

OUE COMMERCIAL REAL ESTATE INVESTMENT TRUST

**Unaudited Financial Statements and Distribution Announcement for Second Half 2020
and Financial Year ended 31 December 2020**

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QUE COMMERCIAL REAL ESTATE INVESTMENT TRUST
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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 5th consecutive year.

OUE C-REIT's distribution policy is to distribute at least 90% of its taxable income, on a semi-annual basis, 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

	2H 2020⁽¹⁾ (S\$'000)	2H 2019⁽²⁾ (S\$'000)	Change (%)	FY 2020⁽¹⁾ (S\$'000)	FY 2019⁽²⁾ (S\$'000)	Change (%)
Revenue	149,998	150,109	(0.1)	292,007	257,329	13.5
Net property income	119,390	120,633	(1.0)	231,890	204,951	13.1
Amount available for distribution to Unitholders	75,539	76,142	(0.8)	143,822	124,714	15.3
Add/(less): Amount released/(retained) for working capital requirements	2,831 ⁽³⁾	(1,500)	NM	(11,000) ⁽³⁾	(1,500)	NM
Amount to be distributed to Unitholders	78,370	74,642	5.0	132,822	123,214	7.8
Distribution per Unit ("DPU") (cents)	1.43	1.63	(12.3)	2.43	3.31 ⁽⁴⁾	(26.6)

NM: Not meaningful

Footnotes:

- (1) The current period results of OUE C-REIT's foreign subsidiaries are translated using the SGD:CNY rate of 1:4.966 for 2H 2020 and 1:4.988 for FY 2020.
- (2) The prior period results of OUE C-REIT's foreign subsidiaries are translated using the SGD:CNY rate of 1:5.137 for 2H 2019 and 1:5.063 for FY 2019.
- (3) OUE C-REIT's distribution policy is to distribute at least 90% of its taxable income, on a semi-annual basis, with the actual level of distribution to be determined at the Manager's discretion. In 1H 2020, OUE C-REIT retained S\$10.8 million in addition to S\$3.0 million that was retained for ongoing working capital requirements. For 2H 2020, OUE C-REIT has released S\$5.8 million of the S\$10.8 million retained in 1H 2020. Similar to 1H 2020, for ongoing working capital requirements, OUE C-REIT has retained S\$3.0 million in 2H 2020.
- (4) 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

Statement of Total Return	Note	2H 2020⁽¹⁾ (S\$'000)	2H 2019⁽²⁾ (S\$'000)	Change (%)	FY 2020⁽¹⁾ (S\$'000)	FY 2019⁽²⁾ (S\$'000)	Change (%)
Revenue		149,998	150,109	(0.1)	292,007	257,329	13.5
Property operating expenses		(30,608)	(29,476)	3.8	(60,117)	(52,378)	14.8
Net property income		119,390	120,633	(1.0)	231,890	204,951	13.1
Other income	1	7,107	7,962	(10.7)	16,517	17,182	(3.9)
Amortisation of intangible assets		(2,500)	(2,500)	-	(5,000)	(5,298)	(5.6)
Manager's management fees	2	(9,862)	(9,916)	(0.5)	(19,708)	(16,272)	21.1
Trustee's fee		(747)	(614)	21.7	(1,487)	(972)	53.0
Other expenses		(632)	(886)	(28.7)	(2,279)	(1,874)	21.6
Finance income		2,108	1,600	31.8	3,954	3,725	6.1
Finance costs		(41,423)	(40,079)	3.4	(85,330)	(71,496)	19.3
Net finance costs	3	(39,315)	(38,479)	2.2	(81,376)	(67,771)	20.1
Foreign exchange differences		309	(188)	NM	698	(365)	NM
Net Income		73,750	76,012	(3.0)	139,255	129,581	7.5
Fair value adjustments relating to the Merger	4	-	(16,811)	NM	-	(16,811)	NM
Net change in fair value of investment properties	5	(179,655)	37,901	NM	(179,655)	37,901	NM
Total (loss)/return for the period/year before tax		(105,905)	97,102	NM	(40,400)	150,671	NM
Tax expense	6	6,365	(9,003)	NM	(345)	(17,448)	(98.0)
Total (loss)/return for the period/year		(99,540)	88,099	NM	(40,745)	133,223	NM
Attributable to:							
Unitholders and Convertible Perpetual Preferred Units ("CPPU") holder		(92,330)	77,479	NM	(36,265)	118,745	NM
Non-controlling interests		(7,210)	10,620	NM	(4,480)	14,478	NM
Total (loss)/return for the period/year		(99,540)	88,099	NM	(40,745)	133,223	NM

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<u>Distribution Statement</u>	Note	2H 2020 ⁽¹⁾ (S\$'000)	2H 2019 ⁽²⁾ (S\$'000)	Change (%)	FY 2020 ⁽¹⁾ (S\$'000)	FY 2019 ⁽²⁾ (S\$'000)	Change (%)
Total (loss)/return for the period/year attributable to Unitholders and CPPU holder		(92,330)	77,479	NM	(36,265)	118,745	NM
Less: Amount reserved for distribution to CPPU holder		(1,885)	(1,890)	(0.3)	(3,750)	(3,750)	-
Distribution adjustments	7	169,754	553	NM	183,837	9,719	NM
Amount available for distribution for the period/year		75,539	76,142	(0.8)	143,822	124,714	15.3
Add/(less): Amount released/(retained) for working capital requirements		2,831 ⁽³⁾	(1,500)	NM	(11,000) ⁽³⁾	(1,500)	NM
Amount to be distributed to Unitholders		78,370	74,642	5.0	132,822	123,214	7.8
Comprising:							
Taxable income		54,805	56,768	(3.5)	109,257	86,236	26.7
Tax exempt income		20,875	11,240	85.7	20,875	22,499	(7.2)
Unitholders' contributions		2,690	6,634	(59.5)	2,690	14,479	(81.4)
		78,370	74,642	5.0	132,822	123,214	7.8

NM: Not meaningful

Footnotes:

- (1) The current period results of OUE C-REIT's foreign subsidiaries are translated using the SGD:CNY rate of 1:4.966 for 2H 2020 and 1:4.988 for FY 2020.
- (2) The prior period results of OUE C-REIT's foreign subsidiaries are translated using the SGD:CNY rate of 1:5.137 for 2H 2019 and 1:5.063 for FY 2019.
- (3) OUE C-REIT's distribution policy is to distribute at least 90% of its taxable income, on a semi-annual basis, with the actual level of distribution to be determined at the Manager's discretion. In 1H 2020, OUE C-REIT retained S\$10.8 million in addition to S\$3.0 million that was retained for ongoing working capital requirements. For 2H 2020, OUE C-REIT has released S\$5.8 million of the S\$10.8 million retained in 1H 2020. Similar to 1H 2020, for ongoing working capital requirements, OUE C-REIT has retained S\$3.0 million in 2H 2020.

