



OUE LIMITED

(Company Registration No. 196400050E)

SECOND QUARTER FINANCIAL STATEMENTS AND DIVIDEND ANNOUNCEMENT FOR THE PERIOD ENDED 30 JUNE 2019 (UNAUDITED)

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OUE LIMITED
Second Quarter Ended 30 June 2019

1(a)(i) Statement of Comprehensive Income

	Notes	The Group					
		Second Quarter ended 30/06/19	Second Quarter ended 30/06/18	Change	Six Months ended 30/06/19	Six Months ended 30/06/18	Change
		\$'000	\$'000	%	\$'000	\$'000	%
Revenue	A	285,311	150,679	89.4	432,607	296,291	46.0
Cost of sales		(207,523)	(73,473)	>100.0	(278,087)	(150,482)	84.8
Gross profit		77,788	77,206	0.8	154,520	145,809	6.0
Marketing expenses		(5,124)	(3,987)	28.5	(10,029)	(8,574)	17.0
Administrative expenses	B	(45,205)	(26,384)	71.3	(65,177)	(42,201)	54.4
Other operating expenses		(3,481)	(3,646)	(4.5)	(5,808)	(7,251)	(19.9)
Share of results of equity-accounted investees, net of tax	C	17,369	7,423	>100.0	29,848	17,433	71.2
		41,347	50,612	(18.3)	103,354	105,216	(1.8)
Finance expenses	D	(46,118)	(37,353)	23.5	(94,969)	(72,811)	30.4
Finance income	E	5,789	5,017	15.4	7,402	8,794	(15.8)
Other gains/(losses) - net	F	89,111	2,666	>100.0	89,995	(5,463)	n.m.
Profit before tax	G	90,129	20,942	>100.0	105,782	35,736	>100.0
Tax expense	H	(18,572)	(8,339)	>100.0	(21,574)	(14,784)	45.9
Profit after tax		71,557	12,603	>100.0	84,208	20,952	>100.0
Other comprehensive income							
Items that are or may be reclassified subsequently to profit or loss:							
Foreign operations:							
- currency translation differences		(12,734)	20,746	n.m.	(9,664)	16,705	n.m.
Share of other comprehensive income of equity-accounted investees:							
- currency translation differences		(7,271)	3,355	n.m.	(7,532)	9,913	n.m.
- currency translation differences reclassified to profit or loss on disposal		-	(2,667)	(100.0)	-	(2,667)	(100.0)
- other reserves		(1,034)	954	n.m.	(683)	2,917	n.m.
- other reserves reclassified to profit or loss on disposal		-	(1,674)	(100.0)	-	(1,674)	(100.0)
Cash flow hedges:							
- effective portion of changes in fair value of cash flow hedges		(4,806)	1,595	n.m.	(3,929)	6,515	n.m.
- hedging reserve reclassified to profit or loss		(497)	181	n.m.	(377)	369	n.m.
		(26,342)	22,490	n.m.	(22,185)	32,078	n.m.
Items that will not be reclassified subsequently to profit or loss:							
Share of other reserves of an equity-accounted investee		(765)	(1,017)	(24.8)	3,334	(3,378)	n.m.
Net change in fair value of investments at fair value through other comprehensive income, net of tax	F(iii)(b)	28,938	(28,563)	n.m.	149,586	(28,805)	n.m.
		28,173	(29,580)	n.m.	152,920	(32,183)	n.m.
Other comprehensive income, net of tax		1,831	(7,090)	n.m.	130,735	(105)	n.m.
Total comprehensive income for the period		73,388	5,513	>100.0	214,943	20,847	>100.0
Profit attributable to:							
Owners of the Company		60,856	5,323	>100.0	61,890	6,354	>100.0
Non-controlling interests		10,701	7,280	47.0	22,318	14,598	52.9
		71,557	12,603	>100.0	84,208	20,952	>100.0
Total comprehensive income attributable to:							
Owners of the Company		68,916	(3,443)	n.m.	194,419	(4,446)	n.m.
Non-controlling interests		4,472	8,956	(50.1)	20,524	25,293	(18.9)
		73,388	5,513	>100.0	214,943	20,847	>100.0

