

**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 2023

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.

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 Downtown Office: The Grade A office space at OUE Downtown, a 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.
- Hilton Singapore Orchard: A renowned upscale hotel with strong brand recognition. With 1,080 rooms, Hilton Singapore Orchard is the largest hotel located in the heart of Orchard Road.
- 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.
- 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 OUE Allianz Bayfront 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 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

	1H 2023⁽¹⁾ (\$'000)	1H 2022⁽²⁾ (\$'000)	Change (%)
Revenue	138,802	115,837	19.8
Net property income	115,265	93,604	23.1
Amount to be distributed to Unitholders ⁽³⁾	57,584	59,542	(3.3)
Distribution per Unit (“DPU”) (cents)	1.05	1.08	(2.8)

Footnotes:

- (1) The current period results of OUE C-REIT’s foreign subsidiaries are translated using the SGD:CNY rate of 1:5.195 for 1H 2023.
- (2) The prior period results of OUE C-REIT’s foreign subsidiaries are translated using the SGD:CNY rate of 1:4.755 for 1H 2022.
- (3) Net of retention for ongoing working capital requirements in relation to the hospitality segment.

Statements of Financial Position
As at 30 June 2023

	Note	Group		Trust	
		30 June 2023 \$'000	31 December 2022 \$'000	30 June 2023 \$'000	31 December 2022 \$'000
Non-current assets					
Plant and equipment		226	221	–	–
Investment properties	3	5,529,164	5,539,164	930,017	930,000
Investments in subsidiaries		–	–	2,553,963	2,553,963
Investment in joint venture	4	346,759	347,332	316,878	316,878
Financial derivatives		7,853	21,590	3,048	6,657
Trade and other receivables	5	4,941	4,334	–	–
Loans to a subsidiary	6	–	–	49,000	55,000
		<u>5,888,943</u>	<u>5,912,641</u>	<u>3,852,906</u>	<u>3,862,498</u>
Current assets					
Trade and other receivables	5	24,713	20,592	3,664	3,083
Cash and cash equivalents		64,034	49,482	21,694	3,749
Financial derivatives		6,136	6,390	938	2,099
		<u>94,883</u>	<u>76,464</u>	<u>26,296</u>	<u>8,931</u>
Total assets		<u>5,983,826</u>	<u>5,989,105</u>	<u>3,879,202</u>	<u>3,871,429</u>
Non-current liabilities					
Borrowings	7	2,073,409	1,721,841	793,625	792,468
Trade and other payables		41,852	39,878	11,990	11,467
Deferred tax liabilities		74,976	76,109	–	–
Lease liability		25,579	25,146	–	–
		<u>2,115,816</u>	<u>1,862,974</u>	<u>805,615</u>	<u>803,935</u>
Current liabilities					
Borrowings	7	–	327,618	–	–
Trade and other payables		69,690	76,271	38,346	28,920
Current tax liabilities		15,311	14,741	–	–
Lease liability		134	134	–	–
		<u>85,135</u>	<u>418,764</u>	<u>38,346</u>	<u>28,920</u>
Total liabilities		<u>2,300,951</u>	<u>2,281,738</u>	<u>843,961</u>	<u>832,855</u>
Net assets		<u>3,682,875</u>	<u>3,707,367</u>	<u>3,035,241</u>	<u>3,038,574</u>

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

Statements of Financial Position (continued)
As at 30 June 2023

		Group		Trust	
	Note	30 June 2023 \$'000	31 December 2022 \$'000	30 June 2023 \$'000	31 December 2022 \$'000
Represented by:					
Unitholders' funds		3,218,347	3,240,073	2,822,950	2,826,265
Convertible Perpetual Preferred Units ("CPPU") holder's funds	8	212,291	212,309	212,291	212,309
		3,430,638	3,452,382	3,035,241	3,038,574
Non-controlling interests		252,237	254,985	—	—
		3,682,875	3,707,367	3,035,241	3,038,574
Units in issue and to be issued ('000)	9	5,479,523	5,470,950	5,479,523	5,470,950
Net asset value per Unit (\$)	10	0.59	0.59	0.52	0.52

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

Statement of Total Return
Six-month period ended 30 June 2023

		Group	
		Six-month	Six-month
		period ended	period ended
		30 June	30 June
	Note	2023	2022
		\$'000	\$'000
Revenue	11	138,802	115,837
Property operating expenses		(23,537)	(22,233)
Net property income		115,265	93,604
Other income		–	7,875
Amortisation of intangible assets		–	(2,500)
Manager's management fees		(7,916)	(7,758)
Trustee's fee		(477)	(518)
Other expenses		42	(820)
Finance income		2,137	1,983
Finance costs		(58,214)	(33,405)
Net finance costs	12	(56,077)	(31,422)
Net income		50,837	58,461
Share of joint venture results		4,251	8,297
Total return for the period before tax	13	55,088	66,758
Tax expense	14	(6,919)	(6,344)
Total return for the period		48,169	60,414
Total return attributable to:			
Unitholders and CPPU holder		44,791	57,412
Non-controlling interests		3,378	3,002
		48,169	60,414
Earnings per Unit (cents)			
Basic	15	0.80	1.03
Diluted	15	0.77	1.00

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Distribution Statement

Six-month period ended 30 June 2023

	Group	
	Six-month period ended 30 June 2023 \$'000	Six-month period ended 30 June 2022 \$'000
Amount available for distribution to Unitholders at beginning of the period	59,938	77,334
Total return for the period attributable to Unitholders and CPPU holder	44,791	57,412
Less: Amount reserved for distribution to CPPU holder	(1,091)	(1,091)
Less: Amount retained for working capital requirements	(3,000)	(3,000)
Distribution adjustments (Note A)	16,884	6,221
Amount to be distributed to Unitholders (Note B)	57,584	59,542
Distributions to Unitholders:		
- Distribution of 1.37 cents per Unit for the period from 1/7/2021 to 31/12/2021	—	(74,661)
- Distribution of 1.04 cents per Unit for the period from 1/7/2022 to 31/12/2022	(56,897)	—
	(56,897)	(74,661)
Amount available for distribution to Unitholders at the end of the period	60,625	62,215
Distribution per Unit ("DPU") (cents)	1.05	1.08