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").

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(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. From 2H 2020, the Manager has elected to pay 50% of the base management fees in cash, with the balance 50% in the form of new Units. For 1H 2020 and FY2019, 20% of base management fee was paid in cash, with the balance 80% in the form of new Units.

(3) Net finance costs

Net finance costs comprises the following:

	2H 2020 (S\$'000)	2H 2019 (S\$'000)	Change (%)	FY 2020 (S\$'000)	FY 2019 (S\$'000)	Change (%)
Finance income						
Interest income	214	512	(58.2)	793	999	(20.6)
Ineffective portion of changes in fair value of cash flow hedges	639	1,088	(41.3)	3,161	2,726	16.0
Change in fair value of financial derivatives	1,255	-	NM	-	-	NM
	2,108	1,600	31.8	3,954	3,725	6.1
Finance costs						
Borrowing costs	(35,298)	(36,331)	(2.8)	(74,223)	(64,810)	14.5
Amortisation of debt establishment costs	(5,392)	(3,156)	70.8	(8,959)	(5,336)	67.9
Change in fair value of financial derivatives	-	(90)	NM	(928)	(619)	49.9
Hedging reserve transferred from unitholders' funds	(293)	(218)	34.4	(341)	(447)	(23.7)
Finance expense – lease liabilities	(440)	(284)	54.9	(879)	(284)	NM
	(41,423)	(40,079)	3.4	(85,330)	(71,496)	19.3
Net finance costs	(39,315)	(38,479)	2.2	(81,376)	(67,771)	20.1

NM: Not meaningful

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(4) Fair value adjustments relating to the Merger

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

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

(5) Net change in fair value of investment properties

As at 31 December 2020, independent valuations are carried out for all seven properties of OUE C-REIT Group. Net change in fair value of investment properties for FY 2020 relates mainly to the revaluation gains or losses between their respective valuations as at 31 December 2019 and the subsequent capital expenditure incurred, and their respective valuations/fair value as at 31 December 2020.

(6) Tax expense

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

	2H 2020 (S\$'000)	2H 2019 (S\$'000)	Change (%)	FY 2020 (S\$'000)	FY 2019 (S\$'000)	Change (%)
Current tax						
- Current period/year	6,088	6,758	(9.9)	11,614	13,552	(14.3)
- Changes in estimates relating to prior year	(257)	(346)	(25.7)	(113)	82	NM
Deferred tax						
- Current period/year	(12,796)	1,843	NM	(12,347)	2,421	NM
Withholding tax	600	748	(19.8)	1,191	1,393	(14.5)
	(6,365)	9,003	NM	345	17,448	(98.0)

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 2020 ⁽¹⁾ (S\$'000)	31 Dec 2019 ⁽²⁾ (S\$'000)	Change (%)	31 Dec 2020 (S\$'000)	31 Dec 2019 (S\$'000)	Change (%)
Non-current assets							
Plant and equipment		234	270	(13.3)	-	-	-
Investment properties	1	5,370,505	6,770,187	(20.7)	900,000	2,093,000	(57.0)
Intangible assets	2	14,167	19,167	(26.1)	14,167	19,167	(26.1)
Investments in subsidiaries	3	-	-	-	2,594,230	2,727,742	(4.9)
Trade and other receivables		3,924	4,139	(5.2)	-	-	-
		5,388,830	6,793,763	(20.7)	3,508,397	4,839,909	(27.5)
Current assets							
Trade and other receivables	4	30,548	35,020	(12.8)	9,245	9,331	(0.9)
Cash and cash equivalents		88,508	59,410	49.0	17,987	7,297	NM
Property held for sale	5	1,258,512	-	NM	1,258,512	-	NM
		1,377,568	94,430	NM	1,285,744	16,628	NM
Total assets		6,766,398	6,888,193	(1.8)	4,794,141	4,856,537	(1.3)
Non-current liabilities							
Borrowings	6	2,325,093	2,111,638	10.1	1,006,219	1,323,261	(24.0)
Loan from a subsidiary	7	-	-	-	97,789	-	NM
Trade and other payables	8	31,749	48,258	(34.2)	6,548	18,280	(64.2)
Financial derivatives	9	31,895	14,560	NM	14,074	6,780	NM
Deferred tax liabilities		79,239	87,928	(9.9)	-	-	-
Lease liabilities		24,535	24,657	(0.5)	-	-	-
		2,492,511	2,287,041	9.0	1,124,630	1,348,321	(16.6)
Current liabilities							
Borrowings	6	371,290	575,489	(35.5)	369,254	-	NM
Loan from a subsidiary	7	-	-	-	-	149,844	NM
Trade and other payables	8	83,741	77,299	8.3	32,414	29,176	11.1
Financial derivatives	9	9,085	2,751	NM	2,296	2,404	(4.5)
Current tax liabilities		17,358	16,411	5.8	-	-	-
Lease liabilities		1,000	1,000	-	-	-	-
Liabilities directly associated with the property held for sale	10	15,751	-	NM	15,751	-	NM
		498,225	672,950	(26.0)	419,715	181,424	NM
Total liabilities		2,990,736	2,959,991	1.0	1,544,345	1,529,745	1.0
Net assets							
		3,775,662	3,928,202	(3.9)	3,249,796	3,326,792	(2.3)
Represented by:							
Unitholders' funds	11	3,177,972	3,318,417	(4.2)	2,887,911	2,964,902	(2.6)
CPPU holder's funds	12	361,885	361,890	(0.0)	361,885	361,890	(0.0)
Non-controlling interests	13	235,805	247,895	(4.9)	-	-	-
		3,775,662	3,928,202	(3.9)	3,249,796	3,326,792	(2.3)

NM: Not meaningful

Footnotes:

- (1) The statements of financial position of OUE C-REIT's foreign subsidiaries as at 31 December 2020 are translated using the SGD:CNY rate of 1:4.912.
- (2) 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.