n.m.: Not meaningful

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

A) Revenue

	Second Quarter ended 30/06/19 \$'000	Second Quarter ended 30/06/18 \$'000	Change %	Six Months ended 30/06/19 \$'000	Six Months ended 30/06/18 \$'000	Change %
Investment properties income	66,403	69,808	(4.9)	137,859	139,341	(1.1)
Hospitality income	54,392	54,032	0.7	110,706	112,987	(2.0)
Development property income	151,112	-	n.m.	158,297	-	n.m.
Healthcare income	4,751	9,494	(50.0)	9,531	19,337	(50.7)
Dividend income	-	12,567	(100.0)	-	12,567	(100.0)
Others	8,653	4,778	81.1	16,214	12,059	34.5
	<u>285,311</u>	<u>150,679</u>	89.4	<u>432,607</u>	<u>296,291</u>	46.0

B) Administrative expenses

Administrative expenses increased by \$18.8 million to \$45.2 million for 2Q 2019. The increase was mainly due to provision for impairment loss on trade and other receivables and higher legal and professional fees. The increase was also partially due to the inclusion of administrative expenses of Bowsprit Capital Corporation Limited which became a subsidiary of the Group in October 2018.

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

Share of results of equity-accounted investees increased \$9.9 million to \$17.4 million for 2Q 2019. The increase was mainly due to inclusion of contribution from Gemdale Properties and Investment Corporation Limited (“Gemdale”).

On 31 May 2019, the Group acquired additional equity stake in Gemdale and the Group’s effective interest in Gemdale increased from approximately 14.8% to approximately 21.8%. Accordingly, Gemdale became an associate of the Group. Prior to the acquisition, the Group’s investment in Gemdale was accounted for as an investment at fair value through other comprehensive income. The Group is currently performing a purchase price allocation exercise on its investment in Gemdale.

D) Finance expenses

Notes	Second Quarter ended 30/06/19 \$'000	Second Quarter ended 30/06/18 \$'000	Change %	Six Months ended 30/06/19 \$'000	Six Months ended 30/06/18 \$'000	Change %
Borrowing costs	37,354	33,432	11.7	70,527	64,294	9.7
Finance expenses on lease liabilities	(i) 8,615	-	n.m.	17,228	-	n.m.
Net foreign exchange loss	-	3,698	(100.0)	6,902	8,065	(14.4)
Unwinding of discount of non-current rental deposits	40	42	(4.8)	83	83	-
Hedging reserve reclassified from equity	109	181	(39.8)	229	369	(37.9)
	<u>46,118</u>	<u>37,353</u>	23.5	<u>94,969</u>	<u>72,811</u>	30.4

- (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.

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

E) Finance income

	Second Quarter ended 30/06/19 \$'000	Second Quarter ended 30/06/18 \$'000	Change %	Six Months ended 30/06/19 \$'000	Six Months ended 30/06/18 \$'000	Change %
Interest income	1,418	1,784	(20.5)	4,153	5,345	(22.3)
Net foreign exchange gain	2,046	-	n.m.	-	-	-
Ineffective portion of changes in fair value of cash flow hedges	372	829	(55.1)	1,638	1,127	45.3
Change in fair value of financial derivatives	1,174	1,874	(37.4)	766	1,746	(56.1)
Others	779	530	47.0	845	576	46.7
	<u>5,789</u>	<u>5,017</u>	15.4	<u>7,402</u>	<u>8,794</u>	(15.8)

F) Other gains/(losses) – net

	Notes	Second Quarter ended 30/06/19 \$'000	Second Quarter ended 30/06/18 \$'000	Change %	Six Months ended 30/06/19 \$'000	Six Months ended 30/06/18 \$'000	Change %
Reversal of impairment loss on a development property	(i)	-	-	-	198	-	n.m.
Net change in fair value of investment properties	(ii)	(49,322)	-	n.m.	(49,322)	-	n.m.
Net change in fair value of investments designated at fair value through profit or loss	(iii)(a)	1,851	13,050	(85.8)	2,537	4,921	(48.4)
Gain/(Loss) on disposal of interests in equity-accounted investees	(iv)	<u>136,582</u>	<u>(10,384)</u>	n.m.	<u>136,582</u>	<u>(10,384)</u>	n.m.
		<u>89,111</u>	<u>2,666</u>	>100.0	<u>89,995</u>	<u>(5,463)</u>	n.m.

