



OUE LIMITED

(Company Registration No. 196400050E)

FIRST QUARTER FINANCIAL STATEMENTS AND DIVIDEND ANNOUNCEMENT FOR THE PERIOD ENDED 31 MARCH 2019 (UNAUDITED)

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1(a)(i) Statement of Comprehensive Income

	Notes	The Group		
		First Quarter ended 31/03/19 \$'000	First Quarter ended 31/03/18 \$'000	Change %
Revenue	A	147,296	145,612	1.2
Cost of sales		(70,564)	(77,009)	(8.4)
Gross profit		76,732	68,603	11.8
Marketing expenses		(4,905)	(4,587)	6.9
Administrative expenses	B	(19,972)	(15,817)	26.3
Other operating expenses		(2,327)	(3,605)	(35.5)
Share of results of equity-accounted investees, net of tax		12,479	10,010	24.7
		62,007	54,604	13.6
Finance expenses	C	(51,305)	(35,586)	44.2
Finance income	D	4,067	3,905	4.1
Other gains/(losses) - net	E	884	(8,129)	n.m.
Profit before tax	F	15,653	14,794	5.8
Tax expense	G	(3,002)	(6,445)	(53.4)
Profit after tax		12,651	8,349	51.5
Other comprehensive income				
Items that are or may be reclassified subsequently to profit or loss:				
Foreign operations:				
- currency translation differences		3,070	(4,041)	n.m.
Share of other comprehensive income of equity-accounted investees:				
- currency translation differences		(261)	6,558	n.m.
- other reserves		351	1,963	(82.1)
Cash flow hedges:				
- effective portion of changes in fair value of cash flow hedges		877	4,920	(82.2)
- hedging reserve reclassified to profit or loss		120	188	(36.2)
		4,157	9,588	(56.6)
Items that will not be reclassified subsequently to profit or loss:				
Share of other reserves of an equity-accounted investee		4,099	(2,361)	n.m.
Net change in fair value of investments at fair value through other comprehensive income, net of tax	E(ii)(b)	120,648	(242)	n.m.
		124,747	(2,603)	n.m.
Other comprehensive income, net of tax		128,904	6,985	>100.0
Total comprehensive income for the period		141,555	15,334	>100.0
Profit attributable to:				
Owners of the Company		1,034	1,031	0.3
Non-controlling interests		11,617	7,318	58.7
		12,651	8,349	51.5
Total comprehensive income attributable to:				
Owners of the Company		125,503	(1,003)	n.m.
Non-controlling interests		16,052	16,337	(1.7)
		141,555	15,334	>100.0

n.m.: Not meaningful

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

A) Revenue

	First Quarter ended 31/03/19 \$'000	First Quarter ended 31/03/18 \$'000	Change %
Investment properties income	71,456	69,533	2.8
Hospitality income	56,314	58,955	(4.5)
Development property income	7,185	-	n.m.
Healthcare income	4,780	9,843	(51.4)
Others	7,561	7,281	3.8
	<u>147,296</u>	<u>145,612</u>	1.2

B) Administrative expenses

Administrative expenses increased by \$4.2 million to about \$20.0 million for 1Q 2019. The increase was mainly due to higher legal and professional fees; and inclusion of administrative expenses of Bowsprit Capital Corporation Limited which became a subsidiary of the Group in October 2018.

C) Finance expenses

	Notes	First Quarter ended 31/03/19 \$'000	First Quarter ended 31/03/18 \$'000	Change %
Borrowing costs		33,173	30,862	7.5
Finance expenses on lease liabilities	(i)	8,613	-	n.m.
Net foreign exchange loss		8,948	4,367	>100.0
Unwinding of discount of non-current rental deposits		43	41	4.9
Change in fair value of financial derivatives		408	128	>100.0
Hedging reserve reclassified from equity	(ii)	120	188	(36.2)
		<u>51,305</u>	<u>35,586</u>	44.2

