

# **105<sup>th</sup> ANNUAL GENERAL MEETING**

**30 APRIL 2019**



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# 2018 MARKET REVIEW

## ▼ Singapore



Singapore economy grew by 3.2%, lower than the 3.9% growth in 2017

Economy



Prices of private residential properties increased by 7.9%, compared with 1.1% increase in 2017

Residential



Sales volume for new homes fell 16.8% from 10,566 units to 8,795 units in 2018

Residential



New private residential property launches rose 45.7% from 6,020 units to 8,769 units in 2018

Residential



Net lettable office space absorption tripled to 172,000 sqm in 2018

Office



Island-wide office vacancy rate eased from 12.6% to 12.1%, contributing to a 7.4% increase in office rentals in 2018

Office

# 2018 MARKET REVIEW

## ▼ China



Tier 1 cities continued to be healthy, Tier 2 cities were divided and lower tier cities experienced a gradual inventory build-up



Total investments in residential developments rose 13.4% to RMB8.5 trillion



Prices for primary commodity housing within the top 70 cities rose 10.6% in 2018

## ▼ Hospitality (Singapore)



International visitor arrivals grew 6.2% to 18.5 million in 2018



Average occupancy rate for Singapore's hotel industry rose by 1.4 percentage points to 86.2%



Average room rate increased by 0.7% to S\$219

# KEY HIGHLIGHTS IN 2018



Continued asset enhancement initiatives for major investment properties



Land parcel at Dairy Farm Road at the price of S\$368.8 million (S\$830.40 psf ppr), with a maximum permissible GFA of 41,260 sqm

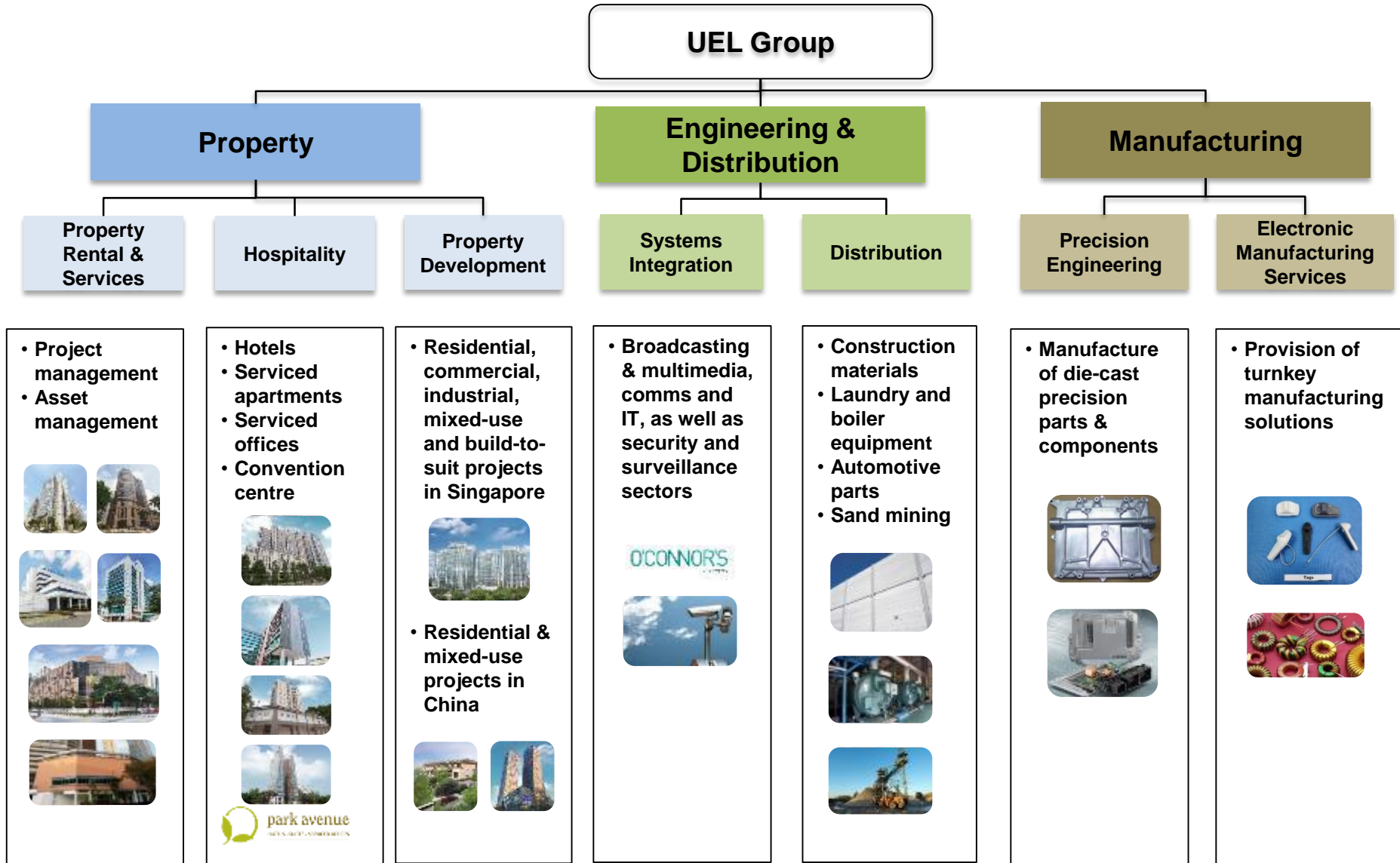


Resettled remaining farmer households and planned to commence development of the Phase 3.2 land of *Shanghai Olympic Garden* in 2019



