

**OUE Commercial Real Estate Investment Trust  
and its subsidiaries**

**(Constituted in the Republic of Singapore pursuant to a trust  
deed dated 10 October 2013 (as amended))**

Interim Financial Information  
Six-month period ended 30 June 2021

## **Introduction**

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

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

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

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

On 31 March 2021, OUE C-REIT completed the divestment of OUE Bayfront to BPH Propco LLP (“BPH LLP”), with DBS Trustee Limited, in its capacity as trustee of OUE C-REIT (the “Trustee”), holding 50.0% of BPH LLP and the ACRE Angsana Pte. Ltd. (the “Allianz Investor”), a special purpose vehicle managed by Allianz Real Estate Asia Pacific Pte. Ltd holding the remaining 50.0% of BPH LLP.

OUE C-REIT’s portfolio currently comprises 7 high quality prime properties located in Singapore and Shanghai:

- **One Raffles Place:** Integrated commercial development comprising two Grade-A office towers and a retail mall strategically located in the heart of Singapore’s central business district in Raffles Place. OUE C-REIT holds One Raffles Place (“ORP”) through its 83.33% interest in OUB Centre Limited (“OUBC”). As OUBC owns 81.54% of the beneficial interest in ORP, OUE C-REIT has an effective interest of 67.95% in ORP.
- **OUE Bayfront:** Premium Grade-A office building with ancillary retail facilities located between the new Marina Bay downtown and Raffles Place, within Singapore’s central business district. OUE C-REIT has a 50% interest in OUE Bayfront via its interest in BPH LLP.
- **Lippo Plaza:** Grade-A commercial building located along Huai Hai Middle Road in the Huangpu district, one of Shanghai’s established core commercial districts. OUE C-REIT has 91.2% strata ownership of Lippo Plaza.
- **OUE Downtown Office:** The Grade A office space at OUE Downtown, a recently refurbished mixed-used development with Grade A offices, a retail podium and serviced residences located at Shenton Way in Singapore.

- Mandarin Gallery: High-end retail mall with 152-metre frontage situated along Orchard Road, Singapore and is the preferred location for flagship stores of international brands.
- Mandarin Orchard Singapore: A renowned upscale hotel with strong brand recognition and has won numerous internationally recognised awards and accolades.
- 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 6<sup>th</sup> 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.

## Summary of OUE C-REIT Group Results

	<b>1H 2021<sup>(1)</sup></b> <b>(S\$'000)</b>	<b>1H 2020<sup>(2)</sup></b> <b>(S\$'000)</b>	<b>Change</b> <b>(%)</b>
Revenue	133,546	142,009	(6.0)
Net property income	109,045	112,500	(3.1)
Amount available for distribution to Unitholders	67,212	65,283	3.0
Less: Amount retained in relation to COVID-19	–	(10,831) <sup>(3)</sup>	NM
Amount to be distributed to Unitholders	67,212	54,452	23.4
Distribution per Unit (“DPU”) (cents)	1.23	1.00	23.0

NM: Not meaningful

Footnotes:

- (1) The current period results of OUE C-REIT’s foreign subsidiaries are translated using the SGD:CNY rate of 1:4.854 for 1H 2021.
- (2) The prior period results of OUE C-REIT’s foreign subsidiaries are translated using the SGD:CNY rate of 1:5.010 for 1H 2020.
- (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 of tax-exempt income and capital distribution to preserve financial flexibility in view of the uncertainty posed by the COVID-19 situation.

**Statements of Financial Position**  
**As at 30 June 2021**

	Note	Group		Trust	
		30 June 2021 \$'000	31 December 2020 \$'000	30 June 2021 \$'000	31 December 2020 \$'000
<b>Non-current assets</b>					
Plant and equipment		185	234	–	–
Investment properties	3	5,402,900	5,370,383	902,571	900,000
Intangible assets		11,667	14,167	11,667	14,167
Investments in subsidiaries		–	–	2,568,096	2,594,230
Investment in joint venture	4	320,944	–	316,878	–
Financial derivatives		554	–	554	–
Trade and other receivables		3,894	4,046	–	–
		<u>5,740,144</u>	<u>5,388,830</u>	<u>3,799,766</u>	<u>3,508,397</u>
<b>Current assets</b>					
Trade and other receivables		30,819	30,548	9,247	9,245
Cash and cash equivalents		76,160	88,508	34,291	17,987
Property held for sale	5	–	1,258,512	–	1,258,512
		<u>106,979</u>	<u>1,377,568</u>	<u>43,538</u>	<u>1,285,744</u>
<b>Total assets</b>		<u>5,847,123</u>	<u>6,766,398</u>	<u>3,843,304</u>	<u>4,794,141</u>
<b>Non-current liabilities</b>					
Borrowings	6	1,737,832	2,325,093	248,825	1,006,219
Loan from a subsidiary	6	–	–	246,189	97,789
Trade and other payables		34,754	31,749	9,819	6,548
Financial derivatives		15,900	31,895	5,917	14,074
Deferred tax liabilities		81,035	79,239	–	–
Lease liability		24,973	24,535	–	–
		<u>1,894,494</u>	<u>2,492,511</u>	<u>510,750</u>	<u>1,124,630</u>
<b>Current liabilities</b>					
Borrowings	6	216,890	371,290	214,809	369,254
Trade and other payables		92,201	83,741	33,749	32,414
Financial derivatives		6,086	9,085	3,016	2,296
Current tax liabilities		13,720	17,358	–	–
Lease liability		1,000	1,000	–	–
Liabilities directly associated with the property held for sale	5	–	15,751	–	15,751
		<u>329,897</u>	<u>498,225</u>	<u>251,574</u>	<u>419,715</u>
<b>Total liabilities</b>		<u>2,224,391</u>	<u>2,990,736</u>	<u>762,324</u>	<u>1,544,345</u>
<b>Net assets</b>		<u>3,622,732</u>	<u>3,775,662</u>	<u>3,080,980</u>	<u>3,249,796</u>

The accompanying notes form an integral part of the interim financial information

**Statements of Financial Position (continued)**  
**As at 30 June 2021**

	Note	Group		Trust	
		30 June 2021 \$'000	31 December 2020 \$'000	30 June 2021 \$'000	31 December 2020 \$'000
Represented by:					
<b>Unitholders' funds</b>		3,176,562	3,177,972	2,868,689	2,887,911
<b>Convertible Perpetual Preferred Units ("CPPU") holder's funds</b>	7	212,291	361,885	212,291	361,885
		<u>3,388,853</u>	<u>3,539,857</u>	<u>3,080,980</u>	<u>3,249,796</u>
<b>Non-controlling interests</b>		233,879	235,805	–	–
		<u>3,622,732</u>	<u>3,775,662</u>	<u>3,080,980</u>	<u>3,249,796</u>
<b>Units in issue and to be issued ('000)</b>	8	<u>5,438,176</u>	<u>5,427,850</u>	<u>5,438,176</u>	<u>5,427,850</u>
<b>Net asset value per Unit (\$)</b>	9	<u>0.58</u>	<u>0.59</u>	<u>0.53</u>	<u>0.53</u>

The accompanying notes form an integral part of the interim financial information

**Statement of Total Return**  
**For the six months ended 30 June 2021**

		<b>Group</b>	
		<b>Six-month period ended 30 June 2021 \$'000</b>	<b>Six-month period ended 30 June 2020 \$'000</b>
	<b>Note</b>		
Revenue	10	133,546	142,009
Property operating expenses		(24,501)	(29,509)
<b>Net property income</b>		109,045	112,500
Other income		6,868	9,410
Amortisation of intangible assets		(2,500)	(2,500)
Manager's management fees		(8,191)	(9,846)
Manager's performance fees		(1,358)	–
Divestment costs		(7,363)	–
Trustee's fee		(666)	(740)
Other expenses		(1,087)	(1,647)
Finance income		1,668	3,490
Finance costs		(39,145)	(45,162)
<b>Net finance costs</b>	11	(37,477)	(41,672)
<b>Net income</b>		57,271	65,505
Share of joint venture results		4,066	–
<b>Total return for the period before tax</b>	12	61,337	65,505
Tax expense	13	(6,868)	(6,710)
<b>Total return for the period</b>		54,469	58,795
<b>Total return attributable to:</b>			
Unitholders and CPPU holder		51,323	56,065
Non-controlling interests		3,146	2,730
		54,469	58,795
<b>Earnings per Unit (cents)</b>			
Basic	14	0.92	1.00
Diluted	14	0.89	0.94

The accompanying notes form an integral part of the interim financial information

**Distribution Statement**  
**For the six months ended 30 June 2021**

	<b>Group</b>	
	<b>Six-month period ended 30 June 2021 \$'000</b>	<b>Six-month period ended 30 June 2020 \$'000</b>
Amount available for distribution to Unitholders at beginning of the period	79,810	60,452
Total return for the period attributable to Unitholders and CPPU holder	51,323	56,065
Less: Amount reserved for distribution to CPPU holder	(1,473)	(1,865)
Less: Amount retained for working capital requirements	(3,000)	(3,000)
Distribution adjustments	20,362	14,083
Amount available for distribution for the current period	67,212	65,283
Less: Amount retained in relation to COVID-19*	–	(10,831)
Amount to be distributed to Unitholders (Note A)	67,212	54,452
Distributions to Unitholders:		
- Distribution of 1.10 cents per Unit for the period from 4/9/2019 to 31/12/2019	–	(59,317)
- Distribution of 1.43 cents per Unit for the period from 1/7/2020 to 31/12/2020	(77,618)	–
	(77,618)	(59,317)
Amount available for distribution to Unitholders at the end of the period	69,404	55,587
Distribution per Unit ("DPU") (cents)	1.23	1.00

\* In view of the uncertainty posed by the COVID-19 situation and to preserve financial flexibility, the Group had retained \$10,800,000 of tax-exempt income and capital distribution in 1H 2020.



