



OUE LIMITED

(Company Registration No. 196400050E)

SECOND QUARTER FINANCIAL STATEMENTS AND DIVIDEND ANNOUNCEMENT FOR THE QUARTER ENDED 30 JUNE 2017 (UNAUDITED)

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OUE LIMITED
Second Quarter Ended 30 June 2017

1(a)(i) Statement of Comprehensive Income

	Notes	The Group					
		Second Quarter ended 30/6/17	Second Quarter ended 30/6/16	Change	Six Months ended 30/6/17	Six Months ended 30/6/16	Change
		\$'000	\$'000	%	\$'000	\$'000	%
Revenue	A	187,334	134,287	39.5	383,614	256,750	49.4
Cost of sales		(119,045)	(76,576)	55.5	(253,655)	(144,764)	75.2
Gross profit		68,289	57,711	18.3	129,959	111,986	16.0
Marketing expenses		(8,385)	(11,946)	(29.8)	(17,625)	(15,891)	10.9
Administrative expenses	B	(22,954)	(11,213)	>100.0	(47,325)	(22,597)	>100.0
Other operating expenses		(2,025)	(3,817)	(46.9)	(5,067)	(7,033)	(28.0)
Share of results of equity-accounted investees, net of tax	C	15,120	7,305	>100.0	25,088	40,265	(37.7)
		50,045	38,040	31.6	85,030	106,730	(20.3)
Finance expenses	D	(33,011)	(31,221)	5.7	(64,852)	(71,063)	(8.7)
Finance income	E	2,837	2,870	(1.1)	4,497	1,344	>100.0
Other gains - net	F	4,030	28,087	(85.7)	27,528	22,863	20.4
Profit before tax	G	23,901	37,776	(36.7)	52,203	59,874	(12.8)
Tax expense	H	(8,978)	(6,187)	45.1	(16,096)	(13,026)	23.6
Profit after tax		14,923	31,589	(52.8)	36,107	46,848	(22.9)
Other comprehensive income							
Items that are or may be reclassified subsequently to profit or loss:							
Currency translation differences relating to foreign operations		(1,777)	(21,178)	(91.6)	(20,943)	(42,979)	(51.3)
Share of currency translation differences of equity-accounted investees		1,129	(10,751)	n.m.	(7,270)	(24,600)	(70.4)
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		1,807	1,372	31.7	2,502	(4,478)	n.m.
Net change in fair value of available-for-sale financial assets, net of tax		(224)	(330)	(32.1)	(436)	(470)	(7.2)
Cash flow hedges:							
- effective portion of changes in fair value of cash flow hedges		(5,428)	(2,891)	87.8	(8,788)	(19,870)	(55.8)
- hedging reserve reclassified to profit or loss		171	-	n.m.	353	-	n.m.
Other comprehensive income, net of tax		(4,322)	(33,778)	(87.2)	(38,146)	(92,397)	(58.7)
Total comprehensive income for the period		10,601	(2,189)	n.m.	(2,039)	(45,549)	(95.5)
Profit attributable to:							
Owners of the Company		7,057	25,727	(72.6)	22,422	34,017	(34.1)
Non-controlling interests		7,866	5,862	34.2	13,685	12,831	6.7
		14,923	31,589	(52.8)	36,107	46,848	(22.9)
Total comprehensive income attributable to:							
Owners of the Company		4,647	(3,278)	n.m.	(8,294)	(42,173)	(80.3)
Non-controlling interests		5,954	1,089	>100.0	6,255	(3,376)	n.m.
		10,601	(2,189)	n.m.	(2,039)	(45,549)	(95.5)

n.m.: Not meaningful

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

A) Revenue

	Second Quarter ended 30/6/17 \$'000	Second Quarter ended 30/6/16 \$'000	Change %	Six Months ended 30/6/17 \$'000	Six Months ended 30/6/16 \$'000	Change %
Investment properties income	66,985	67,613	(0.9)	135,003	131,881	2.4
Hospitality income	48,655	44,770	8.7	100,587	96,465	4.3
Development property income	55,187	18,697	>100.0	127,831	23,394	>100.0
Healthcare income	11,208	-	n.m.	11,208	-	n.m.
Dividend income	900	900	-	900	900	-
Others	4,399	2,307	90.7	8,085	4,110	96.7
	<u>187,334</u>	<u>134,287</u>	39.5	<u>383,614</u>	<u>256,750</u>	49.4

B) Administrative expenses

Administrative expenses for 2Q 2017 increased by \$11.7 million mainly due to consolidation of the financial results of International Healthway Corporation Limited ("IHC") and expenses incurred by Oakwood Premier OUE Singapore, the new 268-unit serviced apartment which commenced operations in current quarter.