- (i) This relates to the write-back of impairment on OUE Twin Peaks units.
- (ii) This relates to the change in fair value of Downtown Gallery and Oakwood Premier OUE Singapore.
- (iii) 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.
- (iv) Gain on disposal of interests in equity-accounted investees in 2Q 2019 mainly pertained to the \$136.6 million gain on disposal of the Group's entire equity stake in Aquamarina Hotel Private Limited ("AHPL") in April 2019.

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

G) Profit before tax

	Notes	Second Quarter ended 30/06/19 \$'000	Second Quarter ended 30/06/18 \$'000	Change %	Six Months ended 30/06/19 \$'000	Six Months ended 30/06/18 \$'000	Change %
Profit before tax is stated after charging/(crediting):							
- Depreciation of property, plant and equipment		1,462	1,829	(20.1)	2,889	3,840	(24.8)
- Depreciation of right-of-use assets		11,348	-	n.m.	22,485	-	n.m.
- Amortisation of intangible assets		57	61	(6.6)	115	120	(4.2)
- Amortisation of lease prepayments		174	174	-	348	349	(0.3)
- Allowance for impairment on trade and other receivables	(i)	9,427	6	>100.0	9,452	18	>100.0
- Bad debts written off		3	-	n.m.	3	-	n.m.
- Gain on disposal of property, plant and equipment		(397)	(50)	>100.0	(1,958)	(50)	>100.0

- (i) This relates mainly to allowance for impairment made on interest receivable on a financial asset designated at amortised cost. The allowance was made based on the Group's expected credit loss assessment associated with the financial asset as at 30 June 2019.

H) Tax expense

	Second Quarter ended 30/06/19 \$'000	Second Quarter ended 30/06/18 \$'000	Change %	Six Months ended 30/06/19 \$'000	Six Months ended 30/06/18 \$'000	Change %
The charge for income tax expense includes the following:						
- Under/(Over) provision of current tax in respect of prior years	225	(73)	n.m.	(1,787)	(98)	>100.0
- Overprovision of deferred tax in respect of prior years	(724)	-	n.m.	(1,221)	-	n.m.

n.m.: Not meaningful

OUE LIMITED
Second Quarter Ended 30 June 2019

1(b)(i) Statements of Financial Position

	Notes	The Group		The Company	
		30/06/19 \$'000	31/12/18 \$'000	30/06/19 \$'000	31/12/18 \$'000
ASSETS					
Current assets					
Cash and cash equivalents		266,547	409,371	77,699	161,395
Trade and other receivables		297,922	303,523	1,339,609	1,088,521
Inventories		1,184	1,058	222	234
Other investments	A	75,851	35,889	-	-
Development properties		325,832	466,498	-	-
Other assets		78,827	42,787	7,207	5,692
Loans to subsidiaries		-	-	1,732,536	1,799,004
Derivative assets	B	9	247	-	-
		<u>1,046,172</u>	<u>1,259,373</u>	<u>3,157,273</u>	<u>3,054,846</u>
Non-current assets					
Intangible assets and goodwill		38,926	39,086	-	-
Interests in equity-accounted investees	C	1,272,160	740,396	497,757	497,794
Investments in subsidiaries		-	-	424,492	424,492
Loans to subsidiaries		-	-	224,236	218,593
Lease prepayments		27,828	28,221	-	-
Other investments	A	233,570	665,078	-	154,040
Other assets		11,306	9,552	1,019	1,019
Investment properties		6,395,288	6,451,029	-	-
Property, plant and equipment		56,170	55,419	8,373	9,136
Right-of-use assets	D	990,809	-	690,707	-
Deferred tax assets		11,754	17,663	-	-
		<u>9,037,811</u>	<u>8,006,444</u>	<u>1,846,584</u>	<u>1,305,074</u>
Total assets		<u>10,083,983</u>	<u>9,265,817</u>	<u>5,003,857</u>	<u>4,359,920</u>
LIABILITIES					
Current liabilities					
Trade and other payables		184,772	201,297	168,080	246,715
Borrowings	E	783,263	471,691	514,791	199,331
Provision		40,719	42,079	-	405
Loans from subsidiaries		-	-	213,263	226,341
Current tax liabilities		30,064	36,240	3,877	5,079
Deferred income	F	46,271	55,738	-	-
Lease liabilities	D	34,041	-	21,160	-
Derivative liabilities	B	277	714	-	-
		<u>1,119,407</u>	<u>807,759</u>	<u>921,171</u>	<u>677,871</u>
Non-current liabilities					
Borrowings	E	2,491,600	3,024,564	151,322	593,475
Deferred income	F	5,086	27,011	-	-
Deferred tax liabilities		219,250	208,763	1,060	841
Other payables		51,887	50,685	15	5
Lease liabilities	D	1,030,220	-	726,961	-
Derivative liabilities	B	11,330	7,828	-	-
		<u>3,809,373</u>	<u>3,318,851</u>	<u>879,358</u>	<u>594,321</u>
Total liabilities		<u>4,928,780</u>	<u>4,126,610</u>	<u>1,800,529</u>	<u>1,272,192</u>
Net Assets		<u>5,155,203</u>	<u>5,139,207</u>	<u>3,203,328</u>	<u>3,087,728</u>
EQUITY					
Share capital		693,315	693,315	693,315	693,315
Other reserves		(237,588)	(186,155)	(166,023)	(41,983)
Accumulated profits		3,501,379	3,431,245	2,676,036	2,436,396
Equity attributable to owners of the Company		<u>3,957,106</u>	<u>3,938,405</u>	<u>3,203,328</u>	<u>3,087,728</u>
Non-controlling interests		1,198,097	1,200,802	-	-
Total equity		<u>5,155,203</u>	<u>5,139,207</u>	<u>3,203,328</u>	<u>3,087,728</u>