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Distribution Statement (continued)
Six-month period ended 30 June 2023

Note A – Distribution adjustments

	Six-month period ended 30 June 2023 \$'000	Group Six-month period ended 30 June 2022 \$'000
Amortisation of intangible assets	–	2,500
Amortisation of debt establishment costs	2,920	3,621
Ineffective portion of changes in fair value of cash flow hedges	(356)	(1,863)
Net change in fair value of financial derivatives	12,020	–
Manager's management fees paid/payable in Units	2,771	3,879
Trustee's fee	477	518
Foreign exchange differences	37	47
Deferred tax expense	370	432
Straight-lining of lease incentives	(3,840)	(2,353)
Transfer to statutory reserve	(593)	(682)
Other items	3,078	122
Distribution adjustments	<u>16,884</u>	<u>6,221</u>

Note B – Amount to be distributed to Unitholders

	Group Six-month period ended 30 June 2023 \$'000	Six-month period ended 30 June 2022 \$'000
Comprises:		
- From operations	43,773	46,061
- From tax exempt income	11,765	10,355
- From Unitholders' contribution	2,046	3,126
	<u>57,584</u>	<u>59,542</u>

Statements of Movements in Unitholders' Funds
Six-month period ended 30 June 2023

	<---- Attributable to ---->				
	Unitholders \$'000	CPPU holder \$'000	Total \$'000	Non- controlling interests \$'000	Total \$'000
Group					
Net assets attributable to owners at 1 January 2023	3,240,073	212,309	3,452,382	254,985	3,707,367
Operations					
Total return for the period	44,791	—	44,791	3,378	48,169
Less: Amount reserved for distribution to CPPU holder	(1,091)	1,091	—	—	—
Net increase in net assets resulting from operations	43,700	1,091	44,791	3,378	48,169
Transactions with owners					
Issue of new Units:					
- Manager's management fees paid/payable in Units	2,771	—	2,771	—	2,771
Distributions paid to Unitholders	(56,897)	—	(56,897)	—	(56,897)
Distributions paid to CPPU Holder	—	(1,109)	(1,109)	—	(1,109)
Distributions paid to non-controlling interests	—	—	—	(6,000)	(6,000)
Net decrease in net assets resulting from transactions with owners	(54,126)	(1,109)	(55,235)	(6,000)	(61,235)
Movement in foreign currency translation reserve	(11,236)	—	(11,236)	—	(11,236)
Hedging transactions					
Effective portion of change in fair value of cash flow hedges	1,679	—	1,679	—	1,679
Hedging reserve transferred to statement of total return	(1,401)	—	(1,401)	(126)	(1,527)
Share of movements in hedging reserve of joint venture	(342)	—	(342)	—	(342)
Net movement in hedging transactions	(64)	—	(64)	(126)	(190)
At 30 June 2023	3,218,347	212,291	3,430,638	252,237	3,682,875

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 2023

	<---- Attributable to ---->				
	Unitholders \$'000	CPPU holder \$'000	Total \$'000	Non- controlling interests \$'000	Total \$'000
Group					
Net assets attributable to owners at 1 January 2022	3,127,996	212,309	3,340,305	248,210	3,588,515
Operations					
Total return for the period	57,412	—	57,412	3,002	60,414
Less: Amount reserved for distribution to CPPU holder	(1,091)	1,091	—	—	—
Net increase in net assets resulting from operations	56,321	1,091	57,412	3,002	60,414
Transactions with owners					
Issue of new Units:					
- Manager's management fees paid/payable in Units	3,879	—	3,879	—	3,879
Distributions paid to Unitholders	(74,661)	—	(74,661)	—	(74,661)
Distributions paid to CPPU Holder	—	(1,109)	(1,109)	—	(1,109)
Distributions paid to non-controlling interests	—	—	—	(6,000)	(6,000)
Net decrease in net assets resulting from transactions with owners	(70,782)	(1,109)	(71,891)	(6,000)	(77,891)
Movement in foreign currency translation reserve	(15,972)	—	(15,972)	—	(15,972)
Hedging transactions					
Effective portion of change in fair value of cash flow hedges	23,443	—	23,443	315	23,758
Hedging reserve transferred to statement of total return	4,482	—	4,482	252	4,734
Share of movements in hedging reserve of joint venture	1,955	—	1,955	—	1,955
Net movement in hedging transactions	29,880	—	29,880	567	30,447
At 30 June 2022	3,127,443	212,291	3,339,734	245,779	3,585,513

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 2023

	<----- Attributable to ----->		
	Unitholders	CPPU holder	Total
	\$'000	\$'000	\$'000
Trust			
Net assets attributable to owners at 1 January 2023	2,826,265	212,309	3,038,574
Operations			
Total return for the period	50,996	–	50,996
Less: Amount reserved for distribution to CPPU holder	(1,091)	1,091	–
Net increase in net assets resulting from operations	49,905	1,091	50,996
Transactions with owners			
Issue of new Units:			
- Manager's management fees paid/payable in Units	2,771	–	2,771
Distributions paid to Unitholders	(56,897)	–	(56,897)
Distributions paid to CPPU holder	–	(1,109)	(1,109)
Net decrease in net assets resulting from transactions with owners	(54,126)	(1,109)	(55,235)
Hedging transactions			
Effective portion of change in fair value of cash flow hedges	2,307	–	2,307
Hedging reserve transferred to statement of total return	(1,401)	–	(1,401)
Net movement in hedging transactions	906	–	906
At 30 June 2023	<u>2,822,950</u>	<u>212,291</u>	<u>3,035,241</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 2023

	<----- Attributable to ----->		
	Unitholders	CPPU holder	Total
	\$'000	\$'000	\$'000
Trust			
Net assets attributable to owners at 1 January 2022	2,732,611	212,309	2,944,920
Operations			
Total return for the period	72,955	—	72,955
Less: Amount reserved for distribution to CPPU holder	(1,091)	1,091	—
Net increase in net assets resulting from operations	71,864	1,091	72,955
Transactions with owners			
Issue of new Units:			
- Manager's management fees paid/payable in Units	3,879	—	3,879
Distributions paid to Unitholders	(74,661)	—	(74,661)
Distributions paid to CPPU holder	—	(1,109)	(1,109)
Net decrease in net assets resulting from transactions with owners	(70,782)	(1,109)	(71,891)
Hedging transactions			
Effective portion of change in fair value of cash flow hedges	1,935	—	1,935
Hedging reserve transferred to statement of total return	2,173	—	2,173
Net movement in hedging transactions	4,108	—	4,108
At 30 June 2022	<u>2,737,801</u>	<u>212,291</u>	<u>2,950,092</u>