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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 2020, subject to material estimation uncertainty due to COVID-19. The carrying amount also includes recognition of the Group's existing operating lease arrangements as right of use asset, in accordance with FRS 116 Leases. The decrease in investment properties was mainly due to lower fair value arising from revaluation, partially offset by the appreciation of the CNY against the SGD between 31 December 2019 and 31 December 2020.

(2) Intangible assets

Intangible asset represents the unamortised income support receivable by OUE C-REIT from the Sponsor Group pursuant to the Deed of Income Support relating to OUE Downtown Office.

(3) Investment in subsidiaries

The carrying amount of investment in subsidiaries decreased due to allowance for impairment loss as a result of lower fair value of the investment properties.

(4) Trade and other receivables – Current

At the Group level, the decrease in trade and other receivables was mainly due to decrease in trade receivables as a result of lower revenue from the hospitality segment and provision for doubtful debts made.

(5) Property held for sale

The property held for sale asset relates to OUE Bayfront as OUE C-REIT has announced subsequent to the year-end on 18 January 2021 the proposed divestment of OUE Bayfront at an agreed value of S\$1,267.5 million to a limited liability partnership ("LLP"). The LLP is jointly held with a fund managed by Allianz Real Estate Asia Pacific Pte. Ltd..

(6) Borrowings – Non-current and Current

The Group's total borrowings increased as compared to 31 December 2019 mainly due to net drawdown of loan facilities to fund the distributions in 2020. OUE H-Sub-Trust's loans was re-classified from current to non-current upon the completion of the re-financing of borrowings due in December 2020.

The Trust's total borrowings increased as compared to 31 December 2019 mainly attributable to the drawdown of loan facility to fund the repayment of S\$150.0 million notes in September 2020.

(7) Loan from a subsidiary

At the Trust level, the loan from a subsidiary as at 31 December 2020 relates to the S\$100.0 million notes issued in June 2020 through the Trust's wholly owned subsidiary, OUE CT Treasury Pte. Ltd., which were on-lent to the Trust.

The loan from a subsidiary relating to S\$150.0 million notes had been fully repaid in September 2020.

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(8) Trade and other payables - Non-current and Current

The Group and Trust's non-current trade and other payables decreased mainly due to the transfer of security deposits relating to OUE Bayfront to Liabilities directly associated with the property held for sale.

The increase in the Group and Trust's trade and other payables was due mainly to increase in accrued capital expenditure for investment properties.

(9) 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 2019 to 31 December 2020 was mainly due to net changes in the fair value of the IRS during the period.

(10) Liabilities directly associated with the property held for sale

Liabilities directly associated with the property held for sale mainly relates to security deposits for OUE Bayfront mentioned in item (5) above.

(11) Unitholders' funds

The decrease in Unitholders' funds was mainly due to loss for the financial year, distribution paid to Unitholders in March and September 2020 and net movement in the fair value reserve of IRS as at 31 December 2020. This was partially offset by the appreciation of the CNY against the SGD from 31 December 2019 to 31 December 2020 and new Units issued relating to base fees payable in Units.

(12) 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 2020.

(13) 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 five-year unsecured notes.

	31 Dec 2020⁽¹⁾ (S\$'000)	31 Dec 2019⁽²⁾ (S\$'000)
Secured borrowings		
Amount repayable within one year, or on demand	2,036	425,645
Amount repayable after one year	1,575,340	1,139,563
Total secured borrowings	1,577,376	1,565,208
Unsecured borrowings		
Amount repayable within one year, or on demand	369,254	149,844
Amount repayable after one year	749,753	972,075
Total unsecured borrowings	1,119,007	1,121,919
Total borrowings ⁽³⁾	2,696,383	2,687,127

OUE C-REIT Group's aggregate leverage was 41.2% as at 31 December 2020. The interest coverage ratio stood at 2.7 times⁽⁴⁾ as of 31 December 2020.

Footnotes:

- (1) The statements of financial position of OUE C-REIT's foreign subsidiaries as at 31 December 2020 are translated using the SGD:CNY rate of 1:4.912.
- (2) 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.
- (3) The borrowings are net of unamortised balance of transaction costs.
- (4) Interest coverage ratio is calculated based on guidance under Monetary Authority of Singapore's Code on Collective Investment Schemes, Property Funds Appendix 6 (last revised on 16 April 2020).

Details of any collaterals

The Group secured borrowings are collateralised by:-

- investment properties with a total carrying amount of S\$3,356.6 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 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 2020, 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 “2015 Programme”). Under the 2015 Programme, OUE C-REIT may from time to time issue notes (“Notes”) and/or perpetual securities (“Perpetual”) in series or tranches. On 5 September 2017, unsecured three-year notes of S\$150.0 million had been issued under the 2015 Programme. The notes had been fully repaid in September 2020.

In March 2020, OUE C-REIT, through its wholly-owned subsidiary, established a S\$2.0 billion Multicurrency Debt Issuance Programme (the “2020 Programme”). Under the 2020 Programme, OUE C-REIT may from time to time issue notes and perpetual securities in series or tranches. On 24 June 2020, unsecured five-year notes of S\$100.0 million have been issued under the 2020 Programme.