OUE LIMITED
Second Quarter Ended 30 June 2019

Notes:

- A) "Other investments" decreased by \$391.5 million mainly due to the disposal of the Group's entire equity stake in Marina Centre Holdings ("MCH") in April 2019; as well as the reclassification of the Group's interest in Gemdale to "Investment in equity-accounted investees". As a result of the disposal and reclassification, accumulated fair value reserve gains of \$170.0 million and \$14.0 million associated with the Group's investment in MCH and Gemdale respectively was transferred to accumulated profits within the statements of changes in equity.
- B) "Derivative assets" and "derivative liabilities" mainly 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.
- C) "Investments in equity-accounted investees" increased by \$531.8 million mainly due to the reclassification of the carrying value of the Group's pre-existing interest in Gemdale from "Other investments" and the additional interest in Gemdale acquired on 31 May 2019. This was partially offset by the disposal of the Group's entire equity stake in AHPL in April 2019.
- D) "Right-of-use assets" and "Lease liabilities" arose due to the adoption of SFRS(I) 16 whereby an asset from the right to use a leased item and a corresponding lease liability to pay rentals are recognised. The amounts mainly pertained to the master leases of Mandarin Orchard Singapore and Crowne Plaza Changi Airport.
- E) "Borrowings" decreased by \$221.4 million mainly due to the early redemption of the exchangeable bonds; as well as repayment of borrowings in the current year.
- F) "Deferred income" relates mainly 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 30/06/19			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	262,784	520,479	783,263	272,171	199,520	471,691
Amount repayable after one year	852,613	1,638,987	2,491,600	965,561	2,059,003	3,024,564
	<u>1,115,397</u>	<u>2,159,466</u>	<u>3,274,863</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

