEES

	Group 2018 $'000	Group 2017 $'000	Company 2018 $'000	Company 2017 $'000
Interests in associates	709,749	539,407	512,012	512,012
Interests in joint ventures	1,217	185,702	–	–
Less: Impairment loss	(1,818)	–	(44,947)	(44,947)
	709,148	725,109	467,065	467,065
Loans to associates and joint ventures	64,407	263,186	63,888	61,962
Less: Impairment loss	(33,159)	(33,282)	(33,159)	(33,282)
	31,248	229,904	30,729	28,680
	740,396	955,013	497,794	495,745

Details of the significant associates and joint ventures are included in note 44.

KPMG LLP is the auditor of significant Singapore-incorporated associates and joint-ventures. An associated company is considered significant as defined under the Singapore Exchange Limited 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 loans to associates and a joint venture are unsecured and have no fixed terms of repayment. The settlement of these loans is neither planned nor likely to occur in the foreseeable future and hence the loans are classified as non-current.

These loans are interest-free except for an amount of $31,931,000 (2017: $29,859,000) to associates for which interest is charged at fixed rates of 1.00% and 4.00% (2017: 1.00% and 4.00%) per annum.

Movement in the impairment loss for loans to associates and a joint venture is as follows:

	Group and Company 2018 $'000	Group and Company 2017 $'000
At 1 January	33,282	32,613
Currency translation differences	(123)	669
At 31 December	33,159	33,282

19 INTERESTS IN EQUITY-ACCOUNTED INVESTEES (CONT'D)

Associates

The Group has one (2017: one) associate that is material and a number of associates that are individually immaterial to the Group. All are equity accounted. The material associate owns hospitality related real estate assets which are aligned to the Group's principal activities.

	OUE Hospitality Trust ("OUE H-TRUST")
Principal place of business/Country of incorporation	Singapore
Ownership interest/voting rights held	
- 2018	32.2%
- 2017	32.4%
Fair value of ownership interest (if listed)	
- 2018	$392.5 million[1]
- 2017	$497.9 million[1]

[1] Based on quoted market price at 31 December (Level 1 in the fair value hierarchy).

OUE H-TRUST is a stapled group comprising OUE H-REIT and OUE Hospitality Business Trust. The Group has assessed that it has no control over OUE H-TRUST. OUE H-TRUST's activities are managed by OUE Hospitality REIT Management Pte. Ltd. ("REIT Manager") and OUE Hospitality Trust Management Pte. Ltd. ("Trustee-Manager") (REIT Manager and Trustee-Manager are collectively known as the "Managers"). Based on a deed of undertaking that was signed between the Company and the Managers, the Company had surrendered its rights to appoint and/or to remove the Board of the Managers. These responsibilities were assumed by the Nominating and Remuneration Committee of the REIT Manager. Approval of OUE H-TRUST's stapled security holders will be sought at its annual general meeting for the endorsement or re-endorsement of the appointment of directors of the Managers.

The following summarises the financial information of the Group's material associate, based on its (consolidated) financial statements prepared in accordance with SFRS(I)s, modified for fair value adjustments on acquisition and differences in the Group's accounting policies.

Summarised statement of comprehensive income

	OUE H-TRUST 2018 $'000	OUE H-TRUST 2017 $'000
Revenue	129,734	131,063
Profit after tax	72,995	75,942
Other comprehensive income	2,261	1,183
Total comprehensive income	75,256	77,125
Dividends received	29,171	30,636
Summarised statement of financial position		
Non-current assets	2,223,041	2,220,295
Current assets	32,423	36,576
Non-current liabilities	(871,326)	(869,434)
Current liabilities	(12,012)	(11,368)
Net assets	1,372,126	1,376,069
Attributable to investee's shareholders	1,372,126	1,376,069
Group's share of net assets/carrying amount of investment	440,380	445,276

The Group carried out an impairment assessment for the investment in OUE H-Trust as the carrying value of the listed units of $440.4 million exceeded the market value of the units held by the Group as at 31 December 2018. The Group took into account the value of the underlying investment properties held by OUE H-TRUST which was based on independent valuations conducted by professional valuers and the financial performance of the associate and concluded that there was no impairment on the investment.

19 INTERESTS IN EQUITY-ACCOUNTED INVESTEES (CONT'D)

Immaterial associates

The Group has interests in a number of individual immaterial associates. The following table summarises, in aggregate, the carrying amount and share of profit and other comprehensive income of these associates that are accounted for using the equity method:

	2018 $'000	2017 $'000
Carrying amount of interests in immaterial associates	267,551	94,131
Group's share of:		
- Profit after tax	17,676	12,668
- Other comprehensive income	(11,246)	9,265
- Total comprehensive income	6,430	21,933

The Group's unrecognised share of losses of associates is as follows:

	Group 2018 $'000	Group 2017 $'000
At beginning of the year	6,012	6,871
Movement during the year	21	(859)
At end of the year	6,033	6,012

On 26 October 2018, the Group through its subsidiary, OUELH, acquired 10.6% equity interest in First Real Estate Investment Trust ("First REIT") for a total consideration of approximately $102,653,000. As at 31 December 2018, together with the interest held by Bowsprit Capital Corporation Limited ("Bowsprit" or the "First REIT Manager"), which became a subsidiary of the Group on 26 October 2018 (note 42), the Group has an effective equity interest of 13.0% in First REIT. First REIT's activities are managed by Bowsprit.

First REIT, constituted as a real estate investment trust, is listed on the Mainboard of SGX-ST. The principal activity of First REIT and its subsidiaries is to invest in a portfolio of income producing real estate properties, which are primarily used for healthcare and healthcare-related purposes.

The determination of whether the Group has control over First REIT requires management's judgement. In exercising its judgement, management considered the proportion of the Group's effective interest and voting rights taking into consideration the Group's representation on the board of First REIT Manager, the First REIT Manager's decision making authority over First REIT as well as the Group's overall exposure to variable returns, both from the First REIT Manager's remuneration and the Group's effective interests in First REIT.

Although the Group owns less than 20% of effective equity interest in First REIT, management concluded that the Group has significant influence over First REIT. Accordingly, First REIT is accounted for as an associate.

Included in the carrying amount of interests in equity-accounted investees in the statement of financial position as at 31 December 2018 is the provisional goodwill arising from acquisition of equity interest in First REIT of $19,905,000.

Financial or other support

The Group had undertaken to provide income support on Crowne Plaza Changi Airport ("CPCA"), which is owned by OUE H-REIT, for 3 years from 1 August 2016, of up to $7.5 million. The income support had been fully utilised in 2017 (note 30).

19 INTERESTS IN EQUITY-ACCOUNTED INVESTEES (CONT'D)

Joint ventures

The Group has two joint ventures that are immaterial to the Group (2017: one material joint venture). All are equity accounted for.

OUE Lippo Limited ("OUE Lippo") was an unlisted joint arrangement in which the Group had joint control via a shareholders' agreement and a 50% ownership interest and voting rights. OUE Lippo was structured as a separate vehicle and the Group had a residual interest in its net assets. Accordingly, the Group had classified its interest in OUE Lippo as a joint venture.

At 31 December 2017, OUE Lippo had an effective equity interest of 29.7% in Gemdale Properties and Investment Corporation Limited ("GPI"), which is involved in property development, investment and management of residential, commercial and business park projects in China.

On 15 May 2018, OUE Baytown Pte. Ltd. ("OUE Baytown"), a subsidiary of the Group, completed the disposal of its entire interests in OUE Lippo to Epoch Thrive Limited (the "JV Partner").

OUE Baytown and the JV Partner had entered into a joint venture agreement in 2014 ("Joint Venture Agreement"). In 2018, OUE Baytown and the JV Partner agreed to terminate the Joint Venture Agreement and in connection with the termination, OUE Baytown and the JV Partner agreed that: (a) the aggregate outstanding balance of the shareholders' loans extended by OUE Baytown to OUE Lippo will be repaid in full by the transfer of 2,353,226,397 shares of GPI, representing approximately 14.8% of the total number of issued shares in the capital of GPI, by OUE Lippo to a wholly-owned subsidiary of the Group; and (b) OUE Baytown will sell its interest in OUE Lippo to the JV Partner for an aggregate consideration of HK$52,669,000 (approximately $8,970,000) less related transaction cost, payable wholly in cash.

As a result, OUE Lippo ceased to be a joint venture of the Group as at 31 December 2018. The Group recorded a net loss of $10,384,000 on the disposal in "Other gains – net" (note 9).

The following summarised the financial information of OUE Lippo based on its financial statements prepared in accordance with SFRS(I), modified for fair value adjustments on acquisition and differences in the Group's accounting policies.

	2017 $'000
Summarised statement of comprehensive income	
Revenue	–
Profit after tax	62,819
Other comprehensive income	15,882
Total comprehensive income	78,701
Summarised statement of financial position	
Non-current assets	755,659
Current assets [(a)]	18,517
Current liabilities	(402,771)
Net assets	371,405
Group's share of net assets/carrying amount of investment	185,702

[(a)] Included cash and cash equivalents of $18,516,000

20 INVESTMENTS IN SUBSIDIARIES AND LOANS TO/(FROM) SUBSIDIARIES

	Company	
	2018 $'000	2017 $'000
Investments in subsidiaries		
Equity investment at cost	424,492	334,712
Loans to subsidiaries		
Loans to subsidiaries	2,144,974	2,113,390
Less: Impairment loss	(127,377)	(59,314)
	2,017,597	2,054,076
Current	1,799,004	1,860,509
Non-current	218,593	193,567
	2,017,597	2,054,076

Details of the significant subsidiaries are included in note 44.

The current portion of the loans to subsidiaries are unsecured and repayable on demand. These balances are interest-free except for an amount of $1,263,695,000 (2017: $1,083,816,000) for which interest is charged at interest rates ranging from 1.00% to 4.25% (2017: 1.00% to 4.25%) per annum.

The non-current portion of loans to subsidiaries are unsecured and have no fixed terms of repayment. The settlement of these loans is neither planned nor likely to occur in the foreseeable future and hence the loans are classified as non-current. The balances are interest-free, except for an amount of $130,001,000 (2017: $94,503,000) for which interest is charged at interest rates ranging from 1.40% over the US LIBOR rate to 5.00% per annum (2017: 1.40% over the US LIBOR rate to 5.00% per annum).

During the year, the Company carried out an impairment assessment of its investments in certain subsidiaries and loans to these subsidiaries, following changes in the financial performance of these subsidiaries. The recoverable amounts were estimated by taking into consideration the estimated selling prices of the underlying property or investments held by the subsidiaries (as the case may be) and the liabilities to be settled. Based on this assessment, the Company recorded an impairment loss of $67,673,000 (2017: reversed a net impairment loss of $27,723,000) on the loans to its subsidiaries.

The exposure of the Group and the Company to credit and market risks, and impairment loss for loans to subsidiaries, are disclosed in note 39.

	Company	
	2018 $'000	2017 $'000
Loans from subsidiaries		
Loans from subsidiaries	226,341	539,278

The loans from subsidiaries are unsecured, repayable on demand and bears interest ranging from 3.60% to 3.80% (2017: ranging from 0.95% over the Singapore Dollar swap offer rate to 4.00%).

21 LEASE PREPAYMENTS

		Group	
	Note	2018 $'000	2017 $'000
Cost			
At 1 January		30,532	–
Acquisition of subsidiaries	42	–	30,495
Disposal of a subsidiary		(764)	–
Effect of movements in exchange rates		(144)	37
At 31 December		29,624	30,532
Accumulated amortisation			
At 1 January		(711)	–
Amortisation	5	(720)	(711)
Effect of movements in exchange rates		28	*
At 31 December		(1,403)	(711)
Carrying amount		28,221	29,821

* Amount less than $1,000

Lease prepayments represent the land use rights of a subsidiary which expire in 2055.

22 INVESTMENT PROPERTIES

	Note	Completed Investment properties $'000	Investment properties under development $'000	Total $'000
Group				
At 1 January 2018		6,266,336	123,712	6,390,048
Additions		21,374	593	21,967
Reversal		(22,213)	–	(22,213)
Transfer to property, plant and equipment	23	–	(28,899)	(28,899)
Net change in fair value (unrealised) recognised in "other gains – net"	9	83,975	7	83,982
Effect of movements in exchange rates		5,164	(1,751)	3,413
Lease incentives		2,731	–	2,731
At 31 December 2018		6,357,367	93,662	6,451,029
At 1 January 2017		5,742,752	–	5,742,752
Acquisition of subsidiaries	42	298,410	120,153	418,563
Additions		126,775	311	127,086
Transfer from development properties		56,932	–	56,932
Net change in fair value (unrealised) recognised in "other gains – net"	9	111,898	257	112,155
Effect of movements in exchange rates		(74,673)	2,991	(71,682)
Lease incentives		4,242	–	4,242
At 31 December 2017		6,266,336	123,712	6,390,048

During the year, OUELH Group commenced the development of its land in Chengdu for its own use and has transferred the corresponding value of the Chengdu land to property, plant and equipment as at 31 December 2018. The fair value of the Chengdu land at the date of transfer is deemed to be the cost for its subsequent accounting in property, plant and equipment.

In 2017, management had assessed and reclassified 23 residential units in OUE Twin Peaks from development properties for sale to investment properties for capital appreciation purposes.

(i) The following amounts are recognised in profit or loss:

	Group 2018 $'000	Group 2017 $'000
Rental income	274,394	270,961
Direct operating expenses (including repairs and maintenance expense) arising from investment properties that generate rental income	91,498	89,906

(ii) Security

As at 31 December 2018, investment properties with a total carrying amount of $3,004,071,000 (2017: $4,490,270,000) were pledged as security for banking facilities (note 27).

22 INVESTMENT PROPERTIES (CONT'D)

(iii) The Group's completed investment properties as at 31 December 2018 are:

	Description and Location	Tenure of Land
OUE Bayfront (and adjoining properties comprising OUE Tower and OUE Link)	An integrated commercial development comprising an 18-storey office building, a conserved tower building and a retail link bridge at Collyer Quay, Singapore.	OUE Bayfront and OUE Tower: 99-year lease from 12 November 2007 OUE Link: 15-year lease from 26 March 2010 Underpass: 99-year lease from 7 January 2002
OUE Downtown (comprising OUE Downtown 1 & 2, Downtown Gallery and Oakwood Premier OUE Singapore)	A 50-storey Tower 1 and a 37-storey Tower 2 linked by a podium and accommodating office space, retail space, a 268-room serviced residences and car park.	99-year lease from 19 July 1967
US Bank Tower	A 72-storey commercial tower at Los Angeles, United States.	Freehold
Lippo Plaza	A 36-storey commercial building with retail podium at Shanghai, China excluding (i) Unit 2 in Basement 1, (ii) the 12th, 13th, 15th and 16th floors and (iii) 4 car park lots.	50-year land use right commencing from 2 July 1994
One Raffles Place	An integrated commercial development comprising One Raffles Place Tower 1, One Raffles Place Tower 2 and One Raffles Place Shopping Mall.	One Raffles Place Tower 1: 841-year lease from 1 November 1985 One Raffles Place Tower 2: 99-year lease from 26 May 1983 One Raffles Place Shopping Mall: the retail podium straddles two land plots: - Approximately 75% of the net lettable area ("NLA") of the retail podium is on a 99-year lease from 1 November 1985 - The balance 25% of the NLA of the retail podium is on a 841-year lease from 1 November 1985
OUE Twin Peaks (comprising 23 units held as investment properties)	23 residential units in OUE Twin Peaks at Leonie Hill, Singapore.	99 year lease from 10 May 2010
Hikari Heights Varus Fujino	A nursing home consisting of 2 blocks (9-storey and 13-storey) with 144 rooms in total that can accommodate up to 187 residents at Hokkaido, Japan.	Freehold
Hikari Heights Varus Ishiyama	A 9-storey nursing home with 119 one- and two-bedded rooms that can accommodate up to 149 residents at Hokkaido, Japan.	Freehold

22 INVESTMENT PROPERTIES (CONT'D)

(iii) The Group's completed investment properties as at 31 December 2018 are (cont'd):

	Description and Location	Tenure of Land
Hikari Heights Varus Kotoni	A 14-storey nursing home with 281 one- and two-bedded rooms that can accommodate up to 364 residents at Hokkaido, Japan.	Freehold
Hikari Heights Varus Makomanai-Koen	A 10-storey nursing home with 157 rooms that can accommodate up to 196 residents at Hokkaido, Japan.	Freehold
Hikari Heights Varus Tsukisamu-Koen	A 10-storey nursing home with 57 one- and two-bedded rooms that can accommodate up to 73 residents at Hokkaido, Japan.	Freehold
Varus Cuore Yamanote	A 4-storey nursing home with 59 rooms that can accommodate up to 60 residents at Hokkaido, Japan.	Freehold
Varus Cuore Sapporo-Kita/ Varus Cuore Sapporo-Kita Annex	Facility consists of two buildings: a 5-storey with 126 rooms, and a 3-storey with 90 rooms, which can accommodate up to 231 residents in total at Hokkaido, Japan.	Freehold
Elysion Gakuenmae	A 5-storey nursing home with 92 rooms that can accommodate up to 92 residents at Nara, Japan.	Freehold
Elysion Mamigaoka/ Elysion Mamigaoka Annex	A nursing home with 2 blocks (5-storey and 4-storey) with 160 one- and two-bedded rooms that can accommodate up to 165 residents at Nara, Japan.	Freehold
Elysion Amanohashidate	A nursing home consisting of a daycare service centre and 2 blocks (3-storey and 2-storey) with 60 rooms in total that can accommodate up to 60 residents in Kyoto, Japan.	Freehold
Elysion Kaichi North	A 4-storey nursing home with 79 rooms that can accommodate up to 85 residents at Nagano, Japan.	Freehold
Elysion Kaichi West	A nursing home with 29 rooms that can accommodate up to 29 residents at Nagano, Japan.	Freehold

22 INVESTMENT PROPERTIES (CONT'D)

The Group's completed investment properties were appraised at the following open market values:

	Date of appraisal	Open Market Value 2018 $'000	2017 $'000
OUE Bayfront (and adjoining properties comprising OUE Tower and OUE Link)	31 December	1,173,100	1,153,000
OUE Downtown	31 December	1,530,000	1,585,000
US Bank Tower	31 December	893,621	816,084
Lippo Plaza	31 December	587,935	588,948
One Raffles Place	31 December	1,813,500	1,773,200
OUE Twin Peaks (comprising 23 units held as investment properties)	31 December	68,980	62,320
Hikari Heights Varus Fujino	31 December	19,495	19,560
Hikari Heights Varus Ishiyama	31 December	11,156	11,327
Hikari Heights Varus Kotoni	31 December	73,362	72,360
Hikari Heights Varus Makomanai-Koen	31 December	51,764	51,000
Hikari Heights Varus Tsukisamu-Koen	31 December	8,978	8,856
Varus Cuore Yamanote	31 December	12,390	12,240
Varus Cuore Sapporo-Kita/Varus Cuore Sapporo-Kita Annex	31 December	32,464	32,004
Elysion Gakuenmae	31 December	18,912	19,080
Elysion Mamigaoka/Elysion Mamigaoka Annex	31 December	28,520	28,560
Elysion Amanohashidate	31 December	11,519	11,364
Elysion Kaichi North	31 December	16,093	15,840
Elysion Kaichi West	31 December	5,578	5,592

The fair value of each investment property at the reporting date is determined by independent professional valuers based on assumptions and estimates that reflect its market value. The independent professional valuers have relied on various widely accepted methodologies to perform the fair value assessments that are reflective of the prevailing market conditions. The valuation methods take into consideration the discount rate, terminal yield rate and capitalisation rate applicable to the nature and type of asset in question, and selling price of comparable properties.

The investment properties are mainly leased to third parties. The majority of the leases contain an initial non-cancellable period of one to fifteen (2017: one to fifteen) years. Subsequent renewals are negotiated with the lessees.

22 INVESTMENT PROPERTIES (CONT'D)

(iv) The Group's investment properties under development as at 31 December 2018 are:

Description	Unexpired term of leasehold land
Land – Dujiangyan, Chengdu, The People's Republic of China ("Chengdu land")	45 years
Land - Wuxi, The People's Republic of China ("Wuxi land")	37 years
Land - Kuala Lumpur, Malaysia	89 years

Classification of investment properties under development

The classification of the land as owner-occupied property or investment property is a matter of judgement, involving consideration of the purpose and usage of the land, and future development plans. Portion of land to be redeveloped for future rental or capital appreciations are held as investment properties under development while portion of land to be redeveloped for own use are held as lease prepayments. The relevant portion of the land continue to be classified as investment properties under development based on management's assessment of the above factors which is in line with the Group's existing plans. The classification is primarily based on all prevailing information available to date which imminently may vary depending on the Group's future intentions and developments.

(v) Measurement of fair value

Fair value hierarchy

The fair value of investment properties was determined annually by independent valuers, having the appropriate recognised professional qualifications and recent experience in the location and category of the property being valued.

The fair value measurement of all investment properties has been categorised as a Level 3 fair value based on the inputs to the valuation techniques used.

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22 INVESTMENT PROPERTIES (CONT'D)

(vi) Level 3 fair values

Valuation techniques 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.