**Distribution Statement (continued)**  
**For the six months ended 30 June 2021**

**Note A – Amount available for distribution to Unitholders**

	<b>Group and Trust</b>	
	<b>Six-month period ended 30 June 2021 \$'000</b>	<b>Six-month period ended 30 June 2020 \$'000</b>
Comprises:		
- From operations	47,426	54,452
- From tax exempt income	15,943	–
- From Unitholders' contribution	3,843	–
	<u>67,212</u>	<u>54,452</u>

**Statements of Movements in Unitholders' Funds**  
**Six-month period ended 30 June 2021**

	<---- Attributable to ---->				
	Unitholders \$'000	CPPU holder \$'000	Total \$'000	Non- controlling interests \$'000	Total \$'000
<b>Group</b>					
<b>Net assets attributable to owners at 1 January 2021</b>	3,177,972	361,885	3,539,857	235,805	3,775,662
<b>Operations</b>					
Total return for the period	51,323	–	51,323	3,146	54,469
Less: Amount reserved for distribution to CPPU holder	(1,473)	1,473	–	–	–
<b>Net increase in net assets resulting from operations</b>	49,850	1,473	51,323	3,146	54,469
<b>Transactions with owners</b>					
Issue of new Units:					
- Manager's management fees paid/payable in Units	4,095	–	4,095	–	4,095
CPPUs redeemed	–	(148,800)	(148,800)	–	(148,800)
Difference on redemption of CPPUs	(6,200)	–	(6,200)	–	(6,200)
Distributions paid to Unitholders	(77,618)	–	(77,618)	–	(77,618)
Distributions paid to CPPU Holder	–	(2,267)	(2,267)	–	(2,267)
Distributions paid to non-controlling interests	–	–	–	(5,600)	(5,600)
<b>Net decrease in net assets resulting from transactions with owners</b>	(79,723)	(151,067)	(230,790)	(5,600)	(236,390)
<b>Movement in foreign currency translation reserve</b>	10,225	–	10,225	–	10,225
<b>Hedging transactions</b>					
Effective portion of change in fair value of cash flow hedges	6,836	–	6,836	89	6,925
Hedging reserve transferred to statement of total return	11,402	–	11,402	439	11,841
<b>Net movement in hedging transactions</b>	18,238	–	18,238	528	18,766
<b>At 30 June 2021</b>	<u>3,176,562</u>	<u>212,291</u>	<u>3,388,853</u>	<u>233,879</u>	<u>3,622,732</u>

The accompanying notes form an integral part of the interim financial information

**Statements of Movements in Unitholders' Funds (continued)**  
**Six-month period ended 30 June 2021**

	<---- Attributable to ---->				
	Unitholders \$'000	CPPU holder \$'000	Total \$'000	Non- controlling interests \$'000	Total \$'000
<b>Group</b>					
<b>Net assets attributable to owners at 1 January 2020</b>	3,318,417	361,890	3,680,307	247,895	3,928,202
<b>Operations</b>					
Total return for the period	56,065	–	56,065	2,730	58,795
Less: Amount reserved for distribution to CPPU holder	(1,865)	1,865	–	–	–
<b>Net increase in net assets resulting from operations</b>	54,200	1,865	56,065	2,730	58,795
<b>Transactions with owners</b>					
Issue of new Units:					
- Manager's management fees paid/payable in Units	7,877	–	7,877	–	7,877
Distributions paid to Unitholders	(59,317)	–	(59,317)	–	(59,317)
Distributions paid to CPPU Holder	–	(1,890)	(1,890)	–	(1,890)
Distributions declared to non-controlling interests	–	–	–	(6,800)	(6,800)
<b>Net decrease in net assets resulting from transactions with owners</b>	(51,440)	(1,890)	(53,330)	(6,800)	(60,130)
<b>Movement in foreign currency translation reserve</b>	7,209	–	7,209	–	7,209
<b>Hedging transactions</b>					
Effective portion of change in fair value of cash flow hedges	(32,240)	–	(32,240)	(1,074)	(33,314)
Hedging reserve transferred to statement of total return	48	–	48	–	48
<b>Net movement in hedging transactions</b>	(32,192)	–	(32,192)	(1,074)	(33,266)
<b>At 30 June 2020</b>	3,296,194	361,865	3,658,059	242,751	3,900,810

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**Statements of Movements in Unitholders' Funds (continued)**  
**Six-month period ended 30 June 2021**

	<----- Attributable to ----->		
	Unitholders \$'000	CPPU holder \$'000	Total \$'000
<b>Trust</b>			
<b>Net assets attributable to owners at 1 January 2021</b>	2,887,911	361,885	3,249,796
<b>Operations</b>			
Total return for the period	54,099	–	54,099
Less: Amount reserved for distribution to CPPU holder	(1,473)	1,473	–
<b>Net increase in net assets resulting from operations</b>	52,626	1,473	54,099
<b>Transactions with owners</b>			
Issue of new Units:			
- Manager's management fees paid/payable in Units	4,095	–	4,095
CPPUs redeemed	–	(148,800)	(148,800)
Difference on redemption of CPPUs	(6,200)	–	(6,200)
Distributions paid to Unitholders	(77,618)	–	(77,618)
Distributions paid to CPPU holder	–	(2,267)	(2,267)
<b>Net decrease in net assets resulting from transactions with owners</b>	(79,723)	(151,067)	(230,790)
<b>Hedging transactions</b>			
Effective portion of change in fair value of cash flow hedges	3,134	–	3,134
Hedging reserve transferred to statement of total return	4,741	–	4,741
<b>Net movement in hedging transactions</b>	7,875	–	7,875
<b>At 30 June 2021</b>	<u>2,868,689</u>	<u>212,291</u>	<u>3,080,980</u>

The accompanying notes form an integral part of the interim financial information

**Statements of Movements in Unitholders' Funds (continued)**  
**Six-month period ended 30 June 2021**

	<----- Attributable to ----->		
	Unitholders	CPPU holder	Total
	\$'000	\$'000	\$'000
<b>Trust</b>			
<b>Net assets attributable to owners at 1 January 2020</b>	2,964,902	361,890	3,326,792
<b>Operations</b>			
Total return for the period	33,773	–	33,773
Less: Amount reserved for distribution to CPPU holder	(1,865)	1,865	–
<b>Net increase in net assets resulting from operations</b>	31,908	1,865	33,773
<b>Transactions with owners</b>			
Issue of new Units:			
- Manager's management fees paid/payable in Units	7,877	–	7,877
Distributions paid to Unitholders	(59,317)	–	(59,317)
Distributions paid to CPPU holder	–	(1,890)	(1,890)
<b>Net decrease in net assets resulting from transactions with owners</b>	(51,440)	(1,890)	(53,330)
<b>Hedging transactions</b>			
Effective portion of change in fair value of cash flow hedges	(12,652)	–	(12,652)
Hedging reserve transferred to statement of total return	220	–	220
<b>Net movement in hedging transactions</b>	(12,432)	–	(12,432)
<b>At 30 June 2020</b>	<b>2,932,938</b>	<b>361,865</b>	<b>3,294,803</b>

The accompanying notes form an integral part of the interim financial information

**Interim Portfolio Statements**  
**As at 30 June 2021**

Description of property	Leasehold tenure	Location	Existing use	----- Group -----			
				Carrying value at 30/6/2021 \$'000	Percentage of Unitholders' funds at 30/6/2021 %	Carrying value at 31/12/2020 \$'000	Percentage of Unitholders' funds at 31/12/2020 %
<i>Singapore</i>							
OUE Downtown Office							
OUE Downtown is a mixed-use development comprising a 50-storey building (OUE Downtown 1) and a 37-storey building (OUE Downtown 2), a retail podium and a multi-storey car park	OUE Downtown 1 and OUE Downtown 2: 99-year lease from 19 July 1967	6 Shenton Way, Singapore 068809 and 6A Shenton Way, Singapore 068815	Commercial	902,571	28	900,000	28
The Group owns the office components of OUE Downtown (OUE Downtown Office), comprising OUE Downtown 1 (Strata Lot U4628V) and OUE Downtown 2 (Strata Lot U4629P)							
One Raffles Place							
An integrated commercial development comprising One Raffles Place Tower 1, One Raffles Place Tower 2 and One Raffles Place Shopping Mall	One Raffles Place Tower 1: 841-year lease from 1 November 1985  One Raffles Place Tower 2: 99-year lease from 26 May 1983	1 Raffles Place, One Raffles Place, Singapore 048616	Commercial	1,800,587	56	1,799,700	57
The Group has an effective interest of 67.95% in One Raffles Place							
One Raffles Place Shopping Mall: the retail podium straddles two land plots: - approximately 75% of the net lettable area ("NLA") of the retail podium is on a 99-year lease from 1 November 1985 - the balance 25% of the NLA of the retail podium is on an 841-year lease from 1 November 1985							

