



OUE LIMITED

(Company Registration No. 196400050E)

FULL YEAR FINANCIAL STATEMENTS AND DIVIDEND ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2017 (UNAUDITED)

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OUE LIMITED
Financial Year Ended 31 December 2017

1(a)(i) Statement of Comprehensive Income

	Notes	The Group		
		FY 2017 \$'000	FY 2016 \$'000	%
Revenue	A	754,112	884,241	(14.7)
Cost of sales		(483,394)	(564,417)	(14.4)
Gross profit		270,718	319,824	(15.4)
Marketing expenses	B	(30,928)	(42,906)	(27.9)
Administrative expenses	C	(83,716)	(56,397)	48.4
Other operating expenses	D	(58,765)	(12,314)	>100.0
Share of results of equity-accounted investees, net of tax		68,762	66,439	3.5
		166,071	274,646	(39.5)
Finance expenses	E	(130,926)	(127,768)	2.5
Finance income	F	12,227	11,264	8.5
Other gains - net	G	146,301	54,408	>100.0
Profit before tax	H	193,673	212,550	(8.9)
Tax expense	I	(32,486)	(35,463)	(8.4)
Profit after tax		161,187	177,087	(9.0)
Other comprehensive income				
Items that are or may be reclassified subsequently to profit or loss:				
Currency translation differences relating to foreign operations		(43,639)	(10,430)	>100.0
Share of currency translation differences of equity-accounted investees		(8,755)	(18,352)	(52.3)
Share of currency translation differences of an equity-accounted investee reclassified to profit or loss on disposal		(3,564)	-	n.m.
Share of other reserves of equity-accounted investees		10,446	(3,914)	n.m.
Available-for-sale financial assets:				
- net change in fair value, net of tax		26,729	(8,736)	n.m.
- fair value reserve reclassified to profit or loss on disposal, net of tax		-	(4,731)	(100.0)
Cash flow hedges:				
- effective portion of changes in fair value of cash flow hedges		(6,699)	(17,694)	(62.1)
- hedging reserve reclassified to profit or loss		714	10,915	(93.5)
Other comprehensive income, net of tax		(24,768)	(52,942)	(53.2)
Total comprehensive income for the year		136,419	124,145	9.9
Profit attributable to:				
Owners of the Company		98,866	144,366	(31.5)
Non-controlling interests		62,321	32,721	90.5
		161,187	177,087	(9.0)
Total comprehensive income attributable to:				
Owners of the Company		80,690	100,373	(19.6)
Non-controlling interests		55,729	23,772	>100.0
		136,419	124,145	9.9

n.m.: Not meaningful

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

A) Revenue

	FY 2017	FY 2016	Change
	\$'000	\$'000	%
Investment properties income	270,961	264,674	2.4
Hospitality income	220,087	201,655	9.1
Development property income			
- OUE Twin Peaks	209,533	196,956	6.4
- Crowne Plaza Changi Airport Extension	-	205,000	(100.0)
Healthcare income	33,810	-	n.m.
Dividend income	1,800	1,800	-
Others	17,921	14,156	26.6
	<u>754,112</u>	<u>884,241</u>	(14.7)

In FY 2016, the Group recorded a non-recurring revenue of \$205.0 million under the property development segment in relation to the disposal of the extension to Crowne Plaza Changi Airport (“CPEX”) to OUE Hospitality Real Estate Investment Trust (“OUE H-REIT”) under a sale and leaseback arrangement. A corresponding development and related cost of CPEX was recorded under “cost of sales” and the net gain on divestment of CPEX recorded in FY 2016 was \$68.7 million.

Excluding the non-recurring revenue from the disposal of CPEX, the Group recorded \$74.9 million higher revenue in FY2017.

B) Marketing expenses

Marketing expenses decreased by \$12.0 million to \$30.9 million for FY 2017. The decrease was mainly attributed to lower marketing expenses incurred on OUE Twin Peaks as the project was fully sold in October 2017, as well as absence of marketing expenses incurred on the opening of CPEX in FY 2016.

C) Administrative expenses

Administrative expenses increased by \$27.3 million to \$83.7 million for FY 2017. The increase was mainly due to the consolidation of administrative expenses of OUE Lippo Healthcare Limited (“OUE Lippo Healthcare”), formerly known as International Healthway Corporation Limited, which became a subsidiary of the Group on 2 March 2017.

The increase was also attributed to transaction costs incurred on the acquisition of OUE Lippo Healthcare; and expenses incurred relating to the transfer of 23 OUE Twin Peaks units to investment properties during the year.

D) Other operating expenses

Other operating expenses increased \$46.5 million to \$58.8 million for FY 2017. The increase was mainly due to provision for legal and related expenses of \$46.0 million by OUE Lippo Healthcare.

