

**OUE COMMERCIAL REAL ESTATE INVESTMENT TRUST**

**Unaudited Financial Statements and Distribution Announcement for the Third Quarter  
2019 and Financial Period from 1 January 2019 to 30 September 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 (including real estate used primarily for office and/or retail purposes) in financial and business hubs and hospitality and/or hospitality-related purposes, within and outside of Singapore, as well as real estate-related assets.

On 4 September 2019, OUE C-REIT completed its merger with OUE Hospitality Trust (“OUE H-Trust”) (comprising OUE Hospitality Real Estate Investment Trust (“OUE H-REIT”) and OUE Hospitality Business Trust) (the “Merger”) by way of a trust scheme of arrangement (the “Trust Scheme”).

Following the completion of the Merger, OUE H-Trust was delisted from SGX-ST and is now an unlisted sub-trust of OUE C-REIT. OUE H-REIT was renamed OUE Hospitality Sub-Trust (“OUE H-Sub-Trust”). The OUE C-REIT Manager has replaced OUE Hospitality REIT Management Pte. Ltd. as manager of OUE H-Sub-Trust.

OUE C-REIT’s portfolio currently comprises 7 high quality prime 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.
- Mandarin Gallery: High-end retail mall with 152-metre frontage situated along Orchard Road, Singapore and is the preferred location for flagship stores of international brands.
- Mandarin Orchard Singapore: A renowned upscale hotel with strong brand recognition and has won numerous internationally recognised awards and accolades. With 1,077 rooms, Mandarin Orchard Singapore is the largest hotel located in the heart of Orchard Road.

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- Crowne Plaza Changi Airport: An airport hotel situated within the vicinity of passenger terminals of Singapore Changi Airport and is connected to Jewel Changi Airport via a pedestrian bridge from Terminal 3. The 563-room hotel is managed by Intercontinental Hotels Group and has been named the World's Best Airport Hotel for the 5<sup>th</sup> consecutive year.

The financial results of OUE C-REIT Group for the Third Quarter 2019 and the Financial Period ended 30 September 2019 include the contribution from OUE H-Trust with effect from 4 September 2019.

**Summary of OUE C-REIT Group Results**

	<b>3Q 2019 <sup>(1)</sup></b> <b>(S\$'000)</b>	<b>3Q 2018 <sup>(2)</sup></b> <b>(S\$'000)</b>	<b>Change</b> <b>(%)</b>	<b>YTD Sep</b> <b>2019 <sup>(1)</sup></b> <b>(S\$'000)</b>	<b>YTD Sep</b> <b>2018 <sup>(2)</sup></b> <b>(S\$'000)</b>	<b>Change</b> <b>(%)</b>
Revenue	63,315	41,205	53.7	170,535	128,360	32.9
Net property income	50,057	32,341	54.8	134,375	101,552	32.3
Amount available for distribution to Unitholders						
- for the period 1 Jul – 3 Sep 2019	29,513	15,875	85.9	78,085	49,790	56.8
- for the period 4 Sep – 30 Sep 2019	15,354					
	14,159					
Distribution per Unit ("DPU") (cents)						
- for the period 1 Jul – 3 Sep 2019	0.79 <sup>(3)</sup>	0.55	43.6	2.47 <sup>(3)</sup>	2.73	(9.5)
- for the period 4 Sep – 30 Sep 2019	0.53					
	0.26					

Footnotes:

- (1) The current period results of OUE C-REIT's foreign subsidiaries are translated using the SGD:CNY rate of 1:5.103 for 3Q 2019 and 1:5.030 for YTD September 2019.
- (2) The prior period results of OUE C-REIT's foreign subsidiaries are translated using the SGD:CNY rate of 1:4.985 for 3Q 2018 and 1:4.852 for YTD September 2018.
- (3) The DPU for 3Q 2019 comprised the clean-up distribution before the Merger of 0.53 cents and post Merger distribution of 0.26 cents. Clean-up distribution is calculated based on amount available for distribution from 1 July 2019 to the day immediately preceding the Merger, i.e. 3 September 2019. Post Merger distribution is calculated based on the amount available for distribution from 4 September 2019 to 30 September 2019, adjusted for the new Units issued in relation to the Merger. YTD September 2019 DPU is calculated based on actual 1H 2019 DPU, the clean-up distribution before the Merger and post Merger distribution. Please refer to paragraph 11(a) for details of the payment on the clean-up distribution.

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

<b>Statement of Total Return</b>	<b>Note</b>	<b>3Q 2019 <sup>(1)</sup> (S\$'000)</b>	<b>3Q 2018 <sup>(2)</sup> (S\$'000)</b>	<b>Change (%)</b>	<b>YTD Sep 2019 <sup>(1)</sup> (S\$'000)</b>	<b>YTD Sep 2018 <sup>(2)</sup> (S\$'000)</b>	<b>Change (%)</b>
Revenue		63,315	41,205	53.7	170,535	128,360	32.9
Property operating expenses		(13,258)	(8,864)	49.6	(36,160)	(26,808)	34.9
<b>Net property income</b>		<b>50,057</b>	<b>32,341</b>	<b>54.8</b>	<b>134,375</b>	<b>101,552</b>	<b>32.3</b>
Other income	1	4,034	1,198	NM	13,254	3,227	NM
Amortisation of intangible asset		(1,250)	(1,113)	12.3	(4,048)	(3,339)	21.2
Manager's management fees	2	(4,943)	(2,458)	NM	(11,299)	(7,338)	54.0
Trustee's fee		(240)	(143)	67.8	(598)	(427)	40.0
Other expenses		(496)	(393)	26.2	(1,484)	(1,339)	10.8
Finance income		648	1,490	(56.5)	2,398	3,008	(20.3)
Finance costs		(17,554)	(12,660)	38.7	(48,595)	(36,787)	32.1
Net finance costs	3	(16,906)	(11,170)	51.4	(46,197)	(33,779)	36.8
Foreign exchange differences		(156)	(403)	(61.3)	(334)	21	NM
<b>Net income</b>		<b>30,100</b>	<b>17,859</b>	<b>68.5</b>	<b>83,669</b>	<b>58,578</b>	<b>42.8</b>
Fair value adjustments relating to the Merger	4	(16,811)	-	NM	(16,811)	-	NM
<b>Total return for the period before tax</b>		<b>13,289</b>	<b>17,859</b>	<b>(25.6)</b>	<b>66,858</b>	<b>58,578</b>	<b>14.1</b>
Tax expense	5	(4,201)	(4,047)	3.8	(12,646)	(13,341)	(5.2)
<b>Total return for the period</b>		<b>9,088</b>	<b>13,812</b>	<b>(34.2)</b>	<b>54,212</b>	<b>45,237</b>	<b>19.8</b>
<b>Attributable to:</b>							
Unitholders and Convertible Perpetual Preferred Units ("CPPU") holder		7,272	12,132	(40.1)	48,538	39,840	21.8
Non-controlling interests		1,816	1,680	8.1	5,674	5,397	5.1
<b>Total return for the period</b>		<b>9,088</b>	<b>13,812</b>	<b>(34.2)</b>	<b>54,212</b>	<b>45,237</b>	<b>19.8</b>
<b>Distribution Statement</b>							
Total return for the period attributable to Unitholders and CPPU holder		7,272	12,132	(40.1)	48,538	39,840	21.8
Less: Amount reserved for distribution to CPPU holder		(945)	(945)	-	(2,805)	(2,805)	-
Distribution adjustments	6	23,186	4,688	NM	32,352	12,755	NM
Amount available for distribution for the period		29,513	15,875	85.9	78,085	49,790	56.8
Comprising:							
Taxable income		19,673	6,575	NM	49,141	20,090	NM
Tax exempt income		5,431	5,541	(2.0)	16,690	17,423	(4.2)
Capital distribution		4,409	3,759	17.3	12,254	12,277	(0.2)
		29,513	15,875	85.9	78,085	49,790	56.8

