



OUE LIMITED

(Company Registration No. 196400050E)

FIRST QUARTER FINANCIAL STATEMENTS AND DIVIDEND ANNOUNCEMENT FOR THE QUARTER ENDED 31 MARCH 2016 (UNAUDITED)

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

OUE LIMITED
First Quarter Ended 31 March 2016

1(a)(i) Statement of Comprehensive Income

	Notes	The Group		Change %
		First Quarter ended 31/3/16 \$'000	First Quarter ended 31/3/15 \$'000	
Revenue	A	122,463	107,974	13.4
Cost of sales		(68,188)	(67,896)	0.4
Gross profit		54,275	40,078	35.4
Marketing expenses		(3,945)	(3,889)	1.4
Administrative expenses	B	(11,384)	(17,135)	(33.6)
Other operating expenses		(3,216)	(3,004)	7.1
Share of results of equity-accounted investees, net of tax	C	32,960	15,671	>100.0
		68,690	31,721	>100.0
Finance expenses	D	(41,821)	(16,563)	>100.0
Finance income	E	453	4,220	(89.3)
Other (losses)/gains - net	F	(5,224)	72,459	n.m.
Profit before tax	G	22,098	91,837	(75.9)
Tax expense	H	(6,839)	(9,295)	(26.4)
Profit after tax		15,259	82,542	(81.5)
Other comprehensive income				
Items that are or may be reclassified subsequently to profit or loss:				
Currency translation differences relating to foreign operations		(21,801)	28,960	n.m.
Share of currency translation differences of equity-accounted investees		(13,849)	1,664	n.m.
Share of other reserves of equity-accounted investees		(5,850)	1,230	n.m.
Fair value (loss)/gain on available-for-sale financial assets		(140)	104	n.m.
Effective portion of changes in fair value of cash flow hedges		(16,979)	2,128	n.m.
Other comprehensive income, net of tax		(58,619)	34,086	n.m.
Total comprehensive income for the period		(43,360)	116,628	n.m.
Profit attributable to:				
Owners of the Company		8,290	77,174	(89.3)
Non-controlling interests		6,969	5,368	29.8
		15,259	82,542	(81.5)
Total comprehensive income attributable to:				
Owners of the Company		(38,895)	100,550	n.m.
Non-controlling interests		(4,465)	16,078	n.m.
		(43,360)	116,628	n.m.

n.m. - Not meaningful

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

A) Revenue

	First Quarter ended 31/3/16 \$'000	First Quarter ended 31/3/15 \$'000	Change %
Hospitality income	51,695	50,171	3.0
Investment properties income	64,268	42,531	51.1
Development property income	4,697	13,360	(64.8)
Others	1,803	1,912	(5.7)
	<u>122,463</u>	<u>107,974</u>	13.4

B) Administrative expenses

Administrative expenses comprised mainly staff costs, legal and professional fees, hotel management fees and administrative expenses. Administrative expenses were 33.6% lower at \$11.4 million which included lower staff costs and lower hotel administrative expenses.

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

Share of results of equity-accounted investees of \$33.0 million for 1Q 2016 relates primarily to the Group's share of results of OUE Hospitality Trust and Gemdale Properties and Investment Corporation Limited ("Gemdale"). Contribution from equity-accounted investees increased \$17.3 million to \$33.0 million mainly due to the recognition of \$19.6 million provisional negative goodwill of the Group's additional interests in Gemdale which was acquired in March 2016. The negative goodwill represents the excess of the provisional fair value of assets and liabilities acquired over the consideration paid.

This was slightly offset by the absence of contribution from OUB Centre Limited ("OUBC"), which owns One Raffles Place. The Group acquired additional interest in OUBC in October 2015 and has since begun consolidating the results of OUBC as a subsidiary. OUBC was previously equity-accounted for in 1Q 2015.

