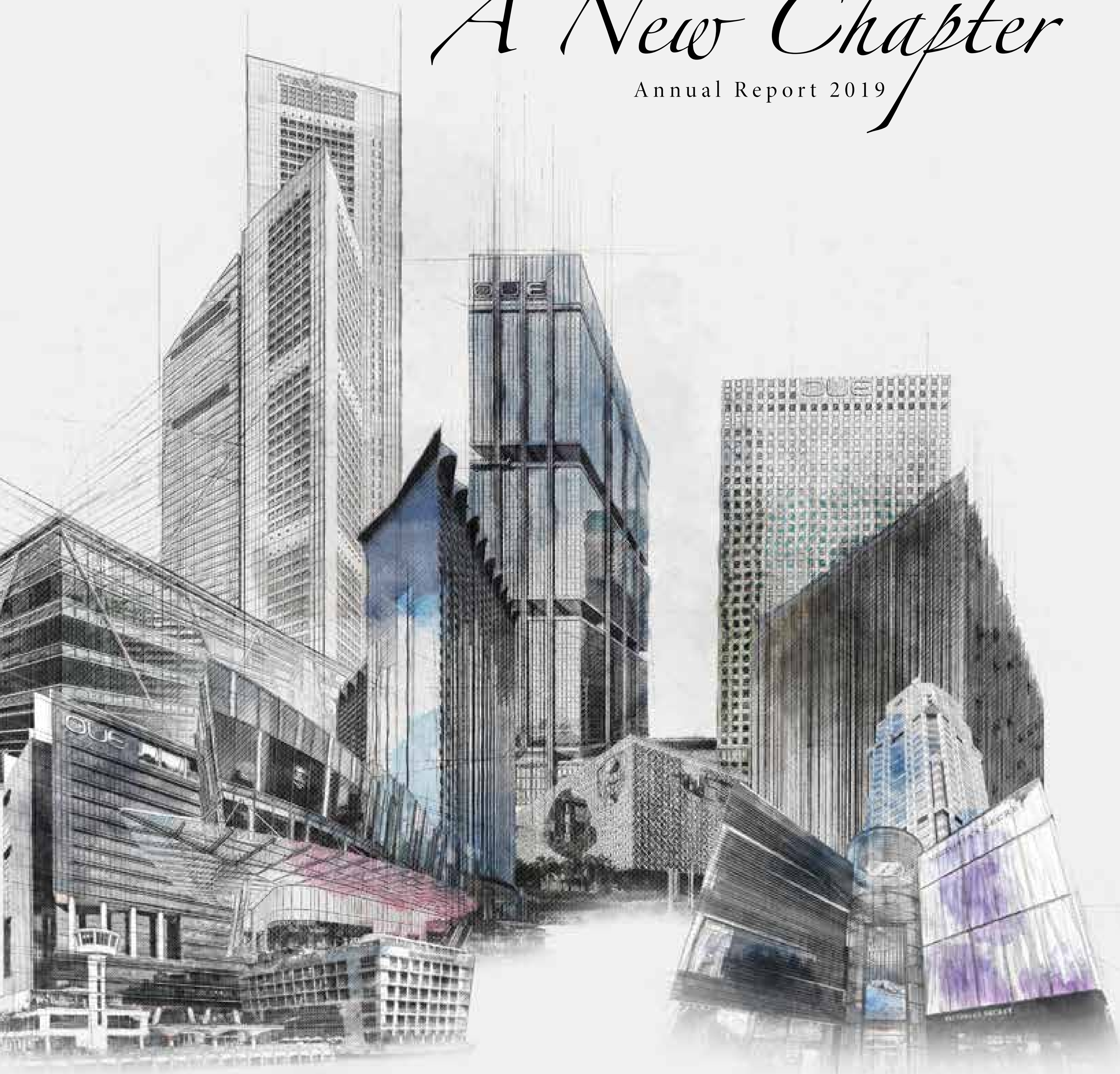
A New Chapter

Annual Report 2019



Contents

OUE Commercial Real Estate Investment Trust ("OUE C-REIT") is a real estate investment trust ("REIT") listed on the Singapore Exchange Securities Trading Limited ("SGX-ST") since 27 January 2014.

In September 2019, OUE C-REIT completed the merger with OUE Hospitality Trust ("OUE H-Trust") to become one of the largest diversified Singapore REITs ("S-REITs") with total assets under management of S$6.8 billion as at 31 December 2019. With seven properties across the commercial and hospitality segments in Singapore and Shanghai, OUE C-REIT's property portfolio comprises more than 2.0 million square feet ("sq ft") of prime office and retail space, and 1,640 upscale hotel rooms.

OUE C-REIT invests in 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, as well as real estate-related assets.

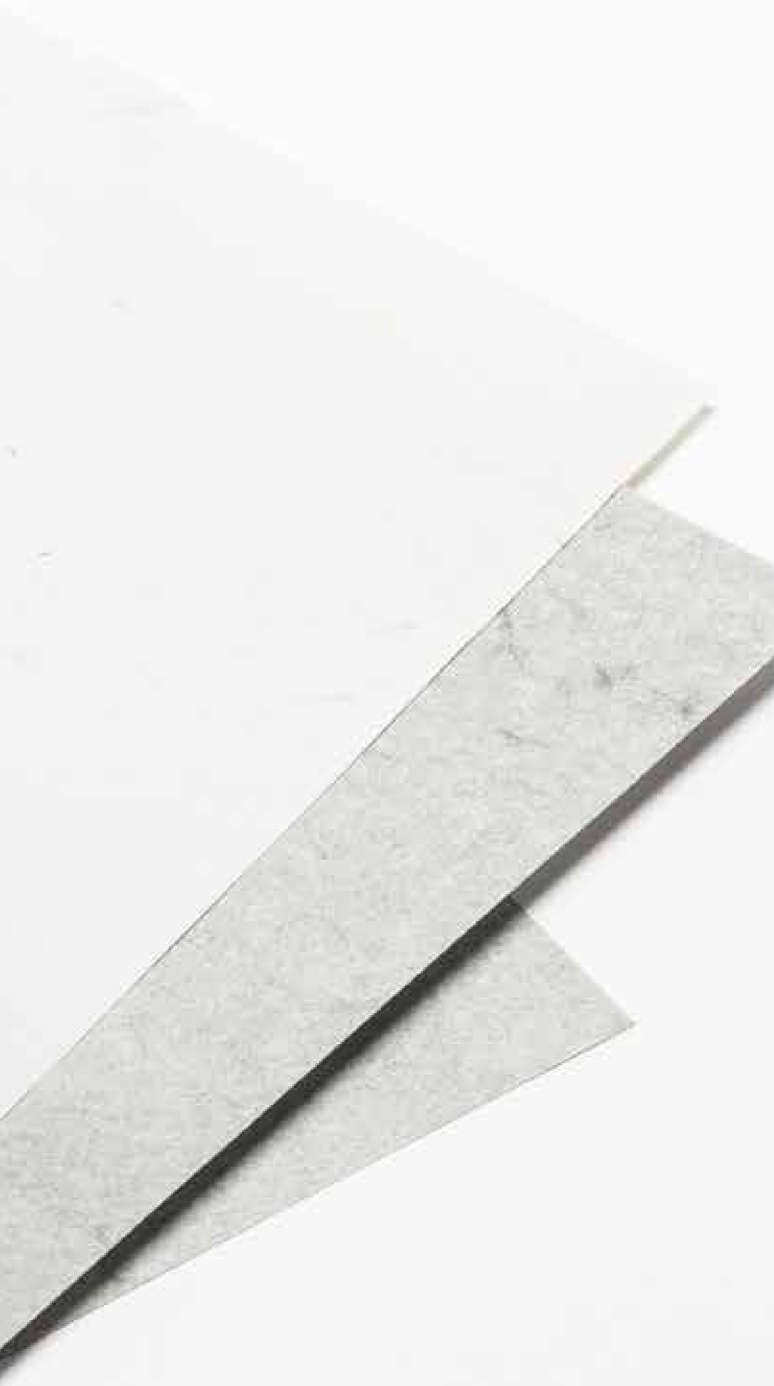
OUE C-REIT is managed by OUE Commercial REIT Management Pte. Ltd. (the "Manager"), a wholly owned subsidiary of OUE Limited (the "Sponsor"). OUE Limited is a diversified real estate owner, developer and operator with a real estate portfolio located in prime locations in Asia and the USA.

OUE C-REIT's mission is to deliver stable distributions and provide sustainable long-term growth in returns to holders of units in OUE C-REIT ("Unitholders").

2019 was a landmark year for OUE C-REIT. The Manager successfully completed a transformational merger with OUE H-Trust, creating one of the largest diversified S-REITs listed on the SGX-ST. The increased scale, improved portfolio diversification, as well as larger capital base has greatly enhanced OUE C-REIT's prospects. OUE C-REIT's growth potential is amplified by its improved ability to capitalise on future opportunities for accretive acquisitions, value-enhancing asset enhancement initiatives and potential portfolio reconstitution, allowing the Manager to write a new chapter of growth and value creation for the benefit of Unitholders in the long-term.