QUE COMMERCIAL REAL ESTATE INVESTMENT TRUST
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1 (c) Consolidated Statement of Cash Flows

Note	2H 2020 (S\$'000)	2H 2019 (S\$'000)	FY 2020 (S\$'000)	FY 2019 (S\$'000)
Cash flows from operating activities				
Total (loss)/return for the period/year	(99,540)	88,099	(40,745)	133,223
Adjustments for:				
Amortisation of intangible asset	2,500	2,500	5,000	5,298
Depreciation of plant and equipment	50	84	99	177
Manager's fees paid/payable in Units	4,931	7,933	12,808	13,018
Finance costs	41,423	40,079	85,330	71,496
Finance income	(2,108)	(1,600)	(3,954)	(3,725)
Fair value adjustments relating to the Merger	-	16,811	-	16,811
Net change in fair value of investment properties	179,655	(37,901)	179,655	(37,901)
Gain on disposal of plant and equipment	-	-	-	(1)
Loss on write-off of plant and equipment	2	3	2	3
Provision for doubtful debts	1,752	-	1,752	-
Tax expense	(6,365)	9,003	345	17,448
Operating income before working capital changes	122,300	125,011	240,292	215,847
Changes in working capital:				
Trade and other receivables	15,473	(2,487)	5,307	(8,518)
Trade and other payables	(10,985)	(36,452)	910	(33,802)
Cash generated from operating activities	126,788	86,072	246,509	173,527
Tax paid	(9,327)	(5,943)	(12,150)	(12,671)
Net cash from operating activities	117,461	80,129	234,359	160,856
Cash flow from investing activities				
Additions to plant and equipment	(58)	(40)	(59)	(61)
Net cash consideration relating to the Merger	-	(51,199)	-	(51,199)
Payment for capital expenditure on investment properties	(4,680)	(1,851)	(7,737)	(7,790)
Interest received	214	520	793	999
Proceeds from sale of plant and equipment	-	-	-	1
Net cash used in investing activities	(4,524)	(52,570)	(7,003)	(58,050)
Cash flows from financing activities				
Distributions paid to Unitholders	(54,147)	(63,535)	(113,464)	(100,616)
Distributions paid to CPPU holder	(1,865)	(1,860)	(3,755)	(3,750)
Distribution paid to non-controlling interest	(6,800)	-	(6,800)	(6,800)
Interest paid	(38,080)	(38,650)	(76,698)	(66,460)
Proceeds from borrowings	1,154,685	125,900	1,181,685	168,380
Proceeds from issuance of Notes	-	-	100,000	-
Payment of transaction costs related to borrowings	(11,918)	-	(14,364)	-
Payment of lease liabilities	(1,000)	(1,000)	(1,000)	(1,000)
Repayment of borrowings	(981,897)	(27,094)	(1,116,099)	(69,200)
Repayment of Notes	(150,000)	-	(150,000)	-
Net cash used in financing activities	(91,022)	(6,239)	(200,495)	(79,446)

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

	Note	2H 2020 (S\$'000)	2H 2019 (S\$'000)	FY 2020 (S\$'000)	FY 2019 (S\$'000)
Net increase in cash and cash equivalents		21,915	21,320	26,861	23,360
Cash and cash equivalents at beginning of the period/year		64,876	38,707	59,410	37,074
Effect of exchange rate fluctuations on cash held		1,717	(617)	2,237	(1,024)
Cash and cash equivalents at end of the period/year	2	88,508	59,410	88,508	59,410

Notes to Consolidated Statement of Cash Flows:

- (1) On 24 June 2020, the Group issued S\$100.0 million notes due on 24 June 2025 under the 2020 Programme. The net proceeds have been utilised for payment of the OUE C-REIT's revolving loan facilities.
- (2) For purpose of the Consolidated Statement of Cash Flows, the Group's cash and cash equivalents comprise the following:

	31 Dec 2020 (S\$'000)	31 Dec 2019 (S\$'000)
Bank and cash balances	41,680	19,788
Short-term deposits	46,828	39,622
Cash and cash equivalents	88,508	59,410

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

Group	Unitholders	CPPU	Total	Non-	Total
2H 2020	(S\$'000)	holder	(S\$'000)	controlling	(S\$'000)
		(S\$'000)		interests	
			(S\$'000)	(S\$'000)	(S\$'000)
Net assets attributable to owners at 1 July 2020	3,296,194	361,865	3,658,059	242,751	3,900,810
Operations					
Total loss for the period	(92,330)	-	(92,330)	(7,210)	(99,540)
Less: Amount reserved for distribution to CPPU holder	(1,885)	1,885	-	-	-
Net (decrease)/increase in net assets resulting from operations	(94,215)	1,885	(92,330)	(7,210)	(99,540)
Transactions with owners					
Contributions by and distributions to owners					
Issue of new Units					
- Manager's base management fees paid/payable in Units	4,931	-	4,931	-	4,931
Distribution paid to Unitholders	(54,147)	-	(54,147)	-	(54,147)
Distributions paid to CPPU holder	-	(1,865)	(1,865)	-	(1,865)
Total contributions by and distributions to owners	(49,216)	(1,865)	(51,081)	-	(51,081)
Movement in foreign currency translation reserve	17,770	-	17,770	-	17,770
Hedging transactions					
Effective portion of change in fair value of cash flow hedges	(12,381)	-	(12,381)	(309)	(12,690)
Hedging reserve transferred to statement of total return	19,820	-	19,820	573	20,393
Net movement in hedging transactions	7,439	-	7,439	264	7,703
Net assets attributable to owners at 31 December 2020	3,177,972	361,885	3,539,857	235,805	3,775,662

