Asia Credit Research

OUE Limited: Credit Update

Friday, 09 June 2017

Palatable Outcome

- OUE acquired International Healthway Corp ("IHC"). IHC is an integrated healthcare services and facilities provider, and had assets in Japan, China, Australia and Malaysia. IHC had been under financial pressure, and had faced shareholder revolt, with its incumbent Board ousted in January 2017. OUE had emerged with a surprise 12.5% stake in IHC on 23/01/17, and subsequently made a mandatory offer for IHC on 16/02/17. The offer closed on 13/04/17, with OUE controlling 86.2% of IHC. As reflected in OUE's 1Q2017 results (filed 05/05/17), IHC has been consolidated into OUE's financial statements.

- The acquisition of IHC had triggered Change of Shareholder clauses on IHC's existing SGD100mn worth of bonds, which allowed bondholders the option to put the bonds back to IHC. IHC had disclosed that SGD83.25mn worth of bonds was redeemed as a result, and it was funded by a shareholder's loan.

- We have reviewed OUE's 1Q2017 results and the impact of the IHC acquisition. In aggregate, the credit impact of IHC's consolidation into OUE has been modest, while the likely support that OUE provided to redeem the IHC bonds look to be manageable. Looking forward, more capital may be provided by OUE to IHC to progress IHC's development projects. We have affirmed our **Neutral Issuer Profile** on OUE, and are **Overweight** across the curve.

Treasury Advisory
Corporate FX & Structured Products
Tel: 6349-1888 / 1881
Interest Rate Derivatives
Tel: 6349-1899
Investments & Structured Products
Tel: 6349-1886

GT Institutional Sales
Tel: 6349-1810

OCBC Credit Research
Nick Wong Liang Mian, CFA
+65 6530-7348
NickWong@ocbc.com

A) Background on IHC

OUE had recently acquired majority control of International Healthway Corp ("IHC"). IHC is an integrated healthcare services and facilities provider, and had assets in Japan, China, Australia and Malaysia. As of end-2016, IHC reported SGD505.3mn in total assets and SGD49.1mn in total revenue for FY2016. IHC had been facing financial pressure, and was in the midst of shareholder revolt when OUE first initiated its stake. The following summarizes IHC's troubles, as well as OUE's eventual involvement.

IHC History: IHC is a relatively new listed company, having listed on Singapore's Catalist exchange in July 2013. As of end-2015 (based on the most recent annual report), IHC owned 12 nursing homes in Japan (valued at SGD280.8mn), two offices / one medical centre in Australia (valued at SGD117.1mn, acquired in 2015) as well as one operating hospital in Wuxi, China. In addition, IHC had three projects under development: Wuxi Expansion (valued at SGD56.5mn), Chengdu Project (valued at SGD31.2mn) and KLCC Project (valued at SGD59.3mn). As of 2015, IHC generated 50% of its revenue from the provision of medical services (at the Wuxi Hospital), 38% from rental income (across its various investment properties, such as the Japanese nursing homes) and the balance from the sale of medicine and medical equipment.

Recent Controversies:

1. **Attempted Acquisition of HMC:** IHC had attempted to acquire Heathway Medical Corporation Limited ("HMC"), proposing the transaction on 19/06/15. HMC is a Singapore-based listed medical services group that (at the time) owned and operated approximately 70 medical clinics and managed 30 clinics. IHC had largely been formed via the spinoff of HMC's foreign assets in May 2013, before IHC's IPO in July 2013. In a turnaround two years later, IHC had then proposed to acquire HMC in an all-stock deal, paying HMC shareholders SGD0.10 per share (versus HMC's closing price of SGD0.054 per share on 18/06/15). IHC would be issuing new shares priced at SGD0.45 per share, to satisfy the acquisition (IHC's shares were trading at SGD0.29 per share). As such, HMC shareholders will be receiving one IHC share for every 4.5 HMC share held, valuating HMC at ~SGD150mn (HMC had 2,308mn shares outstanding). It should be noted that IHC and HMC had overlapping shareholders, with Mr Fan Kow Hin and Mr Aathar Ah Kong Andrew both having a direct and deemed interest of 28.1% and 25.7% respectively in IHC, as well as of 19.2% and 8.9% respectively in HMC. As it was a related party transaction, IHC had to hold an EGM to receive approval for the acquisition. The EGM was subsequently delayed multiple times, with the transaction finally terminated on 08/08/16.

