



OUE LIMITED

(Company Registration No. 196400050E)

FIRST QUARTER FINANCIAL STATEMENTS AND DIVIDEND ANNOUNCEMENT FOR THE QUARTER ENDED 31 MARCH 2017 (UNAUDITED)

Item No.	TABLE OF CONTENTS Description	Page No.
1 (a)(i)	Statement of Comprehensive Income	2
1 (a)(ii)	Explanatory Notes to Statement of Comprehensive Income	3 – 5
1 (b)(i)	Statements of Financial Position	6 – 7
1 (b)(ii)	Group's Borrowings and Debt Securities	7
1 (c)	Consolidated Statements of Cash Flows	8 – 9
1 (d)(i)	Statement of Changes in Equity	10 – 12
1 (d)(ii)	Changes in the Company's Issued Share Capital	13
1 (d)(iii)	Total Number of Issued Shares	13
1 (d)(iv)	Changes in the Company's Treasury Shares	13
2 & 3	Audit Statement	13
4 & 5	Accounting Policies	13
6	Earnings per Share	14
7	Net Asset Value per Share	14
8	Review of Performance	14 - 15
9	Variance from Prospect Statement	15
10	Outlook and Prospect	15 - 16
11 & 12	Dividend	16
13	Interested Person Transactions	16
14	Confirmation pursuant to Rule 720 (1) of the Listing Manual	16
15	Disclosure pursuant to Rule 705 (5) of the Listing Manual	17

OUE LIMITED
First Quarter Ended 31 March 2017

1(a)(i) Statement of Comprehensive Income

	Notes	The Group		
		First Quarter ended 31/3/17 \$'000	First Quarter ended 31/3/16 \$'000	Change %
Revenue	A	196,280	122,463	60.3
Cost of sales		(134,610)	(68,188)	97.4
Gross profit		61,670	54,275	13.6
Marketing expenses	B	(9,240)	(3,945)	>100.0
Administrative expenses	C	(24,371)	(11,384)	>100.0
Other operating expenses		(3,042)	(3,216)	(5.4)
Share of results of equity-accounted investees, net of tax	D	9,968	32,960	(69.8)
		34,985	68,690	(49.1)
Finance expenses	E	(31,841)	(41,821)	(23.9)
Finance income	F	1,660	453	>100.0
Other gains/ (losses) - net	G	23,498	(5,224)	n.m.
Profit before tax	H	28,302	22,098	28.1
Tax expense	I	(7,118)	(6,839)	4.1
Profit after tax		21,184	15,259	38.8
Other comprehensive income				
Items that are or may be reclassified subsequently to profit or loss:				
Currency translation differences relating to foreign operations		(19,166)	(21,801)	(12.1)
Share of currency translation differences of equity-accounted investees		(8,399)	(13,849)	(39.4)
Share of currency translation differences of equity-accounted investee reclassified to profit or loss on disposal		(3,564)	-	n.m.
Share of other reserves of equity-accounted investees		695	(5,850)	n.m.
Net change in fair value of available-for-sale financial assets, net of tax		(212)	(140)	51.4
Cash flow hedges:				
- effective portion of changes in fair value of cash flow hedges		(3,360)	(16,979)	(80.2)
- hedging reserve reclassified to profit or loss		182	-	n.m.
Other comprehensive income, net of tax		(33,824)	(58,619)	(42.3)
Total comprehensive income for the period		(12,640)	(43,360)	(70.8)
Profit attributable to:				
Owners of the Company		15,365	8,290	85.3
Non-controlling interests		5,819	6,969	(16.5)
		21,184	15,259	38.8
Total comprehensive income attributable to:				
Owners of the Company		(12,941)	(38,895)	(66.7)
Non-controlling interests		301	(4,465)	n.m.
		(12,640)	(43,360)	(70.8)

n.m.: Not meaningful

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

A) Revenue

	First Quarter ended 31/3/17 \$'000	First Quarter ended 31/3/16 \$'000	Change %
Hospitality income	51,932	51,695	0.5
Investment properties income	68,018	64,268	5.8
Development property income	72,644	4,697	>100.0
Others	3,686	1,803	>100.0
	<u>196,280</u>	<u>122,463</u>	60.3

B) Marketing expenses

Marketing expenses increased by \$5.3 million in 1Q 2017 mainly due to sales commission expense incurred on OUE Twin Peaks units sold.