IHC became a subsidiary of the Group on 2 March 2017 and its results are hence consolidated. The Group is currently performing a purchase price allocation ("PPA") exercise on its investment in IHC and accordingly, the fair value of the net assets acquired at the acquisition date may be adjusted subsequently when the PPA exercise is completed by the end of the financial year.

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

Share of results of equity-accounted investees increased \$7.8 million to \$15.1 million in 2Q 2017 mainly due to higher share of results recognised by a joint venture that holds equity interests in Gemdale Properties and Investment Corporation Limited and higher share of results from OUE Hospitality Trust.

D) Finance expenses

	Second Quarter ended 30/6/17 \$'000	Second Quarter ended 30/6/16 \$'000	Change %	Six Months ended 30/6/17 \$'000	Six Months ended 30/6/16 \$'000	Change %
Borrowing costs	31,133	29,292	6.3	56,732	58,487	(3.0)
Net foreign exchange loss	1,377	-	n.m.	5,385	8,407	(35.9)
Change in fair value of financial derivatives	330	-	n.m.	2,382	-	n.m.
Ineffective portion of changes in fair value of cash flow hedges	-	1,929	(100.0)	-	4,169	n.m.
Hedging reserve reclassified from equity	171	-	n.m.	353	-	n.m.
	<u>33,011</u>	<u>31,221</u>	5.7	<u>64,852</u>	<u>71,063</u>	(8.7)

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.

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

E) Finance income

	Second Quarter ended 30/6/17 \$'000	Second Quarter ended 30/6/16 \$'000	Change %	Six Months ended 30/6/17 \$'000	Six Months ended 30/6/16 \$'000	Change %
Interest income	1,571	746	>100.0	2,912	1,199	>100.0
Net foreign exchange gain	-	1,979	(100.0)	-	-	-
Ineffective portion of changes in fair value of cash flow hedges	1,156	-	n.m.	1,475	-	n.m.
Others	110	145	(24.1)	110	145	(24.1)
	<u>2,837</u>	<u>2,870</u>	<u>(1.1)</u>	<u>4,497</u>	<u>1,344</u>	<u>>100.0</u>

F) Other gains – net

	Second Quarter ended 30/6/17 \$'000	Second Quarter ended 30/6/16 \$'000	Change %	Six Months ended 30/6/17 \$'000	Six Months ended 30/6/16 \$'000	Change %
Reversal of impairment loss on a development property	4,224	27,831	(84.8)	18,448	27,831	(33.7)
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	(194)	256	n.m.	1,461	(4,968)	n.m.
Gain on disposal of interests in an equity-accounted investee	-	-	-	3,524	-	n.m.
	<u>4,030</u>	<u>28,087</u>	<u>(85.7)</u>	<u>27,528</u>	<u>22,863</u>	<u>20.4</u>

The reversal of impairment loss on a development property pertains to the write-back of impairment on OUE Twin Peaks units that were transferred to investment properties in 1Q 2017, and units that were sold under deferred payment schemes during the financial year. The decrease in 2Q 2017 was due to fewer units sold under deferred payment schemes in current quarter.