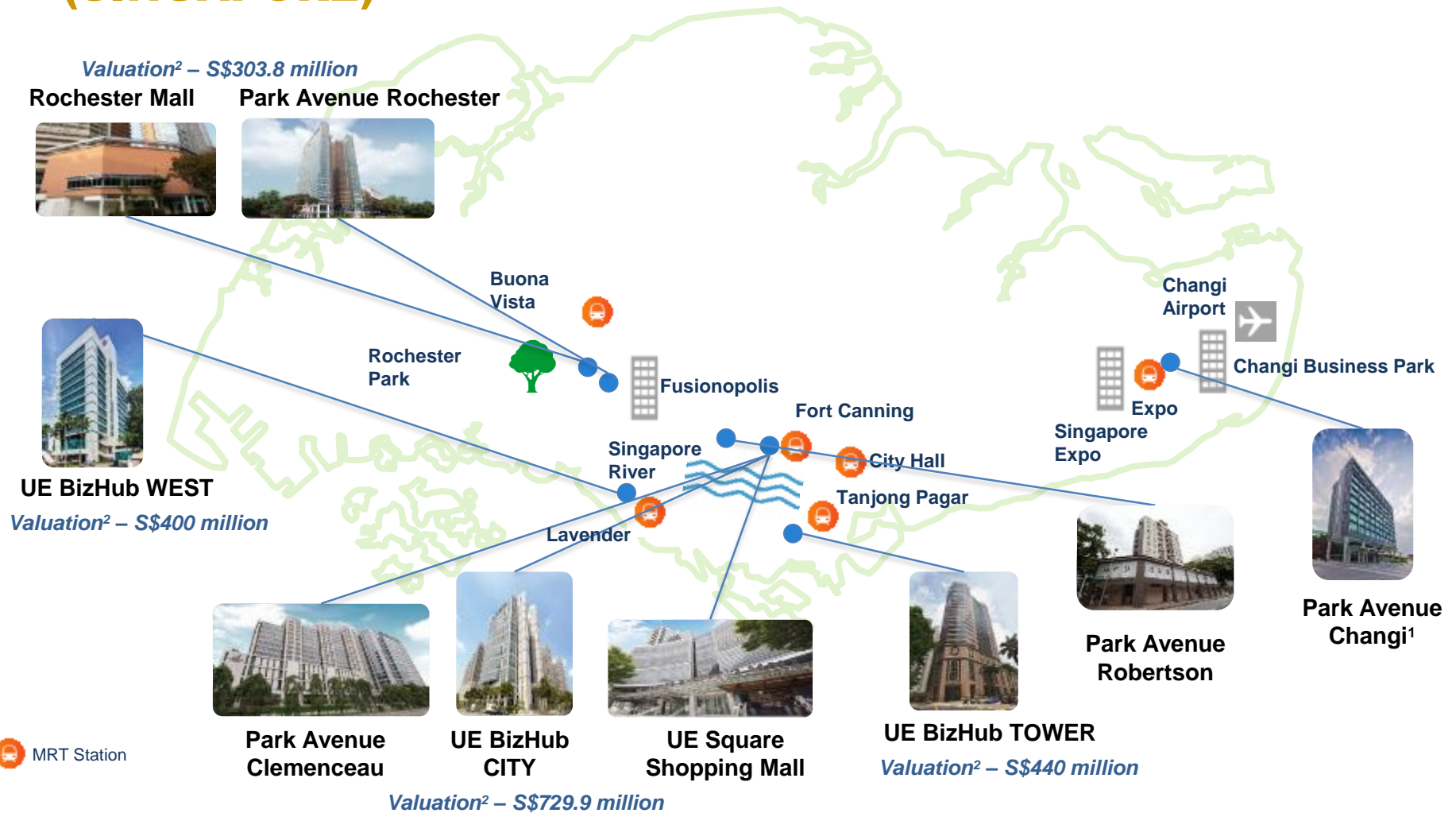
Continued to tap on the current demand in Chengdu to develop and sell good quality residential projects

# GROUP BUSINESS



# KEY INVESTMENT PROPERTY PORTFOLIO (SINGAPORE)

Investment Property Assets Valued Over **S\$1.9 Billion**



1. The Group divested *UE BizHub EAST* in November 2013 but continues to operate the business hotel and serviced offices business under *Park Avenue Changi*.  
 2. Valuation is based on 31 December 2018.

# KEY INVESTMENT PROPERTY PORTFOLIO (SINGAPORE)

## Commercial & Industrial Properties

	Type	Est. NLA (sq ft)	Group's Effective Interest	Valuation as at 31 Dec 2018 (SGD mil)	Bal. Land Tenure (years)
<b>Singapore</b>					
<b>UE BizHub CITY</b>	Office	307,000	100%	} (1)	863
<b>UE Square Shopping Mall (part of UE BizHub CITY)</b>	Retail	79,000	100%		
<b>Rochester Mall</b>	Retail	65,000	100%	(2)	85
<b>UE BizHub TOWER</b>	Office	202,000	100%	440	Freehold
<b>UE BizHub WEST</b>	Office & Industrial	462,000	100%	400	Freehold

(1) Combined value of *UE BizHub CITY* (*UE BizHub CITY*, *UE Square Shopping Mall* & *Park Avenue Clemenceau*) is S\$729.9 million

(2) Combined value of mixed-use development at one-north (*Rochester Mall* & *Park Avenue Rochester*) is S\$303.8 million