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

E) Finance expenses

	FY 2017 \$'000	FY 2016 \$'000	Change %
Borrowing costs	117,657	114,644	2.6
Net foreign exchange loss	10,104	-	n.m.
Unwinding of discount of non-current rental deposits	125	-	n.m.
Change in fair value of financial derivatives	2,326	-	n.m.
Ineffective portion of changes in fair value of cash flow hedges	-	2,209	(100.0)
Hedging reserve reclassified from equity	714	10,915	(93.5)
	<u>130,926</u>	<u>127,768</u>	2.5

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.

The 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.

F) Finance income

	FY 2017 \$'000	FY 2016 \$'000	Change %
Interest income	6,477	4,174	55.2
Net foreign exchange gain	-	798	(100.0)
Ineffective portion of changes in fair value of cash flow hedges	5,310	-	n.m.
Change in fair value of financial derivatives	-	6,001	(100.0)
Others	440	291	51.2
	<u>12,227</u>	<u>11,264</u>	8.5

G) Other gains – net

	FY 2017 \$'000	FY 2016 \$'000	Change %
Reversal of impairment loss on a development property	20,379	62,495	(67.4)
Net change in fair value of investment properties	112,155	(34,067)	n.m.
Net change in fair value of investments designated at fair value through profit or loss	4,095	21,249	(80.7)
Gain on disposal of interests in an equity-accounted investee	9,672	-	n.m.
Gain on sale of available-for-sale financial asset	-	4,731	(100.0)
	<u>146,301</u>	<u>54,408</u>	>100.0

The reversal of impairment loss on a development property pertains to the write-back of impairment on OUE Twin Peaks units that were sold under deferred payment schemes during the respective financial period. The decrease was due to fewer units sold under deferred payment schemes in FY 2017.

Net change in fair value of investment properties for FY 2017 relates to revaluation gains recognised on the Group's investment properties.

Net change in fair value of investments designated at fair value through profit or loss relate mainly to fair value gain on investment in a mutual fund.

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

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

Gain on sale of available-for-sale financial asset of \$4.7 million recognised in FY 2016 pertained to the gain on disposal of the Group's entire equity interest in a limited partnership in the United States of America.

H) Profit before tax

	FY 2017 \$'000	FY 2016 \$'000	Change %
Profit before tax is stated after charging/(crediting):			
- Depreciation of property, plant and equipment	6,957	4,430	57.0
- Amortisation of intangible assets	175	-	n.m.
- Amortisation of lease prepayments	711	-	n.m.
- Allowance for impairment on trade and other receivables	425	224	89.7
- Bad debts written off	216	188	14.9
- Gain on disposal of property, plant and equipment	<u>(1,424)</u>	<u>(100)</u>	>100.0

I) Tax expense

	FY 2017 \$'000	FY 2016 \$'000	Change %
The charge for income tax expense includes the following:			
- Under/(Over) provision of current tax in respect of prior years	1,107	(2,930)	n.m.
- Underprovision of deferred tax in respect of prior years	<u>1,905</u>	<u>-</u>	n.m.