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

G) Profit before tax

	Second Quarter ended 30/6/17 \$'000	Second Quarter ended 30/6/16 \$'000	Change %	Six Months ended 30/6/17 \$'000	Six Months ended 30/6/16 \$'000	Change %
Profit before tax is stated after charging/(crediting):						
- Depreciation of property, plant and equipment	1,493	1,091	36.8	2,622	2,179	20.3
- Amortisation of intangible assets	58	-	n.m.	58	-	n.m.
- Amortisation of lease prepayments	75	-	n.m.	75	-	n.m.
- Writeback for impairment on trade and other receivables	(7)	(66)	(89.4)	(7)	(64)	(89.1)
- Bad debts written off	-	177	(100.0)	-	177	(100.0)
- Gain on disposal of property, plant and equipment	(1,466)	(70)	>100.0	(1,464)	(101)	>100.0

H) Tax expense

	Second Quarter ended 30/6/17 \$'000	Second Quarter ended 30/6/16 \$'000	Change %	Six Months ended 30/6/17 \$'000	Six Months ended 30/6/16 \$'000	Change %
The charge for income tax expense includes the following:						
Under/(Over) provision in respect of prior years						
- Current tax	1,837	(18)	n.m.	2,059	(12)	n.m.

n.m.: Not meaningful

1(b)(i) Statements of Financial Position

	Notes	The Group		The Company	
		30/06/17 \$'000	31/12/16 \$'000	30/06/17 \$'000	31/12/16 \$'000
ASSETS					
Current assets					
Cash and cash equivalents		341,965	238,973	62,950	77,778
Trade and other receivables	A	84,161	19,643	875,992	823,306
Inventories		2,184	1,124	219	254
Other investments		176,974	175,514	-	-
Development properties	B	581,006	724,224	-	-
Other assets		28,942	34,324	2,857	1,585
Loans to subsidiaries		-	-	1,898,841	2,034,624
		<u>1,215,232</u>	<u>1,193,802</u>	<u>2,840,859</u>	<u>2,937,547</u>
Non-current assets					
Available-for-sale financial assets		154,757	154,160	155,673	143,805
Intangible assets	C	583	-	-	-
Investments in equity-accounted investees	D	920,209	942,376	494,324	491,917
Investments in subsidiaries		-	-	334,812	334,792
Loans to subsidiaries		-	-	205,158	199,468
Lease prepayments	E	5,679	-	-	-
Other investments		14,435	14,990	-	-
Other assets		4,261	2,624	976	976
Investment properties	F	6,272,547	5,742,752	-	-
Property, plant and equipment		28,808	19,438	10,782	12,609
Deferred tax assets		15,368	12,948	626	765
Derivative assets	G	-	315	-	-
		<u>7,416,647</u>	<u>6,889,603</u>	<u>1,202,351</u>	<u>1,184,332</u>
Total assets		<u>8,631,879</u>	<u>8,083,405</u>	<u>4,043,210</u>	<u>4,121,879</u>
LIABILITIES					
Current liabilities					
Trade and other payables		232,373	218,727	105,962	103,203
Borrowings	H	380,405	656,046	65,000	299,937
Provision		1,568	4,187	3,798	4,969
Loan from a subsidiary		-	-	235,000	45,000
Current tax liabilities		37,839	33,718	7,594	5,218
Derivative liabilities	G	248	43	-	-
		<u>652,433</u>	<u>912,721</u>	<u>417,354</u>	<u>458,327</u>
Non-current liabilities					
Borrowings	H	2,871,804	2,245,443	497,510	497,035
Deferred tax liabilities	I	175,325	142,641	-	-
Deferred income	J	91,356	71,877	-	-
Other payables		59,280	59,165	35	415
Provision		-	-	4,002	4,002
Derivative liabilities	G	16,924	7,747	-	-
		<u>3,214,689</u>	<u>2,526,873</u>	<u>501,547</u>	<u>501,452</u>
Total liabilities		<u>3,867,122</u>	<u>3,439,594</u>	<u>918,901</u>	<u>959,779</u>
Net Assets		<u>4,764,757</u>	<u>4,643,811</u>	<u>3,124,309</u>	<u>3,162,100</u>
EQUITY					
Share capital		693,315	693,315	693,315	693,315
Other reserves		(132,122)	(100,441)	(56,539)	(55,574)
Accumulated profits		3,389,193	3,416,457	2,487,533	2,524,359
Equity attributable to owners of the Company		3,950,386	4,009,331	3,124,309	3,162,100
Non-controlling interests	K	814,371	634,480	-	-
Total equity		<u>4,764,757</u>	<u>4,643,811</u>	<u>3,124,309</u>	<u>3,162,100</u>