- (i) The Group adopted SFRS(I) 16 *Leases* with effect from 1 January 2019, which introduces a single, on-balance sheet lease accounting model for lessees. The Group had previously entered into master lease agreements with OUE Hospitality Real Estate Investment Trust ("OUE H-REIT"), an associate, to lease and operate Mandarin Orchard Singapore and Crowne Plaza Changi Airport. On the adoption of SFRS(I) 16, the minimum lease payments under the master lease agreements were recognised as right-of-use assets, with a corresponding recognition of the lease liabilities based on the modified retrospective approach. The cumulative effect of adoption of SFRS(I) 16 is recognised as an adjustment to the opening balance of the retained earnings at 1 January 2019, with no restatement of comparative information. The amortisation of the lease liabilities over the lease period is recognised as finance expenses on lease liabilities.
- (ii) Hedging reserve reclassified from equity pertains to the cumulative net fair value movements of certain interest rate swaps and was reclassified to profit or loss due to the discontinuation of hedge accounting.

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

D) Finance income

	First Quarter ended 31/03/19 \$'000	First Quarter ended 31/03/18 \$'000	Change %
Interest income	2,735	3,561	(23.2)
Ineffective portion of changes in fair value of cash flow hedges	1,266	298	>100.0
Others	66	46	43.5
	<u>4,067</u>	<u>3,905</u>	4.1

E) Other gains/(losses) – net

	Notes	First Quarter ended 31/03/19 \$'000	First Quarter ended 31/03/18 \$'000	Change %
Reversal of impairment loss on a development property	(i)	198	-	n.m.
Net change in fair value of investments designated at fair value through profit or loss	(ii)(a)	<u>686</u>	<u>(8,129)</u>	n.m.
		<u>884</u>	<u>(8,129)</u>	n.m.

- (i) The reversal of impairment loss on a development property pertained to the write-back of impairment on OUE Twin Peaks units.
- (ii) This relates to net change in marked-to-market fair value of:
- (a) investments designated at fair value through profit or loss; and
 - (b) investments at fair value through other comprehensive income.

F) Profit before tax

	First Quarter ended 31/03/19 \$'000	First Quarter ended 31/03/18 \$'000	Change %
Profit before tax is stated after charging/(crediting):			
- Depreciation of property, plant and equipment	1,427	2,011	(29.0)
- Depreciation of right-of-use assets	11,137	-	n.m.
- Amortisation of intangible assets	58	59	(1.7)
- Amortisation of lease prepayments	174	175	(0.6)
- Allowance for impairment on trade and other receivables	25	12	>100.0
- Gain on disposal of property, plant and equipment	<u>(1,561)</u>	<u>-</u>	n.m.

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

G) Tax expense

The charge for income tax expense includes the following:

- Overprovision of current tax in respect of prior years
- Overprovision of deferred tax in respect of prior years

First Quarter ended 31/03/19 \$'000	First Quarter ended 31/03/18 \$'000	Change %
(2,012)	(25)	>100.0
(497)	-	n.m.