OUE LIMITED
Second Quarter Ended 30 June 2019

1(c) Consolidated Statement of Cash Flows

	The Group			
	Second Quarter ended 30/06/19 \$'000	Second Quarter ended 30/06/18 \$'000	Six Months ended 30/06/19 \$'000	Six Months ended 30/06/18 \$'000
Cash flows from operating activities				
Profit after tax	71,557	12,603	84,208	20,952
Adjustments for:				
Depreciation of property, plant and equipment	1,462	1,829	2,889	3,840
Depreciation of right-of-use assets	11,348	-	22,485	-
Dividend income	-	(12,567)	-	(12,567)
Amortisation of intangible assets	57	61	115	120
Amortisation of lease prepayments	174	174	348	349
Reversal of impairment loss on a development property	-	-	(198)	-
Net change in fair value of investment properties	49,322	-	49,322	-
Net change in fair value of investments designated at fair value through profit or loss	(1,851)	(13,050)	(2,537)	(4,921)
(Gain)/Loss on disposal of interests in equity-accounted investees	(136,582)	10,384	(136,582)	10,384
Gain on disposal of property, plant and equipment	(397)	(50)	(1,958)	(50)
Finance expenses	46,118	37,353	94,969	72,811
Finance income	(5,789)	(5,017)	(7,402)	(8,794)
Share of results of equity-accounted investees, net of tax	(17,369)	(7,423)	(29,848)	(17,433)
Tax expense	18,572	8,339	21,574	14,784
	<u>36,622</u>	<u>32,636</u>	<u>97,385</u>	<u>79,475</u>
Changes in:				
- trade and other receivables and other assets	(19,297)	9,585	(42,926)	(327)
- inventories	(7)	340	(126)	244
- development properties	138,166	(1,356)	140,864	(3,041)
- trade and other payables and provision	304	(7,874)	(10,048)	(34,361)
- deferred income	(29,724)	132	(31,392)	132
Cash generated from operations	<u>126,064</u>	<u>33,463</u>	<u>153,757</u>	<u>42,122</u>
Tax paid	<u>(10,678)</u>	<u>(11,203)</u>	<u>(14,063)</u>	<u>(13,292)</u>
Net cash from operating activities	<u>115,386</u>	<u>22,260</u>	<u>139,694</u>	<u>28,830</u>
Cash flows from investing activities				
Acquisition of interests in associates	(200,245)	-	(207,777)	-
Acquisition of subsidiaries, net of cash acquired	-	-	-	(2,120)
Acquisition of other investments	(47,191)	(410,020)	(51,756)	(413,437)
Additions to property, plant and equipment	(2,395)	(1,394)	(3,611)	(3,277)
Additions to investment properties	(5,036)	(10,399)	(16,023)	(23,130)
Deposits placed for investments	-	-	-	(159,408)
Dividends from:				
- equity-accounted investees, net of tax	28,864	8,136	39,420	15,575
- other investments, net of tax	779	13,097	845	13,143
Interest received	1,775	673	3,596	1,212
Loan to an associate	-	(2,000)	-	(2,000)
Proceeds from sale of other investments	200,000	231,207	200,000	231,207
Proceeds from disposal of interests in equity-accounted investees	191,361	8,970	191,361	8,970
Proceeds from disposal of property, plant and equipment	411	194	1,972	194
Net cash from/(used in) investing activities	<u>168,323</u>	<u>(161,536)</u>	<u>158,027</u>	<u>(333,071)</u>
Cash flows from financing activities				
Dividends paid	(115,102)	(25,236)	(131,274)	(40,919)
Finance expense paid	(40,517)	(38,223)	(59,845)	(59,291)
Proceeds from borrowings	10,000	311,750	140,984	691,387
Repayment of borrowings	(322,775)	(294,654)	(373,888)	(577,718)
Principal repayment of leases	(8,260)	-	(16,522)	-
Proceeds from issuance of shares by a subsidiary	-	-	-	78,750
Shares issue costs of a subsidiary	-	-	-	(1,300)
Repurchase of own shares	-	(476)	-	(476)
Changes in pledged deposits	(73)	(233)	13	(78)
Net cash (used in)/from financing activities	<u>(476,727)</u>	<u>(47,072)</u>	<u>(440,532)</u>	<u>90,355</u>
Net decrease in cash and cash equivalents	<u>(193,018)</u>	<u>(186,348)</u>	<u>(142,811)</u>	<u>(213,886)</u>
Cash and cash equivalents at the beginning of the financial period	451,343	362,976	401,136	527,327
Cash and cash equivalents reclassified to assets held for sale	-	110,520	-	(26,293)
Cash and cash equivalents at the end of the financial period¹	<u>258,325</u>	<u>287,148</u>	<u>258,325</u>	<u>287,148</u>

1 Cash and cash equivalents as at 30 June 2019 excludes the Group's pledged deposits of \$8,222,000 (31/12/18: \$8,235,000).

