

**OUE COMMERCIAL REAL ESTATE INVESTMENT TRUST**

**Unaudited Financial Statements Announcement for the Fourth Quarter 2019 and  
Financial Year ended 31 December 2019**

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# **QUE COMMERCIAL REAL ESTATE INVESTMENT TRUST**

## **Unaudited Financial Statements Announcement for the Fourth Quarter 2019 And Financial Year Ended 31 December 2019**

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### **Introduction**

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

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

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

QUE 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. QUE 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, QUE C-REIT has an effective interest of 67.95% in ORP.
- QUE 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. QUE C-REIT has 91.2% strata ownership of Lippo Plaza.
- QUE Downtown Office: The Grade A office space at QUE 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 Fourth Quarter 2019 and the Financial Year ended 31 December 2019 include the contribution from OUE H-Trust with effect from 4 September 2019.

OUE C-REIT's distribution policy is to distribute at least 90% of its taxable income to its Unitholders, with the actual level of distribution to be determined at the Manager's discretion.

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

|  | <b>4Q 2019<sup>(1)</sup></b><br><b>(S\$'000)</b> | <b>4Q 2018<sup>(2)</sup></b><br><b>(S\$'000)</b> | <b>Change</b><br><b>(%)</b> | <b>FY 2019<sup>(1)</sup></b><br><b>(S\$'000)</b> | <b>FY 2018<sup>(2)</sup></b><br><b>(S\$'000)</b> | <b>Change</b><br><b>(%)</b> |
|--|--|--|-----------------------------|--|--|-----------------------------|
| Revenue  | 86,794   | 48,036   | 80.7                        | 257,329  | 176,396  | 45.9                        |
| Net property income                                    | 70,576   | 36,635   | 92.6                        | 204,951  | 138,187  | 48.3                        |
| Amount available for distribution to Unitholders       | 46,629   | 21,500   | NM                          | 124,714  | 71,290   | 74.9                        |
| Less: Amount retained for working capital requirements | (1,500)  | -  | NM                          | (1,500)  | -  | NM                          |
| Amount to be distributed to Unitholders                | 45,129   | 21,500   | NM                          | 123,214  | 71,290   | 72.8                        |
| Distribution per Unit ("DPU") (cents)                  | 0.84   | 0.75   | 12.0                        | 3.31 <sup>(3)</sup>                              | 3.48   | (4.9)                       |

NM: Not meaningful

Footnotes:

- (1) The current period results of OUE C-REIT's foreign subsidiaries are translated using the SGD:CNY rate of 1:5.171 for 4Q 2019 and 1:5.063 for FY 2019.
- (2) The prior period results of OUE C-REIT's foreign subsidiaries are translated using the SGD:CNY rate of 1:5.030 for 4Q 2018 and 1:4.895 for FY 2018.
- (3) FY 2019 DPU is calculated based on actual 1H 2019 DPU, the clean-up distribution before the Merger and post Merger distribution. Clean-up distribution is calculated based on distributions from 1 July 2019 to the day immediately preceding the Merger, i.e. 3 September 2019. Post Merger distribution is calculated based on the distribution from 4 September 2019 to 31 December 2019.

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

| <b>Statement of Total Return</b>                                      | <b>Note</b> | <b>4Q 2019<sup>(1)</sup><br/>(S\$'000)</b> | <b>4Q 2018<sup>(2)</sup><br/>(S\$'000)</b> | <b>Change<br/>(%)</b> | <b>FY 2019<sup>(1)</sup><br/>(S\$'000)</b> | <b>FY 2018<sup>(2)</sup><br/>(S\$'000)</b> | <b>Change<br/>(%)</b> |
|---|-------------|--|--|-----------------------|--|--|-----------------------|
| Revenue   |             | 86,794                                     | 48,036                                     | 80.7                  | 257,329                                    | 176,396                                    | 45.9                  |
| Property operating expenses   |             | (16,218)                                   | (11,401)                                   | 42.3                  | (52,378)                                   | (38,209)                                   | 37.1                  |
| <b>Net property income</b>  |             | 70,576                                     | 36,635                                     | 92.6                  | 204,951                                    | 138,187                                    | 48.3                  |
| Other income  | 1           | 3,928                                      | 3,962                                      | (0.9)                 | 17,182                                     | 7,189                                      | NM                    |
| Amortisation of intangible assets                                     |             | (1,250)                                    | (1,947)                                    | (35.8)                | (5,298)                                    | (5,286)                                    | 0.2                   |
| Manager's management fees   | 2           | (4,973)                                    | (3,227)                                    | 54.1                  | (16,272)                                   | (10,565)                                   | 54.0                  |
| Trustee's fee   |             | (374)                                      | (175)                                      | NM                    | (972)                                      | (602)                                      | 61.5                  |
| Other expenses  |             | (390)                                      | (538)                                      | (27.5)                | (1,874)                                    | (1,877)                                    | (0.2)                 |
| Finance income  |             | 1,327                                      | 948  | 40.0                  | 3,725                                      | 3,669                                      | 1.5                   |
| Finance costs   |             | (22,901)                                   | (15,179)                                   | 50.9                  | (71,496)                                   | (51,679)                                   | 38.3                  |
| Net finance costs   | 3           | (21,574)                                   | (14,231)                                   | 51.6                  | (67,771)                                   | (48,010)                                   | 41.2                  |
| Foreign exchange differences  |             | (31)                                       | (9)  | NM                    | (365)                                      | 12   | NM                    |
| <b>Net Income</b>   |             | 45,912                                     | 20,470                                     | NM                    | 129,581                                    | 79,048                                     | 63.9                  |
| Fair value adjustments relating to the Merger                         | 4           | -  | -  | -                     | (16,811)                                   | -  | NM                    |
| Net change in fair value of investment properties                     | 5           | 37,901                                     | 71,399                                     | (46.9)                | 37,901                                     | 71,399                                     | (46.9)                |
| <b>Total return for the period/year before tax</b>                    |             | 83,813                                     | 91,869                                     | (8.8)                 | 150,671                                    | 150,447                                    | 0.1                   |
| Tax expense   | 6           | (4,802)                                    | (6,393)                                    | (24.9)                | (17,448)                                   | (19,734)                                   | (11.6)                |
| <b>Total return for the period/year</b>                               |             | 79,011                                     | 85,476                                     | (7.6)                 | 133,223                                    | 130,713                                    | 1.9                   |
| <b>Attributable to:</b>   |             |  |  |                       |  |  |                       |
| Unitholders and Convertible Perpetual Preferred Units ("CPPU") holder |             | 70,207                                     | 77,653                                     | (9.6)                 | 118,745                                    | 117,493                                    | 1.1                   |
| Non-controlling interests   |             | 8,804                                      | 7,823                                      | 12.5                  | 14,478                                     | 13,220                                     | 9.5                   |
| <b>Total return for the period/year</b>                               |             | 79,011                                     | 85,476                                     | (7.6)                 | 133,223                                    | 130,713                                    | 1.9                   |

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| <u>Distribution Statement</u>  | Note | 4Q 2019 <sup>(1)</sup><br>(S\$'000) | 4Q 2018 <sup>(2)</sup><br>(S\$'000) | Change<br>(%) | FY 2019 <sup>(1)</sup><br>(S\$'000) | FY 2018 <sup>(2)</sup><br>(S\$'000) | Change<br>(%) |
|--|------|-------------------------------------|-------------------------------------|---------------|-------------------------------------|-------------------------------------|---------------|
| Total return for the period/year attributable to Unitholders and CPPU holder |      | 70,207                              | 77,653                              | (9.6)         | 118,745                             | 117,493                             | 1.1           |
| Less: Amount reserved for distribution to CPPU holder                        |      | (945)                               | (945)                               | -             | (3,750)                             | (3,750)                             | -             |
| Distribution adjustments   | 7    | (22,633)                            | (55,208)                            | (59.0)        | 9,719                               | (42,453)                            | NM            |
| Amount available for distribution for the period/year                        |      | 46,629                              | 21,500                              | NM            | 124,714                             | 71,290                              | 74.9          |
| Less: Amount retained for working capital requirements                       |      | (1,500)                             | -                                   | NM            | (1,500)                             | -                                   | NM            |
| Amount to be distributed to Unitholders                                      |      | 45,129                              | 21,500                              | NM            | 123,214                             | 71,290                              | 72.8          |
| Comprising:  |      |                                     |                                     |               |                                     |                                     |               |
| Taxable income   |      | 37,095                              | 11,586                              | NM            | 86,236                              | 31,676                              | NM            |
| Tax exempt income  |      | 5,809                               | 6,321                               | (8.1)         | 22,499                              | 23,744                              | (5.2)         |
| Unitholders' contributions   |      | 2,225                               | 3,593                               | (38.1)        | 14,479                              | 15,870                              | (8.8)         |
|  |      | 45,129                              | 21,500                              | NM            | 123,214                             | 71,290                              | 72.8          |

