

OUE COMMERCIAL REAL ESTATE INVESTMENT TRUST

**Unaudited Financial Statements and Distribution Announcement for the Second Quarter
2019 and Financial Period from 1 January 2019 to 30 June 2019**

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Introduction

OUE Commercial Real Estate Investment Trust (“OUE C-REIT”) was constituted by a trust deed dated 10 October 2013 (as amended) entered into by OUE Commercial REIT Management Pte. Ltd. as the Manager of OUE C-REIT (the “Manager”) and DBS Trustee Limited as the Trustee of OUE C-REIT (the “Trustee”).

OUE C-REIT was listed on the Main Board of the Singapore Exchange Securities Trading Limited (“SGX-ST”) on 27 January 2014. The principal investment strategy of OUE C-REIT is to invest, directly or indirectly, in a portfolio of income-producing real estate used primarily for commercial purposes (including real estate used primarily for office and/or retail purposes) in financial and business hubs within and outside of Singapore, as well as real estate-related assets.

OUE C-REIT’s portfolio currently comprises four prime commercial properties located in Singapore and Shanghai:

- One Raffles Place: Integrated commercial development comprising two Grade-A office towers and a retail mall strategically located in the heart of Singapore’s central business district in Raffles Place. OUE C-REIT holds One Raffles Place (“ORP”) through its 83.33% interest in OUB Centre Limited (“OUBC”). As OUBC owns 81.54% of the beneficial interest in ORP, OUE C-REIT has an effective interest of 67.95% in ORP.
- OUE Bayfront: Premium Grade-A office building with ancillary retail facilities located between the new Marina Bay downtown and Raffles Place, within Singapore’s central business district.
- Lippo Plaza: Grade-A commercial building located along Huai Hai Middle Road in the Huangpu district, one of Shanghai’s established core commercial districts. OUE C-REIT has 91.2% strata ownership of Lippo Plaza.
- OUE Downtown Office: The Grade A office space at OUE Downtown, a recently refurbished mixed-used development with Grade A offices, a retail podium and serviced residences located at Shenton Way in Singapore.

Summary of OUE C-REIT Group Results

	2Q 2019 ⁽¹⁾ (S\$’000)	2Q 2018 ⁽²⁾ (S\$’000)	Change (%)	1H 2019 ⁽¹⁾ (S\$’000)	1H 2018 ⁽²⁾ (S\$’000)	Change (%)
Revenue	51,885	43,060	20.5	107,220	87,155	23.0
Net property income	40,750	33,934	20.1	84,318	69,211	21.8
Amount available for distribution to Unitholders	22,535	16,494	36.6	48,572	33,915	43.2
Distribution per Unit (“DPU”) (cents)	0.78	0.58 ⁽³⁾	34.5	1.68	1.19 ⁽³⁾	41.2

Footnotes:

- (1) The current period results of OUE C-REIT’s foreign subsidiaries are translated using the SGD:CNY rate of 1:5.013 for 2Q 2019 and 1:4.993 for 1H 2019.
- (2) The prior period results of OUE C-REIT’s foreign subsidiaries are translated using the SGD:CNY rate of 1:4.757 for 2Q 2018 and 1:4.787 for 1H 2018.
- (3) For the purpose of comparison, 2Q 2018 and 1H 2018 DPU has been restated to include the 1,288,438,981 new Units issued pursuant to the Rights Issue on 30 October 2018.

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1(a) Consolidated Statement of Total Return and Distribution Statement

Statement of Total Return	Note	2Q 2019 ⁽¹⁾ (S\$'000)	2Q 2018 ⁽²⁾ (S\$'000)	Change (%)	1H 2019 ⁽¹⁾ (S\$'000)	1H 2018 ⁽²⁾ (S\$'000)	Change (%)
Revenue		51,885	43,060	20.5	107,220	87,155	23.0
Property operating expenses		(11,135)	(9,126)	22.0	(22,902)	(17,944)	27.6
Net property income		40,750	33,934	20.1	84,318	69,211	21.8
Other income	1	4,227	1,073	NM	9,220	2,029	NM
Amortisation of intangible asset		(1,250)	(1,113)	12.3	(2,798)	(2,226)	25.7
Manager's management fees	2	(3,192)	(2,456)	30.0	(6,356)	(4,880)	30.2
Trustee's fee		(180)	(143)	25.9	(358)	(284)	26.1
Other expenses		(522)	(487)	7.2	(988)	(946)	4.4
Finance income		585	1,140	(48.7)	2,125	1,560	36.2
Finance costs		(15,838)	(12,258)	29.2	(31,416)	(24,169)	30.0
Net finance costs	3	(15,253)	(11,118)	37.2	(29,291)	(22,609)	29.6
Foreign exchange differences		(237)	22	NM	(178)	424	NM
Total return for the period before tax		24,343	19,712	23.5	53,569	40,719	31.6
Tax expense	4	(3,873)	(4,458)	(13.1)	(8,445)	(9,294)	(9.1)
Total return for the period		20,470	15,254	34.2	45,124	31,425	43.6
Attributable to:							
Unitholders and Convertible Perpetual Preferred Units ("CPPU") holder		18,582	13,472	37.9	41,266	27,708	48.9
Non-controlling interests		1,888	1,782	5.9	3,858	3,717	3.8
Total return for the period		20,470	15,254	34.2	45,124	31,425	43.6
Distribution Statement							
Total return for the period attributable to Unitholders and CPPU holder		18,582	13,472	37.9	41,266	27,708	48.9
Less: Amount reserved for distribution to CPPU holder		(935)	(935)	-	(1,860)	(1,860)	-
Distribution adjustments	5	4,888	3,957	23.5	9,166	8,067	13.6
Amount available for distribution for the period		22,535	16,494	36.6	48,572	33,915	43.2
Comprising:							
Taxable income		13,037	6,662	95.7	29,468	13,515	NM
Tax exempt income		5,350	5,679	(5.8)	11,260	11,882	(5.2)
Unitholders' contributions		4,148	4,153	(0.1)	7,844	8,518	(7.9)
		22,535	16,494	36.6	48,572	33,915	43.2

NM: Not meaningful

Footnotes:

- (1) The current period results of OUE C-REIT's foreign subsidiaries are translated using the SGD:CNY rate of 1:5.013 for 2Q 2019 and 1:4.993 for 1H 2019.
- (2) The prior period results of OUE C-REIT's foreign subsidiaries are translated using the SGD:CNY rate of 1:4.757 for 2Q 2018 and 1:4.787 for 1H 2018.