Compelling *Scale*

The compelling scale stemming from the higher market capitalisation, greater trading liquidity and larger asset base following the merger has significantly increased OUE C-REIT's visibility and standing within the investment community as one of the largest diversified S-REITs. This has led to improved trading performance and a stronger platform upon which to potentially rerate further.

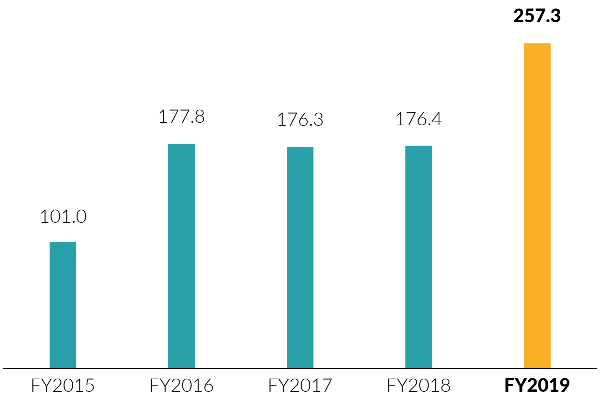


OUE

Key Highlights

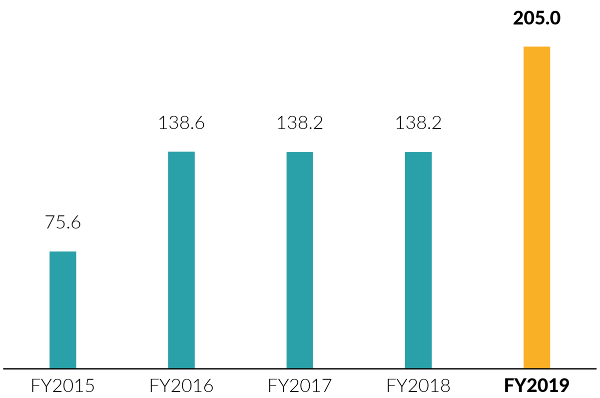
Revenue
(S$ million)

26.3%
CAGR



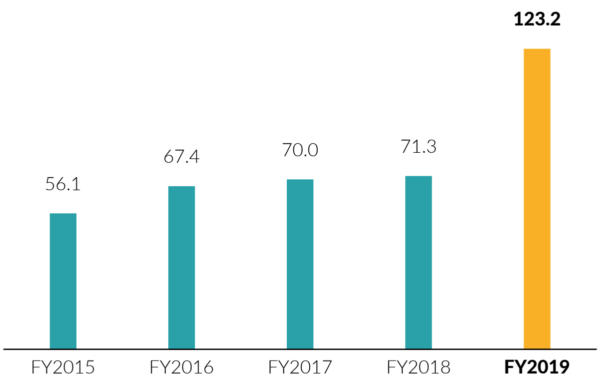
Net Property Income
(S$ million)

28.3%
CAGR



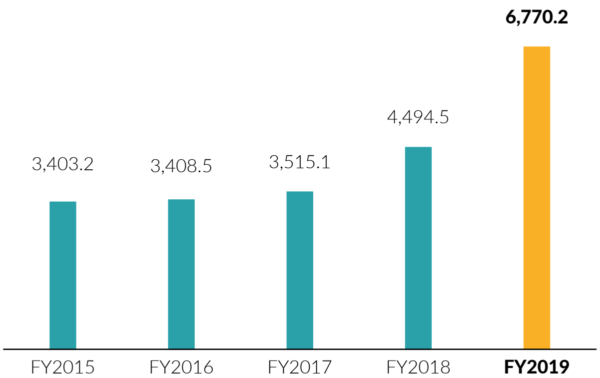
Amount To Be Distributed
(S$ million)

21.7%
CAGR



Assets Under Management
(S$ million)

18.8%
CAGR



Distribution per Unit ("DPU")
(FY2019)
3.31 cents

Net Asset Value ("NAV") per Unit
(As at 31 December 2019)
S$0.62

Commercial Segment Committed Occupancy
(As at 31 December 2019)
95.2%

FINANCIAL HIGHLIGHTS

	FY2019 (S$'000)	FY2018 (S$'000)	Change (%)
Revenue	257,329	176,396	45.9
Net Property Income	204,951	138,187	48.3
Amount to be Distributed	123,214[1]	71,290	72.8
DPU (cents)	3.31	3.48	(4.9)

BALANCE SHEET HIGHLIGHTS

	As at 31 December 2019
Total Assets (S$'000)	6,888,193
Total Borrowings[2] (S$'000)	2,647,990
Unitholders' Funds (S$'000)	3,318,417
Market Capitalisation (S$'000)	3,042,750
Number of Units in Issue and to be Issued ('000)	5,392,459

KEY FINANCIAL RATIOS

	As at 31 December 2019
Aggregate Leverage (%)	40.3
Weighted Average All-in Cost of Debt (% per annum)	3.4
Weighted Average Term of Debt (years)	2.2
Interest Cover Ratio (times)	3.3
NAV per Unit (S$)	0.62
Total Operating Expenses[3] to NAV (%)	2.3

[1] After retention of S$1.5 million for working capital purposes
[2] Includes OUE C-REIT's share of OUB Centre Limited's loan. OUE C-REIT's interest in One Raffles Place is held via its indirect interest in OUB Centre Limited
[3] Total operating expenses (including all fees and charges paid/payable to the Manager and interested parties) amount to approximately S$76.8 million and comprise property operating expenses, Manager's management fees, trustee fees, depreciation and amortisation expenses, and other trust expenses

Aggregate Leverage
(As at 31 December 2019)
40.3%

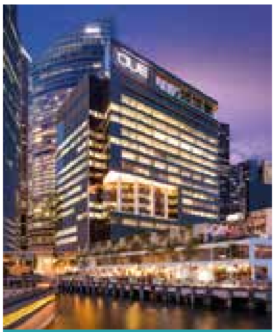
Weighted Average All-in Cost of Debt
(As at 31 December 2019)
3.4% p.a.

Proportion of Fixed Rate Debt
(As at 31 December 2019)
75.0%

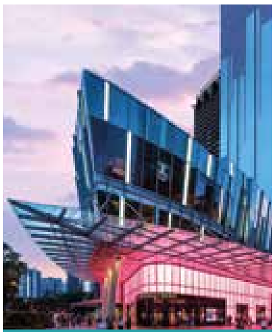
Properties at a Glance

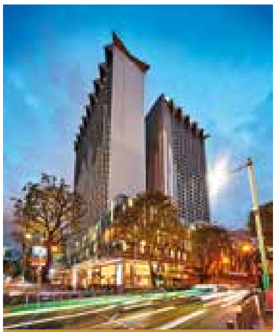
As at 31 December 2019

● Commercial[1]
● Hospitality

				
	OUE BAYFRONT	**ONE RAFFLES PLACE**	**OUE DOWNTOWN OFFICE**	**LIPPO PLAZA**
PROPERTY DESCRIPTION	Located at Collyer Quay in Singapore's central business district ("CBD"), OUE Bayfront is a premium Grade A office building which occupies a vantage position between the Marina Bay downtown and established financial hub of Raffles Place.	One of the tallest buildings in the Singapore CBD, One Raffles Place is an iconic commercial development comprising two Grade A office towers and a retail mall, strategically located in the heart of main financial district Raffles Place.	OUE Downtown Office is part of the OUE Downtown mixed-use development, a recently refurbished landmark property comprising Grade A offices, a retail podium as well as serviced residences, strategically located in Shenton Way.	Lippo Plaza is a Grade A commercial building located on Huaihai Zhong Road, within the Huangpu business district, one of Shanghai's established core CBD locations in the Puxi area of downtown Shanghai, China.
OWNERSHIP INTEREST	100%	83.33% interest in OUBC Limited, which owns 81.54% beneficial interest in One Raffles Place	100% of the office components of OUE Downtown	91.2% share of strata ownership
LEASEHOLD TENURE	**OUE Bayfront and OUE Tower:** 99-year lease from 12 November 2007 **OUE Link:** 15-year lease from 26 March 2010 Underpass: 99-year lease from 7 January 2002	**One Raffles Place Tower 1:** 841-year lease from 1 November 1985 **One Raffles Place Tower 2:** 99-year lease from 26 May 1983 **One Raffles Place Shopping Mall:** - 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 is on a 841-year lease from 1 November 1985	99-year lease from 19 July 1967	50-year land use right commencing from 2 July 1994
PROPERTY VALUATION	S$1,181.0 million	S$1,862.0 million	S$912.0 million	RMB2,950.0 million (S$570.5 million)
FY2019 REVENUE[2]	S$57.6 million	S$84.5 million	S$41.6 million	S$30.6 million
COMMITTED OCCUPANCY/ REVPAR[3]	Overall: 99.4% Office: 99.3% Retail: 100.0%	Overall: 95.6% Office: 95.1% Retail: 98.1%	93.8%	Overall: 91.3% Office: 89.9% Retail: 99.3%
NET LETTABLE AREA	37,144.9 sq m	65,444.0 sq m	49,283.4 sq m	39,184.9 sq m