C) Administrative expenses

Administrative expenses increased by \$13.0 million in 1Q 2017 partially due to transaction costs incurred on the transfer of 22 OUE Twin Peaks units from development properties to investment properties which will be held for capital appreciation.

The increase was also attributed to transaction costs incurred for the acquisition of equity interests in International Healthway Corporation Limited ("IHC"), a company listed on the Catalist of the Singapore Exchange Securities Trading Limited. IHC's principal activities relate to investment holding, development of healthcare-related real estate assets and provision of healthcare services. IHC became a subsidiary of the Group on 2 March 2017. The Group is currently performing a purchase price allocation ("PPA") exercise on its investment in IHC and accordingly, the fair value of the assets acquired and the liabilities assumed at the acquisition date may be adjusted subsequently when the PPA exercise is completed by the end of the financial year.

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

Share of results of equity-accounted investees decreased by \$23.0 million mainly due to absence of \$19.6 million provisional negative goodwill that was recognised on the Group's acquisition of additional interest in Gemdale Properties and Investment Corporation Limited in 1Q 2016. The negative goodwill represented the excess of the provisional fair value of net assets acquired over the consideration paid.

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

E) Finance expenses

	First Quarter ended 31/3/17 \$'000	First Quarter ended 31/3/16 \$'000	Change %
Borrowing costs	25,599	29,195	(12.3)
Net foreign exchange loss	4,008	10,386	(61.4)
Change in fair value of financial derivatives	2,052	-	n.m.
Ineffective portion of changes in fair value of cash flow hedges	-	2,240	n.m.
Hedging reserve reclassified from equity	182	-	n.m.
	<u>31,841</u>	<u>41,821</u>	(23.9)

The change in fair value of financial derivatives and cash flow hedges relate to non-cash fair value movements of the interest rate swaps that were entered into to hedge the Group's exposure to floating interest rates on its borrowings

F) Finance income

	First Quarter ended 31/3/17 \$'000	First Quarter ended 31/3/16 \$'000	Change %
Interest income	1,341	453	>100.0
Ineffective portion of changes in fair value of cash flow hedges	319	-	n.m.
	<u>1,660</u>	<u>453</u>	>100.0

G) Other gains/ (losses) – net

	First Quarter ended 31/3/17 \$'000	First Quarter ended 31/3/16 \$'000	Change %
Reversal of impairment loss on a development property	14,224	-	n.m.
Change in fair value of investment properties	4,095	-	n.m.
Net change in fair value of investments designated at fair value through profit or loss	1,655	(5,224)	n.m.
Gain on disposal of interest in an equity-accounted investee	3,524	-	n.m.
	<u>23,498</u>	<u>(5,224)</u>	n.m.

The reversal of impairment loss on a development property of \$14.2 million pertains to the write-back of impairment on OUE Twin Peaks units that were sold and the units that were transferred to investment properties.

The change in fair value of investment properties relates to the fair value gain on the 22 OUE Twin Peaks units that were transferred from development properties. The gain arose as the fair value of these units were higher than its previous carrying amount.

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

Net change in fair value of investments in fair value through profit or loss mainly pertains to fair value movements in the investment in a mutual fund.

Gain on disposal of interests in an equity-accounted investee relates to gain on disposal of the entire equity interests in OCZ Holdings Pte. Ltd. ("OCZ"), a joint venture of the Group. The joint venture was formed for the investment in the proposed integrated resort project in Incheon, South Korea.

H) Profit before tax

	First Quarter ended 31/3/17 \$'000	First Quarter ended 31/3/16 \$'000	Change %
Profit before tax is stated after charging/(crediting):			
- Depreciation of property, plant and equipment	1,129	1,088	3.8
- Allowance for impairment on trade and other receivables	-	2	n.m.
- Loss/(Gain) on disposal of property, plant and equipment	2	(31)	n.m.