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Notes to Consolidated Statement of Total Return and Distribution Statement:

(1) Other income

Other income comprises income support relating to the top-up payments from OUE Limited and its subsidiary (the “Sponsor Group”) pursuant to the Deed of Income Support dated 9 January 2014 (expired in January 2019) and 1 November 2018 (the “Deeds of Income Support”).

(2) Manager’s management fees

Manager’s base management fee is calculated as 0.3% p.a. of the value of the deposited property of OUE C-REIT Group. The Manager has elected to pay 20% of the base management fee in cash, with the balance 80% in the form of new Units for both 1H 2019 and 1H 2018.

(3) Net finance costs

Net finance costs comprises the following:

	2Q 2019	2Q 2018	Change	1H 2019	1H 2018	Change
	(S\$'000)	(S\$'000)	(%)	(S\$'000)	(S\$'000)	(%)
Finance income						
Interest income	213	225	(5.3)	487	433	12.5
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	-	86	NM	-	-	-
	585	1,140	(48.7)	2,125	1,560	36.2
Finance costs						
Borrowing costs	(14,309)	(10,817)	32.3	(28,478)	(21,249)	34.0
Amortisation of debt establishment costs	(1,095)	(1,260)	(13.1)	(2,180)	(2,509)	(13.1)
Change in fair value of financial derivatives	(325)	-	NM	(529)	(42)	NM
Hedging reserve transferred from unitholders’ funds	(109)	(181)	(39.8)	(229)	(369)	(37.9)
	(15,838)	(12,258)	29.2	(31,416)	(24,169)	30.0
Net finance costs	(15,253)	(11,118)	37.2	(29,291)	(22,609)	29.6

NM: Not meaningful

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The above includes the following net fair value movements relating to financial derivatives:

	2Q 2019 (S\$'000)	2Q 2018 (S\$'000)	Change (%)	1H 2019 (S\$'000)	1H 2018 (S\$'000)	Change (%)
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	(325)	86	NM	(529)	(42)	NM
Hedging reserve transferred from unitholders' funds	(109)	(181)	(39.8)	(229)	(369)	(37.9)
Net fair value gain/(loss)	(62)	734	NM	880	716	22.9

NM: Not meaningful

(4) Tax expense

Tax expense comprises of income tax, deferred tax and withholding tax relating to OUE CREIT's subsidiaries.

	2Q 2019 (S\$'000)	2Q 2018 (S\$'000)	Change (%)	1H 2019 (S\$'000)	1H 2018 (S\$'000)	Change (%)
Current tax						
- Current period	3,301	3,715	(11.1)	6,794	7,781	(12.7)
- Under provision in respect of prior period	-	-	-	428	-	NM
Deferred tax						
- Current period	248	364	(31.9)	578	716	(19.3)
Withholding tax	324	379	(14.5)	645	797	(19.1)
	3,873	4,458	(13.1)	8,445	9,294	(9.1)

NM: Not meaningful

(5) Distribution adjustments

Distribution adjustments include non-tax deductible expenses relating to the Manager's management fees payable in Units, fees paid to the Trustee, amortisation of intangible asset, amortisation of debt establishment costs, amortisation of rent-free incentives, fair value movement relating to financial derivatives, and subsidiary's statutory reserves adjustments.

Please refer to Section 8 on Review of the Performance.

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(b)(i) Statements of Financial Position

Note	Group			Trust		
	30 Jun 2019 ⁽¹⁾ (S\$'000)	31 Dec 2018 ⁽²⁾ (S\$'000)	Change (%)	30 Jun 2019 (S\$'000)	31 Dec 2018 (S\$'000)	Change (%)
Non-current assets						
	321	393	(18.3)	-	-	-
1	4,490,833	4,494,535	(0.1)	2,095,101	2,093,100	0.1
2	21,667	24,465	(11.4)	21,667	24,465	(11.4)
	-	-	-	1,368,506	1,368,506	-
	117	175	(33.1)	-	-	-
	4,512,938	4,519,568	(0.1)	3,485,274	3,486,071	(0.0)
Current assets						
3	20,485	14,384	42.4	10,624	6,583	61.4
	38,707	37,074	4.4	8,043	12,725	(36.8)
4	9	116	(92.2)	9	95	(90.5)
	59,201	51,574	14.8	18,676	19,403	(3.7)
	4,572,139	4,571,142	0.0	3,503,950	3,505,474	(0.0)
Total assets						
Non-current liabilities						
5	1,708,107	1,711,330	(0.2)	1,230,255	1,221,467	0.7
	-	-	-	149,614	149,614	-
	43,301	42,400	2.1	19,858	17,356	14.4
4	11,330	7,828	44.7	7,513	5,448	37.9
	87,401	87,726	(0.4)	-	-	-
	1,850,139	1,849,284	0.0	1,407,240	1,393,885	1.0
Current liabilities						
5	7,469	1,992	NM	5,500	-	NM
	65,139	65,580	(0.7)	27,354	25,253	8.3
4	-	132	NM	-	109	NM
	14,455	13,429	7.6	-	-	-
	87,063	81,133	7.3	32,854	25,362	29.5
	1,937,202	1,930,417	0.4	1,440,094	1,419,247	1.5
Total liabilities						
Net assets						
	2,634,937	2,640,725	(0.2)	2,063,856	2,086,227	(1.1)
Represented by:						
6	2,035,603	2,038,092	(0.1)	1,701,996	1,724,337	(1.3)
7	361,860	361,890	(0.0)	361,860	361,890	(0.0)
8	237,474	240,743	(1.4)	-	-	-
	2,634,937	2,640,725	(0.2)	2,063,856	2,086,227	(1.1)

NM: Not meaningful

Footnotes:

- (1) The statements of financial position of OUE C-REIT's foreign subsidiaries as at 30 June 2019 are translated using the SGD:CNY rate of 1:5.079.
- (2) The statements of financial position of OUE C-REIT's foreign subsidiaries as at 31 December 2018 are translated using the SGD:CNY rate of 1:5.018.

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Notes to Statements of Financial Position:

(1) Investment properties

Investment properties are carried at the latest fair market value based on independent valuations as at 31 December 2018, with additions made in 2019. The decrease was due largely to depreciation of the CNY against the SGD between 31 December 2018 and 30 June 2019.