Notes:

- A) The increase in “Trade and other receivables” of \$64.5 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 \$143.2 million was mainly due to the sale of units of OUE Twin Peaks and the transfer of 22 OUE Twin Peaks units to investment properties in 1Q 2017.
- C) “Intangible assets” pertain to the medical distribution licenses of IHC.
- D) The decrease in “Investments in equity-accounted investees” of \$22.2 million was mainly due to the disposal of the Group’s entire equity interest in OCZ, a joint venture of the Group.
- E) “Lease prepayments” represent the land use rights of a subsidiary of IHC.
- F) The increase in “Investment properties” of \$529.8 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.
- G) “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.
- H) The increase in “Borrowings” of \$350.7 million was mainly due to the consolidation of IHC, additional borrowings to finance the acquisition of IHC and the issuance of a \$200 million notes in April 2017; offset by the redemption of the \$300 million notes which matured on 1 February 2017.
- I) The increase in “Deferred tax liabilities” of \$32.7 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.
- J) “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 \$19.5 million arose due to additional units sold under deferred payment schemes in 2017.
- K) The increase in “Non-controlling interests” of \$179.9 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 30/6/17			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	59,660	320,745	380,405	356,109	299,937	656,046
Amount repayable after one year	2,176,472	695,332	2,871,804	1,748,408	497,035	2,245,443
	<u>2,236,132</u>	<u>1,016,077</u>	<u>3,252,209</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

1(c) Consolidated Statement of Cash Flows

	The Group			
	Second Quarter ended 30/6/17 \$'000	Second Quarter ended 30/6/16 \$'000	Six Months ended 30/6/17 \$'000	Six Months ended 30/6/16 \$'000
Cash flows from operating activities				
Profit after tax	14,923	31,589	36,107	46,848
Adjustments for:				
Depreciation of property, plant and equipment	1,493	1,091	2,622	2,179
Dividend income	(900)	(900)	(900)	(900)
Amortisation of intangible assets	58	-	58	-
Amortisation of lease prepayments	75	-	75	-
Reversal of impairment loss on a development property	(4,224)	(27,831)	(18,448)	(27,831)
Change in fair value of investment properties	-	-	(4,095)	-
Net change in fair value of investments designated at fair value through profit or loss	194	(256)	(1,461)	4,968
Finance expenses	33,011	31,221	64,852	71,063
Finance income	(2,837)	(2,870)	(4,497)	(1,344)
Gain on disposal of interest in an equity-accounted investee	-	-	(3,524)	-
Gain on disposal of property, plant and equipment	(1,466)	(70)	(1,464)	(101)
Share of results of equity-accounted investees, net of tax	(15,120)	(7,305)	(25,088)	(40,265)
Tax expense	8,978	6,187	16,096	13,026
	<u>34,185</u>	<u>30,856</u>	<u>60,333</u>	<u>67,643</u>
Changes in:				
- trade and other receivables and other assets	3,897	8,682	(10,517)	3,324
- inventories	(271)	(354)	(189)	(284)
- development properties	43,302	(31,019)	108,971	(42,877)
- trade and other payables and provision	3,278	30,167	(7,568)	7,396
- deferred income	6,508	37,851	19,479	37,851
Cash generated from operations	90,899	76,183	170,509	73,053
Tax paid	(8,556)	(5,829)	(10,508)	(6,880)
Net cash from operating activities	82,343	70,354	160,001	66,173
Cash flows from investing activities				
Acquisition of interest in associates	-	(78,486)	-	(78,486)
Acquisition of subsidiaries, net of cash acquired	-	-	(83,712)	-
Acquisition of available-for-sale financial assets	(864)	(2,689)	(1,220)	(2,689)
Acquisition of other investments	-	(13,309)	-	(13,309)
Additions to property, plant and equipment	(4,687)	(1,002)	(4,810)	(1,279)
Additions to investment properties	(45,589)	(42,787)	(85,704)	(73,328)
Dividends from equity-accounted investees, net of tax				
- equity-accounted investees, net of tax	8,342	7,329	16,309	14,816
- available-for-sale financial assets, net of tax	900	900	900	900
- other investments, net of tax	106	144	106	144
Interest received	213	340	620	628
Loan to an associate	(2,500)	-	(2,500)	-
Repayment of advance from 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	2,280	-	2,280	31
Net cash used in investing activities	(41,799)	(104,313)	(129,092)	(82,446)