n.m.: Not meaningful

OUE LIMITED
Financial Year Ended 31 December 2017

1(b)(i) Statements of Financial Position

	Notes	The Group		The Company	
		31/12/17 \$'000	31/12/16 \$'000	31/12/17 \$'000	31/12/16 \$'000
ASSETS					
Current assets					
Cash and cash equivalents		535,249	238,973	42,614	77,778
Trade and other receivables	A	65,451	19,643	1,239,260	823,306
Inventories		2,009	1,124	222	254
Other investments		179,639	175,514	-	-
Development properties	B	521,181	724,224	-	-
Other assets		79,330	34,324	3,967	1,585
Loans to subsidiaries		-	-	1,860,509	2,034,624
		<u>1,382,859</u>	<u>1,193,802</u>	<u>3,146,572</u>	<u>2,937,547</u>
Non-current assets					
Available-for-sale financial assets	C	193,236	154,160	171,271	143,805
Intangible assets and goodwill	D	19,626	-	-	-
Investments in equity-accounted investees		955,013	942,376	495,745	491,917
Investments in subsidiaries		-	-	334,712	334,792
Loans to subsidiaries		-	-	193,567	199,468
Lease prepayments	E	29,821	-	-	-
Other investments		13,741	14,990	-	-
Other assets		5,897	2,624	796	976
Investment properties	F	6,390,048	5,742,752	-	-
Property, plant and equipment		31,494	19,438	10,567	12,609
Deferred tax assets		12,410	12,948	264	765
Derivative assets	G	-	315	-	-
		<u>7,651,286</u>	<u>6,889,603</u>	<u>1,206,922</u>	<u>1,184,332</u>
Total assets		<u>9,034,145</u>	<u>8,083,405</u>	<u>4,353,494</u>	<u>4,121,879</u>
LIABILITIES					
Current liabilities					
Trade and other payables	H	255,043	218,727	101,891	103,203
Borrowings	I	1,081,828	656,046	35,000	299,937
Provision	J	46,000	4,187	4,115	4,969
Loans from subsidiaries		-	-	539,278	45,000
Current tax liabilities		34,913	33,718	6,575	5,218
Deferred income	K	12,579	-	-	-
Derivative liabilities	G	487	43	-	-
		<u>1,430,850</u>	<u>912,721</u>	<u>686,859</u>	<u>458,327</u>
Non-current liabilities					
Borrowings	I	2,399,107	2,245,443	497,300	497,035
Deferred income	K	83,111	71,877	-	-
Deferred tax liabilities	L	182,042	142,641	-	-
Other payables		52,603	59,165	180	415
Provision		-	-	287	4,002
Derivative liabilities	G	10,705	7,747	-	-
		<u>2,727,568</u>	<u>2,526,873</u>	<u>497,767</u>	<u>501,452</u>
Total liabilities		<u>4,158,418</u>	<u>3,439,594</u>	<u>1,184,626</u>	<u>959,779</u>
Net Assets		<u>4,875,727</u>	<u>4,643,811</u>	<u>3,168,868</u>	<u>3,162,100</u>
EQUITY					
Share capital		693,315	693,315	693,315	693,315
Other reserves		(119,582)	(100,441)	(29,073)	(55,574)
Accumulated profits		3,451,185	3,416,457	2,504,626	2,524,359
Equity attributable to owners of the Company		<u>4,024,918</u>	<u>4,009,331</u>	<u>3,168,868</u>	<u>3,162,100</u>
Non-controlling interests	M	850,809	634,480	-	-
Total equity		<u>4,875,727</u>	<u>4,643,811</u>	<u>3,168,868</u>	<u>3,162,100</u>

Notes:

- A) The increase in “Trade and other receivables” of \$45.8 million was mainly due to the consolidation of the trade and other receivables of OUE Lippo Healthcare, which became a subsidiary of the Group on 2 March 2017.
- B) The decrease in “Development properties” of \$203.0 million was mainly due to the sale of units of OUE Twin Peaks and the transfer of 23 OUE Twin Peaks units to investment properties in FY 2017.
- C) “Available-for-sale financial assets” increased \$39.1 million due mainly to fair value gain recognised on the Group’s investment in Marina Centre Holdings.
- D) “Intangible assets and goodwill” pertains to the goodwill recognised on the acquisition of interests in OUE Lippo Healthcare; and the medical distribution licenses of OUE Lippo Healthcare.

OUE Lippo Healthcare became a subsidiary of the Group on 2 March 2017. The Group has completed the purchase price allocation exercise and recognised goodwill amounting to \$19.2 million during the year.

- E) “Lease prepayments” represents the land use rights of a subsidiary of OUE Lippo Healthcare.
- F) The increase in “Investment properties” of \$647.3 million was mainly due to the consolidation of the investment properties held by OUE Lippo Healthcare, transfer of 23 OUE Twin Peaks units to investment properties; and fair value gains recognised during the year.
- 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 “Trade and other payables” of \$36.3 million was mainly due to the consolidation of the trade and other payables of OUE Lippo Healthcare.
- I) The increase in “Borrowings” of \$579.4 million was mainly due to the consolidation of the borrowings of OUE Lippo Healthcare and additional borrowings to finance the acquisition of OUE Lippo Healthcare. The Group had also issued two \$200 million notes in April 2017 and November 2017 respectively; and redeemed the \$300 million notes which matured in February 2017.
- J) “Provision” as at 31 December 2017 relates to the provision of legal and related expenses by OUE Lippo Healthcare which has not been utilised.
- K) “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 \$23.8 million arose due to additional units sold under deferred payment schemes in FY 2017.
- L) The increase in “Deferred tax liabilities” of \$39.4 million was mainly due to the consolidation of the deferred tax liabilities of OUE Lippo Healthcare and deferred tax recognised on the fair value gains on investment properties in FY 2017.
- M) The increase in “Non-controlling interests” of \$216.3 million was mainly due to the dilution of interests in OUE Commercial Real Estate Investment Trust (“OUE C-REIT”) subsequent to their private placement in March 2017, as well as the recognition of non-controlling interests of OUE Lippo Healthcare arising from consolidation.