# HOSPITALITY (SINGAPORE)

## Developed and Managed Hospitality Assets (788 Keys) under Park Avenue



### PARK AVENUE CLEMENCEAU

**Location:** Clemenceau Avenue, Singapore

**Description:** Serviced apartments and serviced offices, part of *UE BizHub CITY*

**No. of rooms:** 150



### PARK AVENUE CHANGI \*

**Location:** Changi Business Park, Singapore

**Description:** Hotel and serviced offices, part of *UE BizHub EAST*

**No. of rooms:** 251



### PARK AVENUE ROBERTSON

**Location:** Kim Yam Road, Singapore

**Description:** Serviced apartments

**No. of rooms:** 36



### PARK AVENUE ROCHESTER

**Location:** Buona Vista Road / North Buona Vista Road, Singapore

**Description:** Hotel and serviced offices, part of the mixed-use development at one-north

**No. of rooms:** 351

**Legend**



Owned and managed

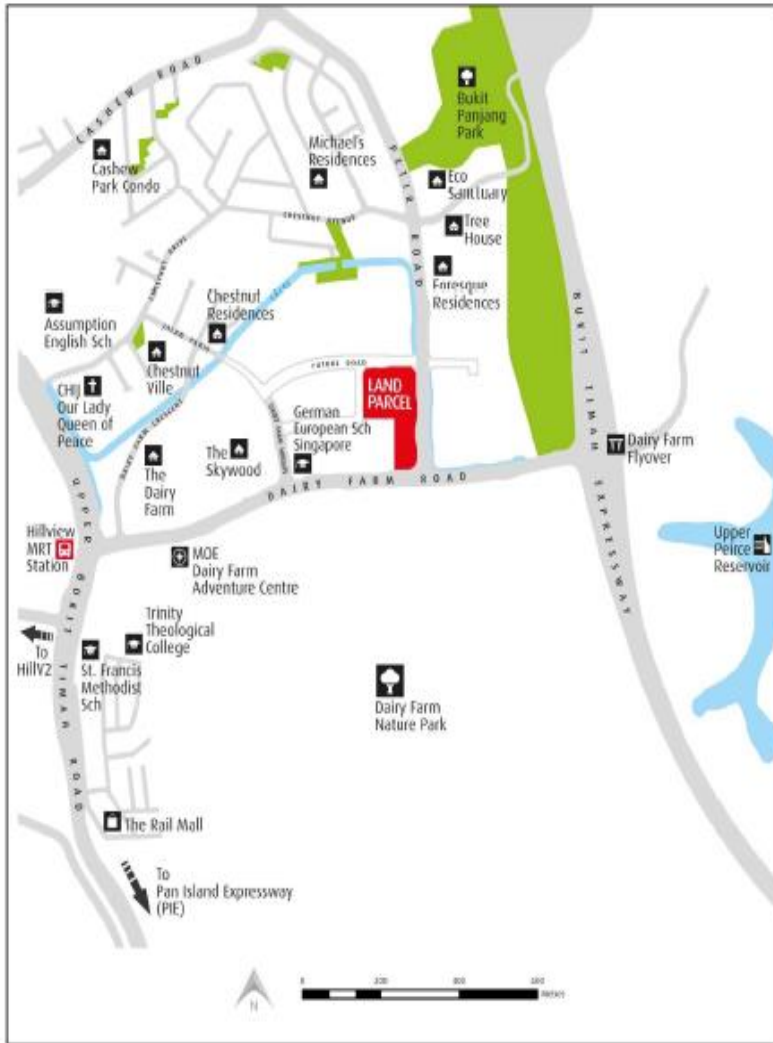


Managed but not owned

\* The Group divested *UE BizHub EAST* in November 2013 but continues to operate the business hotel and serviced offices business under *Park Avenue Changi*.

# DEVELOPMENT PROPERTIES (SINGAPORE)

## New Dairy Farm Road Project



<b>Location</b>	<b>Dairy Farm Road (District 23)</b>
<b>Site Area</b>	19,647.5 sqm
<b>Land Use Zoning</b>	Residential with Commercial at 1 <sup>st</sup> Storey
<b>Maximum Permissible Gross Floor Area (GFA)</b>	41,260 sqm
<b>Gross Plot Ratio</b>	2.1
<b>Estimated Number of Housing Units</b>	450 *
<b>Lease Period</b>	99 years
<b>Group's Effective Interest</b>	100%
<b>Target to Launch</b>	2019

\* Actual number of dwelling units may vary

# DEVELOPMENT PROPERTIES (CHINA)

Chengdu Orchard Villa<sup>1</sup>



Shenyang Orchard Summer Palace<sup>1</sup>

Shenyang

Shanghai Olympic Garden<sup>2</sup> Phase 3.2



Shanghai

Chengdu

1. The Group has 69.1% effective interest held through subsidiary.  
2. The Group has 31.1% effective interest held through joint venture.