2. **Share Price Manipulation:** On 09/09/15 after markets closed, SGX made an announcement advising shareholders of IHC to exercise caution when trading IHC shares, stating that the price of IHC's shares remained steady at SGD0.29 – SGD0.32 since April 2015 till September 2015. The announcement revealed that a handful of individuals were trading IHC shares through various accounts amongst themselves, in aggregate constituting more than 60% of IHC's trading volume. SGX had indicated that it was working with relevant regulatory agencies on the matter. The next day, before markets open, IHC requested for a Trading Halt, pending release of an announcement. Subsequent developments while IHC was in Trading Halt (and then voluntary Suspension) include (1) disclosure on how a buyer for its two Melbourne assets walked away (2) adjustments to acquisition price for HMC (to one IHC share for every 4.3 HMC share). When IHC's shares resumed trading at 3pm on 21/09/15, IHC's share price plunged to SGD0.099 (down 69% from SGD0.315 before the Trading Halt).

3. **Attempts to change CoS clause**: Post the slump in share price, on 28/09/15, it was announced that Mr Ching Chiat Kwong (the founder and CEO of Oxley Holdings) on a personal capacity became a substantial shareholder of IHC (with a 5.95% stake). Through the balance of 2015, Mr Ching Chiat Kwong increased his stake, while the original shareholders trimmed theirs. Mr Fan Kow Hin eventually stepped down as CEO on 31/01/16. On 28/01/16, IHC announced a consent solicitation on its bonds to remove the change of shareholding ("CoS") clause binding Mr Fan Kow Hin, Mr Aathar Ah Kong Andrew and Mr Jong Hee Sen (who were collectively required to hold at least 30% of IHC, else the CoS clause would trigger, allow IHC bondholders to put their bonds back to IHC). By then, Mr Ching Chiat Kwong and fellow Oxley Holdings co-founder Mr Low See Ching had accumulated 19.7% and 7.1% stake in IHC respectively. Bondholders were offered a token 20bps early consent fee. The consent solicitation meeting was eventually postponed from the original date of 03/03/16 for an anticipated 3 months, and ultimately did not occur.

4. **Issues with Audited Statements and Crest Capital Asia Lawsuit**:

a. On 15/04/16, IHC applied for an extension of time for the filing of its 1Q2016 results as well as for the filing of its audited results for FY2015. No reason was provided then.

b. On 03/05/16, IHC announced that the time extensions for the filings have been approved, subject to IHC making an immediate announcement disclosing the extension was granted, reasons for seeking the extension as well as a disclaimer that neither the Company nor its Board is aware of any other material information which was not formally disclosed to investors. As such, IHC disclosed that (1) it determines the fair value of its properties based on independent valuations reports, and that the valuation reports for its properties overseas are being finalized (2) the provision of information to its auditors, PricewaterhouseCoopers LLP ("PWC") have taken longer than anticipated due to the previous point, and as such the finalized audited statements have been delayed.

c. <u>In a separate filing</u> on 03/05/16, IHC had indicated that on 26/04/16, funds managed by Crest Capital Asia, an alternative investment firm (in aggregate described as "Crest Funds") have appointed receivers on certain wholly-owned Australian subsidiaries of IHC. The Crest Funds had previously extended loan facilities to these IHC subsidiaries, with the amounts due subject to dispute. IHC's management had indicated SGD4.1mn owed to the Crest Funds as of end-2015. It was also disclosed that the Crest Funds had sent Notices of Default against IHC as well as its affected subsidiaries around <u>07/04/16</u>. IHC's management had indicated that they have been legally advised that the notices of default were invalid.

d. On 16/05/16, IHC had again requested for time extensions for the filings of its audited FY2015 results as well as for its 1Q2016 and 2Q2016 results. Again, no grounds for the extension were provided at the time of filing. On 31/05/16, IHC announced that the extensions were granted, and that it was due to the on-going disputes with the Crest Funds. It was also disclosed that as of 10/05/16 valuations regarding IHC's investment properties in China have queries outstanding that have yet to be responded to.