NM: Not meaningful

Footnotes:

- (1) The current period results of OUE C-REIT's foreign subsidiaries are translated using the SGD:CNY rate of 1:5.171 for 4Q 2019 and 1:5.063 for FY 2019.
- (2) The prior period results of OUE C-REIT's foreign subsidiaries are translated using the SGD:CNY rate of 1:5.030 for 4Q 2018 and 1:4.895 for FY 2018.

**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 properties 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 FY 2019 and FY 2018.

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**(3) Net finance costs**

Net finance costs comprises the following:

|  | <b>4Q 2019<br/>(S\$'000)</b> | <b>4Q 2018<br/>(S\$'000)</b> | <b>Change<br/>(%)</b> | <b>FY 2019<br/>(S\$'000)</b> | <b>FY 2018<br/>(S\$'000)</b> | <b>Change<br/>(%)</b> |
|--|------------------------------|------------------------------|-----------------------|------------------------------|------------------------------|-----------------------|
| <b>Finance income</b>  |                              |                              |                       |                              |                              |                       |
| Interest income  | 269                          | 189                          | 42.3                  | 999                          | 795                          | 25.7                  |
| Ineffective portion of changes in fair value of cash flow hedges | 1,058                        | 759                          | 39.4                  | 2,726                        | 2,874                        | (5.1)                 |
|  | 1,327                        | 948                          | 40.0                  | 3,725                        | 3,669                        | 1.5                   |
| <b>Finance costs</b>   |                              |                              |                       |                              |                              |                       |
| Borrowing costs  | (20,278)                     | (13,174)                     | 53.9                  | (64,810)                     | (45,604)                     | 42.1                  |
| Amortisation of debt establishment costs                         | (1,831)                      | (1,032)                      | 77.4                  | (5,336)                      | (4,857)                      | 9.9                   |
| Change in fair value of financial derivatives                    | (465)                        | (852)                        | (45.4)                | (619)                        | (565)                        | 9.6                   |
| Hedging reserve transferred from unitholders' funds              | (110)                        | (121)                        | (9.1)                 | (447)                        | (653)                        | (31.5)                |
| Finance expense – lease liabilities                              | (217)                        | -                            | NM                    | (284)                        | -                            | NM                    |
|  | (22,901)                     | (15,179)                     | 50.9                  | (71,496)                     | (51,679)                     | 38.3                  |
|  |                              |                              |                       |                              |                              |                       |
| <b>Net finance costs</b>   | <b>(21,574)</b>              | <b>(14,231)</b>              | <b>51.6</b>           | <b>(67,771)</b>              | <b>(48,010)</b>              | <b>41.2</b>           |

NM: Not meaningful

**(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) Net change in fair value of investment properties**

As at 31 December 2019, independent valuations are carried out for all seven properties of OUE C-REIT Group. Net change in fair value of investment properties for FY 2019 relates mainly to the revaluation gains or losses between their respective valuations as at 31 December 2018 or carrying amount on the date of the Merger and the subsequent capital expenditure incurred, and their respective valuations as at 31 December 2019.

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**(6) Tax expense**

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

|  | <b>4Q 2019<br/>(S\$'000)</b> | <b>4Q 2018<br/>(S\$'000)</b> | <b>Change<br/>(%)</b> | <b>FY 2019<br/>(S\$'000)</b> | <b>FY 2018<br/>(S\$'000)</b> | <b>Change<br/>(%)</b> |
|--|------------------------------|------------------------------|-----------------------|------------------------------|------------------------------|-----------------------|
| Current tax  |                              |                              |                       |                              |                              |                       |
| - Current period/year                                    | 3,335                        | 2,489                        | 34.0                  | 13,552                       | 13,703                       | (1.1)                 |
| - (Over)/Under provision in respect of prior period/year | (346)                        | (724)                        | (52.2)                | 82                           | (724)                        | NM                    |
| Deferred tax   |                              |                              |                       |                              |                              |                       |
| - Current period/year                                    | 1,463                        | 4,323                        | (66.2)                | 2,421                        | 5,329                        | (54.6)                |
| Withholding tax  | 350                          | 305                          | 14.8                  | 1,393                        | 1,426                        | (2.3)                 |
|  | <b>4,802</b>                 | <b>6,393</b>                 | <b>(24.9)</b>         | <b>17,448</b>                | <b>19,734</b>                | <b>(11.6)</b>         |

NM: Not meaningful

**(7) 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 investment properties, 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                    |                          |            |        |
|--------------------------------|---|---|------------|--------------------------|--------------------------|------------|--------|
|                                | 31 Dec 2019 <sup>(1)</sup><br>(S\$'000) | 31 Dec 2018 <sup>(2)</sup><br>(S\$'000) | Change (%) | 31 Dec 2019<br>(S\$'000) | 31 Dec 2018<br>(S\$'000) | Change (%) |        |
| <b>Non-current assets</b>      |   |   |            |                          |                          |            |        |
|                                | 270                                     | 393                                     | (31.3)     | -                        | -                        | -          |        |
| Plant and equipment            |   |   |            |                          |                          |            |        |
| Investment properties          | 1                                       | 6,770,187                               | 4,494,535  | 50.6                     | 2,093,000                | 2,093,100  | (0.0)  |
| Intangible assets              | 2                                       | 19,167                                  | 24,465     | (21.7)                   | 19,167                   | 24,465     | (21.7) |
| Investments in subsidiaries    | 3                                       | -                                       | -          | -                        | 2,727,742                | 1,368,506  | 99.3   |
| Trade and other receivables    | 4                                       | 4,139                                   | 175        | NM                       | -                        | -          | -      |
|                                |   | 6,793,763                               | 4,519,568  | 50.3                     | 4,839,909                | 3,486,071  | 38.8   |
| <b>Current assets</b>          |   |   |            |                          |                          |            |        |
| Trade and other receivables    | 4                                       | 35,020                                  | 14,384     | NM                       | 9,331                    | 6,583      | 41.7   |
| Cash and cash equivalents      |   | 59,410                                  | 37,074     | 60.2                     | 7,297                    | 12,725     | (42.7) |
| Financial derivatives          | 5                                       | -                                       | 116        | NM                       | -                        | 95         | NM     |
|                                |   | 94,430                                  | 51,574     | 83.1                     | 16,628                   | 19,403     | (14.3) |
| <b>Total assets</b>            |   | 6,888,193                               | 4,571,142  | 50.7                     | 4,856,537                | 3,505,474  | 38.5   |
| <b>Non-current liabilities</b> |   |   |            |                          |                          |            |        |
| Borrowings                     | 6                                       | 2,111,638                               | 1,711,330  | 23.4                     | 1,323,261                | 1,221,467  | 8.3    |
| Loan from a subsidiary         |   | -                                       | -          | -                        | -                        | 149,614    | NM     |
| Trade and other payables       | 7                                       | 48,258                                  | 42,400     | 13.8                     | 18,280                   | 17,356     | 5.3    |
| Financial derivatives          | 5                                       | 14,560                                  | 7,828      | 86.0                     | 6,780                    | 5,448      | 24.4   |
| Deferred tax liabilities       |   | 87,928                                  | 87,726     | 0.2                      | -                        | -          | -      |
| Lease liabilities              | 8                                       | 24,657                                  | -          | NM                       | -                        | -          | -      |
|                                |   | 2,287,041                               | 1,849,284  | 23.7                     | 1,348,321                | 1,393,885  | (3.3)  |
| <b>Current liabilities</b>     |   |   |            |                          |                          |            |        |
| Borrowings                     | 6                                       | 575,489                                 | 1,992      | NM                       | -                        | -          | -      |
| Loan from a subsidiary         |   | -                                       | -          | -                        | 149,844                  | -          | NM     |
| Trade and other payables       | 7                                       | 77,299                                  | 65,580     | 17.9                     | 29,176                   | 25,253     | 15.5   |
| Financial derivatives          | 5                                       | 2,751                                   | 132        | NM                       | 2,404                    | 109        | NM     |
| Current tax liabilities        |   | 16,411                                  | 13,429     | 22.2                     | -                        | -          | -      |
| Lease liabilities              | 8                                       | 1,000                                   | -          | NM                       | -                        | -          | -      |
|                                |   | 672,950                                 | 81,133     | NM                       | 181,424                  | 25,362     | NM     |
| <b>Total liabilities</b>       |   | 2,959,991                               | 1,930,417  | 53.3                     | 1,529,745                | 1,419,247  | 7.8    |
| <b>Net assets</b>              |   | 3,928,202                               | 2,640,725  | 48.8                     | 3,326,792                | 2,086,227  | 59.5   |
| <b>Represented by:</b>         |   |   |            |                          |                          |            |        |
| Unitholders' funds             | 9                                       | 3,318,417                               | 2,038,092  | 62.8                     | 2,964,902                | 1,724,337  | 71.9   |
| CPPU holder's funds            | 10                                      | 361,890                                 | 361,890    | -                        | 361,890                  | 361,890    | -      |
| Non-controlling interests      | 11                                      | 247,895                                 | 240,743    | 3.0                      | -                        | -          | -      |
|                                |   | 3,928,202                               | 2,640,725  | 48.8                     | 3,326,792                | 2,086,227  | 59.5   |