D) Finance expenses

	First Quarter ended 31/3/16 \$'000	First Quarter ended 31/3/15 \$'000	Change %
Finance expenses	29,195	18,367	59.0
Less: Borrowing costs capitalised in development property	-	(1,804)	(100.0)
Net foreign exchange loss	10,386	-	n.m.
Ineffective portion of changes in fair value of cash flow hedges	2,240	-	n.m.
	<u>41,821</u>	<u>16,563</u>	>100.0

The increase in borrowing cost was largely attributed to borrowings drawn down in October 2015 to fund the acquisition of OUBC. The net foreign exchange loss of \$10.4 million was mainly from the translation of US dollar-denominated balances.

E) Finance income

Finance income decreased \$3.8 million to \$0.5 million mainly due to the absence of \$3.4 million net foreign exchange gain recorded in 1Q 2015.

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

F) Other (losses)/gains – net

	First Quarter ended 31/3/16 \$'000	First Quarter ended 31/3/15 \$'000	Change %
Net change in fair value of investments designated at fair value through profit or loss	(5,224)	14,675	n.m.
Gain on disposal of property, plant and equipment	-	57,784	(100.0)
	<u>(5,224)</u>	<u>72,459</u>	n.m.

The gain on disposal of property, plant and equipment in 1Q 2015 relates to the gain recognised on sale of Crowne Plaza Changi Airport (“CPCA”).

G) Profit before tax

	First Quarter ended 31/3/16 \$'000	First Quarter ended 31/3/15 \$'000	Change %
Profit before tax is stated after charging/(crediting):			
Borrowing cost	29,195	16,563	76.3
Net foreign exchange loss/(gain)	10,386	(3,400)	n.m.
Ineffective portion of changes in fair value of cash flow hedges	2,240	-	n.m.
Depreciation of property, plant and equipment	1,088	947	14.9
Allowance/(Writeback) for impairment of trade and other receivables	2	(24)	n.m.
Gain on disposal of property, plant and equipment	(31)	(13)	>100.0

H) Tax expense

	First Quarter ended 31/3/16 \$'000	First Quarter ended 31/3/15 \$'000	Change %
The charge for income tax expense includes the following:			
Under/(Over)provision in respect of prior years			
- Current tax	6	(3)	n.m.

n.m. Not meaningful

OUE LIMITED
First Quarter Ended 31 March 2016

1(b)(i) Statements of Financial Position

	Notes	The Group		The Company	
		31/03/16 \$'000	31/12/15 \$'000	31/03/16 \$'000	31/12/15 \$'000
ASSETS					
Current assets					
Cash and cash equivalents		222,672	172,353	59,757	83,782
Trade and other receivables	A	44,016	38,931	849,391	789,848
Inventories		657	727	209	246
Other investments	B	270,802	371,399	-	-
Development properties	C	875,880	859,269	-	-
Other assets	A	66,347	35,589	1,968	1,753
Loans to subsidiaries		-	-	2,275,126	2,394,206
Derivative assets		223	32	-	-
		<u>1,480,597</u>	<u>1,478,300</u>	<u>3,186,451</u>	<u>3,269,835</u>
Non-current assets					
Available-for-sale financial assets		173,701	174,223	157,262	157,262
Investments in equity-accounted investees	D	843,716	812,695	391,152	391,224
Investments in subsidiaries		-	-	334,792	334,792
Loan to a subsidiary		-	-	141,213	124,750
Other assets	A	3,295	3,255	-	976
Investment properties		5,609,672	5,627,266	-	-
Property, plant and equipment		20,531	21,337	13,788	14,139
Deferred tax assets		7,069	6,189	1,095	1,273
Derivative assets		227	6,573	-	-
		<u>6,658,211</u>	<u>6,651,538</u>	<u>1,039,302</u>	<u>1,024,416</u>
Total assets		<u>8,138,808</u>	<u>8,129,838</u>	<u>4,225,753</u>	<u>4,294,251</u>
LIABILITIES					
Current liabilities					
Trade and other payables	E	218,686	237,740	54,524	67,595
Borrowings	F	814,303	157,195	399,372	152,000
Provision		-	-	4,654	4,665
Loan from a subsidiary		-	-	216,702	216,702
Current tax liabilities		32,220	27,373	3,565	1,957
		<u>1,065,209</u>	<u>422,308</u>	<u>678,817</u>	<u>442,919</u>
Non-current liabilities					
Borrowings	F	2,341,268	2,767,352	496,313	795,250
Deferred tax liabilities		118,178	119,664	336	392
Other payables	E	61,630	56,142	391	390
Provision		-	-	7,895	8,395
Derivative liabilities		13,243	180	-	-
		<u>2,534,319</u>	<u>2,943,338</u>	<u>504,935</u>	<u>804,427</u>
Total liabilities		<u>3,599,528</u>	<u>3,365,646</u>	<u>1,183,752</u>	<u>1,247,346</u>
Net Assets		<u>4,539,280</u>	<u>4,764,192</u>	<u>3,042,001</u>	<u>3,046,905</u>
EQUITY					
Share capital		693,315	693,315	693,315	693,315
Other reserves		(95,280)	(51,672)	(39,769)	(39,769)
Accumulated profits		3,311,270	3,288,829	2,388,455	2,393,359
Equity attributable to owners of the Company		<u>3,909,305</u>	<u>3,930,472</u>	<u>3,042,001</u>	<u>3,046,905</u>
Non-controlling interests	G	629,975	833,720	-	-
Total equity		<u>4,539,280</u>	<u>4,764,192</u>	<u>3,042,001</u>	<u>3,046,905</u>