NM: Not meaningful

Footnotes:

- (1) The current period results of OUE C-REIT's foreign subsidiaries are translated using the SGD:CNY rate of 1:5.103 for 3Q 2019 and 1:5.030 for YTD September 2019.
- (2) The prior period results of OUE C-REIT's foreign subsidiaries are translated using the SGD:CNY rate of 1:4.985 for 3Q 2018 and 1:4.852 for YTD September 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 YTD September 2019 and YTD September 2018.

**(3) Net finance costs**

Net finance costs comprises the following:

	<b>3Q 2019</b>	<b>3Q 2018</b>	<b>Change</b>	<b>YTD Sep</b>	<b>YTD Sep</b>	<b>Change</b>
	<b>(S\$'000)</b>	<b>(S\$'000)</b>	<b>(%)</b>	<b>2019</b>	<b>2018</b>	<b>(%)</b>
				<b>(S\$'000)</b>	<b>(S\$'000)</b>	
<b>Finance income</b>						
Interest income	243	173	40.5	730	606	20.5
Ineffective portion of changes in fair value of cash flow hedges	30	988	(97.0)	1,668	2,115	(21.1)
Change in fair value of financial derivatives	375	329	14.0	-	287	NM
	648	1,490	(56.5)	2,398	3,008	(20.3)
<b>Finance costs</b>						
Borrowing costs	(16,054)	(11,181)	43.6	(44,532)	(32,430)	37.3
Amortisation of debt establishment costs	(1,325)	(1,316)	0.7	(3,505)	(3,825)	(8.4)
Change in fair value of financial derivatives	-	-	-	(154)	-	NM
Hedging reserve transferred from Unitholders’ funds	(108)	(163)	(33.7)	(337)	(532)	(36.7)
Finance expense – lease liabilities	(67)	-	NM	(67)	-	NM
	(17,554)	(12,660)	38.7	(48,595)	(36,787)	32.1
<b>Net finance costs</b>	<b>(16,906)</b>	<b>(11,170)</b>	<b>51.4</b>	<b>(46,197)</b>	<b>(33,779)</b>	<b>36.8</b>

NM: Not meaningful

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**(4) Fair value adjustments relating to the Merger**

Fair value adjustments relating to the Merger of S\$16.8 million represent the write-off of acquisition-related costs upon completion of the Merger on 4 September 2019.

The fair value change recognised in the Statement of Total Return is non-tax deductible and has no impact on distributable income.

**(5) Tax expense**

Tax expense comprises income tax, deferred tax and withholding tax relating to OUE C-REIT's subsidiaries.

	<b>3Q 2019</b> <b>(S\$'000)</b>	<b>3Q 2018</b> <b>(S\$'000)</b>	<b>Change</b> <b>(%)</b>	<b>YTD Sep</b> <b>2019</b> <b>(S\$'000)</b>	<b>YTD Sep</b> <b>2018</b> <b>(S\$'000)</b>	<b>Change</b> <b>(%)</b>
Current tax						
- Current period	3,423	3,433	(0.3)	10,217	11,214	(8.9)
- Under provision in respect of prior period	-	-	-	428	-	NM
Deferred tax						
- Current period	380	290	31.0	958	1,006	(4.8)
Withholding tax	398	324	22.8	1,043	1,121	(7.0)
	<b>4,201</b>	<b>4,047</b>	<b>3.8</b>	<b>12,646</b>	<b>13,341</b>	<b>(5.2)</b>

NM: Not meaningful

**(6) 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, fair value adjustments relating to the Merger, finance expense – lease liabilities 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 Sep 2019 <sup>(1)</sup> (S\$'000)	31 Dec 2018 <sup>(2)</sup> (S\$'000)	Change (%)	30 Sep 2019 (S\$'000)	31 Dec 2018 (S\$'000)	Change (%)
<b>Non-current assets</b>							
Plant and equipment		277	393	(29.5)	-	-	-
Investment properties	1	6,727,263	4,494,535	49.7	2,095,188	2,093,100	0.1
Intangible asset	2	20,417	24,465	(16.5)	20,417	24,465	(16.5)
Investments in subsidiaries	3	-	-	-	2,725,662	1,368,506	99.2
Financial derivatives	4	17	-	NM	-	-	-
Trade and other receivables	5	4,174	175	NM	-	-	-
		6,752,148	4,519,568	49.4	4,841,267	3,486,071	38.9
<b>Current assets</b>							
Trade and other receivables	5	28,383	14,384	97.3	5,409	6,583	(17.8)
Cash and cash equivalents		61,485	37,074	65.8	8,518	12,725	(33.1)
Financial derivatives	4	-	116	NM	-	95	NM
		89,868	51,574	74.3	13,927	19,403	(28.2)
<b>Total assets</b>		6,842,016	4,571,142	49.7	4,855,194	3,505,474	38.5
<b>Non-current liabilities</b>							
Borrowings	6	2,526,337	1,711,330	47.6	1,301,838	1,221,467	6.6
Loan from a subsidiary		-	-	-	-	149,614	NM
Trade and other payables	7	71,637	42,400	69.0	18,281	17,356	5.3
Financial derivatives	4	13,626	7,828	74.1	8,006	5,448	47.0
Deferred tax liabilities		86,651	87,726	(1.2)	-	-	-
		2,698,251	1,849,284	45.9	1,328,125	1,393,885	(4.7)
<b>Current liabilities</b>							
Borrowings	6	163,825	1,992	NM	12,314	-	NM
Loan from a subsidiary		-	-	-	149,786	-	NM
Trade and other payables	7	102,753	65,580	56.7	36,503	25,253	44.5
Financial derivatives	4	7	132	(94.7)	7	109	(93.6)
Current tax liabilities		13,438	13,429	0.1	-	-	-
		280,023	81,133	NM	198,610	25,362	NM
<b>Total liabilities</b>		2,978,274	1,930,417	54.3	1,526,735	1,419,247	7.6
<b>Net assets</b>							
		3,863,742	2,640,725	46.3	3,328,459	2,086,227	59.5
<b>Represented by:</b>							
Unitholders' funds	8	3,263,587	2,038,092	60.1	2,967,514	1,724,337	72.1
CPPU holder's funds	9	360,945	361,890	(0.3)	360,945	361,890	(0.3)
Non-controlling interests	10	239,210	240,743	(0.6)	-	-	-
		3,863,742	2,640,725	46.3	3,328,459	2,086,227	59.5