NM: Not meaningful

Footnotes:

- (1) The statements of financial position of OUE C-REIT's foreign subsidiaries as at 31 December 2019 are translated using the SGD:CNY rate of 1:5.171.
- (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 2019. The increase was due largely to the inclusion of OUE H-Trust's portfolio of three properties after the Merger, the recognition of right-of-use asset under FRS116 and the net increase in fair market value of the investment properties, partially offset by the depreciation of the CNY against the SGD between 31 December 2018 and 31 December 2019.

**(2) Intangible assets**

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) 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 increase was mainly due to higher income support receivable for OUE Downtown.

**(5) 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 31 December 2019 was due to net changes in the fair value of the IRS during the period and inclusion of OUE H-Trust's financial derivatives.

**(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.

The increase in the Trust's trade and other payables was due mainly to increase in accruals of management fee, trustee fees and other expenses as a result of the Merger.

**(8) Lease liabilities**

Increase in lease liabilities was to the inclusion of OUE H-Trust and adoption of FRS116. Please refer to Section 5 for details.

**(9) 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 year. This was partially offset by the net movement in the fair value reserve of IRS as at 31 December 2019, the depreciation of the CNY against the SGD from 31 December 2018 to 31 December 2019 and distribution paid to Unitholders in March, September and December 2019.

**(10) 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 31 December 2019.

**(11) 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>31 Dec 2019<sup>(1)</sup></b><br><b>(S\$'000)</b> | <b>31 Dec 2018<sup>(2)</sup></b><br><b>(S\$'000)</b> |
|--|--|--|
| <b>Secured borrowings</b>                      |  |  |
| Amount repayable within one year, or on demand | 425,645  | 1,992  |
| Amount repayable after one year                | 1,139,563  | 642,911  |
| Total secured borrowings                       | 1,565,208  | 644,903  |
| <b>Unsecured borrowings</b>                    |  |  |
| Amount repayable within one year, or on demand | 149,844  | -  |
| Amount repayable after one year                | 972,075  | 1,068,419  |
| Total unsecured borrowings                     | 1,121,919  | 1,068,419  |
| Total borrowings <sup>(3)</sup>                | 2,687,127  | 1,713,322  |

Footnotes:

- (1) The borrowings of OUE C-REIT's foreign subsidiaries as at 31 December 2019 are translated using the SGD:CNY rate of 1:5.171.
- (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\$3,472.5 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 31 December 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   | 4Q 2019<br>(S\$'000) | 4Q 2018<br>(S\$'000) | FY 2019<br>(S\$'000) | FY 2018<br>(S\$'000) |
|--|----------------------|----------------------|----------------------|----------------------|
| <b>Cash flows from operating activities</b>  |                      |                      |                      |                      |
| Total return for the period/year   | 79,011               | 85,476               | 133,223              | 130,713              |
| Adjustments for:   |                      |                      |                      |                      |
| Amortisation of intangible asset   | 1,250                | 1,947                | 5,298                | 5,286                |
| Depreciation of plant and equipment  | 37                   | 46                   | 177                  | 180                  |
| Manager's fees paid/payable in Units   | 3,978                | 2,582                | 13,018               | 8,452                |
| Finance costs  | 22,901               | 15,179               | 71,496               | 51,679               |
| Finance income   | (1,327)              | (948)                | (3,725)              | (3,669)              |
| Fair value adjustments relating to the Merger  | -                    | -                    | 16,811               | -                    |
| Net change in fair value of investment properties                                      | (37,901)             | (71,399)             | (37,901)             | (71,399)             |
| Gain on disposal of plant and equipment  | -                    | -                    | (1)                  | -                    |
| Loss on write-off of plant and equipment   | 3                    | -                    | 3                    | -                    |
| Tax expense  | 4,802                | 6,393                | 17,448               | 19,734               |
| Operating income before working capital changes  | 72,754               | 39,276               | 215,847              | 140,976              |
| Changes in working capital:  |                      |                      |                      |                      |
| Trade and other receivables  | (7,908)              | (2,716)              | (8,518)              | (137)                |
| Trade and other payables   | (16,526)             | 18,260               | (33,802)             | 8,741                |
| <b>Cash generated from operating activities</b>  | <b>48,320</b>        | <b>54,820</b>        | <b>173,527</b>       | <b>149,580</b>       |
| Tax paid   | (1,174)              | (1,285)              | (12,671)             | (16,924)             |
| <b>Net cash from operating activities</b>  | <b>47,146</b>        | <b>53,535</b>        | <b>160,856</b>       | <b>132,656</b>       |
| <b>Cash flow from investing activities</b>   |                      |                      |                      |                      |
| Additions to plant and equipment   | (33)                 | (32)                 | (61)                 | (74)                 |
| Acquisition of investment property, intangible asset and its related acquisition costs | -                    | (935,979)            | -                    | (935,979)            |
| Net cash consideration relating to the Merger  | (4,200)              | -                    | (51,199)             | -                    |
| Payment for capital expenditure on investment properties                               | (1,668)              | (2,410)              | (7,790)              | (3,549)              |
| Interest received  | 269                  | 181                  | 999                  | 787                  |
| Proceeds from sale of plant and equipment  | -                    | -                    | 1                    | -                    |
| <b>Net cash used in investing activities</b>   | <b>(5,632)</b>       | <b>(938,240)</b>     | <b>(58,050)</b>      | <b>(938,815)</b>     |
| <b>Cash flows from financing activities</b>  |                      |                      |                      |                      |
| Distributions paid to Unitholders  | (15,325)             | (57)                 | (100,616)            | (69,262)             |
| Distributions paid to CPPU holder  | -                    | -                    | (3,750)              | (4,255)              |
| Distribution paid to non-controlling interest  | -                    | -                    | (6,800)              | (7,200)              |
| Interest paid  | (22,382)             | (16,585)             | (66,460)             | (43,274)             |
| Proceeds from issue of Units   | -                    | 587,528              | -                    | 587,528              |
| Payment of transaction costs related to the issue of Units                             | -                    | (7,033)              | -                    | (7,033)              |
| Proceeds from borrowings   | 15,500               | 457,735              | 168,380              | 1,139,735            |
| Payment of transaction costs related to borrowings                                     | -                    | (3,378)              | -                    | (8,245)              |
| Payment of lease liabilities   | (1,000)              | -                    | (1,000)              | -                    |
| Redemption of CPPUs  | -                    | -                    | -                    | (100,000)            |
| Repayment of borrowings  | (20,300)             | (128,900)            | (69,200)             | (684,538)            |
| <b>Net cash (used in)/from financing activities</b>                                    | <b>(43,507)</b>      | <b>889,310</b>       | <b>(79,446)</b>      | <b>803,456</b>       |

