



OUE LIMITED

(Company Registration No. 196400050E)

**INTERIM FINANCIAL STATEMENTS AND DIVIDEND ANNOUNCEMENT
FOR THE HALF YEAR ENDED 30 JUNE 2023 (UNAUDITED)**

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QUE LIMITED & ITS SUBSIDIARIES
For the half year ended 30 June 2023

A. Condensed interim consolidated statement of profit or loss and other comprehensive income

	Notes	The Group		Change %
		Half year ended 30/6/23 \$'000	Half year ended 30/6/22 \$'000	
Revenue	3	304,498	198,674	53.3
Cost of sales		(125,589)	(84,007)	49.5
Gross profit		178,909	114,667	56.0
Marketing expenses		(5,600)	(2,941)	90.4
Administrative expenses		(45,288)	(34,093)	32.8
Other operating expenses		(7,173)	(7,222)	(0.7)
Share of results of equity-accounted investees, net of tax		25,750	77,615	(66.8)
		146,598	148,026	(1.0)
Finance expenses	4	(75,994)	(53,560)	41.9
Finance income	5	8,111	5,329	52.2
Other (losses)/gains - net	6	(289)	40,125	n.m
Profit before tax	7	78,426	139,920	(43.9)
Tax expense	8	(10,246)	(12,297)	(16.7)
Profit after tax		68,180	127,623	(46.6)
Other comprehensive income				
Items that are or may be reclassified subsequently to profit or loss:				
Foreign operations:				
- currency translation differences		7,180	(39,338)	n.m.
Share of other comprehensive income of equity-accounted investees:				
- currency translation differences		(38,329)	(40,465)	(5.3)
- other reserves		(343)	1,955	n.m.
Cash flow hedges:				
- effective portion of changes in fair value of cash flow hedges		2,499	24,899	(90.0)
- hedging reserve reclassified to profit or loss		(2,346)	3,593	n.m.
		(31,339)	(49,356)	(36.5)
Items that will not be reclassified subsequently to profit or loss:				
Share of other reserves of an equity-accounted investee		(2,480)	(1,480)	67.6
Net change in fair value of investments at fair value through other comprehensive income, net of tax	6(ii)(b)	(14,481)	(64,181)	(77.4)
		(16,961)	(65,661)	(74.2)
Other comprehensive income, net of tax		(48,300)	(115,017)	(58.0)
Total comprehensive income for the period		19,880	12,606	57.7
Profit attributable to:				
Owners of the Company		40,225	88,699	(54.6)
Perpetual securities holders		822	999	(17.7)
Non-controlling interests		27,133	37,925	(28.5)
		68,180	127,623	(46.6)
Total comprehensive income attributable to:				
Owners of the Company		(11,364)	(21,224)	(46.5)
Perpetual securities holders		822	999	(17.7)
Non-controlling interests		30,422	32,831	(7.3)
		19,880	12,606	57.7
Earnings per share for profit for the period attributable to the owners of the Company				
Weighted average number of ordinary shares in issue		847,257,260	870,220,882	
Basic and diluted earnings per share (cents)		4.75	10.19	

n.m. - Not meaningful

OUE LIMITED & ITS SUBSIDIARIES
As at 30 June 2023

B. Condensed interim statements of financial position

	Note	The Group		The Company	
		30/06/2023 \$'000	31/12/2022 \$'000	30/06/2023 \$'000	31/12/2022 \$'000
ASSETS					
Cash and cash equivalents		224,935	327,846	41,707	121,614
Trade and other receivables		69,505	64,249	1,161,455	978,445
Inventories		1,627	1,659	204	179
Other investments		7,544	52,664	-	-
Development properties		31,048	37,967	-	-
Other assets		111,889	101,235	26,350	47,162
Loans to subsidiaries		-	-	567,001	912,430
Derivative assets		6,137	6,390	-	-
Current assets		452,685	592,010	1,796,717	2,059,830
Intangible assets and goodwill	10	58,387	58,394	-	-
Interests in equity-accounted investees	11	1,522,523	1,521,522	-	-
Investments in subsidiaries		-	-	970,886	967,494
Loans to subsidiaries		-	-	-	13,348
Other investments		136,262	119,032	-	-
Other assets		6,210	5,593	918	907
Investment properties	12	5,402,128	5,404,659	-	-
Property, plant and equipment	13	1,735,386	1,760,752	586,279	602,545
Deferred tax assets		2,047	2,047	3,567	3,255
Derivative assets		10,278	23,059	865	222
Non-current assets		8,873,221	8,895,058	1,562,515	1,587,771
Total assets		9,325,906	9,487,068	3,359,232	3,647,601
LIABILITIES					
Trade and other payables		165,256	179,139	105,239	124,280
Borrowings	14	48,492	578,643	-	-
Provision		20,232	24,656	-	-
Loans from a subsidiary		-	-	-	301,412
Current tax liabilities		92,672	87,363	5,474	5,162
Deferred income		3,663	3,439	-	-
Lease liabilities		7,696	6,456	26,915	26,473
Derivative liabilities		-	494	-	-
Current liabilities		338,011	880,190	137,628	457,327
Borrowings	14	2,809,691	2,388,483	79,062	18,955
Deferred income		17,290	309	-	-
Deferred tax liabilities		134,212	145,009	-	-
Other payables		60,801	60,726	8	1,304
Lease liabilities		36,334	38,302	640,044	653,723
Derivative liabilities		121	-	-	-
Non-current liabilities		3,058,449	2,632,829	719,114	673,982
Total liabilities		3,396,460	3,513,019	856,742	1,131,309
Net Assets		5,929,446	5,974,049	2,502,490	2,516,292
EQUITY					
Share capital	15	470,546	470,546	470,546	470,546
Other reserves		(308,096)	(252,625)	(16,179)	(16,179)
Accumulated profits		3,504,798	3,470,549	2,048,123	2,061,925
Equity attributable to owners of the Company		3,667,248	3,688,470	2,502,490	2,516,292
Perpetual securities		33,269	33,282	-	-
Non-controlling interests		2,228,929	2,252,297	-	-
Total equity		5,929,446	5,974,049	2,502,490	2,516,292