Notes:

- A) The increase in “Trade and other receivables and other assets” of \$35.9 million was mainly due to a short-term advance to a joint venture partner which was subsequently repaid in April 2016.
- B) The decrease in “Other investments” of \$100.6 million was mainly due to the partial redemption of the Group’s investment in a mutual fund amounting to \$95.4 million.
- C) The increase in “Development properties” of \$16.6 million mainly relates to the costs incurred on the development of the extension of Crowne Plaza Changi Airport which will be disposed of to an associate upon completion of the construction.
- D) The increase in “Investments in equity-accounted investees” of \$31.0 million was mainly due to the Group’s additional acquisition of shares in Gemdale Properties and Investment Corporation Limited (“Gemdale”), an entity listed on The Stock Exchange of Hong Kong Limited, through a joint venture of the Group which was completed in March 2016. The Group’s joint venture is currently performing a purchase price allocation exercise on its investment in Gemdale and has equity accounted for Gemdale based on provisional amounts of the identifiable net assets and liabilities. The purchase price allocation exercise will be completed within one year from the acquisition.
- E) The decrease in “Trade and other payables” of \$13.6 million was mainly due to payment of development costs incurred on the investment properties and development properties.
- F) The increase in “Borrowings” of \$231.0 million was due to additional loan drawn down in 1Q 2016 mainly for the Group’s asset enhancement initiatives and acquisition in additional investment in equity-accounted investees.
- G) The decrease in “Non-controlling interests” of \$203.7 million was due to the Group’s acquisition in additional unitholding of OUE Commercial Real Estate Investment Trust in February 2016.

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

	<u>As at 31/3/16</u>		<u>As at 31/12/15</u>	
	<u>Secured</u>	<u>Unsecured</u>	<u>Secured</u>	<u>Unsecured</u>
	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>
Amount repayable in one year or less, or on demand	414,931	399,372	5,195	152,000
Amount repayable after one year	<u>1,844,955</u>	<u>496,313</u>	<u>1,972,102</u>	<u>795,250</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