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

	As at 31/12/17			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	769,836	311,992	1,081,828	356,109	299,937	656,046
Amount repayable after one year	1,356,102	1,043,005	2,399,107	1,748,408	497,035	2,245,443
	<u>2,125,938</u>	<u>1,354,997</u>	<u>3,480,935</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 and/or
- assignment of all rights and benefits to sale, lease and/or insurance proceeds with respect to the properties

As at 31 December 2017, the Group has borrowings amounting to \$1.1 billion that will be due in the year 2018. Approximately \$0.3 billion of these borrowings matures in 1Q 2018 and will be repaid via a combination of internal cash resources and debt refinancing. In addition, \$0.5 billion of these borrowings relating to OUE C-REIT will mature in 2H 2018, where negotiations to complete the refinancing are already in progress.

1(c) Consolidated Statement of Cash Flows

	The Group	
	FY 2017	FY 2016
	\$'000	\$'000
Cash flows from operating activities		
Profit after tax	161,187	177,087
Adjustments for:		
Depreciation of property, plant and equipment	6,957	4,430
Dividend income	(1,800)	(1,800)
Amortisation of intangible assets	175	-
Amortisation of lease prepayments	711	-
Provision	46,000	-
Reversal of impairment loss on a development property	(20,379)	(62,495)
Net change in fair value of investment properties	(112,155)	34,067
Net change in fair value of investments designated at fair value through profit or loss	(4,095)	(21,249)
Gain on disposal of interests in an equity-accounted investee	(9,672)	-
Gain on disposal of property, plant and equipment	(1,424)	(100)
Gain on sale of available-for-sale financial asset	-	(4,731)
Finance expenses	130,926	127,768
Finance income	(12,227)	(11,264)
Share of results of equity-accounted investees, net of tax	(68,762)	(66,439)
Tax expense	32,486	35,463
	<u>147,928</u>	<u>210,737</u>
Changes in:		
- trade and other receivables and other assets	(55,737)	11,233
- inventories	(14)	(381)
- development properties	166,490	197,540
- trade and other payables and provision	(7,506)	(12,830)
- deferred income	23,813	71,877
Cash generated from operations	<u>274,974</u>	<u>478,176</u>
Tax paid	(25,780)	(11,976)
Net cash from operating activities	<u>249,194</u>	<u>466,200</u>
Cash flows from investing activities		
Acquisition of interests in an associate	-	(78,486)
Acquisition of subsidiaries, net of cash acquired	(83,711)	-
Acquisition of available-for-sale financial assets	(12,681)	(7,749)
Acquisition of other investments	(2,095)	(14,396)
Additions to property, plant and equipment	(10,480)	(2,246)
Additions to investment properties	(136,243)	(153,892)
Dividends from:		
- equity-accounted investees, net of tax	33,139	29,110
- available-for-sale financial assets, net of tax	1,800	1,800
- other investments, net of tax	440	288
Interest received	1,531	1,196
Loan to an associate	(4,000)	(10,650)
Loan to a joint venture	-	(25,247)
Repayment of loan from a joint venture	-	8,837
Proceeds from sale of other investments	1,958	217,134
Proceeds from sale of available-for-sale financial asset	-	18,889
Proceeds from disposal of interests in an equity-accounted investee	34,787	-
Proceeds from disposal of property, plant and equipment	2,280	292
Net cash used in investing activities	<u>(173,275)</u>	<u>(15,120)</u>

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	FY 2017	FY 2016
	\$'000	\$'000
Cash flows from financing activities		
Acquisition of non-controlling interests	(40,669)	(165,970)
Contribution from non-controlling interests	49	-
Dividends paid	(59,909)	(73,780)
Finance expense paid	(124,656)	(107,596)
Proceeds from borrowings	2,200,223	541,856
Repayment of borrowings	(1,894,776)	(577,074)
Proceeds from issuance of units by a subsidiary	150,000	-
Unit issue costs of a subsidiary	(906)	-
Repurchase of own shares	-	(2,348)
Changes in pledged deposits	5,636	1,902
Net cash from/(used in) financing activities	<u>234,992</u>	<u>(383,010)</u>
Net increase in cash and cash equivalents	310,911	68,070
Cash and cash equivalents at 1 January	225,415	156,893
Effect of exchange rate fluctuations on cash held	(8,999)	452
Cash and cash equivalents at 31 December¹	<u><u>527,327</u></u>	<u><u>225,415</u></u>

1 Cash and cash equivalents as at 31 December 2017 excludes the Group's pledged deposits of \$7,922,000 (31/12/16: \$13,558,000).