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**1 (c) Consolidated Statement of Cash Flows (cont'd)**

|   | <b>Note</b> | <b>4Q 2019<br/>(S\$'000)</b> | <b>4Q 2018<br/>(S\$'000)</b> | <b>FY 2019<br/>(S\$'000)</b> | <b>FY 2018<br/>(S\$'000)</b> |
|---|-------------|------------------------------|------------------------------|------------------------------|------------------------------|
| <b>Net (decrease)/increase in cash and cash equivalents</b> |             | (1,993)                      | 4,605                        | 23,360                       | (2,703)                      |
| Cash and cash equivalents at beginning of the period/year   |             | 61,485                       | 32,569                       | 37,074                       | 40,314                       |
| Effect of exchange rate fluctuations on cash held           |             | (82)                         | (100)                        | (1,024)                      | (537)                        |
| <b>Cash and cash equivalents at end of the period/year</b>  | <b>2</b>    | <b>59,410</b>                | <b>37,074</b>                | <b>59,410</b>                | <b>37,074</b>                |

**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>31 Dec 2019<br/>(S\$'000)</b> | <b>31 Dec 2018<br/>(S\$'000)</b> |
|---------------------------|----------------------------------|----------------------------------|
| Bank and cash balances    | 19,788                           | 7,781                            |
| Short-term deposits       | 39,622                           | 29,293                           |
| Cash and cash equivalents | 59,410                           | 37,074                           |

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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>4Q 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>(S\$'000)</b> | <b>interests</b>   | <b>(S\$'000)</b> |
|   |                    |                  |                  | <b>(S\$'000)</b>   |                  |
| <b>Net assets attributable to owners at 1 October 2019</b>    | 3,265,668          | 360,945          | 3,626,613        | 239,210            | 3,865,823        |
| <b>Operations</b>   |                    |                  |                  |                    |                  |
| Total return for the period                                   | 70,207             | -                | 70,207           | 8,804              | 79,011           |
| Less: Amount reserved for distribution to CPPU holder         | (945)              | 945              | -                | -                  | -                |
| <b>Net increase in net assets resulting from operations</b>   | 69,262             | 945              | 70,207           | 8,804              | 79,011           |
| <b>Transactions with owners</b>                               |                    |                  |                  |                    |                  |
| <b><i>Contributions by and distributions to owners</i></b>    |                    |                  |                  |                    |                  |
| Issue of new Units  |                    |                  |                  |                    |                  |
| - Manager's base management fees paid/payable in Units        | 3,978              | -                | 3,978            | -                  | 3,978            |
| Distribution paid to Unitholders                              | (15,220)           | -                | (15,220)         | -                  | (15,220)         |
| <b>Total contributions by and distributions to owners</b>     | (11,242)           | -                | (11,242)         | -                  | (11,242)         |
| <b>Movement in foreign currency translation reserve</b>       | (1,213)            | -                | (1,213)          | -                  | (1,213)          |
| <b>Hedging transactions</b>                                   |                    |                  |                  |                    |                  |
| Effective portion of change in fair value of cash flow hedges | (4,714)            | -                | (4,714)          | (157)              | (4,871)          |
| Hedging reserve transferred to statement of total return      | 656                | -                | 656              | 38                 | 694              |
| <b>Net movement in hedging transactions</b>                   | (4,058)            | -                | (4,058)          | (119)              | (4,177)          |
| <b>Net assets attributable to owners at 31 December 2019</b>  | 3,318,417          | 361,890          | 3,680,307        | 247,895            | 3,928,202        |



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

| <b>Group<br/>FY 2019</b>   | <b>Unitholders<br/>(S\$'000)</b> | <b>CPPU<br/>holder<br/>(S\$'000)</b> | <b>Total<br/>(S\$'000)</b> | <b>Non-<br/>controlling<br/>interests<br/>(S\$'000)</b> | <b>Total<br/>(S\$'000)</b> |
|--|----------------------------------|--------------------------------------|----------------------------|---|----------------------------|
| <b>Net assets attributable to owners at 1 January 2019</b>         | 2,038,092                        | 361,890                              | 2,399,982                  | 240,743   | 2,640,725                  |
| <b>Operations</b>  |                                  |                                      |                            |   |                            |
| Total return for the period  | 118,745                          | -                                    | 118,745                    | 14,478  | 133,223                    |
| Less: Amount reserved for distribution to CPPU holder              | (3,750)                          | 3,750                                | -                          | -   | -                          |
| <b>Net increase in net assets resulting from operations</b>        | 114,995                          | 3,750                                | 118,745                    | 14,478  | 133,223                    |
| <b>Transactions with owners</b>                                    |                                  |                                      |                            |   |                            |
| <b>Contributions by and distributions to owners</b>                |                                  |                                      |                            |   |                            |
| Issue of new Units   |                                  |                                      |                            |   |                            |
| - Manager's fees paid/payable in Units                             | 13,018                           | -                                    | 13,018                     | -   | 13,018                     |
| - 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       | 1,267,672                        | -                                    | 1,267,672                  | -   | 1,267,672                  |
| Distributions paid to Unitholders                                  | (100,663)                        | -                                    | (100,663)                  | -   | (100,663)                  |
| 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>          | 1,188,345                        | (3,750)                              | 1,184,595                  | (6,800)   | 1,177,795                  |
| <b>Movement in foreign currency translation reserve</b>            | (14,325)                         | -                                    | (14,325)                   | -   | (14,325)                   |
| <b>Hedging transactions</b>  |                                  |                                      |                            |   |                            |
| Effective portion of change in fair value of cash flow hedges      | (9,338)                          | -                                    | (9,338)                    | (560)   | (9,898)                    |
| Hedging reserve transferred to statement of total return           | 648                              | -                                    | 648                        | 34  | 682                        |
| <b>Net movement in hedging transactions</b>                        | (8,690)                          | -                                    | (8,690)                    | (526)   | (9,216)                    |
| <b>Net assets attributable to owners at 31 December 2019</b>       | 3,318,417                        | 361,890                              | 3,680,307                  | 247,895   | 3,928,202                  |

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

| <b>Trust<br/>4Q 2019</b>                                      | <b>Unitholders<br/>(S\$'000)</b> | <b>CPPU holder<br/>(S\$'000)</b> | <b>Total<br/>(S\$'000)</b> |
|---|----------------------------------|----------------------------------|----------------------------|
| <b>Net assets attributable to owners at 1 October 2019</b>    | 2,969,595                        | 360,945                          | 3,330,540                  |
| <b>Operations</b>   |                                  |                                  |                            |
| Total return for the period                                   | 9,094                            | -                                | 9,094                      |
| Less: Amount reserved for distribution to CPPU holder         | (945)                            | 945                              | -                          |
| <b>Net increase in net assets resulting from operations</b>   | <b>8,149</b>                     | <b>945</b>                       | <b>9,094</b>               |
| <b>Transactions with owners</b>                               |                                  |                                  |                            |
| <b><i>Contributions by and distributions to owners</i></b>    |                                  |                                  |                            |
| Issue of new Units  |                                  |                                  |                            |
| - Manager's base management fees paid/payable in Units        | 3,978                            | -                                | 3,978                      |
| Distribution paid to Unitholders                              | (15,220)                         | -                                | (15,220)                   |
| <b>Total contributions by and distributions to owners</b>     | <b>(11,242)</b>                  | <b>-</b>                         | <b>(11,242)</b>            |
| <b>Hedging transactions</b>                                   |                                  |                                  |                            |
| Effective portion of change in fair value of cash flow hedges | (2,181)                          | -                                | (2,181)                    |
| Hedging reserve transferred to statement of total return      | 581                              | -                                | 581                        |
| <b>Net movement in hedging transactions</b>                   | <b>(1,600)</b>                   | <b>-</b>                         | <b>(1,600)</b>             |
| <b>Net assets attributable to owners at 31 December 2019</b>  | <b>2,964,902</b>                 | <b>361,890</b>                   | <b>3,326,792</b>           |