		Country				
Valuable techniques	**Significant unobservable inputs**	**Singapore**	**United States of America**	**The People's Republic of China**	**Japan**	**Inter-relationship between key unobservable inputs and fair value measurement**
Completed investment properties						
Discounted cash flow method: 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	Discount rate	6.50% – 7.00% (2017: 6.50% – 7.00%)	6.50% (2017: 7.25%)	7.00% (2017: 6.90%)	4.20% – 4.60% (2017: 4.40% – 4.90%)	An increase in price per square foot in isolation would result in a higher fair value measurement. Conversely, an increase in discount rate, terminal yield rate and capitalisation rate in isolation would result in a lower fair value measurement.
	Terminal yield rate	3.50% – 5.00% (2017: 3.85% – 4.90%)	5.25% (2017: 5.50%)	4.00% (2017: 3.80% – 4.30%)	4.70% – 5.10% (2017: 4.70% – 5.20%)	
Capitalisation method: The capitalisation method capitalises an income rate stream into a present value using single-year capitalisation rates	Capitalisation rate	3.50% – 5.50% (2017: 3.60% – 5.50%)	5.00% (2017: 5.25%)	Not applicable	4.40% – 4.80% (2017: 4.60% – 5.10%)	
Direct comparison method: The direct comparison method involves the analysis of comparable sales of similar properties and adjusting the sale prices to those reflective of the investment properties	Price per square foot	$1,811 – $3,021 (2017: $1,803 – $2,892)	Not applicable	$1,403 (2017: $1,435)	Not applicable	

22 INVESTMENT PROPERTIES (CONT'D)

(vi) Level 3 fair values (Cont'd)

Valuable techniques	Significant unobservable inputs	Country: Malaysia	Country: The People's Republic of China	Inter-relationship between key unobservable inputs and fair value measurement
Investment properties under development				
Discounted cash flow method: 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	Discount rate	Not applicable	Chengdu: 7.00%* (2017: Not applicable) Wuxi: 15.00% (2017: 15.00%)	An increase in price per square metre and plot ratio in isolation would result in a higher fair value measurement. Conversely, an increase in capitalisation rate, entrepreneur profit and risk and construction costs per square metre in isolation would result in a lower fair value measurement
	Terminal yield rate	Not applicable	Chengdu: 4.00%* (2017: Not applicable) Wuxi: 13.00% (2017: 13.00%)	
Capitalisation method: The capitalisation method capitalises an income stream into a present value using single-year capitalisation rates	Capitalisation rate	Not applicable	Chengdu: 6.00% – 13.00%* (2017: 1.50% to 13.00%) Wuxi: 4.25% (2017: 4.25%)	
Direct comparison method: The direct comparison method involves the analysis of comparable sales of similar properties and adjusting the sale prices to those reflective of the investment properties under development	Price per square metre	$12,528 (2017: $12,585)	Not applicable	

* Chengdu land was reclassified from investment properties under development to property, plant and equipment as at 31 December 2018.

22 INVESTMENT PROPERTIES (CONT'D)

(vi) Level 3 fair values (Cont'd)

Valuable techniques	Significant unobservable inputs	Country: Malaysia	Country: The People's Republic of China	Inter-relationship between key unobservable inputs and fair value measurement
Investment properties under development				
Residual value method: The value of the investment properties under development is arrived at by deducting the estimated cost to complete as of valuation date and other relevant costs from the gross development value of the proposed development assuming satisfactory completion and accounting for developer profit	Plot ratio	Not applicable	Chengdu: 2.99* (2017: 2.94) Wuxi: 4.50 (2017: 4.50)	
	Entrepreneur profit and risk	Not applicable	Chengdu: 10.00%* (2017: 10.00%) Wuxi: 20.00% (2017: 20.00%)	
	Construction costs per square metre	Not applicable	Chengdu: $1,358* (2017: $920) Wuxi: $1,381 (2017: $1,410)	

* Chengdu land was reclassified from investment properties under development to property, plant and equipment as at 31 December 2018.

In addition to the above, the valuation of the investment properties under development in the People's Republic of China included critical assumptions made by management as follows:

(1) Plot ratio and class 3A hospital license

Plot ratio represents a building's total floor area (gross floor area) to the size of the piece of land upon which it is built.

The valuation of the Wuxi land as at 31 December 2018 was based on management's assessment that:
- written approval is expected to be granted to increase the plot ratio from 2.0 to 4.5 (2017: from 2.0 to 4.5); and
- a class 3A hospital license is expected to be granted.

If the written approval is not granted or the plot ratio approved differs from current assumption, the valuation of the Wuxi land will change significantly. Also, OUELH Group is in litigation with David Lin, a non-controlling shareholder of certain subsidiaries of OUELH (note 36(a)). The valuation of the Wuxi land will be significantly affected should there be an adverse outcome from the litigation.

As at 31 December 2018, the valuation of the Chengdu land is based on the drawing submitted in May 2018 and approved in 2018. As at 31 December 2017, the valuation of the Chengdu land was based on management's assumption that a class 3A hospital license will be granted and drawing submitted to the Dujiangyan City Planning Bureau in December 2017.

22 INVESTMENT PROPERTIES (CONT'D)

(vi) Level 3 fair values (Cont'd)

(2) Gross development value and construction cost

Gross development value is the estimated value that a property or new development would derive in the open market if it is sold in the current economic climate and condition.

The valuation of Wuxi land and Chengdu land is based on the current proposed development plan of the respective projects, with gross development values of:

	2018		2017	
	RMB'000	**$'000**	**RMB'000**	**$'000**
Wuxi land				
Gross development value	995,000	198,304	982,000	200,328
Chengdu land				
Gross development value	800,000*	159,440*	578,000	117,912

It also includes the following management's estimates of the average estimated total construction cost for Wuxi land and Chengdu land:

Wuxi land				
Estimated construction cost per square metre	6.9	1.4	6.9	1.4
Chengdu land				
Estimated construction cost per square metre	6.8*	1.4*	4.5	0.9

* Chengdu land was reclassified from investment properties under development to property, plant and equipment as at 31 December 2018.

In arriving at the average construction cost for Wuxi land and Chengdu land, management has relied on construction cost furnished by Rider Levett Bucknall, an independent global property consultant.

Any change in the proposed development plan will result in a change in the gross development value and construction costs, and consequently, a change in the valuation of Wuxi land and Chengdu land.

(3) Entrepreneur profit and risk

Entrepreneur profit and risk represents return required by a buyer of the partially completed investment property under development in the market place. This reflects the risks associated with the completion of the construction programme taken into consideration the anticipated income or capital value. It is presented as a percentage of total gross development value.

The value of Wuxi land and Chengdu land is derived by taking the total gross development value subtracting the entrepreneur profit and other costs, including construction costs, to be incurred to complete the Wuxi and Chengdu projects.

The valuations of Wuxi land and Chengdu land as at 31 December 2018 was based on an assumption of an entrepreneur profit and risk of 20.0% and 10.0% (2017: 20.0% and 10.0%) of the gross development value respectively. Any change in the entrepreneur profit and risk will result in a change in the valuation of Wuxi land and Chengdu land.

23 PROPERTY, PLANT AND EQUIPMENT

	Leasehold land and building $'000	Leasehold improvements $'000	Freehold premises $'000	Plant, machinery and office equipment $'000	Furniture and fittings $'000	Motor vehicles $'000	Construction and renovation in progress $'000	Total $'000
Group								
Cost								
At 1 January 2018	4,757	9,417	944	22,426	9,598	6,334	944	54,420
Exchange differences	(142)	(100)	–	(109)	(16)	(4)	(2)	(373)
Acquisition of a subsidiary (note 42)	–	35	–	33	9	–	–	77
Additions	–	4,182	–	916	827	467	594	6,986
Disposals/Written-off	–	(6,471)	–	(3,675)	(552)	(455)	–	(11,153)
Disposal of subsidiaries	(2,272)	–	–	(1,611)	(242)	(88)	–	(4,213)
Reclassification from investment properties* (note 22)	–	–	–	–	–	–	28,899	28,899
Reclassification	–	814	–	118	–	–	(932)	–
At 31 December 2018	2,343	7,877	944	18,098	9,624	6,254	29,503	74,643
Accumulated depreciation								
At 1 January 2018	808	5,360	232	7,465	4,629	4,432	–	22,926
Exchange differences	(60)	(14)	–	(127)	(17)	(7)	–	(225)
Depreciation (note 5)	865	944	19	2,968	1,256	807	–	6,859
Disposals/Written-off	–	(5,472)	–	(2,125)	(552)	(318)	–	(8,467)
Disposal of subsidiaries	(1,295)	–	–	(441)	(104)	(29)	–	(1,869)
At 31 December 2018	318	818	251	7,740	5,212	4,885	–	19,224
Cost								
At 1 January 2017	–	5,307	1,944	15,176	7,844	5,579	382	36,232
Exchange differences	1	(34)	–	(57)	(13)	19	–	(84)
Acquisition of subsidiaries (note 42)	4,756	–	–	2,367	394	143	–	7,660
Additions	–	4,103	–	5,277	1,462	593	944	12,379
Disposals/Written-off	–	(20)	(1,000)	(658)	(89)	–	–	(1,767)
Reclassification	–	61	–	321	–	–	(382)	–
At 31 December 2017	4,757	9,417	944	22,426	9,598	6,334	944	54,420
Accumulated depreciation								
At 1 January 2017	–	4,079	449	5,213	3,464	3,589	–	16,794
Exchange differences	(24)	–	–	2	2	2	–	(18)
Depreciation (note 5)	832	1,298	28	2,745	1,213	841	–	6,957
Disposals/Written-off	–	(17)	(245)	(495)	(50)	–	–	(807)
At 31 December 2017	808	5,360	232	7,465	4,629	4,432	–	22,926
Carrying amounts								
At 31 December 2017	3,949	4,057	712	14,961	4,969	1,902	944	31,494
At 31 December 2018	2,025	7,059	693	10,358	4,412	1,369	29,503	55,419

* Chengdu land was reclassified from investment properties under development to property, plant and equipment as at 31 December 2018.

23 PROPERTY, PLANT AND EQUIPMENT (CONT'D)

	Leasehold improvements $'000	Freehold premises $'000	Plant, machinery and office equipment $'000	Furniture and fittings $'000	Motor vehicles $'000	Renovation in progress $'000	Total $'000
Company							
Cost							
At 1 January 2018	–	944	8,165	6,206	5,579	944	21,838
Additions	8	–	298	259	467	–	1,032
Disposals/Written-off	–	–	(58)	–	(455)	(12)	(525)
Reclassification	814	–	118	–	–	(932)	–
At 31 December 2018	822	944	8,523	6,465	5,591	–	22,345
Accumulated depreciation							
At 1 January 2018	–	231	3,707	3,010	4,323	–	11,271
Depreciation	157	19	842	634	639	–	2,291
Disposals/Written-off	–	–	(35)	–	(318)	–	(353)
At 31 December 2018	157	250	4,514	3,644	4,644	–	13,209
Cost							
At 1 January 2017	–	1,944	8,309	6,182	5,579	–	22,014
Additions	–	–	74	24	–	944	1,042
Disposals/Written-off	–	(1,000)	(218)	–	–	–	(1,218)
At 31 December 2017	–	944	8,165	6,206	5,579	944	21,838
Accumulated depreciation							
At 1 January 2017	–	448	2,978	2,389	3,590	–	9,405
Depreciation	–	28	807	621	733	–	2,189
Disposals/Written-off	–	(245)	(78)	–	–	–	(323)
At 31 December 2017	–	231	3,707	3,010	4,323	–	11,271
Carrying amounts							
At 31 December 2017	–	713	4,458	3,196	1,256	944	10,567
At 31 December 2018	665	694	4,009	2,821	947	–	9,136

24 DEFERRED INCOME

Deferred income relates to the non-refundable deposits received from units in the completed development property (note 16) sold under deferred payment schemes.

25 DERIVATIVES

	Group 2018 $'000	Group 2017 $'000
Current		
Derivative assets		
Interest rate swaps used for hedging	116	–
Forward exchange contracts	131	–
	247	–
Derivative liabilities		
Interest rate swaps used for hedging	(132)	(487)
Forward exchange contracts	(9)	–
Call options	(573)	–
	(714)	(487)
Non-current		
Derivative liabilities		
Interest rate swaps used for hedging	(7,828)	(10,705)

The Group uses interest rate swaps to manage its exposure to interest rate movements on certain floating rate interest-bearing bank loans by swapping the floating rates on the bank loans to fixed rates. Further details are set out in note 39.

26 TRADE AND OTHER PAYABLES

	Group 2018 $'000	Group 2017 $'000	Company 2018 $'000	Company 2017 $'000
Trade payables				
- Subsidiaries	–	–	8,003	3,230
- Associates	8,061	8,825	6,000	6,863
- Third parties	18,176	29,312	2,441	3,514
	26,237	38,137	16,444	13,607
Non-trade payables				
- Subsidiaries	–	–	190,233	50,160
- Third parties	44,118	37,302	17,584	15,786
Interest payable	18,453	15,496	5,417	3,937
Accruals	88,163	136,261	16,109	17,632
Retention sums payable	8,210	9,961	292	295
Rental deposits	16,116	17,886	636	474
	201,297	255,043	246,715	101,891

Non-trade payables to subsidiaries are unsecured, interest-free and repayable on demand.

The exposure of the Group and the Company to liquidity risk are disclosed in note 39.

27 BORROWINGS

	Note	Group 2018 $'000	Group 2017 $'000	Company 2018 $'000	Company 2017 $'000
Current					
Loans from third parties		189	519	–	–
Secured bank loans		270,964	768,927	–	–
Secured TMK bonds	(i)	1,207	805	–	–
Unsecured bank loans		–	305,723	–	35,000
Unsecured notes	(ii)	199,331	5,750	199,331	–
Finance lease liability		–	104	–	–
		471,691	1,081,828	199,331	35,000
Non-current					
Secured bank loans		848,197	1,219,881	–	–
Secured loans from a financial institution		–	18,646	–	–
Secured TMK bonds	(i)	117,364	117,575	–	–
Unsecured bank loans		918,805	–	–	–
Unsecured notes	(ii)	846,009	1,043,005	299,286	497,300
Convertible bonds	(iii)	149,100	–	149,100	–
Exchangeable bonds	(iii)	145,089	–	145,089	–
		3,024,564	2,399,107	593,475	497,300
Total		3,496,255	3,480,935	792,806	532,300

The exposure of the Group and the Company to market and liquidity risks are disclosed in note 39.

(i) Tokutei Mokutei Kaisha ("TMK") Bonds

TMK is an investment vehicle incorporated under the Asset Liquidation Law of Japan to acquire real estate and obtain debt financing in real estate finance transactions in Japan. A TMK may issue TMK Bonds, which are generally issued to qualified institutional investors. The TMK grants to holders of TMK Bonds the right to receive all payments due in relation to such TMK Bonds out of the assets of the TMK prior to any payments to other unsecured creditors. This statutory right is generally referred to as a general security interest. Unless otherwise provided in the Asset Liquidation plan, such general security is automatically created by operation of law.

TMK bonds are subject to a strict legal framework which protects both the borrowers and lenders. TMK Bonds pertain to bond issued by a subsidiary of OUELH.

The TMK Bonds are secured against:

(i) the total assets of a subsidiary of OUELH which mainly comprise investment properties in Japan (note 22) and cash and cash equivalents (note 12); and

(ii) a corporate guarantee from OUELH.

27 BORROWINGS (CONT'D)

(ii) *Unsecured notes*

The unsecured notes of the Group comprise the following:

- $498,617,000 (2017: $497,300,000) comprising 2 series (2017: 2 series) of notes issued by the Company at various interest rates as part of an unsecured $3 billion Multicurrency Debt Issuance programme. The unsecured notes are redeemable at their principal amounts on their respective maturity dates in October 2019 and April 2020 (2017: October 2019 and April 2020).
- $397,109,000 (2017: $396,333,000) comprising 2 series (2017: 2 series) of notes issued by a wholly-owned subsidiary of the Group at various interest rates as part of an unsecured $3 billion Multicurrency Debt Issuance programme. The unsecured notes are redeemable at their principal amounts on their respective maturity dates in April 2022 and May 2023 (2017: April 2022 and May 2023).
- $149,614,000 (2017: $149,372,000) comprising 1 series (2017: 1 series) of notes issued under a $1.5 billion Multicurrency Debt Issuance programme issued by a subsidiary of the Group at 3.03% per annum. The unsecured notes are redeemable at their principal amounts in September 2020 (2017: September 2020).
- As at 31 December 2017, 1 series of notes of $5,750,000 was issued under a $0.5 billion multicurrency medium term notes by a subsidiary of the Group at 6.00% per annum. The notes had been redeemed on 6 February 2018.

(iii) *Convertible and exchangeable bonds*

	2018	
	Convertible bonds $'000	Exchangeable bonds $'000
At Group and Company		
Proceeds from issuance	154,750	150,000
Transaction costs	(3,061)	(2,963)
Net proceeds	151,689	147,037
Amount classified as equity	(5,780)	–
Amount classified as derivative liabilities	–	(3,487)
Accreted interest	3,191	1,539
Carrying amount as at 31 December 2018	149,100	145,089

The convertible bonds are convertible into new ordinary shares at the conversion price of $2.112 per share on or after 24 May 2018 at the option of the holder, and may be redeemed at the option of the Company or bondholders on specified dates. Any unconverted bonds become repayable on demand.

The exchangeable bonds are exchangeable into the Company's existing investment in stapled securities of OUE H-Trust at an exchangeable price of $0.9256 per stapled security on or after 24 May 2018 at the option of the holder, and may be redeemed at the option of the Company or the bondholders on specified dates. Any outstanding exchangeable bonds become repayable on demand.

Both the convertible and exchangeable bonds are due in April 2023 and are listed on the SGX-ST.

The secured borrowings of the Group are secured on the following:

- bank deposits of $8,235,000 (2017: $7,922,000) (note 12);
- floating charge over bank deposits of $15,714,000 (2017: $14,712,000) (note 12);
- investments with carrying amount of $6,709,000 in 2017 (note 15);
- development property with carrying amount of $392,784,000 (2017: nil) (note 16);
- investment properties with carrying amount of $3,004,071,000 (2017: $4,490,270,000) (note 22);
- first priority fixed charge over the shares of certain subsidiaries in 2017; and
- assignment of all rights, titles, benefits and interests in connection with the sale, lease and insurance proceeds of certain property, plant and equipment, and investment properties.

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27 BORROWINGS (CONT'D)

Intra-group financial guarantees

Intra-group financial guarantees comprise guarantees given by the Company to banks in respect of banking facilities granted to a wholly-owned subsidiary. The maximum exposure of the Company is $278,424,000 (2017: $282,383,000). At the reporting date, the Company does not consider it probable that a claim will be made against the Company under the guarantees.

The periods in which the financial guarantees will expire are as follows:

	2018 $'000	2017 $'000
Within one year	278,424	282,383

Terms and debts repayment schedule

Terms and conditions of outstanding loans and borrowings are as follows:

			Group		Company	
	Nominal interest rate	Year of maturity	2018 $'000	2017 $'000	2018 $'000	2017 $'000
Unsecured bank loans						
- SGD	2.75% – 3.42% (2017: 0.80% – 3.17%)	2020 – 2024 (2017: 2018)	918,805	304,499	–	35,000
- RMB	N/A (2017: 8.60%)	N/A (2017: 2018)	–	1,224	–	–
Secured bank loans						
- USD	4.71% (2017: 3.50%)	2019 (2017: 2018)	265,815	272,504	–	–
- HKD	N/A (2017: 1.86%)	N/A (2017: 2018)	–	1,905	–	–
- MYR	5.94% (2017: 5.66%)	2021 (2017: 2021)	23,835	23,943	–	–
- SGD	2.72% – 3.02% (2017: 1.83% – 2.62%)	2020 – 2022 (2017: 2018 – 2022)	802,716	1,660,990	–	–
- RMB	4.90% (2017: 4.90%)	2024 (2017: 2024)	26,795	29,466	–	–
Secured loans from a financial institution						
- JPY	N/A (2017: 15.00%)	N/A (2017: 2019)	–	18,646	–	–
Unsecured notes						
- SGD	3.03% – 4.25% (2017: 3.03% – 6.00%)	2020 – 2022 (2017: 2018 – 2023)	1,045,340	1,048,755	498,617	497,300
Secured TMK bonds						
- JPY	1.03% (2017: 1.03%)	2020 (2017: 2020)	118,571	118,380	–	–
Loans from third parties						
- SGD	N/A (2017: N/A)	2019 (2017: 2018)	189	519	–	–
Finance lease liability						
- SGD	N/A (2017: 5.70%)	N/A (2017: 2018)	–	104	–	–
Convertible bonds						
- SGD	1.50% (2017: N/A)	2023 (2017: N/A)	149,100	–	149,100	–
Exchangeable bonds						
- SGD	3.00% (2017: N/A)	2023 (2017: N/A)	145,089	–	145,089	–
			3,496,255	3,480,935	792,806	532,300

27 BORROWINGS (CONT'D)

Reconciliation of movements of liabilities to cash flows arising from financing activities

	Liabilities				Derivative (assets)/ liabilities held to hedge long-term borrowings				
	Borrowings $'000	Convertible bonds $'000	Exchangeable bonds $'000	Interest payable $'000	Interest rate swap used for hedging-assets $'000	Interest rate swap used for for hedging-liabilities $'000	Equity component of convertible bonds $'000	Derivative liability component of exchangeable bonds $'000	Total $'000
Balance at 1 January 2018	3,480,935	–	–	15,496	–	11,192	–	–	3,507,623
Changes from financing cash flows									
Proceeds from issuance of convertible bonds	–	148,970	–	–	–	–	5,780	–	154,750
Proceeds from issuance of exchangeable bonds	–	–	146,513	–	–	–	–	3,487	150,000
Proceeds from borrowings*	2,215,487	–	–	–	–	–	–	–	2,215,487
Repayment of borrowings	(2,500,863)	–	–	–	–	–	–	–	(2,500,863)
Transaction costs/finance costs paid	(9,788)	(3,061)	(2,963)	(114,375)	–	–	–	–	(130,187)
Total changes from financing cash flows	(295,164)	145,909	143,550	(114,375)	–	–	5,780	3,487	(110,813)
Effect of changes in foreign exchange rates	3,792	–	–	183	–	–	–	–	3,975
Change in fair value	–	–	–	–	(116)	(3,232)	–	(3,487)	(6,835)
Other changes									
Liability related									
Amortisation of transaction costs	12,503	756	736	–	–	–	–	–	13,995
Interest expense	–	2,435	803	117,149	–	–	–	–	120,387
Total liability-related other changes	12,503	3,191	1,539	117,149	–	–	–	–	134,382
Total equity-related other changes	–	–	–	–	–	–	(983)	–	(983)
Balance at 31 December 2018	3,202,066	149,100	145,089	18,453	(116)	7,960	4,797	–	3,527,349

* Excluding convertible and exchangeable bonds

27 BORROWINGS (CONT'D)

Reconciliation of movements of liabilities to cash flows arising from financing activities (cont'd)

	Liabilities		Derivative (assets)/ liabilities held to hedge long-term borrowings		
	Borrowings $'000	Interest payable $'000	Interest rate swap used for hedging – assets $'000	Interest rate swap used for hedging – liabilities $'000	Total $'000
Balance at 1 January 2017	2,901,489	16,236	(315)	7,790	2,925,200
Changes from financing cash flows					
Proceeds from borrowings	2,200,223	–	–	–	2,200,223
Repayment of borrowings	(1,894,776)	–	–	–	(1,894,776)
Transaction costs/finance costs paid	(20,104)	(104,552)	–	–	(124,656)
Total changes from financing cash flows	285,343	(104,552)	–	–	180,791
Acquisition of subsidiaries, net of intercompany borrowings	300,916	5,311	–	–	306,227
Effect of changes in foreign exchange rates	(24,016)	(1,953)	–	–	(25,969)
Change in fair value	–	–	315	3,402	3,717
Other changes					
Liability related					
Amortisation of transaction costs	17,203	–	–	–	17,203
Interest expense	–	100,454	–	–	100,454
Total liability-related other changes	17,203	100,454	–	–	117,657
Balance at 31 December 2017	3,480,935	15,496	–	11,192	3,507,623

28 DEFERRED TAXES

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when the deferred taxes relate to the same fiscal authority.