n.m.: Not meaningful

1(b)(i) Statements of Financial Position

	Notes	The Group		The Company	
		31/03/19 \$'000	31/12/18 \$'000	31/03/19 \$'000	31/12/18 \$'000
ASSETS					
Current assets					
Cash and cash equivalents		459,492	409,371	89,448	161,395
Trade and other receivables		301,598	303,523	1,265,758	1,088,521
Inventories		1,177	1,058	246	234
Other investments		42,756	35,889	-	-
Development properties		463,998	466,498	-	-
Other assets		48,518	42,787	7,988	5,692
Loans to subsidiaries		-	-	1,753,862	1,799,004
Derivative assets	A	110	247	-	-
Assets held for sale	B	208,820	-	154,040	-
		<u>1,526,469</u>	<u>1,259,373</u>	<u>3,271,342</u>	<u>3,054,846</u>
Non-current assets					
Intangible assets and goodwill		38,966	39,086	-	-
Interests in equity-accounted investees	C	701,391	740,396	497,751	497,794
Investments in subsidiaries		-	-	424,492	424,492
Loans to subsidiaries		-	-	221,036	218,593
Lease prepayments		28,102	28,221	-	-
Other investments		637,669	665,078	-	154,040
Other assets		21,456	9,552	1,019	1,019
Investment properties		6,450,626	6,451,029	-	-
Property, plant and equipment		55,526	55,419	8,628	9,136
Right-of-use assets	D	1,001,270	-	697,895	-
Deferred tax assets		13,616	17,663	-	-
		<u>8,948,622</u>	<u>8,006,444</u>	<u>1,850,821</u>	<u>1,305,074</u>
Total assets		<u>10,475,091</u>	<u>9,265,817</u>	<u>5,122,163</u>	<u>4,359,920</u>
LIABILITIES					
Current liabilities					
Trade and other payables		203,441	201,297	243,383	246,715
Borrowings		550,035	471,691	279,525	199,331
Provision		42,079	42,079	-	405
Loans from subsidiaries		-	-	226,341	226,341
Current tax liabilities		34,446	36,240	4,819	5,079
Deferred income	E	68,803	55,738	-	-
Lease liabilities	D	33,286	-	21,010	-
Derivative liabilities	A	570	714	-	-
		<u>932,660</u>	<u>807,759</u>	<u>775,078</u>	<u>677,871</u>
Non-current liabilities					
Borrowings		3,025,416	3,024,564	595,231	593,475
Deferred income	E	12,278	27,011	-	-
Deferred tax liabilities		209,937	208,763	951	841
Other payables		52,883	50,685	5	5
Lease liabilities	D	1,038,533	-	732,326	-
Derivative liabilities	A	6,467	7,828	495	-
		<u>4,345,514</u>	<u>3,318,851</u>	<u>1,329,008</u>	<u>594,321</u>
Total liabilities		<u>5,278,174</u>	<u>4,126,610</u>	<u>2,104,086</u>	<u>1,272,192</u>
Net Assets		<u>5,196,917</u>	<u>5,139,207</u>	<u>3,018,077</u>	<u>3,087,728</u>
EQUITY					
Share capital		693,315	693,315	693,315	693,315
Other reserves		(61,686)	(186,155)	(41,983)	(41,983)
Accumulated profits		3,364,425	3,431,245	2,366,745	2,436,396
Equity attributable to owners of the Company		3,996,054	3,938,405	3,018,077	3,087,728
Non-controlling interests		1,200,863	1,200,802	-	-
Total equity		<u>5,196,917</u>	<u>5,139,207</u>	<u>3,018,077</u>	<u>3,087,728</u>

Notes:

- A) "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; and the embedded derivative component relating to the exchangeable bonds.
- B) "Assets held for sale" comprise the carrying values of the Group's investments in Marina Centre Holdings Private Limited ("MCH"), Aquamarina Hotels Private Limited ("AHPL") and Nuvest Capital Pte. Ltd. ("Nuvest Capital"). Subsequent to the reporting period, the Group completed the disposal of its entire equity stakes in MCH, AHPL and Nuvest Capital in April 2019. Accordingly, the carrying amounts are reclassified to "Assets held for sale" as at 31 March 2019.

MCH was previously accounted for as an investment held at fair value through other comprehensive income ("FVOCI") and was recorded within "Other investments" in the statements of financial position.

AHPL and Nuvest Capital were previously accounted for as equity-accounted investees and were recorded within "Interests in equity-accounted investees" in the statements of financial position.

- C) "Interests in equity-accounted investees" decreased by \$39.0 million mainly due to reclassification of the carrying value of AHPL to "Assets held for sale", as elaborated in (B) above. This was partially offset by the acquisition of 49.7% equity stake in Superfood Retail Limited on 15 March 2019.
- D) "Right-of-use assets" and "Lease liabilities" arose due to the adoption of SFRS(I) 16 with effect from 1 January 2019 whereby an asset from the right to use a leased item and a corresponding lease liability to pay rentals are recognised, with an adjustment to the opening balance of retained earnings as at 1 January 2019, with no restatement of comparative information. The amounts pertained to the master leases of Mandarin Orchard Singapore and Crowne Plaza Changi Airport.
- E) "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.