OUE LIMITED
Second Quarter Ended 30 June 2017

	The Group			
	Second Quarter ended 30/6/17 \$'000	Second Quarter ended 30/6/16 \$'000	Six Months ended 30/6/17 \$'000	Six Months ended 30/6/16 \$'000
Cash flows from financing activities				
Acquisition of non-controlling interests	(19,711)	-	(40,669)	(165,970)
Dividends paid	(30,151)	(19,033)	(41,440)	(34,615)
Finance expense paid	(25,612)	(28,624)	(61,111)	(60,284)
Proceeds from borrowings	334,008	159,000	1,555,523	479,500
Repayment of borrowings	(234,447)	(128,275)	(1,489,314)	(202,930)
Proceeds from issuance of units by a subsidiary	-	-	150,000	-
Unit issue costs of a subsidiary	(126)	-	(906)	-
Changes in pledged deposits	2,466	1,013	5,443	1,450
Net cash from/(used in) financing activities	26,427	(15,919)	77,526	17,151
Net increase/(decrease) in cash and cash equivalents	66,971	(49,878)	108,435	878
Cash and cash equivalents at beginning of the financial period	266,879	207,649	225,415	156,893
Cash and cash equivalents at the end of the financial period ¹	333,850	157,771	333,850	157,771

- 1 Cash and cash equivalents as at 30 June 2017 excludes the Group's pledged deposits of \$8,115,000 (31/12/16: \$13,558,000).

OUE LIMITED
Second Quarter Ended 30 June 2017

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

	Attributable to Owners of the Company				Non-controlling interests	Total Equity
	Share Capital	Other Reserves	Accumulated Profits	Total		
THE GROUP	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
At 1 April 2017	693,315	(128,747)	3,401,477	3,966,045	838,173	4,804,218
Total comprehensive income for the period						
Profit for the period	-	-	7,057	7,057	7,866	14,923
Other comprehensive income						
Currency translation differences relating to foreign operations	-	(2,280)	-	(2,280)	503	(1,777)
Share of currency translation differences of equity-accounted investees	-	1,129	-	1,129	-	1,129
Share of other reserves of equity-accounted investees	-	1,807	-	1,807	-	1,807
Net change in fair value of available-for-sale financial assets, net of tax	-	(224)	-	(224)	-	(224)
Cash flow hedges:						
- effective portion of changes in fair value of cash flow hedges	-	(2,931)	-	(2,931)	(2,497)	(5,428)
- hedging reserve reclassified to profit or loss	-	89	-	89	82	171
Total other comprehensive income, net of tax	-	(2,410)	-	(2,410)	(1,912)	(4,322)
Total comprehensive income for the period	-	(2,410)	7,057	4,647	5,954	10,601
Transactions with owners, recognised directly in equity						
Contributions by and distributions to owners						
Dividends paid	-	-	(18,036)	(18,036)	(12,115)	(30,151)
Total contributions by and distributions to owners	-	-	(18,036)	(18,036)	(12,115)	(30,151)
Changes in ownership interests in subsidiaries						
Changes in ownership interests in subsidiaries without change in control	-	-	(2,270)	(2,270)	(17,641)	(19,911)
Total changes in ownership interests in subsidiaries	-	-	(2,270)	(2,270)	(17,641)	(19,911)
Total transactions with owners	-	-	(20,306)	(20,306)	(29,756)	(50,062)
Transfer from asset revaluation reserve to accumulated profits	-	(965)	965	-	-	-
At 30 June 2017	693,315	(132,122)	3,389,193	3,950,386	814,371	4,764,757