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**Interim Portfolio Statements (continued)**  
**As at 30 June 2021**

Description of property	Leasehold tenure	Location	Existing use	----- Group -----			
				Carrying value at 30/6/2021 \$'000	Percentage of Unitholders' funds at 30/6/2021 %	Carrying value at 31/12/2020 \$'000	Percentage of Unitholders' funds at 31/12/2020 %
<p>Crowne Plaza Changi Airport</p> <p>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.</p> <p>The 563-room hotel is managed by Intercontinental Hotels Group and has been named the World's Best Airport Hotel for the 6th consecutive year.</p>	74-year lease from 1 July 2009	75 Airport Boulevard, Singapore 819664	Hotel	468,589	15	468,500	15
<p>Mandarin Orchard Singapore</p> <p>A renowned upscale hotel with strong brand recognition and has won numerous internationally recognised awards and accolades.</p>	99-year lease from 1 July 1957	333 Orchard Road, Singapore 238867	Hotel	1,173,148	37	1,157,000	36
<p>Mandarin Gallery</p> <p>High-end retail mall with 152-metre frontage situated along Orchard Road, Singapore and is the preferred location for flagship stores of international brands.</p>	99-year lease from 1 July 1957	333A Orchard Road, Singapore 238897	Retail	473,283	15	473,000	15

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**Interim Portfolio Statements (continued)**  
**As at 30 June 2021**

Description of property	Leasehold tenure	Location	Existing use	----- Group -----			
				Carrying value at 30/6/2021 \$'000	Percentage of Unitholders' funds at 30/6/2021 %	Carrying value at 31/12/2020 \$'000	Percentage of Unitholders' funds at 31/12/2020 %
<b>Shanghai</b>							
Lippo Plaza	50-year land use right commencing from 2 July 1994	222 Huaihai Zhong Road, Huangpu District, Shanghai, PRC 200021	Commercial	558,064	18	545,648	17
A 36-storey commercial building with retail podium at Shanghai, China excluding:							
(i) Unit 2 in Basement 1,							
(ii) the 12 <sup>th</sup> , 13 <sup>th</sup> , 15 <sup>th</sup> and 16 <sup>th</sup> floors and							
(iii) 4 car park lots							
<b>Investment properties (excluding right-of-use asset)</b>				5,376,242	169	5,343,848	168
<b>Property held for sale</b>							
OUE Bayfront (and adjoining properties comprising OUE Tower and OUE Link) ("the Property") <sup>(a)</sup>	OUE Bayfront and OUE Tower: 99-year lease from 12 November 2007	50 Collyer Quay, OUE Bayfront, Singapore 049321	Commercial	–	–	1,258,512	40
An integrated commercial development comprising an 18-storey office building, a conserved tower building and a retail link bridge at Collyer Quay, Singapore							
OUE Link: 15-year lease from 26 March 2010							
60 Collyer Quay, OUE Tower, Singapore 049322							
Underpass: 99-year lease from 7 January 2002							
62 Collyer Quay, OUE Link, Singapore 049325							
<b>Total investment properties and investment property held for sale</b>				5,376,242	169	6,602,360	208
<b>Other assets and liabilities (net)</b>				(1,753,510)	(55)	(2,826,698)	(89)
<b>Net assets of the Group</b>				3,622,732	114	3,775,662	119
Net assets attributable to CPPU holder				(212,291)	(7)	(361,885)	(11)
Net assets attributable to non-controlling interests				(233,879)	(7)	(235,805)	(8)
Unitholders' funds				3,176,562	100	3,177,972	100

(a) Classified as "Property held for sale" as at 31 December 2020. The Property was divested on 31 March 2021 (See Note 4).

The accompanying notes form an integral part of the interim financial information



The carrying value of Lippo Plaza as at 30 June 2021 in Renminbi is RMB2,681,713,000 (31 December 2020: RMB 2,680,000,000).

The properties are leased to third parties except as otherwise stated in Note 10. Generally, the leases contain an initial non-cancellable period of 1 to 10 years (31 December 2020: 1 to 10 years). Subsequent renewals are negotiated with the respective lessees.

**Portfolio Statements (continued)**  
**As at 30 June 2021**

Description of property	Leasehold tenure	Location	Existing use	----- Trust -----			
				Carrying value at 30/6/2021 \$'000	Percentage of Unitholders' funds at 30/6/2021 %	Carrying value at 31/12/2020 \$'000	Percentage of Unitholders' funds at 31/12/2020 %
<i>Singapore</i>							
OUE Downtown Office OUE Downtown is a mixed-use development comprising a 50-storey building (OUE Downtown 1) and a 37-storey building (OUE Downtown 2), a retail podium and a multi-storey car park	OUE Downtown 1 and OUE Downtown 2: 99-year lease from 19 July 1967	6 Shenton Way, Singapore 068809 and 6A Shenton Way, Singapore 068815	Commercial	902,571	31	900,000	31
The Trust owns the office components of OUE Downtown (OUE Downtown Office), comprising OUE Downtown 1 (Strata Lot U4628V) and OUE Downtown 2 (Strata Lot U4629P)							
<b>Investment properties</b>				902,571	31	900,000	31

The accompanying notes form an integral part of the interim financial information

**Portfolio Statements (continued)**  
**As at 30 June 2021**

Description of property	Leasehold tenure	Location	Existing use	----- Trust -----			
				Carrying value at 30/6/2021 \$'000	Percentage of Unitholders' funds at 30/6/2021 %	Carrying value at 31/12/2020 \$'000	Percentage of Unitholders' funds at 31/12/2020 %
<b>Property held for sale</b>							
OUE Bayfront (and adjoining properties comprising OUE Tower and OUE Link)	OUE Bayfront and OUE Tower: 99-year lease from 12 November 2007	50 Collyer Quay, OUE Bayfront, Singapore 049321	Commercial	–	–	1,258,512 <sup>(a)</sup>	44
An integrated commercial development comprising an 18-storey office building, a conserved tower building and a retail link bridge at Collyer Quay, Singapore	OUE Link: 15-year lease from 26 March 2010	60 Collyer Quay, OUE Tower, Singapore 049322					
	Underpass: 99-year lease from 7 January 2002	62 Collyer Quay, OUE Link, Singapore 049325					
<b>Total investment properties and investment property held for sale</b>				902,571	31	2,158,512	75
<b>Other assets and liabilities (net)</b>				2,178,409	76	1,091,284	38
<b>Net assets of the Trust</b>				3,080,980	107	3,249,796	113
Net assets attributable to CPPU holder				(212,291)	(7)	(361,885)	(13)
Unitholders' funds				2,868,689	100	2,887,911	100

(a) Classified as “Property held for sale” as at 31 December 2020. The Property was divested on 31 March 2021 (See Note 4).

The properties are leased to third parties except as otherwise stated in Note 10. Generally, the leases contain an initial non-cancellable period of 1 to 10 years (31 December 2020: 1 to 10 years). Subsequent renewals are negotiated with the respective lessees.

The accompanying notes form an integral part of the interim financial information

**Consolidated Statement of Cash Flows**  
**For the six months ended 30 June 2021**

	<b>Group</b>	
	<b>Six-month period ended 30 June 2021 \$'000</b>	<b>Six-month period ended 30 June 2020 \$'000</b>
<b>Cash flows from operating activities</b>		
Total return for the period	54,469	58,795
Adjustments for:		
Amortisation of intangible assets	2,500	2,500
Depreciation of plant and equipment	42	49
Finance costs	39,145	45,162
Finance income	(1,482)	(3,101)
Manager's fees paid/payable in Units	4,095	7,877
Share of joint venture results	(4,066)	–
Loss on disposal of plant and equipment	10	–
Write-back of allowance for doubtful receivables	(1,195)	–
Tax expense	6,868	6,710
<b>Operating income before working capital changes</b>	<b>100,386</b>	<b>117,992</b>
Changes in working capital:		
Trade and other receivables	(7,632)	(10,166)
Trade and other payables	(12,724)	11,895
<b>Cash generated from operating activities</b>	<b>80,030</b>	<b>119,721</b>
Tax paid	(10,271)	(2,823)
<b>Net cash from operating activities</b>	<b>69,759</b>	<b>116,898</b>
<b>Cash flows from investing activities</b>		
Additions to plant and equipment	(3)	(1)
Payment for capital expenditure on investment properties	(10,402)	(3,057)
Interest received	473	579
Proceeds from divestment of investment property	950,634	–
Proceeds from sale of plant and equipment	1	–
<b>Net cash from/(used in) investing activities</b>	<b>940,703</b>	<b>(2,479)</b>
<b>Cash flows from financing activities</b>		
Distributions paid to Unitholders	(77,618)	(59,317)
Distributions paid to CPPU holder	(2,267)	(1,890)
Distributions paid to non-controlling interests	(5,600)	–
Interest paid	(35,145)	(38,618)
Payment of transaction costs related to borrowings	(3,103)	(2,446)
Proceeds from bank loans	231,500	27,000
Proceeds from issuance of Notes	150,000	100,000
Redemption of CPPUs	(155,000)	–
Repayment of bank loans	(976,527)	(134,202)
Repayment of Notes	(150,000)	–
<b>Net cash used in financing activities</b>	<b>(1,023,760)</b>	<b>(109,473)</b>

The accompanying notes form an integral part of the interim financial information

**Consolidated Statement of Cash Flows (continued)**  
**For the six months ended 30 June 2021**

	<b>Group</b>	
	<b>Six-month period ended 30 June 2021 \$'000</b>	<b>Six-month period ended 30 June 2020 \$'000</b>
<b>Net (decrease)/increase in cash and cash equivalents</b>	(13,298)	4,946
<b>Cash and cash equivalents at beginning of the period</b>	88,508	59,410
Effect of exchange rate fluctuations on cash held	950	520
<b>Cash and cash equivalents at end of the period</b>	76,160	64,876

**Significant non-cash transactions**

During the period, there were the following significant non-cash transactions:

***Financial period ended 30 June 2021***

- a total of 10,325,523 Units, amounting to \$4,095,000, were or would be issued to the Manager as satisfaction of the Manager's management fees for the financial period.