The movement in the deferred tax assets and liabilities during the year is as follows:

	Property, plant and equipment $'000	Investment properties $'000	Subsidiaries $'000	Compound financial instruments $'000	Others $'000	Total $'000
Group						
Deferred tax liabilities						
At 1 January 2018	8,166	138,970	25,814	–	9,092	182,042
Acquisition of a subsidiary (note 42)	–	–	–	–	6,081	6,081
Recognised in:						
- Profit or loss	1,786	17,822	377	(221)	312	20,076
- Other comprehensive income	–	–	–	–	106	106
- Other reserves	–	–	–	983	–	983
Effects of movements in exchange rates	(196)	(507)	211	–	(33)	(525)
At 31 December 2018	9,756	156,285	26,402	762	15,558	208,763
At 1 January 2017	5,896	134,816	–	–	1,929	142,641
Acquisition of subsidiaries (note 42)	91	10,963	21,735	–	6,193	38,982
Recognised in:						
- Profit or loss	2,274	(1,750)	5,018	–	1,143	6,685
- Other comprehensive income	–	–	–	–	(151)	(151)
Effects of movements in exchange rates	(95)	(5,059)	(939)	–	(22)	(6,115)
At 31 December 2017	8,166	138,970	25,814	–	9,092	182,042

Tax charged/(credited) to other comprehensive income is recognised in the fair value reserve for equity investments at FVOCI.

28 DEFERRED TAXES (CONT'D)

	Tax losses $'000	Others $'000	Total $'000
Group			
Deferred tax assets			
At 1 January 2018	12,410	–	12,410
Recognised in:			
- Profit or loss	989	–	989
- Other comprehensive income	–	4,008	4,008
Effects of movements in exchange rates	256	–	256
At 31 December 2018	13,655	4,008	17,663
At 1 January 2017	12,948	–	12,948
Recognised in profit or loss	283	–	283
Effects of movements in exchange rates	(821)	–	(821)
At 31 December 2017	12,410	–	12,410

Unrecognised deferred tax assets

As at 31 December 2018, deferred tax assets have not been recognised in respect of tax losses and other deductible temporary differences of $71,148,000 (2017: $34,301,000) and $76,497,000 (2017: $100,384,000), respectively. Deferred tax assets have not been recognised in respect of these items because it is not probable that future taxable profit will be available against which the Group can utilise the benefits therefrom. Tax losses and other deductible temporary differences do not expire under current tax legislation.

Unrecognised deferred tax liabilities

At 31 December 2018, deferred tax liabilities of $7,117,000 (2017: $5,598,000) for temporary differences of $41,865,000 (2017: $32,929,000) related to the Group's investments in certain subsidiaries were not recognised because the Group controls whether the liability will be incurred and it is satisfied that it will not be incurred in the foreseeable future.

At 31 December 2018, deferred tax liabilities of $61,484,000 (2017: $51,473,000) for temporary differences of $214,535,000 (2017: $182,916,000) related to withholding taxes that would be payable on the unremitted earnings of the Group's investment in certain subsidiaries were not recognised as the timing of the reversal of the temporary difference arising from such amounts can be controlled and it is probable that such temporary differences will not be reversed in the foreseeable future.

	Property, plant and equipment $'000	Distribution from an associate $'000	Compound financial instruments $'000	Total $'000
Company				
Deferred tax liabilities/(assets)				
At 1 January 2018	1,000	(1,264)	–	(264)
Recognised in:				
- Profit or loss	353	–	(221)	132
- Other reserves	–	(10)	983	973
At 31 December 2018	1,353	(1,274)	762	841
At 1 January 2017	579	(1,344)	–	(765)
Recognised in profit or loss	421	80	–	501
At 31 December 2017	1,000	(1,264)	–	(264)

29 OTHER PAYABLES

	Group 2018 $'000	Group 2017 $'000	Company 2018 $'000	Company 2017 $'000
Retention sums payable	354	1,372	–	–
Rental deposits	50,331	51,231	5	180
	50,685	52,603	5	180

The exposure of the Group and the Company to liquidity risk is disclosed in note 39.

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30 PROVISION

	Group 2018 $'000	Group 2017 $'000	Company 2018 $'000	Company 2017 $'000
Provision				
At 1 January	46,000	4,187	4,402	8,971
Provision made/(reversed) during the year	–	46,000	–	(1,753)
Provision used during the year	(3,921)	(4,187)	(4,234)	(3,312)
Unwinding of discount	–	–	237	496
At 31 December	42,079	46,000	405	4,402
Current	42,079	46,000	405	4,115
Non-current	–	–	–	287
	42,079	46,000	405	4,402

Provision relates to legal and related expenses made (note 36), and income support for OUE H-REIT and OUE Commercial Real Estate Investment Trust ("OUE C-REIT").

Income support for OUE H-REIT

The provision for income support of the Group relates to top-up payments to be made by the Group to OUE H-REIT, an associate, for any shortfall of guaranteed rental income amount in respect of CPCA. Pursuant to the terms of the deed of income support agreement entered into, the Group will provide income support on CPCA for 3 years from 1 August 2016, of up to $7.5 million. The income support had been fully utilised in 2017.

Income support for OUE C-REIT

The provision for income support of the Company relates to top-up payments to be made by the Company to OUE C-REIT, a subsidiary, for any shortfall of guaranteed rental income amount in respect of OUE Bayfront. Pursuant to the terms of the deed of income support agreement entered into, the Company will provide income support on OUE Bayfront for 5 years from 27 January 2014, of up to $50 million.

The provisions have been estimated based on the expected payments to be made under the income support arrangement, taking into consideration the estimated rental income expected to be derived from the relevant property over the income support period.

31 SHARE CAPITAL

	Company Number of shares 2018 '000	Number of shares 2017 '000	Amount 2018 $'000	Amount 2017 $'000
At 1 January and 31 December	981,602	981,602	693,315	693,315

All issued ordinary shares are fully paid, with no par value. All shares rank equally with regard to the Company's residual assets.

During the year, the Company acquired 300,000 (2017: nil) of its own shares for a total consideration of $476,000 (2017: nil).

At 31 December 2018, the Group held 80,086,000 (2017: 79,786,000) of the Company's shares as treasury shares (note 32).

32 OTHER RESERVES

	Group 2018 $'000	Group 2017 $'000	Group 1 Jan 2017 $'000	Company 2018 $'000	Company 2017 $'000
Asset revaluation reserve	9,028	9,028	9,993	–	–
Currency translation reserve	(36,076)	(47,826)	–	–	–
Hedging reserve	(1,862)	(3,642)	(806)	–	–
Fair value reserve	26,045	146,498	109,706	124,040	141,271
Reserve for own shares	(170,820)	(170,344)	(170,344)	(170,820)	(170,344)
Capital reserve	(12,470)	(10,853)	(10,853)	4,797	–
	(186,155)	(77,139)	(62,304)	(41,983)	(29,073)

32 OTHER RESERVES (CONT'D)

The movement of other reserves of the Group is as follows:

	Group						
	Asset revaluation reserve $'000	Currency translation reserve $'000	Hedging reserve $'000	Fair value reserve $'000	Reserve for own shares $'000	Capital reserve $'000	Total $'000
At 1 January 2018	9,028	(47,826)	(3,642)	146,498	(170,344)	(10,853)	(77,139)
Other comprehensive income							
Foreign operations:							
- currency translation differences	–	(14,620)	–	–	–	–	(14,620)
- currency translation differences reclassified to profit or loss on disposal	–	21,187	–	–	–	–	21,187
Share of other comprehensive income of equity-accounted investees:							
- currency translation differences	–	10,230	–	–	–	–	10,230
- currency translation differences reclassified to profit or loss on disposal	–	(5,047)	–	–	–	–	(5,047)
- other reserves	–	–	728	(11,488)	–	–	(10,760)
- other reserves reclassified to profit or loss on disposal	–	–	–	–	–	(1,674)	(1,674)
Net change in fair value of investments at fair value through other comprehensive income, net of tax	–	–	–	(108,804)	–	–	(108,804)
Cash flow hedges:							
- effective portion of changes in fair value of cash flow hedges	–	–	78	–	–	–	78
- hedging reserve reclassified to profit or loss	–	–	974	–	–	–	974
Total other comprehensive income, net of tax	–	11,750	1,780	(120,292)	–	(1,674)	(108,436)
Total other comprehensive income for the year	–	11,750	1,780	(120,292)	–	(1,674)	(108,436)
Transactions with owners recognised directly in equity							
Contributions by and distribution to owners							
Own shares acquired	–	–	–	–	(476)	–	(476)
Issue of convertible bonds, net of tax	–	–	–	–	–	4,797	4,797
Shares issue costs of a subsidiary	–	–	–	–	–	(772)	(772)
Units issue costs of a subsidiary	–	–	–	–	–	(3,968)	(3,968)
Total contributions by and distributions to owners	–	–	–	–	(476)	57	(419)
Total transactions with owners	–	–	–	–	(476)	57	(419)
Transfer from fair value reserve to accumulated profits	–	–	–	(161)	–	–	(161)
At 31 December 2018	9,028	(36,076)	(1,862)	26,045	(170,820)	(12,470)	(186,155)

32 OTHER RESERVES (CONT'D)

	Group						
	Asset revaluation reserve $'000	Currency translation reserve $'000	Hedging reserve $'000	Fair value reserve $'000	Reserve for own shares $'000	Capital reserve $'000	Total $'000
At 1 January 2017	9,993	–	(806)	109,706	(170,344)	(10,853)	(62,304)
Other comprehensive income							
Currency translation differences relating to foreign operations	–	(39,813)	–	–	–	–	(39,813)
Share of other comprehensive income of equity-accounted investees:							
- currency translation differences	–	(8,755)	–	–	–	–	(8,755)
- currency translation differences reclassified to profit or loss on disposal	–	742	–	–	–	–	742
- other reserves	–	–	383	10,063	–	–	10,446
Net change in fair value of available-for-sale financial assets, net of tax	–	–	–	26,729	–	–	26,729
Cash flow hedges:							
- effective portion of changes in fair value of cash flow hedges	–	–	(3,590)	–	–	–	(3,590)
- hedging reserve reclassified to profit or loss	–	–	371	–	–	–	371
Total other comprehensive income, net of tax	–	(47,826)	(2,836)	36,792	–	–	(13,870)
Total other comprehensive income for the year	–	(47,826)	(2,836)	36,792	–	–	(13,870)
Transfer from asset revaluation reserve to accumulated profits	(965)	–	–	–	–	–	(965)
At 31 December 2017	9,028	(47,826)	(3,642)	146,498	(170,344)	(10,853)	(77,139)

32 OTHER RESERVES (CONT'D)

Asset revaluation reserve

The asset revaluation reserve includes the surplus arising from the one-time valuation of certain land and building. In 2017, the Group's and Company's asset revaluation reserve of $965,000 was reclassified to accumulated profits following the sale of the land and building.

Currency translation reserve

The currency translation reserve comprises:

(a) exchange differences arising from the translation of financial statements of foreign operations;

(b) share of currency translation reserves of foreign equity-accounted investees; and

(c) exchange differences on monetary items which form part of the Group's net investment in foreign operations, provided certain conditions are met.

Hedging reserve

The hedging reserve comprises the effective portion of the cumulative net change in the fair value of hedging instruments used in cash flow hedges pending subsequent recognition in profit or loss as the hedged cash flows affect profit or loss.

Fair value reserve

The fair value reserve comprises the cumulative net change in the fair value of the financial assets designated at FVOCI (2017: available-for-sale financial assets) until the investments are derecognised or impaired.

Reserve for own shares

The reserve for the Company's own shares comprises the cost of the Company's shares held by the Group. At 31 December 2018, the Group held 80,086,000 (2017: 79,786,000) of the Company's shares as treasury shares.

Capital reserve

The reserve relates to the Group's share of units/shares issue costs of subsidiaries and an associate, and the equity component of the convertible bonds.

33 ACCUMULATED PROFITS

Movements in the accumulated profits of the Company are as follows:

	Company	
	2018 $'000	2017 $'000
At 1 January	2,504,626	2,524,359
Net (loss)/profit for the year	(41,179)	6,356
Dividends paid (note 35)	(27,051)	(27,054)
Transfer from asset revaluation reserve to accumulated profits	–	965
At 31 December	2,436,396	2,504,626

Movements in the accumulated profits of the Group are shown in the consolidated statement of changes in equity.

34 NON-CONTROLLING INTERESTS

The following subsidiaries have NCI that are material to the Group:

	Principal place of business/Country of incorporation	Ownership interests held by NCI 2018	2017
OUE C-REIT	Singapore	43.88%	44.35%
OUELH	Singapore	35.65%	13.84%

34 NON-CONTROLLING INTERESTS (CONT'D)

The following summarises the financial information of the Group's subsidiaries with material NCI, based on its (consolidated) financial statements prepared in accordance with SFRS(I), including consolidation adjustments but before intercompany eliminations with other companies in the Group.

	OUE C-REIT $'000	OUELH $'000	Immaterial subsidiaries $'000	Total $'000
31 December 2018				
Revenue	176,396	28,824		
Profit/(Loss) after tax	91,810	(10,351)		
Other comprehensive income	(9,549)	(4,598)		
Total comprehensive income	82,261	(14,949)		
Attributable to NCI:				
- Profit for the year	49,365	(3,105)	346	46,606
- Other comprehensive income	(4,292)	(1,639)	–	(5,931)
- Total comprehensive income	45,073	(4,744)	346	40,675
Non-current assets	4,446,707	596,598		
Current assets	51,574	102,266		
Non-current liabilities	(1,849,284)	(184,549)		
Current liabilities	(83,715)	(242,132)		
Net assets	2,565,282	272,183		
Net assets attributable to NCI	1,103,364	97,092	346	1,200,802
Cash flows from/(used in) operating activities	132,656	(8,610)		
Cash flows used in investing activities	(938,815)	(146,404)		
Cash flows from financing activities (Dividends to NCI of OUE C-REIT: $37,812,000)	803,456	193,849		
Net (decrease)/increase in cash and cash equivalents	(2,703)	38,835		
31 December 2017[a]				
Revenue	176,297	33,810		
Profit/(Loss) after tax	148,823	(63,574)		
Other comprehensive income	(13,574)	(3,376)		
Total comprehensive income	135,249	(66,950)		
Attributable to NCI:				
- Profit for the year	70,577	(8,256)	–	62,321
- Other comprehensive income	(6,132)	(460)	–	(6,592)
- Total comprehensive income	64,445	(8,716)	–	55,729
Non-current assets	3,482,920	448,639		
Current assets	52,869	64,418		
Non-current liabilities	(881,665)	(206,258)		
Current liabilities	(689,805)	(246,108)		
Net assets	1,964,319	60,691		
Net assets attributable to NCI	842,297	8,463	49	850,809
Cash flows from/(used in) operating activities	122,022	(1,028)		
Cash flows used in investing activities	(19,431)	(1,985)		
Cash flows (used in)/from financing activities (Dividends to NCI of OUE C-REIT: $32,855,000)	(91,164)	8,926		
Net increase in cash and cash equivalents	11,427	5,913		

[a] The information relating to OUELH was only for the period from 2 March 2017, the date it became a subsidiary of the Group (note 42), to 31 December 2017.

Significant restrictions

Other than the restrictions resulting from the regulatory framework within which OUE C-REIT operates, there is no significant restriction on the Group's ability to access or use the assets and settle the liabilities of OUE C-REIT.

OUE C-REIT is regulated by the Monetary Authority of Singapore ("MAS") and is supervised by the SGX-ST for compliance with the Singapore Listing Rules. Under the regulatory framework, transactions with OUE C-REIT are either subject to review by OUE C-REIT's trustee or must be approved by a majority of votes by the minority unitholders of OUE C-REIT at a meeting of unitholders. The consolidated assets of OUE C-REIT are held in trust by its trustee for the unitholders.

35 DIVIDENDS

The following exempt (one-tier) dividends were declared and paid by the Group and Company:

For the year ended 31 December

	Note	Group and Company 2018 $'000	Group and Company 2017 $'000
Paid by the Company to owners of the Company			
Interim dividend of 1 cent (2017: 1 cent) per ordinary share in respect of current year		9,015	9,018
Final dividend of 2 cents (2017: 2 cents) per ordinary share in respect of prior year		18,036	18,036
	33	27,051	27,054

	Group 2018 $'000	Group 2017 $'000
Paid by subsidiaries to NCI		
Distribution of 2.18 cents (2017: 2.38 cents) per qualifying unit in respect of current year	14,929	13,966
Distribution of 2.29 cents (2017: 2.50 cents) per qualifying unit in respect of prior year	15,683	11,289
Final dividend of 18.0 cents (2017: 19.0 cents) per ordinary share in respect of prior year	7,200	7,600
	37,812	32,855

After the reporting date, the following exempt (one-tier) dividends were proposed by the directors. These dividends have not been provided for.

	Group and Company 2018 $'000	Group and Company 2017 $'000
Final dividend of 1 cent (2017: 2 cents) per ordinary share	9,015	18,036
Special dividend of 11 cents (2017: nil) per ordinary share	99,167	–
	108,182*	18,036*

* The dividend is based on the number of issued ordinary shares (excluding treasury shares) of 901,515,860 (2017: 901,815,860) as at 31 December 2018.

36 LITIGATION CASES

OUELH, a subsidiary of the Group, is exposed to several litigation cases as at 31 December 2018.

(a) *Litigation cases with Enterprise Fund III Ltd, Value Monetization III Ltd and VMF3 (collectively, the "Funds")*

On 15 April 2016, the Funds appointed receivers ("Receivers") over the entire issued share capital of IHC Medical RE Pte. Ltd. ("IHC Medical"), IHC Management Pte. Ltd. ("IHC Management") and IHC Management (Australia) Pty Ltd ("IHC Australia"), which were wholly-owned subsidiaries of OUELH, in connection with the notices of default issued by the Funds alleging that OUELH together with IHC Medical, owe the Funds a certain sum of money (including outstanding interest).

OUELH commenced proceedings against, amongst other parties, the Funds to challenge the sum claimed under the notices of default.

Separately, the Funds have counter-sued for damages, on the basis that OUELH Group have deprived the Funds of the alleged security over the shares of IHC Medical, IHC Management and IHC Australia and had caused losses to the Funds as a result of the diminution in the value of the shares.

In 2017, OUELH commenced further proceedings for a declaration that it had validly avoided the standby facility extended to OUELH for contravention of Section 76 of the Companies Act. OUELH has also commenced proceedings against the Receivers and the Funds to set aside the purported sale of the entire issued share capital of IHC Medical by the Receivers to the Funds.

In July 2018, the High Court declared that OUELH had validly avoided the standby facility and its related contracts and transactions. Following upon the High Court's decision, OUELH commenced further proceedings against the Funds in September 2018 for the return of sums paid to the Funds under the avoided standby facility. OUELH also took out court applications for the release of part of the net proceeds of sale of the underlying assets of IHC Medical which are held by the Funds pursuant to an Order of Court. The Funds have appealed against the High Court's decision on the avoidance of the standby facility and their appeal will be heard on a date in April or May 2019.

As at 31 December 2018, the proceedings are still on-going. The outcome of the proceedings remains uncertain.

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36 LITIGATION CASES (CONT'D)

(b) *Litigation cases with David Lin, a non-controlling shareholder of certain subsidiaries of OUELH*

In 2013, OUELH Group acquired 74.97% effective interest and control over Health Kind International Limited ("HKIL") and its subsidiaries, which are Health Kind International (Shanghai) Co., Ltd. ("Health Kind Shanghai") and Wuxi Co.

In 2017, Weixin Hospital Investment Management (Shanghai) Co. Ltd ("Weixin"), a company controlled by David Lin, had sought a court order for the shares in Wuxi Co to be transferred to Weixin. The Shanghai Courts had rendered a judgment and appeal judgement in favour of Weixin.

In 2017, OUELH commenced arbitration proceedings in Singapore against David Lin. The substantive evidential hearing for the proceedings concluded in 2018. The Tribunal issued the final arbitration award against David Lin on 7 January 2019, and OUELH is in the midst of taking steps to enforce the said award.

In 2018, Wuxi Yilin Health Management Co Ltd ("Wuxi Yilin Health") commenced proceedings against David Lin for damages for breaches of his duties to Wuxi Yilin Health. As at 31 December 2018, the proceedings are still on-going.

In 2018, Health Kind Shanghai commenced proceedings against David Lin for breaches of his duties to Health Kind Shanghai, and for the return of 100% of the shares in Wuxi Co. As at 31 December 2018, the proceedings are still on-going.

In 2018, Weixin, a company controlled by David Lin, commenced proceedings against Wuxi Yilin Real Estate Development Co Ltd ("Wuxi Yilin Real Estate") for the return of 20 Chang Jiang North Road (i.e. the land on which the Wuxi New District Phoenix Hospital sits on). As at 31 December 2018, the proceedings are still on-going (the "Land Litigation").

In 2018, Wuxi Yilin Real Estate commenced legal proceedings against Wuxi Co for outstanding rental under a tenancy agreement dated 7 February 2015 in relation to the property at 20 Chang Jiang North Road and an equipment rental agreement dated 15 January 2015. As at 31 December 2018, the proceedings are stayed pending the outcome of the Land Litigation.

(c) *Litigation cases with Lim Beng Choo, a former director of the OUELH*

On 13 December 2017, Lim Beng Choo commenced proceedings against OUELH claiming for the sum of S$60,000, being the alleged amount due and owing to her for unpaid salaries. As at 31 December 2018, the proceedings are still ongoing.

On 15 August 2018, Lim Beng Choo commenced proceedings against OUELH claiming for (i) 3 months' salary in lieu of notice on grounds that she was constructively dismissed and/or that OUELH was in repudiatory breach of her service agreement, (ii) further and/or alternatively damages because of said alleged constructive dismissal, and (iii) encashment of her unconsumed leave. As at 31 December 2018, the proceedings are still ongoing.