# DEVELOPMENT PROPERTIES (CHINA)

## 成都锦绣尚郡 (Chengdu Orchard Villa)

- Completed units from Phase 1 to Phase 3 were close to 97% to 100% sold
- Completed units of Phase 4 were fully sold
- Construction of Phase 5 (231 townhouses) is ongoing and 100% sold which will in turn contribute positively to the Group's performance in 2019
- The balance 56,680 sqm of the residential landbank of Phase 6 (GFA of 77,237 sqm) is to be developed



Ongoing construction of Phase 5 (comprising 231 townhouses)

# DEVELOPMENT PROPERTIES (CHINA)

## 沈阳夏宫城市广场 (Shenyang Orchard Summer Palace)

- As of 31 December 2018, approximately 50% of the office units sold or leased
- Residential blocks with land area of 18,488 sqm are to be developed, subject to government approval on development plan



# DEVELOPMENT PROPERTIES (CHINA)

## 上海奥林匹克花园 (Shanghai Olympic Garden)

- Relocation and demolition of farmers' houses on the remaining Phase 3.2 land completed in March 2018
- Construction is anticipated to commence in 2019 upon obtaining the government approval for the revised development plan



Artist impressions of *Shanghai Olympic Garden* Phase 3.2

# FINANCIAL PERFORMANCE

S\$M	FY2018	FY2017 <sup>1</sup>	% change
Revenue	<b>374.9</b>	525.8	(28.7%)
Gross Profit	<b>162.5</b>	195.8	(17.0%)
PATMI	<b>55.8</b>	87.2	(36.0%)
EPS <sup>2</sup> (cents)	<b>8.7</b>	13.7	(36.5%)

- ▶ Y-o-y decline in revenue primarily caused by lower revenue from property development and the absence of contribution from the divested liquefied petroleum gas business
- ▶ Lower attributable profit was in line with the decrease in revenue, and lower fair value gain from revaluation of investment properties

1. 2017 comparative figures have been re-presented to take into account the retrospective adjustments arising from the adoption of the new financial reporting framework, Singapore Financial Reporting Standards (International)

2. Based on weighted average number of ordinary stock units in issue

# FINANCIAL PERFORMANCE

## 5-Year Financial Profile of The Group's Continuing Operations

\$M	FY2018	FY2017 <sup>1</sup>	FY2016 <sup>2</sup>	FY2015 <sup>2</sup>	FY2014 <sup>3</sup>
Revenue	374.9	525.8	479.7	851.2	3,209.3
Profit before Tax	58.3	102.9	29.5	63.4	75.8
Income Tax Expense	(5.3)	(19.5)	(8.8)	(0.5)	(35.3)
Profit Net of Tax	53.0	83.4	20.7	62.9	40.5

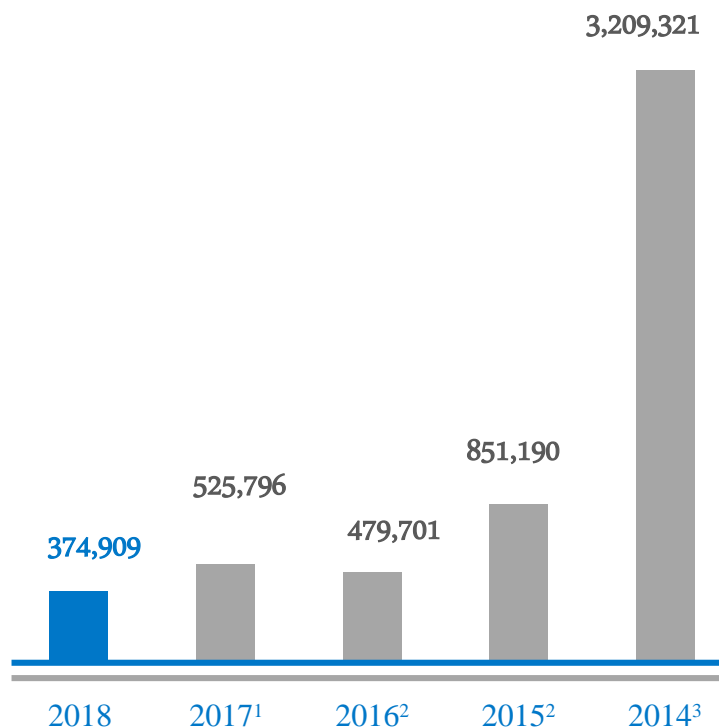
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2. As presented in 2016 Annual Report
3. As presented in 2014 Annual Report



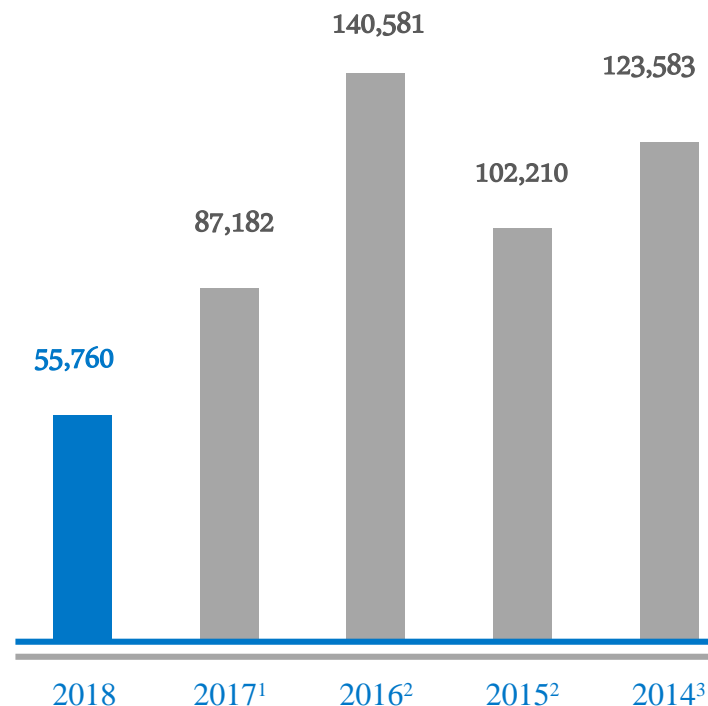
# FINANCIAL PERFORMANCE

Lower net profit on lower revenue from property development and lower gain on revaluation of investment properties ...