(2) Intangible asset

Intangible asset represents the unamortised income support receivable by OUE C-REIT from the Sponsor Group pursuant to the Deeds of Income Support relating to OUE Downtown Office (31 December 2018: OUE Downtown Office and OUE Bayfront). The income support for OUE Bayfront expired in January 2019.

(3) Trade and other receivables – Current

At the Group and Trust level, the increase in trade and other receivables was mainly due to income support receivable relating to OUE Downtown Office.

(4) Financial derivatives

Financial derivatives represent the fair value of the interest rate swaps (“IRS”) entered to hedge the floating interest rate exposure of OUE C-REIT Group’s borrowings. The movement for the financial period from 31 December 2018 to 30 June 2019 was due to net unfavourable changes in the fair value of the IRS during the period.

(5) Borrowings – Non-current and Current

The Group’s and Trust’s total borrowings increased slightly as compared to 31 December 2018 mainly due to drawdown of loan facility.

(6) Unitholders’ funds

The decrease in unitholders’ funds is mainly due to net unfavourable movement in the fair value reserve of IRS as at 30 June 2019, the depreciation of the CNY against the SGD from 31 December 2018 to 30 June 2019 and distribution paid to Unitholders in March 2019. This is offset partially by profits for the financial period.

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(7) **CPPU holder's funds**

On 8 October 2015, 550.0 million CPPUs amounting to S\$550.0 million were issued to Clifford Development Pte. Ltd. (a wholly-owned subsidiary of OUE Limited), the vendor of OUE C-REIT's wholly-owned subsidiary, Beacon Property Holdings Pte. Ltd., as partial satisfaction of the purchase consideration for the acquisition of ORP. The CPPU holder is entitled to a coupon distribution of 1.0% per annum.

To date, 175.0 million CPPUs were redeemed, with a balance of 375.0 million CPPUs outstanding as at 30 June 2019.

(8) **Non-controlling interests**

OUE C-REIT holds an 83.33% indirect interest in OUBC. Non-controlling interests represent the equity in OUBC that is not attributable to OUE C-REIT Group.

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1 (b)(ii) Aggregate Amount of Borrowings and Debt Securities for OUE C-REIT Group

The Group's borrowings comprises secured and unsecured loans of up to eight years tenors, and a three-year unsecured notes.

	30 Jun 2019⁽¹⁾ (S\$'000)	31 Dec 2018⁽²⁾ (S\$'000)
Secured borrowings		
Amount repayable within one year, or on demand	1,969	1,992
Amount repayable after one year	617,943	642,911
Total secured borrowings	619,912	644,903
Unsecured borrowings		
Amount repayable within one year, or on demand	5,500	-
Amount repayable after one year	1,090,164	1,068,419
Total unsecured borrowings	1,095,664	1,068,419
Total borrowings ⁽³⁾	1,715,576	1,713,322

Footnotes:

- (1) The borrowings of OUE C-REIT's foreign subsidiaries as at 30 June 2019 are translated using the SGD:CNY rate of 1:5.079.
- (2) The borrowings of OUE C-REIT's foreign subsidiaries as at 31 December 2018 are translated using the SGD:CNY rate of 1:5.018.
- (3) The borrowings are net of unamortised balance of transaction costs.

Details of any collaterals

The Group secured borrowings are collateralised by:-

- investment properties with a total carrying amount of S\$1,755.8 million;
- assignment of insurance policies on the above investment properties;
- assignment of all rights, titles, benefits and interests in connection with the sale and tenancy agreements, tenancy deposits/proceeds, sales deposits/proceeds, property management agreements and the receivables of certain properties;
- assignment of all rights, titles, benefits and interests in connection with the Deed of Income Support over OUE Bayfront which expired in January 2019;
- a debenture incorporating a fixed charge over book debts, charged accounts, goodwill, intellectual property and plant and machinery in connection with OUE Bayfront and floating charge over generally all of the present and future assets of the Trust in connection with OUE Bayfront;
- first priority fixed charge over the shares of certain subsidiaries; and
- the account control or charge over certain bank accounts of the Trust and certain subsidiaries.

Unsecured Medium Term Notes

In August 2015, OUE C-REIT, through its wholly-owned subsidiary, established a S\$1.5 billion Multicurrency Debt Issuance Programme (the "Programme"). Under the Programme, OUE C-REIT may from time to time issue notes ("Notes") and/or perpetual securities ("Perpetual") in series or tranches. On 5 September 2017, unsecured three-year notes of S\$150.0 million have been issued under the Programme.

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1 (c) Consolidated Statement of Cash Flows

Note	2Q 2019 (S\$'000)	2Q 2018 (S\$'000)	1H 2019 (S\$'000)	1H 2018 (S\$'000)
Cash flows from operating activities				
Total return for the period	20,470	15,254	45,124	31,425
Adjustments for:				
Amortisation of intangible asset	1,250	1,113	2,798	2,226
Depreciation of plant and equipment	47	45	93	89
Manager's fees paid/payable in Units	2,554	1,965	5,085	3,904
Finance costs	15,838	12,258	31,416	24,169
Finance income	(585)	(1,140)	(2,125)	(1,560)
Gain on disposal of plant and equipment	(1)	-	(1)	-
Tax expense	3,873	4,458	8,445	9,294
Operating income before working capital changes	43,446	33,953	90,835	69,547
Changes in working capital:				
Trade and other receivables	(4,941)	1,294	(6,030)	2,146
Trade and other payables	(2,630)	(2,208)	2,652	(1,800)
Cash generated from operating activities	35,875	33,039	87,457	69,893
Tax paid	(5,557)	(6,394)	(6,728)	(8,068)
Net cash from operating activities	30,318	26,645	80,729	61,825
Cash flow from investing activities				
Additions to plant and equipment	(19)	(1)	(21)	(26)
Payment for capital expenditure on investment properties	(857)	(258)	(5,939)	(777)
Interest received	213	225	479	433
Proceeds from sale of plant and equipment	1	-	1	-
Net cash used in investing activities	(662)	(34)	(5,480)	(370)
Cash flows from financing activities				
Distributions paid to Unitholders	-	(68)	(37,081)	(35,421)
Distributions paid to CPPU holder	-	-	(1,890)	(2,395)
Distribution paid to non-controlling interest	(6,800)	(7,200)	(6,800)	(7,200)
Finance costs paid	(13,098)	(9,195)	(27,810)	(20,920)
Proceeds from borrowings	10,000	7,000	42,480	130,000
Redemption of CPPUs	-	-	-	(100,000)
Repayment of borrowings	(18,101)	(14,000)	(42,106)	(32,141)
Net cash used in financing activities	(27,999)	(23,463)	(73,207)	(68,077)
Net increase/(decrease) in cash and cash equivalents	1,657	3,148	2,042	(6,622)
Cash and cash equivalents at beginning of the period	37,744	30,935	37,074	40,314
Effect of exchange rate fluctuations on cash held	(694)	185	(409)	576
Cash and cash equivalents at end of the period	38,707	34,268	38,707	34,268