NM: Not meaningful

Footnotes:

- (1) The statements of financial position of OUE C-REIT's foreign subsidiaries as at 30 September 2019 are translated using the SGD:CNY rate of 1:5.157.
- (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. Investment properties increased by S\$2.2 billion mainly due to the inclusion of OUE H-Trust's portfolio of three properties after the Merger, net of depreciation of the CNY against the SGD between 31 December 2018 and 30 September 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) Investments in subsidiaries**

The increase in investment in subsidiaries in the Trust was due to the Merger.

**(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 September 2019 was due to net unfavourable changes in the fair value of the IRS during the period and inclusion of OUE H-Trust's financial derivatives.

**(5) Trade and other receivables – Non-current and Current**

At the Group level, the increase in trade and other receivables was mainly due to inclusion of OUE H-Trust's trade and other receivables.

At the Trust level, the decrease was mainly due to lower income support receivable as income support for OUE Bayfront expired in January 2019.

**(6) Borrowings – Non-current and Current**

The Group's total borrowings increased as compared to 31 December 2018 mainly due to inclusion of OUE H-Trust's borrowings and drawdown of loan facility to fund the cash consideration of the Merger.

The Trust's total borrowings increased as compared to 31 December 2018 mainly attributable to the drawdown of loan facility to fund the cash consideration of the Merger.



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**(7) Trade and other payables - Non-current and Current**

The Group's trade and other payables increased as compared to 31 December 2018 mainly due to inclusion of OUE H-Trust's trade and other payables and recognition of lease liabilities as a result of adoption of FRS116 as disclosed in item 5 below.

The increase in the Trust's trade and other payables was due mainly to transaction costs payable for the Merger.

**(8) Unitholders' funds**

The increase in Unitholders' funds was mainly due to new Units issued (i) as partial consideration for the Merger, (ii) payment of acquisition fees to the Manager in relation to the Merger and, (iii) base fees payable in Units, and profit for the financial period. This was partially offset by the net unfavourable movement in the fair value reserve of IRS as at 30 September 2019, the depreciation of the CNY against the SGD from 31 December 2018 to 30 September 2019 and distribution paid to Unitholders in March and September 2019.

**(9) 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 September 2019.

**(10) 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.

	<b>30 Sep 2019 <sup>(1)</sup></b> <b>(S\$'000)</b>	<b>31 Dec 2018 <sup>(2)</sup></b> <b>(S\$'000)</b>
<b>Secured borrowings</b>		
Amount repayable within one year, or on demand	1,939	1,992
Amount repayable after one year	1,562,080	642,911
Total secured borrowings	1,564,019	644,903
<b>Unsecured borrowings</b>		
Amount repayable within one year, or on demand	161,886	-
Amount repayable after one year	964,257	1,068,419
Total unsecured borrowings	1,126,143	1,068,419
Total borrowings <sup>(3)</sup>	2,690,162	1,713,322

Footnotes:

- (1) The borrowings of OUE C-REIT's foreign subsidiaries as at 30 September 2019 are translated using the SGD:CNY rate of 1:5.157.
- (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\$3,469.4 million;
- assignment of insurance policies on the above investment properties, except public liability insurance;
- 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;
- assignment of all rights, titles, benefits and interests in connection with any master lease, entered into by OUE H-Sub-Trust and lease or tenancy deposits/proceeds in connection with such master lease in respect of Mandarin Orchard Singapore;
- 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, Mandarin Orchard Singapore and Mandarin Gallery; and
- the account control or charge over certain bank accounts of the Trust and certain subsidiary.

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Unsecured Medium Term Notes

In April 2014, OUE H-Sub-Trust, through its wholly-owned subsidiary, established a US\$1.0 billion Guaranteed Euro Medium Term Note Programme (“EMTN Programme”). Under the EMTN Programme, OUE H-Sub-Trust, through its subsidiary, may from time to time issue the notes in series or tranches. As at 30 September 2019, no notes have been issued under the EMTN Programme.