OUÉ LIMITED & ITS SUBSIDIARIES
For half year ended 30 June 2023

C. Condensed interim statements of changes in equity

THE GROUP	Notes	Attributable to Owners of the Company			Perpetual securities \$'000	Non-controlling interests \$'000	Total equity \$'000	
		Share capital \$'000	Other reserves \$'000	Accumulated profits \$'000				Total \$'000
At 1 January 2023		470,546	(252,625)	3,470,549	33,282	2,252,297	5,974,049	
Total comprehensive income for the period								
Profit for the period		-	-	40,225	40,225	822	27,133	68,180
Other comprehensive income								
Foreign operations:								
- currency translation differences		-	3,698	-	3,698	-	3,482	7,180
Share of other comprehensive income of equity-accounted investees:								
- currency translation differences		-	(38,329)	-	(38,329)	-	-	(38,329)
- other reserves		-	(2,646)	-	(2,646)	-	(177)	(2,823)
Net change in fair value of investments at fair value through other comprehensive income, net of tax		-	(14,447)	-	(14,447)	-	(34)	(14,481)
Cash flow hedges:								
- effective portion of changes in fair value of cash flow hedges		-	1,215	-	1,215	-	1,284	2,499
- hedging reserve reclassified to profit or loss		-	(1,080)	-	(1,080)	-	(1,266)	(2,346)
Total other comprehensive income, net of tax		-	(51,589)	-	(51,589)	-	3,289	(48,300)
Total comprehensive income for the period		-	(51,589)	40,225	(11,364)	822	30,422	19,880
Transactions with owners, recognised directly in equity								
Contributions by and distributions to owners								
Dividends paid	16	-	-	(12,709)	(12,709)	-	(50,960)	(63,669)
Distributions to perpetual securities holders		-	-	-	-	(835)	-	(835)
Total contributions by and distributions to owners		-	-	(12,709)	(12,709)	(835)	(50,960)	(64,504)
Changes in ownership interests in subsidiaries								
Disposal of interests in a subsidiary		-	-	-	-	-	42	42
Changes in ownership interests in subsidiaries without a change in control		-	-	2,872	2,872	-	(2,872)	-
Total changes in ownership interests in subsidiaries		-	-	2,872	2,872	-	(2,830)	42
Total transactions with owners		-	-	(9,837)	(9,837)	(835)	(53,790)	(64,462)
Share of reserves of an equity-accounted investee		-	(84)	63	(21)	-	-	(21)
Transfer from fair value reserve to accumulated profits		-	(3,798)	3,798	-	-	-	-
At 30 June 2023		470,546	(308,096)	3,504,798	3,667,248	33,269	2,228,929	5,929,446

QUE LIMITED & ITS SUBSIDIARIES
For year half year ended 30 June 2023

C. Condensed interim statements of changes in equity (cont'd)

THE GROUP	Notes	Share capital \$'000	Other reserves \$'000	Accumulated profits \$'000	Total \$'000	Perpetual securities \$'000	Non-controlling interests \$'000	Total equity \$'000
At 1 January 2022		634,852	(69,233)	3,284,337	3,849,956	-	1,869,442	5,719,398
Total comprehensive income for the period								
Profit for the period		-	-	88,699	88,699	999	37,925	127,623
Other comprehensive income								
Foreign operations:								
- currency translation differences		-	(18,220)	-	(18,220)	-	(21,118)	(39,338)
Share of other comprehensive income of equity-accounted investees:								
- currency translation differences		-	(40,465)	-	(40,465)	-	-	(40,465)
- other reserves		-	(536)	-	(536)	-	1,011	475
Net change in fair value of investments at fair value through other comprehensive income, net of tax		-	(64,181)	-	(64,181)	-	-	(64,181)
Cash flow hedges:								
- effective portion of changes in fair value of cash flow hedges		-	11,862	-	11,862	-	13,037	24,899
- hedging reserve reclassified to profit or loss		-	1,617	-	1,617	-	1,976	3,593
Total other comprehensive income, net of tax		-	(109,923)	-	(109,923)	-	(5,094)	(115,017)
Total comprehensive income for the period		-	(109,923)	88,699	(21,224)	999	32,831	12,606
Transactions with owners, recognised directly in equity								
Contributions by and distributions to owners								
Own shares acquired	15	-	(5,060)	-	(5,060)	-	-	(5,060)
Dividends paid	16	-	-	(8,695)	(8,695)	-	(52,234)	(60,929)
Total contributions by and distributions to owners		-	(5,060)	(8,695)	(13,755)	-	(52,234)	(65,989)
Changes in ownership interests in subsidiaries								
Acquisition of subsidiaries		-	-	-	-	59,651	326,527	386,178
Changes in ownership interests in subsidiaries without a change in control		-	2,577	3,845	6,422	-	80,633	87,055
Total changes in ownership interests in subsidiaries		-	2,577	3,845	6,422	59,651	407,160	473,233
Total transactions with owners		-	(2,483)	(4,850)	(7,333)	59,651	354,926	407,244
Share of reserves of an equity-accounted investee		-	(12,329)	258	(12,071)	-	-	(12,071)
Transfer from fair value reserves to accumulated profits		-	(4,296)	4,296	-	-	-	-
At 30 June 2022		634,852	(198,264)	3,372,740	3,809,328	60,650	2,257,199	6,127,177

OUE LIMITED & ITS SUBSIDIARIES
For year half year ended 30 June 2023

C. Condensed interim statements of changes in equity (cont'd)

THE COMPANY	Notes	Share capital \$'000	Other reserves \$'000	Accumulated profits \$'000	Total equity \$'000
At 1 January 2023		470,546	(16,179)	2,061,925	2,516,292
Total comprehensive income for the period					
Loss for the period		-	-	(1,093)	(1,093)
Total comprehensive income for the period		-	-	(1,093)	(1,093)
Transactions with owners of the Company, recognised directly in equity					
Contributions by and distributions to owners of the Company					
Dividends paid	16	-	-	(12,709)	(12,709)
Total transactions with owners of the Company		-	-	(12,709)	(12,709)
At 30 June 2023		470,546	(16,179)	2,048,123	2,502,490
At 1 January 2022		634,852	(148,016)	2,085,474	2,572,310
Total comprehensive income for the period					
Profit for the period		-	-	95,295	95,295
Total comprehensive income for the period		-	-	95,295	95,295
Transactions with owners of the Company, recognised directly in equity					
Contributions by and distributions to owners of the Company					
Own shares acquired	15	-	(5,060)	-	(5,060)
Dividends paid	16	-	-	(8,695)	(8,695)
Total transactions with owners of the Company		-	(5,060)	(8,695)	(13,755)
At 30 June 2022		634,852	(153,076)	2,172,074	2,653,850

OUE LIMITED & ITS SUBSIDIARIES
For the half year ended 30 June 2023

D. Condensed interim consolidated statement of cash flows

	The Group	
	Half year ended 30/6/23 \$'000	Half year ended 30/6/22 \$'000
Cash flows from operating activities		
Profit after tax	68,180	127,623
Adjustments for:		
Depreciation of property, plant and equipment	29,788	26,240
Adjustments on rental straight lining	(7,272)	-
Net change in fair value of investment properties	7,530	(4,213)
Net change in fair value of investments designated at fair value through profit or loss	(7,179)	(36,134)
Net loss arising from the acquisition of a subsidiary previously held as an equity-accounted investee	-	224
Impairment loss on trade and other receivables	123	124
Gain on disposal of a subsidiary	(62)	-
Gain on disposal of property, plant and equipment	-	(48)
Finance expenses	75,994	53,560
Finance income	(8,111)	(5,329)
Share of results of equity-accounted investees, net of tax	(25,750)	(77,615)
Tax expense	10,246	12,297
	<u>143,487</u>	<u>96,729</u>
Changes in:		
- trade and other receivables and other assets	(9,721)	48,786
- inventories	(33)	(81)
- development properties	7,357	-
- trade and other payables and provision	(13,966)	(57,045)
- deferred income	17,205	387
Cash generated from operations	<u>144,329</u>	<u>88,776</u>
Tax paid	<u>(12,684)</u>	<u>(22,243)</u>
Net cash from operating activities	<u>131,645</u>	<u>66,533</u>
Cash flows from investing activities		
Acquisition of interests in equity-accounted investees	(7,904)	(63,511)
Acquisition of other investments	(35,729)	(341)
Additions to property, plant and equipment	(19,287)	(18,884)
Additions to investment properties	(3,172)	(3,339)
Dividends from:		
- equity-accounted investees, net of tax	4,481	11,459
- other investments	3,762	282
Interest received	2,948	2,313
Loan to an equity-accounted investee	(24,000)	-
Proceeds from repayment of loans from equity-accounted investees	20,477	14,059
Proceeds from sale of other investments	57,406	59,992
Acquisition of subsidiaries, net of cash acquired	-	39,845
Proceeds from disposal of interests in a subsidiary, net of cash disposed	(31)	-
Proceeds from disposal of property, plant and equipment	-	69
Net cash (used in)/from investing activities	<u>(1,049)</u>	<u>41,944</u>