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Notes to Consolidated Statement of Cash Flows:

- (1) On 2 January 2018, the redemption of 100.0 million CPPUs (amounting to S\$100.0 million) was completed.
- (2) For purpose of the Consolidated Statement of Cash Flows, the Group's cash and cash equivalents comprise the following:

	30 Jun 2019 (S\$'000)	30 Jun 2018 (S\$'000)
Bank and cash balances	8,665	10,130
Short-term deposits	30,042	24,138
Cash and cash equivalents	38,707	34,268

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1 (d)(i) Statements of Changes in Unitholders' Funds

Group	Unitholders	CPPU	Total	Non-	Total
2Q 2019	(S\$'000)	holder	(S\$'000)	controlling	(S\$'000)
		(S\$'000)		interests	
			(S\$'000)	(S\$'000)	(S\$'000)
Net assets attributable to owners at 1 April 2019	2,031,969	360,925	2,392,894	242,715	2,635,609
Operations					
Total return for the period	18,582	-	18,582	1,888	20,470
Less: Amount reserved for distribution to CPPU holder	(935)	935	-	-	-
Net increase in net assets resulting from operations	17,647	935	18,582	1,888	20,470
Transactions with owners					
Contributions by and distributions to owners					
Issue of new Units					
- Manager's fees paid/payable in Units	2,554	-	2,554	-	2,554
Withholding tax on distribution paid to Unitholders	(120)	-	(120)	-	(120)
Dividends paid	-	-	-	(6,800)	(6,800)
Total contributions by and distributions to owners	2,434	-	2,434	(6,800)	(4,366)
Movement in foreign currency translation reserve	(11,473)	-	(11,473)	-	(11,473)
Hedging transactions					
Effective portion of change in fair value of cash flow hedges	(4,892)	-	(4,892)	(329)	(5,221)
Hedging reserve transferred to statement of total return	(82)	-	(82)	-	(82)
Net movement in hedging transactions	(4,974)	-	(4,974)	(329)	(5,303)
Net assets attributable to owners at 30 June 2019	2,035,603	361,860	2,397,463	237,474	2,634,937

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1 (d)(i) Statements of Changes in Unitholders' Funds (cont'd)

Group	Unitholders	CPPU	Non-	Total
1H 2019	(S\$'000)	holder	controlling	(S\$'000)
		(S\$'000)	interests	(S\$'000)
			(S\$'000)	(S\$'000)
Net assets attributable to owners at 1 January 2019	2,038,092	361,890	240,743	2,640,725
Operations				
Total return for the period	41,266	-	3,858	45,124
Less: Amount reserved for distribution to CPPU holder	(1,860)	1,860	-	-
Net increase in net assets resulting from operations	39,406	1,860	3,858	45,124
Transactions with owners				
Contributions by and distributions to owners				
Issue of new Units				
- Manager's fees paid/payable in Units	5,085	-	-	5,085
Distribution paid to Unitholders	(37,201)	-	-	(37,201)
Distribution paid to CPPU holder	-	(1,890)	-	(1,890)
Dividends paid	-	-	(6,800)	(6,800)
Total contributions by and distributions to owners	(32,116)	(1,890)	(6,800)	(40,806)
Movement in foreign currency translation reserve	(5,800)	-	-	(5,800)
Hedging transactions				
Effective portion of change in fair value of cash flow hedges	(3,621)	-	(308)	(3,929)
Hedging reserve transferred to statement of total return	(358)	-	(19)	(377)
Net movement in hedging transactions	(3,979)	-	(327)	(4,306)
Net assets attributable to owners at 30 June 2019	2,035,603	361,860	237,474	2,634,937

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1 (d)(i) Statements of Changes in Unitholders' Funds (cont'd)

Trust 2Q 2019	Unitholders (S\$'000)	CPPU holder (S\$'000)	Total (S\$'000)
Net assets attributable to owners at 1 April 2019	1,698,950	360,925	2,059,875
Operations			
Total return for the period	4,880	-	4,880
Less: Amount reserved for distribution to CPPU holder	(935)	935	-
Net increase in net assets resulting from operations	3,945	935	4,880
Transactions with owners			
<i>Contributions by and distributions to owners</i>			
Issue of new Units			
- Manager's fees paid/payable in Units	2,554	-	2,554
Withholding tax on distribution paid to Unitholders	(120)	-	(120)
Total contributions by and distributions to owners	2,434	-	2,434
Hedging transactions			
Effective portion of change in fair value of cash flow hedges	(3,247)	-	(3,247)
Hedging reserve transferred to statement of total return	(86)	-	(86)
Net movement in hedging transactions	(3,333)	-	(3,333)
Net assets attributable to owners at 30 June 2019	1,701,996	361,860	2,063,856

Trust 1H 2019	Unitholders (S\$'000)	CPPU holder (S\$'000)	Total (S\$'000)
Net assets attributable to owners at 1 January 2019	1,724,337	361,890	2,086,227
Operations			
Total return for the period	13,980	-	13,980
Less: Amount reserved for distribution to CPPU holder	(1,860)	1,860	-
Net increase in net assets resulting from operations	12,120	1,860	13,980
Transactions with owners			
<i>Contributions by and distributions to owners</i>			
Issue of new Units			
- Manager's fees paid/payable in Units	5,085	-	5,085
Distribution paid to Unitholders	(37,201)	-	(37,201)
Distribution paid to CPPU Holder	-	(1,890)	(1,890)
Total contributions by and distributions to owners	(32,116)	(1,890)	(34,006)
Hedging transactions			
Effective portion of change in fair value of cash flow hedges	(2,079)	-	(2,079)
Hedging reserve transferred to statement of total return	(266)	-	(266)
Net movement in hedging transactions	(2,345)	-	(2,345)
Net assets attributable to owners at 30 June 2019	1,701,996	361,860	2,063,856