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

Interim Portfolio Statements
As at 30 June 2023

Description of property	Leasehold tenure	Remaining Term of Lease	Location	Existing use	Group			
					Carrying value at 30/6/2023 \$'000	Percentage of Unitholders' funds at 30/6/2023 %	Carrying value at 31/12/2022 \$'000	Percentage of Unitholders' funds at 31/12/2022 %
Singapore								
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	43 years	6 Shenton Way, Singapore 068809 and 6A Shenton Way, Singapore 068815	Commercial	930,017	29	930,000	29
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	803 years	1 Raffles Place, Singapore 048616	Commercial	1,911,951	60	1,909,000	59
The Group has an effective interest of 67.95% in One Raffles Place	One Raffles Place Tower 2: 99-year lease from 26 May 1983	59 years						
	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	61 years						
		804 years						

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

Interim Portfolio Statements (continued)
As at 30 June 2023

Description of property	Leasehold tenure	Remaining Term of Lease	Location	Existing use	----- Group -----			
					Carrying value at 30/6/2023 S'000	Percentage of Unitholders' funds at 30/6/2023 %	Carrying value at 31/12/2022 S'000	Percentage of Unitholders' funds at 31/12/2022 %
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 6th consecutive year.	74-year lease from 1 July 2009	60 years	75 Airport Boulevard, Singapore 819664	Hotel	460,200	14	460,200	14
Hilton Singapore Orchard A hotel with 1,080 rooms located in Orchard Road.	99-year lease from 1 July 1957	33 years	333 Orchard Road, Singapore 238867	Hotel	1,250,108	39	1,250,000	39
Mandarin Gallery High-end retail mall with 152-metre frontage situated along Orchard Road.	99-year lease from 1 July 1957	33 years	333A Orchard Road, Singapore 238897	Retail	453,741	14	453,900	13

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

Interim Portfolio Statements (continued)
As at 30 June 2023

Description of property	Leasehold tenure	Remaining Term of Lease	Location	Existing use	----- Group -----			
					Carrying value at 30/6/2023 \$'000	Percentage of Unitholders' funds at 30/6/2023 %	Carrying value at 31/12/2022 \$'000	Percentage of Unitholders' funds at 31/12/2022 %
Shanghai								
Lippo Plaza	50-year land use right commencing from 2 July 1994	21 years	222 Huaihai Zhong Road, Huangpu District, Shanghai, PRC 200021	Commercial	496,933	15	509,784	16
A 36-storey commercial building with retail podium at Shanghai, China excluding:								
(i) Unit 2 in Basement 1,								
(ii) the 12 th , 13 th , 15 th and 16 th floors and								
(iii) 4 car park lots								
Total investment properties					5,502,950	171	5,512,884	170
Investment in joint venture					346,759	11	347,332	11
Other assets and liabilities (net)					(2,166,834)	(67)	(2,152,849)	(66)
Net assets of the Group					3,682,875	115	3,707,367	115
Net assets attributable to CPPU holder					(212,291)	(7)	(212,309)	(7)
Net assets attributable to non-controlling interests					(252,237)	(8)	(254,985)	(8)
Unitholders' funds					3,218,347	100	3,240,073	100

The carrying value of Lippo Plaza as at 30 June 2023 in Renminbi is RMB2,639,050,000 (31 December 2022: RMB 2,640,000,000).

The properties are leased to third parties except as otherwise stated in Note 11. Generally, the leases contain an initial non-cancellable period of 1 to 10 years (31 December 2022: 1 to 10 years). Subsequent renewals are negotiated with the respective lessees.

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

Interim Portfolio Statements (continued)
As at 30 June 2023

Description of property	Leasehold tenure	Remaining Term of Lease	Location	Existing use	Trust			
					Carrying value at 30/6/2023 \$'000	Percentage of Unitholders' funds at 30/6/2023 %	Carrying value at 31/12/2022 \$'000	Percentage of Unitholders' funds at 31/12/2022 %
<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 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)	OUE Downtown 1 and OUE Downtown 2: 99-year lease from 19 July 1967	43 years	6 Shenton Way, Singapore 068809 and 6A Shenton Way, Singapore 068815	Commercial	930,017	33	930,000	33
Investment properties					930,017	33	930,000	33
Investment in joint venture					316,878	12	316,878	12
Other assets and liabilities (net)					1,788,346	63	1,726,696	63
Net assets of the Trust					3,035,240	108	30,38,574	108
Net assets attributable to CPPU holder					(212,291)	(8)	(212,309)	(8)
Unitholders' funds					2,822,950	100	2,826,265	100

The properties are leased to third parties except as otherwise stated in Note 11. Generally, the leases contain an initial non-cancellable period of 1 to 6 years (31 December 2022: 1 to 6 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
Six-month period ended 30 June 2023

	Group	
	Six-month period ended 30 June 2023 \$'000	Six-month period ended 30 June 2022 \$'000
Cash flows from operating activities		
Total return for the period	48,169	60,414
Adjustments for:		
Amortisation of intangible assets	–	2,500
Depreciation of plant and equipment	34	48
Finance costs	58,177	33,358
Finance income	(2,137)	(1,983)
Manager's fees paid/payable in Units	2,771	3,879
Share of joint venture results	(4,251)	(8,297)
Write-back of allowance for doubtful receivables	(162)	(26)
Tax expense	6,919	6,344
Operating income before working capital changes	109,520	96,237
Changes in working capital:		
Trade and other receivables	(4,607)	(2,044)
Trade and other payables	(1,586)	(6,290)
Cash generated from operating activities	103,327	87,903
Tax paid	(6,006)	(6,070)
Net cash from operating activities	97,321	81,833
Cash flows from investing activities		
Additions to plant and equipment	(40)	(162)
Payment for capital expenditure on investment properties	(5,410)	(18,578)
Dividend received from joint venture	4,481	8,369
Interest received	3,195	120
Net cash from/(used in) investing activities	2,226	(10,251)
Cash flows from financing activities		
Distributions paid to Unitholders	(56,897)	(74,661)
Distributions paid to CPPU holder	(1,109)	(1,109)
Distributions paid to non-controlling interests	(6,000)	(6,000)
Interest paid	(41,056)	(28,971)
Payment of transaction costs related to borrowings	(1,884)	(2,139)
Proceeds from bank loans	420,884	92,000
Proceeds from issuance of Notes	–	150,000
Repayment of bank loans	(398,000)	(211,985)
Net cash used in financing activities	(84,062)	(82,865)