In accordance to paragraph 92 of FRS 37 *Provisions, Contingent Liabilities and Contingent Assets*, details of the provisions made for each litigation case were not disclosed in order not to prejudice OUELH Group's legal position in the proceedings.

37 COMMITMENTS

Capital commitments

At 31 December 2018, other than as disclosed elsewhere in the financial statements, the Group has the following capital commitments:

	Group 2018 $'000	Group 2017 $'000
Property, plant and equipment	2,399	397
Investment properties	6,251	3,462
Development properties	20,756	27,637

38 OPERATING LEASES

Leases as lessees

The Group has entered into master lease agreements with OUE H-REIT, an associate, to lease and operate Mandarin Orchard Singapore and CPCA, together with the plant and equipment and all fixtures, fittings, finishings and other property therein, excluding the excluded commercial premises under non-cancellable operating lease agreements. Under the terms of the master lease agreements, the annual lease rental comprise fixed rent component and a variable rent component which is pegged to the underlying performance of the respective hotels.

The Group also leases office space from non-related parties under non-cancellable operating leases agreements. The leases have varying terms, escalation clauses and renewal rights.

At the reporting date, non-cancellable operating lease rentals are payable as follows:

	Group		Company	
	2018 $'000	2017 $'000	2018 $'000	2017 $'000
Within one year	67,745	67,828	48,601	48,181
Between one and five years	270,143	270,388	180,172	183,350
More than five years	304,536	372,036	205,403	250,403
	642,424	710,252	434,176	481,934

The operating lease rentals payable above are based on the fixed rent component, adjusted for increases in rent where such increases have been provided for under the lease agreements.

During the year, contingent rent recognised as an expense in profit or loss in respect of operating leases by the Group and the Company amounted to $28,331,000 (2017: $28,841,000).

Leases as lessors

The Group leases out its investment properties (note 22) under non-cancellable leases. The future minimum lease payments receivable under non-cancellable operating leases are as follows:

	Group		Company	
	2018 $'000	2017 $'000	2018 $'000	2017 $'000
Within one year	243,998	240,023	1,293	1,244
Between one and five years	453,003	470,879	1,412	2,646
More than five years	180,634	152,762	–	–
	877,635	863,664	2,705	3,890

The lessees are required to pay fixed rent payments and a contingent rent computed based on their sales achieved during the lease period. The lease payments receivable disclosed above are based on the fixed rent component, adjusted for increases in rent where such increases have been provided for under the lease agreements.

Contingent rents, generally determined based on a percentage of tenants' revenue, of $1,289,000 (2017: $898,000) has been recognised as income by the Group in profit or loss during the year.

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39 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 reviews and agrees policies, procedures and limits of authority for the management of the above risks. In setting the financial risk policies and procedures framework, the Board of Directors endeavours to strike a balance between costs of risks occurring and the costs of managing the risks. Risk management policies and procedures are reviewed regularly to reflect changes in market conditions and the Group's activities. The Group, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations. The Audit Committee provides independent oversight on the effectiveness of the risk management policies, procedures and processes through review of the Group's exposure to financial risks on quarterly basis and independent internal audit reporting.

The Group Audit Committee oversees how management monitors 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 Group Audit Committee is assisted in its oversight role by Internal Audit. Internal Audit undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the Audit Committee.

Credit risk

Credit risk is the risk of 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 customers and investment securities. Rental deposits are received, where appropriate, to reduce credit risk.

The carrying amounts of financial assets in the statements of financial position represent the Group and the Company's maximum exposures to credit risk.

Trade receivables and other receivables, and other assets

The Group's objective is to seek continual revenue growth while minimising losses incurred due to increased credit risk exposure. The Group trades only with recognised and creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an on-going 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, other assets (excluding promissory notes and prepayments) and loans to subsidiaries at the reporting date by geographic region was:

	Group			Company		
	2018 $'000	2017 $'000	1 Jan 2017 $'000	2018 $'000	2017 $'000	1 Jan 2017 $'000
By geographical areas						
Singapore	76,277	76,360	28,351	2,489,736	2,871,386	2,624,126
United States of America	3,041	2,913	3,505	9,875	2,698	11,929
Indonesia	25,291	58,047	3,253	579	1,067	941
The People's Republic of China	2,750	4,341	1,164	26	8	15
Others	3,634	1,873	14,234	609,838	422,263	422,335
	110,993	143,534	50,507	3,110,054	3,297,422	3,059,346

There is no concentration of customer risk at the Group and Company level, other than balances with related parties.

39 FINANCIAL INSTRUMENTS (CONT'D)

Credit risk (Cont'd)

Expected credit loss assessment as at 1 January and 31 December 2018

The Group uses an allowance matrix to measure the ECLs for trade receivables. In measuring the ECLs, trade receivables are grouped based on similar credit risk characteristics and days past due. Loss rates are based on actual credit loss experience over the past 3 – 5 years. These rates are adjusted to reflect differences between economic conditions during the period over which the historic data has been collected, current conditions and the Group's view of economic conditions over the expected lives of the receivables. The exposure to credit risk and ECLs for trade receivables as at 31 December 2018 is insignificant.

For other receivables and other assets, the Group assesses on a forward-looking basis the expected credit losses associated with financial assets at amortised cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

The following table provides information about the exposure to credit risk and ECLs for trade and other receivables and others assets (excluding promissory notes and prepayments) at 31 December 2018:

	Group $'000	Company $'000
Not past due	59,453	1,075,879
Past due 1 – 30 days	4,006	5,088
Past due 31 – 60 days	2,052	4,126
Past due over 60 days	46,528*	16,234
	112,039	1,101,327
Less: Impairment loss	(1,046)	(8,870)[1]
	110,993	1,092,457

** Included amounts due from Deconsolidated subsidiaries of OUELH (note 13(ii) and 36(a)).*

[1] The Company has non-trade receivables from its subsidiaries of $1,062,524,000 (2017: $1,186,034,000). These balances are amounts lent to subsidiaries to satisfy short term funding requirements. The Company uses a similar approach for assessment of ECLs for these receivables to those used for debt investments. Based on an assessment of qualitative and quantitative factors that are indicative of the risk of default, the impairment on these balances has been measured on the 12 month ECLs basis; the impairment loss amounted to $8,100,000.

Comparative information under FRS 39

An analysis of trade receivables and other receivables, other assets (excluding prepayments) and impairment loss recognised was as follows:

2017	Group $'000	Company $'000
Not past due	91,102	1,200,385
Past due 1 – 30 days	4,810	3,217
Past due 31 – 60 days	2,473	2,089
Past due over 60 days	46,386*	37,994
	144,771	1,243,685
Less: Impairment loss	(1,237)	(339)
	143,534	1,243,346

** Included amounts due from Deconsolidated subsidiaries of OUELH (note 13(ii) and 36(a)).*

39 FINANCIAL INSTRUMENTS (CONT'D)

Credit risk (Cont'd)

Movements in impairment loss in respect of trade and other receivables and other assets (excluding promissory notes and prepayments) and loans to subsidiaries

The movement in the impairment loss in respect of trade receivables for the year was as follows:

	Group Impairment loss $'000	Company Impairment loss $'000
At 1 January 2018 per FRS 39	1,124	339
Adjustment on initial application of SFRS(I) 9	–	–
At 1 January 2018 per SFRS(I) 9	1,124	339
Impairment loss recognised	647	431
Utilised	(387)	–
Effects of movements in exchange rates	(339)	–
At 31 December 2018 per SFRS(I) 9	1,045	770

Comparative information under FRS 39

	Group		Company	
	Individual impairments $'000	Collective impairments $'000	Individual impairments $'000	Collective impairments $'000
At 1 January 2017 per FRS 39	887	–	339	–
Impairment loss recognised	425	–	–	–
Effects of movements in exchange rates	(188)	–	–	–
At 31 December 2017 per FRS 39	1,124	–	339	–

The movement in the impairment loss in respect of other receivables and other assets (excluding promissory notes and prepayments) for the year was as follows:

	Group impairment loss $'000	Company impairment loss $'000
At 1 January 2018 per FRS 39	113	–
Adjustment on initial application of SFRS(I) 9	–	–
At 1 January 2018 per SFRS(I) 9	113	–
Impairment loss recognised	–	8,100
Utilised	(112)	–
At 31 December 2018 per SFRS(I) 9	1	8,100

Comparative information under FRS 39

	Group		Company	
	Individual impairments $'000	Collective impairments $'000	Individual impairments $'000	Collective impairments $'000
At 1 January 2017 per FRS 39	110	–	–	–
Impairment loss recognised	–	–	–	–
Effects of movements in exchange rates	3	–	–	–
At 31 December 2017 per FRS 39	113	–	–	–

39 FINANCIAL INSTRUMENTS (CONT'D)

Credit risk (Cont'd)

The movement in the impairment loss in respect of loans to subsidiaries for the year was as follows:

	Company impairment loss $'000
At 1 January 2018 per FRS 39	59,314
Adjustment on initial application of SFRS(I) 9	–
At 1 January 2018 per SFRS(I) 9	59,314
Impairment loss recognised	67,673
Effects of movements in exchange rates	390
At 31 December 2018 per SFRS(I) 9	127,377
Comparative information under FRS 39	
At 1 January 2017 per FRS 39	87,037
Reversal of impairment loss recognised	(27,723)
At 31 December 2017 per FRS 39	59,314

Derivatives

Derivatives are entered into with bank and financial institution counterparties with sound credit ratings.

Debt investments

The Group limits its exposure to credit risk on investments held by investing only with counterparties that are of acceptable credit quality.

The exposure to credit risk for debt investments at the reporting date by geographic region was as follows:

	Group	
	2018 $'000	2017 $'000
Singapore	19,779	–
Indonesia	13,047	13,741
	32,826	13,741

There is no impairment recognised on the debt investments as at 31 December 2018 and the ECLs is not material.

Cash and cash equivalents

Cash and cash equivalents held by the Group and Company of $409,371,000 and $161,395,000 respectively as at 31 December 2018 (2017: $535,249,000 and $42,614,000) represents its maximum credit exposure on these assets. The cash and cash equivalents are held with bank and financial institution counterparties with sound credit ratings.

Impairment on cash and cash equivalents has been measured on the 12-month expected loss basis and reflects the short maturities of the exposure. The Group considers that its cash and cash equivalents have low credit risk based on the external credit ratings of the counterparties. The amount of the allowance of impairment on cash and cash equivalents was negligible.

Guarantees

The Company provides financial guarantees to subsidiaries, where appropriate. The maximum exposure of the Company in respect of the intra-group financial guarantees is disclosed in note 27.

Liquidity risk

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 property, plant and equipment, investment properties and development properties, and capital commitments for financial assets designated at FVOCI.

39 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 and excluding the impact of netting agreements:

	Carrying amount $'000	Contractual cash flows $'000	Within 1 year $'000	1 - 2 years $'000	2 - 5 years $'000	More than 5 years $'000
Group						
31 December 2018						
Non-derivative financial liabilities						
Trade and other payables	251,982	(251,982)	(201,297)	(15,641)	(27,107)	(7,937)
Borrowings*	3,202,066	(3,495,155)	(795,461)	(829,182)	(1,772,758)	(97,754)
Convertible bonds	149,100	(172,878)	(2,321)	(2,328)	(168,229)	–
Exchangeable bonds	145,089	(169,270)	(4,500)	(4,512)	(160,258)	–
	3,748,237	(4,089,285)	(1,003,579)	(851,663)	(2,128,352)	(105,691)
Derivative financial instruments						
Forward exchange contracts (gross-settled):	(131)					
- Inflow		14,325	14,325	–	–	–
- Outflow		(14,198)	(14,198)	–	–	–
Interest rate swaps (net-settled)	(116)	121	121	–	–	–
	(247)	248	248	–	–	–
Forward exchange contracts (gross-settled):	9					
- Inflow		2,604	2,604	–	–	–
- Outflow		(2,609)	(2,609)	–	–	–
Interest rate swaps (net-settled)	7,960	(8,160)	(3,699)	(3,285)	(1,176)	–
	7,969	(8,165)	(3,704)	(3,285)	(1,176)	–
Capital commitments for financial assets designated at FVOCI	–	(11,296)	(11,296)	–	–	–
	3,755,959	(4,108,498)	(1,018,331)	(854,948)	(2,129,528)	(105,691)
31 December 2017						
Non-derivative financial liabilities						
Trade and other payables	307,646	(307,646)	(255,043)	(16,100)	(27,710)	(8,793)
Borrowings	3,480,935	(3,748,820)	(1,178,864)	(1,000,495)	(1,346,550)	(222,911)
	3,788,581	(4,056,466)	(1,433,907)	(1,016,595)	(1,374,260)	(231,704)
Derivative financial instruments						
Interest rate swaps (net-settled)	11,192	(11,233)	(6,741)	(2,994)	(1,498)	–
	11,192	(11,233)	(6,741)	(2,994)	(1,498)	–
Capital commitments for available-for-sale investments	–	(20,611)	(20,611)	–	–	–
	3,799,773	(4,088,310)	(1,461,259)	(1,019,589)	(1,375,758)	(231,704)

** Excluding convertible and exchangeable bonds*

39 FINANCIAL INSTRUMENTS (CONT'D)

Liquidity risk (Cont'd)

Exposure to liquidity risk (Cont'd)

	Carrying amount $'000	Contractual cash flows $'000	Within 1 year $'000	1 - 2 years $'000	2 - 5 years $'000
Company					
31 December 2018					
Non-derivative financial liabilities					
Trade and other payables	246,720	(246,720)	(246,715)	(5)	–
Borrowings*	498,617	(521,712)	(218,433)	(303,279)	–
Convertible bonds	149,100	(172,878)	(2,321)	(2,328)	(168,229)
Exchangeable bonds	145,089	(169,270)	(4,500)	(4,512)	(160,258)
Loans from subsidiaries	226,341	(234,663)	(234,663)	–	–
	1,265,867	(1,345,243)	(706,632)	(310,124)	(328,487)
31 December 2017					
Trade and other payables	102,071	(102,071)	(101,891)	(180)	–
Borrowings	532,300	(577,902)	(56,008)	(218,615)	(303,279)
Loans from subsidiaries	539,278	(550,624)	(550,624)	–	–
	1,173,649	(1,230,597)	(708,523)	(218,795)	(303,279)

* *Excluding convertible and exchangeable bonds*

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 of the Group and the Company could occur significantly earlier, or at significantly different amounts.

All the interest rate swaps are designated as cash flow hedges. The table above reflects the periods in which the cash flows associated with cash flow hedges are expected to occur and to impact profit or loss. The disclosure shows net cash flow amounts for interest rate swaps that are net cash-settled. Net-settled derivative financial assets are included in the maturity analysis as they are held to hedge the cash flow variability of the Group's floating rate loans.

Market risk

Market risk is the risk that changes in market prices, such as foreign 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 interest rate swaps, currency forwards and foreign currency borrowings for the purposes of managing certain financial risks.

Currency risk

Foreign currency risk arises from transactions denominated or settled in foreign currencies, borrowings and translation of net assets of investments in foreign subsidiaries and associates.

The Group is exposed to foreign currency risk mainly arising from sales and purchases that are denominated in a currency other than the respective functional currencies of the Group entities. The currency giving rise to this risk includes United States Dollars ("USD"), Indonesia Rupiah ("IDR") and Hong Kong Dollar ("HKD"). Currency exposure to the net assets of the Group's subsidiaries are mainly to those in the United States of America, Indonesia and Hong Kong.

The Group management monitors the Group's foreign currency risk exposure and when appropriate, uses financial derivatives such as currency forward contracts and cross currency swaps to hedge such exposure, only to the extent that the foreign currency exposure relates to monetary items. The Group does not hedge foreign currency exposure arising from (i) non-monetary items; and (ii) translation of Group's entities financial statements.

39 FINANCIAL INSTRUMENTS (CONT'D)

Market risk (Cont'd)

Currency risk (Cont'd)

Exposure to currency risk

The Group's exposure to currency risk (expressed in Singapore Dollar ("SGD") equivalent) is as follows:

	Group		
	USD $'000	IDR $'000	HKD $'000
31 December 2018			
Cash and cash equivalents	137,862	–	3,261
Trade and other receivables	235,452	–	–
Other investments	52,423	13,047	445,226
Other assets	16,560	–	–
	442,297	13,047	448,487

	Group	
	USD $'000	IDR $'000
31 December 2017		
Cash and cash equivalents	17,362	–
Other investments	182,001	13,741
	199,363	13,741

The Company's exposure to currency risk (expressed in Singapore Dollar ("SGD") equivalent) is as follows:

	Company	
	2018 USD $'000	2017 USD $'000
Cash and cash equivalents	82,945	9,856
Trade and other receivables	532	–
Due from subsidiaries	10,029	6,803
Loans to subsidiaries	485,220	353,990
Due to subsidiaries	(3,992)	–
	574,734	370,649

Sensitivity analysis

A reasonably possible strengthening of the respective foreign currencies, as indicated below, against SGD at 31 December would have increased profit or loss and equity (excluding tax effects) by the amounts shown below. A similar weakening would have the equal but opposite effect. This analysis assumes that all other variables, in particular interest rates, remain constant.

	Group		Company	
	Profit or loss $'000	Equity $'000	Profit or loss $'000	Equity $'000
2018				
USD (2% strengthening)	8,158	688	11,495	–
IDR (5% strengthening)	652	–	–	–
HKD (2% strengthening)	65	8,905	–	–
2017				
USD (6% strengthening)	10,806	1,156	22,239	–
IDR (8% strengthening)	1,099	–	–	–

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of the Group's and the Company's financial instruments will fluctuate because of changes in market interest rates. The Group's and the Company's exposure to interest rate risk arises primarily from the cash balances, loans to subsidiaries and associates and borrowings.

The Group manages its interest rate exposure by borrowing a mix of fixed and variable rate borrowings, and also uses interest rate swaps as cash flow hedges of future interest payments, whenever it is appropriate.

39 FINANCIAL INSTRUMENTS (CONT'D)

Market risk (Cont'd)

Interest risk (Cont'd)

Exposure to interest rate risk

At the reporting date, the interest rate profile of the Group's interest-bearing financial instruments, as reported to management, was as follows:

	Group Notional amount 2018 $'000	Group Notional amount 2017 $'000	Company Notional amount 2018 $'000	Company Notional amount 2017 $'000
Fixed rate instruments				
Cash and cash equivalents	29,293	30,179	–	–
Other investments	13,047	13,741	–	–
Loans to subsidiaries	–	–	1,299,522	1,106,828
Loans to associates	31,931	29,859	31,931	29,859
Borrowings	(1,354,750)	(1,074,950)	(804,750)	(500,000)
Loans from subsidiaries	–	–	(226,341)	(239,278)
Interest rate swaps	(1,155,000)	(880,000)	–	–
	(2,435,479)	(1,881,171)	300,362	397,409
Variable rate instruments				
Cash and cash equivalents	157,099	4,687	–	–
Other investments	19,779	–	–	–
Loans to subsidiaries	–	–	94,174	71,492
Borrowings	(2,172,229)	(2,426,739)	–	(35,000)
Loan from a subsidiary	–	–	–	(300,000)
Interest rate swaps	1,155,000	880,000	–	–
	(840,351)	(1,542,052)	94,174	(263,508)

All of the Group's and the Company's financial assets and liabilities at floating rates are repriced at intervals of 6 months or less (2017: 6 months or less).

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

A change of 50 (2017: 50) basis points ("bp") in interest rates at the reporting date would have increased/(decreased) profit or loss (excluding tax effects) and equity by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, remain constant and does not take into account the effect of qualifying borrowing costs allowed for capitalisation.

	Profit or loss 50 bp increase $'000	Profit or loss 50 bp decrease $'000	Equity 50 bp increase $'000	Equity 50 bp decrease $'000
2018				
Group				
Variable rate instruments	(9,977)	9,977	–	–
Interest rate swaps	7,309	(7,337)	492	(644)
	(2,668)	2,640	492	(644)
Company				
Variable rate instruments	471	(471)	–	–
2017				
Group				
Variable rate instruments	(12,110)	12,110	–	–
Interest rate swaps	4,400	(4,400)	508	(572)
	(7,710)	7,710	508	(572)
Company				
Variable rate instruments	1,318	(1,318)	–	–

39 FINANCIAL INSTRUMENTS (CONT'D)

Market risk (Cont'd)

Other market price risk

Market price risk is the risk that the fair value or 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 equity instruments at FVOCI (2017: available-for-sale financial assets) as well as investments measured at FVTPL.

(a) The Group and the Company have investments in equity securities and interests in limited partnerships designated at FVOCI. The fair values of these investments are estimated based on the quoted market price of the investments; or adjusted net asset values of the investee entities.

If the quoted market price/adjusted net asset value of the investee entities were to increase/decrease by 10% (2017: 10%), the Group's and Company's fair value reserve will increase/decrease by approximately $63,225,000 (2017: $19,324,000) and $15,404,000 (2017: $17,127,000) respectively.

(b) The Group is exposed to price changes from its quoted equity investments and investment in a mutual fund. If the fair value of these investments were to increase/decrease by 10% (2017: 10%) at the reporting date, profit before tax and OCI would increase/decrease by approximately $3,589,000 (2017: $17,964,000) and $44,106,000 (2017: nil) respectively.

For the Group's and Company's unquoted equity investments and interest in limited partnerships, a 10% (2017: 10%) increase in the discount rate applied, where applicable, would have decreased the Group's and the Company's OCI by approximately $29,390,000 (2017: $26,664,000) and $25,675,000 (2017: $24,467,000) respectively. A 10% (2017: 10%) decrease in the discount rate applied, where applicable, would have increased the Group and the Company's OCI by approximately $25,675,000 (2017: $24,467,000) respectively.

Hedge accounting

Cash flow and interest rate hedges

At 31 December 2018, the Group held the following instruments to hedge exposures to changes in interest rates.

	Maturity 1-6 months	Maturity 6-12 months	Maturity More than one year
Interest rate risk			
Interest rate swaps			
Net exposure ($'000)	390,000	50,000	715,000
Average fixed interest rate	1.93%	1.75%	2.08%

The amounts at the reporting date relating to items designated as hedged items were as follows.