1 Commercial segment comprises OUE Bayfront, One Raffles Place (67.95% effective interest), OUE Downtown Office, Lippo Plaza (91.2% strata interest) and Mandarin Gallery
2 FY2019 revenue for Mandarin Gallery, Mandarin Orchard Singapore and Crowne Plaza Changi Airport relates to the period from merger effective date of 4 September 2019 to 31 December 2019
3 RevPAR refers to revenue per available room
4 Of the 91,999.8 sq m of gross floor area at Mandarin Orchard Singapore, approximately 15,506.4 sq m is for commercial use which is not exclusively for hotel guests only





MANDARIN GALLERY	MANDARIN ORCHARD SINGAPORE	CROWNE PLAZA CHANGI AIRPORT
Mandarin Gallery is a high-end retail mall situated along Orchard Road, in the heart of Singapore's shopping precinct. The mall boasts a wide 152-metre frontage, according it a high degree of prominence, and serves as a preferred flagship location for flagship stores for international brands.	Mandarin Orchard Singapore is a renowned upscale hotel located in the heart of Orchard Road. The largest hotel in the area with 1,077 rooms, Mandarin Orchard Singapore is one of the top accommodation choices for both leisure and business travellers globally.	Crowne Plaza Changi Airport, managed by InterContinental Hotels Group, is a 563-room hotel situated within the vicinity of the passenger terminals of Changi Airport. The hotel is connected directly to Changi Airport Terminal 3 and enjoys seamless connectivity to Jewel Changi Airport via a pedestrian bridge from Terminal 3.
100%	100%	100%
99-year lease from 1 July 1957	99-year lease from 1 July 1957	74-year lease from 1 July 2009
S$493.0 million	S$1,228.0 million	S$497.0 million
S$10.7 million	S$24.7 million	S$7.6 million
98.3%	FY2019 RevPAR: S$216	FY2019 RevPAR: S$196
11,732.1 sq m	Gross Floor Area[4]: 91,999.8 sq m	Gross Floor Area: 40,913.5 sq m

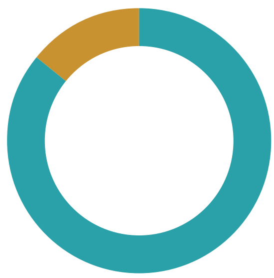
CONTRIBUTION TO PORTFOLIO VALUATION

	%
One Raffles Place	27.6
Mandarin Orchard Singapore	18.2
OUE Bayfront	17.5
OUE Downtown Office	13.5
Lippo Plaza	8.5
Crowne Plaza Changi Airport	7.4
Mandarin Gallery	7.3

FY2019 REVENUE CONTRIBUTION BY PROPERTY[2]

	%
One Raffles Place	32.8
OUE Bayfront	22.4
OUE Downtown Office	16.2
Lippo Plaza	11.9
Mandarin Orchard Singapore	9.6
Mandarin Gallery	4.2
Crowne Plaza Changi Airport	2.9

FY2019 REVENUE CONTRIBUTION BY SEGMENT[2]



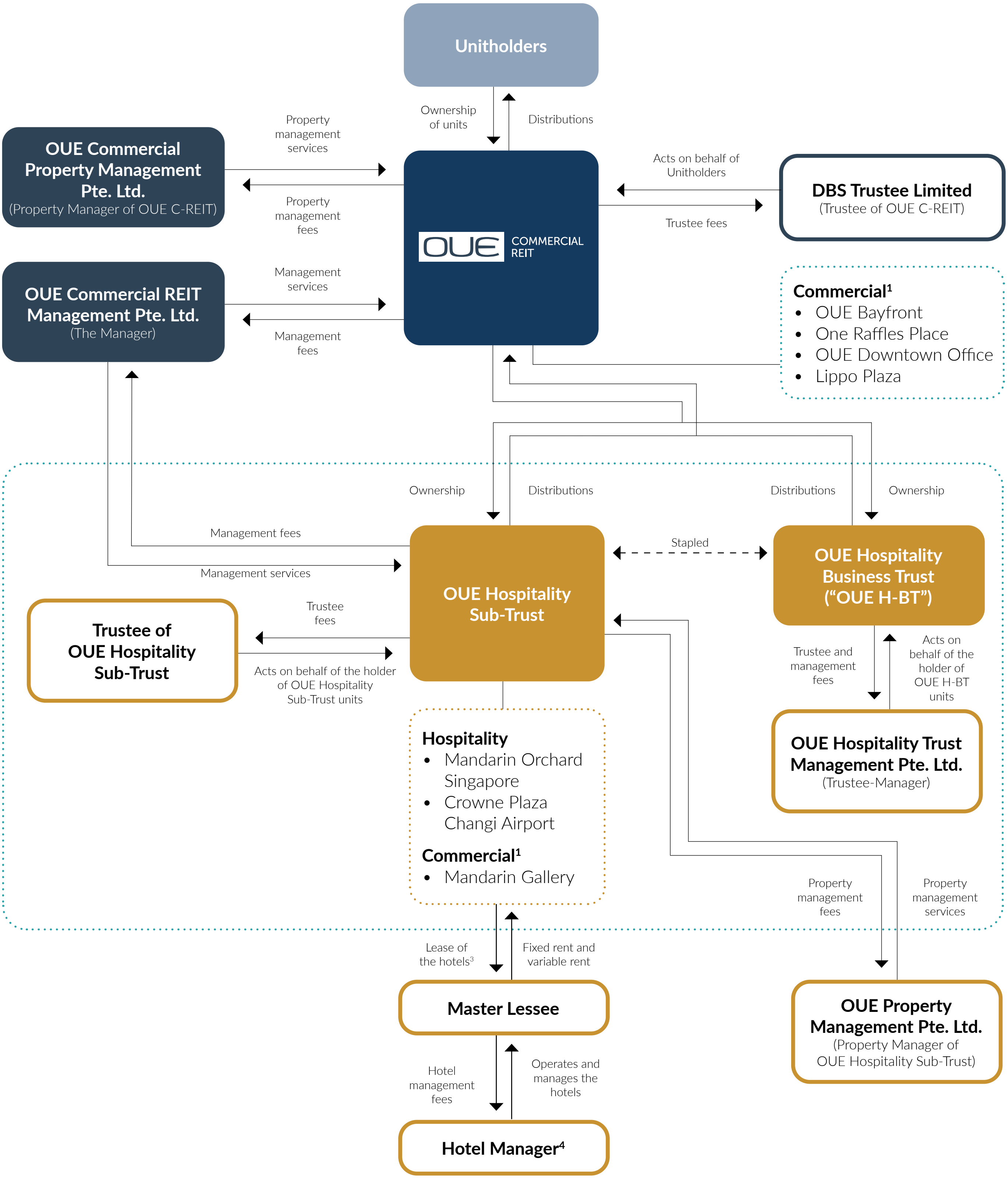
	%
Commercial	87.5
Hospitality	12.5




Enduring *Resilience*

OUE C-REIT's portfolio diversification is enhanced with the combination of seven high-quality prime properties spanning the commercial and hospitality segments. Beyond a more diversified portfolio, the Manager's proactive approach to asset management which focuses on driving sustainable operating performance provides enduring resilience for OUE C-REIT to weather cyclical volatility.

Structure of OUE Commercial REIT



1 Includes office and/or retail
2 OUE H-BT is currently dormant
3 The OUE Hospitality Sub-Trust will lease the hotel to the Master Lessee and in return the Master Lessee will pay rent in accordance with the master lease agreement to the OUE Hospitality Sub-Trust
4 The Master Lessee will appoint the Hotel Manager to manage the day-to-day operations and marketing of the hotel leased from OUE Hospitality Sub-Trust. The Hotel Manager will typically be entitled to a payment computed as a percentage of the revenue and a percentage of the gross operating profit of the hotel comprising gross operating revenue less operating expenses under management

Strategy

OBJECTIVE

The Manager's objective is to provide Unitholders with regular and stable distributions and to achieve long-term sustainable growth in DPU and NAV per Unit, while maintaining an appropriate capital structure.

The Manager plans to achieve its objective through the following strategies:

1 MAXIMISING OPERATIONAL PERFORMANCE

The Manager actively manages OUE C-REIT's property portfolio and strives to maintain high occupancy levels and optimise rental growth, so as to achieve sustainable revenue and net property income. For the commercial segment, the Manager is focused on working in partnership with the respective property managers that manage OUE C-REIT's property portfolio to build strong and long-lasting relationships with tenants, as well as striving to improve operational and cost efficiency to ensure optimal building performance without compromising on the safety or comfort of tenants. For the hospitality segment, the Manager collaborates effectively with the master lessees to ensure that the hotel managers optimise the performance of the hotels.

To support and enhance organic growth, the Manager also seeks asset enhancement opportunities where feasible.

2 GROWTH THROUGH QUALITY ACQUISITIONS

The Manager aims to pursue investment opportunities in key gateway cities with strong real estate fundamentals and growth potential, to provide attractive cash flows and yields to improve future income and capital growth to Unitholders.