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

Group	Unitholders	CPPU	Total	Non-	Total
FY 2020	(S\$'000)	holder	(S\$'000)	controlling	(S\$'000)
				interests	
				(S\$'000)	(S\$'000)
Net assets attributable to owners at 1 January 2020	3,318,417	361,890	3,680,307	247,895	3,928,202
Operations					
Total loss for the year	(36,265)	-	(36,265)	(4,480)	(40,745)
Less: Amount reserved for distribution to CPPU holder	(3,750)	3,750	-	-	-
Net (decrease)/increase in net assets resulting from operations	(40,015)	3,750	(36,265)	(4,480)	(40,745)
Transactions with owners					
Contributions by and distributions to owners					
Issue of new Units					
- Manager's fees paid/payable in Units	12,808	-	12,808	-	12,808
Distributions paid to Unitholders	(113,464)	-	(113,464)	-	(113,464)
Distributions paid to CPPU holder	-	(3,755)	(3,755)	-	(3,755)
Dividends paid	-	-	-	(6,800)	(6,800)
Total contributions by and distributions to owners	(100,656)	(3,755)	(104,411)	(6,800)	(111,211)
Movement in foreign currency translation reserve	24,979	-	24,979	-	24,979
Hedging transactions					
Effective portion of change in fair value of cash flow hedges	(44,621)	-	(44,621)	(1,383)	(46,004)
Hedging reserve transferred to statement of total return	19,868	-	19,868	573	20,441
Net movement in hedging transactions	(24,753)	-	(24,753)	(810)	(25,563)
Net assets attributable to owners at 31 December 2020	3,177,972	361,885	3,539,857	235,805	3,775,662

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

Trust 2H 2020	Unitholders (S\$'000)	CPPU holder (S\$'000)	Total (S\$'000)
Net assets attributable to owners at 1 July 2020	2,932,939	361,865	3,294,804
Operations			
Total return for the period	2,328	-	2,328
Less: Amount reserved for distribution to CPPU holder	(1,885)	1,885	-
Net increase in net assets resulting from operations	443	1,885	2,328
Transactions with owners			
Contributions by and distributions to owners			
Issue of new Units			
- Manager's base management fees paid/payable in Units	4,931	-	4,931
Distribution paid to Unitholders	(54,147)	-	(54,147)
Distributions paid to CPPU Holder	-	(1,865)	(1,865)
Total contributions by and distributions to owners	(49,216)	(1,865)	(51,081)
Hedging transactions			
Effective portion of change in fair value of cash flow hedges	(5,589)	-	(5,589)
Hedging reserve transferred to statement of total return	9,334	-	9,334
Net movement in hedging transactions	3,745	-	3,745
Net assets attributable to owners at 31 December 2020	2,887,911	361,885	3,249,796

Trust FY 2020	Unitholders (S\$'000)	CPPU holder (S\$'000)	Total (S\$'000)
Net assets attributable to owners at 1 January 2020	2,964,902	361,890	3,326,792
Operations			
Total return for the year	36,102	-	36,102
Less: Amount reserved for distribution to CPPU holder	(3,750)	3,750	-
Net increase in net assets resulting from operations	32,352	3,750	36,102
Transactions with owners			
Contributions by and distributions to owners			
Issue of new Units			
- Manager's fees paid/payable in Units	12,808	-	12,808
Distributions paid to Unitholders	(113,464)	-	(113,464)
Distributions paid to CPPU Holder	-	(3,755)	(3,755)
Total contributions by and distributions to owners	(100,656)	(3,755)	(104,411)
Hedging transactions			
Effective portion of change in fair value of cash flow hedges	(18,241)	-	(18,241)
Hedging reserve transferred to statement of total return	9,554	-	9,554
Net movement in hedging transactions	(8,687)	-	(8,687)
Net assets attributable to owners at 31 December 2020	2,887,911	361,885	3,249,796

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

Group	Unitholders	CPPU	Total	Non-	Total
2H 2019	(S\$'000)	holder	(S\$'000)	controlling	(S\$'000)
		(S\$'000)		interests	
			(S\$'000)	(S\$'000)	(S\$'000)
Net assets attributable to owners at 1 July 2019	2,035,603	361,860	2,397,463	237,474	2,634,937
Operations					
Total return for the period	77,479	-	77,479	10,620	88,099
Less: Amount reserved for distribution to CPPU holder	(1,890)	1,890	-	-	-
Net increase in net assets resulting from operations	75,589	1,890	77,479	10,620	88,099
Transactions with owners					
Contributions by and distributions to owners					
Issue of new Units					
- Manager's fees paid/payable in Units	7,933	-	7,933	-	7,933
- Acquisition fee 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	(63,462)	-	(63,462)	-	(63,462)
Distributions paid to CPPU holder	-	(1,860)	(1,860)	-	(1,860)
Total contributions by and distributions to owners	1,220,461	(1,860)	1,218,601	-	1,218,601
Movement in foreign currency translation reserve	(8,525)	-	(8,525)	-	(8,525)
Hedging transactions					
Effective portion of change in fair value of cash flow hedges	(5,676)	-	(5,676)	(252)	(5,928)
Hedging reserve transferred to statement of total return	965	-	965	53	1,018
Net movement in hedging transactions	(4,711)	-	(4,711)	(199)	(4,910)
Net assets attributable to owners at 31 December 2019	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)

Group FY 2019	Unitholders (S\$'000)	CPPU holder (S\$'000)	Total (S\$'000)	Non- controlling interests (S\$'000)	Total (S\$'000)
Net assets attributable to owners at 1 January 2019	2,038,092	361,890	2,399,982	240,743	2,640,725
Operations					
Total return for the year	118,745	-	118,745	14,478	133,223
Less: Amount reserved for distribution to CPPU holder	(3,750)	3,750	-	-	-
Net increase in net assets resulting from operations	114,995	3,750	118,745	14,478	133,223
Transactions with owners					
Contributions by and distributions to owners					
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)
Total contributions by and distributions to owners	1,188,345	(3,750)	1,184,595	(6,800)	1,177,795
Movement in foreign currency translation reserve	(14,325)	-	(14,325)	-	(14,325)
Hedging transactions					
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
Net movement in hedging transactions	(8,690)	-	(8,690)	(526)	(9,216)
Net assets attributable to owners at 31 December 2019	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)