	Change in value used for calculating hedge ineffectiveness $'000	Cash flow hedge reserve $'000	Balances remaining in the cash flow hedge reserve from hedging relationships for which hedge accounting is no longer applied $'000
31 December 2018			
Interest rate risk			
Variable-rate instruments	(763)	(3,322)	–

39 FINANCIAL INSTRUMENTS (CONT'D)

Hedge accounting (Cont'd)

Cash flow and interest rate hedges (Cont'd)

The amounts relating to items designated as hedging instruments and hedge ineffectiveness were as follows.

Group	2018				During the period - 2018						
	Nominal amount $'000	Carrying amount – assets $'000	Carrying amount – liabilities $'000	Line item in the statement of financial position where the hedging instrument is included	Changes in the value of the hedging instrument recognised in OCI $'000	Hedge ineffectiveness recognised in profit or loss $'000	Line item in profit or loss that includes hedge ineffectiveness	Costs of hedging recognised in OCI $'000	Amount reclassified from hedging reserve to profit or loss $'000	Amount reclassified from costs of hedging reserve to profit or loss $'000	Line item in profit or loss affected by the reclassification
Interest rate risk											
Interest rate swaps	1,155,000	116	(7,960)	Derivative assets/ liabilities	(13)	2,874	Finance income	–	1,705	–	Finance expense

Offsetting financial assets and financial liabilities

The Group enters into derivative transactions under International Swaps and Derivatives Association ("ISDA") master netting agreements. In general, under such agreements, the amounts owed by each counterparty on a single day in respect of all transactions outstanding in the same currency are aggregated into a single net amount that is payable by one party to the other. In certain circumstances – e.g. when a credit event such as a default occurs, all outstanding transactions under the agreement are terminated, the termination value is assessed and only a single net amount is payable in settlement of all transactions.

The above ISDA agreements do not meet the criteria for offsetting in the statement of financial position. This is because they create a right of set-off of recognised amounts that is enforceable only following an event of default, insolvency or bankruptcy of the Group or the counterparties. In addition, the Group and its counterparties do not intend to settle on a net basis or to realise the assets and settle the liabilities simultaneously.

The following table sets out the carrying amounts of recognised financial instruments that are subject to the above agreements.

	Note	Gross amounts of recognised financial instruments $'000	Gross amounts of recognised financial instruments offset in the statement of financial position $'000	Net amounts of financial instruments included in the statement of financial position $'000	Related financial instruments that are not offset $'000	Net amount $'000
Group						
31 December 2018						
Financial assets						
Interest rate swaps used for hedging	25	116	–	116	(105)	11
Financial liabilities						
Interest rate swaps used for hedging	25	(7,960)	–	(7,960)	105	(7,855)
31 December 2017						
Financial liabilities						
Interest rate swaps used for hedging	25	(11,192)	–	(11,192)	–	(11,192)

There were no financial assets and financial liabilities offset in the statements of financial position of the Company as at 31 December 2018 and 31 December 2017.

39 FINANCIAL INSTRUMENTS (CONT'D)

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 components of equity, including NCIs.

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 sell assets to reduce borrowings.

From time to time, the Group purchases its own shares on the market, the timing of these purchases depends on market prices, buy and sell decisions are made on a specific transaction basis by the management. The Group does not have a defined share buy-back plan.

Management monitors capital based on a set of financial ratios with the primary focus on gearing ratio. The net gearing ratio is calculated as net debt divided by net tangible assets. Net debt is calculated as borrowings less cash and cash equivalents. Net tangible assets is calculated as total equity less intangible assets and goodwill.

	Group 2018 $'000	Group 2017 $'000	Company 2018 $'000	Company 2017 $'000
Borrowings	3,496,255	3,480,935	792,806	532,300
Less: Cash and cash equivalents	(409,371)	(535,249)	(161,395)	(42,614)
	3,086,884	2,945,686	631,411	489,686
Net tangible assets	5,100,121	4,856,101	3,087,728	3,168,868
Gearing ratio	60.5%	60.7%	20.4%	15.5%

The Group has income derived from its investments in The People's Republic of China. The conversion of these RMB denominated balances into foreign currencies is subject to the rules and regulations of foreign exchange promulgated by the government of The People's Republic of China.

A subsidiary, OUE C-REIT and its subsidiaries ("OUE C-REIT Group"), is subject to the aggregate leverage limit as defined in the Property Funds Appendix of the Code on Collective Investment Schemes (the "CIS Code") issued by the MAS. The CIS Code stipulates that the total borrowings and deferred payments (together, the "Aggregate Leverage") of a property fund should not exceed 45.0% of its Deposited Property (as defined in the CIS Code). The Aggregate Leverage of OUE C-REIT Group as at 31 December 2018 was 39.3% (2017: 33.7%) of its Deposited Property. This complied with the Aggregate Leverage limit as described above.

Apart from that disclosed above, neither the Company nor its other subsidiaries are subject to externally imposed capital requirements.

39 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 set out below. 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:

		Carrying amount						Fair value			
	Note	Amortised cost $'000	Mandatorily at FVTPL $'000	Designated at FVOCI $'000	Fair value-hedging instruments $'000	Other financial liabilities $'000	Total $'000	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
Group											
31 December 2018											
Financial assets measured at fair value											
Other investments - FVTPL	15	–	35,889	–	–	–	35,889	23,490	12,399	–	35,889
Equity investments - FVOCI	15	–	–	595,102	–	–	595,102	441,062	–	154,040	595,102
Interests in limited partnerships - FVOCI	15	–	–	37,150	–	–	37,150	–	–	37,150	37,150
Derivative assets	25	–	131	–	116	–	247	–	247	–	247
		–	36,020	632,252	116	–	668,388				
Financial assets not measured at fair value											
Cash and cash equivalents	12	409,371	–	–	–	–	409,371				
Trade and other receivables[1]	13	68,677	–	–	–	–	68,677				
Debt investments – at amortised costs	15	32,826	–	–	–	–	32,826	–	–	32,370	32,370
Other assets[2]	17	42,316	–	–	–	–	42,316				
		553,190	–	–	–	–	553,190				
Financial liabilities measured at fair value											
Derivative liabilities	25	–	(582)	–	(7,960)	–	(8,542)	–	(8,542)	–	(8,542)
Financial liabilities not measured at fair value											
Trade and other payables	26	–	–	–	–	(201,297)	(201,297)				
Borrowings:											
- Loans and other borrowings	27	–	–	–	–	(2,156,726)	(2,156,726)				
- Bonds and notes	27	–	–	–	–	(1,339,529)	(1,339,529)	–	(1,284,356)	–	(1,284,356)
Other payables:											
- Rental deposits	29	–	–	–	–	(50,331)	(50,331)	–	–	(46,926)	(46,926)
- Retention sums payable	29	–	–	–	–	(354)	(354)				
		–	–	–	–	(3,748,237)	(3,748,237)				

		Carrying amount						Fair value			
	Note	Loans and receivables $'000	Designated at fair value $'000	Available-for-sale $'000	Fair value-hedging instruments $'000	Other financial liabilities $'000	Total $'000	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
Group											
31 December 2017											
Financial assets measured at fair value											
Other investments - FVTPL	15	–	179,639	–	–	–	179,639	16,905	162,734	–	179,639
Available-for-sale financial assets	15	–	–	193,236	–	–	193,236	–	–	193,236	193,236
		–	179,639	193,236	–	–	372,875				
Financial assets not measured at fair value											
Cash and cash equivalents	12	535,249	–	–	–	–	535,249				
Trade and other receivables	13	65,451	–	–	–	–	65,451				
Debt investments	15	13,741	–	–	–	–	13,741	–	–	9,993	9,993
Other assets[2]	17	78,083	–	–	–	–	78,083				
		692,524	–	–	–	–	692,524				
Financial liabilities measured at fair value											
Derivative liabilities	25	–	–	–	(11,192)	–	(11,192)	–	(11,192)	–	(11,192)
Financial liabilities not measured at fair value											
Trade and other payables	26	–	–	–	–	(255,043)	(255,043)				
Borrowings:											
- Loans and other borrowings	27	–	–	–	–	(2,432,180)	(2,432,180)				
- Notes	27	–	–	–	–	(1,048,755)	(1,048,755)	–	(1,066,090)	–	(1,066,090)
Other payables:											
- Rental deposits	29	–	–	–	–	(51,231)	(51,231)	–	–	(47,537)	(47,537)
- Retention sums payable	29	–	–	–	–	(1,372)	(1,372)				
		–	–	–	–	(3,788,581)	(3,788,581)				

39 FINANCIAL INSTRUMENTS (CONT'D)

Accounting classifications and fair values (Cont'd)

		Carrying amount				Fair value			
	Note	Amortised cost $'000	Designated at FVOCI $'000	Other financial liabilities $'000	Total $'000	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
Company									
31 December 2018									
Financial asset measured at fair value									
Equity investments - FVOCI	15	–	154,040	–	154,040	–	–	154,040	154,040
Financial assets not measured at fair value									
Cash and cash equivalents	12	161,395	–	–	161,395				
Trade and other receivables	13	1,088,521	–	–	1,088,521				
Other assets[2]	17	3,936	–	–	3,936				
Loans to subsidiaries	20	2,017,597	–	–	2,017,597				
		3,271,449	–	–	3,271,449				
Financial liabilities not measured at fair value									
Loans from a subsidiary	20	–	–	(226,341)	(226,341)				
Trade and other payables	26	–	–	(246,715)	(246,715)				
Borrowings:									
- Bonds and notes	27	–	–	(792,806)	(792,806)	–	(761,271)	–	(761,271)
Other payables	29	–	–	(5)	(5)	–	–	(4)	(4)
		–	–	(1,265,867)	(1,265,867)				

		Carrying amount				Fair value			
	Note	Loans and receivables $'000	Available-for-sale $'000	Other financial liabilities $'000	Total $'000	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
Company									
31 December 2017									
Financial asset measured at fair value									
Equity investments - FVOCI	15	–	171,271	–	171,271	–	–	171,271	171,271
Financial assets not measured at fair value									
Cash and cash equivalents	12	42,614	–	–	42,614				
Trade and other receivables	13	1,239,260	–	–	1,239,260				
Other assets[2]	17	4,086	–	–	4,086				
Loans to subsidiaries	20	2,054,076	–	–	2,054,076				
		3,340,036	–	–	3,340,036				
Financial liabilities not measured at fair value									
Loans from subsidiaries	20	–	–	(539,278)	(539,278)				
Trade and other payables	26	–	–	(101,891)	(101,891)				
Borrowings:									
- Loans	27	–	–	(35,000)	(35,000)				
- Notes	27	–	–	(497,300)	(497,300)	–	(506,651)	–	(506,651)
Other payables	29	–	–	(180)	(180)	–	–	(176)	(176)
		–	–	(1,173,649)	1,173,649				

[1] *Excluding promissory notes*
[2] *Excluding prepayments*

39 FINANCIAL INSTRUMENTS (CONT'D)

Accounting classifications and fair values (Cont'd)

(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 measured at fair value

Type	Valuation technique	Significant unobservable inputs	Inter-relationship between significant unobservable inputs and fair value measurement
Group and Company			
Equity investments – FVOCI Interests in limited partnerships – FVOCI (2017: Available-for-sale financial assets)	The fair value is calculated using the quoted market price; or adjusted net asset values of the investee entities adjusted for the fair value of the underlying properties, where applicable. A discount is applied to take into consideration of the lack of marketability of the investment, where appropriate.	Discount rate of 0% - 40% (2017: 0% - 30%)	An increase in the discount rate would result in a significantly lower fair value measurement. Conversely, a decrease in the discount rate would result in a significantly higher fair value measurement.
Group			
Other investments - FVTPL	The fair value is calculated using the adjusted net asset value of the investee entity, where the net assets comprise mainly of marketable securities traded in active markets.	N/A	N/A
Derivatives	The fair values are based on broker quotes.	N/A	N/A

Financial instruments not measured at fair value

Type	Valuation technique
Group and Company	
Borrowings - bonds and notes	Market quoted prices
Other investments - debt investments	Discounted cash flows
Other payables - rental deposits	Discounted cash flows

(ii) Level 3 fair values

The following table shows a reconciliation from the opening balances to the ending balances for Level 3 fair values in respect of financial assets measured at fair value:

	Group $'000	Company $'000
Equity Investments and Interests in limited partnerships - FVOCI		
At 1 January 2018	193,236	171,271
Purchases	9,511	–
Fair value losses recognised in other comprehensive income	(11,609)	(17,231)
Effect of movements in exchange rates	52	–
At 31 December 2018	191,190	154,040
Available-for-sale financial assets		
At 1 January 2017	154,160	143,805
Purchases	12,681	–
Fair value gains recognised in other comprehensive income	26,577	27,466
Effect of movements in exchange rates	(182)	–
At 31 December 2017	193,236	171,271

40 RELATED PARTIES

Key management personnel remuneration

Key management personnel remuneration comprised:

	Group 2018 $'000	Group 2017 $'000
Short-term employee benefits	3,641	3,692
Post-employment benefits (including contributions to defined contribution plans)	21	21
	3,662	3,713

Other related party transactions

In addition to the related party information disclosed elsewhere in the financial statements, the following significant transactions took place between the Group and related parties during the year on terms agreed between the parties:

	Group Transaction value for the year 2018 $'000	2017 $'000
Associates and joint ventures		
Rental and rental related income	849	851
Management fees earned	6,074	5,794
Interest income from loans	1,126	991
Rental expense	95,832	96,353
Reimbursement of expenses paid on behalf	1,516	1,642
Other related parties		
Rental and rental related income	1,608	1,882
Hotel services income	442	403
Purchase of food and beverage products	196	213
Professional fees paid/payable	141	90
Rental expense	245	–
Reimbursement of expenses paid on behalf	753	–
Acquisition of a subsidiary from related party	98,884	–
Acquisition of interests in an equity-accounted investee from a related party	102,653	–

Other related parties comprise mainly entities which are controlled or jointly-controlled by the Group's key management personnel and their close family members.

The Company made loans and advances to subsidiaries, associates and joint ventures as disclosed in notes 13, 19 and 20 of the financial statements. None of the outstanding balances with the related parties is secured.

41 OPERATING SEGMENTS

The Group has six (2017: six) strategic divisions, which are its reportable segments. These divisions offer different products and services, and are managed separately because they require different technology and marketing strategies. The Group's executive committee (the chief operating decision makers) review internal management reports of each division at least quarterly. The executive committee comprises the Chief Executive Officer, the Chief Financial Officer, and the department heads of each business segment.

The following summary describes the operations in each of the Group's reportable segments:

(i) Property investments (Singapore, United States of America and the People's Republic of China) - rental of investment properties owned by the Group.

(ii) Hospitality (Singapore and Others) - operation of hotels and hotel management in the respective countries.

(iii) Property development (Singapore) - sale of residential properties and other properties under development.

(iv) Healthcare – operation of investment holding, development of medical real estate, healthcare-related assets and integrated mixed-use developments and provision of healthcare services.

(v) Fund management - management of real estate investment trusts.

(vi) Investment holding

Other operations include mainly restaurant and investment trading operations. None of these segments meets any of the quantitative thresholds for determining reportable segments in 2018 and 2017.

The revenue from external parties reported to the executive committee is measured in a manner consistent with that in the statement of comprehensive income.

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41 OPERATING SEGMENTS (CONT'D)

Information regarding the results of each reportable segment is included below. The executive committee assesses the performance of the operating segments based on a measure of profit before interest, tax and other gains/(losses), as included in the internal management reports that are reviewed by the executive committee.

	Property investments			Hospitality		Property development							
2018	**Singapore $'000**	**United States of America $'000**	**The People's Republic of China $'000**	**Singapore $'000**	**Others $'000**	**Singapore $'000**	**Healthcare $'000**	**Fund management $'000**	**Investment holding $'000**	**Others $'000**	**Segment total $'000**	**Elimination and unallocated items $'000**	**Total $'000**
Revenue													
External revenue	182,719	59,757	31,918	234,001	2,647	65,903	28,824	3,565	–	17,969	627,303	15,594	642,897
Inter-segment revenue	14,559	3,301	–	155	–	–	–	19,819	–	52	37,886	(37,886)	–
Segment revenue (including inter-segment revenue)	197,278	63,058	31,918	234,156	2,647	65,903	28,824	23,384	–	18,021	665,189	(22,292)	642,897
Segment profit/(loss)[1]	**126,686**	**25,659**	**25,958**	**4,324**	**2,354**	**6,391**	**685**	**23,618**	**(373)**	**(13,153)**	**202,149**	**(19,672)**	**182,477**
Depreciation	(539)	(7)	(39)	(624)	(6)	–	(1,649)	(161)	–	(1,787)	(4,812)	(2,047)	(6,859)
Finance expenses	(67,617)	(21,530)	(1,487)	(371)	(14)	(4,612)	(10,671)	(427)	–	(42,761)	(149,490)	10,084	(139,406)
Finance income	6,941	158	591	113	–	81	431	19	–	15,882	24,216	(6,024)	18,192
Share of results of equity-accounted investees, net of tax	23,547	–	–	5,869	5	–	3,759	7,449	(373)	–	40,256	–	40,256
Other material items													
Net change in fair value of investment properties	27,106	43,774	13,046	–	–	–	56	–	–	–	83,982	–	83,982
Net change in fair value of investments designated at FVTPL	–	–	–	–	–	–	–	–	–	(15,526)	–	–	(15,526)
Impairment loss on goodwill	–	–	–	–	–	–	(19,159)	–	–	–	(19,159)	–	(19,159)
Reversal of impairment loss on a development property	–	–	–	–	–	895	–	–	–	–	895	–	895
31 December 2018													
Reportable segment assets[2]	4,626,405	911,301	611,086	50,314	3,757	484,295	549,675	51,113	–	478,615	7,766,561	758,860	8,525,421
Interests in equity-accounted investees	440,378	–	–	51,993	12,106	–	177,291	58,110	–	518	740,396	–	740,396
Reportable segment liabilities	1,786,683	287,717	54,104	49,595	198	277,016	208,314	2,932	–	407,455	3,074,014	1,052,596	4,126,610
Capital expenditure	8,330	13,026	109	162	–	–	747	7	–	5,240	27,621	1,332	28,953

[1] Segment profit/(loss) is defined as profit/(loss) before interest, tax and other gains/(losses)
[2] Excluding interests in equity-accounted investees

41 OPERATING SEGMENTS (CONT'D)

2017	Property investments Singapore $'000	Property investments United States of America $'000	Property investments The People's Republic of China $'000	Hospitality Singapore $'000	Hospitality Others $'000	Property development Singapore $'000	Healthcare $'000	Fund management $'000	Investment holding $'000	Others $'000	Segment total $'000	Elimination and unallocated items $'000	Total $'000
Revenue													
External revenue	182,833	55,110	33,018	217,300	2,787	209,533	33,810	1,546	–	17,790	753,727	385	754,112
Inter-segment revenue	9,971	8,723	–	114	–	–	–	11,980	–	7	30,795	(30,795)	–
Segment revenue (including inter-segment revenue)	192,804	63,833	33,018	217,414	2,787	209,533	33,810	13,526	–	17,797	784,522	(30,410)	754,112
Segment profit/(loss)[1]	146,655	26,975	26,494	(5,703)	2,371	20,512	(47,751)	14,717	31,409	(15,886)	199,793	(33,722)	166,071
Depreciation	(427)	(14)	(19)	(410)	(4)	–	(1,575)	(157)	–	(2,253)	(4,859)	(2,098)	(6,957)
Finance expenses	(65,791)	(17,282)	(1,377)	(228)	48	(2,442)	(12,476)	(240)	–	(3,099)	(102,887)	(28,039)	(130,926)
Finance income	9,843	90	459	69	–	3	85	18	–	4,829	15,396	(3,169)	12,227
Share of results of equity-accounted investees, net of tax	24,686	–	–	5,062	22	–	–	7,584	31,409	–	68,763	(1)	68,762
Other material items													
Net change in fair value of investment properties	36,710	2,677	71,923	–	–	–	845	–	–	–	112,155	–	112,155
Net change in fair value of investments designated at FVTPL	–	–	–	–	–	–	–	–	–	4,095	4,095	–	4,095
Reversal of impairment loss on a development property	–	–	–	–	–	20,379	–	–	–	–	20,379	–	20,379
31 December 2017													
Reportable segment assets[2]	4,622,739	835,998	607,440	42,279	4,582	533,925	532,223	3,841	–	404,140	7,587,167	491,965	8,079,132
Interests in equity-accounted investees	445,275	–	–	48,954	11,891	–	–	61,967	386,926	–	955,013	–	955,013
Reportable segment liabilities	1,965,102	305,932	58,172	46,094	3,229	112,542	238,729	1,328	–	406,939	3,138,067	1,020,351	4,158,418
Capital expenditure	105,709	20,804	1,188	2,245	29	–	1,117	–	193	8,180	139,465	–	139,465

[1] Segment profit/(loss) is defined as profit/(loss) before interest, tax and other gains/(losses)
[2] Excluding interests in equity-accounted investees

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41 OPERATING SEGMENTS (CONT'D)

Reconciliation of reportable segment revenue and profit/(loss) before interest and tax

	2018 $'000	2017 $'000
Revenue		
Total revenue for reportable segments	647,168	766,725
Revenue for other segment	18,021	17,797
Unallocated amounts	24,183	9,579
Elimination of inter-segment revenue	(46,475)	(39,989)
Consolidated total revenue	642,897	754,112
Profit or loss		
Total profit or loss before interest, tax and other gains/(losses) for:		
- Reportable segments	215,302	215,679
- Other segment	(13,153)	(15,886)
Elimination of inter-segment profits	(454)	–
Finance expenses	(139,406)	(130,926)
Finance income	18,192	12,227
Other gains – net	42,381	141,995
Unallocated corporate expenses	(19,218)	(33,722)
Consolidated profit before tax	103,644	189,367

Reconciliations of reportable segment assets and liabilities

	2018 $'000	2017 $'000
Assets		
Total assets for reportable segments	7,287,946	7,183,027
Assets for other segment	478,615	404,140
Investment in equity-accounted investees	740,396	955,013
	8,506,957	8,542,180
Elimination of inter-segment balances	(9,981)	(7,540)
Other unallocated amounts		
- Property, plant and equipment	8,624	9,747
- Cash and cash equivalents	157,114	397,393
- Trade and other receivables	238,736	3,318
- Other investments	318,026	16,635
- Other assets	28,678	60,002
- Deferred tax assets	17,663	12,410
Consolidated total assets	9,265,817	9,034,145
Liabilities		
Total liabilities for reportable segments	2,666,559	2,731,128
Liabilities for other segments	407,455	406,939
Other unallocated amounts		
- Borrowings	792,806	782,299
- Trade and other payables	14,630	20,872
- Current tax liabilities	36,240	34,913
- Deferred tax liabilities	208,763	182,042
- Other liabilities	157	225
Consolidated total liabilities	4,126,610	4,158,418

41 OPERATING SEGMENTS (CONT'D)

Geographical information

	Revenue 2018 $'000	Revenue 2017 $'000	Non-current assets* 2018 $'000	Non-current assets* 2017 $'000
Singapore	505,909	618,908	5,365,682	5,232,310
The People's Republic of China	44,261	53,836	695,984	637,181
United States of America	73,602	65,597	900,936	819,337
Japan	16,575	13,083	290,263	287,823
Others	2,550	2,688	61,286	449,351
	642,897	754,112	7,314,151	7,426,002

* Non-current assets relate to the carrying amounts of investments in equity-accounted investees, investment properties, property, plant and equipment, intangible assets and goodwill, and lease prepayments.