OUE LIMITED
First Quarter Ended 31 March 2016

1(c) Consolidated Statement of Cash Flows

	Note	The Group	
		First Quarter ended 31/3/16 \$'000	First Quarter ended 31/3/15 \$'000
Cash flows from operating activities			
Profit after tax		15,259	82,542
Adjustments for:			
Depreciation of property, plant and equipment		1,088	947
Net change in fair value of investments designated at fair value through profit or loss		5,224	(14,675)
Finance expenses		41,821	16,563
Finance income		(453)	(4,220)
Gain on disposal of property, plant and equipment		(31)	(57,797)
Share of results of equity-accounted investees, net of tax		(32,960)	(15,671)
Tax expense		6,839	9,295
		<u>36,787</u>	<u>16,984</u>
Changes in:			
- trade and other receivables and other assets		(5,358)	(31,614)
- inventories		70	44
- development properties		(11,858)	32,577
- trade and other payables and provisions		(22,771)	(3,611)
Cash (used in)/generated from operations		<u>(3,130)</u>	<u>14,380</u>
Tax paid		(1,051)	(2,716)
Net cash (used in)/from operating activities	A	<u>(4,181)</u>	<u>11,664</u>
Cash flows from investing activities			
Acquisition of available-for-sale financial assets		-	(340)
Acquisition of other investments		-	(52,983)
Additions to property, plant and equipment		(277)	(507)
Additions to investment properties		(30,541)	(11,439)
Dividends from:			
- equity-accounted investees, net of tax		7,487	7,840
- other investments, net of tax		-	119
Interest received		288	394
Advance to a joint venture partner		(25,247)	-
Loan to joint venture		(25,247)	(131,777)
Proceeds from sale of other investments		95,373	21,828
Proceeds from disposal of property, plant and equipment		31	290,106
Net cash from investing activities		<u>21,867</u>	<u>123,241</u>

OUE LIMITED
First Quarter Ended 31 March 2016

	The Group	
	First Quarter ended 31/3/16 \$'000	First Quarter ended 31/3/15 \$'000
Cash flows from financing activities		
Acquisition of non-controlling interests	(165,970)	-
Dividends paid	(15,582)	(12,837)
Finance expense paid (including amounts capitalised in development property)	(31,660)	(17,662)
Proceeds from borrowings	320,500	14,000
Repayment of borrowings	(74,655)	(15,150)
Changes in pledged deposits	437	(746)
Net cash from/(used in) financing activities	33,070	(32,395)
Net increase in cash and cash equivalents	50,756	102,510
Cash and cash equivalents at 1 January	156,893	146,880
Cash and cash equivalents at 31 March¹	207,649	249,390

¹Cash and cash equivalents as at 31 March 2016 excludes the Group's pledged deposits of \$15,023,000 (31/12/15: \$15,460,000).

Notes:

- A) Net cash used in operating activities was \$4.2 million, mainly due to payment of development cost incurred for Crowne Plaza Changi Airport extension.