## GROUP REVENUE (S\$000)



## GROUP NET PROFIT (S\$000)

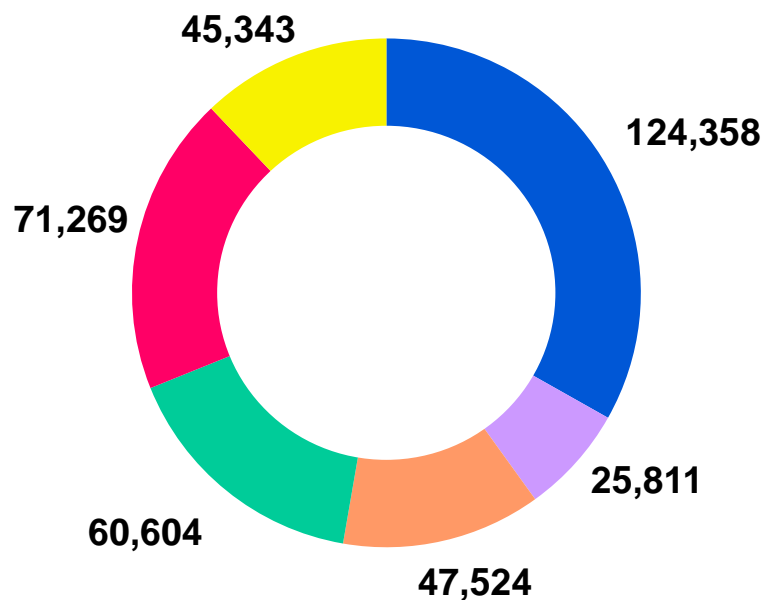


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# FINANCIAL PERFORMANCE

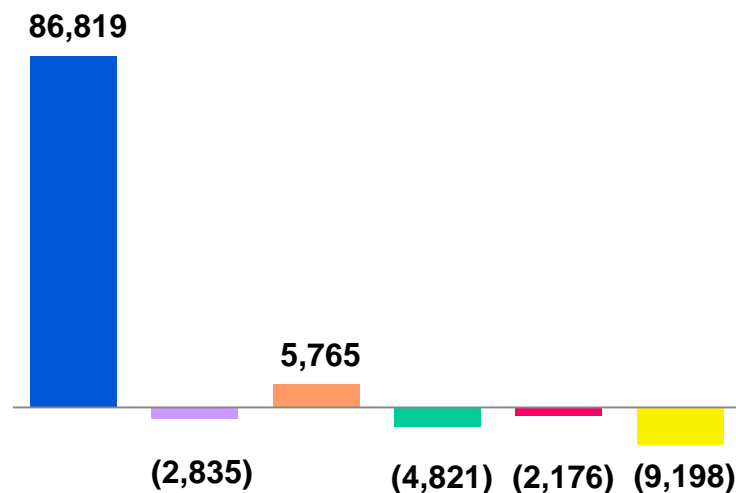
... core real estate and hospitality businesses are the backbone of the Group

## REVENUE BY BUSINESS SEGMENTS (S\$000)

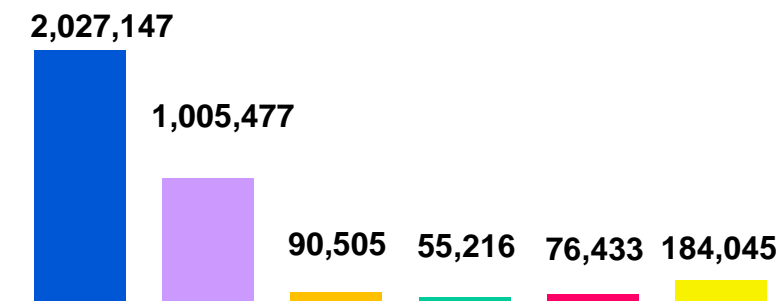


- Property Rental and Hospitality
- Property Development
- Distribution
- Engineering
- Manufacturing
- Corporate Services and Others

## SEGMENT RESULTS (S\$000)



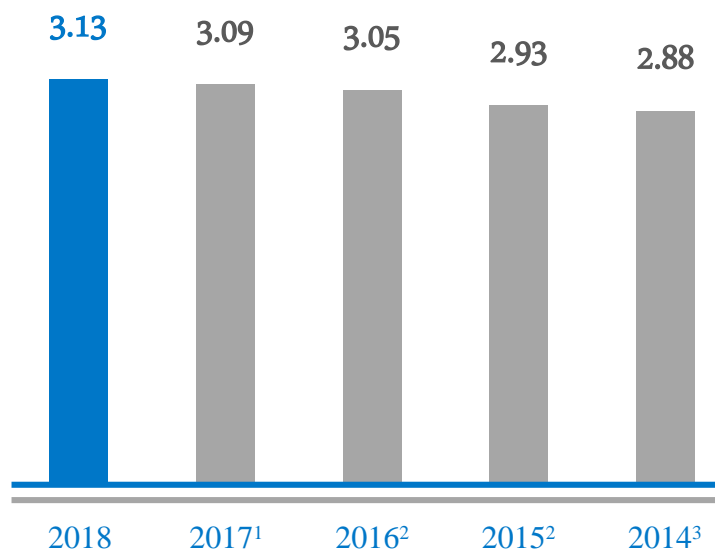
## SEGMENT ASSETS (S\$000)