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

	As at 31/03/19			As at 31/12/18		
	Secured \$'000	Unsecured \$'000	Total \$'000	Secured \$'000	Unsecured \$'000	Total \$'000
Amount repayable in one year or less, or on demand	265,621	284,414	550,035	272,171	199,520	471,691
Amount repayable after one year	946,392	2,079,024	3,025,416	965,561	2,059,003	3,024,564
	<u>1,212,013</u>	<u>2,363,438</u>	<u>3,575,451</u>	<u>1,237,732</u>	<u>2,258,523</u>	<u>3,496,255</u>

Details of any collateral

Secured borrowings are collateralised by:

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

1(c) Consolidated Statement of Cash Flows

	The Group	
	First Quarter ended 31/03/19 \$'000	First Quarter ended 31/03/18 \$'000
Cash flows from operating activities		
Profit after tax	12,651	8,349
Adjustments for:		
Depreciation of property, plant and equipment	1,427	2,011
Depreciation of right-of-use assets	11,137	-
Amortisation of intangible assets	58	59
Amortisation of lease prepayments	174	175
Reversal of impairment loss on a development property	(198)	-
Net change in fair value of investments designated at fair value through profit or loss	(686)	8,129
Gain on disposal of property, plant and equipment	(1,561)	-
Finance expenses	51,305	35,586
Finance income	(4,067)	(3,905)
Share of results of equity-accounted investees, net of tax	(12,479)	(10,010)
Tax expense	3,002	6,445
	60,763	46,839
Changes in:		
- trade and other receivables and other assets	(23,629)	(9,912)
- inventories	(119)	(96)
- development properties	2,698	(1,685)
- trade and other payables and provision	(10,352)	(26,510)
- deferred income	(1,668)	-
Cash generated from operations	27,693	8,636
Tax paid	(3,385)	(2,089)
Net cash from operating activities	24,308	6,547
Cash flows from investing activities		
Acquisition of interest in an associate	(7,532)	-
Acquisition of subsidiaries, net of cash acquired	-	(2,097)
Acquisition of other investments	(4,565)	(3,417)
Additions to property, plant and equipment	(1,216)	(1,883)
Additions to investment properties	(10,987)	(12,731)
Deposits placed for investments	-	(159,408)
Dividends from:		
- equity-accounted investees, net of tax	10,556	7,439
- other investments, net of tax	66	46
Interest received	1,821	539
Proceeds from disposal of property, plant and equipment	1,561	-
Net cash used in investing activities	(10,296)	(171,512)
Cash flows from financing activities		
Dividends paid	(16,172)	(15,683)
Finance expense paid	(19,328)	(21,068)
Proceeds from borrowings	130,984	379,637
Repayment of borrowings	(51,113)	(283,064)
Principal repayment of leases	(8,262)	-
Proceeds from issuance of shares by a subsidiary	-	78,750
Shares issue costs of a subsidiary	-	(1,300)
Changes in pledged deposits	86	155
Net cash from financing activities	36,195	137,427
Net increase/(decrease) in cash and cash equivalents	50,207	(27,538)
Cash and cash equivalents at the beginning of the financial period	401,136	527,327
Cash and cash equivalents reclassified to assets held for sale	-	(136,813)
Cash and cash equivalents at the end of the financial period¹	451,343	362,976

1 Cash and cash equivalents as at 31 March 2019 excludes the Group's pledged deposits of \$8,149,000 (31/12/18: \$8,235,000).