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 and/or perpetual securities 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	3Q 2019 (S\$'000)	3Q 2018 (S\$'000)	YTD Sep 2019 (S\$'000)	YTD Sep 2018 (S\$'000)
<b>Cash flows from operating activities</b>				
Total return for the period	9,088	13,812	54,212	45,237
Adjustments for:				
Amortisation of intangible asset	1,250	1,113	4,048	3,339
Depreciation of plant and equipment	47	45	140	134
Manager's fees paid/payable in Units	3,954	1,966	9,039	5,870
Finance costs	17,554	12,660	48,595	36,787
Finance income	(648)	(1,490)	(2,398)	(3,008)
Fair value adjustments relating to Merger	16,811	-	16,811	-
Gain on disposal of plant and equipment	-	-	(1)	-
Tax expense	4,201	4,047	12,646	13,341
Operating income before working capital changes	52,257	32,153	143,092	101,700
Changes in working capital:				
Trade and other receivables	5,421	433	(610)	2,579
Trade and other payables	(19,926)	(7,719)	(17,271)	(9,519)
<b>Cash generated from operating activities</b>	<b>37,752</b>	<b>24,867</b>	<b>125,211</b>	<b>94,760</b>
Tax paid	(4,769)	(7,571)	(11,497)	(15,639)
<b>Net cash from operating activities</b>	<b>32,983</b>	<b>17,296</b>	<b>113,714</b>	<b>79,121</b>
<b>Cash flow from investing activities</b>				
Additions to plant and equipment	(7)	(16)	(28)	(42)
Purchase consideration for Merger	(46,999)	-	(46,999)	-
Payment for capital expenditure on investment properties	(183)	(362)	(6,122)	(1,139)
Interest received	251	173	730	606
Proceeds from sale of plant and equipment	-	-	1	-
<b>Net cash used in investing activities</b>	<b>(46,938)</b>	<b>(205)</b>	<b>(52,418)</b>	<b>(575)</b>
<b>Cash flows from financing activities</b>				
Distributions paid to Unitholders	(48,210)	(33,784)	(85,291)	(69,205)
Distributions paid to CPPU holder	(1,860)	(1,860)	(3,750)	(4,255)
Distribution paid to non-controlling interest	-	-	(6,800)	(7,200)
Interest paid	(16,268)	(5,769)	(44,078)	(26,689)
Proceeds from borrowings	110,400	552,000	152,880	682,000
Payment of transaction costs related to borrowings	-	(4,867)	-	(4,867)
Redemption of CPPUs	-	-	-	(100,000)
Repayment of borrowings	(6,794)	(523,497)	(48,900)	(555,638)
<b>Net cash from/(used in) financing activities</b>	<b>37,268</b>	<b>(17,777)</b>	<b>(35,939)</b>	<b>(85,854)</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>				
Cash and cash equivalents at beginning of the period	38,707	34,268	37,074	40,314
Effect of exchange rate fluctuations on cash held	(535)	(1,013)	(946)	(437)
<b>Cash and cash equivalents at end of the period</b>	<b>61,485</b>	<b>32,569</b>	<b>61,485</b>	<b>32,569</b>

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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:

	<b>30 Sep 2019 (S\$'000)</b>	<b>30 Sep 2018 (S\$'000)</b>
Bank and cash balances	35,818	7,333
Short-term deposits	25,667	25,236
Cash and cash equivalents	61,485	32,569

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

<b>Group</b>	<b>Unitholders</b>	<b>CPPU</b>	<b>Total</b>	<b>Non-</b>	<b>Total</b>
<b>3Q 2019</b>	<b>(S\$'000)</b>	<b>holder</b>	<b>(S\$'000)</b>	<b>controlling</b>	<b>(S\$'000)</b>
		<b>(S\$'000)</b>		<b>interests</b>	
			<b>(S\$'000)</b>	<b>(S\$'000)</b>	<b>(S\$'000)</b>
<b>Net assets attributable to owners at 1 July 2019</b>	2,035,603	361,860	2,397,463	237,474	2,634,937
<b>Operations</b>					
Total return for the period	7,272	-	7,272	1,816	9,088
Less: Amount reserved for distribution to CPPU holder	(945)	945	-	-	-
<b>Net increase in net assets resulting from operations</b>	<b>6,327</b>	<b>945</b>	<b>7,272</b>	<b>1,816</b>	<b>9,088</b>
<b>Transactions with owners</b>					
<b>Contributions by and distributions to owners</b>					
Issue of new Units					
- Manager's fees paid/payable in Units	3,954	-	3,954	-	3,954
- Acquisition fees paid to Manager in Units pursuant to the Merger	8,318	-	8,318	-	8,318
- Partial consideration paid in Units pursuant to the Merger	1,265,591	-	1,265,591	-	1,265,591
Distribution paid to Unitholders	(48,243)	-	(48,243)	-	(48,243)
Distribution paid to CPPU holder	-	(1,860)	(1,860)	-	(1,860)
<b>Total contributions by and distributions to owners</b>	<b>1,229,620</b>	<b>(1,860)</b>	<b>1,227,760</b>	<b>-</b>	<b>1,227,760</b>
<b>Movement in foreign currency translation reserve</b>	<b>(7,311)</b>	<b>-</b>	<b>(7,311)</b>	<b>-</b>	<b>(7,311)</b>
<b>Hedging transactions</b>					
Effective portion of change in fair value of cash flow hedges	(961)	-	(961)	(95)	(1,056)
Hedging reserve transferred to statement of total return	309	-	309	15	324
<b>Net movement in hedging transactions</b>	<b>(652)</b>	<b>-</b>	<b>(652)</b>	<b>(80)</b>	<b>(732)</b>
<b>Net assets attributable to owners at 30 September 2019</b>	<b>3,263,587</b>	<b>360,945</b>	<b>3,624,532</b>	<b>239,210</b>	<b>3,863,742</b>

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

<b>Group</b>	<b>Unitholders</b>	<b>CPPU</b>	<b>Total</b>	<b>Non-</b>	<b>Total</b>
<b>YTD September 2019</b>	<b>(S\$'000)</b>	<b>holder</b>	<b>(S\$'000)</b>	<b>controlling</b>	<b>(S\$'000)</b>
<b>Net assets attributable to owners</b>		<b>(S\$'000)</b>		<b>interests</b>	
<b>at 1 January 2019</b>	2,038,092	361,890	2,399,982	(S\$'000)	240,743
<b>Operations</b>					
Total return for the period	48,538	-	48,538	5,674	54,212
Less: Amount reserved for distribution to CPPU holder	(2,805)	2,805	-	-	-
<b>Net increase in net assets resulting from operations</b>	<b>45,733</b>	<b>2,805</b>	<b>48,538</b>	<b>5,674</b>	<b>54,212</b>
<b>Transactions with owners</b>					
<b>Contributions by and distributions to owners</b>					
Issue of new Units					
- Manager's fees paid/payable in Units	9,039	-	9,039	-	9,039
- Acquisition fees paid to Manager in Units pursuant to the Merger	8,318	-	8,318	-	8,318
- Partial consideration paid in Units pursuant to the Merger	1,265,591	-	1,265,591	-	1,265,591
Distributions paid to Unitholders	(85,444)	-	(85,444)	-	(85,444)
Distributions paid to CPPU holder	-	(3,750)	(3,750)	-	(3,750)
Dividends paid	-	-	-	(6,800)	(6,800)
<b>Total contributions by and distributions to owners</b>	<b>1,197,504</b>	<b>(3,750)</b>	<b>1,193,754</b>	<b>(6,800)</b>	<b>1,186,954</b>
<b>Movement in foreign currency translation reserve</b>	<b>(13,110)</b>	<b>-</b>	<b>(13,110)</b>	<b>-</b>	<b>(13,110)</b>
<b>Hedging transactions</b>					
Effective portion of change in fair value of cash flow hedges	(4,610)	-	(4,610)	(404)	(5,014)
Hedging reserve transferred to statement of total return	(22)	-	(22)	(3)	(25)
<b>Net movement in hedging transactions</b>	<b>(4,632)</b>	<b>-</b>	<b>(4,632)</b>	<b>(407)</b>	<b>(5,039)</b>
<b>Net assets attributable to owners at 30 September 2019</b>	<b>3,263,587</b>	<b>360,945</b>	<b>3,624,532</b>	<b>239,210</b>	<b>3,863,742</b>