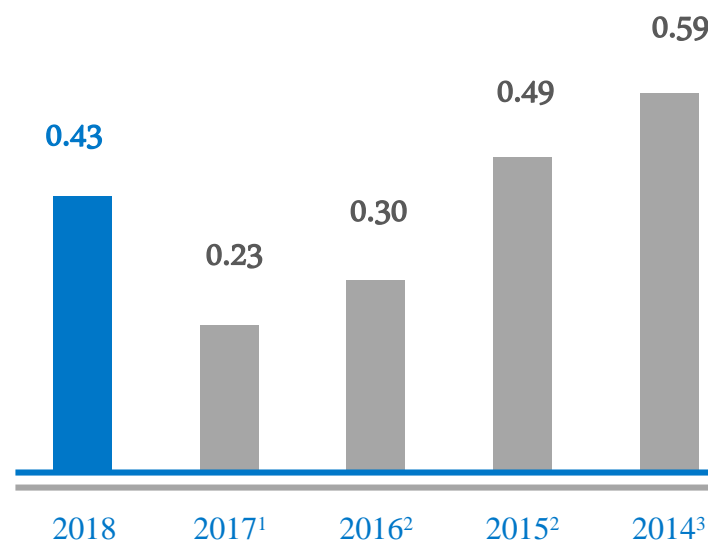
# FINANCIAL PERFORMANCE

... strong balance sheet position

## NET TANGIBLE ASSETS<sup>4</sup> PER STOCK UNIT (S\$)



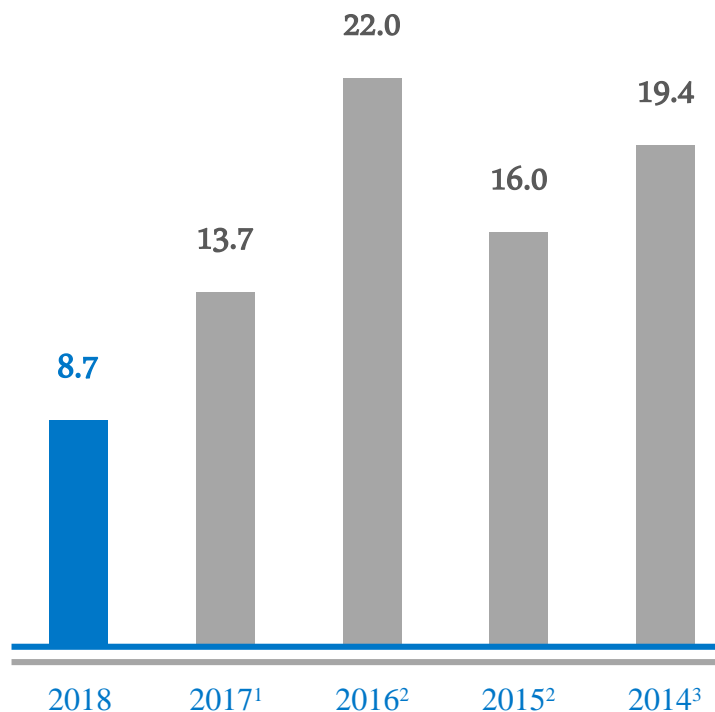
## NET DEBT TO EQUITY (TIMES)



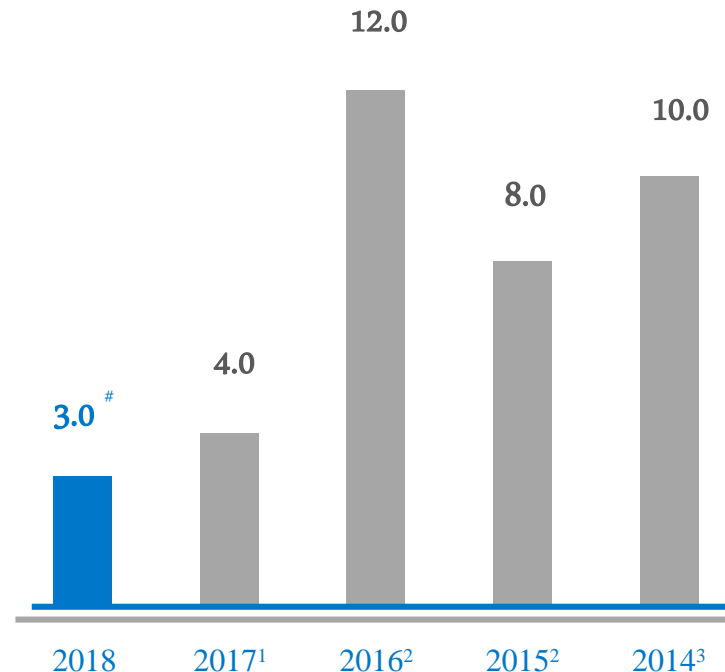
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2. As presented in 2016 Annual Report
3. As presented in 2014 Annual Report
4. Based on total number of issued stock units excluding the number of stock units held by a subsidiary

# FINANCIAL PERFORMANCE

## EARNINGS PER STOCK UNIT (CENTS)



## DIVIDEND PER ORDINARY STOCK UNIT (CENTS)



1. 2017 comparative figures have been re-presented to take into account the retrospective adjustments arising from the adoption of the new financial reporting framework, Singapore Financial Reporting Standards (International)
  2. As presented in 2016 Annual Report
  3. As presented in 2014 Annual Report
- # Subject to shareholders' approval