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 2023

	Group	
	Six-month period ended 30 June 2023 \$'000	Six-month period ended 30 June 2022 \$'000
Net increase/(decrease) in cash and cash equivalents	15,485	(11,283)
Cash and cash equivalents at beginning of the period	49,482	59,549
Effect of exchange rate fluctuations on cash held	(933)	(1,095)
Cash and cash equivalents at end of the period	<u>64,034</u>	<u>47,171</u>

Significant non-cash transactions

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

Financial period ended 30 June 2023

- a total of 8,573,283 Units, amounting to \$2,771,000, 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 2022

- a total of 9,682,783 Units, amounting to \$3,879,000, were 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.

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 2022. 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 2022.

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 2022, except for the adoption of the new and revised standards that are effective for annual periods beginning on 1 January 2023. The adoption of these new and revised standards did not have a material impact on the Group’s Financial Information.

3 Investment properties

	Group		Trust	
	30 June 2023 \$'000	31 December 2022 \$'000	30 June 2023 \$'000	31 December 2022 \$'000
At 1 January	5,539,164	5,409,748	930,000	902,000
Capital expenditure capitalised	3,027	40,436	17	1,292
Lease incentives	(359)	5,635	—	—
Fair value changes recognised in the statement of total return (unrealised)	—	139,727	—	26,708
Translation differences	(12,668)	(56,382)	—	—
At 30 June / 31 December	5,529,164	5,539,164	930,017	930,000

As at 30 June 2023, investment properties with a carrying amount of \$930,017,000 (31 December 2022: \$930,000,000) are pledged as security to secure bank loans (see Note 7).

Measurement of fair value

In accordance with the Code of Collective Investment Scheme, the Group engaged independent external valuers to perform full valuation of its investment properties at each financial year end. The last full valuation of the investment properties was conducted on 31 December 2022. 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 carrying amounts of the investment properties as at 30 June 2023 are based on valuations performed by the independent external valuers as at 31 December 2022, adjusted for capital expenditure incurred subsequent to the valuation date, capitalisation of lease incentives and translation differences. Management conducted an internal assessment of the valuation of the investment properties as at 30 June 2023, including considering any significant changes in operating performance of the properties, assessed whether movement in market data, such as discount rates, capitalisation rates, have any significant impact to the valuation of the investment properties. Based on the assessment, management is of the view that the fair value of the investment properties has not materially changed from 31 December 2022 valuation.

As at 31 December 2022, the carrying amounts of all the investment properties were based on independent valuations carried out by the valuers below:

Properties	Valuer
OUE Downtown Office	Cushman & Wakefield VHS Pte Ltd
One Raffles Place	Cushman & Wakefield VHS Pte Ltd
Crowne Plaza Changi Airport	Savills Valuation and Professional Services (S) Pte Ltd
Hilton Singapore Orchard	Savills Valuation and Professional Services (S) Pte Ltd
Mandarin Gallery	Savills Valuation and Professional Services (S) Pte Ltd
Lippo Plaza	CBRE (Shanghai) Management Limited

4 Investment in joint venture

	Group		Trust	
	30 June 2023 \$'000	31 December 2022 \$'000	30 June 2023 \$'000	31 December 2022 \$'000
Interest in joint venture	346,759	347,332	316,878	316,878

The Group and Trust divested 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 OUE Allianz Bayfront LLP, with the Trustee, in its capacity as trustee of the Group, holding 50.0% of OUE Allianz Bayfront LLP and the ACRE Angsana Pte. Ltd. (the “PIMCO Investor”), a special purpose vehicle managed by PIMCO Prime Real Estate Asia Pacific Pte. Ltd. (formerly known as Allianz Real Estate Asia Pacific Pte. Ltd), holding the remaining 50.0% of OUE Allianz Bayfront LLP.

5 Trade and other receivables

	Group		Trust	
	30 June 2023 \$'000	31 December 2022 \$'000	30 June 2023 \$'000	31 December 2022 \$'000
Current				
Trade receivables from:				
- related parties	8,115	6,495	—	—
- third parties	5,274	2,964	125	255
	13,389	9,459	125	255
Less: Allowance for doubtful receivables	(448)	(611)	—	—
	12,941	8,848	125	255
Interest receivable	559	988	559	988
Other receivables from:				
- subsidiaries	—	—	1,864	826
- related parties	3	—	3	—
- joint venture	330	350	330	350
- third parties	8,912	8,009	661	535
	9,804	9,347	3,417	2,699
Deposits	262	265	3	3
	23,007	18,460	3,545	2,957
Prepayments	1,706	2,132	119	126
	24,713	20,592	3,664	3,083
Non-current				
Deposits	4,109	3,826	—	—
Prepayments	832	508	—	—
	4,941	4,334	—	—

6 Loans to a subsidiary

This relates to fixed and floating rate loans from the Trust to OUE Hospitality Sub-Trust (“OUE H Sub-Trust”). During the period, there was a net repayment of \$6.0 million from OUE H Sub-Trust. The fixed rate loan of \$5.0 million (31 December 2022: \$20.0 million) is unsecured, repayable on demand with a fixed rate of 4.20%, while the floating rate loan of \$44.0 million (31 December 2022: \$35.0 million) is unsecured with a fixed margin + SORA per annum and matures in 2026.