e. On 06/06/16, IHC disclosed that its finalized Auditor's report for FY2015 <u>would include a disclaimer of opinion</u>. PWC had indicated that it was unable to obtain satisfactory document support for the valuation of IHC's two properties under development in China (with a book value of SGD87.7mn), in which IHC booked a fair value gain of SGD46.0mn for FY2015 on these investment properties under development (Savills and Colliers were cited as the independent valuators). As a reference, IHC reported just SGD15.0mn in profits before tax for FY2015. In addition, though IHC had only booked SGD4.1mn owed to Crest Funds, along with SGD1.1mn in related interest due, IHC's audited statements provided disclosure that <u>actual sums alleged by Crest Funds were SGD28.6mn to IHC, with SGD2.6mn in related interest due</u>. IHC had decided to book the lower amount based on outflow of economic benefit being less than probable based on legal advice obtained. PWC had concluded that due to the previous two matters (valuation of China properties and Crest Funds lawsuit), IHC could potentially be in breach of its loan covenants, which may cast <u>significant doubt about the ability of IHC to continue as a going concern. It should be noted that PWC had indicated that they will not seek re-appointment as auditors to IHC</u>. On 23/06/16, it was announced that IHC's CFO had resigned due to extended medical leave.

B) Tussle for Control

Fight for control begins: With IHC's problems escalating, on 14/06/16, it was announced that Mr Ching Chiat Kwong and Mr Low See Ching (with other related parties to be known collectively as the "Oxley Consortium" for the rest of this report even though their stakes were held directly on a personal basis) had nominated their own slate of three directors for the AGM to be held on 15/07/16. The motion for these three directors to be appointed ultimately failed (they received only ~42% of the votes). IHC subsequently filed its 1Q2016 and 2Q2016 results late, in July 2016 and August 2016 respectively. Numbers were weak, with IHC generating a loss of SGD0.8mn for 1H2016 compared to a net profit of SGD25.2mn for 1H2015.

First attempt to ousting management: It was announced subsequently that members of the Oxley Consortium, representing 11.2% of the shares in IHC, have called for an EGM to oust incumbent management as well as members of the board of IHC. This Requisition letter had given "the worrying performance and developments of the Company" as the reasons. IHC had two months to call for the EGM (from 02/09/16, the date of the Requisition letter). Not long after, The Straits Times on 10/09/16 reported that IHC's Australian assets were seized by banks[1]. IHC had subsequently on 15/09/16 filed a disclosure, clarifying that on 25/08/16 and 26/08/16, the banks that provided the mortgages to the Australian properties have appointed receivers on these Australian properties given concern over the dispute between IHC and Crest Funds.

Management fights back: A month later (11/10/16), IHC's incumbent board / management have refuted that the Requisition letter send by the Oxley consortium was not valid (as the stakes were held under nominee accounts rather than directly), and as such no EGM will be held. By 28/10/16, the members of the Oxley Consortium responded with a new Requisition letter, this time stating the members' direct 11.2% stake. IHC responded, initially scheduling an EGM for the 28/12/16 to vote on the change in directors. However, on 24/12/16, IHC announced that the EGM will be postponed to 23/01/17 due to a technicality (14 days of notice was given to shareholders instead of the requisite 21 days). During this period, IHC's financial situation continued to deteriorate, with the media reporting that IHC had a potential plan to extend its outstanding bonds for two years.[2] For 3Q2016 results, if not for a SGD13.3mn deconsolidation gain due to the seized Australian assets, IHC would have generated a loss before tax of SGD3.0mn for the quarter.

OUE joins the fray: By mid-January 2017, even activist investors have joined the push to oust the incumbent management / board of IHC.[3] On the morning of the EGM (23/01/17), IHC's incumbent board filed a statement, warning that the change in board could negatively impact IHC's on-going attempts to refinance up to JPY8bn in debt. Despite this, IHC's incumbent board of four directors were voted out later in that day. By the evening of 23/01/17, it was disclosed that OUE had emerged as the new player on the stage, acquiring 12.5% stake in IHC via a married trade at SGD0.077 per share (SGD16.0mn consideration). Though it was not disclosed, the seller of part of the stake could be Mr Fan Kow Hin, who sold a 9.6% stake at SGD0.077 per share on the same day. Subsequently, on 08/02/17, OUE acquired a further 9.3% stake (at SGD0.077 per share, or SGD11.9mn consideration) in IHC, bringing its total stake to 21.8%.