OUE LIMITED & ITS SUBSIDIARIES
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D. Condensed interim consolidated statement of cash flows (cont'd)

	The Group	
	Half year ended 30/6/23 \$'000	Half year ended 30/6/22 \$'000
Cash flows from financing activities		
Dividends paid	(63,669)	(60,929)
Finance expense paid	(64,940)	(45,137)
Proceeds from borrowings	609,884	342,309
Repayment of borrowings	(711,084)	(524,867)
Principal repayment of leases	(2,863)	(2,566)
Distribution to perpetual securities holders	(835)	-
Repurchase of own shares	-	(5,060)
Changes in pledged deposits	(1,875)	(1,019)
Net cash used in financing activities	(235,382)	(297,269)
Net decrease in cash and cash equivalents	(104,786)	(188,792)
Cash and cash equivalents at the beginning of the financial period	326,392	487,901
Cash and cash equivalents at the end of the financial period¹	221,606	299,109

¹ Cash and cash equivalents as at 30 June 2023 excludes the Group's pledged deposits of \$3,329,000 (31/12/22: \$1,454,000).

E. Notes to the condensed interim consolidated financial statements

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 the Group are those of:

- Real estate, comprising:
 - 1) Investment Properties;
 - 2) Hospitality; and
 - 3) Development Properties
- Healthcare

The condensed interim consolidated financial statements as at and for half year ended 30 June 2023 comprise the Company and its subsidiaries (together referred to as the “Group”) 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

The condensed interim financial statements have been prepared in accordance with SFRS(I) 1-34 *Interim Financial Reporting* issued by the Accounting Standards Council Singapore. The condensed interim financial statements do not include all the information required for a complete set of financial statements. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group’s financial position and performance of the Group since the last annual financial statements for the year ended 31 December 2022.

The accounting policies adopted are consistent with those of the previous financial year which were prepared in accordance with SFRS(I)s, except for the adoption of new and amended standards as set out in Note 2.1.

The condensed interim 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.

2.1 New and amended standards adopted by the Group

The Group adopted the new/revised SFRS(I)s that are effective for annual periods beginning on or after 1 January 2023. The adoption of these new/revised SFRS(I)s, SFRS(I) Interpretations and amendments to SFRS(I)s did not have any significant impact on the financial statements of the Group.

E. Notes to the condensed interim consolidated financial statements (cont'd)

2. Basis of preparation (cont'd)

2.2 Use of judgements and estimates

In preparing the condensed interim financial statements, management has made judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

The significant judgements made by management in applying the Group's accounting policies and key sources of estimation uncertainty were the same as those described in the Group's consolidated financial statements as at and for the year ended 31 December 2022.

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the next financial period are included in the following notes:

Note 10	Impairment testing of intangible assets and goodwill: key assumptions underlying recoverable amounts
Note 11	Determination of recoverable amount of interests in equity-accounted investees
Note 12	Determination of fair value of investment properties
Note 13	Determination of recoverable amount of property, plant and equipment
Note 17	Recognition and measurement of provisions and contingencies: key assumptions about the likelihood and magnitude of an outflow of resources

Measurement of fair values

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).

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E. Notes to the condensed interim consolidated financial statements (cont'd)

3. Revenue

	Half year ended 30/6/23 \$'000	Half year ended 30/6/22 \$'000	Change %
Real estate:			
- Investment properties income	101,310	89,880	12.7
- Hospitality income	95,754	50,330	90.3
- Development properties income	7,961	176	>100.0
Healthcare income	79,767	44,538	79.1
Others	19,706	13,750	43.3
	<u>304,498</u>	<u>198,674</u>	53.3

In the following table, revenue is disaggregated by timing of revenue recognition.

Timing of revenue recognition for products and services transferred (excluding rental income):

	Half year ended 30/06/2023		Half year ended 30/06/2022	
	At a point in time \$'000	Over time \$'000	At a point in time \$'000	Over time \$'000
	Investment properties income	-	3,669	-
Hospitality income	95,136	-	50,330	-
Development properties income	7,961	-	176	-
Healthcare income	25,774	4	2,484	1,475
Others	19,706	-	13,750	-
	<u>148,577</u>	<u>3,673</u>	<u>66,740</u>	<u>5,043</u>

4. Finance expenses

	Notes	Half year ended 30/6/23 \$'000	Half year ended 30/6/22 \$'000	Change %
Borrowing costs	(i)	64,320	50,298	27.9
Net foreign exchange loss		-	2,512	(100.0)
Unwinding of discount of non-current rental deposits		83	85	(2.4)
Finance expenses on lease liabilities		799	665	20.2
Net change in fair value of derivatives	(ii)	10,792	-	n.m.
		<u>75,994</u>	<u>53,560</u>	41.9

(i) Borrowings costs increased mainly due to higher benchmark interest rates.

(ii) Net change in fair value of derivatives relate to non-cash mark-to-market movements of interest rate swaps, interest rate caps and currency hedging contracts.

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E. Notes to the condensed interim consolidated financial statements (cont'd)

5. Finance income

	Half year ended 30/6/23 \$'000	Half year ended 30/6/22 \$'000	Change %
Interest income	3,887	2,511	54.8
Dividend income from other investments	3,762	282	>100.0
Net foreign exchange gain	107	-	n.m.
Ineffective portion of changes in fair value of cash flow hedges	355	1,862	(80.9)
Change in fair value of financial derivatives	-	674	(100.0)
	<u>8,111</u>	<u>5,329</u>	52.2

6. Other (losses)/gains – net

	Notes	Half year ended 30/6/23 \$'000	Half year ended 30/6/22 \$'000	Change %
Net change in fair value of investment properties	(i)	(7,530)	4,213	n.m.
Net change in fair value of investments designated at fair value through profit or loss	(ii)(a)	7,179	36,134	(80.1)
Net loss arising from the acquisition of a subsidiary previously held as an equity-accounted investee	(iii)	-	(224)	(100.0)
Gain on disposal of a subsidiary		62	-	n.m.
Others		-	2	(100.0)
		<u>(289)</u>	<u>40,125</u>	n.m.

- (i) For the half year ended 30/6/23, net change in fair value of investment properties was mainly related to fair value losses arising from the recognition of FRS 116 rental straight-line adjustments on investment properties held by First Real Estate Investment Trust ("First REIT"). For the half year ended 30/6/22, net change in fair value of investment properties was mainly related to fair value gains recognised on the Japan Nursing Homes held by First REIT.
- (ii) This relates to net change in mark-to-market fair value of:
- (a) investments designated at fair value through profit or loss, which include investments in equity securities and interests in mutual funds; and
 - (b) investments designated at fair value through other comprehensive income, which include equity investments and interest in limited partnerships that are not held-for-trading.
- (iii) The loss arose from the deemed disposal of First REIT as an associate of the Group of \$35,601,000, partially offset by negative goodwill recognised from accounting of First REIT as a subsidiary of \$35,377,000 on 1 March 2022. The negative goodwill reflected the excess of fair value of assets and liabilities acquired over the consideration paid.