OUE C-REIT's right of first refusal ("ROFR") over the Sponsor's income-producing commercial[1], hospitality and/or integrated development properties potentially provides a pipeline which will enhance its growth profile. In addition to sourcing third-party acquisitions on its own, the Manager also leverages the Sponsor's experience and network of contacts to source potentially value-adding acquisitions.

3 PROACTIVE CAPITAL AND RISK MANAGEMENT

The Manager adopts a prudent capital management strategy and strives to maintain a strong balance sheet. By employing an appropriate combination of debt and equity, the Manager seeks to optimise OUE C-REIT's capital structure to deliver regular and stable distributions to Unitholders.

Key objectives of its capital management strategy include optimising the cost of debt financing and managing potential refinancing or repayment risks, as well as ensuring OUE C-REIT has access to diversified funding sources. Appropriate hedging strategies to manage interest rate volatility and foreign exchange exposure are also adopted.

[1] Includes office and/or retail

Merger with OUE Hospitality Trust

On 4 September 2019, OUE C-REIT completed the merger with OUE H-Trust via a Trust Scheme of Arrangement, raising OUE C-REIT's profile as one of the largest diversified S-REITs with an enlarged portfolio of S$6.8 billion in total assets.

8 APRIL
Announced the proposed merger with OUE H-Trust by way of a Trust Scheme of Arrangement

29 JULY
Dialogue session facilitated by the Securities Investors Association (Singapore) organised for retail Unitholders to share their feedback on the merger with OUE C-REIT management

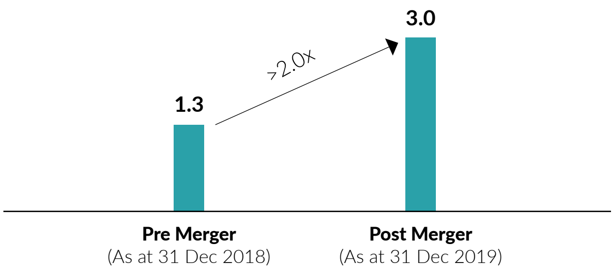
14 AUGUST
Received approval from Unitholders at the Extraordinary General Meeting. The resolution was passed with 96% of the total vote in favour of the merger

4 SEPTEMBER
Merger with OUE H-Trust became effective. The broadened investment mandate covering the commercial and hospitality segment enhances OUE C-REIT's flexibility to invest in integrated developments

1 INCREASED MARKET CAPITALISATION

- One of the largest diversified S-REITs with S$6.8 billion in total assets under management as at 31 December 2019
- Increase in visibility and relevance to the investment community

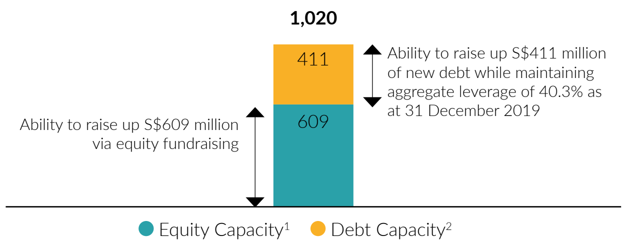
Increase in Market Capitalisation
(S$ billion)



2 ENLARGED CAPITAL BASE

- Ability to undertake larger transactions and asset enhancement initiatives
- Provide flexibility for OUE C-REIT to react with greater speed

Funding Capacity
(S$ million)



3 INCREASED INCOME RESILIENCE FROM PORTFOLIO DIVERSIFICATION

- Well-diversified portfolio with reduced concentration risk associated with exposure to any single real estate asset class
- No single asset represents >28% of total portfolio (vs 40% previously)

Portfolio Value By Asset

As at 31 December 2018

	%
One Raffles Place	40
OUE Bayfront	26
OUE Downtown Office	21
Lippo Plaza	13

As at 31 December 2019

	%
One Raffles Place	28
Mandarin Orchard Singapore	18
OUE Bayfront	18
OUE Downtown Office	14
Lippo Plaza	8
Crowne Plaza Changi Airport	7
Mandarin Gallery	7

1 Assuming the general issue mandate is approved by Unitholders at an annual general meeting of OUE C-REIT, based on approximately 5,392 million Units in issue and to be issued, and closing price of S$0.565 per Unit as at 31 December 2019
2 Assuming OUE C-REIT raises S$411 million of new debt while maintaining an aggregate leverage of approximately 40.3% as at 31 December 2019, following the S$609 million equity fundraising as described in note (1) above

9 SEPTEMBER

New Units issued and listed on the SGX-ST as part of the Scheme Consideration for the merger

17 SEPTEMBER

Announced the reconstitution of the Board of Directors, Audit and Risk Committee and Nominating and Remuneration Committee

30 SEPTEMBER

Awarded the Best Hybrid (Office and Retail) REIT at the Best of the Breeds REITs Awards™ 2019

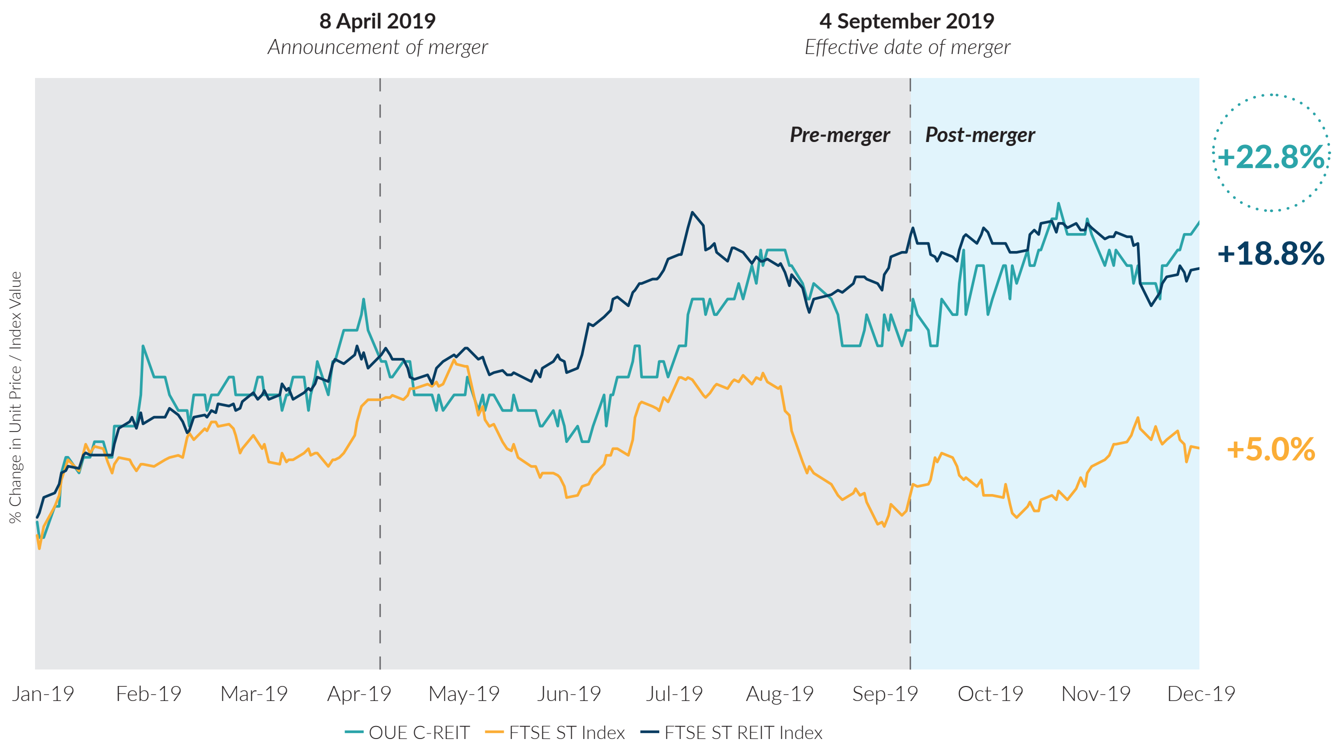
13 NOVEMBER

Announced clean-up distribution of 0.53 cents per Unit for the period 1 July 2019 to 3 September 2019 pursuant to the completion of the merger

4 INCREASED TRADING LIQUIDITY AND IMPROVED TRADING PERFORMANCE

- Average daily traded value ("ADTV") increased approximately three-fold from S$0.6 million[3] pre-merger to S$1.8 million[4] post-merger
- Outperformed benchmark indices of both the FTSE Straits Times ("ST") Index and the FTSE ST Real Estate Investment Trust Index, respectively, with 22.8% unit price appreciation in 2019

OUE C-REIT Trading Performance Against FTSE ST Index and FTSE ST REIT Index
(1 January 2019 - 31 December 2019)



Source: Bloomberg

[3] For the period from 1 January 2019 to 8 September 2019, the day immediately before the new Units issued pursuant to the merger were listed

[4] For the period from 9 September 2019, the first day of listing of the new Units issued pursuant to the merger, to 31 December 2019

Transformational *Growth*

The merger is a significant milestone in OUE C-REIT's journey of transformational growth, endowing the REIT with a broadened investment mandate as well as enlarged asset and capital base. This augments the range of investment management strategies and sources of funding available to the Manager, enhancing OUE C-REIT's capability to pursue further value-creating opportunities to realise its growth potential.