The smoke settles: By 16/02/17, it was announced that OUE had entered into a sale and purchase agreement with the Oxley consortium, agreeing to purchase the latter's 35.8% aggregate stake at SGD0.106 per share (SGD62.9mn consideration), with OUE controlling 57.6% in aggregate. The transaction resulted in OUE making a Mandatory Offer for the balance of IHC's shares (or 703.4mn shares) at SGD0.106 per share. The Mandatory Offer closed on 13/04/17, with OUE acquiring an additional 473.8mn shares, bringing OUE's total stake in IHC to 86.2%. As such, IHC is now a subsidiary of OUE.

[1] The Straits Times – Receivers take control of IHC's Australia properties (10/09/16)
[2] Reuters – Singapore bond market faces S$22bn refinancing bill (19/12/16)
[3] Bloomberg – Activist Fund Quartz Targets Singapore's "Deeply Undervalued" IHC (13/01/17)

C) Recent Performance of OUE

As disclosed by OUE, IHC had become a subsidiary of OUE on 02/03/17 (likely after the transaction with the Oxley consortium was completed) and was consolidated into OUE's financial statements. In general, the impact on OUE's income statement would be modest as IHC only had 3 weeks contribution. In addition, IHC only generated ~SGD49.1mn in revenue for 2016, compared to SGD884.2mn for OUE. It is in this context that we consider OUE's 1Q2017 results below:

Development Segment Drove latest Quarter's results: Revenue for 1Q2017 surged 60.3% y/y to SGD196.3mn. Like for 2016, the strong results were driven by development properties income, which jumped to SGD72.6mn, compared to just SGD4.7mn in 1Q2016. This was largely driven by the sale of units at the Twin Peaks condominium ("Twin Peaks"), with 411 units sold (out of 462 units) as of end-1Q2017, with OUE moving 63 units during the quarter. What's interesting though is that OUE actually decided to transfer 22 units of Twin Peaks (out of the balance units) from development properties to investment properties, to be held for capital appreciation. Note that Twin Peaks would have started facing QC extension charges (8% for 1st year for pro-rata land cost) for units left unsold by February 2017. As a reminder, revenue derived from units sold under Twin Peaks deferred payment scheme will only be recognized upon completion, which can take up to 2 years. Investment properties income increased 5.8% y/y to SGD68.0mn, due to better performance of OUE's investment properties. Specifically, OUE's 55.5%-owned commercial property trust, OUE-CT) saw revenue increase 4.4% y/y to SGD44.8mn, helped by increases in portfolio committed occupancy (currently at 95.8%). Hospitality income increased slightly by 0.5% y/y to SGD51.9mn, with lower room sales recorded by Mandarin Orchard (OUE operates the asset via management agreements with OUE-HT, 37%-owned hospitality trust) mitigated by the enlarged room inventory at the Crowne Plaza Changi Airport (due to the expansion).

One-off Impacts on Operating Profit: Gross profit was 13.6% higher y/y to SGD61.7mn due to strong revenue growth. However, SG&A expenses surged to SGD33.6mn (1Q2016: SGD15.3mn), driven by higher sales commission on Twin Peaks units sold, transaction costs occurred when the 22 units of Twin Peaks were transferred to investment properties, as well as transaction costs relating to the acquisition of IHC. As such, operating income fell 38.3% y/y to SGD22.0mn. Results from associates also fell 69.8% y/y to SGD10.0mn (lacking the negative goodwill generated on acquisition of additional interest in Gemdale Properties during 1Q2016). In aggregate though, profit after tax was up 38.8% y/y to SGD21.2mn, aided by lower finance expense (-23.9% y/y to SGD31.8mn). It should be noted that OUE is still performing a purchase price allocation exercise on its investment in IHC, with the fair value of the assets acquired and liabilities assumed potentially being adjusted by the end of OUE's fiscal year.

OUE-CT Equity Raise a Boon: Unsurprisingly, the IHC acquisition was the largest drag on cash for the quarter, with OUE booking a SGD83.7mn (net) cash outflow for the acquisition. Other investing cash flow items include the SGD40.1mn adjustment from the transfer of 22 units of Twin Peaks into investment properties, and SGD28.6mn inflows from the disposal of the entire equity interest in OCZ Holdings (JV focused on investment into integrated resort in South Korea). In mitigation, cash flow from operations (CFO) (including interest service) was fair at SGD42.2mn (1Q2016: -SGD35.8mn), driven by cash flows from development properties (SGD65.7mn contribution). Total borrowings increased SGD248.7mn q/q, largely due to the consolidation of IHC. This was mitigated by the SGD150mn equity private placement raising by OUE-CT (done early March, which OUE did not participate in), which will be used to deleverage OUE-CT. As such, net gearing worsened only slightly q/q to 60% (4Q2016: 57%). Net debt / EBITDA had worsened to 24.6x for the quarter due to weaker EBITDA generation. On a LTM basis, numbers are better at 13.4x, but still elevated on an absolute basis. Liquidity as of end 1Q2017 looked manageable, with SGD317.7mn in short-term debt, compared to SGD277.5mn in cash.