***Financial period ended 30 June 2020***

- a total of 22,255,758 Units, amounting to \$7,877,000, were or would be issued to the Manager as satisfaction of the Manager's management fees for the financial period.

The accompanying notes form an integral part of the interim financial information

## **Notes to the Financial Information**

These notes form an integral part of the interim financial statements.

### **1 General**

OUE Commercial Real Estate Investment Trust (the “Trust”) is a Singapore-domiciled unit trust constituted pursuant to the trust deed dated 10 October 2013 (as amended) (the “Trust Deed”) between OUE Commercial REIT Management Pte. Ltd. (the “Manager”) and DBS Trustee Limited (the “Trustee”). The Trust Deed is governed by the laws of the Republic of Singapore. The Trustee is under a duty to take into custody and hold the assets of the Trust and its subsidiaries (the “Group”) in trust for the holders (“Unitholders”) of units in the Trust (the “Units”).

The Trust was admitted to the Official List of Singapore Exchange Securities Trading Limited (the “SGX-ST”) on 27 January 2014 (the “Listing Date”).

The principal activity of the Trust is to invest, directly or indirectly, in a portfolio of income-producing real estate used primarily for commercial purposes (including real estate used primarily for office and/or retail purposes) in financial and business hubs and hospitality and/or hospitality-related purposes, within and outside of Singapore, as well as real estate-related assets.

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

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

On 31 March 2021, OUE C-REIT completed the divestment of OUE Bayfront to BPH Propco LLP (“BPH LLP”), with DBS Trustee Limited, in its capacity as trustee of OUE C-REIT (the “Trustee”), holding 50.0% of BPH LLP and the ACRE Angsana Pte. Ltd. (the “Allianz Investor”), a special purpose vehicle managed by Allianz Real Estate Asia Pacific Pte. Ltd holding the remaining 50.0% of BPH LLP.

The consolidated interim financial information (“Financial Information”) relates to the Trust and its subsidiaries (together referred to as the “Group” and individually as “Group entities”) and the Group’s interests in its joint venture.

The Group is regarded as a subsidiary of OUE Limited (“OUE”) for financial reporting purposes. Accordingly, the ultimate holding company of the Trust is Lippo ASM Asia Property Limited, a company incorporated in the Cayman Islands.

## **2 Basis of preparation**

The Financial Information has been prepared in accordance with the recommendations of Statement of Recommended Accounting Practice (“RAP”) 7 “*Reporting Framework for Unit Trusts*” relevant to interim financial information issued by the Institute of Singapore Chartered Accountants (“ISCA”), the applicable requirements of the Code on Collective Investment Schemes (the “CIS Code”) issued by the Monetary Authority of Singapore (the “MAS”) and the provisions of the Trust Deed. RAP 7 requires the accounting policies to generally comply with the recognition and measurement principles of Singapore Financial Reporting Standards (“FRS”). The Financial Information does not include all the information required for a complete set of financial statements prepared in accordance with FRS Standards and should be read in conjunction with the Group’s last annual consolidated financial statements as at and for the year ended 31 December 2020. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group since the last annual financial statements.

The Financial Information has been prepared on the historical cost basis, except for the investment properties and financial derivatives which are stated at their fair values.

The Financial Information is presented in Singapore dollars, which is the functional currency of the Trust. All financial information presented in Singapore dollars has been rounded to the nearest thousand, unless otherwise stated.

The preparation of the Financial Information requires management to make judgments, estimates and assumptions that affect the application of accounting policies and reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

The significant judgements made by management in applying the Group’s accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements as at and for the year ended 31 December 2020.

The accounting policies applied by the Group in this Financial Information are consistent with those applied by the Group in its financial statements as at and for the year ended 31 December 2020 which were prepared in accordance with FRS, except for the adoption of the revised version of RAP 7 new and revised standards that are effective for annual periods beginning on 1 January 2021. The adoption of these new and revised standards did not have a material impact on the Group’s Financial Information.

In July 2020, ISCA issued a revised version of RAP 7 which will become effective for the Group’s financial statements for the year ending 31 December 2021, and has not been applied in preparing these financial statements. The application of the revised RAP 7 is not expected to have a significant impact on the financial statements of the Group.

A number of new standards, interpretations and amendments to standards are effective for annual periods beginning after 1 January 2021 and earlier application is permitted; however, the Group has not early adopted the new or amended standards and interpretations in preparing this Financial Information.

### 3 Investment properties

	----- Group -----		----- Trust -----	
	30 June 2021 \$'000	31 December 2020 \$'000	30 June 2021 \$'000	31 December 2020 \$'000
At 1 January	5,370,383	6,770,187	900,000	2,093,000
Capital expenditure capitalised	20,369	11,625	2,571	6,938
Lease incentives	(38)	(2,393)	–	(13)
Fair value changes recognised in the statement of total return (unrealised)	–	(179,655)	–	58,587
Reclassification to property held for sale (Note 5)	–	(1,258,512)	–	(1,258,512)
Translation differences	12,186	29,131	–	–
At 30 June / 31 December	5,402,900	5,370,383	902,571	900,000

As at 30 June 2021, investment properties with a carrying amount of \$3,107,105,000 (31 December 2020: \$3,356,648,000) are pledged as security to secure bank loans (see Note 6).

#### Measurement of fair value

The Group engages external, independent and qualified valuers to assess the fair value of the Group's properties at the end of half-year based on the property's highest and best use. The last full valuation of the investment properties was conducted on 31 December 2020. The fair values were derived based on the discounted cash flow, capitalisation and direct comparison methods. The valuation methods involve certain estimates including those relating to discount rate, terminal yield rate, capitalisation rate, price per square foot and price per room. The specific risks inherent in each of the properties are taken into consideration in arriving at the valuations.

The discounted cash flow method involves the estimation and projection of an income stream over a period and discounting the income stream with an internal rate of return to arrive at the market value. The capitalisation method capitalises an income stream into a present value using single-year capitalisation rate. The direct comparison method involves the analysis of comparable sales of similar properties, with adjustments made to differentiate the comparable in terms of location, area, quality and other relevant factors.

In relying on the valuation reports, the Manager has exercised its judgment and is satisfied that the valuation methods and estimates used are reflective of the current market conditions. The valuers have highlighted in their valuation reports that the real estate market has been impacted by the uncertainty that the COVID-19 pandemic has caused, less certainty and a higher degree of caution should be attached to their valuations than would normally be the case.

**(i) Valuation techniques and significant unobservable inputs**

The following table shows the Group's valuation techniques used in measuring the fair value of investment properties, as well as the significant unobservable inputs used.

Valuation techniques	Significant unobservable inputs	Commercial (Singapore)	Commercial (China)	Hospitality (Singapore)	Inter-relationship between key unobservable inputs and fair value measurement
<i>Discounted cash flow method</i>	Discount rate				The estimated fair value would increase/(decrease) if: <ul style="list-style-type: none"> <li>• discount rate was lower (higher);</li> <li>• terminal yield rate was lower (higher).</li> </ul>
	At 30 June 2021	6.5% - 7.0%	6.5%	7.0%	
	At 31 December 2020	6.5% - 7.0%	6.5%	7.0%	
	Terminal yield rate				
	At 30 June 2021	3.8% - 5.3%	3.5%	4.8% - 5.5%	
	At 31 December 2020	3.8% - 5.3%	3.5%	4.8% - 5.5%	
<i>Capitalisation method</i>	Capitalisation rate				The estimated fair value would increase/(decrease) if the capitalisation rate was lower (higher).
	At 30 June 2021	3.5% - 4.3%	–	–	
	At 31 December 2020	3.5% - 4.3%	–	–	
<i>Direct comparison method</i>	Price per square foot (psf)				The estimated fair value would increase/(decrease) if the price psf or per room was higher (lower).
	At 30 June 2021	\$1,821 - \$3,897	\$1,455	–	
	At 31 December 2020	\$1,821 - \$3,897	\$1,418	–	
	Price per room				
	At 30 June 2021	–	–	\$0.9 million - \$1.2 million	
	At 31 December 2020	–	–	\$0.9 million - \$1.2 million	



**4 Investment in joint venture**

	----- Group -----		----- Trust -----	
	30 June 2021 \$'000	31 December 2020 \$'000	30 June 2021 \$'000	31 December 2020 \$'000
Interest in joint venture	320,944	–	316,878	–

The Group and Trust completed the divestment of 50.0% interest in OUE Bayfront, OUE Tower and OUE Link (the “Property”) on 31 March 2021. The Property is now wholly-owned by a limited liability partnership known as BPH Propco LLP (“BPH LLP”), with the Trustee, in its capacity as trustee of the Group, holding 50.0% of BPH LLP and the ACRE Angsana Pte. Ltd. (the “Allianz Investor”), a special purpose vehicle managed by Allianz Real Estate Asia Pacific Pte. Ltd, holding the remaining 50.0% of BPH LLP.