I) Tax expense

	First Quarter ended 31/3/17 \$'000	First Quarter ended 31/3/16 \$'000	Change %
The charge for income tax expense includes the following:			
Underprovision in respect of prior years			
- Current tax	222	6	>100.0

n.m.: Not meaningful

OUE LIMITED
First Quarter Ended 31 March 2017

1(b)(i) Statements of Financial Position

	Notes	The Group		The Company	
		31/03/17 \$'000	31/12/16 \$'000	31/03/17 \$'000	31/12/16 \$'000
ASSETS					
Current assets					
Cash and cash equivalents		277,460	238,973	94,675	77,778
Trade and other receivables	A	92,553	19,643	855,498	823,306
Inventories		1,913	1,124	225	254
Other investments		177,168	175,514	-	-
Development properties	B	620,084	724,224	-	-
Other assets		29,670	34,324	2,199	1,585
Loans to subsidiaries		-	-	1,980,463	2,034,624
		<u>1,198,848</u>	<u>1,193,802</u>	<u>2,933,060</u>	<u>2,937,547</u>
Non-current assets					
Available-for-sale financial assets		154,188	154,160	155,673	143,805
Investments in equity-accounted investees	C	907,995	942,376	491,849	491,917
Investments in subsidiaries		-	-	334,812	334,792
Loans to subsidiaries		-	-	200,056	199,468
Other investments		14,574	14,990	-	-
Other assets		9,810	2,624	976	976
Investment properties	D	6,235,673	5,742,752	-	-
Property, plant and equipment		25,774	19,438	12,082	12,609
Deferred tax assets		13,801	12,948	716	765
Derivative assets	E	-	315	-	-
		<u>7,361,815</u>	<u>6,889,603</u>	<u>1,196,164</u>	<u>1,184,332</u>
Total assets		<u>8,560,663</u>	<u>8,083,405</u>	<u>4,129,224</u>	<u>4,121,879</u>
LIABILITIES					
Current liabilities					
Trade and other payables		229,799	218,727	106,754	103,203
Borrowings	F	317,704	656,046	65,000	299,937
Provision		3,193	4,187	4,445	4,969
Loan from a subsidiary		-	-	300,000	45,000
Current tax liabilities		39,674	33,718	6,716	5,218
Derivative liabilities	E	225	43	-	-
		<u>590,595</u>	<u>912,721</u>	<u>482,915</u>	<u>458,327</u>
Non-current liabilities					
Borrowings	F	2,832,437	2,245,443	497,282	497,035
Deferred tax liabilities	G	169,763	142,641	-	-
Deferred income	H	84,848	71,877	-	-
Other payables		66,457	59,165	388	415
Provision		-	-	4,002	4,002
Derivative liabilities	E	12,345	7,747	-	-
		<u>3,165,850</u>	<u>2,526,873</u>	<u>501,672</u>	<u>501,452</u>
Total liabilities		<u>3,756,445</u>	<u>3,439,594</u>	<u>984,587</u>	<u>959,779</u>
Net Assets		<u>4,804,218</u>	<u>4,643,811</u>	<u>3,144,637</u>	<u>3,162,100</u>
EQUITY					
Share capital		693,315	693,315	693,315	693,315
Other reserves		(128,747)	(100,441)	(55,574)	(55,574)
Accumulated profits		3,401,477	3,416,457	2,506,896	2,524,359
Equity attributable to owners of the Company		<u>3,966,045</u>	<u>4,009,331</u>	<u>3,144,637</u>	<u>3,162,100</u>
Non-controlling interests	I	838,173	634,480	-	-
Total equity		<u>4,804,218</u>	<u>4,643,811</u>	<u>3,144,637</u>	<u>3,162,100</u>

OUE LIMITED
First Quarter Ended 31 March 2017

Notes:

- A) The increase in “Trade and other receivables” of \$72.9 million was mainly due to the consolidation of the trade and other receivables of IHC. IHC became a subsidiary of the Group on 2 March 2017 and its financial position is consolidated accordingly.
- B) The decrease in “Development properties” of \$104.1 million was due to the sale of units of OUE Twin Peaks and the transfer of 22 OUE Twin Peaks units to investment properties in 2017.
- C) The decrease in “Investments in equity-accounted investees” of \$34.4 million was mainly due to the disposal of the Group’s entire equity interest in OCZ.
- D) The increase in “Investment properties” of \$492.9 million was mainly due to the transfer of 22 OUE Twin Peaks units from development properties with fair value amounting to \$56.8 million as at 31 March 2017, capital expenditure incurred at OUE Downtown and the consolidation of the investment properties held by IHC.
- E) “Derivative assets” and “derivative liabilities” relate to the fair value of the interest rate swaps entered into to hedge the Group’s exposure to floating interest rates on its borrowings.
- F) The increase in “Borrowings” of \$248.7 million was mainly due to the consolidation of IHC and additional borrowings to finance the acquisition of IHC; offset by the redemption of the \$300 million medium term notes which matured on 1 February 2017.
- G) The increase in “Deferred tax liabilities” of \$27.1 million was mainly due to the consolidation of the deferred tax liabilities of IHC, which largely relates to the fair value gains of its investment properties.
- H) “Deferred income” relates to the non-refundable deposits received from the OUE Twin Peaks units sold under deferred payment schemes. Revenue from units sold under deferred payment schemes are deferred and will be recognised on completion of the sale of the unit. The increase of \$13.0 million arose due to additional units sold under deferred payment schemes in 1Q 2017.
- I) The increase in “Non-controlling interests” of \$203.7 million was mainly due to the dilution of interests in OUE Commercial Real Estate Investment Trust subsequent to their private placement in March 2017, as well as the recognition of non-controlling interests of IHC arising from consolidation.

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

	As at 31/3/17			As at 31/12/16		
	Secured \$'000	Unsecured \$'000	Total \$'000	Secured \$'000	Unsecured \$'000	Total \$'000
Amount repayable in one year or less, or on demand	25,156	292,548	317,704	356,109	299,937	656,046
Amount repayable after one year	2,329,405	503,032	2,832,437	1,748,408	497,035	2,245,443
	<u>2,354,561</u>	<u>795,580</u>	<u>3,150,141</u>	<u>2,104,517</u>	<u>796,972</u>	<u>2,901,489</u>

Details of any collateral

Secured borrowings are collateralised by:

- pledging of the borrowing companies' properties/assets and/or
- first priority fixed charge over the shares of certain subsidiaries
- assignment of all rights and benefits to sale, lease and/or insurance proceeds with respect to the properties

OUE LIMITED
First Quarter Ended 31 March 2017

1(c) Consolidated Statement of Cash Flows

	Note	The Group	
		First Quarter ended 31/3/17 \$'000	First Quarter ended 31/3/16 \$'000
Cash flows from operating activities			
Profit after tax		21,184	15,259
Adjustments for:			
Depreciation of property, plant and equipment		1,129	1,088
Reversal of impairment loss on a development property		(14,224)	-
Change in fair value of investment properties		(4,095)	-
Net change in fair value of investments designated at fair value through profit or loss		(1,655)	5,224
Finance expenses		31,841	41,821
Finance income		(1,660)	(453)
Gain on disposal of interest in equity-accounted investee		(3,524)	-
Loss/(Gain) on disposal of property, plant and equipment		2	(31)
Share of results of equity-accounted investees, net of tax		(9,968)	(32,960)
Tax expense		7,118	6,839
		<u>26,148</u>	<u>36,787</u>
Changes in:			
- trade and other receivables and other assets		(14,414)	(5,358)
- inventories		82	70
- development properties		65,669	(11,858)
- trade and other payables and provision		(10,846)	(22,771)
- deferred income		12,971	-
Cash generated from operations		<u>79,610</u>	<u>(3,130)</u>
Tax paid		(1,952)	(1,051)
Net cash from/ (used in) operating activities	A	<u>77,658</u>	<u>(4,181)</u>
Cash flows from investing activities			
Acquisition of subsidiaries, net of cash acquired		(83,712)	-
Acquisition of available-for-sale financial assets		(356)	-
Additions to property, plant and equipment		(123)	(277)
Additions to investment properties		(40,115)	(30,541)
Dividends from equity-accounted investees, net of tax		7,967	7,487
Interest received		407	288
Advance to a joint venture partner		-	(25,247)
Loan to joint venture		-	(25,247)
Proceeds from sale of other investments		-	95,373
Proceeds from disposal of interests in an equity-accounted investee		28,639	-
Proceeds from disposal of property, plant and equipment		-	31
Net cash (used in)/ from investing activities		<u>(87,293)</u>	<u>21,867</u>