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E. Notes to the condensed interim consolidated financial statements (cont'd)

7. Profit before tax

	Half year ended 30/6/23 \$'000	Half year ended 30/6/22 \$'000	Change %
Profit before tax is stated after charging/(crediting):			
- Depreciation of property, plant and equipment	29,788	26,240	13.5

8. Tax expense

The Group calculates the period income tax expense using the tax rate that would be applicable to the expected total annual earnings. The major components of income tax expense in the condensed interim consolidated statement of profit or loss are:

	Half year ended 30/6/23 \$'000	Half year ended 30/6/22 \$'000	Change %
The charge for income tax expense includes the following:			
Current tax expense:			
- Current year	18,034	12,405	45.4
- Overprovision of current tax in respect of prior years	(9,765)	(2,917)	>100.0
Deferred tax expense:			
- Origination and reversal of temporary difference	1,977	2,809	(29.6)
	<u>10,246</u>	<u>12,297</u>	(16.7)

9. Net asset value

	<u>The Group</u>		<u>The Company</u>	
	30/06/2023	31/12/2022	30/06/2023	31/12/2022
Number of issued shares (excluding treasury shares)	847,257,260	847,257,260	847,257,260	847,257,260
Net asset value per ordinary share (\$)	<u>4.33</u>	<u>4.35</u>	<u>2.95</u>	<u>2.97</u>

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E. Notes to the condensed interim consolidated financial statements (cont'd)

10. Intangible assets and goodwill

	Goodwill	Medical	Intangible	Total
	\$'000	distribution	asset	\$'000
		licenses	\$'000	
		\$'000		\$'000
Group				
Cost				
At 1 January 2023	51,747	608	36,808	89,163
Effect of movements in exchange rates	(7)	(82)	-	(89)
At 30 June 2023	<u>51,740</u>	<u>526</u>	<u>36,808</u>	<u>89,074</u>
Accumulated amortisation and impairment losses				
At 1 January 2023	20,963	608	9,198	30,769
Effect of movements in exchange rates	-	(82)	-	(82)
At 30 June 2023	<u>20,963</u>	<u>526</u>	<u>9,198</u>	<u>30,687</u>
Cost				
At 1 January 2022	24,029	675	36,808	61,512
Addition	27,754	-	-	27,754
Effect of movements in exchange rates	(36)	(67)	-	(103)
At 31 December 2022	<u>51,747</u>	<u>608</u>	<u>36,808</u>	<u>89,163</u>
Accumulated amortisation and impairment losses				
At 1 January 2022	20,963	675	9,198	30,836
Effect of movements in exchange rates	-	(67)	-	(67)
At 31 December 2022	<u>20,963</u>	<u>608</u>	<u>9,198</u>	<u>30,769</u>
Carrying amounts				
At 31 December 2022	<u>30,784</u>	-	<u>27,610</u>	<u>58,394</u>
At 30 June 2023	<u><u>30,777</u></u>	-	<u><u>27,610</u></u>	<u><u>58,387</u></u>

Impairment test for intangible assets

The Group's intangible assets comprise mainly of management rights acquired. The recoverable amount of the management rights is determined based on value-in-use calculation using a cash flow projection from the provision of asset management services. The key assumptions used in the estimation of the recoverable amount include the discount rate and the budgeted earnings before interest and tax growth rate.

Impairment test for goodwill

Goodwill arising from business combinations have been allocated to the following cash-generating unit ("CGU") for impairment testing:

	30/6/2023	31/12/2022
	\$'000	\$'000
Echo Healthcare Management Pte. Ltd. and its subsidiaries	27,754	27,754
CGU without significant goodwill	3,023	3,030
	<u>30,777</u>	<u>30,784</u>

The recoverable amount of the CGU was estimated based on its value-in-use using a discounted cash flow projection based on financial budgets and forecasts approved by the management. The key assumptions used in the estimation of the recoverable amount include the revenue growth rate, discount rate, budgeted earnings before interest and tax margin and terminal value growth rate.

E. Notes to the condensed interim consolidated financial statements (cont'd)

11. Interests in equity-accounted investees

	Group	
	30/6/2023	31/12/2022
	\$'000	\$'000
Interests in associates	1,086,529	1,097,742
Interests in joint ventures	407,568	398,884
Less: impairment loss	(9,135)	(9,135)
	1,484,962	1,487,491
Loans to joint ventures	37,561	34,031
	1,522,523	1,521,522

The loans to joint ventures are interest-free, unsecured and have no fixed terms of repayment. The settlement of these loans is neither planned nor likely to occur in foreseeable future and hence the loans are classified as non-current.

Recoverable amount of interests in equity-accounted investees

The Group assessed the recoverable amounts for each cash generating unit (CGU) based on the greater of value-in-use and its fair value less costs of disposal, taking into consideration the potential impact from the prevailing economic conditions and market outlook on the estimated future cash flows and discount rates.

The recoverable amount of the Group's material associate, Gemdale Properties and Investment Corporation Limited ("GPI"), approximates its share of the net assets of GPI as at 30 June 2023. Accordingly, no impairment was recognised.

Significant underlying assets of GPI include investment properties measured at fair value and development properties measured at lower of cost and net realisable value ("NRV"). Fair value of investment properties determined are sensitive to the key assumptions applied and a change in key assumptions could have a significant impact. NRV of development properties is determined based on the expected selling prices and estimated costs of completion for development properties under development. Accordingly, NRV is subject to market uncertainty that may affect the future selling prices and the estimated cost of completion.

E. Notes to the condensed interim consolidated financial statements (cont'd)

12. Investment properties

Group	Completed investment properties \$'000	Investment properties under development \$'000	Total \$'000
At 1 January 2023	5,231,462	173,197	5,404,659
Additions	4,143	-	4,143
Net change in fair value	(7,546)	16	(7,530)
Effect of movements in exchange rates	(8,303)	1,887	(6,416)
Lease incentives	7,272	-	7,272
At 30 June 2023	5,227,028	175,100	5,402,128
At 1 January 2022	4,374,655	193,807	4,568,462
Acquisition of a subsidiary	955,235	-	955,235
Additions ^(a)	41,495	1	41,496
Disposal of a subsidiary	(40,438)	-	(40,438)
Disposal	(32)	-	(32)
Net change in fair value	38,390	(5,426)	32,964
Effect of movements in exchange rates	(159,782)	(15,185)	(174,967)
Lease incentives	21,939	-	21,939
At 31 December 2022	5,231,462	173,197	5,404,659

^(a) In 2022, the Group acquired two Japan nursing homes, Medical Rehabilitation Home Bon Sejour Komaki and Loyal Residence Ayase, for a total consideration of JPY 2,580 million (approximately \$27,606,000), with a total acquisition cost capitalised amounting to \$3,455,000.

As at 30 June 2023, investment properties with a total carrying amount of \$2,285.3 million (31 December 2022: \$2,283.9 million) were pledged as security for banking facilities.

Investment properties 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.

Fair value measurement

The Group engaged independent external valuers to perform full valuation of its investment properties at each financial year end. The last full valuation of the investment properties was conducted on 31 December 2022.

The carrying amounts of the investment properties as at 30 June 2023 are based on valuations performed by independent external valuers as at 31 December 2022 adjusted for capital expenditure capitalised in the period from 1 January 2023 to 30 June 2023. Management conducted an internal assessment of the valuation of the investment properties as at 30 June 2023, including considering any significant changes in operating performance of the properties, assessed whether movement in market data, such as discount rates, capitalisation rates, have any significant impact to the valuation of the investment properties. Based on the assessment, management is of the view that the fair value of the investment properties has not materially changed from 31 December 2022 valuation.