There is no single external customer who contributes more than 10% of the Group's revenue during the years ended 31 December 2018 and 2017.

42 ACQUISITION AND DISPOSAL OF SUBSIDIARIES

(a) Acquisition of subsidiaries

At the time of acquisition of subsidiaries that own real estate, the Group considers whether each acquisition represents the acquisition of a business or the acquisition of an asset. The Group accounts for an acquisition as a business combination where an integrated set of activities is acquired in addition to the property, and together, they are capable of being managed to provide returns to the Group. When the acquisition of a subsidiary does not represent a business, it is accounted for as an acquisition of a group of assets and liabilities.

Financial year ended 31 December 2018

Acquisition of Bowsprit

On 26 October 2018 (the "acquisition date"), the Company together with its subsidiary, OUELH, completed the acquisition of 100% equity interests and voting rights in Bowsprit for a total cash consideration of $98,884,000. Bowsprit's principal activities relate to the provision of asset management and related advisory services, as well as business and management consultancy services. Bowsprit is the manager of First REIT, a real estate investment trust that is listed on the Mainboard of SGX-ST. The acquisition provides the Group with the opportunity to enhance its asset management platform.

For the period from the acquisition date of Bowsprit to 31 December 2018, Bowsprit contributed revenue of $2,054,000 and profit before tax of $1,497,000 to the Group's results. If the acquisition had occurred on 1 January 2018, the Group estimated that the consolidated revenue would have been $652,272,000 and the consolidated profit for the year would have been $63,497,000. In determining these amounts, the Group had assumed that the fair value adjustments that arose on the date of acquisition would have been the same if the acquisition had occurred on 1 January 2018.

Identifiable assets acquired and liabilities assumed

The following table summarises the recognised amounts of assets acquired and liabilities assumed at the date of acquisition.

	Note	$'000
Cash and cash equivalents		937
Trade and other receivables		6,542
Other assets		144
Intangible assets	18	35,776
Property, plant and equipment	23	77
Other investments		69,922
Trade and other payables		(733)
Current tax liabilities		(1,249)
Deferred tax liabilities	28	(6,081)
Provisional net identifiable assets and liabilities acquired		105,335

42 ACQUISITION AND DISPOSAL OF SUBSIDIARIES (CONT'D)

(a) Acquisition of subsidiaries (Cont'd)

Financial year ended 31 December 2018 (Cont'd)

Acquisition of Bowsprit (Cont'd)

Measurement of fair values

The valuation techniques used for measuring the provisional fair value of material assets acquired were as follows:

Assets acquired	Valuation technique
Intangible assets - Management rights	Multi-period excess earnings method
Other investments	Market quoted prices

Goodwill

Goodwill arising from the acquisition has been recognised as follows:

	Note	$'000
Total consideration transferred		98,884
Transaction costs		1,000
Provisional fair value of identifiable net assets and liabilities		(105,335)
Provisional negative goodwill	9	(5,451)

Cash flows relating to the acquisition

	$'000
Purchase consideration	(98,884)
Transaction costs paid	(1,000)
Less: Cash acquired	937
Net cash outflow	(98,947)

Provisional accounting for the acquisition of Bowsprit

The fair value of intangible assets, property, plant and equipment, other investments, deferred tax liabilities and negative goodwill as at the date of acquisition have been determined on a provisional basis as the final results of the purchase price allocation ("PPA") have not been received on the date the financial statements were authorised for issue. Provisional negative goodwill will be adjusted accordingly when the PPA is finalised.

Acquisition of Brainy World Holdings Limited ("BWH")

On 2 January 2018, OUELH acquired 100% equity interests in BWH, a limited company incorporated in the British Virgin Islands for a consideration of HKD14,578,000 (equivalent to $2,544,000) for the purchase of the entire issued share capital of BWH and the assignment of an outstanding loan due from Lippo Investments Limited. Lippo Investments Limited is an affiliated corporation of the Group.

BWH is an investment holding company which owns 50% equity interest in a joint venture company that is authorised to provide healthcare related services. The acquisition provides OUELH with the opportunity to grow its business in the People's Republic of China.

From the acquisition date, 2 January 2018 to 31 December 2018, BWH and its subsidiaries contributed loss of $534,000 to the Group's result. There is no material impact to the Group's consolidated profit for the year if the acquisition had occurred on 1 January 2018.

Identifiable assets acquired and liabilities assumed

The following table summarises the recognised amounts of assets acquired and liabilities assumed at the date of acquisition.

	$'000
Cash and cash equivalents	424
Investment in equity-accounted investee	1,780
Trade and other payables	(5,261)
Net identifiable assets and liabilities acquired	(3,057)

Cash flows relating to the acquisition

	$'000
Purchase consideration	*
Less: Cash acquired	424
Add: Payment for loan assigned	(2,544)
Net cash outflow	(2,120)

*Less than $1,000

42 ACQUISITION AND DISPOSAL OF SUBSIDIARIES (CONT'D)

(a) Acquisition of subsidiaries (Cont'd)

Financial year ended 31 December 2018 (Cont'd)

Acquisition of Brainy World Holdings Limited ("BWH") (Cont'd)

Goodwill

Goodwill arising from the acquisition has been recognised as follows:

	Note	$'000
Total consideration transferred		*
Fair value of identifiable net assets and liabilities		3,057
Goodwill	18	3,057

* Less than $1,000

The goodwill is attributable mainly to the synergies expected to be achieved from integrating the company into the Group's existing healthcare business. None of the goodwill recognised is expected to be deductible for tax purposes.

Financial year ended 31 December 2017

The Group acquired equity interests in OUELH, a company listed on the Catalist of the SGX-ST, in various tranches and had determined that the Group controls OUELH on 2 March 2017. The Group had on 20 February 2017, made a mandatory unconditional cash offer for all the remaining issued ordinary shares in OUELH at $0.106 per share which closed on 13 April 2017. The effective equity interest as at 2 March 2017 and 13 April 2017 was 63.0% and 86.2% respectively.

OUELH's principal activities relate to investment holding, development of medical real estate, healthcare-related assets and integrated mixed-use developments and provision of healthcare services. The acquisition of OUELH would enable the Group to expand into the healthcare real estate sector.

OUELH was assessed to be a subsidiary of the Group on 2 March 2017 (the "acquisition date"). For the period from the acquisition date to 31 December 2017, OUELH contributed revenue of $33,810,000 and loss after tax of $59,282,000 to the Group's results. If the acquisition had occurred on 1 January 2017, the Group estimated that the consolidated revenue would have been $763,873,000 and the consolidated profit for the year would have been $151,358,000. In determining these amounts, the Group had assumed that the fair value adjustments that arose on the date of acquisition would have been the same if the acquisition had occurred on 1 January 2017.

Identifiable assets acquired and liabilities assumed

The following table summarise the recognised amounts of assets acquired and liabilities assumed at the date of acquisition.

	Note	$'000
Cash and cash equivalents		16,644
Trade and other receivables		41,870
Inventories		871
Intangible assets	18	638
Lease prepayments	21	30,495
Investment properties	22	298,410
Investment properties under development	22	120,153
Property, plant and equipment	23	7,660
Trade and other payables		(31,075)
Borrowings		(317,518)
Current tax liabilities		(1,010)
Deferred tax liabilities	28	(38,982)
Net identifiable assets and liabilities acquired		128,156

The trade and other receivables was stated at net of adjustment for gross contractual amounts due of $81,041,000, of which $39,171,000 was not expected to be collectible at the date of acquisition (note 13(ii)).

42 ACQUISITION AND DISPOSAL OF SUBSIDIARIES (CONT'D)

(a) Acquisition of subsidiaries (Cont'd)

Financial year ended 31 December 2017 (Cont'd)

Measurement of fair values

The valuation techniques used for measuring the fair value of material assets acquired were as follows:

Assets acquired	Valuation technique
Investment properties	Income capitalisation method and discounted cash flow method
Investment properties under development	Direct comparison method, income capitalisation method and residual value method
Property, plant and equipment	Value-in-use method
Lease prepayments	Income capitalisation method, discounted cash flow method and residual land value method

The fair value of the investment properties, investment properties under development, property, plant and equipment, and lease prepayments were based on independent valuations undertaken by Colliers International Tokyo, Savills Real Estate Valuation (Guangzhou) Ltd and Raine & Horne International Zaki + Partners Sdn Bhd.

Goodwill

Goodwill arising from the acquisition has been recognised as follows:

	Note	$'000
Total consideration transferred		100,355
Non-controlling interests, based on their proportionate interest in the recognised amounts of the assets and liabilities of acquiree		46,960
Fair value of identifiable net assets and liabilities		(128,156)
Goodwill	18	19,159

Cash flows relating to the acquisition

	$'000
Purchase consideration	(100,355)
Less: Cash acquired	16,644
Net cash outflow	(83,711)

The Group incurred acquisition-related costs of $3,171,000 mainly related to external professional fees. These costs were included in "Administrative expenses" in the Group's statement of comprehensive income.

42 ACQUISITION AND DISPOSAL OF SUBSIDIARIES (CONT'D)

(b) Disposal of subsidiaries

Financial year ended 31 December 2018

The Group completed the disposal of Alpha Group together with the novation of the shareholder's loan on 25 September 2018. The aggregate of the sales consideration together with the novated shareholder's loan of IDR2,473,746,000, (approximately $249,553,000) was satisfied by way of promissory notes maturing in May 2019 (note 13).

Alpha Group previously contributed net profit of $2,941,000 from 1 January 2018 to the date of disposal.

Effect of disposal

The cash flow and net assets of Alpha Group disposed are as follows:

	Note	$'000
Property, plant and equipment		133
Cash and cash equivalents		24,885
Trade and other receivables		203,784
Trade and other payables		(221,245)
Non-controlling interests		(49)
		7,508
Shareholder's loan		221,095
Net assets disposed		228,603
Realisation of foreign currency translation reserves		21,513
Loss on disposal of subsidiaries (including transaction costs)		(563)
		249,553
Less: Consideration in promissory notes	13	(249,553)
Less: Cash and cash equivalents disposed		(24,885)
Net cash outflow		(24,885)

43 CHANGES IN OWNERSHIP INTERESTS IN SUBSIDIARIES WITHOUT A CHANGE IN CONTROL

2018

OUE C-REIT

During the year, the Group received units in OUE C-REIT in return for management services provided to OUE C-REIT. The additional units received resulted in the Group's interest in OUE C-REIT being increased from 55.6% to 56.1%.

OUELH

On 15 February 2018, OUELH completed the allotment and issuance of 562,500,000 ordinary shares to Browny Healthcare Pte. Ltd. with the aggregate placement consideration of $78,750,000. Browny Healthcare Pte. Ltd. is an indirect wholly-owned subsidiary of ITOCHU Corporation, a company listed on the Tokyo Stock Exchange. Arising therefrom, the Group's effective interest in OUELH decreased from 86.2% to 64.3%.

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43 CHANGES IN OWNERSHIP INTERESTS IN SUBSIDIARIES WITHOUT A CHANGE IN CONTROL (CONT'D)

2017

OUE C-REIT

During the year, the Group received units in OUE C-REIT in return for management services provided to OUE C-REIT. OUE C-REIT also completed the private placement of 233,281,400 new units for gross proceeds of approximately $150,000,000. The additional units received and private placement resulted in the Group's interest in OUE C-REIT being reduced from 65.2% to 55.6%.

OUELH

The Group acquired equity interests in OUELH in various tranches. On 20 February 2017, the Group had acquired a total of 57.6% equity interest in OUELH. The Group then made a mandatory unconditional cash offer for all the remaining issued ordinary shares in OUELH (the "Offer"), which closed on 13 April 2017. The valid acceptances from the Offer and additional shares acquired by the Group resulted in the Group's interest in OUELH being increased from 57.6% to 86.2%.

The following summarises the effect of changes in the Group's ownership interest in OUE C-REIT and OUELH:

	OUE C-REIT $'000	OUELH $'000	Total $'000
2018			
Decrease in equity attributable to non-controlling interests	2,254	37,117	39,371
Increase in equity attributable to owners of the Company	2,254	37,117	39,371
2017			
Consideration paid for acquisition of non-controlling interests	–	(40,669)	(40,669)
(Increase)/Decrease in equity attributable to non-controlling interests	(27,159)	29,779	2,620
Decrease in equity attributable to owners of the Company	(27,159)	(10,890)	(38,049)

44 LISTING OF ENTITIES IN THE GROUP

The following are the Group's significant subsidiaries, associates and joint venture:

Name of company	Principal activities	Country of incorporation	% of paid-up capital held by The Company 2018 %	The Company 2017 %	Subsidiaries 2018 %	Subsidiaries 2017 %
Subsidiaries						
Alkas Realty Pte. Ltd.	Property investment	Singapore	–	–	100	100
Beringia Central LLC[a]	Property holding	Delaware, The United States of America	–	–	100	100
Cove Development Pte. Ltd.	Property development	Singapore	–	–	100	100
OUB Centre Limited	Property investment	Singapore	–	–	83.3[d]	83.3[d]
OUE Airport Hotel Pte. Ltd.	Hotel operation	Singapore	–	–	100	100
OUE Commercial Real Estate Investment Trust	Real estate investment trust	Singapore	–	–	56.1	55.6
OUE Lippo Healthcare Limited and its subsidiaries	Investment holding, development of medical real estate, healthcare-related assets and integrated mixed-use developments and provision of healthcare services	Singapore	–	–	64.3	86.2
OUE Reef Development Pte. Ltd.	Property development	Singapore	–	–	100	100
Associates						
Aquamarina Hotel Private Limited[b]	Hotel operation	Singapore	–	–	25.0	25.0
OUE Hospitality Trust	Real estate investment trust/ property business trust	Singapore	32.2	32.4	–	–
First Real Estate Investment Trust[c] investment trust	Real estate investment trust	Singapore	–	–	17.8[e]	–
Joint venture						
OUE Lippo Limited	Investment holding	British Virgin Islands	–	–	–	50.0

All significant subsidiaries, associates and joint venture are audited by KPMG LLP, Singapore except as indicated below.

[a] Audited by member firms of KPMG International.

[b] Audited by PricewaterhouseCoopers LLP, Singapore.

[c] Audited by RSM Chio Lim LLP, Singapore.

[d] As at the reporting date, the Group consolidated the company via OUE C-REIT and owns an effective equity interest of 46.8% (2017: 46.4%) in the company.

[e] As at 31 December 2018, the Group owns an effective equity interest of 13.0% in First Real Estate Investment Trust.

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45 EXPLANATION OF TRANSITION TO SFRS(I) AND ADOPTION OF NEW STANDARDS

In December 2017, the Accounting Standards Council issued the SFRS(I). SFRS(I) comprises standards and interpretations that are equivalent to International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") at 31 December 2017 that are applicable for annual period beginning on 1 January 2018. Singapore-incorporated companies that have issued, or are in the process of issuing, equity or debt instruments for trading in a public market in Singapore, are required to apply SFRS(I) with effect from annual periods beginning on or after 1 January 2018.

As stated in note 2.1, these are the first financial statements of the Group and of the Company prepared in accordance with SFRS(I).

The accounting policies set out in note 3 have been applied in preparing the financial statements for the year ended 31 December 2018, the comparative information presented in these financial statements for the year ended 31 December 2017 and in the preparation of the opening SFRS(I) statement of financial position at 1 January 2017 (the Group's date of transition), subject to the mandatory exceptions and optional exemptions under SFRS(I) 1.

In preparing the opening SFRS(I) statement of financial position, the Group has adjusted amounts reported previously in the financial statements prepared in accordance with previous FRS.

In addition to the adoption of the new framework, the Group also concurrently applied the following SFRS(I)s, interpretations of SFRS(I)s and requirements of SFRS(I)s which are mandatorily effective from the same date.

- SFRS(I) 15 *Revenue from Contracts with Customers* which includes clarifications to IFRS 15 *Revenue from Contracts with Customers* issued by the IASB in April 2016;
- SFRS(I) 9 *Financial Instruments* which includes amendments arising from IFRS 4 *Insurance Contracts* issued by the IASB in September 2016;
- requirements in SFRS(I) 1-40 *Investment Property* arising from the amendments to IAS 40 – *Transfers of investment property* issued by the IASB in December 2016;
- requirements in SFRS(I) 1 arising from the amendments to IFRS(I) – *Deletion of short-term exemptions for first-time adopters* issued by the IASB in December 2016;
- requirements in SFRS(I) 1-28 *Investments in Associates and Joint Ventures* arising from the amendments to IAS 28 – *Measuring an associate or joint venture at fair value* issued by the IASB in December 2016; and
- SFRS(I) INT 22 *Foreign Currency Transactions and Advance Consideration*.

The application of the above standards and interpretations do not have material effect on the financial statements.

The adoption of SFRS(I) does not have any impact to the Company's balance sheets as at 1 January 2017, 31 December 2017 and 1 January 2018.

45 EXPLANATION OF TRANSITION TO SFRS(I) AND ADOPTION OF NEW STANDARDS (CONT'D)

The following reconciliations summarise the impact on initial application of SFRS(I) 1 on the Group's financial position as at 1 January 2017, 31 December 2017 and 1 January 2018 and the Group's profit or loss and other comprehensive income for the year ended 31 December 2017.

Reconciliation of the Group's equity

Consolidated statement of financial position

		1 January 2017			31 December 2017 and 1 January 2018		
	Note	**FRS framework $'000**	**SFRS(I) 1 $'000**	**SFRS(I) framework $'000**	**FRS framework $'000**	**SFRS(I) 1 $'000**	**SFRS(I) framework $'000**
Assets							
Current assets		1,193,802	–	1,193,802	1,382,859	–	1,382,859
Non-current assets		6,889,603	–	6,889,603	7,651,286	–	7,651,286
Total assets		8,083,405	–	8,083,405	9,034,145	–	9,034,145
Liabilities							
Current liabilities		912,721	–	912,721	1,430,850	–	1,430,850
Non-current liabilities		2,526,873	–	2,526,873	2,727,568	–	2,727,568
Total liabilities		3,439,594	–	3,439,594	4,158,418	–	4,158,418
Net assets		4,643,811	–	4,643,811	4,875,727	–	4,875,727
Equity							
Share capital		693,315	–	693,315	693,315	–	693,315
Other reserves	A(ii)	(100,441)	38,137	(62,304)	(119,582)	42,443	(77,139)
Accumulated profits	A(ii)	3,416,457	(38,137)	3,378,320	3,451,185	(42,443)	3,408,742
Equity attributable to owners of the Company		4,009,331	–	4,009,331	4,024,918	–	4,024,918
Non-controlling interests		634,480	–	634,480	850,809	–	850,809
Total equity		4,634,811	–	4,634,811	4,875,727	–	4,875,727

Reconciliation of the Group's profit or loss

Consolidated statement of comprehensive income

		Year ended 31 December 2017		
	Note	**FRS framework $'000**	**SFRS(I) 1 $'000**	**SFRS(I) framework $'000**
Gross profit		270,718	–	270,718
Marketing expenses		(30,928)	–	(30,928)
Administrative expenses		(83,716)	–	(83,716)
Other operating expenses		(58,765)	–	(58,765)
Share of results of equity-accounted investees, net of tax		68,762	–	68,762
		166,071	–	166,071
Finance expenses		(130,926)	–	(130,926)
Finance income		12,227	–	12,227
		47,372	–	47,372
Other gains – net	A(ii)	146,301	(4,306)	141,995
Profit before tax		193,673	(4,306)	189,367
Tax expense		(32,486)	–	(32,486)
Profit after tax		161,187	(4,306)	156,881

45 EXPLANATION OF TRANSITION TO SFRS(I) AND ADOPTION OF NEW STANDARDS (CONT'D)

Reconciliation of the Group's profit or loss (Cont'd)

Consolidated statement of comprehensive income (Cont'd)

		Year ended 31 December 2017		
	Note	**FRS framework $'000**	**SFRS(I) 1 $'000**	**SFRS(I) framework $'000**
Other comprehensive income				
Items that are or may be reclassified subsequently to profit or loss:				
Currency translation differences relating to foreign operations		(43,639)	–	(43,639)
Share of currency translation differences of equity-accounted investees		(8,755)	–	(8,755)
Share of currency translation differences of equity-accounted investee reclassified to profit or loss on disposal	A(ii)	(3,564)	4,306	742
Share of other reserves of equity-accounted investees		10,446	–	10,446
Available-for-sale financial assets:				
- net change in fair value, net of tax		26,729	–	26,729
Cash flow hedges:				
- effective portion of changes in fair value of cash flow hedges		(6,699)	–	(6,699)
- hedging reserve reclassified to profit or loss		714	–	714
Other comprehensive income, net of tax		(24,768)	4,306	(20,462)
Total comprehensive income for the year		136,419	–	136,419
Profit attributable to:				
Owners of the Company	A(ii)	98,866	(4,306)	94,560
Non-controlling interests		62,321	–	62,321
		161,187	(4,306)	156,881
Total comprehensive income attributable to:				
Owners of the Company		80,690	–	80,690
Non-controlling interests		55,729	–	55,729
		136,419	–	136,419

Notes to the reconciliations

A SFRS(I) 1

In adopting SFRS(I) in 2018, the Group has applied the transition requirements in SFRS(I) 1 with 1 January 2017 as the date of transition. SFRS(I) 1 generally requires that the Group applies SFRS(I) that are effective as at 31 December 2018 on a retrospective basis, as if such accounting policy had always been applied, subject to the mandatory exceptions and optional exemptions in SFRS(I) 1. Except as described below, the application of the mandatory exceptions and the optional exemptions in SFRS(I) 1 did not have any significant impact on the financial statements.