OUE LIMITED
Second Quarter Ended 30 June 2017

	Attributable to Owners of the Company				
	Share Capital	Other Reserves	Accumulated Profits	Total	Non-controlling interests
THE GROUP	\$'000	\$'000	\$'000	\$'000	\$'000
At 1 April 2016	693,315	(95,280)	3,311,270	3,909,305	629,975
Total comprehensive income for the period					
Profit for the period	-	-	25,727	25,727	5,862
Other comprehensive income					
Currency translation differences relating to foreign operations	-	(17,433)	-	(17,433)	(3,745)
Share of currency translation differences of equity-accounted investees	-	(10,751)	-	(10,751)	-
Share of other reserves of equity-accounted investees	-	1,372	-	1,372	-
Net change in fair value of available-for-sale financial assets, net of tax	-	(330)	-	(330)	-
Effective portion of changes in fair value of cash flow hedges	-	(1,863)	-	(1,863)	(1,028)
Total other comprehensive income, net of tax	-	(29,005)	-	(29,005)	(4,773)
Total comprehensive income for the period	-	(29,005)	25,727	(3,278)	1,089
Transactions with owners, recognised directly in equity					
Contributions by and distributions to owners					
Dividends paid	-	-	(9,033)	(9,033)	(10,000)
Total contributions by and distributions to owners	-	-	(9,033)	(9,033)	(10,000)
Changes in ownership interests in subsidiaries					
Changes in ownership interests in a subsidiary without a change in control	-	17	238	255	(255)
Total changes in ownership interests in subsidiaries	-	17	238	255	(255)
Total transactions with owners	-	17	(8,795)	(8,778)	(10,255)
Share of reserves of an equity-accounted investee	-	(1,381)	-	(1,381)	-
At 30 June 2016	693,315	(125,649)	3,328,202	3,895,868	620,809

OUE LIMITED
Second Quarter Ended 30 June 2017

	Share Capital	Other Reserves	Accumulated Profits	Total Equity
	\$'000	\$'000	\$'000	\$'000
THE COMPANY				
At 1 April 2017	693,315	(55,574)	2,506,896	3,144,637
Total comprehensive income for the period				
Loss for the period	-	-	(2,292)	(2,292)
Total comprehensive income for the period	-	-	(2,292)	(2,292)
Transactions with owners of the Company, recognised directly in equity				
Contributions by and distributions to owners of the Company				
Dividends paid	-	-	(18,036)	(18,036)
Total transactions with owners of the Company	-	-	(18,036)	(18,036)
Transfer from asset revaluation reserve to accumulated profits	-	(965)	965	-
At 30 June 2017	693,315	(56,539)	2,487,533	3,124,309
At 1 April 2016	693,315	(39,769)	2,388,455	3,042,001
Total comprehensive income for the period				
Loss for the period	-	-	(10,032)	(10,032)
Total comprehensive income for the period	-	-	(10,032)	(10,032)
Transactions with owners of the Company, recognised directly in equity				
Contributions by and distributions to owners of the Company				
Dividends paid	-	-	(9,033)	(9,033)
Total transactions with owners of the Company	-	-	(9,033)	(9,033)
At 30 June 2016	693,315	(39,769)	2,369,390	3,022,936

- 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 30 June 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 30 June 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.**

	The Group			
	Second Quarter Ended 30/6/17	Second Quarter Ended 30/6/16	Six Months ended 30/6/17	Six Months ended 30/6/16
Weighted average number of ordinary shares in issue	901,815,860	903,296,860	901,815,860	903,296,860
Basic and diluted earnings per share (cents per share) ^(a)	0.78	2.85	2.49	3.77

(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.

	The Group		The Company	
	30/06/17	31/12/16	30/06/17	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 (\$)	4.38	4.45	3.46	3.51

- 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	2Q 2017 \$'000	2Q 2016 \$'000	Change %
Revenue	187,334	134,287	39.5
Earnings before interest and tax (EBIT)	50,045	38,040	31.6
Profit attributable to Owners of the Company	7,057	25,727	(72.6)

Revenue

The Group recorded revenue of \$187.3 million in 2Q 2017 (2Q 2016: \$134.3 million). The increase was mainly contributed by the hospitality, development property and healthcare divisions.