MICHAEL KORS
MICHAEL KORS


LIPPO PLAZA

Letter to Unitholders

MR LEE YI SHYAN
Chairman and Non-Independent Non-Executive Director

MS TAN SHU LIN
Chief Executive Officer and Executive Director

> As we write a new chapter in OUE C-REIT's operating history, the Manager will continue to build on our strong track record of maximising operational performance and capitalise on potential opportunities to create value and sustainable growth for Unitholders.

Dear Unitholders,

2019 was a landmark year for OUE Commercial Real Estate Investment Trust ("OUE C-REIT"). We successfully completed a transformational merger with OUE Hospitality Trust ("OUE H-Trust") to become one of the largest diversified Singapore REITs ("S-REITs") listed on the Singapore Exchange Securities Trading Limited ("SGX-ST"). With the combined portfolios, OUE C-REIT's total assets under management ("AUM") stands at S$6.8 billion. Our portfolio comprises seven high-quality prime assets spanning the commercial and hospitality segments in Singapore and Shanghai.

This merger has realised substantial benefits as envisaged. From increased visibility and relevance to the investment community with the higher market capitalisation of approximately S$3.0 billion as at 31 December 2019, trading liquidity in OUE C-REIT has improved significantly by approximately three-fold. We are also pleased to report that OUE C-REIT has outperformed the benchmark indices of both the FTSE Straits Times Index and the FTSE Straits Times Real Estate Investment Trust Index respectively, with 22.8% unit price appreciation in 2019.

Beyond a more diversified portfolio, the broadened investment mandate following the merger accords OUE C-REIT exposure to the Singapore hospitality sector. The Manager believes OUE C-REIT will benefit from a favourable medium term outlook characterised by continual investments in city-wide tourism infrastructure, active focus by the authorities to drive visitorship, and muted new hotel supply over the next few years. The resilience of OUE C-REIT's income is also underpinned by robust operating performance in the commercial segment, which continues to record positive office rental reversions for the Singapore properties.

With an enlarged balance sheet as a result of the merger, OUE C-REIT is able to undertake larger asset enhancement initiatives ("AEI") and acquisitions. The higher debt headroom as a result of its larger capital base allows OUE C-REIT the flexibility to respond with greater speed to potential opportunities to enhance its portfolio.

As we write a new chapter in OUE C-REIT's operating history, the Manager will continue to build on our strong track record of maximising operational performance and capitalise on potential opportunities to create value and sustainable growth for Unitholders.

FINANCIAL REVIEW

Revenue in FY2019 was S$257.3 million, an increase of 45.9% year-on-year ("YoY"), with net property income of S$205.0 million, 48.3% higher YoY. The increase in revenue and net property income was due to the contribution from the merger with OUE H-Trust which was completed on 4 September 2019, as well as full-year contribution from OUE Downtown Office which was acquired in November 2018.

The higher net property income and the drawdown of income support at OUE Downtown Office, partially offset by higher interest expenses in FY2019 from higher borrowings, resulted in an amount available for distribution of S$124.7 million in FY2019, 74.9% higher YoY. The amount declared for distribution after retention for working capital purposes is S$123.2 million, translating to FY2019 distribution per Unit ("DPU") of 3.31 cents.

The inclusion of Mandarin Gallery, Mandarin Orchard Singapore and Crowne Plaza Changi Airport, and slight increase in asset valuations of OUE C-REIT's existing portfolio led to a growth in investment property value by 50.6% YoY to S$6,770.2 million as at 31 December 2019, translating to a net asset value per Unit of S$0.62.

RESILIENT PORTFOLIO PERFORMANCE

The Manager's focus on proactive management of OUE C-REIT's portfolio of high-quality, marquee assets across the commercial and hospitality sectors have resulted in healthy operational performance in 2019.

In an environment of limited new office supply and moderate demand in 2019, Singapore's CBD Grade A office market continued to maintain high

Amount To Be Distributed

S$123.2m

Distribution Per Unit

3.31 cents

occupancy, ending the year at 95.9%. Due to continued leasing momentum, OUE C-REIT's Singapore office portfolio committed occupancy was 95.7% as at 31 December 2019, and enjoyed positive rental reversions throughout the year which resulted in an increase in average passing rents YoY.

With its prime location along the Orchard Road belt in Singapore, Mandarin Gallery continued to achieve high occupancy and maintained a stable performance.

In Shanghai, although CBD Grade A office demand rebounded in 4Q 2019, leasing competition continued to be intense owing to the amount of new office supply in the market. Nevertheless, committed office occupancy for Lippo Plaza as at 31 December 2019 of 89.9% continued to be ahead of the wider market, with committed rents for new and renewal office leases in line with or above market rates.

Crowne Plaza Changi Airport delivered an exceptional performance in FY2019, recording 9.0% increase in Revenue per Available Room ("RevPAR"), surpassing its minimum rent of S$22.5 million per annum for the first time. Given the absence of large-scale biennial events in 2019, RevPAR was 4.3% lower at Mandarin Orchard Singapore for the year. As a result, the hospitality segment RevPAR edged down 0.4% YoY to S$209.

The Manager continually seeks out opportunities to enhance the value proposition of OUE C-REIT's properties in order to drive revenue growth. In conjunction with efforts to maintain a dynamic yet sustainable mix of tenants at One Raffles Place Shopping Mall, the mall welcomed co-working operator Spaces as an anchor tenant with the completion of AEI. The AEI improved circulation areas and created more open retail space on the ground and second floors of the mall, allowing the Manager to augment the range of food & beverage and services options offered to customers.

To maintain the competitive edge of OUE C-REIT's portfolio, other works undertaken during the year include carpark upgrading and lift modernisation at One Raffles Place Tower 1, while segments of common areas including lift lobbies at OUE Downtown Office were upgraded. In Shanghai, a planned replacement of cooling towers at Lippo Plaza is underway, which is expected to improve energy efficiency and potentially result in utilities cost savings over the longer term.

PRUDENT AND PROACTIVE CAPITAL MANAGEMENT

In keeping with the Manager's prudent approach to capital management, OUE C-REIT maintains a long term optimal gearing of approximately 40%, below the regulatory limit of 45%.

As at 31 December 2019, OUE C-REIT's aggregate leverage is 40.3%, with a stable weighted average cost of debt of 3.4% per annum. The average term of OUE C-REIT's debt portfolio is 2.2 years, while 75.0% of borrowings are on a fixed rate basis to mitigate interest rate volatility.

The Manager in 2019 has elected to receive 20% of its base management fees to be paid in cash, with the balance in Units, to align with our objective of delivering sustainable and stable DPU to Unitholders.

We will continue to pursue our medium term capital management strategy of diversifying OUE C-REIT's funding sources, as well as strengthening the credit profile of OUE C-REIT by further unencumbering its assets so as to improve financial flexibility.

SUSTAINABILITY REPORTING

The Manager remains committed to upholding high corporate governance standards, and integrating sustainability into our operations, in our firm belief that it is complementary to our business strategies and creates value for Unitholders and other stakeholders.

In our third sustainability report, we continue to share our ongoing practices, and efforts at improvement across our material environmental, social and governance factors. With the integration of operations and employees into OUE C-REIT's expanded business following the successful merger with OUE H-Trust, the report includes the sustainability performance of OUE C-REIT's enlarged property portfolio.

LOOKING AHEAD

The Ministry of Trade and Industry in Singapore has projected 2020 GDP growth of between -0.5% and 1.5%. This was a downgrade from earlier projections which were premised on a stabilisation of economic growth aided by the de-escalation of US-China trade tensions. With tourism and other business sectors expected to be adversely affected after the outbreak of coronavirus disease 2019 ("COVID-19"), the outlook for the Singapore economy has weakened, raising the possibility of negative growth.

With the expansion of aviation facilities, including a four-year upgrading project for Changi Airport Terminal 2 and increased flight connectivity to key source markets, Singapore continues to invest in and strengthen its tourism infrastructure. Further, the Singapore Tourism Board continues to focus on driving visitor arrivals through strategic partnerships which position the city as a prime fly-cruise and convention destination.

These favourable developments, together with a benign hotel supply outlook, are supportive of a recovery in the hospitality sector. However, with the fallout of the COVID-19 outbreak still unfolding, we cannot ignore the possibility that OUE C-REIT's hospitality segment may be negatively impacted in the near term. Should the Singapore hospitality sector face a more prolonged downturn however, the minimum rent component embedded in the master lease agreements of OUE C-REIT's hotel portfolio provides significant downside protection, mitigating the impact of volatility experienced in uncertain times.

For the commercial segment, office demand may soften due to heightened economic uncertainty. However, the potential withdrawal of ageing Singapore CBD office properties for redevelopment coupled with below-trend supply over the next two years is expected to keep vacancy tight. This lends support for rental growth when the economy recovers. OUE C-REIT's commercial segment accounts for 87.5% of revenue in FY2019, and 20.2% of commercial segment gross rental income is due for renewal in 2020. As expiring rents for OUE C-REIT's Singapore office properties in 2020 remain below current market rents, operational performance is expected to remain positive.