7 Borrowings

	Group		Trust	
	30 June 2023 \$'000	31 December 2022 \$'000	30 June 2023 \$'000	31 December 2022 \$'000
Bank loans				
- Secured	400,000	400,000	400,000	400,000
- Unsecured	1,288,882	1,266,000	—	—
Unsecured notes	400,000	400,000	—	—
Loan from a subsidiary	—	—	400,000	400,000
Less: Unamortised transaction costs	(15,473)	(16,541)	(6,375)	(7,532)
	<u>2,073,409</u>	<u>2,049,459</u>	<u>793,625</u>	<u>792,468</u>

Classified as:

Current	—	327,618	—	—
Non-current	2,073,409	1,721,841	793,625	792,468
	<u>2,073,409</u>	<u>2,049,459</u>	<u>793,625</u>	<u>792,468</u>

The aggregate leverage was 39.1% (31 December 2022: 38.8%). The interest coverage ratio stood at 2.3 times^(a) (31 December 2022: 2.4 times^(a)).

^(a) 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 23 May 2023).

(a) Secured bank loans

The Group has secured term loans and revolving credit facilities of 4 to 5 years (31 December 2022: 4 to 5 years) which are secured on the following:

- investment property, OUE Downtown with a total carrying amount of \$930,017,000 (31 December 2022: \$930,000,000) (Note 3);
- assignment of insurance policies on OUE Downtown, 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 OUE Downtown;

- 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; and
- the account control or charge over certain bank accounts of the Trust.

(b) Unsecured bank loans

The Group has in place the following unsecured bank loans:

- a total of \$1,308.0 million (31 December 2022: \$1,308.0 million) committed bank loans and revolving credit facilities with banks. At the reporting date, \$1,288.9 million (31 December 2022: \$1,266.0 million) was drawn down; and
- \$150.0 million (31 December 2022: \$15.0 million) uncommitted revolving credit facility with banks. At the reporting date, the facilities were undrawn (31 December 2022: \$nil). 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.

In 2022, OUE CT Treasury Pte. Ltd. issued notes of \$150.0 million under the 2020 Programme. The notes incorporates interest rate reductions (0.25% per annum) linked to predetermined investment grade targets which will allow the Group to enjoy savings in interest costs when targets are achieved.

The unsecured notes outstanding as at 30 June 2023 under the 2020 Programme is \$400.0 million (31 December 2022: \$400.0 million). The unsecured notes have fixed rates ranging from 3.95% to 4.20% (2022: 3.95% to 4.20%) per annum payable semi-annually in arrears and mature between 2025 and 2027 (2022: 2025 and 2027).

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. The Trust has then on-lent \$5.0 million (2022: \$20.0 million) of the proceeds to OUE H-Sub-Trust.

8 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.

The CPPUs are classified as equity instruments in the statement of financial position.

The CPPUs are classified as equity instruments in the statement of financial position. The \$212,291,000 (31 December 2022: \$212,309,000) 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.

9 Units in issue and to be issued

	-----Group and Trust-----	
	30 June 2023 '000	31 December 2022 '000
Units in issue		
At 1 January	5,465,002	5,442,608
Creation of Units:		
- Manager's management fees paid in Units	10,305	22,394
At 30 June/31 December	<u>5,475,307</u>	<u>5,465,002</u>
Units to be issued		
Manager's management fees payable in Units	4,216	5,948
Units in issue and to be issued	<u>5,479,523</u>	<u>5,470,950</u>

10 Net asset value per Unit

		----- Group -----		----- Trust -----	
	Note	30 June 2023	31 December 2022	30 June 2023	31 December 2022
Net asset value per Unit					
is based on:					
- Net assets					
attributable to					
Unitholders (\$'000)		3,218,347	3,240,073	2,822,950	2,826,265
- Units in issue and to					
be issued at					
30 June 2023/					
31 December 2022					
('000)	9	<u>5,479,523</u>	<u>5,470,950</u>	<u>5,479,523</u>	<u>5,470,950</u>

11 Revenue

	----- Group -----	
	Six-month period ended 30 June 2023 \$'000	Six-month period ended 30 June 2022 \$'000
Rental income	125,299	106,347
Service fee income	9,981	7,276
Carpark income	972	789
Others	2,625	1,504
Less: Business and other taxes	(75)	(79)
	<u>138,802</u>	<u>115,837</u>

Under the terms of the lease agreements for the properties, the Group is generally entitled to a fixed rent component and/or a variable rent component computed based on a certain percentage of the revenue. Hilton Singapore Orchard 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 \$2,119,000 (30 June 2022: \$889,000) recognised in the statement of total return for the Group.

Included in the revenue of the Group are amounts derived from related parties of \$46,928,000 (30 June 2022: \$34,423,000).

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

12 Net finance costs

	----- Group -----	
	Six-month period ended 30 June 2023 \$'000	Six-month period ended 30 June 2022 \$'000
Finance income		
Interest income	254	120
Hedging reserve transferred to statement of total return	1,527	–
Ineffective portion of changes in fair value of cash flow hedges	356	1,863
	<u>2,137</u>	<u>1,983</u>
Finance costs		
Amortisation of debt-related transaction costs	(2,920)	(3,621)
Interest paid/payable to banks	(42,805)	(29,302)
Net change in fair value of derivatives	(12,020)	–
Net foreign exchange loss	(37)	(47)
Financial liability measured at amortised cost – interest expense	(432)	(435)
	<u>(58,214)</u>	<u>(33,405)</u>
Net finance costs	<u>(56,077)</u>	<u>(31,422)</u>

13 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 2023 \$'000	Six-month period ended 30 June 2022 \$'000
Audit fees paid/payable to:		
- Auditors of the Trust	137	153
- Other auditors	25	28
Non-audit fees paid/payable to:		
- Auditors of the Trust	32	32
- Other auditors	4	15
Valuation fees	<u>62</u>	<u>88</u>

14 Tax expense

	----- Group -----	
	Six-month period ended 30 June 2023 \$'000	Six-month period ended 30 June 2022 \$'000
Current tax expense		
Current period	6,016	5,298
Withholding tax	533	614
Deferred tax expense		
Origination and reversal of temporary differences	370	432
	<u>6,919</u>	<u>6,344</u>

15 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

	Group	
	Six-month period ended 30 June 2023 \$'000	Six-month period ended 30 June 2022 \$'000
Total return attributable to Unitholders and CPPU holder	44,791	57,412
Less: Amount reserved for distribution to CPPU holder	(1,091)	(1,091)
Total return attributable to Unitholders	<u>43,700</u>	<u>56,321</u>