OUE LIMITED
Second Quarter Ended 30 June 2019

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

	<u>Attributable to Owners of the Company</u>					<u>Total Equity</u>
	<u>Share Capital</u>	<u>Other Reserves</u>	<u>Accumulated Profits</u>	<u>Total</u>	<u>Non-controlling Interests</u>	
THE GROUP	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
At 1 April 2019	693,315	(61,686)	3,364,425	3,996,054	1,200,863	5,196,917
Total comprehensive income for the period						
Profit for the period	-	-	60,856	60,856	10,701	71,557
Other comprehensive income						
Foreign operations:						
- currency translation differences	-	(9,011)	-	(9,011)	(3,723)	(12,734)
Share of other comprehensive income of equity-accounted investees:						
- currency translation differences	-	(7,271)	-	(7,271)	-	(7,271)
- other reserves	-	(1,799)	-	(1,799)	-	(1,799)
Net change in fair value of investments at fair value through other comprehensive income, net of tax	-	28,938	-	28,938	-	28,938
Cash flow hedges:						
- effective portion of changes in fair value of cash flow hedges	-	(2,529)	-	(2,529)	(2,277)	(4,806)
- hedging reserve reclassified to profit or loss	-	(268)	-	(268)	(229)	(497)
Total other comprehensive income, net of tax	-	8,060	-	8,060	(6,229)	1,831
Total comprehensive income for the period	-	8,060	60,856	68,916	4,472	73,388
Transactions with owners, recognised directly in equity						
Contributions by and distributions to owners						
Dividends paid	-	-	(108,182)	(108,182)	(6,920)	(115,102)
Total contributions by and distributions to owners	-	-	(108,182)	(108,182)	(6,920)	(115,102)
Changes in ownership interests in a subsidiary						
Changes in ownership interests in a subsidiary without a change in control	-	-	318	318	(318)	-
Total changes in ownership interests in a subsidiary	-	-	318	318	(318)	-
Total transactions with owners	-	-	(107,864)	(107,864)	(7,238)	(115,102)
Transfer from fair value reserve to accumulated profits	-	(183,962)	183,962	-	-	-
At 30 June 2019	693,315	(237,588)	3,501,379	3,957,106	1,198,097	5,155,203

OUE LIMITED
Second Quarter Ended 30 June 2019

	<u>Attributable to Owners of the Company</u>					
	Share Capital	Other Reserves	Accumulated Profits	Total	Non-controlling Interests	Total Equity
THE GROUP	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
At 1 April 2018	693,315	(79,173)	3,447,205	4,061,347	891,481	4,952,828
Total comprehensive income for the period						
Profit for the period	-	-	5,323	5,323	7,280	12,603
Other comprehensive income						
Foreign operations:						
- currency translation differences	-	19,865	-	19,865	881	20,746
Share of other comprehensive income of equity-accounted investees:						
- currency translation differences	-	3,355	-	3,355	-	3,355
- currency translation differences reclassified to profit or loss on disposal	-	(2,667)	-	(2,667)	-	(2,667)
- other reserves	-	(63)	-	(63)	-	(63)
- other reserves reclassified to profit or loss on disposal	-	(1,674)	-	(1,674)	-	(1,674)
Net change in fair value of investments at fair value through other comprehensive income, net of tax	-	(28,563)	-	(28,563)	-	(28,563)
Cash flow hedges:						
- effective portion of changes in fair value of cash flow hedges	-	887	-	887	708	1,595
- hedging reserve reclassified to profit or loss	-	94	-	94	87	181
Total other comprehensive income, net of tax	-	(8,766)	-	(8,766)	1,676	(7,090)
Total comprehensive income for the period	-	(8,766)	5,323	(3,443)	8,956	5,513
Transactions with owners, recognised directly in equity						
Contributions by and distributions to owners						
Own shares acquired	-	(476)	-	(476)	-	(476)
Dividends paid	-	-	(18,036)	(18,036)	(7,200)	(25,236)
Issue of convertible bonds	-	5,780	-	5,780	-	5,780
Total contributions by and distributions to owners	-	5,304	(18,036)	(12,732)	(7,200)	(19,932)
Changes in ownership interests in subsidiaries						
Changes in ownership interests in subsidiaries without a change in control	-	-	(27)	(27)	27	-
Total changes in ownership interests in subsidiaries	-	-	(27)	(27)	27	-
Total transactions with owners	-	5,304	(18,063)	(12,759)	(7,173)	(19,932)
At 30 June 2018	693,315	(82,635)	3,434,465	4,045,145	893,264	4,938,409