Trust 2H 2019	Unitholders (S\$'000)	CPPU holder (S\$'000)	Total (S\$'000)
Net assets attributable to owners at 1 July 2019	1,701,996	361,860	2,063,856
Operations			
Total return for the period	46,657	-	46,657
Less: Amount reserved for distribution to CPPU holder	(1,890)	1,890	-
Net increase in net assets resulting from operations	44,767	1,890	46,657
Transactions with owners			
Contributions by and distributions to owners			
Issue of new Units			
- Manager's paid/payable in Units	7,933	-	7,933
- Acquisition fee 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	(63,462)	-	(63,462)
Distributions paid to CPPU holder	-	(1,860)	(1,860)
Total contributions by and distributions to owners	1,220,461	(1,860)	1,218,601
Hedging transactions			
Effective portion of change in fair value of cash flow hedges	(3,138)	-	(3,138)
Hedging reserve transferred to statement of total return	816	-	816
Net movement in hedging transactions	(2,322)	-	(2,322)
Net assets attributable to owners at 31 December 2019	2,964,902	361,890	3,326,792

Trust FY 2019	Unitholders (S\$'000)	CPPU holder (S\$'000)	Total (S\$'000)
Net assets attributable to owners at 1 January 2019	1,724,337	361,890	2,086,227
Operations			
Total return for the year	60,637	-	60,637
Less: Amount reserved for distribution to CPPU holder	(3,750)	3,750	-
Net increase in net assets resulting from operations	56,887	3,750	60,637
Transactions with owners			
Contributions by and distributions to owners			
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)
Total contributions by and distributions to owners	1,188,345	(3,750)	1,184,595
Hedging transactions			
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
Net movement in hedging transactions	(4,667)	-	(4,667)
Net assets attributable to owners at 31 December 2019	2,964,902	361,890	3,326,792

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

	2H 2020 ('000)	2H 2019 ('000)	FY 2020 ('000)	FY 2019 ('000)
Units in issue:				
At the beginning of the period/year	5,404,884	2,866,585	5,385,398	2,855,978
Issue of new Units relating to:				
- Manager's fees paid in Units	16,622	12,446	36,108	23,053
- Acquisition fees paid in Units pursuant to the Merger	-	14,592	-	14,592
- Partial consideration paid in Units pursuant to the Merger	-	2,491,775	-	2,491,775
At the end of the period/year	5,421,506	5,385,398	5,421,506	5,385,398
Units to be issued:				
Manager's fee payable in Units	6,344	7,061	6,344	7,061
At the end of the period/year	5,427,850	5,392,459	5,427,850	5,392,459

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

The accounting policies and methods of computation adopted in the preparation of the financial statements for the current financial period are consistent with those described in the audited financial statements for the financial year ended 31 December 2019.

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

Not applicable.

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6 Earnings per Unit and Distribution per Unit

Earnings per Unit attributable to Unitholders (“EPU”)

	2H 2020	2H 2019
Weighted average number of Units	5,418,182,126	4,428,255,562
Basic EPU (cents)	(1.74)	1.71
Weighted average number of Units ⁽¹⁾	5,418,182,126	4,963,132,454
Diluted EPU (cents)	(1.74)	1.56

	FY 2020	FY 2019
Weighted average number of Units	5,408,541,128	3,652,633,775
Basic EPU (cents)	(0.74)	3.15
Weighted average number of Units ⁽¹⁾	5,408,541,128	4,193,085,154
Diluted EPU (cents)	(0.74)	2.83

Footnote:

- (1) In 2019, 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 2020 and 31 December 2019, a total of 375.0 million CPPUs remain outstanding. Assuming that the remaining 375.0 million CPPUs are fully converted at the conversion price, 524,182,276 Units will be issued. As at 31 December 2020, 524,182,276 Units were excluded from the diluted weighted average number of Units calculation as their effect would have been anti-dilutive.

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Distribution per Unit attributable to Unitholders ("DPU")

	2H 2020	2H 2019
No of Units entitled to distribution	5,427,850,366 ⁽¹⁾	5,392,459,363 ⁽²⁾
Distribution per Unit (cents)	1.43	1.63

	FY 2020	FY 2019
No of Units entitled to distribution	5,427,850,366 ⁽¹⁾	5,392,459,363 ⁽²⁾
Distribution per Unit (cents)	2.43	3.31 ⁽³⁾

Footnotes:

- (1) Comprises the Units in issue as at 31 December 2020 of 5,421,506,356 and Units to be issued to the Manager as satisfaction of Manager's base fee payable for 4Q 2020 of 6,344,010.
- (2) 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.
- (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.

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

	Group		Trust	
	31 Dec 2020	31 Dec 2019	31 Dec 2020	31 Dec 2019
No of Units in issue and to be issued at end of year	5,427,850,366	5,392,459,363	5,427,850,366	5,392,459,363
Net asset value ("NAV") per Unit (S\$)	0.59	0.62	0.53	0.55
Net tangible asset ("NTA") per Unit (S\$)	0.58	0.61	0.53	0.55

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

Statement of Total Return	2H 2020⁽¹⁾ (S\$'000)	2H 2019⁽²⁾ (S\$'000)	Change (%)	FY 2020⁽¹⁾ (S\$'000)	FY 2019⁽²⁾ (S\$'000)	Change (%)
Revenue	149,998	150,109	(0.1)	292,007	257,329	13.5
- Commercial ⁽³⁾	116,248	117,825	(1.3)	224,507	225,045	(0.2)
- Hospitality ⁽⁴⁾	33,750	32,284	4.5	67,500	32,284	NM
Property operating expenses	(30,608)	(29,476)	3.8	(60,117)	(52,378)	14.8
- Commercial ⁽³⁾	(27,281)	(26,819)	1.7	(53,432)	(49,721)	7.5
- Hospitality ⁽⁴⁾	(3,327)	(2,657)	25.2	(6,685)	(2,657)	NM
Net property income	119,390	120,633	(1.0)	231,890	204,951	13.1
- Commercial ⁽³⁾	88,967	91,006	(2.2)	171,075	175,324	(2.4)
- Hospitality ⁽⁴⁾	30,423	29,627	2.7	60,815	29,627	NM
Other income	7,107	7,962	(10.7)	16,517	17,182	(3.9)
Amortisation of intangible assets	(2,500)	(2,500)	-	(5,000)	(5,298)	(5.6)
Manager's management fees	(9,862)	(9,916)	(0.5)	(19,708)	(16,272)	21.1
Trustee's fee	(747)	(614)	21.7	(1,487)	(972)	53.0
Other expenses	(632)	(886)	(28.7)	(2,279)	(1,874)	21.6
Finance income	2,108	1,600	31.8	3,954	3,725	6.1
Finance costs	(41,423)	(40,079)	3.4	(85,330)	(71,496)	19.3
Net finance costs	(39,315)	(38,479)	2.2	(81,376)	(67,771)	20.1
Foreign exchange differences	309	(188)	NM	698	(365)	NM
Net Income	73,750	76,012	(3.0)	139,255	129,581	7.5
Fair value adjustments relating to the Merger	-	(16,811)	NM	-	(16,811)	NM
Net change in fair value of investment properties	(179,655)	37,901	NM	(179,655)	37,901	NM
Total (loss)/return for the period/year before tax	(105,905)	97,102	NM	(40,400)	150,671	NM
Tax expense	6,365	(9,003)	NM	(345)	(17,448)	(98.0)
Total (loss)/return for the period/year	(99,540)	88,099	NM	(40,745)	133,223	NM