Weighted average number of Units

	Group	
	Six-month period ended 30 June 2023 '000	Six-month period ended 30 June 2022 '000
Units issued or to be issued at beginning of the period	5,470,950	5,449,685
Effect of Units issued during the period	2,215	2,369
Effect of Units to be issued as payment of the Manager's management fees payable in Units	23	27
Weighted average number of Units during the period	<u>5,473,188</u>	<u>5,452,081</u>

(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)

	Group	
	Six-month period ended 30 June 2023 \$'000	Six-month period ended 30 June 2022 \$'000
Total return attributable to Unitholders (basic)	43,700	56,321
Add: Amount reserved for distribution to CPPU holder	1,091	1,091
Total return attributable to Unitholders and CPPU holder (diluted)	<u>44,791</u>	<u>57,412</u>

Weighted average number of Units (diluted)

	Group	
	Six-month period ended 30 June 2023 '000	Six-month period ended 30 June 2022 '000
Weighted average number of Units (basic)	5,473,188	5,452,081
Effect of the Manager's fees paid/payable in Units	6,336	7,287
Effect of conversion of CPPUs into Units ⁽¹⁾	307,520	307,520
Weighted average number of Units (diluted)	<u>5,787,044</u>	<u>5,766,888</u>

⁽¹⁾ 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.

16 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

	Commercial \$'000	Hospitality \$'000	Total \$'000
Six-months ended 30 June 2023			
Revenue	92,972	45,830	138,802
Property operating expenses	(20,682)	(2,855)	(23,537)
Reportable segment net property income	72,290	42,975	115,265
Depreciation and amortisation	(34)	—	(34)
Finance income	610	—	610
Finance costs	(33,369)	(23,318)	(56,687)
Unallocated items			
- Expenses			(8,317)
Net income			50,837
Share of joint venture results			4,251
Tax expense			(6,919)
Total return for the period			48,169
30 June 2023			
Non-current assets ⁽¹⁾	4,140,460	1,736,521	5,876,981

⁽¹⁾ Excluding financial instruments

OUE Commercial Real Estate Investment Trust and its subsidiaries

Interim financial information

Six-month period ended 30 June 2023

	Commercial \$'000	Hospitality \$'000	Total \$'000
Six-months ended 30 June 2022			
Revenue	82,087	33,750	115,837
Property operating expenses	(19,991)	(2,242)	(22,233)
Reportable segment net property income	62,096	31,508	93,604
Other income	7,875	–	7,875
Depreciation and amortisation	(2,548)	–	(2,548)
Finance income	1,762	220	1,982
Finance costs	(21,651)	(11,705)	(33,356)
Unallocated items			
- Finance income			1
- Finance cost			(49)
- Expenses			(9,048)
Net income			58,461
Share of joint venture results			8,297
Tax expense			(6,344)
Total return for the period			60,414
31 December 2022			
Non-current assets ⁽¹⁾	4,150,745	1,736,480	5,887,225

⁽¹⁾ 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

	Singapore \$'000	China \$'000	Total \$'000
Six-months ended 30 June 2023			
Revenue	126,807	11,995	138,802
Property operating expenses	(21,708)	(1,829)	(23,537)
Reportable segment net property income	105,099	10,166	115,265
Depreciation and amortisation	(31)	(3)	(34)
Finance income	488	122	610
Finance costs	(56,513)	(174)	(56,687)
Unallocated items			
- Expenses			(8,317)
Net income			50,837
Share of joint venture results			4,251
Tax expense	(3,916)	(3,003)	(6,919)
Total return for the period			48,169
30 June 2023			
Non-current assets ⁽¹⁾	5,380,017	496,964	5,876,981
Six-months ended 30 June 2022			
Revenue	105,608	10,229	115,837
Property operating expenses	(21,127)	(1,106)	(22,233)
Reportable segment net property income	84,481	9,123	93,604
Other income	7,875	–	7,875
Depreciation and amortisation	(2,526)	(22)	(2,548)
Finance income	1,872	111	1,983
Finance costs	(32,885)	(471)	(33,356)
Divestment costs			
Unallocated items			
- Finance costs			(49)
- Expenses			(9,048)
Net income			58,461
Share of joint venture results			8,297
Tax expense			(6,344)
Total return for the period			60,414
31 December 2022			
Non-current assets ⁽¹⁾	5,377,408	509,817	5,887,225

⁽¹⁾ Excluding financial instruments

17 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
	2023	2022	2023	2022
	\$'000	\$'000	\$'000	\$'000
Contracted but not provided for in the financial statements:				
- Expenditure in respect of investment properties	1,797	1,360	280	—

18 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
	2023	2022
	\$'000	\$'000
Hotel service expenses and professional fees paid/payable to related parties	877	802
Settlement of liabilities by related parties of the Manager on behalf of the Group and the Trust	28	21

19 Financial ratios

	----- Group -----	
	Six-month period ended 30 June 2023 %	Six-month period ended 30 June 2022 %
Expenses to weighted average net assets ¹		
- including performance component of the Manager's fees	0.52	0.75
- excluding performance component of the Manager's fees	0.52	0.75
Portfolio turnover rate ²	—	—

¹ 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.

² 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 5-7 and section 8 on pages 39-40.

(b)(i) Statements of Financial Position (Please refer to pages 3-4)

(1) Loan to a subsidiary

This relates to a loan to OUE H-Sub Trust.

(2) Trade and other receivables – Non-current and Current

The Group's trade and other receivables increased mainly due to higher accrued variable rent receivables and lease receivables in 1H 2023.

(3) Borrowings – Non-current and Current

The Group and Trust's total borrowings increased as compared to 31 December 2022 mainly due to loan drawdown in OUBC for FY2022 dividend payment in May 2023.

(4) Trade and other payables – Non-current and Current

The Group's trade and other payables decreased mainly due to reversal of accrued expenses, payment of FY2022 variable rent to Changi Airport Group and payment of income support to ACRE Angsana Pte Ltd in 1H 2023. The income support was in relation to the divestment of OUE Bayfront and has ended on 31 March 2023.

The Trust's trade and other payables increased due to advance from a subsidiary.

(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 2022 to 30 June 2023 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 February 2023, depreciation of the CNY against the SGD from 31 December 2022 to 30 June 2023 and net movement in the fair value reserve of IRS as at 30 June 2023. This was partially offset by profits for the financial period 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 22-23.