(i) Borrowing costs

The Group had elected the optional exemption in SFRS(I) 1 for not restating the borrowing costs previously capitalised as part of the development properties costs for the construction of its residential multi-unit real estate development, OUE Twin Peaks.

(ii) Foreign currency translation reserve ("FCTR")

The Group considers that restating FCTR to comply with current SFRS(I) 1-21 *The Effects of Changes in Foreign Exchange Rates* may not be practicable as certain acquisitions and disposals were transacted at dates that preceded the statutory record keeping periods.

The Group elected the optional exemption in SFRS(I) 1 to reset its cumulative FCTR for all foreign operations to nil at the date of transition, and reclassified the cumulative FCTR of $38,137,000 as at 1 January 2017 determined in accordance with FRS 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. This resulted in the Group's gain on disposal of interests in equity-accounted investees recognised in "Other gains – net" for the year ended 31 December 2017 to decrease by $4,306,000 and OCI to increase by the same amount.

By electing the optional exemption, the cumulative FCTR increased by $42,443,000 and retained earnings decreased by the same amount as at 31 December 2017.

45 EXPLANATION OF TRANSITION TO SFRS(I) AND ADOPTION OF NEW STANDARDS (CONT'D)

Notes to the reconciliations (Cont'd)

B SFRS(I) 9

SFRS(I) 9 *Financial Instruments* sets out requirements for recognising and measuring financial assets, financial liabilities and some contracts to buy or sell non-financial items. It also introduces a new ECL model and a new general hedge accounting model. The Group adopted SFRS(I) 9 from 1 January 2018.

In accordance with the exemption in SFRS(I) 1, the Group elected not to restate information for 2017. Accordingly, the information presented for 2017 is presented, as previously reported, under FRS 39 *Financial Instruments: Recognition and Measurement.* 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.

Arising from this election, the Group is exempted from providing disclosures required by SFRS(I) 7 *Financial Instruments: Disclosures* for the comparative period to the extent that these disclosures relate to items within the scope of SFRS(I) 9. Instead, disclosures under FRS 107 *Financial Instruments*: *Disclosures* relating to items within the scope of FRS 39 are provided for the comparative period.

Changes in accounting policies resulting from the adoption of SFRS(I) 9 have been generally applied by the Group retrospectively, except as described below.

- The following assessments were 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 equity investment that is not held-for-trading as at FVOCI; and
  - The designation and revocation of previous designations of certain financial assets and financial liabilities measured at FVTPL.
- If a debt investment has low credit risk at 1 January 2018, the Group had assumed 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 at 31 December 2017 met the criteria for hedge accounting under SFRS(I) 9 at 1 January 2018 and therefore were regarded as continuing hedging relationships.

(i) Classification of financial assets and financial liabilities

Under SFRS(I) 9, financial assets are classified in the following categories: measured at amortised cost, FVOCI – debt instrument, FVOCI – equity instrument; or FVTPL. The classification of financial assets under SFRS(I) 9 is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics. SFRS(I) 9 eliminates the previous FRS 39 categories of held-to-maturity, loans and receivables and available-for-sale. Under SFRS(I) 9, derivatives embedded in contracts where the host is a financial asset in the scope of the standard are never separated. Instead, the hybrid financial instrument as a whole is assessed for classification.

For an explanation of how the Group classifies and measures financial assets and related gains and losses under SFRS(I) 9, refer to note 3.10(ii).

The adoption of SFRS(I) 9 has not had a significant effect on the Group's accounting policies for financial liabilities.

45 EXPLANATION OF TRANSITION TO SFRS(I) AND ADOPTION OF NEW STANDARDS (CONT'D)

Notes to the reconciliations (Cont'd)

B SFRS(I) 9 (Cont'd)

(i) Classification of financial assets and financial liabilities (Cont'd)

The following table and the accompanying notes below explain the original measurement categories under FRS 39 and the new measurement categories under SFRS(I) 9 for each class of the Group's financial assets as at 1 January 2018:

	Note	Original classification under FRS 39	New classification under SFRS(I) 9	1 January 2018 Original carrying amount under FRS 39 $'000	1 January 2018 New carrying amount under SFRS(I) 9 $'000
Group					
Financial assets					
Available-for-sale financial assets	(a)	Available-for-sale	Financial assets designated at FVOCI	193,236	193,236
Other investments – FVTPL	(b)	Designated as at FVTPL	Mandatorily at FVTPL	179,639	179,639
				372,875	372,875
Debt investments	(c)	Loans and receivables	Amortised cost	13,741	13,741
Trade and other receivables	(d)	Loans and receivables	Amortised cost	65,451	65,451
Other assets*	(d)	Loans and receivables	Amortised cost	78,083	78,083
Cash and cash equivalents	(d)	Loans and receivables	Amortised cost	535,249	535,249
Total financial assets				1,065,399	1,065,399
Company					
Financial assets					
Available-for-sale financial assets	(a)	Available-for-sale	Financial assets designated at FVOCI	171,271	171,271
				171,271	171,271
Trade and other receivables	(d)	Loans and receivables	Amortised cost	1,239,260	1,239,260
Other assets*	(d)	Loans and receivables	Amortised cost	4,086	4,086
Cash and cash equivalents	(d)	Loans and receivables	Amortised cost	42,614	42,614
Total financial assets				1,457,231	1,457,231

** Excluding prepayments*

(a) These equity investments represent investments that the Group and the Company intend to hold for the long term for strategic purposes. The Group and the Company have designated these investments at 1 January 2018 as measured at FVOCI. Unlike FRS 39, the accumulated fair value reserve related to these investments will never be reclassified to profit or loss.

(b) Under FRS 39, these equity investments were designated as at FVTPL because they were managed on a fair value basis and their performance was monitored on this basis. These assets have been classified as mandatorily measured under FVTPL under SFRS(I) 9.

(c) Debt investments previously classified as loans and receivables under FRS 39 are now classified at amortised cost under SFRS(I) 9. The Group intends to hold the assets to maturity to collect contractual cash flows and these cash flows consist solely of payments of principal and interest on the principal amount outstanding.

(d) Trade and other receivables, other assets, and cash and cash equivalents that were classified as loans and receivables under FRS 39 are now classified at amortised cost.

45 EXPLANATION OF TRANSITION TO SFRS(I) AND ADOPTION OF NEW STANDARDS (CONT'D)

Notes to the reconciliations (Cont'd)

B SFRS(I) 9 (Cont'd)

(ii) Impairment of financial assets

SFRS(I) 9 replaces the 'incurred loss' model in FRS 39 with an 'expected credit loss' (ECL) model. The new impairment model applies to financial assets measured at amortised cost, debt investments at FVOCI and intra-group financial guarantee contracts, but not to equity investments. The adoption of the new impairment model under SFRS(I) 9 did not give rise to transition adjustments. Additional information about how the Group and the Company measure the allowance for impairment is described in note 39.

(iii) Hedge accounting

The Group has elected to adopt the new general hedge accounting model in SFRS(I) 9. This requires the Group to ensure that hedge accounting relationships are aligned with its risk management objectives and strategy and to apply a more qualitative and forward-looking approach to assessing hedge effectiveness.

The Group uses interest rate swap contracts to hedge the variability in cash flows arising from changes in interest rates relating to borrowings. The effective portion of changes in fair value of hedging instruments is accumulated in a cash flow hedge reserve as a separate component of equity.

For an explanation of how the Group applies hedge accounting under SFRS(I) 9, refer note 3.10 (vi).

46 NEW STANDARDS AND INTERPRETATIONS NOT YET ADOPTED

Applicable to financial statements for the year 2019 and thereafter

The following new SFRS(I)s, amendments to and interpretations of SFRS(I)s are effective for annual periods beginning after 1 January 2019.

Applicable to 2019 financial statements

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

Applicable to 2021 financial statements

- SFRS(I) 17 *Insurance Contracts*

Mandatory effective date deferred

- *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture* (Amendments to SFRS(I) 10 and SFRS(I) 1-28)

The Group's preliminary assessment of SFRS(I) 16, which is expected to have a more significant impact on the Group is as described below. The Group is in the process of assessing the impact of the other new SFRSs, amendments to and interpretations of SFRS(I)s on the financial statements.

46 NEW STANDARDS AND INTERPRETATIONS NOT YET ADOPTED (CONT'D)

SFRS(I) 16

SFRS(I) 16 introduces a single, on-balance sheet lease accounting model for lessees. A lessee recognises a right-of-use ("ROU") asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. There are recognition exemptions for short-term leases and leases of low-value items. Lessor accounting remains similar to the current standard – i.e. lessors continue to classify leases as finance or operating leases. SFRS(I) 16 replaces existing lease accounting guidance, including SFRS(I) 1-17 *Leases*, SFRS(I) INT 4 *Determining whether an Arrangement contains a Lease*, SFRS(I) INT 1-15 *Operating Leases – Incentives* and SFRS(I) INT 1-27 *Evaluating the Substance of Transactions Involving the Legal Form of a Lease.*

The Group and the Company plan to apply SFRS(I) 16 initially on 1 January 2019. The Group and the Company plan to apply the practical expedient to grandfather the definition of a lease on transition. This means that they will apply SFRS(I) 16 to all contracts entered into before 1 January 2019 and identified as leases in accordance with SFRS(I) 1-17 and SFRS(I) INT 4.

The Group and the Company as lessee

The Group and the Company expect to measure lease liabilities by applying a single discount rate to their portfolio of property leases with reasonably similar characteristics. Furthermore, the Group and the Company are likely to apply the modified retrospective approach where the cumulative effect of adopting SFRS(I) 16 will be recognised as an adjustment to the opening balance of retained earnings at 1 January 2019, with no restatement of comparative information. For lease contracts that contain the option to renew, the Group and the Company are expected to use hindsight in determining the lease term.

The Group's and the Company expect its existing operating lease arrangements to be recognised as ROU assets with corresponding lease liabilities under SFRS(I) 16.

The Group's and the Company's operating lease commitments amounted to approximately $642,424,000 and $434,176,000 respectively as at 31 December 2018. Under SFRS(I) 16, remaining lease payments under operating leases will be recognised at their present value discounted using appropriate discount rates.

In addition, the nature of expenses will now change as SFRS(I) 16 replaces the straight-line operating lease expense with depreciation charge of ROU assets and interest expense on lease liabilities. The Group in the process of quantifying the adjustments required in the adoption of the 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. No significant impact on the financial statements is expected for leases in which the Group is a lessor.

SHAREHOLDING STATISTICS

As at 19 March 2019

Total number of issued ordinary shares	:	981,601,860
Total number of issued ordinary shares excluding treasury shares	:	901,515,860
Class of shares	:	Ordinary Shares
Total number of treasury shares held	:	80,086,000
Total number of subsidiary holdings	:	0
Percentage of the aggregate number of treasury shares and subsidiary holdings held against the total number of issued ordinary shares excluding treasury shares	:	8.88%
Voting rights (excluding treasury shares)	:	1 vote per share

Voting Rights of Ordinary Shareholders

Every member shall have the right to attend any General Meeting and to speak and vote on any resolution before the Meeting in person or by proxy. Every member present in person or by proxy shall, on a poll, have one vote for each share he holds or represents.

Breakdown of Shareholdings

Size of Shareholdings	Number of Shareholders	% of Shareholders	Number of Shares	% of Issued Share Capital*
1 - 99	33	0.29	814	0.00
100 - 1,000	871	7.56	785,317	0.09
1,001 - 10,000	7,799	67.73	40,337,693	4.47
10,001 - 1,000,000	2,794	24.26	105,843,949	11.74
1,000,001 and above	18	0.16	754,548,087	83.70
TOTAL	**11,515**	**100.00**	**901,815,860**	**100.00**

Twenty largest shareholders

No.	Name of Shareholder	No. of Shares	% of Issued Share Capital *
1	BANK OF CHINA NOMINEES PTE LTD	573,000,000	63.56
2	RAFFLES NOMINEES (PTE) LIMITED	57,214,586	6.35
3	CITIBANK NOMINEES SINGAPORE PTE LTD	41,369,996	4.59
4	DBS NOMINEES PTE LTD	31,334,492	3.48
5	DBSN SERVICES PTE LTD	13,415,773	1.49
6	OCBC SECURITIES PRIVATE LTD	11,072,936	1.23
7	UNITED OVERSEAS BANK NOMINEES PTE LTD	4,251,200	0.47
8	PHILLIP SECURITIES PTE LTD	3,288,977	0.36
9	OCBC NOMINEES SINGAPORE PTE LTD	3,212,400	0.36
10	HENG SIEW ENG	3,086,600	0.34
11	HSBC (SINGAPORE) NOMINEES PTE LTD	2,881,533	0.32
12	UOB KAY HIAN PTE LTD	2,494,500	0.28
13	SINGAPORE NOMINEES PTE LTD	1,500,000	0.17
14	MAYBANK KIM ENG SECURITIES PTE. LTD.	1,455,048	0.16
15	JACK INVESTMENT PTE LTD	1,397,700	0.15
16	CGS-CIMB SECURITIES (SINGAPORE) PTE LTD	1,243,446	0.14
17	ANG JWEE HERNG	1,215,600	0.13
18	NG POH CHENG	1,113,300	0.12
19	DBS VICKERS SECURITIES (SINGAPORE) PTE LTD	952,600	0.11
20	DB NOMINEES (SINGAPORE) PTE LTD	933,068	0.10
	TOTAL	**756,433,755**	**83.91**

** The shareholding percentage is calculated based on the number of issued ordinary shares of the Company excluding treasury shares.*

SUBSTANTIAL SHAREHOLDERS

As shown in the Company's Register of Substantial Shareholders as at 19 March 2019

		Direct Interest		Deemed Interest	
		Number of Shares	%	Number of Shares	%
1.	OUE Realty Pte. Ltd. ("**OUER**")	502,513,060	55.74[21]	-	-
2.	Golden Concord Asia Limited ("**GCAL**")	116,403,350	12.91[21]	502,513,060[1]	55.74[21]
3.	Fortune Code Limited ("**FCL**")	-	-	618,916,410[2]	68.65[21]
4.	Lippo ASM Asia Property Limited ("**LAAPL**")	-	-	618,916,410[3]	68.65[21]
5.	Pacific Landmark Holdings Limited ("**Pacific Landmark**")	-	-	618,916,410[4]	68.65[21]
6.	HKC Property Investment Holdings Limited ("**HKC Property**")	-	-	618,916,410[5]	68.65[21]
7.	Hongkong Chinese Limited ("**HCL**")	-	-	618,916,410[6]	68.65[21]
8.	Hennessy Holdings Limited("**HHL**")	-	-	618,916,410[7]	68.65[21]
9.	Prime Success Limited ("**PSL**")	-	-	618,916,410[8]	68.65[21]
10.	Lippo Limited ("**LL**")	-	-	618,916,410[9]	68.65[21]
11.	Lippo Capital Limited ("**LCL**")	-	-	618,916,410[10]	68.65[21]
12.	Lippo Capital Holdings Company Limited ("**LCH**")	-	-	618,916,410[11]	68.65[21]
13.	Lippo Capital Group Limited ("**LCG**")	-	-	618,916,410[12]	68.65[21]
14.	Dr. Stephen Riady	-	-	618,916,410[13]	68.65[21]
15.	PT Trijaya Utama Mandiri ("**PT Trijaya**")	-	-	618,916,410[14]	68.65[21]
16.	Mr. James Tjahaja Riady	-	-	618,916,410[15]	68.65[21]
17.	Admiralty Station Management Limited ("**Admiralty**")	-	-	618,916,410[16]	68.65[21]
18.	Argyle Street Management Limited ("**ASML**")	-	-	618,916,410[17]	68.65[21]
19.	Argyle Street Management Holdings Limited ("**ASMHL**")	-	-	618,916,410[18]	68.65[21]
20.	Kin Chan ("**KC**")	-	-	618,916,410[19]	68.65[21]
21.	V-Nee Yeh ("**VY**")	-	-	618,916,410[20]	68.65[21]

SUBSTANTIAL SHAREHOLDERS

As shown in the Company's Register of Substantial Shareholders as at 19 March 2019

Notes:

(1) GCAL is deemed to have an interest in the Shares held by OUER. OUER is a wholly-owned subsidiary of GCAL.

(2) FCL has a deemed interest in the Shares through the direct and deemed interests of its wholly-owned subsidiary, GCAL.

(3) LAAPL is deemed to have an interest in the Shares in which its subsidiary, FCL, has a deemed interest.

(4) LAAPL is jointly held by Pacific Landmark and Admiralty. Accordingly, Pacific Landmark is deemed to have an interest in the Shares in which LAAPL has a deemed interest.

(5) HKC Property is the immediate holding company of Pacific Landmark. Accordingly, HKC Property is deemed to have an interest in the Shares in which Pacific Landmark has a deemed interest.

(6) HCL is an intermediate holding company of Pacific Landmark. Accordingly, HCL is deemed to have an interest in the Shares in which Pacific Landmark has a deemed interest.

(7) HHL is an intermediate holding company of Pacific Landmark. Accordingly, HHL is deemed to have an interest in the Shares in which Pacific Landmark has a deemed interest.

(8) PSL is an intermediate holding company of Pacific Landmark. Accordingly, PSL is deemed to have an interest in the Shares in which Pacific Landmark has a deemed interest.

(9) LL is an intermediate holding company of Pacific Landmark. Accordingly, LL is deemed to have an interest in the Shares in which Pacific Landmark has a deemed interest.

(10) LCL is an intermediate holding company of Pacific Landmark. Accordingly, LCL is deemed to have an interest in the Shares in which Pacific Landmark has a deemed interest.

(11) LCH is an intermediate holding company of Pacific Landmark. Accordingly, LCH is deemed to have an interest in the Shares in which Pacific Landmark has a deemed interest.

(12) LCG is the holding company of LCH, which in turn is an intermediate holding company of Pacific Landmark. Accordingly, LCG is deemed to have an interest in the Shares in which Pacific Landmark has a deemed interest.

(13) Dr. Stephen Riady holds 100% of the issued share capital of LCG, which is the holding company of LCH. LCH in turn is an intermediate holding company of Pacific Landmark. Accordingly, Dr. Stephen Riady is deemed to have an interest in the Shares in which Pacific Landmark has a deemed interest. Dr. Stephen Riady is the Executive Chairman of the Company. Dr. Stephen Riady is also the chairman of LL and HCL, both of which have a deemed interest in the Shares.

(14) PT Trijaya holds more than 20% of the shares in LCL, which in turn is an intermediate holding company of Pacific Landmark. Accordingly, PT Trijaya is deemed to have an interest in the Shares in which Pacific Landmark has a deemed interest.

(15) Mr. James Tjahaja Riady effectively holds all the shares in PT Trijaya, which holds more than 20% of the shares in LCL. LCL in turn is an intermediate holding company of Pacific Landmark. Accordingly, Mr. James Tjahaja Riady is deemed to have an interest in the Shares in which Pacific Landmark has a deemed interest.

(16) LAAPL is jointly held by Pacific Landmark and Admiralty. Accordingly, Admiralty is deemed to have an interest in the Shares in which LAAPL has a deemed interest.

(17) ASML owns 100% of the voting shares in the capital of Admiralty. Accordingly, ASML is deemed to have an interest in the Shares in which Admiralty has a deemed interest.

(18) ASMHL is the immediate holding company of ASML. Accordingly, ASMHL is deemed to have an interest in the Shares in which ASML has a deemed interest.

(19) KC is the beneficial holder of more than 20% of the issued share capital of ASMHL. Accordingly, KC is deemed to have an interest in the Shares in which ASMHL has a deemed interest.

(20) VY is the beneficial holder of more than 20% of the issued share capital of ASMHL. Accordingly, VY is deemed to have an interest in the Shares in which ASMHL has a deemed interest.

(21) The shareholding percentage is calculated based on 901,515,860 issued Shares (excluding treasury shares) as at 19 March 2019.

PUBLIC FLOAT

Rule 723 of the Listing Manual of the SGX-ST requires that at least 10% of the total number of issued shares excluding treasury shares (excluding preference shares and convertible equity securities) in a class that is listed ("**Shares**") is at all times held by the public. The Company has complied with this requirement. As at 19 March 2019, approximately 30.47% of its Shares listed on the SGX-ST were held in the hands of the public.

ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION

(Information required pursuant to Appendix 7.4.1 of the Listing Manual)

Pursuant to Rule 720(6) of the Listing Manual, information relating to Dr. Stephen Riady and Mr. Thio Gim Hock (in the form set out in Appendix 7.4.1 of the Listing Manual) is provided below. The following additional information on Dr. Stephen Riady and Mr. Thio Gim Hock, both of whom are seeking re-election as Directors at the Annual General Meeting, is to be read in conjunction with their respective biographies in the "Board of Directors" section on pages 48 of this Annual Report.