China's 2020 GDP growth is expected to moderate further from the 6.1% growth achieved in 2019, given already high levels of debt, cooling domestic demand and a manufacturing slowdown from ongoing trade tensions with the US. Growth is also expected to be hampered further by the COVID-19 situation.

The potential deterioration in business sentiment is expected to dampen office leasing demand in Shanghai in the near term. Leasing competition in the CBD Grade A market is expected to intensify with the peaking of office supply expected in 2021. Compounded by competition from decentralised markets, the rental outlook is expected to be subdued. In the longer term, Shanghai remains an important and attractive regional hub for companies seeking a foothold in China, and greater Asia. As supply eases after 2021, stable demand is expected to underpin steady rental growth. While Lippo Plaza contributes approximately 11.9% to OUE C-REIT's FY2019 revenue, just 14.3% of its gross rental income is due for renewal in 2020.

Overall, OUE C-REIT's substantial commercial segment contributes a steady and recurring income base, underpinned by a well-diversified and blue-chip tenant base. The Manager will continue to proactively manage lease renewals to retain tenants in view of the near term impact on occupier sentiment so as to optimise OUE C-REIT's portfolio performance. In the medium to longer term, the Manager will continue to seek growth through value-adding acquisitions from third parties as well as from our Sponsor.

BOARD RENEWAL

We are pleased to welcome several new members of the Board of Directors which were former directors of OUE H-Trust manager, enabling OUE C-REIT to benefit from their wealth of experience and for continuity. Mr Lee Yi Shyan, who was previously Chairman of the Board for OUE H-Trust manager was appointed Chairman of the Board of the Manager. Both Mr Liu Chee Ming and Mr Ong Kian Min were appointed as Independent Directors, with Mr Liu Chee Ming serving as Chairman of the Audit and Risk Committee, and Mr Ong Kian Min serving as Chairman of the Nominating and Remuneration Committee.

We would like to thank Dr Lim Boh Soon and Mr Jonathan Miles Foxall, who stepped down from the Board of the Manager in 2019, for their invaluable guidance to management and contributions to the Board.

ACKNOWLEDGMENTS

We would like to thank our Unitholders for their unwavering support and trust in our stewardship of OUE C-REIT. We would also like to express appreciation to our tenants and business partners for their continual support.

Our sincere appreciation goes out to the former and current members of the Board of Directors for their contribution over the year. Their extensive experience and broad base of commercial and business expertise have enabled us to chart OUE C-REIT's course for the future.

Lastly, we would also like to extend our gratitude to the employees of the Manager for their continued dedication and commitment to the success of OUE C-REIT.

Lee Yi Shyan
Chairman and Non-Independent Non-Executive Director

Tan Shu Lin
Chief Executive Officer and Executive Director

致信托单位持有人之信函

> 在本信托步入新章程的同时，管理人将继续优化营运表现和积极寻求潜在商机，以巩固本信托的基础和创造可持续性的增长。

尊敬的信托单位持有人，

2019年见证了华联企业商业房地产投资信托（“本信托”）一个重要的里程碑。在成功完成了与华联酒店信托的转型合并后，本信托跻身为新交所挂牌的大型多元化房地产投资信托之一。本信托目前的总资产为68亿新元，并持有七项跨越新加坡和上海的优质商业与酒店物业。

这项合并实现了所设想的目标。截至2019年12月31日，本信托的市值为大约30亿新元，显著地提升了在投资界中的可见度和相关性。交易价值也显著增加约三倍。我们有幸提报本信托于2019年呈交了22.8%的单位价晋升的骄人成绩，超越个别富时海峡时报指数和富时海峡时报房地产投资信托指数的基准指数。

除了打造更多元化的投资组合外，扩大的投资指令将让本信托有机会进军新加坡的酒店业，从中受益该行业中期的优越发展。这包括政府对旅游设施的持续投资，积极提高访客数量，及未来几年有限的新酒店供应。本信托新加坡物业持续呈报正面的租金调整，导致商业项目的强劲表现，反映了本信托收入的坚韧性。

在合并后，因资产负债表的加强，本信托将有能力实施较多大型的资产提升项目（“AEI”）和收购计划。与此同时，扩大的资本金调高了债务顶限，使本信托能更灵活地抓紧时机增进投资组合。

在本信托步入新章程的同时，管理人将继续优化营运表现和积极寻求潜在商机，以巩固本信托的基础和创造可持续性的增长。

财务审阅

2019财政年度的总收入和净物业收入分别增长45.9%至2.573亿新元和48.3%至2.050亿新元。这主要归于与华联酒店信托在2019年9月4日的合并，以及于2018年11月收购的华联城办公楼所贡献的全年收入。

较高的净物业收入和华联城办公楼的收入补贴抵销了因较高借款所引致的利息支出使2019财政年度的最终可派息金额比去年同期上升74.9%，为1.247亿新元。在扣除所需的营运资本后，宣布分发的最终可派息金额为1.232亿新元，每单位派息额则为3.31分。

本信托截至2019年12月31日的投资物业总估值同比增加50.0%至67亿7020万新元。这鉴于新加入的文华购物廊、新加坡文华大酒店和樟宜机场皇冠假日酒店（“皇冠假日酒店”），以及本信托现有物业投资组合资产估值的上调。每单位资产净值则为0.62新元。

坚韧的营运表现

管理人积极管理本信托跨越商业和酒店业的高素质旗舰资产所组成的投资组合，取得2019年可观的营运表现。

在2019年新办公楼供应有限和需求平稳的趋势下，新加坡的中央商业区甲级办公楼持续保持高出租率至年底的95.9%。有鉴于租赁平稳的走向，本信托截至2019年12月31日的新加坡办公楼组合的锁定出租率为95.7%。我们于本年度享有正面的租金调整，使同比平均现时租金有所上调。

坐落于新加坡乌节路优质地点的文华购物廊维持了一贯稳健的表现，并继续取得高出租率。

纵然上海于2019年第四季度的办公楼需求回弹，市场上的新办公楼供应仍加剧租赁竞争。纵然如此，力宝广场截至2019年12月31日的锁定办公楼出租率为89.9%，还是优于市场水平，而全新和续租的锁定办公楼租金价格也处于市场水平内或以上。

皇冠假日酒店以每间可入住客房收入（“RevPAR”）上调9.0%的优异表现，首次超越每年2,250万新元的最低租金。鉴于2019年欠缺大型双年活动，新加坡文华大酒店的RevPAR下调4.3%。因此，酒店组合的RevPAR同比下滑了0.4%，至209新元。

管理人继续寻求提升本信托的价值定位的机会，以促进收入增长趋势。为了持续打造与时并进的可持续性租户组合，第一莱佛士坊购物商场在完成资产提升项目之际，欢迎共用工作空间营运商，Spaces，以主要租户的形式登陆商场。在完成资产提升项目后，商场的一楼和二楼有了更多开放式的零售空间，提升了各区的人潮流动，并让消费者享受到更多餐饮和其他服务的选择与便利。

我们也通过实施其他项目来保持竞争优势，其中包括第一莱佛士坊一号楼停车场的改良和电梯翻新计划，而华联城办公楼的公共区包括电梯大厅也已被翻新。另一方面，在上海的力宝广场正在进行更换冷却水塔，预计将能提高能源效率，以降低长期开支。

积极谨慎的资本管理

按照管理人一贯的谨慎资本管理手法，本信托继续将长期杠杆水平维持在约40%，低于45%监管限制。

截至2019年12月31日，本信托的总杠杆比率为40.3%，而平均年利率则为3.4%。本信托的债务组合平均期限为2.2年。另外，本信托75.0%的借款已被锁定为固定利率，以助缓解利率的波动。

为了实现给单位持有人提供即可持续又稳定的每单位派息的目标，管理人于2019年选择以现金收取其20%的基本管理费，而余额则以单位形式领取报酬。

我们会继续推行将资金来源多元化的中期资本管理战略，以及通过提升资产的财务灵活性来加强本信托的信用评级。

可持续发展报告

管理人承诺继续维护高水平的企业治理标准，并建立可持续发展的业务。我们坚信这样不但能提升业务定位，还能为单位持有人和其他利益相关人士创造价值。

管理人在第三份可持续发展报告中继续分享现行可持续发展事项，以及跨越各环境、社区和治理因素的提升项目。鉴于本信托的营运规模和职员人数随着与华联酒店信托成功合并有所扩展，这份报告也概述本信托扩充产业组合的可持续表现。

展望未来

新加坡贸工部预计2020年国内经济增长将介于负0.5%至1.5%之间。这是从之前以中美贸易紧张局势的缓解配合平稳经济增长趋势的预测增长数字所做的下调。旅游业和其他行业将受到新型冠状病毒（"COVID-19"）爆发的影响，使新加坡经济疲弱，从而出现负增长的可能性。

随着本地航空设施的扩展，包括樟宜机场第二搭客大厦为期四年的提升计划和加强通往主要客源市场的航班连通性，新加坡将继续投资和提升旅游设施。除此之外，新加坡旅游局也将通过战略性伙伴关系，定位我国为优质的旅游登陆和会展地点，从而继续提高游客数量。