Investment Properties Division

Revenue from investment properties division remained stable for 2Q 2017.

Hospitality Division

Revenue from the hospitality division increased \$3.9 million to \$48.7 million in 2Q 2017 (2Q 2016: \$44.8 million). The increase was contributed by both Mandarin Orchard Singapore and the enlarged Crowne Plaza Changi Airport hotel.

Development Property Division

Revenue from development property division increased \$36.5 million to \$55.2 million (2Q 2016: \$18.7 million). The increase in revenue was due to higher number of OUE Twin Peaks units sold where the sales was completed in current quarter. 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.

Healthcare Division

Revenue from the healthcare division pertains to revenue contribution from IHC which became a subsidiary of the Group on 2 March 2017. IHC derives its revenue from rental income from its nursing facilities in Japan, and from the operation of the Wuxi New District Phoenix Hospital in Wuxi, Jiangsu, China.

Others

The increase in other revenue of \$2.1 million was mainly due to the full quarter revenue contribution by OUE Skyspace, the observation deck at US Bank Tower, which was opened in June 2016.

EBIT

EBIT increased \$12.0 million to \$50.0 million in 2Q 2017 (2Q 2016: \$38.0 million). The increase was mainly contributed by higher sales recognised for OUE Twin Peaks as well as higher contribution from the equity-accounted investees.

Profit attributable to owners of the Company

Profit attributable to owners of the Company decreased \$18.7 million to \$7.1 million (2Q 2016: \$25.7 million). The decrease in attributable profit was mainly due to lower reversal of impairment losses on OUE Twin Peaks in current quarter.

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.

Although economic outlook has improved, there are still risks to achieving sustained recovery. As such, 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 2H2017 before tapering in 2018.

After eight consecutive quarters of decline, Singapore average office rents stabilised in Q2 2017. Grade A and Grade B Core CBD rents maintained at the same level as the previous quarter of \$8.95 and \$7.25 psf/mth respectively¹. However, as current market rents are still lower than that in 2014, rental reversions for the leases that are due for renewals in 2017 may be impacted.

According to CBRE Research, U.S. office market conditions continue to favour owners but are moving closer to equilibrium as the cycle edges towards maturation in more markets. Higher levels of new

supply caused a modest increase in overall office vacancy rate². In Los Angeles, vacancy rate climbed 0.3 percentage points from 14.6% in 2016 to 14.9% in 2Q 2017³. In Shanghai, in view of further new office supply coming on-stream in second half of 2017⁴, the overall Grade A vacancy rate may continue to increase in the coming quarters and rental outlook in Shanghai continues to be soft.

In the Singapore residential market, sales volume continued to rise in the quarter, with buyers picking up more units from projects that had been launched before. This was due to a combination of few new launches and some buyer perception that higher land costs could mean higher prices for future stock¹. The Group continues to achieve better sales at OUE Twin Peaks and a total of 441 units were sold as at 30 June 2017.

Downtown Gallery and Oakwood Premier OUE Singapore commenced operations in May and June 2017 respectively. The recent acquisition of IHC would enable the Group to expand into the healthcare real estate sector.

¹ CBRE Marketview Singapore, Q2 2017

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

³ JLL U.S. Office Outlook Q2 2017

⁴ Knight Frank Shanghai Office Market Report Q2 2017

11 Dividend

(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 (In cents)	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	Special
Dividend type	Cash	Cash
Dividend per share (In cents)	1 cent	2 cents
Tax rate	Tax exempt (one-tier)	Tax exempt (one-tier)

(c) Date payable

29 September 2017.

(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 20 September 2017, for the preparation of dividend warrants. Duly completed transfers received by the Company's Share Registrar, M & C Services Private Limited, 112 Robinson Road #05-01, Singapore 068902 up to the close of business at 5.00 p.m. on 19 September 2017 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 said 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.

- 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
3 August 2017

15 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 financial results of the Company and the Group for the quarter ended 30 June 2017 to be false or misleading.

On behalf of the Board of Directors

STEPHEN RIADY
Executive Chairman

THIO GIM HOCK
Chief Executive Officer