UOL 华业集团

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NEWS RELEASE

UOL'S 2Q17 NET ATTRIBUTABLE PROFIT UP 59% TO $109.4 MILLION

- *Group revenue 10% higher at $399.1 million due mainly to Principal Garden*
- *Property development and property investments trend higher, hospitality flat*
- *Outlook for residential and office sector improves, retail rentals remain under pressure*

Singapore, 4 August 2017 – UOL Group Limited today announced net attributable profit of $109.4 million for the second quarter ended 30 June 2017 (2Q17), up 59% due mainly to higher progressive recognition of revenue from Principal Garden, a condominium project in Singapore, higher share of profit from associated companies and fair value gains on investment properties.

Attributable fair value gains and other gains totalled $9.2 million against $21.5 million losses in the previous corresponding quarter caused substantially by the increase in valuation of Novena Square and United Square.

Group revenue rose 10% to $399.1 million in the second quarter. Property development, which accounted for 55% of Group revenue, posted a robust 19% increase to $221.2 million. Besides Principal Garden, other projects which contributed to Group revenue included Botanique at Bartley and Riverbank@Fernvale.

Revenue from investment properties edged up two per cent to $56.4 million and included rental from 110 High Holborn in midtown London, which UOL acquired in June 2016. The Group's hospitality business including management services was mostly flat with the topline at $105.6 million against $106.2 million in the previous corresponding period.

Dividend income fell six per cent to $15.8 million with the absence of special dividend received in 2016 and lower dividend rates in 2017 for certain investments.

The share of profit from associated companies excluding fair value losses rose 27% to $42.0 million, mainly from associated company United Industrial Corporation (UIC) which registered higher profit recognition from its development properties. The share of profit from joint venture companies excluding fair value gains, however, fell 34% to $3.3 million with the absence of contribution from Thomson Three which was completed in May 2016. The decrease was offset partially by contributions from The Clement Canopy project which was launched in end February 2017, and Holborn Island, London.

Group pre-tax profit before fair value and other gains was 12% higher at $118.8 million, but 67% more due mainly to fair value gains of $13.2 million from the Group's investment properties. In the same quarter last year, there were fair value losses of $28.7 million.

During the quarter under review, Group expenses increased to $63.8 million from $62.8 million in the previous corresponding period. Marketing and distribution expenses declined by two per cent to $16.0 million, finance expense increased 22% to $9.3 million, while other operating expenses fell six per cent to $18.7 million.

For the six months ended 30 June 2017, net attributable profit stood at $189.7 million, up 30% from 2016, after taking into account higher attributable fair value and other gains of $10.1 million recognised in the first half compared with fair value and other losses of $21.3 million in the first half of 2016.

UOL Deputy Group Chief Executive Officer Liam Wee Sin said: "Our hospitality and investment businesses have performed creditably despite challenging conditions. The recent acquisition of a hotel in Melbourne, which is branded as Pan Pacific Melbourne will further strengthen our presence in Australia and our recurring income. The retail sector is still the most challenging due to the increasing pace and magnitude of disruption by e-commerce and other new platforms.

“On the residential front, our concern is a possible “disconnect” between the recent land tender prices and achievable end-sale prices. Transaction volume in the residential sector has risen steadily but a sustainable recovery in end-sale prices will depend on the dynamics of economy, supply-demand and the rental market.”

On the Group’s overseas investments, UOL added that notwithstanding the uncertainties over Brexit, the performance of the Group’s properties in midtown London is expected to be stable. Besides Holborn Island and 110 High Holborn, UOL is also developing One Bishopsgate Plaza (the site at 150 Bishopsgate), near Liverpool Street Station and the future Crossrail Station, with residential, hotel and retail components.

Trading conditions in the hospitality sector in Asia Pacific are expected to remain competitive amidst an uncertain economic outlook in the region.

On 22 June 2017, UOL announced a conditional option agreement to acquire 60 million UIC shares from Haw Par Corporation. UOL will issue 27.3 million new shares to Haw Par for its UIC stake. When the transaction is completed, the Group’s interest in UIC will increase to about 48.96%.

UIC has one of the largest commercial property portfolios in the Singapore Central Business District, and together with UOL, the two groups will have highly complementary interests across the residential, office, retail and hospitality segments, with geographic footprints across Singapore and other markets, including China and the UK. Both companies already collaborated in several property ventures including the purchase of Holborn Island, a mixed use building in London last year and The Clement Canopy in Singapore.

As at 30 June 2017, shareholders’ funds climbed to $8.35 billion from $8.13 billion as at 31 December 2016. The increase arose mainly from profits recognised in first half of 2017 and fair value gains on available-for-sale financial assets. Net tangible asset per ordinary share rose to $10.24 as at 30 June 2017 from $10.07 as at 31 December 2016. Group gearing ratio remained unchanged at 0.24 at the end of June 2017.

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About UOL Group Limited

UOL Group Limited is one of Singapore's leading public-listed property companies with an extensive portfolio of development and investment properties, hotels and serviced suites. With a track record of over 50 years, UOL strongly believes in delivering product excellence and quality service in all its business ventures. Its list of property development projects includes residential units, office towers and shopping malls, hotels and serviced suites. UOL, through its hotel subsidiary Pan Pacific Hotels Group Limited (PPHG), owns two acclaimed brands namely "Pan Pacific" and PARKROYAL. PPHG now owns and/or manages over 30 hotels in Asia, Oceania and North America with close to 10,000 rooms in its portfolio.

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