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

<b>Trust</b> <b>3Q 2019</b>	<b>Unitholders</b> <b>(\$'000)</b>	<b>CPPU holder</b> <b>(\$'000)</b>	<b>Total</b> <b>(\$'000)</b>
<b>Net assets attributable to owners at 1 July 2019</b>	1,701,996	361,860	2,063,856
<b>Operations</b>			
Total return for the period	37,562	-	37,562
Less: Amount reserved for distribution to CPPU holder	(945)	945	-
<b>Net increase in net assets resulting from operations</b>	<b>36,617</b>	<b>945</b>	<b>37,562</b>
<b>Transactions with owners</b>			
<b><i>Contributions by and distributions to owners</i></b>			
Issue of new Units			
- Manager's fees paid/payable in Units	3,954	-	3,954
- Acquisition fees paid to Manager in Units pursuant to the Merger	8,318	-	8,318
- Partial consideration paid in Units pursuant to the Merger	1,265,591	-	1,265,591
Distribution paid to Unitholders	(48,243)	-	(48,243)
Distribution paid to CPPU Holder	-	(1,860)	(1,860)
<b>Total contributions by and distributions to owners</b>	<b>1,229,620</b>	<b>(1,860)</b>	<b>1,227,760</b>
<b>Hedging transactions</b>			
Effective portion of change in fair value of cash flow hedges	(954)	-	(954)
Hedging reserve transferred to statement of total return	235	-	235
<b>Net movement in hedging transactions</b>	<b>(719)</b>	<b>-</b>	<b>(719)</b>
<b>Net assets attributable to owners at 30 September 2019</b>	<b>2,967,514</b>	<b>360,945</b>	<b>3,328,459</b>

<b>Trust</b> <b>YTD September 2019</b>	<b>Unitholders</b> <b>(\$'000)</b>	<b>CPPU holder</b> <b>(\$'000)</b>	<b>Total</b> <b>(\$'000)</b>
<b>Net assets attributable to owners at 1 January 2019</b>	1,724,337	361,890	2,086,227
<b>Operations</b>			
Total return for the period	51,542	-	51,542
Less: Amount reserved for distribution to CPPU holder	(2,805)	2,805	-
<b>Net increase in net assets resulting from operations</b>	<b>48,737</b>	<b>2,805</b>	<b>51,542</b>
<b>Transactions with owners</b>			
<b><i>Contributions by and distributions to owners</i></b>			
Issue of new Units			
- Manager's fees paid/payable in Units	9,039	-	9,039
- Acquisition fees paid to Manager in Units pursuant to the Merger	8,318	-	8,318
- Partial consideration paid in Units pursuant to the Merger	1,265,591	-	1,265,591
Distributions paid to Unitholders	(85,444)	-	(85,444)
Distributions paid to CPPU Holder	-	(3,750)	(3,750)
<b>Total contributions by and distributions to owners</b>	<b>1,197,504</b>	<b>(3,750)</b>	<b>1,193,754</b>
<b>Hedging transactions</b>			
Effective portion of change in fair value of cash flow hedges	(3,059)	-	(3,059)
Hedging reserve transferred to statement of total return	(5)	-	(5)
<b>Net movement in hedging transactions</b>	<b>(3,064)</b>	<b>-</b>	<b>(3,064)</b>
<b>Net assets attributable to owners at 30 September 2019</b>	<b>2,967,514</b>	<b>360,945</b>	<b>3,328,459</b>



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

<b>Group</b>	<b>Unitholders</b>	<b>CPPU</b>	<b>Total</b>	<b>Non-</b>	<b>Total</b>
<b>3Q 2018</b>	<b>(S\$'000)</b>	<b>holder</b>	<b>(S\$'000)</b>	<b>controlling</b>	<b>(S\$'000)</b>
		<b>(S\$'000)</b>	<b>(S\$'000)</b>	<b>interests</b>	<b>(S\$'000)</b>
				<b>(S\$'000)</b>	
<b>Net assets attributable to owners at 1 July 2018</b>	1,422,057	361,860	1,783,917	231,484	2,015,401
<b>Operations</b>					
Total return for the period	12,132	-	12,132	1,680	13,812
Less: Amount reserved for distribution to CPPU holder	(945)	945	-	-	-
<b>Net increase in net assets resulting from operations</b>	<b>11,187</b>	<b>945</b>	<b>12,132</b>	<b>1,680</b>	<b>13,812</b>
<b>Transactions with owners</b>					
<b>Contributions by and distributions to owners:</b>					
Issue of new Units					
- Manager's fees paid/payable in Units	1,966	-	1,966	-	1,966
Distribution paid to Unitholders	(33,841)	-	(33,841)	-	(33,841)
Distribution paid to CPPU holder	-	(1,860)	(1,860)	-	(1,860)
<b>Total contributions by and distributions to owners</b>	<b>(31,875)</b>	<b>(1,860)</b>	<b>(33,735)</b>	<b>-</b>	<b>(33,735)</b>
<b>Movement in foreign currency translation reserve</b>	<b>(24,408)</b>	<b>-</b>	<b>(24,408)</b>	<b>-</b>	<b>(24,408)</b>
<b>Hedging transactions</b>					
Effective portion of change in fair value of cash flow hedges	(241)	-	(241)	(11)	(252)
Hedging reserve transferred to statement of total return	154	-	154	9	163
<b>Net movement in hedging transactions</b>	<b>(87)</b>	<b>-</b>	<b>(87)</b>	<b>(2)</b>	<b>(89)</b>
<b>Net assets attributable to owners at 30 September 2018</b>	<b>1,376,874</b>	<b>360,945</b>	<b>1,737,819</b>	<b>233,162</b>	<b>1,970,981</b>