QUE LIMITED
Second Quarter Ended 30 June 2019

THE COMPANY	Share Capital	Other Reserves	Accumulated Profits	Total Equity
	\$'000	\$'000	\$'000	\$'000
At 1 April 2019	693,315	(41,983)	2,366,745	3,018,077
Total comprehensive income for the period				
Profit for the period	-	-	247,473	247,473
Other comprehensive income				
Net change in fair value of investments at fair value through other comprehensive income, net of tax	-	45,960	-	45,960
Total other comprehensive income, net of tax	-	45,960	-	45,960
Total comprehensive income for the period	-	45,960	247,473	293,433
Transactions with owners of the Company, recognised directly in equity				
Contributions by and distributions to owners of the Company				
Dividends paid	-	-	(108,182)	(108,182)
Total transactions with owners of the Company	-	-	(108,182)	(108,182)
Transfer from fair value reserve to accumulated profits	-	(170,000)	170,000	-
At 30 June 2019	693,315	(166,023)	2,676,036	3,203,328
At 1 April 2018	693,315	(29,073)	2,491,656	3,155,898
Total comprehensive income for the period				
Profit for the period	-	-	15,279	15,279
Total comprehensive income for the period	-	-	15,279	15,279
Transactions with owners of the Company, recognised directly in equity				
Contributions by and distributions to owners of the Company				
Own shares acquired	-	(476)	-	(476)
Dividends paid	-	-	(18,036)	(18,036)
Issue of convertible bonds	-	5,780	-	5,780
Total transactions with owners of the Company	-	5,304	(18,036)	(12,732)
At 30 June 2018	693,315	(23,769)	2,488,899	3,158,445

- 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 30 June 2019:

Principal Amount \$'000	Year of Maturity	Conversion Price \$	No. of ordinary shares convertible into
154,750	2023	1.9351	79,970,027

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 79,970,027 (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 30 June 2019, the Company's total number of issued shares excluding treasury shares is 901,515,860 (31/12/18: 901,515,860).

As at 30 June 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:

	<u>The Group</u> <u>01/01/2019</u> \$'000	<u>The Company</u> <u>01/01/2019</u> \$'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	<u>(67,673)</u>	<u>(53,468)</u>
Decrease in accumulated profits	(67,673)	(53,468)
Decrease in total equity	<u>(67,673)</u>	<u>(53,468)</u>

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.

	<u>The Group</u>			
	<u>Second</u> <u>Quarter</u> <u>Ended</u> <u>30/06/19</u>	<u>Second</u> <u>Quarter</u> <u>Ended</u> <u>30/06/18</u>	<u>Six</u> <u>Months</u> <u>ended</u> <u>30/06/19</u>	<u>Six</u> <u>Months</u> <u>ended</u> <u>30/06/18</u>
Weighted average number of ordinary shares in issue				
- basic	901,515,860	901,769,706	901,515,860	901,792,656
- diluted (*)	981,485,887	970,663,783	981,485,887	933,773,156
Basic earnings per share (cents)	6.75	0.59	6.87	0.70
Diluted earnings per share (cents)	<u>6.24</u>	<u>0.38</u>	<u>6.46</u>	<u>0.50</u>

(*) 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	
	30/06/19	31/12/18	30/06/19	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 (\$)	4.39	4.37	3.55	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	2Q 2019 \$'000	2Q 2018 \$'000	Change %
Revenue	285,311	150,679	89.4
Earnings before interest and tax (EBIT)	41,347	50,612	(18.3)
Profit attributable to Owners of the Company	60,856	5,323	>100.0

Revenue

The Group recorded revenue of \$285.3 million in 2Q 2019 (2Q 2018: \$150.7 million). The increase was mainly due to higher contributions from the Development Property divisions; partially offset by lower contributions from the Investment Properties and Healthcare divisions.

Investment Properties Division

Revenue from the investment properties division decreased by \$3.4 million to \$66.4 million in 2Q 2019 (2Q 2018: \$69.8 million). The decrease was mainly due to lower contribution from US Bank Tower.