# DIVIDENDS

## Proposed Dividend Details

Type of Share	Ordinary Stock Unit	Preference Share
Type of Dividend	Cash (First and Final)	Cash (First and Final)
Dividend per Share	3 Singapore cents (One-Tier Tax)	7.5 Singapore cents (One-Tier Tax)
Books Closure Dates	8 to 9 May 2019	
Date Payable	27 May 2019	

## FY2018 PROPOSED DIVIDEND

- No major disposal / divestment during the year
- Funding requirements / plans to grow core real estate business and execute key asset enhancement initiatives

# DIVIDENDS

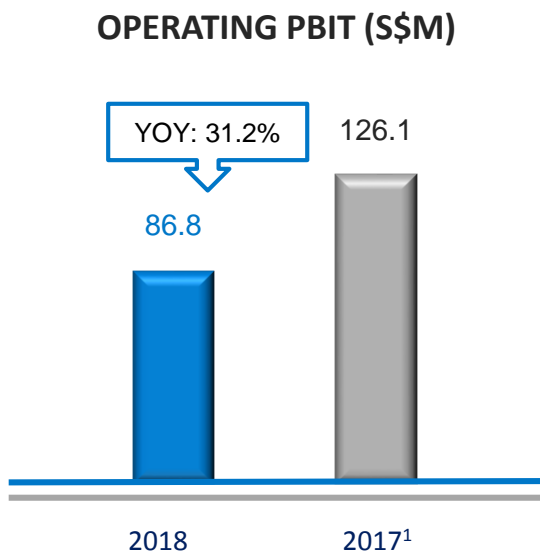
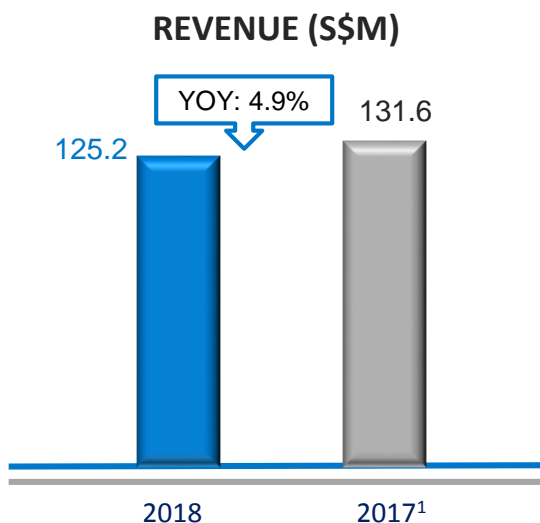
## Ordinary Dividends paid / payable over the past 5 years

S\$M (unless specified)	2014	2015	2016	2017 <sup>1</sup>	2018
Per Share (cents)	10.0	8.0	12.0	4.0	3.0 #
<i>Normal</i>	5.0	5.0	5.0	4.0	3.0
<i>Special</i>	5.0	3.0	7.0	-	-
Dividends Paid / Payable	61.5	49.2	76.5	25.5	19.1
Attributable Profits	123.6	102.2	140.6	87.2	55.8
Attributable Profits (excluding gain/(loss) on property revaluation / impairment)	131.6	107.5	154.9	49.3	41.8
<b>Dividend Payout Ratio (adjusted for property revaluation / impairment)</b>	<b>47%</b>	<b>46%</b>	<b>49%</b>	<b>52%</b>	<b>46%</b>

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# Subject to shareholders' approval

# OPERATIONS REVIEW



## Property Rental and Hospitality

- Lower revenue contribution from *UE BizHub WEST*
- Average committed occupancy rate for investment properties (excluding *UE BizHub WEST*) approximately 85% to 95%
- Operating PBIT dropped by 31.2% largely attributed to:
  - Lower net revaluation gains from the investment properties
  - Lower write-back of provision in relation to the sale of *UE BizHub EAST*



UE BizHub CITY



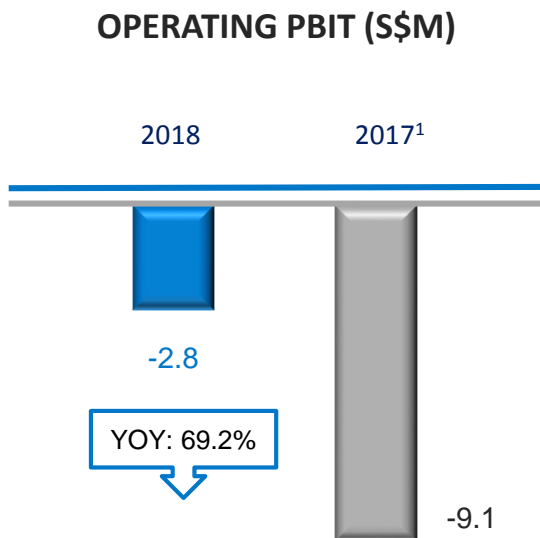
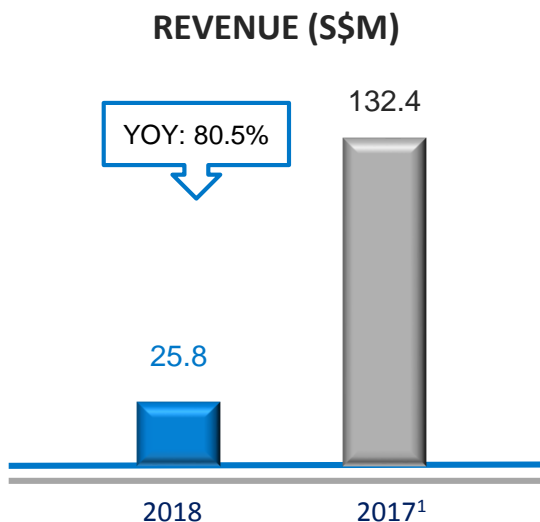
UE BizHub WEST