OUE LIMITED
First Quarter Ended 31 March 2019

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 31 December 2018, as previously reported	693,315	(186,155)	3,431,245	3,938,405	1,200,802	5,139,207
Effect of adopting SFRS(I) 16 ¹	-	-	(67,673)	(67,673)	-	(67,673)
At 1 January 2019, as restated	693,315	(186,155)	3,363,572	3,870,732	1,200,802	5,071,534
Total comprehensive income for the period						
Profit for the period	-	-	1,034	1,034	11,617	12,651
Other comprehensive income						
Foreign operations:						
- currency translation differences	-	(926)	-	(926)	3,996	3,070
Share of other comprehensive income of equity-accounted investees:						
- currency translation differences	-	(261)	-	(261)	-	(261)
- other reserves	-	4,450	-	4,450	-	4,450
Net change in fair value of investments at fair value through other comprehensive income, net of tax	-	120,648	-	120,648	-	120,648
Cash flow hedges:						
- effective portion of changes in fair value of cash flow hedges	-	491	-	491	386	877
- hedging reserve reclassified to profit or loss	-	67	-	67	53	120
Total other comprehensive income, net of tax	-	124,469	-	124,469	4,435	128,904
Total comprehensive income for the period	-	124,469	1,034	125,503	16,052	141,555
Transactions with owners, recognised directly in equity						
Contributions by and distributions to owners						
Dividends paid	-	-	-	-	(16,172)	(16,172)
Total contributions by and distributions to owners	-	-	-	-	(16,172)	(16,172)
Changes in ownership interests in a subsidiary						
Changes in ownership interests in a subsidiary without a change in control	-	-	(181)	(181)	181	-
Total changes in ownership interests in a subsidiary	-	-	(181)	(181)	181	-
Total transactions with owners	-	-	(181)	(181)	(15,991)	(16,172)
At 31 March 2019	693,315	(61,686)	3,364,425	3,996,054	1,200,863	5,196,917

¹ Refer to Item No. 4 and 5.

OUE LIMITED
First Quarter Ended 31 March 2019

	Attributable to Owners of the Company				
	Share Capital	Other Reserves	Accumulated Profits	Total	Non-controlling Interests
THE GROUP	\$'000	\$'000	\$'000	\$'000	Total Equity \$'000
At 31 December 2017, as previously reported	693,315	(119,582)	3,451,185	4,024,918	850,809
Effect of adopting SFRS(l) 1	-	42,443	(42,443)	-	-
At 1 January 2018, as restated	693,315	(77,139)	3,408,742	4,024,918	850,809
Total comprehensive income for the period					
Profit for the period	-	-	1,031	1,031	7,318
Other comprehensive income					
Foreign operations:					
- currency translation differences	-	(10,778)	-	(10,778)	6,737
Share of other comprehensive income of equity-accounted investees:					
- currency translation differences	-	6,558	-	6,558	-
- other reserves	-	(398)	-	(398)	-
Net change in fair value of investments at fair value through other comprehensive income, net of tax	-	(242)	-	(242)	-
Cash flow hedges:					
- effective portion of changes in fair value of cash flow hedges	-	2,728	-	2,728	2,192
- hedging reserve reclassified to profit or loss	-	98	-	98	90
Total other comprehensive income, net of tax	-	(2,034)	-	(2,034)	9,019
Total comprehensive income for the period	-	(2,034)	1,031	(1,003)	16,337
Transactions with owners, recognised directly in equity					
Contributions by and distributions to owners					
Dividends paid	-	-	-	-	(15,683)
Total contributions by and distributions to owners	-	-	-	-	(15,683)
Changes in ownership interests in subsidiaries					
Proceeds from issuance of shares by a subsidiary, net of issuance costs	-	-	-	-	77,450
Changes in ownership interests in subsidiaries without a change in control	-	-	37,432	37,432	(37,432)
Total changes in ownership interests in subsidiaries	-	-	37,432	37,432	40,018
Total transactions with owners	-	-	37,432	37,432	24,335
At 31 March 2018	693,315	(79,173)	3,447,205	4,061,347	891,481