**5 Property held for sale and liabilities directly associated with the property**

On 18 January 2021, the Trust entered into a sale and contribution agreement to divest 50.0% interest in Property to BPH LLP (See Note 4). Accordingly, the Property was reclassified from investment property to property held for sale as at 31 December 2020.

Immediately before classification as held for sale, the Property was remeasured based on fair value less cost of disposal, calculated based on the expected selling price taking into consideration the cost of lease extension and income support to be provided. The liabilities directly associated with the property held for sale are measured at their carrying amount as they are assumed to approximate their fair value less estimated costs to sell because of their short period to maturity. The fair value measurement was categorised as Level 2 fair value.

	Group and Trust	
	30 June 2021 \$'000	31 December 2020 \$'000
<b>Property held for sale</b>		
Investment property	–	1,258,512
<b>Liabilities directly associated with the property held for sale</b>		
Rental deposits	–	15,751

## 6 Borrowings

	----- Group -----		----- Trust -----	
	30 June 2021 \$'000	31 December 2020 \$'000	30 June 2021 \$'000	31 December 2020 \$'000
<b>Secured borrowings</b>				
Amount repayable within one year, or on demand	201,890	2,036	199,809	677,787
Amount repayable after one year	1,089,000	1,575,340	188,985	–
Total secured borrowings	<u>1,290,890</u>	<u>1,577,376</u>	<u>388,794</u>	<u>677,787</u>
<b>Unsecured borrowings</b>				
Amount repayable within one year, or on demand	15,000	369,254	15,000	426,221
Amount repayable after one year	648,832	749,753	306,029	369,254
Total unsecured borrowings	<u>663,832</u>	<u>1,119,007</u>	<u>321,029</u>	<u>795,475</u>
Total borrowings, net of amortised cost	<u>1,954,722</u>	<u>2,696,383</u>	<u>709,823</u>	<u>1,473,262</u>
<b>Classified as:</b>				
Current	216,890	371,290	214,809	369,254
Non-current	1,737,832	2,325,093	495,014	1,104,008
	<u>1,954,722</u>	<u>2,696,383</u>	<u>709,823</u>	<u>1,473,262</u>

The aggregate leverage was 38.0% (31 December 2020: 41.2%). The interest coverage ratio stood at 2.7 times<sup>(a)</sup> (31 December 2020: 2.7 times<sup>(a)</sup>).

<sup>(a)</sup> 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).

### (a) Secured bank loans

The Group has secured term loans and revolving credit facilities of 2 to 8 years (31 December 2020: 2 to 8 years) which are secured on the following:

- investment properties with a total carrying amount of \$3,107,105,000 (31 December 2020: \$3,356,648,000) (Note 3);
- 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 debt, charged accounts, goodwill, intellectual property and plant and machinery and floating charge over generally all of the present and future assets of the Trust in connection with OUE Downtown; Mandarin Orchard Singapore and Mandarin Gallery; and
- the account control or charge over certain bank accounts of the Trust and certain subsidiary.

**(b) Unsecured bank loans**

The Group has in place the following unsecured bank loans:

- a total of \$430.0 million (31 December 2020: \$1,050 million) committed bank loans and revolving credit facilities with banks. At the reporting date, \$404.0 million (31 December 2020: \$1,005 million) was drawn down; and
- \$15.0 million (31 December 2020: \$30.0 million) uncommitted revolving credit facility with a bank. At the reporting date, \$15.0 million (31 December 2020: \$20.0 million) was drawn down. The uncommitted revolving credit facility is repayable on demand.

**(c) Unsecured notes**

In March 2020, the Trust, through its wholly-owned subsidiary, OUE CT Treasury Pte. Ltd., established a \$2.0 billion Multicurrency Debt Issuance Programme (the “2020 Programme”). Under the 2020 Programme, OUE CT Treasury Pte. Ltd. may from time to time issue notes and/or perpetual securities in series or tranches.

The unsecured notes outstanding as at 30 June 2021 under the 2020 Programme is \$250.0 million (31 December 2020: \$100.0 million). The unsecured notes have a fixed rates ranging from 3.95% to 4.00% per annum payable semi-annually in arrears and mature between 2025 and 2026.

The unsecured notes and the coupons relating thereto of all series will constitute direct, unconditional, unsubordinated and unsecured obligations of OUE CT Treasury Pte. Ltd. and shall at all times rank *pari passu*, without any preference or priority among themselves, and *pari passu* with all other present and future unsecured obligations (other than the subordinated obligations and priorities created by law) of OUE CT Treasury Pte. Ltd.. All sums payable in respect of the unsecured notes will be unconditionally and irrevocably guaranteed by the Trustee, in its capacity as trustee of the Group.

**(d) Loan from a subsidiary**

OUE CT Treasury Pte. Ltd. has on-lent the proceeds from the issuance of the notes to the Trust.

## 7 **Convertible perpetual preferred units**

In October 2015, the Group and the Trust issued 550 million Convertible Perpetual Preferred Units (“CPPU”) at \$1 per Unit to a substantial unitholder of the Trust and a related party of the Manager, as partial satisfaction of the purchase consideration for the subsidiaries acquired. The key terms and conditions of the CPPUs are as follows:

- the CPPU holder has the right to receive preferential non-cumulative distribution of an amount equivalent to 1.0% per annum of the issue price which may be declared by the Manager at its sole discretion;
- any preferential distribution or part thereof not due or payable shall not accumulate for the benefit of the CPPU holder or entitle the CPPU holder to any claim in respect thereof against the Trust, the Trustee and/or the Manager;
- the CPPUs rank senior to the Units in respect of the entitlement to participate in the distributions of the Trust and rank senior to the Units in respect of the entitlement to receive out of the assets of the Trust the amount equivalent to the number of CPPUs held by the CPPU holder multiplied by the issue price and outstanding preferred and special preferred distribution upon the liquidation of the Trust. The CPPUs rank junior to the claims of all other present and future creditors of the Trust;
- the CPPU holder has the sole right to convert the CPPUs into Units, provided that the number of CPPUs converted in each financial year shall not exceed one-third of the total number of CPPUs initially issued to the CPPU holder, at a conversion price of \$0.7154 per CPPU, being the adjusted conversion price pursuant to the rights issue undertaken by the Trust in October 2018. The CPPUs may not be converted into Units for a period of four years commencing from the date of issuance of the CPPUs on 8 October 2015;
- the Manager shall have the sole right to redeem any number of CPPUs for the time being issued and outstanding on a pro-rata basis at the issue price at all times;
- the Manager shall not declare distributions or pay any distributions to the Unitholders, or make any redemption, unless the Manager declares or pays distributions to the CPPU holder; and
- the CPPU holder does not have the right to attend and vote at the meetings of Unitholders except during such period as the preferred or special preferred distribution remains in arrears and unpaid for at least 12 months, or upon any resolution which varies or abrogates any right, preference or privilege of the CPPUs, or upon any resolution for the dissolution or winding up of the Trust.

On 1 June 2021, there was a partial redemption of 155.0 million CPPUs at \$1.00 per Unit.

The CPPUs are classified as equity instruments in the statement of financial position. The \$212,291,000 (31 December 2020: \$361,885,000) presented in the interim statement of financial position represents the carrying value of the remaining 220.0 million CPPUs and the total return attributable to the CPPU holder from the last distribution date.

## 8 Units in issue and to be issued

	-----Group and Trust-----	
	30 June 2021 '000	31 December 2020 '000
<b>Units in issue</b>		
At 1 January	5,421,506	5,385,398
Creation of Units:		
- Manager's management fees paid in Units	11,817	36,108
At 30 June/31 December	5,433,323	5,421,506
<b>Units to be issued</b>		
Manager's management fees payable in Units	4,853	6,344
<b>Units in issue and to be issued</b>	5,438,176	5,427,850

## 9 Net asset value per Unit

		----- Group -----		----- Trust -----	
	Note	30 June 2021	31 December 2020	30 June 2021	31 December 2020
Net asset value per Unit is based on:					
- Net assets attributable to Unitholders (\$'000)		3,176,562	3,177,972	2,868,689	2,887,911
- Units in issue and to be issued at 30 June 2021/ 31 December 2020 ( '000)	8	5,438,176	5,427,850	5,438,176	5,427,850

## 10 Revenue

	----- Group -----	
	Six-month period ended 30 June 2021 \$'000	Six-month period ended 30 June 2020 \$'000
Rental income	119,735	127,135
Service fee income	10,050	10,810
Carpark income	1,074	1,227
Others	2,765	2,919
Less: Business and other taxes	(78)	(82)
	133,546	142,009

Under the terms of the lease agreements for the properties, the Group and the Trust are generally entitled to a fixed rent component and/or a variable rent component computed based on a certain percentage of the revenue. Mandarin Orchard Singapore is leased to a related party under a master lease arrangement. The lease contains an initial term of 15 years from 25 July 2013 with an option to renew for a further 15 years. Crowne Plaza Changi Airport is leased to a related party under a master lease agreement till 27 May 2028, with an option to renew for two consecutive terms of five years each.