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

<b>Group</b>	<b>Unitholders</b>	<b>CPPU</b>	<b>Total</b>	<b>Non-</b>	<b>Total</b>
<b>YTD September 2018</b>	<b>(S\$'000)</b>	<b>holder</b>	<b>(S\$'000)</b>	<b>controlling</b>	<b>(S\$'000)</b>
<b>Net assets attributable to owners</b>		<b>(S\$'000)</b>	<b>(S\$'000)</b>	<b>interests</b>	<b>(S\$'000)</b>
<b>at 1 January 2018</b>	1,407,285	361,891	1,769,176	234,906	2,004,082
<b>Operations</b>					
Total return for the period	39,840	-	39,840	5,397	45,237
Less: Amount reserved for distribution to CPPU holder	(2,805)	2,805	-	-	-
<b>Net increase in net assets resulting from operations</b>	<b>37,035</b>	<b>2,805</b>	<b>39,840</b>	<b>5,397</b>	<b>45,237</b>
<b>Transactions with owners</b>					
<b>Contributions by and distributions to owners:</b>					
Issue of new Units					
- Manager's fees paid/payable in Units	5,870	-	5,870	-	5,870
Distributions paid to Unitholders	(69,262)	-	(69,262)	-	(69,262)
Distribution paid to CPPU holder	-	(3,751)	(3,751)	-	(3,751)
Dividends paid	-	-	-	(7,200)	(7,200)
<b>Total contributions by and distributions to owners</b>	<b>(63,392)</b>	<b>(3,751)</b>	<b>(67,143)</b>	<b>(7,200)</b>	<b>(74,343)</b>
<b>Movement in foreign currency translation reserve</b>	<b>(10,790)</b>	<b>-</b>	<b>(10,790)</b>	<b>-</b>	<b>(10,790)</b>
<b>Hedging transactions</b>					
Effective portion of change in fair value of cash flow hedges	6,238	-	6,238	25	6,263
Hedging reserve transferred to statement of total return	498	-	498	34	532
<b>Net movement in hedging transactions</b>	<b>6,736</b>	<b>-</b>	<b>6,736</b>	<b>59</b>	<b>6,795</b>
<b>Net assets attributable to owners at 30 September 2018</b>	<b>1,376,874</b>	<b>360,945</b>	<b>1,737,819</b>	<b>233,162</b>	<b>1,970,981</b>

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

<b>Trust</b>	<b>Unitholders</b>	<b>CPPU holder</b>	<b>Total</b>
<b>3Q 2018</b>	<b>(S\$'000)</b>	<b>(S\$'000)</b>	<b>(S\$'000)</b>
<b>Net assets attributable to owners at 1 July 2018</b>	1,110,829	361,860	1,472,689
<b>Operations</b>			
Total return for the period	36,082	-	36,082
Less: Amount reserved for distribution to CPPU holder	(945)	945	-
<b>Net increase in net assets resulting from operations</b>	35,137	945	36,082
<b>Transactions with owners</b>			
<b>Contributions by and distributions to owners</b>			
Issue of new Units			
- Manager's fees paid/payable in Units	1,966	-	1,966
Distribution paid to Unitholders	(33,841)	-	(33,841)
Distribution paid to CPPU holder	-	(1,860)	(1,860)
<b>Total contributions by and distributions to owners</b>	(31,875)	(1,860)	(33,735)
<b>Hedging transactions</b>			
Effective portion of change in fair value of cash flow hedges	(182)	-	(182)
Hedging reserve transferred to statement of total return	105	-	105
<b>Net movement in hedging transactions</b>	(77)	-	(77)
<b>Net assets attributable to owners at 30 September 2018</b>	1,114,014	360,945	1,474,959
<b>Trust</b>	<b>Unitholders</b>	<b>CPPU holder</b>	<b>Total</b>
<b>YTD September 2018</b>	<b>(S\$'000)</b>	<b>(S\$'000)</b>	<b>(S\$'000)</b>
<b>Net assets attributable to owners at 1 January 2018</b>	1,137,760	361,891	1,499,651
<b>Operations</b>			
Total return for the period	36,008	-	36,008
Less: Amount reserved for distribution to CPPU holder	(2,805)	2,805	-
<b>Net increase in net assets resulting from operations</b>	33,203	2,805	36,008
<b>Transactions with owners</b>			
<b>Contributions by and distributions to owners</b>			
Issue of new Units			
- Manager's fees paid/payable in Units	5,870	-	5,870
Distributions paid to Unitholders	(69,262)	-	(69,262)
Distributions paid to CPPU holder	-	(3,751)	(3,751)
<b>Total contributions by and distributions to owners</b>	(63,392)	(3,751)	(67,143)
<b>Hedging transactions</b>			
Effective portion of change in fair value of cash flow hedges	6,116	-	6,116
Hedging reserve transferred to statement of total return	327	-	327
<b>Net movement in hedging transactions</b>	6,443	-	6,443
<b>Net assets attributable to owners at 30 September 2018</b>	1,114,014	360,945	1,474,959

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

	<b>3Q 2019</b> <b>('000)</b>	<b>3Q 2018</b> <b>('000)</b>	<b>YTD</b> <b>Sep 2019</b> <b>('000)</b>	<b>YTD</b> <b>Sep 2018</b> <b>('000)</b>
<b>Units in issue:</b>				
At the beginning of the period	2,866,585	1,549,496	2,855,978	1,544,013
Issue of new Units relating to:				
- Manager's fees paid in Units	5,021	2,840	15,628	8,323
- Acquisition fees paid in Units pursuant to the Merger	14,592	-	14,592	-
- Partial consideration paid in Units pursuant to the Merger	2,491,775	-	2,491,775	-
At the end of the period	5,377,973	1,552,336	5,377,973	1,552,336
<b>Units to be issued:</b>				
Manager's fee payable in Units	7,425	3,256	7,425	3,256
At the end of the period	5,385,398	1,555,592	5,385,398	1,555,592

**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 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 FRS 116. There is no significant impact to the Group as at 1 January 2019.

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.