OUE LIMITED
First Quarter Ended 31 March 2016

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

THE GROUP	Attributable to Owners of the Company					
	Share Capital	Other Reserves	Accumulated Profits	Total	Non-controlling Interests	Total Equity
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
At 1 January 2016	693,315	(51,672)	3,288,829	3,930,472	833,720	4,764,192
Total comprehensive income for the period						
Profit for the period	-	-	8,290	8,290	6,969	15,259
Other comprehensive income						
Currency translation differences relating to foreign operations	-	(16,488)	-	(16,488)	(5,313)	(21,801)
Share of currency translation differences of equity-accounted investees	-	(13,849)	-	(13,849)	-	(13,849)
Share of other reserves of equity-accounted investees	-	(5,850)	-	(5,850)	-	(5,850)
Fair value loss on available-for-sale financial assets	-	(140)	-	(140)	-	(140)
Effective portion of changes in fair value of cash flow hedges	-	(10,858)	-	(10,858)	(6,121)	(16,979)
Total other comprehensive income, net of tax	-	(47,185)	-	(47,185)	(11,434)	(58,619)
Total comprehensive income for the period	-	(47,185)	8,290	(38,895)	(4,465)	(43,360)
Transactions with owners, recognised directly in equity						
Contributions by and distributions to owners						
Dividends paid	-	-	-	-	(15,582)	(15,582)
Total contributions by and distributions to owners	-	-	-	-	(15,582)	(15,582)
Changes in ownership interests in subsidiaries						
Changes in ownership interests in a subsidiary without a change in control	-	3,589	14,139	17,728	(183,698)	(165,970)
Total changes in ownership interests in subsidiaries	-	3,589	14,139	17,728	(183,698)	(165,970)
Total transactions with owners	-	3,589	14,139	17,728	(199,280)	(181,552)
Share of reserves of an equity-accounted investee	-	(12)	12	-	-	-
At 31 March 2016	693,315	(95,280)	3,311,270	3,909,305	629,975	4,539,280
At 1 January 2015	693,315	6,223	3,153,798	3,853,336	486,111	4,339,447
Total comprehensive income for the period						
Profit for the period	-	-	77,174	77,174	5,368	82,542
Other comprehensive income						
Currency translation differences relating to foreign operations	-	19,352	-	19,352	9,608	28,960
Share of currency translation differences of equity-accounted investees	-	1,664	-	1,664	-	1,664
Share of other reserves of equity-accounted investees	-	1,230	-	1,230	-	1,230
Fair value gain on available-for-sale financial assets	-	104	-	104	-	104
Effective portion of changes in fair value of cash flow hedges	-	1,026	-	1,026	1,102	2,128
Total other comprehensive income, net of tax	-	23,376	-	23,376	10,710	34,086
Total comprehensive income for the period	-	23,376	77,174	100,550	16,078	116,628
Transactions with owners, recognised directly in equity						
Contributions by and distributions to owners						
Dividends paid	-	-	-	-	(12,837)	(12,837)
Total contributions by and distributions to owners	-	-	-	-	(12,837)	(12,837)
Changes in ownership interests in subsidiaries						
Changes in ownership interests in a subsidiary without a change in control	-	6	416	422	(422)	-
Total changes in ownership interests in subsidiaries	-	6	416	422	(422)	-
Total transactions with owners	-	6	416	422	(13,259)	(12,837)
At 31 March 2015	693,315	29,605	3,231,388	3,954,308	488,930	4,443,238

OUE LIMITED
First Quarter Ended 31 March 2016

THE COMPANY	Share Capital \$'000	Other Reserves \$'000	Accumulated Profits \$'000	Total Equity \$'000
At 1 January 2016	693,315	(39,769)	2,393,359	3,046,905
Total comprehensive income for the period				
Loss for the period	-	-	(4,904)	(4,904)
Total comprehensive income for the period	-	-	(4,904)	(4,904)
At 31 March 2016	693,315	(39,769)	2,388,455	3,042,001
At 1 January 2015	693,315	16,545	1,875,525	2,585,385
Total comprehensive income for the period				
Profit for the period	-	-	17,136	17,136
Total comprehensive income for the period	-	-	17,136	17,136
At 31 March 2015	693,315	16,545	1,892,661	2,602,521

- 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 1Q 2016.

As at 31 March 2016, the Company held 78,305,000 (31/12/15: 78,305,000) treasury shares.

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

As at 31 March 2016, the Company's total number of issued shares excluding treasury shares is 903,296,860 (31/12/15: 903,296,860).

- 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 2015.

- 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 2016. 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	
	1Q 2016	1Q 2015
Based on weighted average number of ordinary shares in issue (cents per share)	0.92	8.48
Weighted average number of ordinary shares in issue	903,296,860	909,885,860
On a fully diluted basis (cents per share) ^(a)	<u>0.92</u>	<u>8.48</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	
	31/03/16	31/12/15	31/03/16	31/12/15
	\$	\$	\$	\$
Net asset value per ordinary share	<u>4.33</u>	<u>4.35</u>	<u>3.37</u>	<u>3.37</u>

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

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

FINANCIAL HIGHLIGHTS	1Q 2016	1Q 2015	Change
	\$'000	\$'000	%
Revenue	122,463	107,974	13.4
Earnings before interest and tax (EBIT)	68,690	31,721	>100.0
Profit attributable to Owners of the Company	8,290	77,174	(89.3)

In 1Q 2016, the Group recorded revenue of \$122.5 million (1Q 2015: \$108.0 million), an increase of 13.4%. The increase was mainly due to higher contribution from property investments and hospitality division, partially offset by lower contribution from the property development division.