Included in rental income is variable rent of \$705,000 (30 June 2020: \$344,000) and \$55,000 (30 June 2020: \$5,000) recognised in the statement of total return for the Group and the Trust, respectively.

Included in the revenue of the Group and the Trust are amounts derived from related parties of \$35,537,000 (30 June 2020: \$37,160,000) and \$1,787,000 (30 June 2020: \$3,410,000), respectively. Due to the COVID-19 impact, the Group has provided a total of \$6,182,000 (30 June 2020: \$13,488,000) rental waiver to the affected tenants during the period.

Other income consists of miscellaneous income such as utilities and annual license fee, which are recognised over time as the service is provided.

## 11 Net finance costs

	----- Group -----	
	Six-month period ended 30 June 2021 \$'000	Six-month period ended 30 June 2020 \$'000
<b>Finance income</b>		
Interest income	473	579
Ineffective portion of changes in fair value of cash flow hedges	1,009	2,522
Net foreign exchange gains	186	389
	1,668	3,490
<b>Finance costs</b>		
Amortisation of debt-related transaction costs	(5,968)	(3,567)
Interest paid/payable to banks	(32,513)	(38,925)
Net change in fair value of derivatives	(227)	(2,183)
Hedging reserve transferred from unitholders' funds due to discontinuation of hedge accounting	–	(48)
Financial liability measured at amortised cost – interest expense	(437)	(439)
	(39,145)	(45,162)
<b>Net finance costs</b>	(37,477)	(41,672)

**12 Total return for the period before tax**

Included in total return for the period before tax are the following:

	----- Group -----	
	Six-month period ended 30 June 2021 \$'000	Six-month period ended 30 June 2020 \$'000
Audit fees paid/payable to:		
- Auditors of the Trust	195	188
- Other auditors	32	23
Non-audit fees paid/payable to:		
- Auditors of the Trust	49	74
- Other auditors	9	3
Valuation fees	73	62
	73	62

**13 Tax expense**

	----- Group -----	
	Six-month period ended 30 June 2021 \$'000	Six-month period ended 30 June 2020 \$'000
<b>Current tax expense</b>		
Current period	5,921	5,526
Changes in estimates relating to prior years	-	144
<b>Withholding tax</b>	568	591
<b>Deferred tax expense</b>		
Origination and reversal of temporary differences	379	449
	6,868	6,710

## 14 Earnings per Unit

### (i) Basic earnings per Unit

The calculation of basic earnings per Unit was based on the total return attributable to Unitholders and the weighted average number of Units, as set out below:

#### *Total return attributable to Unitholders*

	<b>Group</b>	
	<b>Six-month period ended 30 June 2021 \$'000</b>	<b>Six-month period ended 30 June 2020 \$'000</b>
Total return for the year attributable to Unitholders and CPPU holder	51,323	56,065
Less: Amount reserved for distribution to CPPU holder	(1,473)	(1,865)
Total return attributable to Unitholders	49,850	54,200

#### *Weighted average number of Units*

	<b>Group</b>	
	<b>Six-month period ended 30 June 2021 '000</b>	<b>Six-month period ended 30 June 2020 '000</b>
Units issued or to be issued at beginning of the year	5,427,850	5,392,459
Effect of Units issued during the year	2,782	6,281
Effect of Units to be issued as payment of the Manager's management fees payable in Units	27	54
Weighted average number of Units during the year	5,430,659	5,398,794



**(ii) Diluted earnings per Unit**

The calculation of diluted earnings per Unit was based on the total return attributable to Unitholders and CPPU holder and the weighted average number of Units, after adjustment for the effect of all dilutive potential Units, as set out below:

***Total return attributable to Unitholders (diluted)***

	<b>Group</b>	
	<b>Six-month period ended 30 June 2021 \$'000</b>	<b>Six-month period ended 30 June 2020 \$'000</b>
Total return attributable to Unitholders (basic)	49,850	54,200
Add: Amount reserved for distribution to CPPU holder	1,473	1,865
Total return attributable to Unitholders and CPPU holder (diluted)	51,323	56,065

***Weighted average number of Units (diluted)***

	<b>Group</b>	
	<b>Six-month period ended 30 June 2021 '000</b>	<b>Six-month period ended 30 June 2020 '000</b>
Weighted average number of Units (basic)	5,430,659	5,398,794
Effect of the Manager's fees paid/payable in Units	7,517	15,921
Effect of conversion of CPPUs into Units <sup>(1)</sup>	307,520	524,182
Weighted average number of Units (diluted)	5,745,696	5,938,897

<sup>(1)</sup> The weighted average number of Units includes the weighted average potential Units to be issued assuming all the remaining CPPUs were converted at \$0.7154 per Unit, being the adjusted conversion price pursuant to the rights issue.

**15 Operating segments**

Information regarding the results of each reportable segment is included below. Performance is measured based on segment net property income, as included in the internal management reports that are reviewed by the Board of Directors of the Manager. Segment net property income is used to measure performance as management believes that such information is the most relevant in evaluating the results of its segments relative to other entities that operate within the same industry.

**Information about reportable segments**

	<b>Commercial \$'000</b>	<b>Hospitality \$'000</b>	<b>Total \$'000</b>
<b>Six-months ended 30 June 2021</b>			
Revenue	99,796	33,750	133,546
Property operating expenses	(21,317)	(3,184)	(24,501)
Reportable segment net property income	<u>78,479</u>	<u>30,566</u>	<u>109,045</u>
Other income	6,868	–	6,868
Depreciation and amortisation	(2,542)	–	(2,542)
Finance income	979	–	979
Finance costs	(26,998)	(12,147)	(39,145)
Divestment costs	(7,363)	–	(7,363)
Unallocated items			
- Finance income			689
- Expenses			(11,260)
<b>Net income</b>			<u>57,271</u>
Share of joint venture results			4,066
Tax expense			(6,868)
<b>Total return for the period</b>			<u><u>54,469</u></u>
<b>30 June 2021</b>			
Non-current assets <sup>(1)</sup>	<u>4,067,371</u>	<u>1,668,393</u>	<u>5,735,764</u>
<b>Six-months ended 30 June 2020</b>			
Revenue	108,259	33,750	142,009
Property operating expenses	(26,151)	(3,358)	(29,509)
Reportable segment net property income	<u>82,108</u>	<u>30,392</u>	<u>112,500</u>
Other income	9,410	–	9,410
Depreciation and amortisation	(2,549)	–	(2,549)
Finance income	2,419	–	2,419
Finance costs	(34,220)	(10,942)	(45,162)
Unallocated items			
- Finance income			1,071
- Expenses			(12,184)
<b>Net income</b>			<u>65,505</u>
Tax expense			(6,710)
<b>Total return for the period</b>			<u><u>58,795</u></u>
<b>31 December 2020</b>			
Non-current assets <sup>(1)</sup>	<u>3,732,846</u>	<u>1,652,158</u>	<u>5,385,004</u>

<sup>(1)</sup> Excluding financial instruments

## Geographical information

The Group has two reportable segments, which are Singapore and China. The reporting segments operate in different countries and are managed separately because of the differences in operating and regulatory environment. For each of the reporting segments, the Board of Directors of the Manager reviews internal management reports on a regular basis.

### Information about reportable segments

	<b>Singapore</b> <b>\$'000</b>	<b>China</b> <b>\$'000</b>	<b>Total</b> <b>\$'000</b>
<b>Six-months ended 30 June 2021</b>			
Revenue	121,441	12,105	133,546
Property operating expenses	(22,649)	(1,852)	(24,501)
Reportable segment net property income	98,792	10,253	109,045
Other income	6,868	–	6,868
Depreciation and amortisation	(2,522)	(20)	(2,542)
Finance income	1,271	397	1,668
Finance costs	(38,595)	(550)	(39,145)
Divestment costs	(7,363)	–	(7,363)
Unallocated items			
- Expenses			(11,260)
<b>Net income</b>			<b>57,271</b>
Share of joint venture results			4,066
Tax expense			(6,868)
<b>Total return for the period</b>			<b>54,469</b>
<b>30 June 2021</b>			
Non-current assets <sup>(1)</sup>	5,177,618	558,146	5,735,764
<b>Six-months ended 30 June 2020</b>			
Revenue	129,288	12,721	142,009
Property operating expenses	(27,428)	(2,081)	(29,509)
Reportable segment net property income	101,860	10,640	112,500
Other income	9,410	–	9,410
Depreciation and amortisation	(2,531)	(18)	(2,549)
Finance income	2,869	496	3,365
Finance costs	(44,559)	(603)	(45,162)
Unallocated items			
- Finance income			125
- Expenses			(12,184)
<b>Net income</b>			<b>65,505</b>
Tax expense			(6,710)
<b>Total return for the period</b>			<b>58,795</b>
<b>31 December 2020</b>			
Non-current assets <sup>(1)</sup>	4,839,255	545,749	5,385,004

<sup>(1)</sup> Excluding financial instruments

## 16 Commitments

The Group and the Trust has the following commitments as at the reporting date:

### Capital commitments

	----- Group -----		----- Trust -----	
	30 June	31 December	30 June	31 December
	2021	2020	2021	2020
	\$'000	\$'000	\$'000	\$'000
Contracted but not provided for in the financial statements:				
- Expenditure in respect of investment properties	82,955	98,906	2,655	3,013

## 17 Related party transactions

In the normal course of the operations of the Trust, the Manager's management fee and Trustee's fee have been paid or are payable to the Manager and the Trustee respectively. Property management fees are payable to the Property Managers, related parties of the Manager.