The impact on the Group's financial statements arising from the adoption of FRS 116 due to inclusion of OUE H-Trust is as follows:

	<b>4 Sep 2019</b>
	<b>S\$'000</b>
Increase in investment properties	25,887
Increase in lease liabilities	25,485

**6 Earnings per Unit and Distribution per Unit**

**Earnings per Unit attributable to Unitholders ("EPU")**

	<b>3Q 2019</b>	<b>3Q 2018</b>
Weighted average number of Units	3,471,035,776	1,762,717,851
Basic EPU (cents)	0.18	0.63
Weighted average number of Units <sup>(1)</sup>	4,002,562,506	2,290,556,874
Diluted EPU (cents)	0.18	0.53

	<b>YTD Sep 2019</b>	<b>YTD Sep 2018</b>
Weighted average number of Units	3,068,672,512	1,759,555,457
Basic EPU (cents)	1.49	2.10
Weighted average number of Units <sup>(1)</sup>	3,605,192,169	2,290,556,874
Diluted EPU (cents)	1.35	1.74

Footnote:

- (1) The weighted average number of Units includes the weighted average potential Units to be issued assuming all the remaining CPPUs are converted at the conversion price of 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 September 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”)**

	<b>3Q 2019</b>	<b>3Q 2018</b>
No of Units entitled to distribution	5,385,398,600 <sup>(1)</sup>	2,844,030,877 <sup>(2)</sup>
Distribution per Unit (cents)	0.79 <sup>(3)</sup>	0.55

	<b>YTD Sep 2019</b>	<b>YTD Sep 2018</b>
No of Units entitled to distribution	5,385,398,600 <sup>(1)</sup>	2,844,030,877 <sup>(2)</sup>
Distribution per Unit (cents)	2.47	2.73

Footnotes:

- (1) Comprises the Units in issue as at 30 September 2019 of 5,377,973,437 and Units to be issued to the Manager as satisfaction of Manager’s base fee payable for 3Q 2019 of 7,425,163.
- (2) Comprises the Units in issue and to be issued as at 30 September 2018 of 1,555,591,896 Units (note 1(d)(ii)) and 1,288,438,981 new Units issued pursuant to the Rights Issue on 30 October 2018.
- (3) Comprised the clean-up distribution before the Merger of 0.53 cents and post Merger distribution of 0.26 cents.

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

	<b>Group</b>		<b>Trust</b>	
	<b>30 Sep 2019</b>	<b>31 Dec 2018</b>	<b>30 Sep 2019</b>	<b>31 Dec 2018</b>
No of Units in issue and to be issued at end of period/year	5,385,398,600	2,861,589,059	5,385,398,600	2,861,589,059
Net asset value (“NAV”) per Unit (S\$)	0.61	0.71	0.55	0.60
Net tangible asset (“NTA”) per Unit (S\$)	0.60	0.70	0.55	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**

<b>Statement of Total Return</b>	<b>3Q 2019 <sup>(1)</sup> (S\$'000)</b>	<b>3Q 2018 <sup>(2)</sup> (S\$'000)</b>	<b>Change (%)</b>	<b>YTD Sep 2019 <sup>(1)</sup> (S\$'000)</b>	<b>YTD Sep 2018 <sup>(2)</sup> (S\$'000)</b>	<b>Change (%)</b>
<b>Revenue</b>	63,315	41,205	53.7	170,535	128,360	32.9
- Commercial <sup>(3)</sup>	55,827	41,205	35.5	163,047	128,360	27.0
- Hospitality <sup>(4)</sup>	7,488	-	NM	7,488	-	NM
Property operating expenses	(13,258)	(8,864)	49.6	(36,160)	(26,808)	34.9
- Commercial <sup>(3)</sup>	(12,620)	(8,864)	42.4	(35,522)	(26,808)	32.5
- Hospitality <sup>(4)</sup>	(638)	-	NM	(638)	-	NM
<b>Net property income</b>	50,057	32,341	54.8	134,375	101,552	32.3
- Commercial <sup>(3)</sup>	43,207	32,341	33.6	127,525	101,552	25.6
- Hospitality <sup>(4)</sup>	6,850	-	NM	6,850	-	NM
Other income	4,034	1,198	NM	13,254	3,227	NM
Amortisation of intangible asset	(1,250)	(1,113)	12.3	(4,048)	(3,339)	21.2
Manager's management fees	(4,943)	(2,458)	NM	(11,299)	(7,338)	54.0
Trustee's fee	(240)	(143)	67.8	(598)	(427)	40.0
Other expenses	(496)	(393)	26.2	(1,484)	(1,339)	10.8
Finance income	648	1,490	(56.5)	2,398	3,008	(20.3)
Finance costs	(17,554)	(12,660)	38.7	(48,595)	(36,787)	32.1
Net finance costs	(16,906)	(11,170)	51.4	(46,197)	(33,779)	36.8
Foreign exchange differences	(156)	(403)	(61.3)	(334)	21	NM
<b>Net income</b>	30,100	17,859	68.5	83,669	58,578	42.8
Fair value adjustments relating to the Merger	(16,811)	-	NM	(16,811)	-	NM
<b>Total return for the period before tax</b>	13,289	17,859	(25.6)	66,858	58,578	14.1
Tax expense	(4,201)	(4,047)	3.8	(12,646)	(13,341)	(5.2)
<b>Total return for the period</b>	9,088	13,812	(34.2)	54,212	45,237	19.8

NM: Not meaningful

Footnotes:

- (1) The current period results of OUE C-REIT's foreign subsidiaries are translated using the SGD:CNY rate of 1:5.103 for 3Q 2019 and 1:5.030 for YTD September 2019.
- (2) The prior period results of OUE C-REIT's foreign subsidiaries are translated using the SGD:CNY rate of 1:4.985 for 3Q 2018 and 1:4.852 for YTD September 2018.
- (3) Commercial comprised One Raffles Place, OUE Bayfront, Lippo Plaza, OUE Downtown Office and Mandarin Gallery.
- (4) Hospitality comprised Mandarin Orchard Singapore and Crowne Plaza Changi Airport.

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**Review of OUE C-REIT Group's performance 3Q 2019 vs 3Q 2018**

3Q 2019 revenue of S\$63.3 million and net property income of S\$50.1 million were 53.7% and 54.8% respectively higher compared to that achieved in 3Q 2018. The Commercial segment recorded higher revenue and net property income mainly due to the inclusion of income from OUE Downtown Office which was acquired in November 2018 and Mandarin Gallery upon completion of the Merger in September 2019. Revenue and net property income from the Hospitality segment was contributed by Mandarin Orchard Singapore and Crowne Plaza Changi Airport upon completion of the Merger in September 2019.

Other income was S\$2.8 million higher in 3Q 2019 compared to 3Q 2018 with the inclusion of income support in relation to OUE Downtown Office from the Sponsor Group.

The Merger and inclusion of OUE Downtown Office also resulted in higher manager's management fees, trustee fee and other expenses.

Net finance cost increased S\$5.7 million year-on-year mainly attributable to higher interest cost of S\$4.9 million, resulting from inclusion of OUE H-Trust's finance costs and higher level of borrowings (including loan drawdown for the Merger and acquisition of OUE Downtown Office).

After accounting for S\$16.8 million fair value adjustment in relation to the Merger, total return recorded for 3Q 2019 was S\$9.1 million, compared to total return of S\$13.8 million in 3Q 2018.