这些发展优势，连同酒店客房供应增长的放缓有助于酒店业的复苏趋势。不过，新型冠状病毒疫情的发展仍在演变中，因此我们不能忽视本信托的酒店业在短期内受影响的可能性。纵然如此，就算新加坡酒店业长期处于低迷状况，主租赁合约中的最低租金条款将能为本信托的酒店组合提供下行保障，为本信托在动荡时期缓解租金波动所带来的冲击。

在商业项目方面，办公楼需求可能因经济不确定因素而削弱。不过，在高龄化的新加坡中央商业办公楼被重建的潜在效应，以及未来两年将出现低于趋势供应的情况下，空置率预计将呈献紧缩的情况。这对经济复苏时的租金回升局势将有所帮助。本信托的商业项目占2019财政年度收入之87.5%，其中商业项目之20.2%的总租金收入是于2020财政年度到期。由于本信托在2020财政年到期的新加坡办公楼产业租金仍低于目前市场租金，因此有望维持优越的营运表现。

中国的2020年国内生产总值预测将因大量的国内债、放缓的国内需求和与美国现行贸易战所导致的制造业放缓趋势，而从2019年的6.1%进一步下调。经济增长也将受到新型冠状病毒疫情肆虐的冲击。

疲弱的商业情绪预料将在近期削弱上海办公楼的租赁需求。与此同时，上海的中央商业区甲级办公楼市场预计将于2021年，因办公楼供应达到巅峰而面临租赁竞争加剧的局势。再加上非集权化市场所带来的竞争，预期租赁景观将受影响。长期而言，上海仍是有意进军中国和大亚洲市场的企业所需要的重要区域枢纽平台。随着供应在2021年后放缓，平稳的需求有望支持租金持续增长。虽然力宝广场的贡献占本信托于2019财政年度的收入约11.9%，但是于2020财政年度到期的总租金收入仅为14.3%。

本信托平稳的经常性收入基础源自于占有投资组合大部分的商业项目，由多元化和蓝筹租户群支撑。

有鉴于近期经济对租户情绪的影响，管理人将继续积极经营续约程序，以优化本信托的投资组合表现。在中长期规划中，管理人将继续通过第三方和保荐人的物业收购，寻求中长期增长新动力。

董事会更新

我们在此热烈欢迎几名新上任的董事会成员。他们曾是华联酒店信托管理人的前董事，因此本信托有信心他们的丰富经验将有助加强业务连续性，让我们能从中受益。接任为本信托管理人董事会主席的李奕贤先生曾担任华联酒店信托管理人的董事会主席。刘志敏先生和王建明先生则担任独立董事；刘志敏先生被委任为审计与风险委员会主席，而王建明先生则担任提名与薪酬委员会主席一职。

我们在此向于2019年卸任信托管理人董事会的林宝顺博士和Jonathan Miles Foxall先生致谢，感谢他们的无私贡献和宝贵引导。

致谢感言

我们要藉此答谢所有的单位持有人对本信托管理的支持与信任。不仅如此，我们也想向租户和业务伙伴致谢，感激他们所给予的持续支持。

我们由衷感谢前任与现任董事会在过去一年里的贡献。他们宝贵的经验和广泛的商业与业务专长有助本信托有效地规划未来发展。

最后，我们也要向全体员工致谢，感谢他们的辛勤努力和奉献，让本信托连续呈献卓越的业绩。

李奕贤
主席兼非独立非执行董事

陈淑铃
总裁兼执行董事

Board of Directors

MR LEE YI SHYAN
Chairman and Non-Independent Non-Executive Director

MR CHRISTOPHER JAMES WILLIAMS
Deputy Chairman and Non-Independent Non-Executive Director

MR LOH LIAN HUAT
Lead Independent Non-Executive Director

MR LIU CHEE MING
Independent Non-Executive Director

MR ONG KIAN MIN
Independent Non-Executive Director

MS USHA RANEE CHANDRADAS
Independent Non-Executive Director

MS TAN SHU LIN
Chief Executive Officer and Executive Director

MR LEE YI SHYAN

Chairman and Non-Independent Non-Executive Director

Mr Lee Yi Shyan was appointed as the Chairman and Non-Independent Non-Executive Director of the Board of the Manager on 17 September 2019.

Mr Lee joined OUE Limited as an executive adviser to the chairman of OUE Limited in January 2016. He is the chairman of OUE Lippo Healthcare Limited and OUE USA Services Corp. In addition, Mr Lee is the chairman and director of ICE Futures Singapore Pte. Ltd.. He is currently the adviser of Keppel Corporation Limited, and director of Sino-Singapore Tianjin Eco-City Investment and Development Co., Ltd..

Mr Lee is the chairman of Business China in the non-profit organisation sector. Business China's mission is to nurture an inclusive bilingual and bicultural group of Singaporeans through extensive use of the Chinese language as the medium of communication, so as to sustain Singapore's multi-cultural heritage, and to develop a cultural and economic bridge linking the world and China.

Mr Lee was the chairman and non-independent non-executive director of the board of directors of OUE Hospitality REIT Management Pte. Ltd. ("OUEHRM").

Prior to joining OUE Limited, Mr Lee was Singapore's Senior Minister of State for the Ministry of National Development, Ministry of Trade & Industry and Ministry of Manpower. Mr Lee had extensive interactions with governments and businesses in China, the Middle East, Africa and Russia and oversaw urban planning, construction productivity development and town council management. Mr Lee is currently an elected member of parliament in Singapore for the East Coast group representation constituency.

Prior to his political career, Mr Lee was the chief executive officer of International Enterprise Singapore, the deputy chief executive officer of SPRING Singapore and held senior operational and staff positions at the Singapore Economic Development Board.

Mr Lee was honoured with the Distinguished Alumni Award by the Centre for Creative Leadership, North Carolina, USA, in 2009, and the Distinguished Engineering Alumni Award by the Faculty of Engineering, National University of Singapore, in 2013. He was also honoured with the "Jiangsu Province Honorary Resident" title in 2018.

MR CHRISTOPHER JAMES WILLIAMS

Deputy Chairman and Non-Independent Non-Executive Director

Mr Christopher James Williams was appointed as the Chairman and Non-Independent Non-Executive Director of the Board of the Manager on 25 October 2013 and was re-designated as the Deputy Chairman on 17 September 2019. He serves as a member of the Nominating and Remuneration Committee of the Manager.

Mr Williams is a founding partner of Howse Williams, Hong Kong, which he co-founded in 2012 as an independent Hong Kong law firm. Mr Williams was responsible in particular for establishing the non-contentious area of the practice. Howse Williams has subsequently grown to become one of the leading independent law firms in Hong Kong. Prior to co-founding Howse Williams, Mr Williams was from 1994 a partner in Richard Butler, an international law firm which merged with the US law firm Reed Smith in 2008 and was throughout this period based in Hong Kong.

Mr Williams is presently the deputy chairman and non-executive general counsel of OUE Limited. He was appointed as chairman and non-independent non-executive director of Bowsprit Capital Corporation Limited, the manager of First Real Estate Investment Trust, in October 2018. He has also been a director of OUB Centre Limited since January 2014. Mr Williams was a non-independent non-executive director of the board of directors of OUEHRM. He was also the chairman of the board of directors of OUEHRM from April 2013 to November 2017.

Mr Williams specialises in corporate finance, mergers and acquisitions, direct investment and corporate restructurings and reorganisations. He also advises on corporate governance and compliance. His practice encompasses Hong Kong and the Asia Pacific region, particularly Indonesia and Singapore. He has been named in the Guide to the World's Leading Mergers and Acquisitions Lawyers as well as the International Who's Who of Merger and Acquisition Lawyers as one of the world's top mergers and acquisitions lawyers.

Mr Williams qualified as a solicitor in England and Wales in 1986 and was admitted as a solicitor in Hong Kong in 1991. He holds a Bachelor of Arts (Honours) in International Relations and Economics from the University of Reading, United Kingdom.

MR LOH LIAN HUAT

Lead Independent Non-Executive Director

Mr Loh Lian Huat was appointed as an Independent Non-Executive Director of the Board of the Manager on 8 January 2014. He serves as Lead Independent Director, and is a member of each of the Audit and Risk Committee and the Nominating and Remuneration Committee of the Manager.

Mr Loh is presently a non-executive director of Gemdale Properties and Investment Corporation Limited (a company listed on the Hong Kong Stock Exchange ("HKEx")), and a non-independent non-executive director of EFA RET Management Pte Ltd, the trustee-manager of EFA Real Economy Trust.

Board of Directors

Mr Loh was previously the executive director and managing partner of Silkrouteasia Asset Management Pte. Ltd., a joint venture company with New Silkroutes Capital Pte. Ltd. and Global Advisory & Investments Pte. Ltd.. He was also previously the chief executive officer of Silkrouteasia Capital Partners Pte Ltd, an investment advisory, asset management and direct real estate investments firm. Prior to joining Silkrouteasia Capital Partners Pte Ltd in 2011, he was with MEAG Pacific Star Asset Management Pte Ltd, where his last held position was senior vice president, Asset Management. From 2000 to 2005, Mr Loh was with GIC Real Estate Pte Ltd, where his last held position was vice president, Asset Management.