| <b>Trust<br/>FY 2019</b>   | <b>Unitholders<br/>(S\$'000)</b> | <b>CPPU holder<br/>(S\$'000)</b> | <b>Total<br/>(S\$'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 year  | 60,637                           | -                                | 60,637                     |
| Less: Amount reserved for distribution to CPPU holder              | (3,750)                          | 3,750                            | -                          |
| <b>Net increase in net assets resulting from operations</b>        | <b>56,887</b>                    | <b>3,750</b>                     | <b>60,637</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                             | 13,018                           | -                                | 13,018                     |
| - Acquisition fees paid to Manager in Units pursuant to the Merger | 8,318                            | -                                | 8,318                      |
| - Partial consideration paid in Units pursuant to the Merger       | 1,267,672                        | -                                | 1,267,672                  |
| Distributions paid to Unitholders                                  | (100,663)                        | -                                | (100,663)                  |
| Distributions paid to CPPU Holder                                  | -                                | (3,750)                          | (3,750)                    |
| <b>Total contributions by and distributions to owners</b>          | <b>1,188,345</b>                 | <b>(3,750)</b>                   | <b>1,184,595</b>           |
| <b>Hedging transactions</b>  |                                  |                                  |                            |
| Effective portion of change in fair value of cash flow hedges      | (5,243)                          | -                                | (5,243)                    |
| Hedging reserve transferred to statement of total return           | 576                              | -                                | 576                        |
| <b>Net movement in hedging transactions</b>                        | <b>(4,667)</b>                   | <b>-</b>                         | <b>(4,667)</b>             |
| <b>Net assets attributable to owners at 31 December 2019</b>       | <b>2,964,902</b>                 | <b>361,890</b>                   | <b>3,326,792</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>4Q 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 October 2018</b>    | 1,376,874          | 360,945          | 1,737,819        | 233,162            | 1,970,981        |
| <b>Operations</b>   |                    |                  |                  |                    |                  |
| Total return for the period                                   | 77,653             | -                | 77,653           | 7,823              | 85,476           |
| Less: Amount reserved for distribution to CPPU holder         | (945)              | 945              | -                | -                  | -                |
| <b>Net increase in net assets resulting from operations</b>   | <b>76,708</b>      | <b>945</b>       | <b>77,653</b>    | <b>7,823</b>       | <b>85,476</b>    |
| <b>Transactions with owners</b>                               |                    |                  |                  |                    |                  |
| <b>Contributions by and distributions to owners</b>           |                    |                  |                  |                    |                  |
| Issue of new Units  |                    |                  |                  |                    |                  |
| - Rights Issue  | 587,528            | -                | 587,528          | -                  | 587,528          |
| - Acquisition fee paid to Manager in Units                    | 6,810              | -                | 6,810            | -                  | 6,810            |
| - Manager's base management fees paid/payable in Units        | 2,582              | -                | 2,582            | -                  | 2,582            |
| Issue costs   | (7,098)            | -                | (7,098)          | -                  | (7,098)          |
| <b>Total contributions by and distributions to owners</b>     | <b>589,822</b>     | <b>-</b>         | <b>589,822</b>   | <b>-</b>           | <b>589,822</b>   |
| <b>Movement in foreign currency translation reserve</b>       | <b>(451)</b>       | <b>-</b>         | <b>(451)</b>     | <b>-</b>           | <b>(451)</b>     |
| <b>Hedging transactions</b>                                   |                    |                  |                  |                    |                  |
| Effective portion of change in fair value of cash flow hedges | (4,931)            | -                | (4,931)          | (215)              | (5,146)          |
| Hedging reserve transferred to statement of total return      | 70                 | -                | 70               | (27)               | 43               |
| <b>Net movement in hedging transactions</b>                   | <b>(4,861)</b>     | <b>-</b>         | <b>(4,861)</b>   | <b>(242)</b>       | <b>(5,103)</b>   |
| <b>Net assets attributable to owners at 31 December 2018</b>  | <b>2,038,092</b>   | <b>361,890</b>   | <b>2,399,982</b> | <b>240,743</b>     | <b>2,640,725</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>FY 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>interests</b>   |                  |
| <b>at 1 January 2018</b>                                      |                    |                |                  | <b>(S\$'000)</b>   | <b>(S\$'000)</b> |
| <b>Operations</b>   |                    |                |                  |                    |                  |
| Total return for the year                                     | 1,407,285          | 361,891        | 1,769,176        | 234,906            | 2,004,082        |
| Less: Amount reserved for distribution to CPPU holder         | 117,493            | -              | 117,493          | 13,220             | 130,713          |
|   | (3,750)            | 3,750          | -                | -                  | -                |
| <b>Net increase in net assets resulting from operations</b>   | <b>113,743</b>     | <b>3,750</b>   | <b>117,493</b>   | <b>13,220</b>      | <b>130,713</b>   |
| <b>Transactions with owners</b>                               |                    |                |                  |                    |                  |
| Issue of new Units  |                    |                |                  |                    |                  |
| - Rights Issue  | 587,528            | -              | 587,528          | -                  | 587,528          |
| - Acquisition fee paid to Manager in Units                    | 6,810              | -              | 6,810            | -                  | 6,810            |
| - Manager's base management fees paid/payable in Units        | 8,452              | -              | 8,452            | -                  | 8,452            |
| Issue costs   | (7,098)            | -              | (7,098)          | -                  | (7,098)          |
| Distributions paid to Unitholders                             | (69,262)           | -              | (69,262)         | -                  | (69,262)         |
| Distributions 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>526,430</b>     | <b>(3,751)</b> | <b>522,679</b>   | <b>(7,200)</b>     | <b>515,479</b>   |
| <b>Movement in foreign currency translation reserve</b>       | <b>(11,241)</b>    | <b>-</b>       | <b>(11,241)</b>  | <b>-</b>           | <b>(11,241)</b>  |
| <b>Hedging transactions</b>                                   |                    |                |                  |                    |                  |
| Effective portion of change in fair value of cash flow hedges | 139                | -              | 139              | (152)              | (13)             |
| Hedging reserve transferred to statement of total return      | 1,736              | -              | 1,736            | (31)               | 1,705            |
| <b>Net movement in hedging transactions</b>                   | <b>1,875</b>       | <b>-</b>       | <b>1,875</b>     | <b>(183)</b>       | <b>1,692</b>     |
| <b>Net assets attributable to owners at 31 December 2018</b>  | <b>2,038,092</b>   | <b>361,890</b> | <b>2,399,982</b> | <b>240,743</b>     | <b>2,640,725</b> |