OUE LIMITED
First Quarter Ended 31 March 2017

	<u>The Group</u>	
	First Quarter ended 31/3/17 \$'000	First Quarter ended 31/3/16 \$'000
Cash flows from financing activities		
Acquisition of non-controlling interests	(20,958)	(165,970)
Dividends paid	(11,289)	(15,582)
Finance expense paid	(35,499)	(31,660)
Proceeds from borrowings	1,221,515	320,500
Repayment of borrowings	(1,254,867)	(74,655)
Proceeds from issuance of units by a subsidiary	150,000	-
Unit issue costs of a subsidiary	(780)	-
Changes in pledged deposits	2,977	437
Net cash from financing activities	<u>51,099</u>	<u>33,070</u>
Net increase in cash and cash equivalents	41,464	50,756
Cash and cash equivalents at beginning of the financial period	<u>225,415</u>	<u>156,893</u>
Cash and cash equivalents at the end of the financial period¹	<u><u>266,879</u></u>	<u><u>207,649</u></u>

1 Cash and cash equivalents as at 31 March 2017 excludes the Group's pledged deposits of \$10,581,000 (31/12/16: \$13,558,000).

Note:

A) For the first quarter ended 31 March 2016, net cash used in operating activities was \$4.2 million, mainly due to payment of development costs incurred for the extension to Crowne Plaza Changi Airport.

OUE LIMITED
First Quarter Ended 31 March 2017

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

	<u>Attributable to Owners of the Company</u>					Total Equity
	Share Capital	Other Reserves	Accumulated Profits	Total	Non-controlling interests	
THE GROUP	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
At 1 January 2017	693,315	(100,441)	3,416,457	4,009,331	634,480	4,643,811
Total comprehensive income for the period						
Profit for the period	-	-	15,365	15,365	5,819	21,184
Other comprehensive income						
Currency translation differences relating to foreign operations	-	(15,154)	-	(15,154)	(4,012)	(19,166)
Share of currency translation differences of equity-accounted investees	-	(8,399)	-	(8,399)	-	(8,399)
Share of currency translation differences of equity-accounted investee reclassified to profit or loss on disposal	-	(3,564)	-	(3,564)	-	(3,564)
Share of other reserves of equity-accounted investees	-	695	-	695	-	695
Net change in fair value of available-for-sale financial assets, net of tax	-	(212)	-	(212)	-	(212)
Cash flow hedges:						
- effective portion of changes in fair value of cash flow hedges	-	(1,766)	-	(1,766)	(1,594)	(3,360)
- hedging reserve reclassified to profit or loss	-	94	-	94	88	182
Total other comprehensive income, net of tax	-	(28,306)	-	(28,306)	(5,518)	(33,824)
Total comprehensive income for the period	-	(28,306)	15,365	(12,941)	301	(12,640)
Transactions with owners, recognised directly in equity						
Contributions by and distributions to owners						
Dividends paid	-	-	-	-	(11,289)	(11,289)
Unit issue costs of a subsidiary	-	-	-	-	(906)	(906)
Total contributions by and distributions to owners	-	-	-	-	(12,195)	(12,195)
Changes in ownership interests in subsidiaries						
Proceeds from issuance of units by a subsidiary	-	-	-	-	150,000	150,000
Acquisition of subsidiary with non-controlling interests	-	-	-	-	58,249	58,249
Changes in ownership interests in subsidiaries without a change in control	-	-	(30,345)	(30,345)	7,338	(23,007)
Total changes in ownership interests in subsidiaries	-	-	(30,345)	(30,345)	215,587	185,242
Total transactions with owners	-	-	(30,345)	(30,345)	203,392	173,047
At 31 March 2017	693,315	(128,747)	3,401,477	3,966,045	838,173	4,804,218