(c) Consolidated Statement of Cash Flows (Please refer to pages 16-17)

For purpose of the Consolidated Statement of Cash Flows, the Group's cash and cash equivalents comprise the following:

	30 Jun 2023 (\$'000)	30 Jun 2022 (\$'000)
Bank and cash balances	16,964	29,551
Short-term deposits	47,070	17,620
Cash and cash equivalents	64,034	47,171

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

Please refer to pages 8-11.

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

Please refer to page 25.

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 2022.

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")

	1H 2023	1H 2022
Weighted average number of Units	5,473,188,081	5,452,081,398
Basic EPU (cents)	0.80	1.03
Weighted average number of Units ⁽¹⁾	5,787,043,560	5,766,887,589
Diluted EPU (cents)	0.77	1.00

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 \$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 \$0.7154 per Unit and will impact the EPU upon conversion.

A total of 220.0 million CPPUs remain outstanding as at 30 June 2023. 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")

	1H 2023	1H 2022
No of Units entitled to distribution	5,479,523,292 ⁽¹⁾	5,459,367,321 ⁽²⁾
Distribution per Unit (cents)	1.05	1.08

Footnotes:

- (1) Comprises the Units in issue as at 30 June 2023 of 5,475,307,346 and Units to be issued to the Manager as satisfaction of Manager's base fee payable for 2Q 2023 of 4,215,946.
- (2) Comprises the Units in issue as at 30 June 2022 of 5,454,345,515 and Units to be issued to the Manager as satisfaction of Manager's base fee payable for 2Q 2022 of 5,021,806.

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

	Group		Trust	
	30 Jun 2023	31 Dec 2022	30 Jun 2023	31 Dec 2022
No. of Units in issue and to be issued at end of period/year	5,479,523,292	5,470,950,009	5,479,523,292	5,470,950,009
Net asset value ("NAV") per Unit (\$)	0.59	0.59	0.52	0.52
Net tangible asset ("NTA") per Unit (\$)	0.59	0.59	0.52	0.52

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

Statement of Total Return	Note	1H 2023⁽¹⁾ (\$'000)	1H 2022⁽²⁾ (\$'000)	Change (%)
Revenue		138,802	115,837	19.8
- Commercial ⁽³⁾		92,972	82,087	13.3
- Hospitality ⁽⁴⁾		45,830	33,750	35.8
Property operating expenses		(23,537)	(22,233)	5.9
- Commercial ⁽³⁾		(20,682)	(19,991)	3.5
- Hospitality ⁽⁴⁾		(2,855)	(2,242)	27.3
Net property income	(a)	115,265	93,604	23.1
- Commercial ⁽³⁾		72,290	62,096	16.4
- Hospitality ⁽⁴⁾		42,975	31,508	36.4
Other income	(b)	—	7,875	NM
Amortisation of intangible assets		—	(2,500)	NM
Manager's management fees	(c)	(7,916)	(7,758)	2.0
Trustee's fee		(477)	(518)	(7.9)
Other expenses		42	(820)	NM
Finance income		2,137	1,983	7.8
Finance costs		(58,177)	(33,358)	74.4
Net finance costs	(d)	(56,040)	(31,375)	78.6
Foreign exchange differences		(37)	(47)	(21.3)
Net income		50,837	58,461	(13.0)
Share of joint venture results	(e)	4,251	8,297	(48.8)
Total return for the period before tax		55,088	66,758	(17.5)
Tax expense		(6,919)	(6,344)	9.1
Total return for the period	(f)	48,169	60,414	(20.3)

NM: Not meaningful

Footnotes:

- (1) The current period results of OUE C-REIT's foreign subsidiaries are translated using the SGD:CNY rate of 1:5.195 for 1H 2023.
- (2) The prior period results of OUE C-REIT's foreign subsidiaries are translated using the SGD:CNY rate of 1:4.755 for 1H 2022.
- (3) Commercial comprised One Raffles Place, Lippo Plaza, OUE Downtown Office and Mandarin Gallery.
- (4) Hospitality comprised Hilton Singapore Orchard and Crowne Plaza Changi Airport.

Review of OUE C-REIT Group's performance for the six months period from 1 January 2023 to 30 June 2023 ("1H 2023") vs 1 January 2022 to 30 June 2022 ("1H 2022")

- (a) 1H 2023 revenue of \$138.8 million and net property income of \$115.3 million were 19.8% and 23.1% higher respectively as compared to 1H 2022. Higher revenue was mainly due to better performance from both commercial and hospitality segments in 1H 2023.
- (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").

The income support has been fully drawn down in 3Q 2022.

- (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. For 1H 2023, the Manager has elected to receive 65% of the base management fees in cash, with the balance 35% in the form of new Units.
- (d) Net finance cost increased by \$24.7 million year-on-year mainly attributable to higher interest benchmark rates and marked-to-market movements of IRS which were entered to hedge interest rates.
- (e) Share of joint venture results represents OUE C-REIT's 50.0% interest in OUE Allianz Bayfront LLP results. Lower share of results was mainly due to higher interest expense in 1H 2023.
- (f) Total return recorded for 1H 2023 was \$48.2 million, compared to total return of \$60.4 million in 1H 2022, mainly due to higher interest expense and loss of income support in 1H 2023, partially mitigated by better performance from both commercial and hospitality segments.

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

According to advance estimates by the Ministry of Trade and Industry (“MTI”), Singapore’s GDP grew 0.7% year-on-year (“YoY”) in 2Q 2023, faster than the 0.4% growth in 1Q 2023⁽¹⁾. On a quarter-on-quarter (“QoQ”) seasonally-adjusted basis, the economy expanded by 0.3% in 2Q 2023, following a 0.4% contraction in the preceding quarter. Growth was underpinned by the services producing industries which grew 3.0% YoY, led by the accommodation and food services, real estate, administrative and support services and other services sector. The wholesale and retail trade as well as transportation and storage sectors collectively experienced growth of 2.6% YoY in 2Q 2023, reversing a 0.7% decline in the previous quarter. The information and communications, finance and insurance, and professional services sectors, continued to grow 1.5% YoY. The manufacturing sector contracted by 7.5% YoY in 2Q 2023, deteriorating from the 5.3% contraction in the previous quarter, due to a fall in output across all manufacturing clusters, with the exception of the transport engineering cluster. In May, the MTI maintained its 2023 GDP growth forecast for Singapore at 0.5% to 2.5% with growth likely to come in at around the mid-point of the range.