D) What's Next?

Impairments taken by IHC: IHC finally published its delayed 4Q2016 / full-year 2016 results on 30/05/17. IHC generated SGD86.2mn net loss for 4Q2016, due to several non-recurring items:

- SGD32.6mn impairment of goodwill, wiping out the carrying amount of goodwill relating to the Wuxi Hospital (SGD10mn in impairments had already been taken in 2015). Management had indicated deteriorating operating results.
- SGD18.8mn fair value loss on investment properties under development (this was a SGD50.7mn gain in 2015). This was over the contentious development assets in China mentioned earlier.
- SGD14.1mn impairment of receivables and other assets.

Our View: *This was the first financial quarter filed under IHC's new management and board. As such, some "kitchen sinking" was likely with the books being cleaned up. It is worth noting that a new external auditor, KPMG, has been successfully appointed as of 09/05/17. As far as OUE is concerned though, the impairments were taken during IHC's 2016 results, with the impact of it already reflected in the end-1Q2017 balance sheet that was consolidated into OUE. As reported by OUE, its investment properties increased by SGD492.9mn q/q. Excluding the 22 units of Twin Peaks added (SGD56.8mn impact) and the capex on OUE Downtown (~SGD40mn impact), the additions to investment properties due to the IHC acquisition is ~SGD396mn. This SGD396mn roughly reconciles with the SGD419.6mn in investment properties (these figures include the impairments on the development assets in China) reported by IHC as of end-4Q2016.*

Aftermath of the CoS Trigger: Due to OUE's acquisition of IHC, the CoS clause on the IHC bonds were triggered[4], which allowed IHC bondholders to put SGD100mn worth of bonds back to IHC, potentially tripping IHC into further distress:

- OUE had provided a Comfort Letter to IHC on 17/02/17 in a show of support to the company.
- On 24/02/17, OUE had entered into a loan agreement with IHC, agreeing to lend up to SGD50mn to IHC for working capital / day-to-day operations.
- It was subsequently announced that IHC had redeemed SGD83.25mn worth of bonds on 24/04/17 as a result of the CoS event, and that the redemption was funded by a shareholder's loan from OUE.

Our View: *As mentioned earlier, OUE had reported SGD317.7mn in short-term debt, compared to SGD277.5mn in cash. This would have included IHC's two bonds outstanding (SGD50mn maturing in 27/04/17 and SGD50mn in 06/02/18). The redemption could have been met with cash on OUE's balance sheet. That said, OUE issued a new bond SGD200mn on 17/04/17, with would have bolstered OUE's liquidity further. Assuming that the entire SGD200mn is deployed, the impact on net gearing would be modest, increasing to pro-forma 64%.*

OUE control over IHC Solidifies: As a reminder, the current board of IHC was actually proposed by the Oxley Consortium. Since OUE emerged as the majority shareholder, it has nominated the CEO (Dr Wong Weng Hong) on 08/03/17 as well as the CFO (Mr Yet Kum Meng) on 17/05/17. A new solicitor, Rajah & Tann Singapore LLP, has also been appointed (potentially at the behest of OUE) on 28/02/17 to manage the on-going court action against the Crest Funds.

Our View: *At this point, it is worthwhile considering OUE's strategic interest in IHC. Control over OUE had been acquired by the Riady Family (of Indonesia's Lippo Group)*

4 OCBC Asian Credit Daily - 22 Feb 2017

in 2006. On 08/02/17, other Riady Family related entities (specifically Lippo Limited) had made an offer to acquire HMC (the target which IHC was previously seeking to acquire), and announced majority control on 23/05/17. As such, the IHC acquisition looks consistent with the Riady Family's push into the healthcare sector. Lippo Group owns 62% of Siloam International (healthcare operator in Indonesia), 27% in First REIT (Indonesian-asset focused though has 3 nursing homes in Singapore). It is likely that IHC was unable to develop its investment properties under development (in Chengdu, Wuxi and KLCC) due to the issues that IHC was facing the last year. With OUE's resources, IHC would be better positioned to monetize these assets. OUE could also potentially monetize part of IHC's investment properties quickly via bulking up and structuring its Japanese nursing homes into a REIT (this was one of the former management's plans). At the moment, there has been no details regarding OUE's intent for IHC, though given OUE's scale relative to IHC (OUE's total assets only increased 6% after acquiring IHC) we believe that integration and execution risk will be manageable. It is also worth noting that IHC's new CEO, Dr Wong Weng Hong, was a co-founder and CEO of HMC (last at HMC in 2010).