	DR. STEPHEN RIADY *Executive Chairman*	**MR. THIO GIM HOCK** *Chief Executive Officer / Group Managing Director*
Date of appointment	30 November 2006	6 November 2007
Date of last re-election	21 April 2016	21 April 2016
Age	58	81
Country of principal residence	Singapore	Singapore
The Board's comments on this re-election (including rationale, selection criteria, and the search and nomination process)	The Nominating Committee, having considered the principles for determination of board size and composition, recommends the re-election of Dr. Riady after assessing his contribution and performance as a director. The Board has endorsed the Nominating Committee's recommendation.	The Nominating Committee, having considered the principles for determination of board size and composition, recommends the re-election of Mr. Thio after assessing his contribution and performance as a director. The Board has endorsed the Nominating Committee's recommendation.
Whether appointment is executive, and if so, the area of responsibility	Executive. Provides strategic direction to the OUE Group.	Executive. Overall responsibility for the management, organisation, operation and development of the businesses of the Group and all matters arising therefrom.
Professional qualifications	1. Bachelor of Science, Business Administration, University of Southern California, United States of America 2. Master of Business Administration, Golden Gate University, United States of America 3. Honorary Degree of Doctor of Business Administration, Edinburgh Napier University, United Kingdom	1. Bachelor of Engineering (Civil), the University of Malaya, Malaysia 2. Attended graduate school at the Massachusetts Institute of Technology, United States of America
Working experience and occupation(s) during the past 10 years	1. From 30 November 2006 to present: Executive Director, OUE Limited 2. From 9 March 2010 to present: Executive Chairman, OUE Limited	From 6 November 2007 to present: Chief Executive Officer / Group Managing Director, OUE Limited
Shareholding interest in the listed issuer and its subsidiaries	Please refer to page 136 of this Annual Report	Nil
Any relationship (including immediate family relationships) with any existing director, existing executive officer, the issuer and/or substantial shareholder of the listed issuer or of any of its principal subsidiaries	Dr. Stephen Riady is the brother of Mr. James Tjahaja Riady, a substantial shareholder of the Company. His son, Mr. Brian Riady, is the Chief Executive Officer, Hospitality Division of the Company.	Nil
Conflict of interest (including any competing business)	Nil	Nil
Undertaking (in the format set out in Appendix 7.7) under Rule 720(1) has been submitted to the listed issuer	Yes	Yes

ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION

(Information required pursuant to Appendix 7.4.1 of the Listing Manual)

	DR. STEPHEN RIADY *Executive Chairman*	**MR. THIO GIM HOCK** *Chief Executive Officer / Group Managing Director*
Other Principal Commitments Including Directorships		
Past (for the last 5 years)	Non-Executive Chairman: 1. Chung Po Investment and Development Company Limited 2. Tecwell Limited Non-Executive Director: 1. Auric Asset Management Pte. Ltd. 2. Auric Pacific Investment Pte. Ltd. 3. Auric Pacific Investment Holdings Pte. Ltd. 4. Auric Property Pte Ltd 5. Lippo Cayman Limited (now known as Paramount Cayman Limited) 6. Lippo Health Care Limited 7. Lippo Realty (Shanghai) Limited 8. Lippoland (Singapore) Pte Ltd 9. Norfyork International Limited 10. Top-One Foods Pte. Ltd. (formerly known as Auric Pacific Fine Wines Pte. Ltd.) Patron: Singapore Badminton Association	Non-Executive Director: 1. Beacon Property Holdings Pte. Ltd. 2. CellOS Software Limited 3. OUE American Real Estate Investment Management Ltd 4. OUE American Real Estate Opportunity Fund GP 5. OUE Beta Pte. Ltd. 6. OUE Coral Pte. Ltd. 7. OUE Lippo Limited 8. OUE Properties (Hong Kong) Co., Limited 9. Plainfield Creek Pte. Ltd.
Present	Executive Chairman: 1. OUE Limited 2. Hongkong Chinese Limited 3. Lippo Limited 4. Lippo China Resources Limited Non-Executive Chairman: 1. Cajan Enterprises Limited 2. Castar Assets Limited 3. Chalton Assets Limited 4. China Pacific Electric Limited 5. China Pacific Holdings Limited 6. Energetic Holdings Limited 7. Istan Assets Limited 8. Keytime Holdings Limited 9. Mantor Assets Limited 10. Radical Profits Limited 11. Trefar Enterprises Limited 12. Wollora Assets Limited Deputy Chairman: 招商力宝医院管理(深圳)有限公司 (China Merchants Lippo Hospital Management (Shenzhen) Limited) Executive Director: Auric Pacific Group Limited	OUE Limited – Chief Executive Officer / Group Managing Director Non-Executive Director: 1. Alkas Realty Pte. Ltd. 2. Alpha Pegus Pte. Ltd. 3. Aquamarina Hotel Private Limited 4. Beringia Singapore Pte. Ltd. 5. Chatexpress Pte. Ltd. 6. Chenexpress Pte. Ltd. 7. Clifford Development Pte. Ltd. 8. Clovis Singapore Pte. Ltd. 9. Cove Development Pte. Ltd. 10. Debenfield Wild Pte. Ltd. 11. Imperial Development Holdings Pte. Ltd. 12. Imperial Development Pte. Ltd. 13. IPP Financial Services Holdings Ltd 14. Lushfield Grove Pte. Ltd. 15. Marina Centre Holdings Private Limited 16. Meritus Hotels Pte. Ltd. 17. Meritus International Pte. Ltd. 18. Meritus Trademarks Pte. Ltd. 19. Oddish Ventures Pte. Ltd. 20. OUB Centre Limited 21. OUE Airport Hotel Pte. Ltd. 22. OUE Arbon Pte. Ltd.

(Information required pursuant to Appendix 7.4.1 of the Listing Manual)

	DR. STEPHEN RIADY *Executive Chairman*	MR. THIO GIM HOCK *Chief Executive Officer / Group Managing Director*
Other Principal Commitments including Directorships		
Present	Non-Executive Non-Independent Director: 1. Healthway Medical Corporation Limited 2. OUE Lippo Healthcare Limited Non-Executive Director: 1. Boudry Ltd. 2. Bentham Holdings Limited 3. Creaworld (Holdings) Company Limited 4. Dragon Board Holdings Limited 5. First Tower Corporation 6. Fullerton Capital Limited 7. Global Alliance International Limited 8. Global Vision Company Limited 9. Goldsney Investment Limited 10. HCL Financial Services Limited 11. J & S Company Limited 12. Lanius Limited 13. Lippo Asia Limited 14. Lippo Assets (International) Limited 15. Lippo Capital Group Limited 16. Lippo Capital Holdings Company Limited 17. Lippo Capital Limited 18. Lippo Energy Group Limited 19. Lippo Holding Company Limited 20. Lippo Investments Limited 21. Lippo Realty Limited 22. Max Turbo Limited 23. Meritus International Pte. Ltd. 24. Reiley Inc. 25. Sinovex Limited 26. Singapore Meritus International Hotels Pte Ltd 27. Singapore Mandarin International Hotels Pte Ltd 28. Skyscraper Realty Limited 29. Super Assets Company Limited 30. The HCB General Investment (Singapore) Pte Ltd	23. OUE Baytown Pte. Ltd. 24. OUE Downtown Pte. Ltd. 25. OUE Downtown F&B Pte. Ltd. 26. OUE Hotels (Asia) Pte. Ltd. 27. OUE International Holdings Pte. Ltd. 28. OUE Investments Pte. Ltd. 29. OUE Kappo Pte. Ltd. 30. OUE Lippo Realty Pte. Ltd. 31. OUE Property Management Pte. Ltd. 32. OUE Property Services Pte. Ltd. 33. OUE Reef Development Pte. Ltd. 34. OUE Restaurants Pte. Ltd. 35. OUE Treasury Pte. Ltd. 36. Pava Property Holdings Pte. Ltd. 37. RD Property Holdings Pte. Ltd. 38. Reef Development Holdings Pte. Ltd. 39. Seaview Property Holdings Pte. Ltd. 40. Singapore Mandarin International Hotels Pte Ltd 41. Singapore Meritus International Hotels Pte Ltd 42. Tengara Holdings Pte. Ltd. 43. Treasure International Holdings Pte. Ltd. 44. Beacon Limited 45. Arna Cedar Limited 46. OUE Properties (East Asia) Limited 47. OUE USA Services Corp. 48. Total Apex Limited Director and President: 1. Beringia Properties Corp. 2. Madison Central Co., Ltd 3. OUE Skyspace Holding Corp. Member of Board of Commissioners: PT. MHPL Indonesia

ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION
(Information required pursuant to Appendix 7.4.1 of the Listing Manual)

	DR. STEPHEN RIADY *Executive Chairman*	MR. THIO GIM HOCK *Chief Executive Officer / Group Managing Director*
Other Principal Commitments Including Directorships		
Present	Council Member Singapore Symphony Orchestra Council Honorary Chairman Kong Hwa School Alumni Founding Member Singapore Management University (SMU) Business Families Institute Honorary Patron Securities Investors Association of Singapore (SIAS) Founding Honorary Advisor University of Hong Kong Foundation for Education Development and Research Patron and Trustee The Incorporated Trustees of Volunteer Service Trust Founding Member Board of Trustees of the Better Hong Kong Foundation Member Advisory Council of One Country, Two Systems Research Institute	
Information Required Pursuant To Appendix 7.4.1 Of The Listing Manual		
(a) Whether at any time during the last 10 years, an application or a petition under any bankruptcy law of any jurisdiction was filed against him or against a partnership of which he was a partner at the time when he was a partner or at any time within 2 years from the date he ceased to be a partner?	No	No
(b) Whether at any time during the last 10 years, an application or a petition under any law of any jurisdiction was filed against an entity (not being a partnership) of which he was a director or an equivalent person or a key executive, at the time when he was a director or an equivalent person or a key executive of that entity or at any time within 2 years from the date he ceased to be a director or an equivalent person or a key executive of that entity, for the winding up or dissolution of that entity or, where that entity is the trustee of a business trust, that business trust, on the ground of insolvency?	No	No
(c) Whether there is any unsatisfied judgment against him?	No	No

	DR. STEPHEN RIADY *Executive Chairman*	MR. THIO GIM HOCK *Chief Executive Officer / Group Managing Director*
Information Required Pursuant To Appendix 7.4.1 Of The Listing Manual		
(d) Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving fraud or dishonesty which is punishable with imprisonment, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such purpose?	No	No
(e) Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such breach?	No	No
(f) Whether at any time during the last 10 years, judgment has been entered against him in any civil proceedings in Singapore or elsewhere involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or a finding of fraud, misrepresentation or dishonesty on his part, or he has been the subject of any civil proceedings (including any pending civil proceedings of which he is aware) involving an allegation of fraud, misrepresentation or dishonesty on his part?	No	No
(g) Whether he has ever been convicted in Singapore or elsewhere of any offence in connection with the formation or management of any entity or business trust?	No	No
(h) Whether he has ever been disqualified from acting as a director or an equivalent person of any entity (including the trustee of a business trust), or from taking part directly or indirectly in the management of any entity or business trust?	No	No
(i) Whether he has ever been the subject of any order, judgment or ruling of any court, tribunal or governmental body, permanently or temporarily enjoining him from engaging in any type of business practice or activity?	No	No

ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION
(Information required pursuant to Appendix 7.4.1 of the Listing Manual)

	DR. STEPHEN RIADY *Executive Chairman*	MR. THIO GIM HOCK *Chief Executive Officer / Group Managing Director*
Information Required Pursuant To Appendix 7.4.1 Of The Listing Manual		
(j) Whether he has ever, to his knowledge, been concerned with the management or conduct, in Singapore or elsewhere, of the affairs of:-		
i. any corporation which has been investigated for a breach of any law or regulatory requirement governing corporations in Singapore or elsewhere; or	No	No
ii. any entity (not being a corporation) which has been investigated for a breach of any law or regulatory requirement governing such entities in Singapore or elsewhere; or	No	No
iii. any business trust which has been investigated for a breach of any law or regulatory requirement governing business trusts in Singapore or elsewhere; or	No	No
iv. any entity or business trust which has been investigated for a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere,	No	No
in connection with any matter occurring or arising during that period when he was so concerned with the entity or business trust?		
(k) Whether he has been the subject of any current or past investigation or disciplinary proceedings, or has been reprimanded or issued any warning, by the Monetary Authority of Singapore or any other regulatory authority, exchange, professional body or government agency, whether in Singapore or elsewhere?	No	No

INTERESTED PERSON TRANSACTION

Entered into during the financial year 2018

Name of Interested Person	**Aggregate value of all interested person transactions during the financial year under review** (excluding transactions less than S$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920) S$'000	**Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920** (excluding transactions less than S$100,000) S$'000
Auric Pacific Group Limited Purchase of food & beverage items	196	-
Lippo China Resources Limited Hotel services	384	-
PT Lippo Karawaci Tbk Acquisition of Bowsprit Capital Corporation Limited	59,330	-
Healthway Medical Corporation Limited Reimbursement of payment on behalf	729	-
TSMP Law Corporation Legal and Professional fees	141	-

NOTICE OF ANNUAL GENERAL MEETING

OUE LIMITED

COMPANY REGISTRATION NO.: 196400050E

NOTICE IS HEREBY GIVEN that the Fifty-Sixth Annual General Meeting of OUE Limited (the "**Company**") will be held at Mandarin Orchard Singapore, Mandarin Ballroom I, II and III, 6th Floor, Main Tower, 333 Orchard Road, Singapore 238867, on Tuesday, 30 April 2019 at 2:00 p.m. to transact the following business:

AS ORDINARY BUSINESS

1. To receive and adopt the Directors' Statement and Audited Financial Statements for the year ended 31 December 2018 and the Auditors' Report thereon.

2. To declare a tax exempt (one-tier) final dividend of 1 cent per ordinary share and a tax exempt (one-tier) special dividend of 11 cents per ordinary share for the year ended 31 December 2018.

3. To approve Directors' Fees of S$488,750 for the year ended 31 December 2018 (2017: S$486,175).

4. To re-elect the following Directors retiring pursuant to Article 91 of the Company's Constitution and who, being eligible, offer themselves for re-election:

   (a) Dr. Stephen Riady

   (b) Mr. Thio Gim Hock

5. To re-appoint KPMG LLP as the Auditors of the Company and to authorise the Directors to fix their remuneration.

AS SPECIAL BUSINESS

To consider and, if thought fit, to pass, with or without modifications the following resolutions as Ordinary Resolutions:

6. That pursuant to Section 161 of the Companies Act, Cap. 50 and the listing rules of the Singapore Exchange Securities Trading Limited (the "**SGX-ST**"), authority be and is hereby given to the Directors to:

   (a) (i) issue shares 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, debentures 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 Instrument 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 per cent. of the total number of issued shares (excluding treasury shares and subsidiary holdings) (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) does not exceed 20 per cent. of the total number of issued shares excluding treasury shares and subsidiary holdings (as calculated in accordance with sub-paragraph (2) below);

   (2) (subject to such manner of calculation as may be prescribed by the 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) at the time this Resolution is passed, after adjusting for:

   (i) new shares arising from the conversion or exercise of any convertible securities or share options or vesting of share awards which are outstanding or subsisting at the time this Resolution is passed; and

   (ii) any subsequent bonus issue or consolidation or sub-division of shares;

   and in sub-paragraph (1) above and this sub-paragraph (2), "subsidiary holdings" has the meaning given to it in the Listing Manual of the SGX-ST;

(3) in exercising the authority conferred by this Resolution, the Company shall comply with the provisions of the Listing Manual 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. That:

(a) for the purposes of Sections 76C and 76E of the Companies Act, Cap. 50 (the "**Companies Act**"), the exercise by the Directors of all the powers of the Company to purchase or otherwise acquire issued ordinary shares of the Company ("**Shares**") not exceeding in aggregate the Maximum Limit (as hereafter defined), at such price or prices as may be determined by the Directors from time to time up to the Maximum Price (as hereafter defined), whether by way of:

(i) market purchase(s) on the Singapore Exchange Securities Trading Limited (the "**SGX-ST**"); and/or

(ii) off-market purchase(s) (if effected otherwise than on the SGX-ST) in accordance with any equal access scheme(s) as may be determined or formulated by the Directors 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 Purchase Mandate**");

(b) unless varied or revoked by the Company in general meeting, the authority conferred on the Directors pursuant to the Share Purchase Mandate may be exercised by the Directors 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:

(i) the date on which the next Annual General Meeting of the Company is held;

(ii) the date by which the next Annual General Meeting of the Company is required by law to be held; and

(iii) the date on which purchases and acquisitions of Shares pursuant to the Share Purchase Mandate are carried out to the full extent mandated;

(c) 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 transacted on the SGX-ST immediately preceding the date of the market purchase by the Company or, as the case may be, the date of the making of the offer pursuant to the off-market purchase, 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 basis set out below) for each Share and the relevant terms of the equal access scheme for effecting the off-market purchase;

"**Maximum Limit**" means that number of issued Shares representing 10% of the total number of issued Shares as at the date of the passing of this Resolution (excluding treasury shares and subsidiary holdings (as defined in the Listing Manual of the SGX-ST)); 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 a market purchase of a Share and an off-market purchase of a Share, 105% of the Average Closing Price of the Shares; and

(d) the Directors 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.

By Order of the Board
NG NGAI
Secretary
12 April 2019
Singapore

NOTICE OF
ANNUAL GENERAL MEETING

EXPLANATORY NOTES:

Resolution 4(a)

To re-elect Dr. Stephen Riady, who is the Executive Chairman. Further information can be found in the "Additional Information on Directors Seeking Re-election" section of this Annual Report.

Resolution 4(b)

To re-elect Mr. Thio Gim Hock, who is the Chief Executive Officer / Group Managing Director. Further information can be found in the "Additional Information on Directors Seeking Re-election" section of this Annual Report.

Resolution 6

Resolution No. 6, if passed, will empower the Directors to issue shares and to make or grant instruments (such as warrants or debentures) convertible into shares, and to issue shares in pursuance of such instruments, up to a number not exceeding 50 per cent. of the total number of issued shares (excluding treasury shares and subsidiary holdings), of which up to 20 per cent. of the total number of issued shares (excluding treasury shares and subsidiary holdings) may be issued other than on a *pro rata* basis to shareholders. For the purpose of determining the aggregate number of shares that may be issued, the percentage of issued shares shall be calculated based on the total number of issued shares (excluding treasury shares and subsidiary holdings) at the time that Resolution No. 6 is passed, after adjusting for (a) new shares arising from the conversion or exercise of any convertible securities or share options or vesting of share awards which are outstanding or subsisting at the time that Resolution No. 6 is passed, and (b) any subsequent bonus issue or consolidation or subdivision of shares. As at 19 March 2019 (the "**Latest Practicable Date**"), the Company had 80,086,000 treasury shares and no subsidiary holdings.

Resolution 7

Resolution No. 7, if passed, will renew the mandate to enable the Company to purchase or otherwise acquire issued Shares, on the terms and subject to the conditions set out in the Resolution.

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 these will depend on the number of Shares purchased or acquired and the price at which such Shares were purchased or acquired and whether the Shares purchased or acquired are held in treasury or cancelled.

Based on the total number of issued and paid-up Shares as at the Latest Practicable Date and disregarding the 80,086,000 Shares held in treasury as at the Latest Practicable Date, and assuming that on or prior to the Annual General Meeting, no further Shares are issued, no further Shares are purchased or acquired by the Company, no Shares purchased or acquired by the Company are held as treasury shares and no Shares are held as subsidiary holdings, the purchase by the Company of up to 10% of its Shares will result in the purchase or acquisition of 90,151,586 Shares. Assuming that the Company purchases or acquires 90,151,586 Shares at the Maximum Price, in the case of both market purchases and off-market purchases, of S$1.7451 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 90,151,586 Shares is approximately S$157,323,533.

The financial effects of the purchase or acquisition of Shares by the Company pursuant to the proposed Share Purchase Mandate on the audited financial statements of the Company and the Company and its subsidiaries for the financial year ended 31 December 2018, based on certain assumptions, are set out in paragraph 2.7 of the Letter to Shareholders dated 12 April 2019 (the "**Letter**").

Please refer to the Letter for more details.

NOTICE OF ANNUAL GENERAL MEETING

Notes:

1. (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.

   (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, Cap. 50.

2. A proxy need not be a member of the Company.

3. The instrument appointing a proxy or proxies must be deposited at the registered office of the Company at 50 Collyer Quay, #18-01/02 OUE Bayfront, Singapore 049321, not less than 48 hours before the time set for 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 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 or service providers) for the purpose of the processing, administration and analysis by the Company (or its agents or service providers) of proxies and representatives appointed for the Annual General Meeting (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the Annual General Meeting (including any adjournment thereof), and in order for the Company (or its agents or service providers) to comply with any applicable laws, listing rules, take-over rules, regulations and/or guidelines (collectively, the "**Purposes**"), (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 or service providers), 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 or service providers) 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
Annual General Meeting

OUE LIMITED
(Incorporated in the Republic of Singapore)
(Company Registration Number: 196400050E)

IMPORTANT:

1. Relevant intermediaries (as defined in Section 181 of the Companies Act, Cap. 50) 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/SRS monies to buy shares in OUE 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/SRS Operators if they have any queries regarding their appointment as proxies.
3. 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 12 April 2019.

I/We_______________________________ (Name)_______________ (NRIC/Passport/Company Registration Number)

of ____ (Address)

being a member/members of OUE LIMITED (the "**Company**"), hereby appoint:

Name	Address	NRIC/Passport No.	Proportion of Shareholdings (%)

and/or (delete as appropriate)

Name	Address	NRIC/Passport No.	Proportion of Shareholdings (%)

or failing him/her, the Chairman of the meeting, as my/our proxy/proxies to attend, speak and to vote for me/us on my/our behalf at the Fifty-Sixth Annual General Meeting of the Company to be held at Mandarin Orchard Singapore, Mandarin Ballroom I, II and III, 6th Floor, Main Tower, 333 Orchard Road, Singapore 238867, on Tuesday, 30 April 2019 at 2:00 p.m. and at any adjournment thereof.

(Voting will be conducted by poll. Please indicate with an "X" in the spaces provided whether you wish your vote(s) to be cast for or against the resolution as set out in the Notice of Annual General Meeting. If you do not indicate your voting intentions below, the proxy may vote or abstain as he/she thinks fit.)

No.	Ordinary Resolutions	For	Against
1.	Directors' Statement and Financial Statements		
2.	Final dividend and Special Dividend		
3.	Directors' fees		
4.	(a) Re-election of Dr. Stephen Riady as Director		
	(b) Re-election of Mr. Thio Gim Hock as Director		
5.	Re-appointment of Auditors		
6.	Authority for Directors to issue shares		
7.	Proposed renewal of the Share Purchase Mandate		

Dated this ______________day of_______________2019

Total No. of Shares in:	No. of Shares
(a) CDP Register	
(b) Register of Members	

____
Signature(s) of Member(s) or Common Seal

IMPORTANT: Please read notes on the reverse

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. 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 shares 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 the 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.

   (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, Cap. 50.

3. A proxy need not be a member of the Company.

4. 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 or proxies, to the meeting.

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Affix
Postage
Stamp

The Company Secretary
OUE Limited
50 Collyer Quay
#18-01/02 OUE Bayfront
Singapore 049321

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5. The instrument appointing a proxy or proxies must be deposited at the Company's registered office at 50 Collyer Quay, #18-01/02, OUE Bayfront, Singapore 049321 not less than 48 hours before the time set for 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 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 appointing a proxy or proxies, failing which the instrument may be treated as invalid.

8. A corporation which is a member may authorise by resolution of its directors or other governing body such person as it thinks fit to act as its representative at the meeting, in accordance with Section 179 of the Companies Act, Cap. 50.

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 on the instrument appointing a proxy or proxies (including any related attachment). In addition, in the case of shares 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.

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OUE LIMITED
COMPANY REG. NO. 196400050E

www.oue.com.sg

MIX
Paper from responsible sources
FSC™ C124277

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