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1 (d)(i) Statements of Changes in Unitholders' Funds (cont'd)

Group	Unitholders	CPPU	Total	Non-	Total
2Q 2018	(S\$'000)	holder	(S\$'000)	controlling	(S\$'000)
		(S\$'000)		interests	
			(S\$'000)	(S\$'000)	(S\$'000)
Net assets attributable to owners at 1 April 2018	1,401,859	360,925	1,762,784	236,879	1,999,663
Operations					
Total return for the period	13,472	-	13,472	1,782	15,254
Less: Amount reserved for distribution to CPPU holder	(935)	935	-	-	-
Net increase in net assets resulting from operations	12,537	935	13,472	1,782	15,254
Transactions with owners					
Contributions by and distributions to owners:					
Issue of new Units					
- Manager's fees paid/payable in Units	1,965	-	1,965	-	1,965
Dividends paid	-	-	-	(7,200)	(7,200)
Total contributions by and distributions to owners	1,965	-	1,965	(7,200)	(5,235)
Movement in foreign currency translation reserve	3,943	-	3,943	-	3,943
Hedging transactions					
Effective portion of change in fair value of cash flow hedges	1,409	-	1,409	44	1,453
Hedging reserve transferred to statement of total return	344	-	344	(21)	323
Net movement in hedging transactions	1,753	-	1,753	23	1,776
Net assets attributable to owners at 30 June 2018	1,422,057	361,860	1,783,917	231,484	2,015,401

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1 (d)(i) Statements of Changes in Unitholders' Funds (cont'd)

Group	Unitholders	CPPU	Total	Non-	Total
1H 2018	(S\$'000)	holder	(S\$'000)	controlling	(S\$'000)
		(S\$'000)	(S\$'000)	interests	(S\$'000)
				(S\$'000)	
Net assets attributable to owners at 1 January 2018	1,407,285	361,891	1,769,176	234,906	2,004,082
Operations					
Total return for the period	27,708	-	27,708	3,717	31,425
Less: Amount reserved for distribution to CPPU holder	(1,860)	1,860	-	-	-
Net increase in net assets resulting from operations	25,848	1,860	27,708	3,717	31,425
Transactions with owners					
Contributions by and distributions to owners:					
Issue of new Units					
- Manager's fees paid/payable in Units	3,904	-	3,904	-	3,904
Distributions paid to Unitholders	(35,421)	-	(35,421)	-	(35,421)
Distribution paid to CPPU holder	-	(1,891)	(1,891)	-	(1,891)
Dividends paid	-	-	-	(7,200)	(7,200)
Total contributions by and distributions to owners	(31,517)	(1,891)	(33,408)	(7,200)	(40,608)
Movement in foreign currency translation reserve	13,618	-	13,618	-	13,618
Hedging transactions					
Effective portion of change in fair value of cash flow hedges	5,459	-	5,459	78	5,537
Hedging reserve transferred to statement of total return	1,364	-	1,364	(17)	1,347
Net movement in hedging transactions	6,823	-	6,823	61	6,884
Net assets attributable to owners at 30 June 2018	1,422,057	361,860	1,783,917	231,484	2,015,401

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1 (d)(i) Statements of Changes in Unitholders' Funds (cont'd)

Trust 2Q 2018	Unitholders (S\$'000)	CPPU holder (S\$'000)	Total (S\$'000)
Net assets attributable to owners at 1 April 2018	1,108,043	360,925	1,468,968
Operations			
Total return for the period	120	-	120
Less: Amount reserved for distribution to CPPU holder	(935)	935	-
Net (decrease)/increase in net assets resulting from operations	(815)	935	120
Transactions with owners			
Contributions by and distributions to owners			
Issue of new Units			
- Manager's fees paid/payable in Units	1,965	-	1,965
Total contributions by and distributions to owners	1,965	-	1,965
Hedging transactions			
Effective portion of change in fair value of cash flow hedges	1,188	-	1,188
Hedging reserve transferred to statement of total return	448	-	448
Net movement in hedging transactions	1,636	-	1,636
Net assets attributable to owners at 30 June 2018	1,110,829	361,860	1,472,689

Trust 1H 2018	Unitholders (S\$'000)	CPPU holder (S\$'000)	Total (S\$'000)
Net assets attributable to owners at 1 January 2018	1,137,760	361,891	1,499,651
Operations			
Total loss for the period	(74)	-	(74)
Less: Amount reserved for distribution to CPPU holder	(1,860)	1,860	-
Net (decrease)/increase in net assets resulting from operations	(1,934)	1,860	(74)
Transactions with owners			
Contributions by and distributions to owners			
Issue of new Units			
- Manager's fees paid/payable in Units	3,904	-	3,904
Distributions paid to Unitholders	(35,421)	-	(35,421)
Distribution paid to CPPU Holder	-	(1,891)	(1,891)
Total contributions by and distributions to owners	(31,517)	(1,891)	(33,408)
Hedging transactions			
Effective portion of change in fair value of cash flow hedges	5,068	-	5,068
Hedging reserve transferred to statement of total return	1,452	-	1,452
Net movement in hedging transactions	6,520	-	6,520
Net assets attributable to owners at 30 June 2018	1,110,829	361,860	1,472,689

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1 (d)(ii) Details of Any Changes in Units (Group and Trust)

	2Q 2019 ('000)	2Q 2018 ('000)	1H 2019 ('000)	1H 2018 ('000)
Units in issue:				
At the beginning of the period	2,861,589	1,546,769	2,855,978	1,544,013
Issue of new Units relating to:				
- Manager's fees paid in Units	4,996	2,727	10,607	5,483
At the end of the period	2,866,585	1,549,496	2,866,585	1,549,496
Units to be issued:				
Manager's fee payable in Units	5,021	2,840	5,021	2,840
At the end of the period	2,871,606	1,552,336	2,871,606	1,552,336

2 Whether the figures have been audited or reviewed, and in accordance with which auditing standard or practice

The figures have not been audited or reviewed by OUE C-REIT's auditors.

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 5 below, the accounting policies and methods of computation adopted in the preparation of the financial statements for the current report financial period are consistent with those described in the audited financial statements for the financial 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 has adopted new Financial Reporting Standards in Singapore ("FRSs") for the financial period beginning 1 January 2019 as follows:

FRS 116 Leases

FRS 116 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. Lessor accounting remains similar to the current standard – i.e. lessors continue to classify leases as finance or operating leases.

