UOL
华业集团

COMPANY REGISTRATION NO. 196300438C

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NEWS RELEASE

UOL REPORTS NET ATTRIBUTABLE LOSS OF $82.1 MILLION DUE MAINLY TO FAIR VALUE LOSSES ON INVESTMENT PROPERTIES

- *Group pre-tax profit totals $196.8 million, down 30% excluding fair value losses*
- *Attributable fair value losses of $185.8 million as a result of COVID-19 pandemic*
- *Group revenue falls 28% to $908.2 million, with contribution from hotel operations down 57%*

Singapore, 13 August 2020 – UOL Group Limited (UOL) today announced Group net attributable loss of $82.1 million for the first half of the year ended 30 June 2020 (1H20) due mainly to fair value losses on its investment properties, including retail malls and serviced suites which were severely affected by COVID-19.

The loss contrasted with net attributable profit of $267.7 million for the same period last year. Excluding fair value losses, the Group's operations remained in the black, with Group pre-tax profit totalling $196.8 million, down 30% from $282.8 million in 1H19.

The Group's investment properties were independently valued at a combined $11.3 billion as at 30 June 2020, representing a $263.8 million or two per cent decline from the value as at 31 December 2019. The decline in value was observed across all the Group's commercial properties and serviced suites, and reflected the impact of the COVID-19 pandemic on the performance of these properties.

UOL Group Chief Executive Liam Wee Sin said: "For the first six months, the Group has fared reasonably with a positive operating profit. The global economic outlook has become even more challenging and unpredictable with the recent resurgence of COVID-19 infection in many cities, signalling that we are in for the long haul, with no simple solution.

“The hospitality and retail businesses have been more impacted. Global travel remains largely at a standstill due to tight travel restrictions and retail spending remains cautious notwithstanding the gradual opening of businesses.

“On the residential front, resumption of construction activities have been carefully paced. This, together with safe management measures, has however delayed progress of work on main construction sites and marketing suites. On top of that, social distancing requirements have limited the number of visitors in showflats and thereby affecting pace of sales. As such, a further extension of ABSD deadlines may need to be considered as the impact of the crisis has not been fully felt yet.”

During the first six months, Group revenue fell 28% to $908.2 million with lower contributions from all segments except management services and technologies which rose 32% to $122.9 million.

Hotel operations saw the biggest revenue decline followed by property development and property investments. Revenue from hotel operations fell 57% to $136.8 million due mainly to the lockdowns and travel restrictions imposed by governments worldwide, with hotels in Singapore and Australia reporting the largest decrease. The closure of PARKROYAL COLLECTION Marina Bay and PARKROYAL Kuala Lumpur for major refurbishments, and the absence of revenue from Pan Pacific Suzhou, which was sold in December 2019, also affected hotel revenue.

Revenue from property development fell 29% to $379.7 million in 1H20 on lower revenue from Park Eleven, Shanghai. The decline was partially offset by higher progressive revenue recognition from ongoing projects in Singapore, namely Avenue South Residence and The Tre Ver. Revenue from property investments dropped 14% to $238.8 million due mainly to rental rebates of $26.3 million extended to tenants affected by COVID-19 social distancing and other restrictive measures.

During the period under review, the Group received government grants and assistance totalling $25.5 million. These measures to support businesses during the pandemic included Singapore's Jobs Support Scheme, Australia's JobKeeper Payment scheme, and property tax rebates for hotels and serviced suites in Singapore.

Group expenses fell 39% to $181.8 million from $299.0 million in 1H19 due to lower sales and various cost containment measures in place to mitigate the effects of COVID-19. Other operating expenses dropped 63% to $51.9 million mainly from the absence of amortisation of development property backlog for the period under review. Administrative expenses declined 20% to $47.5 million, finance expenses fell 19% to $46.4 million, while marketing and distribution expenses dropped 14% to $36.0 million.

While the pace and timing of the economic recovery remains uncertain, UOL believes domestic travel particularly in Australia and China and staycation may help certain hotel segments in the near term. In Singapore, challenging retail market conditions could also lead to higher vacancies. Residential sales saw some recovery with the easing of the circuit breaker, with projects which are well-located with strong product attributes continuing to see buying interest.

As at 30 June 2020, shareholders' funds decreased to $9.56 billion from $10.05 billion as at 31 December 2019 due mainly to net loss arising from fair value losses on investment properties and financial assets, and deduction of dividends payable against retained earnings. The net tangible asset per ordinary share declined to $11.29 as at end June 2020 from $11.86 as at end December 2019.

The Group's gearing ratio increased to 0.32 as at 30 June 2020 from 0.30 as at 31 December 2019 with higher borrowings for the acquisition of the residential site at Canberra Drive and the development of Clavon at Clementi Avenue 1.

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About UOL Group Limited

UOL Group Limited (UOL) is one of Singapore's leading public-listed property companies with total assets of about $20 billion. The Company has a diversified portfolio of development and investment properties, hotels and serviced suites in Asia, Oceania, Europe and North America. With a track record of over 50 years, UOL strongly believes in delivering product excellence and quality service in all its business ventures. UOL, through its hotel subsidiary Pan Pacific Hotels Group Limited, owns three acclaimed brands namely "Pan Pacific", PARKROYAL COLLECTION and PARKROYAL. The Company's Singapore-listed property subsidiary, United Industrial Corporation Limited, owns an extensive portfolio of prime commercial assets and hotels in Singapore.

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