QUE LIMITED
Financial Year Ended 31 December 2017

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

	<u>Attributable to Owners of the Company</u>					
	Share Capital \$'000	Other Reserves \$'000	Accumulated Profits \$'000	Total \$'000	Non-controlling Interests \$'000	Total Equity \$'000
THE GROUP						
At 1 January 2017	693,315	(100,441)	3,416,457	4,009,331	634,480	4,643,811
Total comprehensive income for the year						
Profit for the year	-	-	98,866	98,866	62,321	161,187
Other comprehensive income						
Currency translation differences relating to foreign operations	-	(39,813)	-	(39,813)	(3,826)	(43,639)
Share of currency translation differences of equity-accounted investees	-	(8,755)	-	(8,755)	-	(8,755)
Share of currency translation differences of an equity-accounted investee reclassified to profit or loss on disposal	-	(3,564)	-	(3,564)	-	(3,564)
Share of other reserves of equity-accounted investees	-	10,446	-	10,446	-	10,446
Net change in fair value of available-for-sale financial assets, net of tax	-	26,729	-	26,729	-	26,729
Cash flow hedges:						
- effective portion of changes in fair value of cash flow hedges	-	(3,590)	-	(3,590)	(3,109)	(6,699)
- hedging reserve reclassified to profit or loss	-	371	-	371	343	714
Total other comprehensive income, net of tax	-	(18,176)	-	(18,176)	(6,592)	(24,768)
Total comprehensive income for the year	-	(18,176)	98,866	80,690	55,729	136,419
Transactions with owners, recognised directly in equity						
Contributions by and distributions to owners						
Dividends paid	-	-	(27,054)	(27,054)	(32,855)	(59,909)
Unit issue costs of a subsidiary	-	-	-	-	(906)	(906)
Total contributions by and distributions to owners	-	-	(27,054)	(27,054)	(33,761)	(60,815)
Changes in ownership interests in subsidiaries						
Liquidation of a subsidiary with non-controlling interests	-	-	-	-	(28)	(28)
Proceeds from issuance of units by a subsidiary	-	-	-	-	150,000	150,000
Acquisition of subsidiaries with non-controlling interests	-	-	-	-	46,960	46,960
Contribution from non-controlling interests	-	-	-	-	49	49
Changes in ownership interests in subsidiaries without a change in control	-	-	(38,049)	(38,049)	(2,620)	(40,669)
Total changes in ownership interests in subsidiaries	-	-	(38,049)	(38,049)	194,361	156,312
Total transactions with owners	-	-	(65,103)	(65,103)	160,600	95,497
Transfer from asset revaluation reserve to accumulated profits	-	(965)	965	-	-	-
At 31 December 2017	693,315	(119,582)	3,451,185	4,024,918	850,809	4,875,727

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	<u>Attributable to Owners of the Company</u>					
	Share Capital \$'000	Other Reserves \$'000	Accumulated Profits \$'000	Total \$'000	Non-controlling Interests \$'000	Total Equity \$'000
THE GROUP						
At 1 January 2016	693,315	(51,672)	3,288,829	3,930,472	833,720	4,764,192
Total comprehensive income for the year						
Profit for the year	-	-	144,366	144,366	32,721	177,087
Other comprehensive income						
Currency translation differences relating to foreign operations	-	(3,705)	-	(3,705)	(6,725)	(10,430)
Share of currency translation differences of equity-accounted investees	-	(18,352)	-	(18,352)	-	(18,352)
Share of other reserves of equity-accounted investees	-	(3,914)	-	(3,914)	-	(3,914)
Available-for-sale financial assets:						
- net change in fair value, net of tax	-	(8,736)	-	(8,736)	-	(8,736)
- fair value reserve reclassified to profit or loss on disposal, net of tax	-	(4,731)	-	(4,731)	-	(4,731)
Cash flow hedges:						
- effective portion of changes in fair value of cash flow hedges	-	(11,444)	-	(11,444)	(6,250)	(17,694)
- hedging reserve reclassified to profit or loss	-	6,889	-	6,889	4,026	10,915
Total other comprehensive income, net of tax	-	(43,993)	-	(43,993)	(8,949)	(52,942)
Total comprehensive income for the year	-	(43,993)	144,366	100,373	23,772	124,145
Transactions with owners, recognised directly in equity						
Contributions by and distributions to owners						
Own shares acquired	-	(2,348)	-	(2,348)	-	(2,348)
Dividends paid	-	-	(36,097)	(36,097)	(37,683)	(73,780)
Total contributions by and distributions to owners	-	(2,348)	(36,097)	(38,445)	(37,683)	(76,128)
Changes in ownership interests in subsidiaries						
Changes in ownership interests in a subsidiary without a change in control	-	-	19,359	19,359	(185,329)	(165,970)
Total changes in ownership interests in subsidiaries	-	-	19,359	19,359	(185,329)	(165,970)
Total transactions with owners	-	(2,348)	(16,738)	(19,086)	(223,012)	(242,098)
Share of reserves of an equity-accounted investee	-	(2,428)	-	(2,428)	-	(2,428)
At 31 December 2016	693,315	(100,441)	3,416,457	4,009,331	634,480	4,643,811