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The Group recognises its existing operating lease arrangements as ROU assets with corresponding lease liabilities and measures lease liabilities by applying a single discount rate to its office leases.

The Group applied the practical expedient to recognise amounts of ROU assets equal to its lease liabilities on 1 January 2019 and recognition exemptions for short-term leases and leases of low value items in accordance with the principles of FRS116.

The nature of expenses related to such leases has changed as the principles under FRS 116 replaces the straight-line operating lease expense with depreciation charge for ROU assets and interest expense on lease liabilities.

There is no significant impact to the financial statements of the Group.

6 Earnings per Unit and Distribution per Unit

Earnings per Unit attributable to Unitholders (“EPU”)

	2Q 2019 ⁽¹⁾	2Q 2018	
		As restated ⁽¹⁾	As previously reported
Weighted average number of Units	2,866,640,581	1,759,488,374	1,549,527,410
Basic EPU (cents)	0.62	0.71	0.81
Weighted average number of Units ⁽²⁾	3,395,788,713	2,286,859,942	1,998,233,863
Diluted EPU (cents)	0.55	0.59	0.67

	1H 2019 ⁽¹⁾	1H 2018	
		As restated ⁽¹⁾	As previously reported
Weighted average number of Units	2,864,156,379	1,757,948,052	1,548,170,896
Basic EPU (cents)	1.38	1.47	1.67
Weighted average number of Units ⁽²⁾	3,395,788,713	2,286,859,942	1,998,233,863
Diluted EPU (cents)	1.22	1.21	1.39

Footnote:

- (1) The weighted average number of Units and EPU have been adjusted to reflect the bonus element in the 1,288,438,981 new Units issued on 30 October 2018 at an issue price of S\$0.456 per Unit.
- (2) The weighted average number of Units includes the weighted average potential Units to be issued assuming all the remaining CPPUs were converted at S\$0.7154 per Unit.

550.0 million CPPUs were issued in October 2015 as partial satisfaction of the purchase consideration for the acquisition of ORP. The CPPUs cannot be converted for a period of four years commencing from the date of issue (“Restriction Period”) save in certain limited circumstances and thereafter, not more than one-third of the CPPUs initially issued can be converted in any one year. After the Restriction Period, the CPPUs can be converted into Units at S\$0.7154 per Unit and will impact the EPU upon conversion.

As at 30 June 2019, a total of 375.0 million CPPUs remain convertible. Assuming that these CPPUs are fully converted, 524,182,276 new Units will be issued.

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Distribution per Unit attributable to Unitholders ("DPU")

	2Q 2019	2Q 2018	
		As restated	As previously reported
No of Units entitled to distribution	2,871,606,437 ⁽¹⁾	2,840,775,103 ⁽²⁾	1,552,336,122 ⁽³⁾
Distribution per Unit (cents)	0.78	0.58 ⁽⁴⁾	1.06

	1H 2019	1H 2018	
		As restated	As previously reported
No of Units entitled to distribution	2,871,606,437 ⁽¹⁾	2,840,775,103 ⁽²⁾	1,552,336,122 ⁽³⁾
Distribution per Unit (cents)	1.68	1.19 ⁽⁴⁾	2.18

Footnotes:

- (1) Comprises the Units in issue as at 30 June 2019 of 2,866,585,405 and Units to be issued to the Manager as satisfaction of Manager's base fee payable for 2Q 2019 of 5,021,032.
- (2) The number of Units entitled for distribution have been restated to include the 1,288,438,981 new Units issued pursuant to the Rights Issue on 30 October 2018.
- (3) Comprises the Units in issue as at 30 June 2018 of 1,549,496,202 and Units to be issued to the Manager as satisfaction of Manager's base fee payable for 2Q 2018 of 2,839,920.
- (4) For purpose of comparison, the restated 1H 2018 DPU is calculated based on 1H 2018 DPU adjusted for the rights units. The DPU for 2Q 2018 and 1H 2018 based on the number of units entitled to distribution, adjusted for the bonus element in the Rights Units are 0.93 cents and 1.92 cents respectively.

7 Net Asset Value per Unit and Net Tangible Asset per Unit attributable to Unitholders

	Group		Trust	
	30 Jun 2019	31 Dec 2018	30 Jun 2019	31 Dec 2018
No of Units in issue and to be issued at end of period/year	2,871,606,437	2,861,589,059	2,871,606,437	2,861,589,059
Net asset value ("NAV") per Unit (S\$)	0.71	0.71	0.59	0.60
Net tangible asset ("NTA") per Unit (S\$)	0.70	0.70	0.59	0.59

The NAV per Unit and NTA per Unit are computed based on the Units in issue and to be issued as at the end of the financial period/year.

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8 Review of the Performance

Statement of Total Return	2Q 2019 ⁽¹⁾ (S\$'000)	2Q 2018 ⁽²⁾ (S\$'000)	Change (%)	1H 2019 ⁽¹⁾ (S\$'000)	1H 2018 ⁽²⁾ (S\$'000)	Change (%)
Revenue	51,885	43,060	20.5	107,220	87,155	23.0
Property operating expenses	(11,135)	(9,126)	22.0	(22,902)	(17,944)	27.6
Net property income	40,750	33,934	20.1	84,318	69,211	21.8
Other income	4,227	1,073	NM	9,220	2,029	NM
Amortisation of intangible asset	(1,250)	(1,113)	12.3	(2,798)	(2,226)	25.7
Manager's management fees	(3,192)	(2,456)	30.0	(6,356)	(4,880)	30.2
Trustee's fee	(180)	(143)	25.9	(358)	(284)	26.1
Other expenses	(522)	(487)	7.2	(988)	(946)	4.4
Finance income	585	1,140	(48.7)	2,125	1,560	36.2
Finance costs	(15,838)	(12,258)	29.2	(31,416)	(24,169)	30.0
Net finance costs	(15,253)	(11,118)	37.2	(29,291)	(22,609)	29.6
Foreign exchange differences	(237)	22	NM	(178)	424	NM
Total return for the period before tax	24,343	19,712	23.5	53,569	40,719	31.6
Tax expense	(3,873)	(4,458)	(13.1)	(8,445)	(9,294)	(9.1)
Total return for the period	20,470	15,254	34.2	45,124	31,425	43.6

NM: Not meaningful

Footnotes:

- (1) The current period results of OUE C-REIT's foreign subsidiaries are translated using the SGD:CNY rate of 1:5.013 for 2Q 2019 and 1:4.993 for 1H 2019.
- (2) The prior period results of OUE C-REIT's foreign subsidiaries are translated using the SGD:CNY rate of 1:4.757 for 2Q 2018 and 1:4.787 for 1H 2018.