During the financial period, other than the transactions disclosed elsewhere in the Financial Information, there were the following related party transactions:

	----- Group -----	
	Six-month period ended	Six-month period ended
	30 June	30 June
	2021	2020
	\$'000	\$'000
Hotel service expenses and professional fees paid/payable to related parties	590	587
Settlement of liabilities by related parties of the Manager on behalf of the Group and the Trust	30	83

**18 Financial ratios**

	----- <b>Group</b> -----	
	<b>Six-month period ended 30 June 2021 %</b>	<b>Six-month period ended 30 June 2020 %</b>
Expenses to weighted average net assets <sup>1</sup>		
- including performance component of the Manager's fees	0.93	0.90
- excluding performance component of the Manager's fees	0.80	0.90
Portfolio turnover rate <sup>2</sup>	-	-

<sup>1</sup> The annualised ratios are computed in accordance with the guidelines of the Investment Management Association of Singapore. The expenses used in the computation relate to expenses of the Group and, excluding property expenses and finance expenses.

<sup>2</sup> The annualised ratio is computed based on the lesser of purchases or sales of underlying investment properties of the Group expressed as a percentage of daily average net asset value.

## **Other Information Required by Listing Rule Appendix 7.2**

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

Please refer to pages 6-8 and section 8 on page 41.

### **(b)(i) Statements of Financial Position (Please refer to pages 4-5)**

#### **(1) 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.

#### **(2) Borrowings – Non-current and Current**

The Group and Trust's total borrowings decreased as compared to 31 December 2020 mainly due to repayment of loans from the proceeds from divestment of OUE Bayfront. This was partially offset by drawdown of funds in March for the 2H2020 distribution.

#### **(3) 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 and S\$150.0 million notes issued in June 2021 through the Trust's wholly owned subsidiary, OUE CT Treasury Pte. Ltd., which were on-lent to the Trust.

#### **(4) Trade and other payables - Non-current and Current**

The Group and Trust's trade and other payables increased mainly due to provisions made relating to divestment of OUE Bayfront and payables for the rebranding of Mandarin Orchard Singapore.

#### **(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 2020 to 30 June 2021 was mainly due to net changes in the fair value of the IRS during the period.

#### **(6) Unitholders' funds**

The decrease in Unitholders' funds was mainly due to distribution paid to Unitholders in March 2021. This was partially offset by profits for the financial period, the appreciation of the CNY against the SGD from 31 December 2020 to 30 June 2021, net movement in the fair value reserve of IRS as at 30 June and new Units issued relating to base fees payable in Units.

#### **(7) 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.

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

Please refer to pages 25-26.

**(c) Consolidated Statement of Cash Flows (Please refer to pages 18-19)**

- (1) On 2 June 2021, the Group issued S\$150.0 million notes due on 2 June 2026 under the 2020 Programme. The net proceeds have been utilised for repayment of OUE C-REIT's revolving loan facilities.

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 repayment of OUE C-REIT's revolving loan facilities.

- (2) On 3 May 2021, an irrevocable redemption notice was issued to redeem 155.0 million CPPUs (amounting to S\$155.0 million), the redemption was completed on 1 June 2021.
- (3) For purpose of the Consolidated Statement of Cash Flows, the Group's cash and cash equivalents comprise the following:

	<b>30 Jun 2021</b> <b>(S\$'000)</b>	<b>30 Jun 2020</b> <b>(S\$'000)</b>
Bank and cash balances	49,107	19,496
Short-term deposits	27,053	45,380
Cash and cash equivalents	76,160	64,876

**(d)(i) Statement of Changes in Unitholders' Funds**

Please refer to pages 9-12.

**(d)(ii) Details of Any Changes in Units**

Please refer to page 28.

**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 2020.

**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.

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

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

	<b>1H 2021</b>	<b>1H 2020</b>
Weighted average number of Units	5,430,658,949	5,398,794,185
Basic EPU (cents)	0.92	1.00
Weighted average number of Units <sup>(1)</sup>	5,745,696,157	5,938,897,397
Diluted EPU (cents)	0.89	0.94

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.

On 1 June 2021, 155.0 million CPPUs were redeemed. A total of 220.0 million CPPUs remain outstanding as at 30 June 2021. Assuming that the remaining 220.0 million CPPUs are fully converted at the conversion price, 307,520,268 Units will be issued.



**Distribution per Unit attributable to Unitholders (“DPU”)**

	<b>1H 2021</b>	<b>1H 2020</b>
No of Units entitled to distribution	5,438,175,889 <sup>(1)</sup>	5,414,715,121 <sup>(2)</sup>
Distribution per Unit (cents)	1.23 <sup>(3)</sup>	1.00 <sup>(3)</sup>

Footnotes:

- (1) Comprises the Units in issue as at 30 June 2021 of 5,433,323,201 and Units to be issued to the Manager as satisfaction of Manager’s base fee payable for 2Q 2021 of 4,852,688.
- (2) Comprises the Units in issue as at 30 June 2020 of 5,404,884,438 and Units to be issued to the Manager as satisfaction of Manager’s base fee payable for 2Q 2020 of 9,830,683.
- (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 of tax-exempt income and capital distribution to preserve financial flexibility in view of the uncertainty posed by the Covid-19 situation.

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

	<b>Group</b>		<b>Trust</b>	
	<b>30 Jun 2021</b>	<b>31 Dec 2020</b>	<b>30 Jun 2021</b>	<b>31 Dec 2020</b>
No. of Units in issue and to be issued at end of period/year	5,438,175,889	5,427,850,366	5,438,175,889	5,427,850,366
Net asset value (“NAV”) per Unit (S\$)	0.58	0.59	0.53	0.53
Net tangible asset (“NTA”) per Unit (S\$)	0.58	0.58	0.53	0.53

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

## 8 Review of the Performance

<b>Statement of Total Return</b>	<b>Note</b>	<b>1H 2021<sup>(1)</sup></b> <b>(S\$'000)</b>	<b>1H 2020<sup>(2)</sup></b> <b>(S\$'000)</b>	<b>Change</b> <b>(%)</b>
Revenue		133,546	142,009	(6.0)
- Commercial <sup>(3)</sup>		99,796	108,259	(7.8)
- Hospitality <sup>(4)</sup>		33,750	33,750	–
Property operating expenses		(24,501)	(29,509)	(17.0)
- Commercial <sup>(3)</sup>		(21,317)	(26,151)	(18.5)
- Hospitality <sup>(4)</sup>		(3,184)	(3,358)	(5.2)
<b>Net property income</b>	(a)	109,045	112,500	(3.1)
- Commercial <sup>(3)</sup>		78,479	82,108	(4.4)
- Hospitality <sup>(4)</sup>		30,566	30,392	0.6
Other income	(b)	6,868	9,410	(27.0)
Amortisation of intangible assets		(2,500)	(2,500)	–
Manager's management fees	(c)	(8,191)	(9,846)	(16.8)
Manager's performance fees	(d)	(1,358)	–	NM
Divestment costs	(e)	(7,363)	–	NM
Trustee's fee		(666)	(740)	(10.0)
Other expenses		(1,087)	(1,647)	(34.0)
Finance income		1,482	3,101	(52.2)
Finance costs		(39,145)	(45,162)	(13.3)
Net finance costs	(f)	(37,663)	(42,061)	(10.5)
Foreign exchange differences		186	389	(52.2)
<b>Net Income</b>		57,271	65,505	(12.6)
Share of joint venture results	(g)	4,066	–	NM
<b>Total return for the period before tax</b>		61,337	65,505	(6.4)
Tax expense		(6,868)	(6,710)	2.4
<b>Total return for the period</b>	(h)	54,469	58,795	(7.4)

NM: Not meaningful

Footnotes:

- (1) The current period results of OUE C-REIT's foreign subsidiaries are translated using the SGD:CNY rate of 1:4.854 for 1H 2021.
- (2) The prior period results of OUE C-REIT's foreign subsidiaries are translated using the SGD:CNY rate of 1:5.010 for 1H 2020.
- (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.

**Review of OUE C-REIT Group's performance for the six months period from 1 January 2021 to 30 June 2021 ("1H 2021") vs 1 January 2020 to 30 June 2020 ("1H 2020")**

- (a) 1H 2021 revenue of S\$133.5 million and net property income of S\$109.0 million were 6.0% and 3.1% lower respectively as compared to 1H 2020. The Commercial segment recorded lower revenue and net property income mainly due to divestment of 50% interest in OUE Bayfront on 31 March 2021 which resulted in the property being equity accounted vs being consolidated prior to the divestment. This was partially mitigated by lower rental rebates and other support measures granted to tenants compared to 1H 2020.
- (b) Other income comprises income support relating to the top-up payments from OUE Limited's subsidiary (the "Sponsor Group") pursuant to the Deed of Income Support dated 1 November 2018 (the "Deed of Income Support").