OUE LIMITED
Financial Year Ended 31 December 2017

	Share Capital	Other Reserves	Accumulated Profits	Total Equity
	\$'000	\$'000	\$'000	\$'000
THE COMPANY				
At 1 January 2017	693,315	(55,574)	2,524,359	3,162,100
Total comprehensive income for the year				
Profit for the year	-	-	6,356	6,356
Other comprehensive income				
Fair value gain on available-for-sale financial assets	-	27,466	-	27,466
Total other comprehensive income, net of tax	-	27,466	-	27,466
Total comprehensive income for the year	-	27,466	6,356	33,822
Transactions with owners of the Company, recognised directly in equity				
Contributions by and distributions to owners of the Company				
Dividends paid	-	-	(27,054)	(27,054)
Total transactions with owners of the Company	-	-	(27,054)	(27,054)
Transfer from asset revaluation reserve to accumulated profits	-	(965)	965	-
At 31 December 2017	693,315	(29,073)	2,504,626	3,168,868
At 1 January 2016	693,315	(39,769)	2,393,359	3,046,905
Total comprehensive income for the year				
Profit for the year	-	-	167,097	167,097
Other comprehensive income				
Fair value loss on available-for-sale financial assets	-	(13,457)	-	(13,457)
Total other comprehensive income, net of tax	-	(13,457)	-	(13,457)
Total comprehensive income for the year	-	(13,457)	167,097	153,640
Transactions with owners of the Company, recognised directly in equity				
Contributions by and distributions to owners of the Company				
Own shares acquired	-	(2,348)	-	(2,348)
Dividends paid	-	-	(36,097)	(36,097)
Total transactions with owners of the Company	-	(2,348)	(36,097)	(38,445)
At 31 December 2016	693,315	(55,574)	2,524,359	3,162,100

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

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

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

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

As at 31 December 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	
	FY 2017	FY 2016
Weighted average number of ordinary shares in issue	901,815,860	902,787,915
Basic and diluted earnings per share (cents per share) ^(a)	<u>10.96</u>	<u>15.99</u>

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

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

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

	The Group		The Company	
	31/12/17	31/12/16	31/12/17	31/12/16
Number of issued shares (excluding treasury shares)	901,815,860	901,815,860	901,815,860	901,815,860
Net asset value per ordinary share (\$)	<u>4.46</u>	<u>4.45</u>	<u>3.51</u>	<u>3.51</u>

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

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

FINANCIAL HIGHLIGHTS	FY 2017	FY 2016	Change
	\$'000	\$'000	%
Revenue	754,112	884,241	(14.7)
Earnings before interest and tax (EBIT)	166,071	274,646	(39.5)
Profit attributable to Owners of the Company	98,866	144,366	(31.5)

Revenue

The Group recorded revenue of \$754.1 million in FY 2017 (FY 2016: \$884.2 million). In FY 2016, the Group recorded a non-recurring revenue of \$205.0 million on the disposal of CPEX. Excluding this non-recurring revenue, the Group recorded \$74.9 million higher revenue in FY 2017.

Investment Properties Division

Revenue from investment properties division increased \$6.3 million to \$271.0 million in FY 2017 (FY 2016: \$264.7 million). The increase was mainly contributed by rental income from Downtown Gallery and OUE Downtown.

Hospitality Division

Revenue from the hospitality division increased \$18.4 million to \$220.1 million in FY 2017 (FY 2016: \$201.7 million). The increase was contributed by both Mandarin Orchard Singapore and Crowne Plaza Changi Airport, as well as Oakwood Premier OUE Singapore, the serviced apartments at OUE Downtown, which opened in June 2017.

Development Property Division

Revenue from development property division decreased \$192.4 million to \$209.5 million (FY 2016: \$402.0 million). The decrease was due to the absence of \$205.0 million non-recurring revenue recorded on the disposal of CPEX in FY 2016. Excluding this non-recurring revenue on the disposal of CPEX, the division recorded higher revenue contribution from the sales of OUE Twin Peaks in FY 2017. OUE Twin Peaks was fully sold in October 2017. 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 OUE Lippo Healthcare, which became a subsidiary of the Group on 2 March 2017. OUE Lippo Healthcare 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

Other revenue comprises mainly the contribution from OUE Skyspace LA, the observation deck at US Bank Tower.