NM: Not meaningful

Footnotes:

- (1) The current period results of OUE C-REIT's foreign subsidiaries are translated using the SGD:CNY rate of 1:4.966 for 2H 2020 and 1:4.988 for FY 2020.
- (2) The prior period results of OUE C-REIT's foreign subsidiaries are translated using the SGD:CNY rate of 1:5.137 for 2H 2019 and 1:5.063 for FY 2019.
- (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 for the six months period from 1 July 2020 to 31 December 2020 ("2H 2020") vs 1 July 2019 to 31 December 2019 ("2H 2019")

2H 2020 revenue of S\$150.0 million and net property income of S\$119.4 million were 0.1% and 1.0% respectively lower as compared to 2H 2019. The Commercial segment recorded lower revenue and net property income mainly due to rental rebates and other relief measures granted to retail tenants. This was partially offset by the inclusion of income from 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 minimum rent under the master lease arrangements was recorded during the period.

Other income for 2H 2020 decreased slightly to S\$7.1 million as there was a decrease in income support in relation to OUE Downtown Office.

Net finance cost increased S\$0.8 million year-on-year mainly attributable to higher interest cost of S\$1.2 million, resulting from inclusion of OUE H-Trust's finance costs, partially mitigated by lower interest rates.

Net fair value loss on investment properties for 2H 2020 was S\$179.7 million as compared to S\$37.9 million fair value gain in the prior period. The net fair value loss also resulted in a deferred tax credit. Both fair value loss and deferred tax movement have no impact on distributions.

Total loss recorded for 2H 2020 was S\$99.5 million, compared to total return of S\$88.1 million in 2H 2019.

Review of OUE C-REIT Group's performance FY 2020 vs FY 2019

FY 2020 net property income of S\$231.9 million was S\$26.9 million higher than FY 2019. The Commercial segment recorded lower revenue and net property income mainly due to rental rebates and other relief measures granted to tenants. This was partially offset by the inclusion of income from 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 minimum rent under the master lease arrangements was recorded during the year.

The larger portfolio resulted in higher manager's management fees, trustee fee and other expenses.

Net finance cost increased S\$13.6 million year-on-year mainly attributable to higher interest cost of S\$13.0 million, resulting from inclusion of OUE H-Trust's finance costs, partially mitigated by lower interest rates in FY 2020.

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Net fair value loss on investment properties for FY 2020 was S\$179.7 million as compared to S\$37.9 million fair value gain in the prior year. The net fair value loss also resulted in a deferred tax credit. Both fair value loss and deferred tax movement have no impact on distributions.

Consequently, total loss for FY 2020 was S\$40.7 million, as compared to total return of S\$133.2 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

Based on advance estimates by the Ministry of Trade and Industry (“MTI”), Singapore’s GDP contracted by 3.8% year-on-year (“YoY”) in 4Q 2020, improving from the 5.6% YoY decline in the previous quarter⁽¹⁾. For 2020, the Singapore economy contracted by 5.8% YoY, the first annual contraction since 2001. The MTI had earlier estimated a full-year contraction of between 6.0% and 6.5% due to the significant economic impact of the COVID-19 pandemic. On a quarter-on-quarter (“QoQ”) seasonally-adjusted annualised basis, the economy expanded 2.1% in 4Q 2020, improving from the 9.5% contraction in 3Q 2020. The manufacturing sector grew by 9.5% YoY in 4Q 2020, extending the 10.8% YoY growth in the previous quarter. Growth in output was supported by the electronics, biomedical manufacturing and precision engineering clusters, which outweighed the slowdown in the transport and general manufacturing clusters. The services producing sector contracted 6.8% YoY, as the trade-related segments of wholesale trade and transportation & storage sectors were weighed down by weak external demand. MTI projects 2021 GDP growth of between 4.0% and 6.0%, with the growth trajectory depending largely on the performance of the global economy and whether Singapore is able to continue to keep the domestic COVID-19 situation under control⁽²⁾.

According to CBRE, Singapore’s core Central Business District (“CBD”) Grade A occupancy declined by 0.7 percentage points (“ppt”) QoQ to 96.1% for 4Q 2020 on negative net absorption of 14,800 square feet (“sq ft”)⁽³⁾. For 2020, net absorption was a negative 560,000 sq ft, trailing annual net supply of 320,000 sq ft. Core CBD Grade A office rents declined by 2.8% QoQ, to S\$10.40 per square foot (“psf”) per month, bringing the full year decline to 10.0%. While there was an uptick in leasing activity from the technology and financial sectors in 4Q 2020, office demand is expected to remain subdued in 1H 2021 in view of weak economic prospects. Increased secondary vacancy as a result of rationalisation by occupiers may also heighten leasing competition. Against a backdrop of limited Grade A office supply in 2021, prospects for office rental growth in 2H 2021 would depend largely on the impact of the expected expansion in economic activity on the back of the vaccine roll-out. OUE C-REIT’s stable

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committed occupancy of the Singapore office portfolio and diversified tenant base is expected to underpin the resilience of the office segment. OUE C-REIT's Singapore office properties contributed 55.7% to FY 2020 revenue.