Potential Financial Impact on OUE: Over the last few years, IHC had largely been dependent on fair value gains on its investment properties (including those under development) to generate overall profits. Excluding fair value gains / impairments, IHC was generating losses before tax, such as in 2015 (SGD1.9mn) and in 2016 (SGD9.4mn). With the Wuxi hospital currently underperforming, and the Japan nursing homes returns stable due to the master lease structure, it is unlikely that IHC would be able to generate a profit (excluding FV gains / impairments) and contribute to OUE's performance in the near future.

Our View: *We have already mentioned earlier that OUE's EBITDA generation had weakened in 1Q2017. Furthermore, with most of OUE's Twin Peaks units already sold, development contribution would also taper off relative to 2016. OUE would have to look to the opening of OUE Downtown Gallery as well as Oakwood serviced apartments in the latter part of 2017 to sustain performance. <u>OUE's net debt / EBITDA and interest coverage ratios are likely to remain weak</u> until the investment properties under development in IHC ramp up. In mitigation, net gearing levels remain healthy, and in the future the potential injection of OUE Downtown (valued at SGD1.5bn) into OUE's REITs could help to recycle OUE's balance sheet, improving OUE's credit profile. Furthermore, OUE's bonds do not have EBITDA related covenants (only Minimum Tangible Net Worth of SGD1.0bn (currently ~SGD4.8bn) and Net Borrowings / Tangible Net Worth not exceeding 100% (currently ~60%)).*

E) Conclusion

In summary, having considered the circumstances that drove IHC into its troubles, OUE's subsequent acquisition of IHC, as well as the aggregate impact of the transaction on OUE's current and future credit profile, we have concluded that the impact would be modest, and that integration to be manageable given OUE's much larger scale. As such, we will continue to hold OUE at **<u>Neutral Issuer Profile</u>**.

When comparing against peers, we believe that the OUE curve is priced attractively given its distinctly lower net gearing. As such, we are **<u>Overweight</u>** across the curve. In particular, we think that the OUESP'19s are extremely attractive. Some investors may be wary of call risk (bond callable on 30/10/17 @101.0625) but we believe the chance of this is low as OUE needs the liquidity (cash / current borrowings below 1x).

	Net Gearing	**Offer**	**YTM**	**Spread**
OUESP'19	60%	**102.00**	**3.37%**	**194bps**
OUESP'20	60%	**102.35**	**2.93%**	**142bps**
OUESP'22	60%	**101.70**	**3.37%**	**158bps**
FCLSP'21	74%	**103.85**	**2.99%**	**127bps**
GUOLSP'21	101%	**100.30**	**3.53%**	**188bps**