OUE LIMITED
First Quarter Ended 31 March 2017

THE GROUP	Attributable to Owners of the Company					
	Share Capital	Other Reserves	Accumulated Profits	Total	Non-controlling interests	Total Equity
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
At 1 January 2016	693,315	(51,672)	3,288,829	3,930,472	833,720	4,764,192
Total comprehensive income for the period						
Profit for the period	-	-	8,290	8,290	6,969	15,259
Other comprehensive income						
Currency translation differences relating to foreign operations	-	(16,488)	-	(16,488)	(5,313)	(21,801)
Share of currency translation differences of equity-accounted investees	-	(13,849)	-	(13,849)	-	(13,849)
Share of other reserves of equity-accounted investees	-	(5,850)	-	(5,850)	-	(5,850)
Net change in fair value of available-for-sale financial assets, net of tax	-	(140)	-	(140)	-	(140)
Effective portion of changes in fair value of cash flow hedges	-	(10,858)	-	(10,858)	(6,121)	(16,979)
Total other comprehensive income, net of tax	-	(47,185)	-	(47,185)	(11,434)	(58,619)
Total comprehensive income for the period	-	(47,185)	8,290	(38,895)	(4,465)	(43,360)
Transactions with owners, recognised directly in equity						
Contributions by and distributions to owners						
Dividends paid	-	-	-	-	(15,582)	(15,582)
Total contributions by and distributions to owners	-	-	-	-	(15,582)	(15,582)
Changes in ownership interests in subsidiaries						
Changes in ownership interests in a subsidiary without a change in control	-	3,589	14,139	17,728	(183,698)	(165,970)
Total changes in ownership interests in subsidiaries	-	3,589	14,139	17,728	(183,698)	(165,970)
Total transactions with owners	-	3,589	14,139	17,728	(199,280)	(181,552)
Share of reserves of an equity-accounted investee	-	(12)	12	-	-	-
At 31 March 2016	693,315	(95,280)	3,311,270	3,909,305	629,975	4,539,280

OUE LIMITED
First Quarter Ended 31 March 2017

THE COMPANY	Share Capital \$'000	Other Reserves \$'000	Accumulated Profits \$'000	Total Equity \$'000
At 1 January 2017	693,315	(55,574)	2,524,359	3,162,100
Total comprehensive income for the period				
Loss for the period	-	-	(17,463)	(17,463)
Total comprehensive income for the period	-	-	(17,463)	(17,463)
At 31 March 2017	<u>693,315</u>	<u>(55,574)</u>	<u>2,506,896</u>	<u>3,144,637</u>
At 1 January 2016	693,315	(39,769)	2,393,359	3,046,905
Total comprehensive income for the period				
Loss for the period	-	-	(4,904)	(4,904)
Total comprehensive income for the period	-	-	(4,904)	(4,904)
At 31 March 2016	<u>693,315</u>	<u>(39,769)</u>	<u>2,388,455</u>	<u>3,042,001</u>

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

There is no change in the Company's share capital in 2017.

As at 31 March 2017, the Company held 79,786,000 (31/12/16: 79,786,000) treasury shares.

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

As at 31 March 2017, the Company's total number of issued shares excluding treasury shares is 901,815,860 (31/12/16: 901,815,860).

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

Not applicable.

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

These figures have not been audited or reviewed.

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

Not applicable.

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

Except as disclosed in paragraph 5 below, the Group has applied the same accounting policies and method of computation in the financial statements for the current financial period as those of the audited financial statements for the year ended 31 December 2016.

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

The Group adopted a number of new standards, amendments to standards and interpretations that are effective for annual periods beginning on 1 January 2017. The adoption of these new standards, amendments to standards and interpretations did not result in any significant impact on the financial statements of the Group.

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

	<u>The Group</u>	
	First Quarter ended 31/3/17	First Quarter ended 31/3/16
Weighted average number of ordinary shares in issue	901,815,860	903,296,860
Basic and diluted earnings per share (cents per share) ^(a)	<u>1.70</u>	<u>0.92</u>

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

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

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

	<u>The Group</u>		<u>The Company</u>	
	31/03/17	31/12/16	31/03/17	31/12/16
Number of issued shares (excluding treasury shares)	901,815,860	901,815,860	901,815,860	901,815,860
Net asset value per ordinary share (\$)	<u>4.40</u>	<u>4.45</u>	<u>3.49</u>	<u>3.51</u>

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

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

FINANCIAL HIGHLIGHTS	1Q 2017 \$'000	1Q 2016 \$'000	Change %
Revenue	196,280	122,463	60.3
Earnings before interest and tax (EBIT)	34,985	68,690	(49.1)
Profit attributable to Owners of the Company	15,365	8,290	85.3

Revenue

In 1Q 2017, the Group recorded revenue of \$196.3 million (1Q 2016: \$122.5 million). The increase was mainly contributed by the property investments and property development divisions.

Hospitality Division

Revenue from the hospitality division was marginally higher at \$51.9 million (1Q 2016: \$51.7 million). Increase was mainly contributed by the enlarged room inventory at Crowne Plaza Changi Airport, slightly offset by lower room sales from Mandarin Orchard Singapore.