EBIT

EBIT was at \$166.1 million in FY 2017 (FY 2016: \$274.6 million). The decrease was mainly attributed to the provision for legal and related expenses recorded by OUE Lippo Healthcare of \$46.0 million and the absence of \$68.7 million non-recurring gain on disposal of CPEX recorded in FY 2016.

Profit attributable to owners of the Company

Profit attributable to shareholders decreased \$45.5 million to \$98.9 million in FY 2017 (FY 2016: \$144.4 million). The decrease was attributed to lower EBIT as explained above, partially mitigated by higher fair value gains on investment properties.

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.

The Ministry of Trade and Industry (“MTI”) announced that the Singapore economy grew by 3.6%¹ in 2017. For 2018, MTI expects Singapore’s GDP growth to moderate from 2017’s growth but remain firm, with an estimate that growth to come in slightly above the middle of the forecast range of 1.5% to 3.5%.

In 2018, the return of large biennial events is expected to drive demand for hotel accommodation. However, the hospitality market environment remains competitive as the market continues to absorb additional rooms supply that came on stream in second half of 2017.

The Singapore office rents appears to have picked up in 4Q 2017. Grade A Core CBD rents increased quarter-on-quarter by 3.3%² in 4Q 2017 to \$9.40 psf/mth. While the general outlook for the office market looks positive on the back of stronger economic fundamentals, the underlying occupier demand remains uncertain which can impact rental reversions in 2018.

According to JLL Research, 2018 will see continued net growth for the overall U.S. office market, even though occupancy growth will slow down. In Los Angeles, despite positive net absorption, vacancy increased to 15.0%³ due to new supplies in the quarter. In Shanghai, the rising vacancy rate and the new supply scheduled for 2018 is expected to place pressure on the office market. According to Colliers, the average rent for the CBD market will remain flat by 2018 year-end⁴.

In the Singapore residential market, sales volume continued to rise in the quarter. With the Group's active marketing effort, OUE Twin Peaks was fully sold in October 2017.

The recent openings of Downtown Gallery and Oakwood Premier OUE Singapore have contributed positively to the Group's performance and augment the Group's portfolio with recurrent income base. The acquisition of OUE Lippo Healthcare has also enable the Group to expand into the growing healthcare real estate sector.

¹ Singapore Ministry of Trade and Industry Press Release, 14 Feb 2018

² CBRE MarketView Singapore, Q4 2017

³ JLL Research Report, United States Office Outlook, Q4 2017

⁴ Colliers Outlook, Shanghai Property Market East China, 23 January 2018

11 Dividend

(a) Current Financial Period Reported On

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

Name of dividend	Final
Dividend type	Cash
Dividend per share (In cents)	2 cents
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	Final
Dividend type	Cash
Dividend per share (In cents)	2 cents
Tax rate	Tax exempt (one-tier)

(c) Date payable

In relation to the proposed final cash dividend, if approved at the Annual General Meeting to be held on 26 April 2018, will be payable on 31 May 2018.

(d) Books closure date

In relation to the proposed final cash dividend, NOTICE IS HEREBY GIVEN that the Share Transfer Books and the Register of Members of the Company will be closed on **18 May 2018**, 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 **17 May 2018** will be registered to determine shareholders' entitlements to the proposed final dividend. In respect of shares in securities accounts with the Central Depository (Pte) Limited ("CDP"), the proposed final 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.

OUE LIMITED
Financial Year Ended 31 December 2017

15 Segmented revenue and results for business or geographical segments (of the group) in the form presented in the issuer's most recently audited financial results.

For the financial year ended 31 December 2017

	Property Investments			Hospitality		Property Development	Healthcare	Fund Management	Investment Holding	Others	Segment Total	Elimination and unallocated items	Group
	Singapore	United States	China	Singapore	Others								
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Revenue													
External revenue	182,833	55,110	33,018	217,300	2,787	209,533	33,810	1,546	-	17,790	753,727	385	754,112
Inter-segment revenue	9,971	8,723	-	114	-	-	-	11,980	-	7	30,795	(30,795)	-
Segment revenue (including inter-segment revenue)	192,804	63,833	33,018	217,414	2,787	209,533	33,810	13,526	-	17,797	784,522	(30,410)	754,112
Segment profit/(loss) ¹	146,655	26,975	26,494	(5,703)	2,371	20,512	(47,751)	14,717	31,409	(15,886)	199,793	(33,722)	166,071
Depreciation	(427)	(14)	(19)	(410)	(4)	-	(1,575)	(157)	-	(2,253)	(4,859)	(2,098)	(6,957)
Finance expenses	(65,791)	(17,282)	(1,377)	(228)	48	(2,442)	(12,476)	(240)	-	(3,099)	(102,887)	(28,039)	(130,926)
Finance income	9,843	90	459	69	-	3	85	18	-	4,829	15,396	(3,169)	12,227
Share of results of equity-accounted investees, net of tax	24,686	-	-	5,062	22	-	-	7,584	31,409	-	68,763	(1)	68,762
Other material items													
Net change in fair value of investment properties	36,710	2,677	71,923	-	-	-	845	-	-	-	112,155	-	112,155
Net change in fair value of investments designated at fair value through profit or loss	-	-	-	-	-	-	-	-	-	4,095	4,095	-	4,095
Reversal of impairment loss on a development property	-	-	-	-	-	20,379	-	-	-	-	20,379	-	20,379