According to CBRE, leasing demand remained healthy in 2Q 2023 driven by non-banking financial institutions and flexible workspace operators⁽²⁾. Largely supported by tight vacancies, core Central Business District (“CBD”) Grade A office rents increased marginally by 0.4% QoQ to S\$11.80 per square feet (“psf”) per month while vacancy registered a slight increase of 0.1 percentage points (“ppt”) to 4.0% in 2Q 2023. CBRE anticipates that CBD Grade A office rents would remain unchanged through the end of the year due to the weakening economy, increased shadow space, and a sizable office building due for completion in upcoming quarters. Limited new office completions over the next three years will continue to support Core CBD Grade A office rents in the longer term.

According to data released by the Singapore Tourism Board (“STB”), visitor arrivals from January to June 2023 reached 6.3 million⁽³⁾, crossing the halfway mark of the STB’s target of 12 to 14 million for 2023. Monthly visitor arrivals have exceeded the one million mark since March 2023 and now represents 72.8% of pre-COVID arrivals. The improvement was underpinned by the continued growth of Chinese visitors which rose 18.5% month-on-month in June. While global economic conditions are highly uncertain and the hospitality sector’s recovery is also dependent on labour and cost challenges, OUE C-REIT’s hotel properties are well-positioned and expected to rebound to pre-pandemic levels barring any unforeseen circumstances.

CBRE reported strong retail leasing activity in 2Q 2023 with the demand mainly driven by food & beverage (“F&B”) operators, particularly cafes. With retailers optimistic about Singapore’s tourism recovery, prime Orchard Road retail rents increased 1.0% QoQ to S\$35.20 psf per month in 2Q 2023. While landlords have raised rental expectations in response to the demand for prime spaces, retailers continue to struggle with labour shortage, rising operating expenses, and a new Goods & Services Tax (“GST”) hike. Nonetheless, overall retail rents are anticipated to continue recovering in 2023 with the influx of tourists and lower-than-historical-average new supply.

China

In 2Q 2023, China's GDP grew by 6.3% YoY, extending the 4.5% growth achieved in the previous quarter⁽⁴⁾. Growth was fuelled by recoveries in retail sales and the service sector, as well as a low base effect as COVID-19 lockdowns in 2Q 2022 restricted business activities. However, the 0.8% QoQ pace of growth in 2Q 2023 was a deterioration from the 2.2% QoQ growth registered in 1Q 2023 due to slowing retail sales growth and a deepening slump in the property market. In June, retail sales increased 3.1% YoY, slowing significantly from the 12.7% and 18.4% growth recorded in May and April, respectively. The slowing growth of fixed asset investment was softened mainly by the contraction in real estate development investment which declined 7.9% YoY for the first half of 2023. Industrial production rose 3.8% YoY for the first half of 2023 with June registering an increase of 4.4% YoY and 0.7% month-on-month. While China's post-pandemic recovery has been disrupted by a global slowdown and tepid domestic demand, leading to mounting pressure on policymakers to deliver more stimulus to shore up activity, the prospect of a large economic stimulus seems dim due to concerns on growing debt risks. China has set a GDP growth target of 5% for 2023.

Colliers International reported a modest revival in Shanghai's Grade A office demand with net absorption increasing 13% QoQ in 2Q 2023⁽⁵⁾. However, the figure still fell short of the three-year average. Against the backdrop of an impending supply peak coupled with subdued tenant sentiment, market confidence was dampened. Consequently, CBD Grade A office rents declined by 1.2% QoQ to RMB8.97 per square metre per day while occupancy decreased by 0.2 ppt QoQ to 10.6% in the second quarter. With the continued influx of new office space, Colliers expects rents to remain under pressure. In response to the intensified competition, the Manager remains focused on prioritising occupancy at Lippo Plaza while simultaneously positioning for the gradual market recovery.

Overall

Against the backdrop of a weaker global economy, persistent inflation and continued business uncertainties, the Manager will continue to calibrate its leasing strategy to adapt to shifts in occupier demand and optimise the performance of OUE C-REIT's properties. OUE C-REIT's prime portfolio of strategically-located commercial and hospitality assets, as well as the well-diversified tenant base is expected to underpin a stable performance in 2023. The stronger capital structure and the Manager's prudent capital management approach to preserve financial flexibility places OUE C-REIT in a stronger position for future growth.

⁽¹⁾ Singapore Ministry of Trade and Industry Press Release, 14 July 2023

⁽²⁾ CBRE, Singapore Figures Q2 2023

⁽³⁾ Singapore Tourism Board Visitor Arrivals Statistics

⁽⁴⁾ National Bureau of Statistics of China Press Release, 17 July 2023

⁽⁵⁾ Colliers International, Shanghai Grade A Office Market Overview and Forecast Q2 2023, 13 July 2023

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 2023 to 30 June 2023

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

Distribution rate: 1.05 cents per Unit comprises:-
(i) Taxable income distribution: 0.78 cents per Unit
(ii) Tax exempt income distribution: 0.21 cents per Unit
(iii) Capital distribution: 0.06 cents per Unit

CPPU Holder

Name of distribution: Distribution for the financial period from 1 January 2023 to 30 June 2023

Distribution rate/ type: S\$1,090,958.90 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%.

Tax-exempt income distribution

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

Capital distribution

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

Book closure date: 3 August 2023

Date payable: 25 August 2023

(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 2022 to 30 June 2022

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

Distribution rate: 1.08 cents per Unit comprises:-
(i) Taxable income distribution: 0.84 cents per Unit
(ii) Tax exempt income distribution: 0.19 cents per Unit
(iii) Capital distribution: 0.05 cents per Unit

CPPU Holder

Name of distribution: Distribution for the financial period from 1 January 2022 to 30 June 2022

Distribution rate/ type: S\$1,090,958.90 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%.

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: 2 August 2022

Date payable: 6 September 2022

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 2023 to 30 June 2023 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

Han Khim Siew
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)

26 July 2023