The fair value measurement was categorised under Level 3 of the fair value hierarchy based on the inputs to the valuation techniques used.

Completed investment properties

The fair values were derived based on the discounted cashflow method, capitalisation method and direct comparison method. The valuation methods involve certain estimates including those relating to discount rate, terminal yield rate, capitalisation rate and price per square foot.

E. Notes to the condensed interim consolidated financial statements (cont'd)

12. Investment properties (cont'd)

Classification of investment properties under development

The Group's investment properties under development pertain to lands in Indonesia, the People's Republic of China ("the PRC") and Malaysia. 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 property, plant and equipment. The relevant portion of the land continues 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.

The fair values were derived based on the discounted cashflow method, direct comparison method and residual value method. The valuation methods involve certain estimates including those relating to discount rate, terminal yield rate, plot ratio, developer's profit and risk and construction costs per square metre.

13. Property, plant and equipment

For the half year ended 30 June 2023, the Group acquired assets amounting to \$2.7 million (31 December 2022: \$74.9 million).

There was no property, plant and equipment which was pledged as security for banking facilities.

Impairment test for property, plant and equipment

The recoverable amount of the Group's significant property, plant and equipment is determined based on the higher of fair value less costs to sell and value-in-use calculation. The Group engaged independent external valuers to perform full valuation of its significant property, plant and equipment at each financial year end. The last full valuation of each significant property, plant and equipment was conducted on 31 December 2022.

The recoverable amount of the Group's significant property, plant and equipment as at 30 June 2023 are based on valuations performed by independent external valuers as at 31 December 2022, adjusted for capital expenditure capitalised in the period from 1 January 2023 to 30 June 2023. Management conducted an internal assessment of the valuation as at 30 June 2023, including considering any significant changes in operating performance of the properties, assessed whether movement in market data, such as discount rates, capitalisation rates, have any significant impact to the valuation of the properties. Based on the assessment, management is of the view that the recoverable amount of the Group's significant property, plant and equipment has not materially changed from the 31 December 2022 valuation and there was no indicator of impairment as at 30 June 2023.

The recoverable amounts for significant property, plant and equipment were derived based on the discounted cashflow method and direct comparison method. The valuation methods involve certain estimates including those relating to discount rate, terminal yield rate and price per hotel room. The fair value measurement was categorised under Level 3 of the fair value hierarchy based on the valuation techniques used.

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E. Notes to the condensed interim consolidated financial statements (cont'd)

14. Borrowings

	Group		Company	
	30/06/2023	31/12/2022	30/06/2023	31/12/2022
	\$'000	\$'000	\$'000	\$'000
Amount repayable within one year or less, or on demand				
Secured	18,303	20,944	-	-
Unsecured	30,189	557,699	-	-
	<u>48,492</u>	<u>578,643</u>	<u>-</u>	<u>-</u>
Amount repayable after one year				
Secured	935,371	865,492	79,062	18,955
Unsecured	1,874,320	1,522,991	-	-
	<u>2,809,691</u>	<u>2,388,483</u>	<u>79,062</u>	<u>18,955</u>
	<u><u>2,858,183</u></u>	<u><u>2,967,126</u></u>	<u><u>79,062</u></u>	<u><u>18,955</u></u>

Details of any collateral

Secured borrowings are generally collateralised by:

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

15. Share capital

Issued share capital

	The Group and Company	
	Number of shares	Amount
	'000	\$'000
As at 1 January 2023 and 30 June 2023	<u>847,257</u>	<u>470,546</u>

As at 30 June 2023, the Company's total number of issued shares excluding treasury shares is 847,257,260 (31/12/22: 847,257,260).

The Company did not acquire any of its own shares for the half year ended 30 June 2023. For the half year ended 30 June 2022, the Company acquired 3,846,100 of its own shares for a total consideration of \$5,060,000.

As at 30 June 2023, the Company held 12,580,200 (30/6/2022: 83,417,200) treasury shares which represented 1.5% (30/6/2022: 9.6%) of the total number of issued shares (excluding treasury shares).

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E. Notes to the condensed interim consolidated financial statements (cont'd)

16. Dividends

	Group and Company	
	Half year ended 30/6/2023 \$'000	Half year ended 30/6/2022 \$'000
Paid by the Company to owners of the Company		
Final dividend of 1.5 cents (2022: 1 cent) per ordinary share in respect of prior year	12,709	8,695
Paid by subsidiaries to NCI		
Distribution of 0.62 cents (2022: 0.66 cents) per qualifying First REIT unit in respect of current year	7,120	7,579
Distribution of 0.66 cents per qualifying First REIT unit in respect of prior year	7,579	-
Distribution of 1.04 cents (2022: 1.08 cents) per qualifying OUE C-REIT unit in respect of prior year	29,345	38,655
Final dividend of 15 cents (2022: 15 cents) per ordinary share in respect of prior Interim dividend in respect of current year	6,000 916	6,000 -
	50,960	52,234

17. Litigation cases

The status of the litigation cases of the Group's subsidiary, OUE Healthcare Limited ("OUEH") and its subsidiaries ("OUEH Group"), at 30 June 2023, is as summarised below.

a) Litigation cases with David Lin, a non-controlling shareholder of certain subsidiaries

In 2013, OUEH Group acquired a 74.97% effective interest and control over Health Kind International Limited ("HKIL") and its subsidiaries, Health Kind International (Shanghai) Co., Ltd. ("Health Kind Shanghai") and Wuxi New District Phoenix Hospital Co., Ltd. ("Wuxi Co").

In 2017, Weixin Hospital Investment Management (Shanghai) Co. Ltd ("Weixin"), a company controlled by David Lin, sought a court order for the shares in Wuxi Co to be transferred to Weixin. The Shanghai Courts have rendered a judgement and appeal judgement in favour of Weixin. Consequently, OUEH Group deconsolidated Wuxi Co in 2018.

Arbitration proceedings against David Lin

In 2018, OUEH commenced arbitration proceedings in Singapore against David Lin. The tribunal issued the final arbitration award against David Lin on 7 January 2019. OUEH has obtained a Singapore judgement in terms of the arbitration award on 28 November 2019.

Recognition and enforcement proceedings

In 2019, OUEH commenced recognition and enforcement proceedings in Hong Kong, Taiwan and Shanghai against David Lin to enforce the said award. As at 30 June 2023, OUEH has obtained permission from the respective authorities concerned to enforce the award in Hong Kong, Taiwan and Shanghai.

As at 30 June 2023:

- Hong Kong: OUEH continues to hold a charging order absolute over David Lin's shares in Healthcare Solution Investment Limited ("HSIL") and Hong Kong Life Sciences and Technologies Group Limited. OUEH has also obtained an order to appoint receivers over David Lin's interest in the HSIL shares. HSIL is the sole shareholder of Weixin;
- Shanghai: The Shanghai No. 1 Court received approximately RMB3.25 million in November 2020. The funds have been transferred to a subsidiary of OUEH in March 2021; and

E. Notes to the condensed interim consolidated financial statements (cont'd)

17. Litigation cases (cont'd)

a) Litigation cases with David Lin, a non-controlling shareholder of certain subsidiaries (cont'd)

- Taiwan: In March 2021, OUEH also received the sum of S\$711,000, being the deposit and trust assets held by David Lin in his bank accounts in Taiwan. Separately, David Lin's ¼ share in a real estate in New Taipei City was sold on 18 January 2021 during a public auction for the sum of NTD 5,880,000, of which OUEH received a sum net of costs and expenses.

b) Other claim(s) against OUEH

OUEH received a letter of demand from Fan Kow Hin's ("Fan") private trustees dated 25 June 2021, demanding payment of the sum of S\$850,000 allegedly owing to Fan pursuant to shareholder advances, expense claims and a Management Advisory Service Agreement between Fan and a wholly-owned subsidiary of OUEH dated 1 February 2016.