**Review of OUE C-REIT Group's performance YTD September 2019 vs YTD September 2018**

YTD September 2019 net property income of S\$134.4 million was S\$32.8 million higher than YTD September 2018. The Commercial segment recorded higher revenue and net property income mainly due to the inclusion of income from OUE Downtown Office which was acquired in November 2018 and Mandarin Gallery upon completion of the Merger in September 2019. Revenue and net property income from the Hospitality segment was contributed by Mandarin Orchard Singapore and Crowne Plaza Changi Airport upon completion of the Merger in September 2019.

Other income was S\$10.0 million higher in the current period with the inclusion of income support drawdown in relation to OUE Downtown Office from the Sponsor Group.

The Merger and inclusion of OUE Downtown Office also resulted in higher manager's management fees, trustee fee and other expenses.

Net finance cost increased S\$12.4 million year-on-year mainly attributable to higher interest cost of S\$12.1 million, resulting from inclusion of OUE H-Trust's finance costs and higher level of borrowings (including loan drawdown for the Merger and acquisition of OUE Downtown Office).

After accounting for S\$16.8 million fair value adjustment relating to the Merger, total return for YTD September 2019 increased 19.8% to S\$54.2 million, as compared to S\$45.2 million in the prior period.



**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 in 3Q 2019 was 0.1%<sup>(1)</sup> based on advance estimates by the Ministry of Trade and Industry ("MTI"), the same pace of growth as the previous quarter. On a quarter-on-quarter ("QoQ") seasonally adjusted annualised basis, the economy expanded by 0.6% compared to 2.7% contraction in the previous quarter. The manufacturing sector declined 3.5% year-on-year ("YoY") in 3Q 2019, furthering the 3.3% contraction in 2Q 2019, due to output declines in the electronics, precision engineering and transport engineering clusters. The services sector expanded a lower 0.9% YoY in 3Q 2019 following 1.1% YoY growth in the previous quarter. While the delay in further implementation of US-China trade tariffs provides some reprieve, the protracted trade-driven weakness may impact domestic confidence and consumption against the backdrop of broader weakness globally, curtailing Singapore's growth prospects. The official 2019 GDP growth forecast is 0% to 1.0%.

According to CBRE, office demand in 3Q 2019 was weak as business sentiment amongst occupiers remained cautious amid the uncertain global economic outlook, resulting in relatively low net absorption of 74,590 sq ft. Leasing was driven mainly by flexible-space operators and technology firms, with growth in the co-working sector appearing to ease. With no completions during the quarter, core CBD Grade A office occupancy edged up 0.4 ppt QoQ to 96.5% while rents rose 1.3% QoQ to S\$11.45 psf/mth as at 3Q 2019, at the same pace as the previous quarter. On the supply front, the medium term outlook continues to be benign.

For the first nine months of 2019, international visitor arrivals to Singapore registered a 2.1% growth compared to a year ago to 14.3 million. For the month of September 2019, international visitor arrivals increased 1.0% compared to a year ago, while the number of visitor days increased by 3.2% for the same period to 3.3 days<sup>(3)</sup>. Singapore is continually refreshing its tourist offerings with the expansions of the two existing integrated resorts and other tourism developments, greater flight connectivity to key source markets and expansion of its aviation infrastructure. Further, the Singapore Tourism Board continues to drive visitor arrivals, positioning Singapore as a prime convention destination. These positive demand drivers, coupled with limited future hotel supply are expected to support the Singapore hospitality sector.

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China

China's GDP growth in 2Q 2019 was 6.0%<sup>(4)</sup>, moderating from 6.2% in the previous quarter and at the lower end of the government's 2019 growth target of 6.0% to 6.5%.

The economy expanded at the slowest pace in almost three decades, impacted by weaker exports amid the trade tensions with the US and lower consumption. Despite some stabilisation in retail sales and industrial production in September which grew 7.8% YoY and 5.8% YoY respectively, slowing investment growth remains a concern as overall demand continues to soften on waning business and consumer confidence. With fiscal constraints putting a dampener on infrastructure spending, more support in the form of monetary policy easing by the authorities is expected to stabilise the economy.

According to Colliers International, 3Q 2019 net absorption in the Shanghai CBD weakened considerably to 24,000 sq m<sup>(5)</sup>, down 60.7% QoQ, contributed by uncertainty due to international trade tensions. Shanghai CBD Grade A occupancy fell 0.9 ppt QoQ to 87.5% as at 3Q 2019 and rents edged down 0.7% QoQ to RMB10.20 psm per day. In Puxi, Grade A office occupancy weakened 1.7 ppt QoQ to 90.2% as at 3Q 2019, although rents edged up 0.2% QoQ to RMB9.56 psm per day. With office projects which were previously deferred entering the market in 2020, and intensified competition from the decentralised markets, rental growth is expected to be subdued in the near-term. As supply eases from 2021, stable demand is expected to underpin steady rental growth.

Overall, the operational performance of OUE C-REIT's property portfolio is expected to be positive for the balance of 2019, and into 2020.

<sup>(1)</sup> Singapore Ministry of Trade and Industry Press Release, 14 October 2019

<sup>(2)</sup> CBRE, Singapore MarketView 3Q 2019

<sup>(3)</sup> Singapore Tourism Board, International Visitor Arrivals Statistics, 1 November 2019

<sup>(4)</sup> National Bureau of Statistics of China Press Release, 18 October 2019

<sup>(5)</sup> Colliers International, Shanghai Office Property Market Overview 3Q 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 July 2019 to 3 September 2019

This is made pursuant to the completion of the Merger on 4 September 2019, and is intended to ensure that the amount available for distribution accrued by OUE C-REIT from 1 July 2019 up to the day immediately preceding the date of the Merger, i.e. 3 September 2019, is only distributed in respect of the outstanding number of Units in issue on 3 September 2019. The next distribution thereafter will comprise OUE C-REIT's distribution for the period from 4 September 2019 to 31 December 2019. Semi-annual distributions will resume thereafter.

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

Distribution rate: 0.53 cents per Unit comprises:-  
(i) Taxable income distribution: 0.31 cents per Unit  
(ii) Tax exempt income distribution: 0.12 cents per Unit  
(iii) Capital distribution: 0.10 cents per Unit

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 and foreign funds 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%.

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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: 3 September 2019 (announced on 26 August 2019)

Date payable: 5 December 2019

**(b) Corresponding period of the immediately preceding financial year**

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

No.

**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 September 2019 to be false or misleading in any material respect.

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**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

Lee Yi Shyan

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)

13 November 2019