OUE LIMITED
Financial Year Ended 31 December 2017

For the financial year ended 31 December 2016

	Property Investments			Hospitality		Property Development	Fund Management	Investment Holding	Others	Segment Total	Elimination and unallocated items	Group
	Singapore	United States	China	Singapore	Others							
Revenue												
External revenue	179,704	53,840	31,130	199,203	2,452	401,956	1,395	-	13,891	883,571	670	884,241
Inter-segment revenue	5,842	8,748	-	107	-	-	14,573	-	108	29,378	(29,378)	-
Segment revenue (including inter-segment revenue)	185,546	62,588	31,130	199,310	2,452	401,956	15,968	-	13,999	912,949	(28,708)	884,241
Segment profit/(loss) ¹	142,418	24,793	25,125	3,132	2,024	76,131	17,034	48,679	(16,812)	322,524	(47,878)	274,646
Depreciation	(287)	(14)	(6)	(183)	-	-	(163)	-	(1,652)	(2,305)	(2,125)	(4,430)
Finance expenses	(75,738)	(14,075)	(1,961)	(1)	-	(9,338)	(203)	-	(12,993)	(114,309)	(13,459)	(127,768)
Finance income	6,907	85	29	147	(144)	-	4	-	(3,393)	3,635	7,629	11,264
Share of results of equity-accounted investees, net of tax	5,770	-	-	4,839	(32)	-	7,187	48,679	-	66,443	(4)	66,439
Other material items												
Net change in fair value of investment properties	(85,019)	31,443	19,509	-	-	-	-	-	-	(34,067)	-	(34,067)
Net change in fair value of investments designated at fair value through profit or loss	-	-	-	-	-	-	-	-	21,249	21,249	-	21,249
Reversal of impairment loss on a development property	-	-	-	-	-	62,495	-	-	-	62,495	-	62,495

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

16 In the review of performance, the factors leading to any material changes in contributions to turnover and earnings by the business or geographical segments.

See paragraph 8 above.

17 A breakdown of sales

	<u>2017</u> \$'000	<u>2016</u> \$'000	<u>Change</u> %
Revenue reported for first half year	383,614	256,750	49.4
Profit after tax before deducting non-controlling interest reported for first half year	36,107	46,848	(22.9)
Revenue reported for second half year	370,498	627,491	(41.0)
Profit after tax before deducting non-controlling interest reported for second half year	<u>125,080</u>	<u>130,239</u>	<u>(4.0)</u>

18 A breakdown of the total annual dividend (in dollar value) for the issuer's latest full year and its previous full year.

Total dividend paid and proposed in respect of the financial year ended 31 December 2017 will be as follows:

	<u>2017</u> \$'000	<u>2016</u> \$'000
Ordinary		
- Interim	9,019	9,021
- Special	-	18,043
- Final (Proposed)	18,036 *	18,036
Total annual dividend	<u><u>27,055</u></u>	<u><u>45,100</u></u>

* The final dividend of 2 cents per share tax-exempt (one-tier) in respect of the financial year ended 31 December 2017 is subject to the approval of shareholders at the next Annual General Meeting and the dividend amount is based on the number of issued ordinary shares of 901,815,860 (excluding 79,786,000 treasury shares) as at 31 December 2017.

19 Report of person occupying managerial positions who are related to a director, chief executive officer or substantial shareholder

Disclosure of person occupying a managerial position in the issuer or any of its principal subsidiaries who is a relative of a director or chief executive officer or substantial shareholder of the issuer pursuant to Rule 704(13) as below:

Name	Age	Family relationship with any director and/or substantial shareholder	Current position and duties, and the year the position was held	Details of changes in duties and position held, if any, during the year
Stephen Riady	57	Brother of Mr James Tjahaja Riady, a substantial shareholder of OUE Limited (" OUE ")	Executive Chairman of OUE since 2010. To provide strategic direction to the OUE Group.	Nil

BY ORDER OF THE BOARD

NG NGAI
COMPANY SECRETARY
22 February 2018