
NEWS RELEASE**UOL'S 3Q17 NET ATTRIBUTABLE PROFIT UP SEVEN TIMES
TO \$618.1 MILLION**

- *Increase in net attributable profit due to accounting for UIC as a subsidiary*
- *Group revenue 37% higher to \$537.9 million*
- *Outlook for residential real estate brighter on improved economy*

Singapore, 9 November 2017 – UOL Group Limited today announced higher net attributable profit excluding other gains, up eight per cent to \$90.9 million for the third quarter ended 30 September 2017 (3Q17). As a result of accounting for United Industrial Corporation (UIC) as a subsidiary following UOL's acquisition of 60 million UIC shares in August, UOL's 3Q17 net attributable profit totalled \$618.1 million, up seven times, reflecting a gain on acquisition and consolidation of \$542.1 million.

The gain on acquisition and consolidation arose from the application of the accounting standards on business combinations which require the acquirer when buying a business to allocate the purchase price into the fair value of the various assets and liabilities acquired from the transaction. As a result of this exercise, UOL recorded a fair value uplift of \$421.1 million to property, plant and equipment, which would result in higher depreciation in future; and a \$82.3 million fair value uplift to development properties which will lead to less development profit to be recognised for certain development projects in future. UOL has up to a year from August to finalise the purchase price allocation.

Group revenue in the third quarter rose 37% to \$537.9 million from \$393.4 million previously. UIC and the associated and joint venture companies of UOL and UIC contributed \$144.3 million. Excluding the effects of the consolidation, progressive recognition of revenue from development properties was \$6.0 million or three per cent lower, due to the completion of Riverbank@Fernvale in March 2017.

Group pre-tax profit before fair value and other gains was 29% higher at \$129.6 million from higher contributions from property development and property investments, as well as joint venture companies.

Property development, which accounted for 54% of Group revenue, was up 41% at \$291.5 million. Among the projects that bolstered the topline were UOL's Principal Garden, Botanique at Bartley, The Clement Canopy and UIC's Alex Residences.

Revenue from investment properties was 44% more at \$82.7 million while Group hotel ownership and operations rose 24% to \$136.9 million. Excluding UIC's consolidation, hotel operations revenue increased five per cent, helped by the new contribution from Pan Pacific Melbourne during the quarter.

Share of profit from associated companies and joint venture companies increased 28% to \$37.2 million in 3Q17, due mainly to contributions from The Clement Canopy and Holborn Island, London.

During the quarter under review, Group expenses increased 31% to \$84.2 million from \$64.2 million in the previous corresponding period. Marketing and distribution expenses rose 26% to \$19.3 million, administrative expenses climbed 24% to \$25.1 million, while other operating expenses were up 35% to \$28.4 million. Finance expenses increased 46% to \$11.3 million following the inclusion of UIC's interest expenses, as well as bank loans utilised for Pan Pacific Melbourne's acquisition in August 2017.

For the nine months ended 30 September 2017, net attributable profit was up 247% to \$807.8 million after taking into account higher attributable fair value and other gains of \$537.3 million recognised for the nine months compared with fair value and other losses of \$18.2 million in the previous corresponding period. During the same period, Group revenue was up 18% to \$1.3 billion.

UOL said that prices of private residential properties saw its first quarter-on-quarter increase after almost four years of decline, reflecting a turnaround in the residential market.

Office rents are expected to stabilise, while the retail sector is expected to remain under pressure.

UOL also noted that the hospitality sector in Asia Pacific, particularly those in China and Myanmar, continues to face competitive pressures and oversupply of rooms.

As at 30 September 2017, shareholders' funds increased to \$9.21 billion from \$8.13 billion as at 31 December 2016. The increase was mainly from profits recognised in the first nine months of 2017 which include the effects of the consolidation of UIC and the associated and joint venture companies of UOL and UIC. Net tangible asset per ordinary share rose to \$10.71 as at 30 September 2017 from \$10.07 as at 31 December 2016. Group gearing ratio increased marginally to 0.25 at the end of September 2017 compared to 0.24 on 31 December 2016 as higher borrowings of the consolidated group were largely offset by the increase in total equity.

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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 more than 10,000 rooms in its portfolio.

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