Hospitality Division

Revenue from hospitality division increased \$1.5 million to \$51.7 million (1Q 2015: \$50.2 million). The increase was mainly contributed by higher food and beverage sales from Mandarin Orchard Singapore.

Property Investments Division

Revenue from the property investments division increased \$21.8 million to \$64.3 million in 1Q 2016 (1Q 2015: \$42.5 million). The increase was mainly due to the consolidation of revenue of One Raffles Place (“ORP”) following the acquisition of additional interests in OUBC in October 2015. Prior to the additional interest acquired, results of OUBC were equity-accounted.

Property Development Division

Revenue from the property development division decreased \$8.7 million to \$4.7 million in 1Q 2016 (1Q 2015: \$13.4 million). As OUE Twin Peaks obtained Temporary Occupation Permit (“TOP”) in 1Q 2015, revenue for all the units sold as at TOP date was fully recognised. The revenue for 1Q 2016 pertains to the units sold in current quarter.

EBIT

EBIT increased \$37.0 million to \$68.7 million in 1Q 2016 (1Q 2015: \$31.7 million) mainly due to higher contribution from ORP and higher contribution from equity-accounted investees.

Profit attributable to owners of the Company

At post-tax level, profit attributable to owners of the Company decreased to \$8.3 million (1Q 2015: \$77.2 million) mainly due to the fair value loss arising from the mark-to-market of investments and the absence of the non-recurring gain on sale of CPCA of \$57.8 million recorded in 1Q 2015.

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 uncertainties in global economy continue in 2016 on back of China’s economic slowdown and weak commodities prices. International Monetary Fund recently revised the forecast for 2016 global economic growth downwards by 0.2 percentage point to 3.2%¹ and the Singapore economy growth was forecasted to be modest at 1 to 3 per cent² this year.

Singapore Tourism Board reported a 12.3%³ year-on-year increase in international visitor arrivals in the first two months of 2016. As Singapore hosts major biennial events in 2016, these events are expected to increase hospitality demand. However, against the backdrop of subdued global and Singapore economy, the tourism industry continues to face headwinds in the near term as consumers and corporates are likely to be conservative in their travel expenditure. In addition, the hospitality sector will remain competitive with the expected supply of new hotel rooms.

On a quarter-on-quarter basis, core Central Business District (“CBD”) office occupancy remained unchanged at the end of 1Q 2016 at 95.1%, with CBD Grade A office rents declining by 4.8%⁴. The weakened business sentiments in Singapore, coupled with the impending supply of new offices in the CBD in 2016 will likely affect the commercial property markets. In the first quarter, Los Angeles office market continued to see increase in average rental rates and decrease in vacancy levels⁵ while office rental outlook in Shanghai is expected to be subdued with the new office supply coming on-stream in 2016.

Prices of Singapore private residential properties had decreased by 0.7%⁶ quarter-on-quarter in 1Q 2016 and the market remaining challenging. The Group will continue to drive the sale of OUE Twin Peaks in current challenging market.

Asset enhancement initiatives continue at OUE Downtown and US Bank Tower. The construction of Crowne Plaza Changi Airport extension (“CPEX”) is progressing and the divestment of CPEX will take place after the construction is completed.

¹ International Monetary Fund, World Economic Outlook Update, April 2016

² Monetary Authority of Singapore, MAS Monetary Policy Statement, 14 April 2016

³ Singapore Tourism Board, International Visitor Arrivals Statistics, 8 April 2016

⁴ CBRE Singapore Market View 1Q 2016

⁵ Transwestern, Los Angeles Office Market First Quarter 2016

⁶ Urban Redevelopment Authority, Release of 1st Quarter 2016 real estate statistics, 22 April 2016

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
11 May 2016

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 up the attention of the Board of Directors which may render the financial results of the Company and the Group for the quarter ended 31 March 2016 to be false or misleading.

On behalf of the Board of Directors

Dr Stephen Riady
Executive Chairman

Mr Thio Gim Hock
Chief Executive Officer