This letter demanded payment of the same sums previously claimed by Fan in his letter of demand to OUEH dated 27 January 2017. In 2017, OUEH responded to Fan to seek further particulars and supporting documents in support of his claims, however, no response was forthcoming. OUEH responded to Fan's private trustees to seek further particulars and supporting documents in support of their claims.

No litigation has developed from these claims and no provisions is made given that there is lack of details to support the claims.

18. Commitments

Capital commitments

The Group has the following capital commitments:

	Group	
	30/6/2023	31/12/2022
	\$'000	\$'000
Financial assets designated at FVOCI	16,673	18,402
Property, plant and equipment	5,051	433
Investment properties	2,305	1,142

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E. Notes to the condensed interim consolidated financial statements (cont'd)

19. Financial assets and liabilities

The carrying amounts and fair values of financial assets and financial liabilities measured at fair value, 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. The fair value of borrowings approximates their carrying amounts as the interest rates are adjusted for changes in relevant market interest rate, except for unsecured notes which are classified within Level 2 of the fair value hierarchy.

	Carrying amount				Fair value			
	Mandatorily at FVTPL \$'000	Designated at FVOCI \$'000	Fair value - hedging instruments \$'000	Total \$'000	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
Group								
30/6/2023								
Financial assets measured at fair value								
Other investments - FVTPL	3,403	-	-	3,403	3,275	128	-	3,403
Equity investments - FVOCI	-	77,228	-	77,228	63,148	-	14,080	77,228
Interests in limited partnerships - FVOCI	-	60,677	-	60,677	-	-	60,677	60,677
Derivative assets	-	-	16,415	16,415	-	16,415	-	16,415
	<u>3,403</u>	<u>137,905</u>	<u>16,415</u>	<u>157,723</u>				
Financial liabilities measured at fair value								
Derivative liabilities	-	-	(121)	(121)	-	(121)	-	(121)
31/12/2022								
Financial assets measured at fair value								
Other investments - FVTPL	48,031	-	-	48,031	3,122	44,909	-	48,031
Equity investments - FVOCI	-	54,177	-	54,177	40,342	-	13,835	54,177
Interests in limited partnerships - FVOCI	-	66,993	-	66,993	-	-	66,993	66,993
Derivative assets	-	-	29,449	29,449	-	29,449	-	29,449
	<u>48,031</u>	<u>121,170</u>	<u>29,449</u>	<u>198,650</u>				
Financial liabilities measured at fair value								
Derivative liabilities	-	-	(494)	(494)	-	(494)	-	(494)

E. Notes to the condensed interim consolidated financial statements (cont'd)

20. Related party transactions

In addition to the related party information disclosed elsewhere in the condensed interim consolidated financial statements, the following significant transactions took place between the Group and related parties during the financial year on terms agreed between the parties. Other related parties comprise mainly entities which are controlled or jointly-controlled by the Group's key management personnel and close family members.

	Group	
	Transaction value	
	Half year ended 30/06/2023 \$'000	Half year ended 30/06/2022 \$'000
Associates and joint ventures		
Loan to an equity-accounted investee	24,000	-
Repayment of loans from equity-accounted investees	20,477	14,059
Management fees earned	2,039	4,583
Lease payments	2,023	1,918
	24,539	19,560
Other related parties		
Rental and rental related income	33,359	21,343
Hotel services income	557	441
Management fees earned	180	180
Royalty fee income	107	78
Interest income	283	283
Reimbursement of expenses paid on behalf	204	96
	34,920	23,621

21. Operating segments

The Group has three strategic segments, which are its reportable segments.

The following summary describes the operations in each of the Group's reportable segments:

- (i) Real Estate
 - a) Investment Properties (Singapore, the PRC and Indonesia) – rental of investment properties owned by the Group, management of commercial investment trusts and investment properties under development.
 - b) Hospitality – operation of hotels and hotel management.
 - c) Development Properties (Singapore and the PRC) – sale of residential properties and other properties under development.
- (ii) Healthcare – operation of investment holding, development of medical real estate, healthcare-related assets and integrated mixed-use developments and provision of healthcare services and management of healthcare investments trusts.
- (iii) Others – mainly related to operation of food and beverage outlets and consumer-related investments.

The senior management comprises the Chief Executive Officer, the Deputy Chief Executive Officer, the Chief Operating Officer, the Chief Financial Officer and the department heads of each business segment.

Information regarding the results of each reportable segment is included below. The senior management 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 senior management.

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E. Notes to the condensed interim consolidated financial statements (cont'd)

21. Operating segments (cont'd)

Six months ended 30 June 2023	Real Estate						Healthcare	Others	Reportable Segments Total	Elimination and unallocated items	Total
	Investment Properties		Hospitality	Development Property	Segment Subtotal	Segment					
	Singapore	Others									
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	
Revenue											
- External revenue	89,262	12,048	95,754	7,961	205,025	79,767	19,697	304,489	9	304,498	
- Intersegment revenue	842	-	1,585	-	2,427	-	344	2,771	(2,771)	-	
Segment revenue	90,104	12,048	97,339	7,961	207,452	79,767	20,041	307,260	(2,762)	304,498	
Segment profit/(loss)¹	77,283	9,680	8,814	18,822	114,599	47,977	1,286	163,862	(17,264)	146,598	
Depreciation	(588)	(6)	(24,289)	-	(24,883)	(1,358)	(3,300)	(29,541)	(247)	(29,788)	
Finance expense	(56,916)	-	-	-	(56,916)	(12,352)	(774)	(70,042)	(5,952)	(75,994)	
Finance income	668	(23)	22	10	677	(387)	3,765	4,055	4,056	8,111	
Share of results of equity-accounted investees, net of tax	4,251	-	-	19,142	23,393	(419)	2,776	25,750	-	25,750	
Other material items											
Net change in fair value of investment properties	-	-	-	-	-	(7,530)	-	(7,530)	-	(7,530)	
Net change in fair value of investments designated at fair value through profit or loss	-	-	-	-	-	-	-	-	7,179	7,179	
30 June 2023											
Reportable segment assets ²	3,686,635	713,426	1,702,877	35,861	6,138,799	1,376,447	66,074	7,581,320	222,063	7,803,383	
Interests in equity-accounted investees	346,759	-	-	1,066,528	1,413,287	44,030	65,206	1,522,523	-	1,522,523	
Reportable segment liabilities	2,187,331	27,697	48,462	2,753	2,266,243	579,684	14,585	2,860,512	535,948	3,396,460	
Capital expenditure	3,312	-	558	23	3,893	1,587	1,419	6,899	12	6,911	

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

² Excluding interests in equity-accounted investees

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E. Notes to the condensed interim consolidated financial statements (cont'd)