Hospitality Division

Revenue from the hospitality division remained in line for 2Q 2019 at \$54.4 million (2Q 2018: \$54.0 million).

Development Property Division

Revenue from the development property division was \$151.1 million (2Q 2018: nil) as there were completion of OUE Twin Peaks units sold under deferred payment schemes in the current quarter.

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 decreased by \$9.3 million to \$41.3 million in 2Q 2019 (2Q 2018: \$50.6 million). The decrease was mainly attributed to higher administrative expenses; partially mitigated by higher contribution from equity-accounted investees.

Profit attributable to owners of the Company

Profit attributable to shareholders increased by \$55.5 million to \$60.9 million in 2Q 2019 (2Q 2018: \$5.3 million). The increase was mainly due to one-off gain arising from the disposal of AHPL. This was partially offset by fair value loss on investment properties and lower EBIT in the current quarter.

9 Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results.

No forecast or prospect statement has been previously disclosed.

10 A commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months.

Based on advance estimates, the Singapore economy grew by 0.1% on a year-on-year basis in the second quarter of 2019, slower than the 1.1% growth in the previous quarter¹. On a quarter-on-quarter seasonally-adjusted annualised basis, the economy shrank by 3.4%, after posting growth of 3.8% in the preceding quarter.

The Singapore Tourism Board reported a 1.35%² year-on-year growth in international tourist arrivals for the first half of 2019; a lower growth as compared to the same period last year. While visitor arrivals have grown, the hospitality sector remains competitive in view of uncertainty in the global economy.

Grade A CBD core office rents increased 1.3% quarter-on-quarter in 2Q 2019 to S\$11.30 psf per month³. Despite the tight current supply, rental growth prospects appear benign in the wake of heightened economic headwinds.

In Los Angeles, vacancy for 2Q 2019 reduced to 13.8%⁴ with positive net absorption. Overall vacancy in Los Angeles has been falling since the start of 2019, with vacancy expected to decline further. In Shanghai, while overall vacancy rates dropped 0.4% to 16.4% for 2Q 2019, Shanghai CBD Grade A office rents decreased to RMB10.27 psm per day⁵. With softer demand from subdued economy growth, rental growth is expected to be subdued in the near-term.

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

² Singapore Tourism Board, International Visitor Arrivals Statistics, 2 August 2019

³ CBRE Marketview Singapore Q2 2019

⁴ JLL Los Angeles office insight – Q2 2019, 18 July 2019

⁵ Colliers International, Shanghai Grade A Office Market Update Q2 2019, 19 July 2019

11 Dividend

(a) Current Financial Period Reported On

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

Name of dividend	Interim
Dividend type	Cash
Dividend per share	1 cent
Tax rate	Tax exempt (one-tier)

(b) Corresponding Period of the Immediately Preceding Financial Year

Any dividend declared for the corresponding period of the immediately preceding financial year? Yes.

Name of dividend	Interim
Dividend type	Cash
Dividend per share	1 cent
Tax rate	Tax exempt (one-tier)

(c) Date payable

26 September 2019

(d) Books closure date

NOTICE IS HEREBY GIVEN that the Share Transfer Books and the Register of Members of the Company will be closed on 13 September 2019, 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 12 September 2019 will be registered to determine shareholders' entitlements to the proposed interim dividend. In respect of shares in securities accounts with the Central Depository (Pte) Limited ("CDP"), the proposed interim dividend will be paid by the Company to CDP, which will in turn distribute the dividend entitlement to holders of shares in accordance with its practice.

12 If no dividend has been declared/recommended, a statement to that effect.

Not applicable.

13 If the Group has obtained a general mandate from shareholders for Interested Person Transactions ("IPT"), the aggregate value of such transactions as required under Rule 920(1)(a)(ii). If no IPT mandate has been obtained, a statement to that effect.

The Group has not obtained a general mandate from shareholders for any Interested Person Transactions.

14 Confirmation Pursuant to Rule 720(1) of the Listing Manual

The Company confirms that it has procured undertakings from all its directors and executive officers in the format set out in Appendix 7.7 under Rule 720(1) of the Listing Manual.

BY ORDER OF THE BOARD

NG NGAI
COMPANY SECRETARY
13 August 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 30 June 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