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

| <b>Trust<br/>4Q 2018</b>                                      | <b>Unitholders<br/>(S\$'000)</b> | <b>CPPU holder<br/>(S\$'000)</b> | <b>Total<br/>(S\$'000)</b> |
|---|----------------------------------|----------------------------------|----------------------------|
| <b>Net assets attributable to owners at 1 October 2018</b>    | 1,114,014                        | 360,945                          | 1,474,959                  |
| <b>Operations</b>   |                                  |                                  |                            |
| Total return for the period                                   | 25,092                           | -                                | 25,092                     |
| Less: Amount reserved for distribution to CPPU holder         | (945)                            | 945                              | -                          |
| <b>Net increase in net assets resulting from operations</b>   | <b>24,147</b>                    | <b>945</b>                       | <b>25,092</b>              |
| <b>Transactions with owners</b>                               |                                  |                                  |                            |
| <b>Contributions by and distributions to owners</b>           |                                  |                                  |                            |
| Issue of new Units  |                                  |                                  |                            |
| - Rights Issue  | 587,528                          | -                                | 587,528                    |
| - Acquisition fee paid to Manager in Units                    | 6,810                            | -                                | 6,810                      |
| - Manager's base management fees paid/payable in Units        | 2,582                            | -                                | 2,582                      |
| Issue costs   | (7,098)                          | -                                | (7,098)                    |
| <b>Total contributions by and distributions to owners</b>     | <b>589,822</b>                   | <b>-</b>                         | <b>589,822</b>             |
| <b>Hedging transactions</b>                                   |                                  |                                  |                            |
| Effective portion of change in fair value of cash flow hedges | (3,831)                          | -                                | (3,831)                    |
| Hedging reserve transferred to statement of total return      | 185                              | -                                | 185                        |
| <b>Net movement in hedging transactions</b>                   | <b>(3,646)</b>                   | <b>-</b>                         | <b>(3,646)</b>             |
| <b>Net assets attributable to owners at 31 December 2018</b>  | <b>1,724,337</b>                 | <b>361,890</b>                   | <b>2,086,227</b>           |

| <b>Trust<br/>FY 2018</b>                                      | <b>Unitholders<br/>(S\$'000)</b> | <b>CPPU holder<br/>(S\$'000)</b> | <b>Total<br/>(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 year                                     | 61,100                           | -                                | 61,100                     |
| Less: Amount reserved for distribution to CPPU holder         | (3,750)                          | 3,750                            | -                          |
| <b>Net increase in net assets resulting from operations</b>   | <b>57,350</b>                    | <b>3,750</b>                     | <b>61,100</b>              |
| <b>Transactions with owners</b>                               |                                  |                                  |                            |
| <b>Contributions by and distributions to owners</b>           |                                  |                                  |                            |
| Issue of new Units  |                                  |                                  |                            |
| - Rights Issue  | 587,528                          | -                                | 587,528                    |
| - Acquisition fee paid to Manager in Units                    | 6,810                            | -                                | 6,810                      |
| - Manager's base management fees paid/payable in Units        | 8,452                            | -                                | 8,452                      |
| Issue costs   | (7,098)                          | -                                | (7,098)                    |
| 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>     | <b>526,430</b>                   | <b>(3,751)</b>                   | <b>522,679</b>             |
| <b>Hedging transactions</b>                                   |                                  |                                  |                            |
| Effective portion of change in fair value of cash flow hedges | 908                              | -                                | 908                        |
| Hedging reserve transferred to statement of total return      | 1,889                            | -                                | 1,889                      |
| <b>Net movement in hedging transactions</b>                   | <b>2,797</b>                     | <b>-</b>                         | <b>2,797</b>               |
| <b>Net assets attributable to owners at 31 December 2018</b>  | <b>1,724,337</b>                 | <b>361,890</b>                   | <b>2,086,227</b>           |

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

|  | <b>4Q 2019<br/>('000)</b> | <b>4Q 2018<br/>('000)</b> | <b>FY 2019<br/>('000)</b> | <b>FY 2018<br/>('000)</b> |
|--|---------------------------|---------------------------|---------------------------|---------------------------|
| <b>Units in issue:</b>                                       |                           |                           |                           |                           |
| At the beginning of the period/year                          | 5,377,973                 | 1,552,336                 | 2,855,978                 | 1,544,013                 |
| Issue of new Units relating to:                              |                           |                           |                           |                           |
| - Rights Issue Units   | -                         | 1,288,439                 | -                         | 1,288,439                 |
| - Manager's fees paid in Units                               | 7,425                     | 15,203                    | 23,053                    | 23,526                    |
| - Acquisition fees paid in Units pursuant to the Merger      | -                         | -                         | 14,592                    | -                         |
| - Partial consideration paid in Units pursuant to the Merger | -                         | -                         | 2,491,775                 | -                         |
| At the end of the period/year                                | 5,385,398                 | 2,855,978                 | 5,385,398                 | 2,855,978                 |
| <b>Units to be issued:</b>                                   |                           |                           |                           |                           |
| Manager's fee payable in Units                               | 7,061                     | 5,611                     | 7,061                     | 5,611                     |
| At the end of the period/year                                | 5,392,459                 | 2,861,589                 | 5,392,459                 | 2,861,589                 |

The Manager's fees paid in Units during 4Q 2018 and FY 2018 include 11,947,368 new Units issued on 1 November 2018 as payment for the acquisition fees of S\$6.8 million in relation to the acquisition of OUE Downtown Office. The acquisition fee was paid in Units as the acquisition of OUE Downtown Office constituted an interested party transaction. These Units shall not be sold by the Manager within one year from their date of issue. The remaining Units issued to the Manager relate to payment for the Manager's management fee.

**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.

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**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:

(i) 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.

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            |

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(ii) Amendments to FRS 109 and FRS 107 Interest Rate Benchmark Reform

A fundamental review and reform of major interest rate benchmarks is being undertaken globally. There is uncertainty as to the timing and the methods of transition for replacing existing benchmark interbank offered rates (“IBORs”) with alternative rates. Such uncertainty may impact the Group’s hedging relationships, for example its effectiveness assessment and highly probable assessment.

The Group early adopted the amendments to FRS 109 and FRS 107 issued in December 2019 in relation to the project on interest rate benchmark reform. The Group applied the interest rate benchmark reform amendments retrospectively to hedging relationships that existed at 1 January 2019 or were designated thereafter and that are directly affected by interest rate benchmark reform. These amendments modify some specific hedge accounting requirements to provide relief from potential effects of the uncertainty caused by the IBOR reform. As IBOR continues to be used as a reference rate in financial markets and is used in the valuation of instruments with maturities that exceed the expected end date for IBOR, the Group believes the current market structure supports the continuation of hedge accounting as at 31 December 2019.



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

**Earnings per Unit attributable to Unitholders (“EPU”)**

|   | <b>4Q 2019</b> | <b>4Q 2018</b> |
|---|----------------|----------------|
| Weighted average number of Units                | 5,385,475,347  | 2,656,657,816  |
| Basic EPU (cents)                               | 1.29           | 2.89           |
| Weighted average number of Units <sup>(1)</sup> | 5,916,641,640  | 3,186,389,920  |
| Diluted EPU (cents)                             | 1.19           | 2.44           |

  

|   | <b>FY 2019</b> | <b>FY 2018</b> |
|---|----------------|----------------|
| Weighted average number of Units                | 3,652,633,775  | 1,985,674,408  |
| Basic EPU (cents)                               | 3.15           | 5.73           |
| Weighted average number of Units <sup>(1)</sup> | 4,193,085,154  | 2,520,552,469  |
| Diluted EPU (cents)                             | 2.83           | 4.66           |

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 31 December 2019 and 31 December 2018, a total of 375.0 million CPPUs remain convertible. Assuming that the remaining 375.0 million CPPUs are fully converted at the conversion price, 524,182,276 Units will be issued.

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**Distribution per Unit attributable to Unitholders ("DPU")**

|                                      | <b>4Q 2019</b>               | <b>4Q 2018</b>               |
|--------------------------------------|------------------------------|------------------------------|
| No of Units entitled to distribution | 5,392,459,363 <sup>(1)</sup> | 2,861,589,059 <sup>(2)</sup> |
| Distribution per Unit (cents)        | 0.84                         | 0.75                         |

|                                      | <b>FY 2019</b>               | <b>FY 2018</b>               |
|--------------------------------------|------------------------------|------------------------------|
| No of Units entitled to distribution | 5,392,459,363 <sup>(1)</sup> | 2,861,589,059 <sup>(2)</sup> |
| Distribution per Unit (cents)        | 3.31 <sup>(3)</sup>          | 3.48 <sup>(4)</sup>          |

Footnotes:

- (1) Comprises the Units in issue as at 31 December 2019 of 5,385,398,600 and Units to be issued to the Manager as satisfaction of Manager's base fee payable for 4Q 2019 of 7,060,763.
- (2) Comprises the Units in issue as at 31 December 2018 of 2,855,978,245 and Units issued to the Manager as satisfaction of Manager's base fee payable for 4Q 2018 of 5,610,814.
- (3) Comprised the 1H2019 DPU of 1.68 cents, clean-up distribution before the Merger of 0.53 cents and post Merger distribution of 1.10 cents.
- (4) FY 2018 DPU is calculated based on actual 1H 2018 DPU, with 2H 2018 DPU adjusted for the Rights Units. Should 1H 2018 DPU be adjusted for the bonus element in the Rights Units, FY 2018 DPU would be 3.22 cents.