21. Operating segments (cont'd)

Six months ended 30 June 2022	Real Estate							Reportable Segments Total \$'000	Elimination and unallocated items \$'000	Total \$'000
	Investment Properties		Hospitality	Development Property	Segment Subtotal	Healthcare	Others			
	Singapore \$'000	Others \$'000								
Revenue										
- External revenue	79,601	10,279	50,330	176	140,386	44,538	13,727	198,651	23	198,674
- Intersegment revenue	295	-	144	-	439	-	78	517	(517)	-
Segment revenue	79,896	10,279	50,474	176	140,825	44,538	13,805	199,168	(494)	198,674
Segment profit/(loss)¹	62,044	5,754	(1,578)	54,479	120,699	33,053	10,193	163,945	(15,919)	148,026
Depreciation	(562)	(44)	(19,536)	-	(20,142)	(759)	(2,533)	(23,434)	(2,806)	(26,240)
Finance expense	(32,856)	(1,065)	(3)	-	(33,924)	(8,059)	(597)	(42,580)	(10,980)	(53,560)
Finance income	1,079	1,157	8	2	2,246	885	2	3,133	2,196	5,329
Share of results of equity-accounted investees, net of tax	8,297	-	-	54,768	63,065	943	13,607	77,615	-	77,615
Other material items										
Net change in fair value of investment properties	-	-	-	-	-	4,213	-	4,213	-	4,213
Net change in fair value of investments designated at fair value through profit or loss	-	-	-	-	-	-	-	-	36,134	36,134
Net loss arising from the acquisition of a subsidiary previously held as an equity-accounted investee	-	-	-	-	-	(224)	-	(224)	-	(224)
31 December 2022										
Reportable segment assets ²	3,681,594	734,994	1,730,584	41,109	6,188,281	1,359,120	53,357	7,600,758	364,788	7,965,546
Interests in equity-accounted investees	347,332	-	-	1,089,658	1,436,990	41,934	42,598	1,521,522	-	1,521,522
Reportable segment liabilities	2,164,669	27,952	44,094	3,860	2,240,575	570,582	17,958	2,829,115	683,904	3,513,019
Capital expenditure	5,907	821	69,461	5	76,194	35,760	4,165	116,119	243	116,362

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

² Excluding interests in equity-accounted investees

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E. Notes to the condensed interim consolidated financial statements (cont'd)

21. Operating segments (cont'd)

Reconciliation of reportable segment revenue and profit/(loss) before interest and tax

	Half year ended 30/6/2023 \$'000	Half year ended 30/6/2022 \$'000
Total revenue for reportable segments	307,260	199,168
Unallocated amounts	9	23
Elimination of inter-segment revenue	(2,771)	(517)
Consolidated total revenue	<u>304,498</u>	<u>198,674</u>
Profit or loss		
Total profit or loss before interest, tax and other gains for reportable segments	163,862	163,945
Elimination of inter-segment profits	(151)	(552)
Finance expenses	(75,994)	(53,560)
Finance income	8,111	5,329
Other (losses)/gains - net	(289)	40,125
Unallocated corporate expenses	(17,113)	(15,367)
Consolidated profit before tax	<u>78,426</u>	<u>139,920</u>

Reconciliation of reportable assets and liabilities

	30/6/2023 \$'000	31/12/2022 \$'000
Assets		
Total assets for reportable segments	7,581,320	7,600,758
Interests in equity-accounted investees	1,522,523	1,521,522
	<u>9,103,843</u>	<u>9,122,280</u>
Elimination of inter-segment balances	(248)	(354)
Other unallocated amounts:		
- Property, plant and equipment	10,550	12,467
- Cash and cash equivalents	35,721	136,454
- Trade and other receivables	1,308	1,245
- Other investments	86,969	134,281
- Derivative assets	865	222
- Other assets	84,851	78,426
- Deferred tax assets	2,047	2,047
Consolidated total assets	<u>9,325,906</u>	<u>9,487,068</u>
Liabilities		
Total liabilities for reportable segments	2,860,512	2,829,115
Other unallocated amounts:		
- Borrowings	277,397	416,920
- Trade and other payables	23,960	25,465
- Lease liabilities	7,707	9,147
- Current tax liabilities	92,672	87,363
- Deferred tax liabilities	134,212	145,009
Consolidated total liabilities	<u>3,396,460</u>	<u>3,513,019</u>

Geographical information

	Half year ended 30/6/2023	Half year ended 30/6/2022
Revenue		
Singapore	237,463	147,206
Indonesia	44,389	31,549
The PRC	15,089	12,255
Japan	7,557	7,664
	<u>304,498</u>	<u>198,674</u>

OUE LIMITED & ITS SUBSIDIARIES
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E. Notes to the condensed interim consolidated financial statements (cont'd)

22. Subsequent event

There is no known subsequent event which has led to adjustment on this set of interim financial statements.

F. Other information required by Listing Rule Appendix 7.2

1. Review

The condensed interim consolidated statement of financial position of OUE Limited and its subsidiaries as at 30 June 2023 and the related condensed consolidated profit or loss and other comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows and certain explanatory notes have not been audited or reviewed.

2. Review of performance of the Group

Consolidated statement of profit or loss

FINANCIAL HIGHLIGHTS	1H 2023 \$'000	1H 2022 \$'000	%
Revenue:			
(1) Real Estate			
(a) Investment properties income	101,310	89,880	12.7
(b) Hospitality income	95,754	50,330	90.3
(c) Development properties income	7,961	176	>100.0
(2) Healthcare income	79,767	44,538	79.1
(3) Others	19,706	13,750	43.3
Revenue	304,498	198,674	53.3
Adjusted EBIT¹	146,598	148,026	(1.0)
Profit attributable to Owners of the Company	40,225	88,699	(54.6)

¹Adjusted EBIT is defined as profit/(loss) before interest, tax and other (loss)/gain

Revenue

The Group recorded revenue of \$304.5 million in 1H 2023 (1H 2022: \$198.7 million). The increase was due to higher contribution across all segments.

(1) Real Estate Segment

(a) Investment Properties Division

Revenue from the investment properties division increased by \$11.4 million to \$101.3 million in 1H 2023 (1H 2022: \$89.9 million). The increase was mainly due to higher contribution arising from higher occupancies and turnover rent.

(b) Hospitality Division

Revenue from the hospitality division increased by \$45.4 million to \$95.8 million in 1H 2023 (1H 2022: \$50.3 million). The increase was mainly due to higher contribution from Hilton Singapore Orchard ("HSO") and Crowne Plaza Changi Airport following the continued recovery of tourism and meetings, incentives, conventions and exhibitions ("MICE") sectors in Singapore. The increase was also due to re-opening of the Orchard Wing at HSO on 1 January 2023.

(c) Development Properties Division

Revenue from the development properties division increased by \$7.8 million to \$8.0 million in 1H 2023 (1H 2022: \$0.2 million) due to completion of sale of 3 units at OUE Twin Peaks.

(2) Healthcare Segment

Revenue from the healthcare segment increased by \$35.2 million to \$79.8 million in 1H 2023 (1H 2022: \$44.5 million). The increase was mainly due to full period contribution from First REIT which was accounted for as a subsidiary from 1 March 2022; as well as full period contribution from O2 Healthcare Group Pte. Ltd. (formerly known as Echo Healthcare Services Pte. Ltd) which comprises the medical partnership with three Singapore medical specialist group beginning 30 June 2022.