Other income for 1H 2021 decreased to S\$6.9 million due to lower income support as OUE Downtown Office's revenue increased in 1H 2021.

- (c) 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 receive 50% of the base management fees in cash, with the balance 50% in the form of new Units. For 1H 2020, 20% of base management fee was paid in cash, with the balance 80% in the form of new Units.
- (d) The performance fee is payable if the DPU in any financial year exceeds the DPU in the preceding financial year. A performance fee of 25% per annum of the difference in DPU in a financial year with the DPU in the preceding full financial year (calculated before accounting for the performance fee but after accounting for the base fee in each financial year) multiplied by the weighted average number of Units in issue for such financial year.

Manager's performance fees were recognised in line with the increase in DPU in 1H 2021.

- (e) Divestment costs in the current period relates to costs incurred in relation to the divestment of OUE Bayfront.
- (f) Net finance cost decreased S\$4.4 million year-on-year mainly attributable to lower interest cost by S\$6.4 million, resulting from repayment of loans. This was partially offset by accelerated amortisation of debt-related transactions costs arising from repayment of loans ahead of maturity.
- (g) Share of joint venture results represents C-REIT's 50.0% interest in BPH LLP results, upon completion of sale on 31 March 2021.
- (h) Total return recorded for 1H 2021 was S\$54.5 million, compared to total return of S\$58.8 million in 1H 2020, mainly due to S\$7.4 million divestment costs recognised in relation to the divestment of OUE Bayfront. Excluding the divestment costs, 1H 2021 total return is S\$3.1 million higher than 1H 2020.

## **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 grew 14.3% year-on-year (“YoY”) in 2Q 2021, extending the 1.3% YoY growth in the previous quarter<sup>(1)</sup>. The strong growth recorded was due mainly to the low base in 2Q 2020 when GDP declined 13.3% as a result of the “circuit breaker” measures. Compared to the same period in 2019, GDP in 2Q 2021 was still 0.9% below the pre-pandemic level on an absolute basis. On a quarter-on-quarter (“QoQ”) seasonally-adjusted basis, the economy contracted by 2.0% in 2Q 2021, reversing the 3.1% expansion in the preceding quarter. The manufacturing sector grew by 18.5% in 2Q 2021, extending the 10.7% growth in 1Q 2020. There was output expansion in all clusters except the biomedical manufacturing cluster, with growth supported in particular by the electronics and precision engineering clusters. The services producing sector recorded a 9.8% YoY rebound in 2Q 2021 on the back of the low base. However, on a QoQ seasonally-adjusted basis, the sector declined by 1.0%, weighed down by the contraction in most sectors except for the information & communications, finance & insurance and professional services sectors. Taking into account the high degree of uncertainty over the global course of the pandemic as well as the domestic situation, the MTI has maintained its GDP growth forecast for 2021 at 4.0% to 6.0% pending a review in August.

According to CBRE, islandwide office net absorption in Singapore was a negative 0.36 million square feet (“sq ft”) in 2Q 2021 due to continued relocations and downsizing efforts by occupiers, coupled with an increase in new supply following the completion of a new office development. The technology and financial services sectors continued to drive the majority of demand. Whilst core Central Business District (“CBD”) Grade A occupancy declined 1.1 percentage points (“ppt”) to 95.6% in 2Q 2021<sup>(2)</sup>, core CBD Grade A office rents edged up 1.0% QoQ to S\$10.50 per square foot (“psf”) per month, the first uptick since 4Q 2019.

Despite potential demand risks, the limited supply pipeline is expected to support a positive medium-term outlook for the Grade A office sector. OUE C-REIT’s portfolio of high quality Grade A Singapore office properties and diversified tenant base is expected to continue to underpin a stable performance.

For the first six months of 2021, international visitor arrivals to Singapore continued to be well below pre-COVID levels. With the local vaccination rollout progressing as planned, the authorities are exploring ways to reopen borders such as the establishment of bilateral travel corridors for vaccinated persons from places with low to moderate infection rates, which could happen before the end of 2021. The asset enhancement works for the re-branding of Mandarin Orchard Singapore to Hilton Singapore Orchard are progressing well with the property on track to relaunch in January 2022. Upon relaunch, as the largest Hilton property in Asia-Pacific and its flagship in Singapore, the property will boast additional meetings, incentives, conventions and exhibitions (“MICE”) facilities, newly refurbished rooms and revamped food and beverage offerings. 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 for the hospitality segment.

According to CBRE, prime Orchard Road retail rents eased 1.0% QoQ to S\$34.55 psf per month in 2Q 2021, moderating from the 2.0% correction in the preceding quarter<sup>(2)</sup>. The retail sector is set to benefit from the economic rebound and improving consumer sentiment on the back of the vaccination rollout. However, the pace of recovery is expected to be hampered by continued border restrictions, work-from-home as the default working arrangement and other ongoing safe management measures.

### China

China's economic growth slowed in 2Q 2021 with GDP expansion of 7.9% YoY, lower than the 18.3% YoY growth recorded in 1Q 2021 which was skewed by the contraction in 1Q 2020 due to the COVID-19 pandemic<sup>(3)</sup>. Industrial production expanded 8.9% in 2Q 2021, down from 24.5% in 1Q 2021. Growth in retail sales of consumer goods eased to 13.9% YoY from 33.9% in 1Q 2021, with June retail sales cooling to a 12.1% YoY increase, compared to the 12.4% increase in May. While China's economy has recovered steadily in the first half of 2021 and looks to be on track to reach its 6% annual growth target, economic activity data in recent months suggest some loss in momentum. Lacklustre domestic consumption, various external uncertainties such as higher commodity prices and supply chain disruptions, as well as a flare-up of COVID-19 outbreaks globally present downside risks for the economy.

According to Colliers International, demand for Shanghai CBD Grade A office continued to be strong in 1H 2021 at 138,000 square metres ("sqm"), already exceeding demand for the whole of 2020<sup>(4)</sup>. Consequently, overall Shanghai CBD Grade A occupancy edged up 0.9 ppt QoQ to 86.0% as at 2Q 2021. CBD Grade A office rents rose 0.7% QoQ to RMB8.94 psm per day, after nine consecutive quarters of decline. While office demand is expected to continue to track the economic recovery, rental growth is expected to be measured due to the ample supply pipeline.

### Overall

The economies of Singapore and China are expected to recover in 2021 on the back of the global economic rebound, with global vaccine deployment expected to provide a boost to economic activity and the possibility of easing of border restrictions. However, significant risks and uncertainties such as the resurgence of local COVID-19 infections remain which will impact on businesses. While adapting accordingly to any changes in the operating environment, the Manager will continue to focus on proactive asset management to sustain occupancy, as well as prudent capital management to maintain financial flexibility.

<sup>(1)</sup> Singapore Ministry of Trade and Industry Press Release, 14 July 2021

<sup>(2)</sup> CBRE, Singapore MarketView 2Q 2021

<sup>(3)</sup> National Bureau of Statistics of China Press Release, 15 July 2021

<sup>(4)</sup> Colliers International, Shanghai Property Market 2021 Half Year Outlook, 16 July 2021

## 11 Distribution

### (a) Current financial period

Any distribution declared for the current financial period? Yes.

#### Unitholders

Name of distribution: Distribution for the financial period from 1 January 2021 to 30 June 2021

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

Distribution rate: 1.23 cents per Unit comprises:-  
(i) Taxable income distribution: 0.87 cents per Unit  
(ii) Tax exempt income distribution: 0.29 cents per Unit  
(iii) Capital distribution: 0.07 cents per Unit

#### CPPU Holder

Name of distribution: Distribution for the financial period from 1 January 2021 to 30 June 2021

Distribution rate/ type: S\$1,090,958.90<sup>(1)</sup> which represents 1% p.a. of CPPU based on the issue price of S\$1.00 per CPPU comprising taxable income distribution, tax exempt income distribution and capital distribution

(1)The CPPU Distribution excludes the special preferred distributions paid to the CPPU Holder on 1 June 2021 pursuant to redemption of the CPPUs made on this date. Please refer to OUE C-REIT's announcement on 1 June 2021 for more details.

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%.

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: 6 August 2021

Date payable: 10 September 2021

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

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

Unitholders

Name of distribution: Distribution for the financial period from 1 January 2020 to 30 June 2020

Distribution type: Taxable income distribution

Distribution rate: Taxable income distribution: 1.00 cents per Unit

CPPU Holder

Name of distribution: Distribution for the financial period from 1 January 2020 to 30 June 2020

Distribution rate/ type: S\$1,864,754.10 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%.

Book closure date: 3 August 2020

Date payable: 11 September 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 Confirmation pursuant to Rule 705(5) of the Listing Manual**

We, on behalf of the Directors of OUE Commercial REIT Management Pte. Ltd. (as Manager of OUE C-REIT), hereby confirm that, to the best of our knowledge, nothing has come to the attention of the board of directors of the Manager which may render the unaudited financial results of OUE C-REIT Group for the period from 1 January 2021 to 30 June 2021 to be false or misleading in any material respect.

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



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

The Manager confirms it has procured undertakings from all its directors and executive officers in the format set out in Appendix 7.7 under Rule 720(1) of the Listing Manual.

*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)

29 July 2021