OUE LIMITED
First Quarter Ended 31 March 2019

THE COMPANY	Share Capital	Other Reserves	Accumulated Profits	Total Equity
	\$'000	\$'000	\$'000	\$'000
At 31 December 2018, as previously reported	693,315	(41,983)	2,436,396	3,087,728
Effect of adopting SFRS(I) 16 ¹	-	-	(53,468)	(53,468)
At 1 January 2019, as restated	693,315	(41,983)	2,382,928	3,034,260
Total comprehensive income for the period				
Loss for the period	-	-	(16,183)	(16,183)
Total comprehensive income for the period	-	-	(16,183)	(16,183)
At 31 March 2019	693,315	(41,983)	2,366,745	3,018,077
At 1 January 2018	693,315	(29,073)	2,504,626	3,168,868
Total comprehensive income for the period				
Loss for the period	-	-	(12,970)	(12,970)
Total comprehensive income for the period	-	-	(12,970)	(12,970)
At 31 March 2018	693,315	(29,073)	2,491,656	3,155,898

¹ Refer to Item No. 4 and 5.

- 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.**

Issued Share Capital

There is no change in the Company's share capital in 2019.

Convertible Bonds

The Company has the following convertible bonds which remain outstanding as at 31 March 2019:

Principal Amount \$'000	Year of Maturity	Conversion Price \$	No. of ordinary shares convertible into
154,750	2023	2.112	73,271,780

There has been no conversion of the convertible bonds since the date of issue.

The number of ordinary shares that may be issued, assuming the convertible bonds are fully converted based on the above conversion price, would be 73,271,780 (31/12/18: 73,271,780).

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

As at 31 March 2019, the Company's total number of issued shares excluding treasury shares is 901,515,860 (31/12/18: 901,515,860).

As at 31 March 2019, the Company held 80,086,000 (31/12/18: 80,086,000) treasury shares.

- 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 Item No. 5 below, the Group has applied the same accounting policies and methods of computation in the financial statements for the current financial period as those of the audited financial statements for the year ended 31 December 2018.

- 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 the new/revised SFRS(I)s that are effective for annual periods beginning on or after 1 January 2019. The adoption of the 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, except for SFRS(I) 16 Leases.

Adoption of SFRS(I) 16 Leases

SFRS(I) 16 introduces a single, on-balance sheet lease accounting model for lessees. A lessee recognises a right-of-use ("ROU") asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. There are recognition exemptions for short-term leases and leases of low-value items. Lessor accounting remains similar to the current standard – i.e. lessors continue to classify leases as finance or operating leases.

The Group applied SFRS(I) 16 on 1 January 2019, using the modified retrospective approach. The effects of the adoption of SFRS(I) 16 to the Group and the Company are as follows:

	The Group 01/01/2019 \$'000	The Company 01/01/2019 \$'000
Statements of financial position		
Increase in right-of-use assets	1,012,407	705,082
Increase in lease liabilities	(1,080,080)	(758,550)
Decrease in net assets	(67,673)	(53,468)
Decrease in accumulated profits	(67,673)	(53,468)
Decrease in total equity	(67,673)	(53,468)

- 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	
	31/03/19	31/03/18
Weighted average number of ordinary shares in issue		
- basic	901,515,860	901,815,860
- diluted (*)	974,787,640	901,815,860
Basic earnings per share (cents)	0.11	0.11
Diluted earnings per share (cents)	0.00	0.11

(*) For computation of diluted earnings per share, the weighted average number of ordinary shares has been adjusted for any dilutive effect arising from the conversion of all the outstanding convertible bonds to 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	
	31/03/19	31/12/18	31/03/19	31/12/18
Number of issued shares (excluding treasury shares)	901,515,860	901,515,860	901,515,860	901,515,860
Net asset value per ordinary share (\$)	4.43	4.37	3.35	3.43

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

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

FINANCIAL HIGHLIGHTS	1Q 2019 \$'000	1Q 2018 \$'000	Change %
Revenue	147,296	145,612	1.2
Earnings before interest and tax (EBIT)	62,007	54,604	13.6
Profit attributable to Owners of the Company	1,034	1,031	0.3

Revenue

The Group recorded revenue of \$147.3 million in 1Q 2019 (1Q 2018: \$145.6 million). The increase was mainly due to higher contributions from the Investment Properties and Development Property divisions; partially offset by lower contributions from the Hospitality and Healthcare divisions.