Review of OUE C-REIT Group's performance 2Q 2019 vs 2Q 2018

2Q 2019 net property income of S\$40.8 million was 20.1% higher compared to S\$33.9 million achieved in 2Q 2018. This was due mainly to the inclusion of OUE Downtown Office's income which was acquired in November 2018.

Other income for 2Q 2019 increased to S\$4.2 million with the inclusion of income support in relation to OUE Downtown Office from the Sponsor Group.

The inclusion of OUE Downtown Office also resulted in higher current period base management fees, trustee fee and amortisation of intangible asset.

The increase in finance cost year-on-year is mainly attributable to higher interest cost of S\$3.5 million, resulting from higher level of borrowings for the acquisition of OUE Downtown Office.

Consequently, total return for 2Q 2019 increased 34.2% to S\$20.5 million, compared to S\$15.3 million in 2Q 2018.

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Review of OUE C-REIT Group's performance 1H 2019 vs 1H 2018

1H 2019 net property income of S\$84.3 million was higher than 1H 2018 by S\$15.1 million. This was due mainly to the inclusion of OUE Downtown Office's income which was acquired in November 2018 and one-off income from OUE Bayfront and One Raffles Place in 1Q 2019.

Other income for 1H 2019 increased by S\$7.2 million with the inclusion of income support in relation to OUE Downtown Office from the Sponsor Group.

The inclusion of OUE Downtown Office also resulted in higher current period base management fees, trustee fee and amortisation of intangible asset.

Finance cost increased S\$7.2 million year-on-year mainly attributable to higher interest cost of S\$7.2 million, resulting from higher level of borrowings for the acquisition of OUE Downtown Office.

Consequently, total return for 1H 2019 increased 43.6% to S\$45.1 million, compared to S\$31.4 million in 1H 2018.

9 Variance between Actual and Forecast Results

OUE C-REIT has not made any forecast.

10 Commentary on the 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

Singapore

Singapore's GDP growth slowed sharply in 2Q 2019 to 0.1%⁽¹⁾ based on advance estimates by the Ministry of Trade and Industry ("MTI"), from 1.1% in the previous quarter. On a quarter-on-quarter ("QoQ") seasonally adjusted annualised basis, the economy contracted 3.4%, compared to 3.8% growth in the previous quarter. The manufacturing sector declined 3.8% year-on-year ("YoY") in 2Q 2019, furthering the 0.4% contraction in 1Q 2019, due to output declines in the electronics and precision engineering clusters. The services sector expanded by 1.2% YoY in 2Q 2019, unchanged from the previous quarter. The ongoing US-China trade tensions and deterioration in the external macroeconomic environment is expected to curtail Singapore's growth prospects for the balance of 2019. The official 2019 GDP growth forecast was narrowed to 1.5% and 2.5%, from the range of 1.5% to 3.5% previously.

According to CBRE, while office vacancy continued to tighten on the back of positive islandwide net absorption of 508,443 sq ft due mainly to the completion of an office building in the CBD fringe, leasing momentum has slowed on the back of business uncertainty and consolidation due to the cloudy global economic outlook. Consequently, even as the core CBD Grade A occupancy rose 0.9 percentage points ("ppt") QoQ to 96.1%⁽²⁾ in 2Q 2019, growth in core CBD Grade A office rents moderated to 1.3% QoQ, to S\$11.30 psf per month. Given the benign medium term office supply outlook, however, we continue to expect positive operational performance in 2019.

China

China's 2Q 2019 GDP growth was 6.2%⁽³⁾, down from 6.4% in 1Q 2019 and at the weakest pace in 27 years. The trade tensions with the US weighed on the economy, as higher tariffs led to a contraction in exports, while imports into China also slowed as domestic demand retreated. While the industrial output and retail sales for June 2019 showed improvement on the back of earlier fiscal policy measures, more support in the form of monetary policy easing by the authorities is expected in the second half of the year to stabilise the economy.

According to Colliers International, Shanghai CBD Grade A office net absorption turned positive in 2Q 2019 at 61,000 sq m, albeit below-trend. Due to slow leasing progress, some planned completions of new office projects were delayed. With no new completions during the quarter, Shanghai CBD Grade A office occupancy increased 0.8 ppt QoQ to 88.4%⁽⁴⁾. With increased competition for tenants, Shanghai CBD Grade A office rents edged down 0.5% QoQ to RMB10.27 psm per day as at 2Q 2019. In Puxi, Grade A office occupancy was 91.9% as at 2Q 2019, 2.2 ppt higher QoQ, with rents 0.1% lower QoQ at RMB 9.54 psm per day.

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With a significant amount of new office supply scheduled to enter the Shanghai market in 2019 and the decentralisation of demand expected to continue, rental growth is expected to be subdued in the near-term. As supply eases in the longer term from 2020, stable demand is expected to underpin steady rental growth.

Proposed merger with OUE Hospitality Trust

On 8 April 2019, the Manager announced the proposed merger of OUE C-REIT with OUE Hospitality Trust by way of a trust scheme of arrangement. The circular on the proposed merger was despatched to Unitholders on 10 July 2019 with an extraordinary general meeting (“EGM”) to be convened on 14 August 2019.

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

(2) CBRE, Singapore MarketView 2Q 2019

(3) National Bureau of Statistics of China Press Release, 15 July 2019

(4) Colliers International, Shanghai Office Property Market Overview 2Q 2019

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11 Distribution

(a) Current financial period

Any distribution declared for the current financial period? Yes

Unitholders

Name of distribution: Distribution for the financial period from 1 January 2019 to 30 June 2019

Distribution type: (i) Taxable income distribution
(ii) Tax exempt income distribution
(iii) Capital distribution

Distribution rate: 1.68 cents per Unit comprises:-
(i) Taxable income distribution: 1.03 cents per Unit
(ii) Tax exempt income distribution: 0.39 cents per Unit
(iii) Capital distribution: 0.26 cents per Unit

CPPU Holder

Name of distribution: Distribution for the financial period from 1 January 2019 to 30 June 2019

Distribution rate/ type: S\$1,859,589.04 which represents 1% p.a. of CPPU based on the issue price of S\$1.00 per CPPU comprising taxable income distribution, tax exempt income distribution and capital distribution.