Park Avenue Rochester

1. 2017 comparative figures have been represented to take into account the retrospective adjustments arising from the adoption of the new financial reporting framework, Singapore Financial Reporting Standards (International)

# OPERATIONS REVIEW



## Property Development

- Mainly due to the absence of revenue contribution from the sales of *Chengdu Orchard Villa* (Phase 4) in China and *Eight Riversuites* in Singapore
- Lower revenue contribution from the sales of other completed commercial units at *Shenyang Orchard Summer Palace*
- Operating loss before interest decreased 69.2% mainly due to absence of impairment loss on certain overseas development projects in 2018



Chengdu Orchard Villa



Shenyang Orchard Summer Palace



The Manhattan

1. 2017 comparative figures have been represented to take into account the retrospective adjustments arising from the adoption of the new financial reporting framework, Singapore Financial Reporting Standards (International)



# OPERATIONS REVIEW

REVENUE (\$M)



OPERATING PBIT (\$M)



## Engineering & Distribution

- Lower revenue and gross profit from distribution businesses mainly due to
  - decrease in sales of building materials impacted by fierce competition in the construction industry which resulted in lower prices and margin compression
  - Absence of contribution from the divested liquefied petroleum gas business
- Operating PBIT fell by 88.6% mainly due to provision for foreseeable losses for certain system integration projects



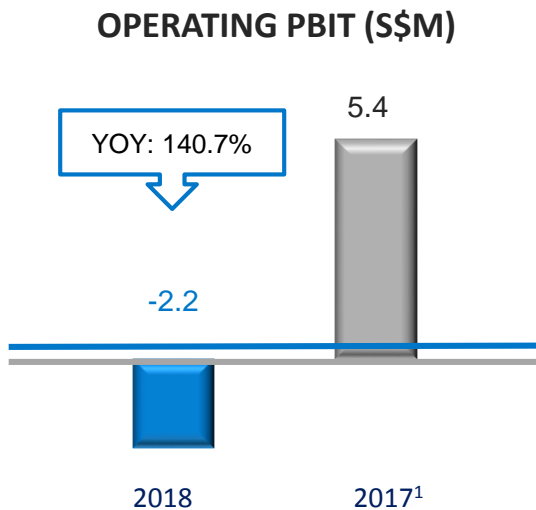
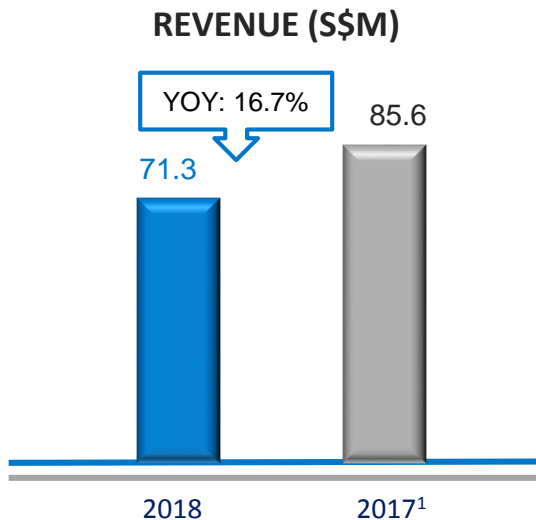
Deployment of telecommunications systems by O'Connor's



Sand mining operations in Brisbane

1. 2017 comparative figures have been represented to take into account the retrospective adjustments arising from the adoption of the new financial reporting framework, Singapore Financial Reporting Standards (International)

# OPERATIONS REVIEW



## Manufacturing

- Lower revenue contribution and gross profit from Precision Engineering business were mainly attributed to:
  - Slower demand arising from ongoing US-China trade tensions
  - Unfavorable product mix lowered overall gross margins
  - Inventories written-down
- Component business performed better due to stronger than expected 1H 2018 orders
- Impairment loss on property, plant and equipment of S\$1.0 million



Contract Manufacturing Components



Precision Engineering Components

1. 2017 comparative figures have been represented to take into account the retrospective adjustments arising from the adoption of the new financial reporting framework, Singapore Financial Reporting Standards (International)

# STRATEGIC FOCUS

1

Grow **real estate** and **hospitality businesses**, as well as seize opportunities in other businesses and geographies

2

Enhance existing **investment properties** via asset enhancement initiatives

3

Streamline existing portfolio of **non-core businesses** and execute existing projects

# DISCLAIMER

This presentation may include certain statements, estimates and projections that involve risks and uncertainties. Actual future results may vary materially from those projected as a result of various assumptions, uncertainties and risks. Representative examples of these factors include (without limitation) general industry and economic conditions, interest rate trends, cost of capital and capital availability, availability of real estate properties, competition from other companies, shifts in customer demands, customers and partners, changes in operating expenses, including governmental and public policy changes and the continued availability of financing in the amounts and the terms necessary to support future business. As such, there can be no assurance that such statements, estimates and projections will be realised. No representations are or will be made by any party as to the accuracy or completeness of such statements, estimates and projections or that any projection will be achieved which are based on current views of management on future events.