Investment Properties Division

Revenue from the investment properties division increased by \$1.9 million to \$71.5 million in 1Q 2019 (1Q 2018: \$69.5 million). The increase was mainly due to higher contribution from US Bank Tower arising from higher occupancy.

Hospitality Division

Revenue from the hospitality division decreased by \$2.6 million to \$56.3 million in 1Q 2019 (1Q 2018: \$59.0 million). The decrease was mainly due to lower room revenue and banquet sales from Mandarin Orchard Singapore; partially mitigated by higher contribution from Oakwood Premier OUE Singapore.

Development Property Division

Revenue from the development property division was \$7.2 million (1Q 2018: nil). Revenue recognised pertained to completion of certain OUE Twin Peaks units sold under deferred payment schemes.

Healthcare Division

Revenue from the healthcare division pertains to revenue contribution from OUE Lippo Healthcare Limited. The decrease in revenue was mainly due to lower revenue recorded by its operations in China.

Others

Other revenue comprises mainly the contribution from OUE Skyspace LA, the observation deck at US Bank Tower as well as food and beverages operations of the Group.

EBIT

EBIT increased by \$7.4 million to \$62.0 million in 1Q 2019 (1Q 2018: \$54.6 million). The increase was mainly attributed to contribution from First Real Estate Investment Trust and Bowsprit Capital Corporation Limited, which were acquired in October 2018; as well as higher contribution from Oakwood Premier OUE Singapore.

Profit attributable to owners of the Company

Profit attributable to shareholders was in line at \$1.0 million in 1Q 2019. Despite higher EBIT, attributable profit was at \$1.0 million largely due to the non-cash finance costs on lease liabilities arising from the adoption of SFRS(I) 16.

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.

Based on advance estimates, the Singapore economy grew by 1.3% on a year-on-year basis in the first quarter of 2019, moderating from the 1.9% growth in the previous quarter¹. For 2019, the Ministry of Trade and Industry expects GDP growth to be 1.5% to 3.5%, with growth expected to come in slightly below the mid-point of the forecast range².

The Singapore Tourism Board reported a 2.0% year-on-year growth in international arrivals in the first quarter of 2019³. The hospitality sector remains competitive in 2019 as rooms supply continue to come on stream, where supply is expected to taper off after 2019.

Grade A CBD core office rents rose 3.2% quarter-on-quarter in 1Q 2019 to S\$11.15 psf per month in the seventh consecutive quarter of growth⁴. With the tightening vacancy, decent absorption and growing rents, outlook for Singapore office market appears positive.

Overall vacancy in Los Angeles is expected to decline steadily, with vacancy for 1Q 2019 reduced to 14.4%⁵ with positive net absorption. In Shanghai, significant amount of new office supply is scheduled to enter the market in 2019⁶. Coupled with softer demand from subdued economy growth, rental growth is expected to be subdued in the near-term.

On 17 April 2019, the Group completed the disposal of the entire interests in AHPL and MCH for an aggregate consideration of \$190 million and \$200 million in cash respectively. The disposal had contributed positively to the earnings per share for the financial year ending 31 December 2019.

¹ Singapore Ministry of Trade and Industry Press Release, 12 April 2019

² Singapore Ministry of Trade and Industry Press Release, 15 February 2019

³ Singapore Tourism Board, International Visitor Arrivals Statistics, 2 May 2019

⁴ CBRE Marketview Singapore Q1 2019

⁵ JLL Los Angeles office insight – Q1 2019, 13 April 2019

⁶ Colliers International, Shanghai Grade A Office Market Update Q1 2019, 24 April 2019

11 Dividend

(a) Current Financial Period Reported On

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

(b) Corresponding Period of the Immediately Preceding Financial Year

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

(c) Date payable

Not applicable.

(d) Books closure date

Not applicable.

12 If no dividend has been declared/recommendeded, 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
10 May 2019

15 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 consolidated financial results of the Company and the Group for the quarter ended 31 March 2019 to be false or misleading.

On behalf of the Board of Directors

Dr Stephan Riady
Executive Chairman

Mr Thio Gim Hock
Chief Executive Officer