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Tax rate: Taxable income distribution
Individuals who receive such distribution as investment income (excluding income received through partnership in Singapore or from the carrying on of a trade, business or profession) will be exempted from tax.

Qualifying corporate investors will receive pre-tax distributions and pay tax on the distributions at their respective tax rates unless otherwise exempt.

Investors using CPF funds and SRS funds will also receive pre-tax distributions. These distributions are tax exempt where the distributions received are returned to their respective CPF and SRS accounts.

Qualifying foreign non-individual investors will receive their distribution after deduction of tax at the rate of 10%.

All other investors will receive their distribution after deduction of tax at the rate of 17%.

Tax-exempt income distribution
Tax-exempt income distribution is exempt from tax in the hands of all Unitholders, regardless of their nationality, corporate identity or tax residence status.

Capital distribution
The capital distribution is treated as return of capital to Unitholders for Singapore income tax purpose and is therefore not subject to Singapore income tax. For Unitholders who are liable to Singapore income tax on profits from sales of Units, the amount of capital distribution will be applied to reduce the cost base of their Units for Singapore income tax purposes.

Book closure date: 19 August 2019

Date payable: 12 September 2019

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(b) Corresponding period of the immediately preceding financial year

Any distribution declared for the corresponding period of the immediate preceding financial period? Yes

Unitholders

Name of distribution: Distribution for the financial period from 1 January 2018 to 30 June 2018

Distribution type: (i) Taxable income distribution
(ii) Tax exempt income distribution
(iii) Capital distribution

Distribution rate: 2.18 cents per Unit comprises:-
(i) Taxable income distribution: 0.87 cents per Unit
(ii) Tax exempt income distribution: 0.76 cents per Unit
(iii) Capital distribution: 0.55 cents per Unit

CPPU Holder

Name of distribution: Distribution for the financial period from 1 January 2018 to 30 June 2018

Distribution rate/ type: S\$1,859,589.04¹ which represents 1% p.a. of CPPU based on the issue price of S\$1.00 per CPPU comprising taxable income distribution, tax exempt income distribution and capital distribution

¹ The CPPU Distribution excludes the special preferred distribution paid to the CPPU Holder on 2 January 2018 pursuant to redemption of the CPPUs made on 2 January 2018. Please refer to OUE C-REIT's announcement on 2 January 2018 for more details.

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Tax rate: Taxable income distribution
Individuals who receive such distribution as investment income (excluding income received through partnership in Singapore or from the carrying on of a trade, business or profession) will be exempted from tax.

Qualifying corporate investors will receive pre-tax distributions and pay tax on the distributions at their respective tax rates unless otherwise exempt.

Investors using CPF funds and SRS funds will also receive pre-tax distributions. These distributions are tax exempt where the distributions received are returned to their respective CPF and SRS accounts.

Qualifying foreign non-individual investors will receive their distribution after deduction of tax at the rate of 10%.

All other investors will receive their distribution after deduction of tax at the rate of 17%.

Tax-exempt income distribution
Tax-exempt income distribution is exempt from tax in the hands of all Unitholders, regardless of their nationality, corporate identity or tax residence status.

Capital distribution
The capital distribution is treated as return of capital to Unitholders for Singapore income tax purpose and is therefore not subject to Singapore income tax. For Unitholders who are liable to Singapore income tax on profits from sales of Units, the amount of capital distribution will be applied to reduce the cost base of their Units for Singapore income tax purposes.

Book closure date: 13 August 2018

Date payable: 5 September 2018

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

Not applicable.

13 If OUE C-REIT has obtained a general mandate from Unitholders for interested person transactions, the aggregate value of such transactions are required under Rule 920(1)(a)(ii). If no interested person transactions mandate has been obtained, a statement to that effect.

OUE C-REIT did not obtain a general mandate from Unitholders for interested person transactions.

14 Confirmation pursuant to Rule 705(5) of the Listing Manual

We, on behalf of the Directors of OUE Commercial REIT Management Pte. Ltd. (as Manager of OUE C-REIT), hereby confirm that, to the best of our knowledge, nothing has come to the attention of the board of directors of the Manager which may render the unaudited financial results of OUE C-REIT Group for the period from 1 January 2019 to 30 June 2019 to be false or misleading in any material respect.

15 Confirmation pursuant to Appendix 7.7 under Rule 720(1) of the Listing Manual

We, on behalf of the Directors of OUE Commercial REIT Management Pte. Ltd. (as Manager of OUE C-REIT), hereby confirm that the undertakings from all its directors and executive officer as required in the format as set out in Appendix 7.7 under Rule 720(1) of the Listing Manual were procured.

On behalf of the Board of the Manager

Christopher Williams
Chairman and Non-Executive Director

Tan Shu Lin
Chief Executive Officer and Executive Director

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This release may contain forward-looking statements that involve risks and uncertainties. Actual future performance, outcomes and results may differ materially from those expressed in forward-looking statements as a result of a number of risks, uncertainties and assumptions. Representative examples of these factors include (without limitation) general industry and economic conditions, interest rate trends, cost of capital and capital availability, competition from similar developments, shifts in expected levels of property rental income, changes in operating expenses (including employee wages, benefits and training costs), property expenses and governmental and public policy changes. You are cautioned not to place undue reliance on these forward-looking statements, which are based on the Manager's current view of future events.

The value of units in OUE C-REIT ("Units") and the income derived from them, if any, may fall or rise. Units are not obligations of, deposits in, or guaranteed by, the Manager or any of its affiliates. An investment in Units is subject to investment risks, including the possible loss of the principal amount invested. The past performance of OUE C-REIT is not necessarily indicative of the future performance of OUE C-REIT.

Investors should note that they will have no right to request the Manager to redeem or purchase their Units for so long as the Units are listed on the SGX-ST. It is intended that holders of Units may only deal in their Units through trading on the SGX-ST. The listing of the Units on the SGX-ST does not guarantee a liquid market for the Units.

By Order of the Board

Jackie Thia

Company Secretary

OUE Commercial REIT Management Pte. Ltd.

(as Manager of OUE Commercial Real Estate Investment Trust)

(Company registration no. 201327018E)

7 August 2019