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

|  | <b>Group</b>       |                    | <b>Trust</b>       |                    |
|--|--------------------|--------------------|--------------------|--------------------|
|  | <b>31 Dec 2019</b> | <b>31 Dec 2018</b> | <b>31 Dec 2019</b> | <b>31 Dec 2018</b> |
| No of Units in issue and to be issued at end of year | 5,392,459,363      | 2,861,589,059      | 5,392,459,363      | 2,861,589,059      |
| Net asset value ("NAV") per Unit (S\$)               | 0.62               | 0.71               | 0.55               | 0.60               |
| Net tangible asset ("NTA") per Unit (S\$)            | 0.61               | 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 year.

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**8 Review of the Performance**

| <b>Statement of<br/>Total Return</b>               | <b>4Q 2019<sup>(1)</sup><br/>(S\$'000)</b> | <b>4Q 2018<sup>(2)</sup><br/>(S\$'000)</b> | <b>Change<br/>(%)</b> | <b>FY 2019<sup>(1)</sup><br/>(S\$'000)</b> | <b>FY 2018<sup>(2)</sup><br/>(S\$'000)</b> | <b>Change<br/>(%)</b> |
|--|--|--|-----------------------|--|--|-----------------------|
| Revenue  | 86,794                                     | 48,036                                     | 80.7                  | 257,329                                    | 176,396                                    | 45.9                  |
| - Commercial <sup>(3)</sup>                        | 61,998                                     | 48,036                                     | 29.1                  | 225,045                                    | 176,396                                    | 27.6                  |
| - Hospitality <sup>(4)</sup>                       | 24,796                                     | -  | NM                    | 32,284                                     | -  | NM                    |
| Property operating expenses                        | (16,218)                                   | (11,401)                                   | 42.3                  | (52,378)                                   | (38,209)                                   | 37.1                  |
| - Commercial <sup>(3)</sup>                        | (14,199)                                   | (11,401)                                   | 24.5                  | (49,721)                                   | (38,209)                                   | 30.1                  |
| - Hospitality <sup>(4)</sup>                       | (2,019)                                    | -  | NM                    | (2,657)                                    | -  | NM                    |
| <b>Net property income</b>                         | <b>70,576</b>                              | <b>36,635</b>                              | <b>92.6</b>           | <b>204,951</b>                             | <b>138,187</b>                             | <b>48.3</b>           |
| - Commercial <sup>(3)</sup>                        | 47,799                                     | 36,635                                     | 30.5                  | 175,324                                    | 138,187                                    | 26.9                  |
| - Hospitality <sup>(4)</sup>                       | 22,777                                     | -  | NM                    | 29,627                                     | -  | NM                    |
| Other income                                       | 3,928                                      | 3,962                                      | (0.9)                 | 17,182                                     | 7,189                                      | NM                    |
| Amortisation of intangible assets                  | (1,250)                                    | (1,947)                                    | (35.8)                | (5,298)                                    | (5,286)                                    | 0.2                   |
| Manager's management fees                          | (4,973)                                    | (3,227)                                    | 54.1                  | (16,272)                                   | (10,565)                                   | 54.0                  |
| Trustee's fee                                      | (374)                                      | (175)                                      | NM                    | (972)                                      | (602)                                      | 61.5                  |
| Other expenses                                     | (390)                                      | (538)                                      | (27.5)                | (1,874)                                    | (1,877)                                    | (0.2)                 |
| Finance income                                     | 1,327                                      | 948  | 40.0                  | 3,725                                      | 3,669                                      | 1.5                   |
| Finance costs                                      | (22,901)                                   | (15,179)                                   | 50.9                  | (71,496)                                   | (51,679)                                   | 38.3                  |
| Net finance costs                                  | (21,574)                                   | (14,231)                                   | 51.6                  | (67,771)                                   | (48,010)                                   | 41.2                  |
| Foreign exchange differences                       | (31)                                       | (9)  | NM                    | (365)                                      | 12   | NM                    |
| <b>Net Income</b>                                  | <b>45,912</b>                              | <b>20,470</b>                              | <b>NM</b>             | <b>129,581</b>                             | <b>79,048</b>                              | <b>63.9</b>           |
| Fair value adjustments relating to the Merger      | -  | -  | -                     | (16,811)                                   | -  | NM                    |
| Net change in fair value of investment properties  | 37,901                                     | 71,399                                     | (46.9)                | 37,901                                     | 71,399                                     | (46.9)                |
| <b>Total return for the period/year before tax</b> | <b>83,813</b>                              | <b>91,869</b>                              | <b>(8.8)</b>          | <b>150,671</b>                             | <b>150,447</b>                             | <b>0.1</b>            |
| Tax expense  | (4,802)                                    | (6,393)                                    | (24.9)                | (17,448)                                   | (19,734)                                   | (11.6)                |
| <b>Total return for the period/year</b>            | <b>79,011</b>                              | <b>85,476</b>                              | <b>(7.6)</b>          | <b>133,223</b>                             | <b>130,713</b>                             | <b>1.9</b>            |

NM: Not meaningful

Footnotes:

- (1) The current period results of OUE C-REIT's foreign subsidiaries are translated using the SGD:CNY rate of 1:5.171 for 4Q 2019 and 1:5.063 for FY 2019.
- (2) The prior period results of OUE C-REIT's foreign subsidiaries are translated using the SGD:CNY rate of 1:5.030 for 4Q 2018 and 1:4.895 for FY 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 4Q 2019 vs 4Q 2018**

4Q 2019 revenue of S\$86.8 million and net property income of S\$70.6 million were 80.7% and 92.6% respectively higher compared to that achieved in 4Q 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.

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\$7.3 million year-on-year mainly attributable to higher interest cost of S\$7.1 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).

Net fair value gain on investment properties for 4Q 2019 was S\$37.9 million as compared to S\$71.4 million in the prior period. The lower net fair value gain also resulted in a lower deferred tax provision made on the change in fair value. Both fair value gains and deferred tax provisions have no DPU impact.

Total return recorded for 4Q 2019 was S\$79.0 million, compared to total return of S\$85.5 million in 4Q 2018.

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

FY 2019 net property income of S\$205.0 million was S\$66.8 million higher than FY 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\$19.8 million year-on-year mainly attributable to higher interest cost of S\$19.2 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).

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Net fair value gain on investment properties for FY 2019 was S\$37.9 million as compared to S\$71.4 million in the prior year. The lower net fair value gain also resulted in a lower deferred tax provision made on the change in fair value. Both fair value gains and deferred tax provisions have no DPU impact.

Consequently, total return for FY 2019 increased 1.9% to S\$133.2 million, as compared to S\$130.7 million in FY 2019.

**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

In 4Q 2019, Singapore's GDP growth was 0.8% based on advance estimates by the Ministry of Trade and Industry ("MTI"), at a similar pace of growth as the previous quarter<sup>(1)</sup>. For 2019, Singapore's economy grew 0.7%, against 3.1% in 2018 and at the slowest pace since the global financial crisis in 2009 which saw GDP growth of just 0.1%. On a quarter-on-quarter ("QoQ") seasonally adjusted annualised basis, the economy expanded by a slower pace of 0.1% compared to 2.4% in the previous quarter. The manufacturing sector continued to contract in 4Q 2019, with growth declining 2.1% year-on-year ("YoY"), due to output declines in the electronics, chemicals and transport engineering clusters. The services sector grew 1.4% YoY in 4Q 2019 following 0.9% YoY growth in the previous quarter. The Singapore economy appears to have bottomed, with expectations of a gradual recovery supported by the signing of the initial phase of the US-China trade deal and more accommodative policies from China to address the ongoing slowdown. MTI's 2020 growth forecast is 0.5% to 2.5%.