Indicative prices as of 08/06/17

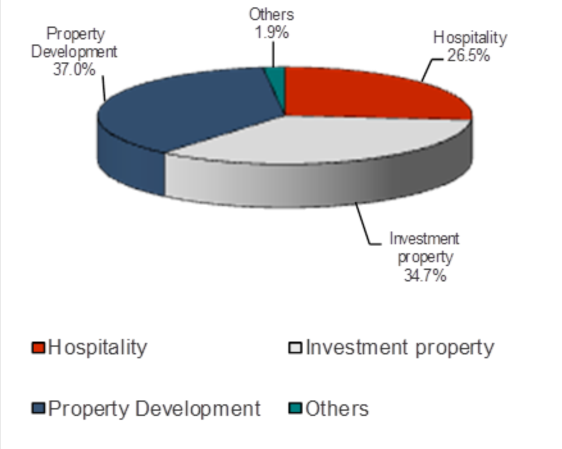
OUE Ltd

Table 1: Summary Financials

Year Ended 31st Dec	FY2015	FY2016	1Q2017
Income Statement (SGD'mn)			
Revenue	431.5	884.2	196.3
EBITDA	54.2	225.0	29.2
EBIT	50.2	220.5	28.1
Gross interest expense	90.9	127.8	31.8
Profit Before Tax	201.1	212.6	28.3
Net profit	156.4	144.4	15.4
Balance Sheet (SGD'mn)			
Cash and bank deposits	172.4	239.0	277.5
Total assets	8,129.8	8,083.4	8,560.7
Gross debt	2,924.5	2,901.5	3,150.1
Net debt	2,752.2	2,662.5	2,872.7
Shareholders' equity	4,764.2	4,643.8	4,804.2
Total capitalization	7,688.7	7,545.3	7,954.4
Net capitalization	7,516.4	7,306.3	7,676.9
Cash Flow (SGD'mn)			
Funds from operations (FFO)	160.3	148.8	16.5
* CFO	-30.8	466.2	42.2
Capex	4.2	2.2	0.1
Acquisitions	893.0	254.5	84.1
Disposals	526.7	236.3	28.6
Dividend	71.2	73.8	11.3
Free Cash Flow (FCF)	-34.9	464.0	42.0
* FCF Adjusted	-472.3	372.0	-24.7
Key Ratios			
EBITDA margin (%)	12.6	25.4	14.9
Net margin (%)	36.2	16.3	7.8
Gross debt to EBITDA (x)	54.0	12.9	27.0
Net debt to EBITDA (x)	50.8	11.8	24.6
Gross Debt to Equity (x)	0.61	0.62	0.66
Net Debt to Equity (x)	0.58	0.57	0.60
Gross debt/total capitalisation (%)	38.0	38.5	39.6
Net debt/net capitalisation (%)	36.6	36.4	37.4
Cash/current borrowings (x)	1.1	0.4	0.9
EBITDA/Total Interest (x)	0.6	1.8	0.9

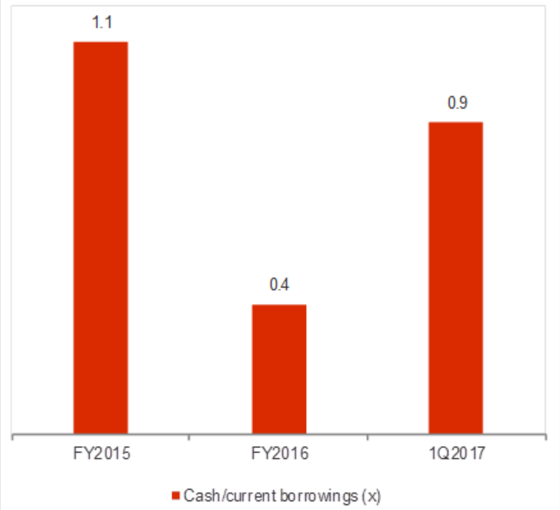
Source: Company, OCBC estimates

Figure 1: Revenue breakdown by Segment - 1Q2017



Source: Company

Figure 2: Cash/Current Borrowings (x)



Source: Company, OCBC estimates

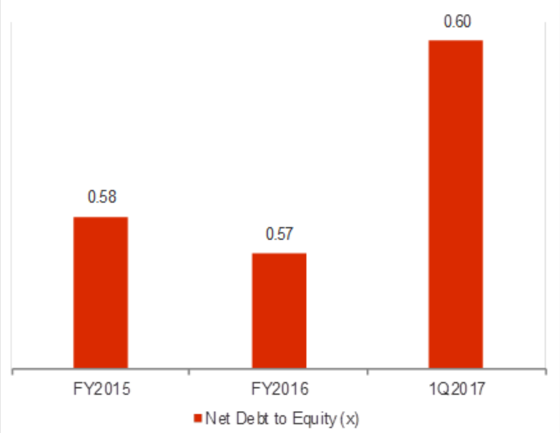
**FCF Adjusted = FCF - Acquisitions - Dividends + Disposals | *CFO after deducting interest expense*

Figure 3: Debt Maturity Profile

Amounts in (SGD'mn)	As at 31/03/2017	% of debt
Amount repayable in one year or less, or on demand		
Secured	25.2	0.8%
Unsecured	292.5	9.3%
	317.7	**10.1%**
Amount repayable after a year		
Secured	2329.4	73.9%
Unsecured	503.0	16.0%
	2832.4	**89.9%**
Total	**3150.1**	**100.0%**

Source: Company

Figure 4: Net Debt to Equity (x)



Source: Company, OCBC estimates