F. Other information required by Listing Rule Appendix 7.2 (cont'd)

(3) Others Segment

This includes revenue contribution from the food and beverages operations of the Group. Revenue increased by \$6.0 million to \$19.7 million in 1H 2023 (1H 2022: \$13.7 million) mainly due to continued recovery from the pandemic and full period contribution from dining concepts that were launched in 1H 2022.

Marketing expenses

Marketing expenses increased by \$2.7 million to \$5.6 million in 1H 2023 (1H 2022: \$2.9 million) mainly due to higher marketing expenses incurred arising from increased business activities in the hospitality division.

Administrative expenses

Administrative expenses increased by \$11.2 million to \$45.3 million in 1H 2023 (1H 2022: \$34.1 million). The increase was mainly due higher corporate costs and higher hotel management fees arising from improved performance of the hospitality division.

Share of results of equity-accounted investees

Share of results of equity-accounted investees decreased by \$51.9 million to \$25.8 million in 1H 2023 (1H 2022: \$77.6 million). The decrease was mainly due to lower contribution from Gemdale Properties and Investment Corporation Limited ("Gemdale"), as well as PT Matahari Department Store Tbk which is held via a joint venture.

Adjusted EBIT

Adjusted EBIT decreased by \$1.4 million to \$146.6 million in 1H 2023 (1H 2022: \$148.0 million) mainly due to the lower share of profit in equity-accounted investees, partially mitigated by higher contribution across all segments.

Profit attributable to owners of the Company

Profit attributable to shareholders decreased \$48.5 million to \$40.2 million in 1H 2023 (1H 2022: \$88.7 million). This was mainly due to lower share of results of equity-accounted investees, higher finance expenses, lower net change in fair value of investments designated at fair value through profit or loss and lower net change in fair value of investment properties.

Statements of financial position

1. "Other investments" decreased by \$27.9 million mainly due to mark-to-market fair value losses on investments designated at fair value through other comprehensive income. The decrease was also due to disposal of mutual funds in 1H 2023, partially offset by acquisition of equity investments designated at fair value through other comprehensive income.
2. "Derivative assets" and "Derivative liabilities" relate to the fair value of the interest rate swaps, interest rate caps and currency hedging contracts entered into to hedge the Group's exposure to floating interest rates on its borrowings and exposure to foreign denominated income.
3. "Borrowings" decreased by \$108.9 million mainly due to the by the redemption of fixed rate notes of \$200.0 million by a wholly owned subsidiary, OUE Treasury Pte. Ltd, in May 2023 upon maturity, which was partially offset by loans drawn down during the period.
4. "Deferred income" includes advance received from hotel operations and non-refundable deposits received from OUE Twin Peaks sold under deferred payment schemes. Revenue from units sold under deferred payment schemes is deferred and will be recognised on completion of the sale of each unit.

F. Other information required by Listing Rule Appendix 7.2 (cont'd)

2. 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.

3. 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.

Based on advanced estimates, the Singapore economy grew by 0.7 per cent on a year-on-year basis in the second quarter of 2023, faster than the 0.4 per cent growth recorded in the previous quarter. On a quarter-on-quarter seasonally-adjusted basis, the economy expanded by 0.3 per cent, a turnaround from the 0.4 per cent contraction in the first quarter 2023¹. In May, the MTI maintained its 2023 GDP growth forecast for Singapore at 0.5% to 2.5% with growth likely to come in at around the midpoint of the range.

Singapore

According to CBRE, Grade A Core CBD office vacancy rates stood at 4.0% with office rents increasing to \$11.80 per square feet per month (psf/month) in 2Q 2023². While islandwide office vacancies remain tight due to limited supply, rents and occupancies are likely to come under pressure for the rest of the year amid the weakening economy.

Singapore's international visitor arrivals for the first six months ended 2023 reached 6.3 million³, crossing the halfway mark of STB's target of 12 to 14 million international visitor arrivals for 2023. Monthly visitor arrivals have exceeded the one million mark since March 2023. While global economic conditions remain uncertain, barring any unforeseen circumstances, the tourism industry is expected to rebound to pre-pandemic levels in 2024 given increasing flight connectivity and capacity.

China

In 2Q 2023, China reported GDP growth of 6.3% year-on-year due to low base effects. This represented a growth pace of 0.8% quarter-on-quarter, which was slower than the 2.2% quarter-on-quarter growth reported in 1Q 2023. In addition to the 16-point plan rescue package introduced in November 2022 which include measures to address the liquidity issues faced by property developers, China pledged to step up stimulus measures which include easing of property market regulations to stabilise demand and continued monetary easing at the politburo meeting held on 24 July 2023⁴. The extent of recovery of the property sector will depend on the details and time of the policies rollout.

According to Colliers, Shanghai's office net absorption was 158,000 square metres, a slight increase quarter-on-quarter⁵. While office demand is expected to increase, new office supply and subdued tenant sentiments is likely to keep rents under pressure.

Overall

The final phase of the asset enhancement initiatives at Hilton Singapore Orchard was completed with the reopening of the 446-room Orchard Wing on 1 January 2023, and the hotel has since been operating at the full inventory of 1,080 rooms. This timely completion has allowed Hilton Singapore Orchard to be well positioned to capture the increasing demand from international travel.

The Group's prime portfolio of strategically located commercial properties, hospitality assets and diversified tenant base, as well as the complementary healthcare segment, is expected to underpin a stable performance in 2023.

Despite the above, the global and domestic economic environment remains challenging and uncertain. The Group has sufficient liquidity to meet its debt obligations and will continue to exercise prudent capital management.

¹ Singapore Ministry of Trade and Industry Press Release, 14 July 2023

² CBRE, Singapore Figures Q2 2023

³ Singapore Tourism Board Arrivals Statistics

⁴ Morgan Stanley Research, 24 July 2023

⁵ Colliers, Q2 2023, Shanghai Office Quarterly Report, 30 June 2023

F. Other information required by Listing Rule Appendix 7.2 (cont'd)

4. Dividend information

(a) Current Financial Period Reported On

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

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

(b) Corresponding Period of the Immediately Preceding Financial Year

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

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

(c) Date payable

28 September 2023

(d) Books closure date

NOTICE IS HEREBY GIVEN that the Share Transfer Books and the Register of Members of the Company will be closed on 15 September 2023, for the preparation of dividend warrants. Duly completed transfers received by the Company's Share Registrar, M & C Services Private Limited, 112 Robinson Road #05-01, Singapore 068902 up to the close of business at 5.00 p.m. on 14 September 2023 will be registered to determine shareholders' entitlements to the proposed interim dividend. In respect of shares in securities accounts with the Central Depository (Pte) Limited ("CDP"), the proposed interim dividend will be paid by the Company to CDP, which will in turn distribute the dividend entitlement to holders of shares in accordance with its practice.

5. 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.

6. Negative confirmation pursuant to Rule 705(5) of the Listing Manual

Pursuant to SGX-ST Rule 705(5), the Directors confirm that, to the best of their knowledge, nothing has come to the attention of the Board of Directors which may render the unaudited interim consolidated financial results of the Company and the Group for the half year ended 30 June 2023 to be false or misleading in any material aspect.

On behalf of the Board of Directors

Dr Stephen Riady
Executive Chairman and
Group Chief Executive Officer

Mr Brian Riady
Deputy Chief Executive Office and
Executive Director

F. Other information required by Listing Rule Appendix 7.2 (cont'd)

8. 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

KELVIN CHUA
COMPANY SECRETARY
7 August 2023