According to CBRE, core CBD Grade A occupancy remained stable at 96.1% in 4Q 2019, while core CBD Grade A office rents edged up 0.9% QoQ to S\$11.55 psf/mth, marking the tenth consecutive quarter of growth since the trough in 2Q 2017 and a cumulative increase of 29.1%<sup>(2)</sup>. Demand was driven mainly by flexible workspace operators and the technology sector. Islandwide net absorption in 4Q 2019 was 358,434 sq ft, resulting in 2019 net absorption of 1.08 million sq ft, below the 10-year average of 1.63 million sq ft. With limited new Grade A office supply in the medium-term, CBD Grade A office rents are expected to remain stable. OUE C-REIT's portfolio of high-quality and strategically located office properties are expected to continue to achieve committed rents which are in line with or above market rents. As expiring rents of OUE C-REIT's Singapore office portfolio are below current market rents, rental reversions are expected to be positive.

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For the first 11 months of 2019, international visitor arrivals to Singapore grew 2.9% to 17.4 million compared to same period a year ago driven by significant gains from top source markets of China, Indonesia, and Australia. For the month of November 2019, international visitor arrivals increased 8.9% YoY, while the number of visitor days increased by 8.4% for the same period, averaging 3.1 days<sup>(3)</sup>. Singapore continues to invest and strengthen its tourism infrastructure across the city, while increasing flight connectivity to key source markets and the expansion of its aviation facilities including a four-year upgrading project for Changi Airport Terminal 2 which will commence end-January 2020. Further, the Singapore Tourism Board continues to drive visitor arrivals through strategic partnerships which position Singapore as a prime fly-cruise and convention destination. OUE C-REIT's strategically located hospitality assets in the prime Orchard Road belt and in Changi Airport are prime beneficiaries from these favourable medium term developments.

Whilst the resumption of large-scale biennial events in 2020 and limited future hotel supply over the next few years is supportive of a recovery in the Singapore hospitality sector, the outbreak of the Wuhan coronavirus and measures put in place to prevent its spread may adversely impact tourism demand in the near-term.

#### China

China's 4Q 2019 GDP growth was 6.0%<sup>(4)</sup>, bringing full-year growth to 6.1% compared to the previous year's growth of 6.6%, in line with the government's growth target of 6.0% to 6.5%. While the economy expanded at the slowest pace in 29 years, manufacturing data in November and December pointed to some improvement, potentially linked to easing US and China trade tensions. With investment growth remaining a concern, authorities are expected to continue to roll out more policy support measures to stabilise growth.

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According to Colliers International, office demand rebounded in 4Q 2019. However upside in rents was capped by the existing high level of vacancy in the market. Consequently, Shanghai CBD Grade A occupancy edged up 0.1 ppt QoQ to 87.6% as at 4Q 2019, while rents moderated 1.2% QoQ to RMB10.10 psm per day<sup>(5)</sup>. In Puxi, Grade A office occupancy rose 0.2 ppt QoQ to 90.4% as at 4Q 2019, while rents softened 1.0% QoQ to RMB 9.46 psm per day. Leasing demand is expected to continue to intensify with the peaking of office supply expected in 2021. Compounded by competition from decentralised markets, rental outlook is expected to be subdued in the near-term. As supply eases after 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 stable in 2020.

(1) Singapore Ministry of Trade and Industry Press Release, 2 January 2020

(2) CBRE, Singapore MarketView 4Q 2019

(3) Singapore Tourism Board, International Visitor Arrivals Statistics, 30 December 2019

(4) National Bureau of Statistics of China Press Release, 17 January 2020

(5) Colliers International, Shanghai Office Property Market Overview 4Q 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 4 September 2019 to 31 December 2019<sup>1</sup>

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

Distribution rate: 1.10 cents per Unit comprises:-  
(i) Taxable income distribution: 0.89 cents per Unit  
(ii) Tax exempt income distribution: 0.14 cents per Unit  
(iii) Capital distribution: 0.07 cents per Unit

<sup>1</sup> Pursuant to the completion of the Merger on 4 September 2019, a Clean-up Distribution of 0.53 cents per Unit for the period from 1 July 2019 to 3 September 2019 was paid on 5 December 2019. A Distribution per Unit of 1.10 cents was declared for the financial period from 4 September 2019 to 31 December 2019.

CPPU Holder

Name of distribution: Distribution for the financial period from 1 July 2019 to 31 December 2019

Distribution rate/ type: S\$1,890,410.96 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

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%.



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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: 7 February 2020

Date payable: 6 March 2020

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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 July 2018 to 31 December 2018

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

Distribution rate: 1.30 cents per Unit comprises:-  
(i) Taxable income distribution: 0.64 cents per Unit  
(ii) Tax exempt income distribution: 0.41 cents per Unit  
(iii) Capital distribution: 0.25 cents per Unit

CPPU Holder

Name of distribution: Distribution for the financial period from 1 July 2018 to 31 December 2018

Distribution rate/ type: S\$1,890,410.96 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

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. Tax-exempt income relates to the one-tier dividend income received by OUE C-REIT.

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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: 11 February 2019

Date payable: 5 March 2019

**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 Segment Information by Geographical Segment**

|                             | Singapore            |                      |               | China                               |                                     |               |
|-----------------------------|----------------------|----------------------|---------------|-------------------------------------|-------------------------------------|---------------|
|                             | FY 2019<br>(S\$'000) | FY 2018<br>(S\$'000) | Change<br>(%) | FY 2019 <sup>(1)</sup><br>(S\$'000) | FY 2018 <sup>(2)</sup><br>(S\$'000) | Change<br>(%) |
| Revenue                     | 226,708              | 144,478              | 56.9          | 30,621                              | 31,918                              | (4.1)         |
| Property operating expenses | (47,071)             | (32,288)             | 45.8          | (5,307)                             | (5,921)                             | (10.4)        |
| Segment net property income | 179,637              | 112,190              | 60.1          | 25,314                              | 25,997                              | (2.6)         |

Footnotes:

(1) The results of OUE C-REIT's foreign subsidiaries are translated using the SGD:CNY rate of 1:5.063 for FY 2019.

(2) The results of OUE C-REIT's foreign subsidiaries are translated using the SGD:CNY rate of 1:4.895 for FY 2018.

For segment information by asset class, please refer to Section 8.

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**15 In the review of the performance, the factors leading to any material changes in contribution to turnover and earnings by the business or geographical segments**

Please refer to Section 8 for the review of the actual performance.

**16 Breakdown of Revenue**

|                                   | <b>FY 2019<br/>(S\$'000)</b> | <b>FY 2018<br/>(S\$'000)</b> | <b>Change<br/>(%)</b> |
|-----------------------------------|------------------------------|------------------------------|-----------------------|
| Revenue for first half year       | 107,220                      | 87,155                       | 23.0                  |
| Total return for first half year  | 45,124                       | 31,425                       | 43.6                  |
| Revenue for second half year      | 150,109                      | 89,241                       | 68.2                  |
| Total return for second half year | 88,099                       | 99,288                       | (11.3)                |

**17 Breakdown of Total Annual Distribution**

|   | <b>FY 2019<br/>(S\$'000)</b> | <b>FY 2018<br/>(S\$'000)</b> |
|---|------------------------------|------------------------------|
| 1 July 2017 to 31 December 2017                     | -                            | 35,421                       |
| 1 January 2018 to 30 June 2018                      | -                            | 33,841                       |
| 1 July 2018 to 31 December 2018 <sup>(1)</sup>      | 37,200                       | -                            |
| 1 January 2019 to 30 June 2019                      | 48,243                       | -                            |
| 1 July 2019 to 3 September 2019                     | 15,220                       | -                            |
| 4 September 2019 to 31 December 2019 <sup>(1)</sup> | -                            | -                            |

Footnote:

(1) Refer to Section 11 for details of the distribution.

**18 Confirmation pursuant to Rule 704(13) of the Listing Manual**

Pursuant to Rule 704(13) of the Listing Manual of the Singapore Exchange Securities Trading Limited, the Manager confirm that there is no person occupying a managerial position in Manager, who is related to a director or the chief executive officer or a substantial shareholder of the Manager or a substantial of unitholder of OUE C-REIT.

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**19 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)

30 January 2020