Property Investments Division

Revenue from property investments division increased \$3.8 million to \$68.0 million (1Q 2016: \$64.3 million) on the back of stronger performance from all the investment properties in the Group's portfolio.

Property Development Division

Revenue from property development division increased \$67.9 million to \$72.6 million, driven by the sale of more units at OUE Twin Peaks. The revenue recognised relates only to the units sold where completion of the sale had occurred. The revenue relating to the units sold under deferred payment schemes are deferred until completion of the sale of the unit although non-refundable deposits were collected.

Others

The increase in other revenue of \$1.9 million was mainly contributed by OUE Skyspace, the observation deck at US Bank Tower, which was opened in June 2016.

EBIT

EBIT decreased \$33.7 million to \$35.0 million in 1Q 2017 (1Q 2016: \$68.7 million). The decrease was mainly attributed to higher administrative expenses and lower contribution from equity-accounted investees on the absence of \$19.6 million provisional negative goodwill recognised in previous year.

Profit attributable to owners of the Company

Despite lower EBIT, profit attributable to owners of the Company increased \$7.1 million to \$15.4 million (1Q 2016: \$8.3 million). This was mainly due to reversal of impairment losses on OUE Twin Peaks and lower finance expenses.

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

No forecast or prospect statement has been previously disclosed.

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

In view of the global economic uncertainties and subdued Singapore economy, the tourism industry continues to face headwinds in the near term as consumers and corporates are likely to be conservative in their travel expenditures. The increased hotel rooms supply in Singapore had created a highly competitive market environment for the hospitality business and this would likely persist as more supply is expected in 2017 before tapering in 2018.

In 1Q 2017, vacancy rate for Singapore Core CBD offices edged up slightly to 4.4% and Grade A CBD Core office rents declined 9.6% year-on-year to S\$8.95 per square foot per month¹. Vacancy levels remains a concern and are expected to rise in the coming quarters as occupiers who are still fulfilling existing lease terms prior to relocation, vacate their existing premises.

In Downtown Los Angeles, vacancy rate dropped 0.7 percentage points year-on-year to 16.5%². According to CBRE, the U.S. office market is poised for a moderate slowdown in 2017 due to a combination of increasing new supply and softer tenant demand³. In Shanghai, the average vacancy rate in CBD Grade A office market increased by 2.2 percentage points quarter-on-quarter to 12.4%⁴ as a result of the new supply. In view of further new office supply coming on-stream in 2017, the overall CBD Grade A vacancy rate may continue to increase in the coming quarters and rental outlook in Shanghai continues to be soft.

Buying activity in the Singapore private residential market surged in 1Q 2017. Prices of non-landed properties in Core Central Region decreased by 0.4%, compared with the 0.1% increase in the

previous quarter⁵. The Group recorded higher sales of OUE Twin Peaks from active marketing activities and a total of 411 units were sold as at 31 March 2017.

Asset enhancement initiatives are almost completed at OUE Downtown and the opening of Downtown Gallery and Oakwood Premier OUE Singapore, the new 268-unit serviced residences, is expected to be by 2Q 2017. The recent acquisition of IHC would enable the Group to expand into the healthcare real estate sector.

¹CBRE Marketview Singapore, Q1 2017

²CBRE Marketview Snapshot U.S. Office, Q1 2017

³CBRE Research, U.S. Market Outlook 2017

⁴Colliers Quarterly Q1 2017 Shanghai Office, 21 April 2017

⁵URA, Release of 1st Quarter 2017 real estate statistics, 28 April 2017

11 Dividend

(a) Current Financial Period Reported On

Any dividend declared/proposed for the current financial period reported on? No.

(b) Corresponding Period of the Immediately Preceding Financial Year

Any dividend declared for the corresponding period of the immediately preceding financial year? No.

(c) Date payable

Not applicable.

(d) Books closure date

Not applicable.

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

Not applicable.

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

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

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

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

BY ORDER OF THE BOARD

NG NGAI
COMPANY SECRETARY
5 May 2017

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

Pursuant to Rule 705(5) of the Listing Manual of the Singapore Exchange Securities Trading Limited, the Company confirms that none of the persons occupying managerial positions in the Company or any of its principal subsidiaries is a relative of a director or Chief Executive Officer or substantial shareholder of the Company.

On behalf of the Board of Directors

Dr Stephen Riady
Executive Chairman

Mr Thio Gim Hock
Chief Executive Officer