While Singapore has various arrangements with numerous countries in place to facilitate essential business and official travel, including the unilateral opening of borders for visitors from selected countries, the positive impact to visitor numbers is expected to be minimal as long as borders remain closed to tourism. Mandarin Orchard Singapore will commence the phased asset enhancement works for the re-branding to Hilton Singapore Orchard to enhance the competitive positioning of the property amongst the upper upscale hotels along Orchard Road. This will position the property to capture the recovery in the Singapore hospitality segment when restrictions are eventually relaxed. The minimum rent component of S\$67.5 million per annum under the master lease arrangements of OUE C-REIT's hotel portfolio will continue to provide significant downside protection. In FY 2020, the hospitality segment contributed 23.1% of revenue.

In 4Q 2020, Orchard Road prime retail rents declined 2.7% QoQ and 7.9% YoY to S\$29.20 psf per month, according to CBRE⁽³⁾. Uncertainty about the economic and employment outlook is expected to continue to weigh on discretionary expenditure, while the operating environment remains challenging for retailers relying on short-term visitors and office-based employees. Hence, outlook for the retail sector is expected to remain weak. The Singapore retail segment contributed 12.3% to FY 2020 revenue.

China

China's economic growth accelerated in 4Q 2020 with GDP expansion of 6.5% YoY, extending the 4.9% YoY growth seen in 3Q 2020. For 2020, GDP growth was 2.3%, the lowest since the end of the Cultural Revolution in 1976 but likely making it the only major economy to have avoided a contraction. As the first economy to get COVID-19 under control, China has returned to growth but some sectors remain in recovery. Industrial output gained momentum with the rebound in exports, recording 7.3% YoY growth in December. However, consumption growth remained weak amid fears of a resurgence in COVID-19 cases, with December retail sales growth of 4.6% YoY, down from November's 5.0% YoY increase. Growth momentum is expected to continue, backed by continued government stimulus, although authorities are expected to scale back some support to curb excessive credit expansion in 2021.

According to Colliers International, office demand for Shanghai CBD Grade A office rebounded in 2H 2020 on the back of the recovery in the economy. Nevertheless, leasing competition was intense due to significant new supply entering the market. Consequently, overall Shanghai CBD Grade A occupancy was 85.1%, down 0.2 ppt QoQ as at 4Q 2020, with CBD Grade A office rents at RMB9.00 per square metre per day, -1.0% QoQ⁽⁵⁾. As vacancy rates are expected to remain elevated due to significant new office supply in the medium term, the rental outlook continues to be subdued. Lippo Plaza contributed 8.9% to OUE C-REIT's FY 2020 revenue.

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Tenant Support

OUE C-REIT has provided relief measures to eligible tenants across its portfolio during this challenging period of business disruption. This includes various rental rebates, as well as assistance schemes such as flexible payment and rental reduction to eligible tenants in Singapore and Shanghai. For FY2020, we have committed a total relief of S\$18.3 million to our tenants. This excludes an estimated S\$21.9 million of support from the Singapore government, comprising property tax rebates and cash grants.

Overall

In light of the fluidity in the recovery trajectory, the Manager will adapt its strategies according to the business environment and continue its focus on proactive asset management and prudent capital management to maintain financial flexibility, so as to preserve sustainable long-term returns to Unitholders.

(1) Singapore Ministry of Trade and Industry Press Release, 4 January 2021

(2) Singapore Ministry of Trade and Industry Press Release, 23 November 2020

(3) CBRE, Singapore MarketView 4Q 2020

(4) National Bureau of Statistics of China Press Release, 18 January 2021

(5) Colliers International, Shanghai Office Market Overview 4Q 2020

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11 Distribution

(a) Current financial period

Any distribution declared for the current financial period? Yes.

Unitholders

Name of distribution: Distribution for the financial period from 1 July 2020 to 31 December 2020

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

Distribution rate: 1.43 cents per Unit comprises:-
(i) Taxable income distribution: 1.02 cents per Unit
(ii) Tax exempt income distribution: 0.38 cents per Unit
(iii) Capital distribution: 0.03 cents per Unit

CPPU Holder

Name of distribution: Distribution for the financial period from 1 July 2020 to 31 December 2020

Distribution rate/ type: S\$1,885,245.90 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%.

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

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Tax-exempt income distribution

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

Capital distribution

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

Book closure date: 5 February 2021

Date payable: 9 March 2021

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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 4 September 2019 to 31 December 2019¹

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

¹ 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%.

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

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Tax-exempt income distribution

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

Capital distribution

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

Book closure date: 7 February 2020

Date payable: 6 March 2020

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 2020 (S\$'000)	FY 2019 (S\$'000)	Change (%)	FY 2020 ⁽¹⁾ (S\$'000)	FY 2019 ⁽²⁾ (S\$'000)	Change (%)
Revenue	265,995	226,708	17.3	26,012	30,621	(15.1)
Property operating expenses	(55,996)	(47,071)	19.0	(4,121)	(5,307)	(22.3)
Segment net property income	209,999	179,637	16.9	21,891	25,314	(13.5)

Footnotes:

(1) The results of OUE C-REIT's foreign subsidiaries are translated using the SGD:CNY rate of 1:4.988 for FY 2020.

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

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

	FY 2020 (S\$'000)	FY 2019 (S\$'000)	Change (%)
Revenue for first half year	142,009	107,220	32.4
Total return for first half year	58,795	45,124	30.3
Revenue for second half year	149,998	150,109	(0.1)
Total return for second half year	(99,540)	88,099	NM

17 Breakdown of Total Annual Distribution

	FY 2020 (S\$'000)	FY 2019 (S\$'000)
1 July 2018 to 31 December 2018	-	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 ⁽¹⁾	59,317	-
1 January 2020 to 30 June 2020	54,147	-
1 July 2020 to 31 December 2020 ⁽¹⁾	-	-

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

Kelvin Chua
Company Secretary

OUE Commercial REIT Management Pte. Ltd.
(as Manager of OUE Commercial Real Estate Investment Trust)
(Company registration no. 201327018E)

28 January 2021