Mr Loh holds a Bachelor of Science in Mechanical Engineering from the National Defense Academy, Japan, and a Master of Science degree in Defence Technology from the Royal Military College of Science, United Kingdom.

MR LIU CHEE MING

Independent Non-Executive Director

Mr Liu Chee Ming was appointed as an Independent Non-Executive Director of the Board of the Manager on 17 September 2019. He serves as the Chairman of the Audit and Risk Committee of the Manager.

Mr Liu has been a member of the Takeovers Appeal Committee under the Hong Kong Securities and Futures Commission since May 1995, and the deputy chairman of the Takeovers and Mergers Panel since April 2008, where his duties include reviewing mergers and acquisition cases and dealing with the relevant appeals. He is currently a governor and deputy chairman of the Singapore International School (Hong Kong) since May 2006 and March 2019 respectively.

Mr Liu is currently the managing director of Platinum Holdings Company Limited, which he established in March 1996, and oversees its stock broking, corporate finance and asset management business. He has been appointed as an independent non-executive director of STT GDC Pte. Ltd. since October 2015. Mr Liu was also appointed as an independent non-executive director of DBS Bank (Hong Kong) Limited in June 2018, and as a member of the Listing Review Committee of The Stock Exchange of Hong Kong Limited in July 2019. He is also a council member of the corporate advisory council of Hong Kong Securities and Investment Institute since May 2016.

Mr Liu was an independent director of the board of directors of OUEHRM. He was also a member of the audit and risk committee of OUEHRM.

Mr Liu also served on the board of StarHub Ltd. (a company listed on the SGX-ST) from August 2004 to April 2018. He has also been a member of the President's Advancement Advisory Council of the National University of Singapore from March 2010 to November 2017. He also served as an independent non-executive director of Haitong Securities Co., Ltd. (a company listed on the Hong Kong and Shanghai stock exchanges) from November 2011 to June 2019, and as an independent supervisor of the supervisory committee of Dalian Wanda Commercial Properties Co., Ltd. (a company which was listed on HKEx and privatised in September 2016) from May 2015 to March 2019.

Mr Liu holds a Bachelor's degree in Business Administration from the former University of Singapore.

MR ONG KIAN MIN

Independent Non-Executive Director

Mr Ong Kian Min was appointed as an Independent Non-Executive Director of the Board of the Manager on 17 September 2019. He is the Chairman of the Nominating and Remuneration Committee of the Manager, and also serves as a member of the Audit and Risk Committee of the Manager.

Mr Ong was an advocate and solicitor and practised as a consultant with Singapore law firm Drew & Napier LLC from October 2000 until March 2019. He was called to the Bar of England and Wales in 1988 and to the Singapore Bar the following year. In his more than 25 years of legal practice, he focused on corporate and commercial law such as mergers and acquisitions, joint ventures, restructuring and corporate finance. In addition to his legal practice, he is a senior adviser of Alpha Advisory Pte. Ltd., a boutique financial and corporate advisory firm, which he joined in January 2010. He is also the founder of Kanesaka Sushi Private Limited, a company which he set up in January 2010 and now owns and operates two fine dining Japanese restaurants in Singapore.

Mr Ong is currently an independent non-executive director of four other companies listed on the SGX-ST, namely BreadTalk Group Limited, Food Empire Holdings Limited, Penguin International Limited and Silverlake Axis Ltd, where he is also the lead independent director and chairs the audit committees of all four of these listed companies.

Mr Ong was an independent director of the board of directors of OUEHRM. He was also the chairman of the nominating and remuneration committee of OUEHRM, and also served as a member of the audit and risk committee of OUEHRM.

Mr Ong was the chairman and independent non-executive director of Hupsteel Limited from 2003 to 2017, and an independent non-executive director of (i) China Energy Limited from September 2008 until its delisting from the SGX-ST in November 2014, (ii) GMG Global Ltd from November 1999 until January 2017 following its delisting from the SGX-ST and (iii) Jaya Holdings Limited from December 2012 until its members' voluntary winding-up and liquidation in February 2018.

Mr Ong was an elected member of parliament in Singapore from January 1997 to April 2011. In 1979, he was awarded the President's Scholarship and the Singapore Police Force Scholarship. He holds a Bachelor of Laws (Honours) external degree from the University of London in England and a Bachelor of Science (Honours) degree from the Imperial College of Science & Technology, England.

MS USHA RANEE CHANDRADAS

Independent Non-Executive Director

Ms Usha Ranee Chandradas was appointed as an Independent Non-Executive Director of the Board of the Manager on 8 November 2017. She serves as a member of the Audit and Risk Committee of the Manager.

Ms Chandradas is currently a partner of (Plu)ral Art LLP, an arts publishing entity which operates and manages a Singapore-based digital art magazine.

Prior to the founding of (Plu)ral Art LLP, Ms Chandradas spent 12 years as a Singapore tax lawyer, with stints in the Inland Revenue Authority of Singapore ("IRAS") and Allen and Gledhill LLP ("Allen and Gledhill"), one of the largest and leading law firms in Singapore. As a legal officer in IRAS, she rendered opinions on tax advisory matters across all tax types and represented the authority in civil and criminal tax litigation relating to corporate and personal income tax, goods and services tax and property tax. She also worked with IRAS' Tax Policy and International Tax Division, handling tax policy issues, advance rulings, international tax matters, Singapore Government Budget changes and the drafting of tax legislation. Ms Chandradas' last held position was as a partner in the tax practice group of Allen and Gledhill, where she advised local and multinational clients on Singapore taxation with regard to tax-efficient corporate structures for funds, regional investments, mergers and acquisitions, corporate restructuring, tax compliance and regulatory matters. She also assisted clients in negotiating and resolving tax disputes, and in seeking advance rulings and clearances from IRAS and the Monetary Authority of Singapore.

Ms Chandradas has served as a council member of the Law Society of Singapore and is a co-author of the LexisNexis Annotated Statutes of Singapore Income Tax Act & Economic Expansion Incentives (Relief from Income Tax) Act. She presently serves as adjunct faculty in the Singapore Management University's School of Law and as a part-time lecturer at the Nanyang Technological University's Nanyang Business School (Centre of Excellence International Trading). She is also a member of each of the corporate legal aid committee (Project Law Help) and finance committee of the Pro Bono Services Office, Law Society of Singapore, a member of the International Monetary Fund's Panel of Experts (Tax-Legal) and a member of the grant committee and the founding donor of the Chandra Das Endowment Fund.

She qualified as an advocate and solicitor of the Supreme Court of Singapore in 2004 and holds an LLB degree from the University of London, King's College. She also holds a Master of Professional Accounting degree from the Singapore Management University and is a Chartered Accountant of Singapore. She is an Accredited Tax Specialist – Income Tax, with the Singapore Institute of Accredited Tax Professionals. She pursued her undergraduate degree in the University of London as a scholar of IRAS, having been awarded an IRAS Undergraduate Scholarship for the study of Law in the United Kingdom. Ms Chandradas also holds a Master's degree in Asian Art Histories from the University of London, Goldsmith's College, awarded by LASALLE College of the Arts Singapore.

MS TAN SHU LIN

Chief Executive Officer and Executive Director

Ms Tan Shu Lin was appointed as Executive Director of the Board of the Manager on 31 October 2013. As Chief Executive Officer, she is responsible for the strategic management, growth and operation of OUE C-REIT. She works with the Board of Directors to determine OUE C-REIT's business strategies and plans, and with the management team to ensure that such strategies are executed accordingly.

Ms Tan has extensive experience in corporate finance, investments, mergers and acquisitions, and financial management, with more than 18 years of experience in direct real estate investments and fund management. Prior to joining the Manager, she was with Ascendas Funds Management Pte Ltd, the manager of Ascendas REIT ("A-REIT"), where as head, Singapore Portfolio and head, Capital Markets and Transactions, she had overall strategic direction, as well as operational and capital structure responsibilities for A-REIT's portfolio. She was also responsible for formulating and executing appropriate strategies to meet A-REIT's funding requirements, as well as managing investor relations.

From 2007 to 2008, Ms Tan was with the wealth management division of UBS as director, Real Estate Investment Management. Prior to that, she was with Ascendas Pte Ltd, where she held various positions engaged in sourcing and structuring potential investment opportunities, as well as exploring and evaluating property fund management opportunities. Ms Tan started her career with various banks where her responsibilities included advising companies on capital market transactions and other fund-raising exercises.

Ms Tan holds a Bachelor of Arts (First Class Honours) in Economics from the University of Portsmouth, United Kingdom, and is also a Chartered Financial Analyst.

The REIT Manager

MS TAN SHU LIN
Chief Executive Officer and Executive Director

MR LIONEL CHUA
Chief Financial Officer

MS NATALIE WONG
Head, Treasury & Corporate Finance

MS ELAINE CHEONG
Senior Vice President, Investor Relations

MR PHILIP MAH
Vice President, Asset and Investment Management

MS TANG SAL LEE
Vice President, Finance

MS TAN YI QIAN
Senior Finance Manager

MS TAN SHU LIN
Chief Executive Officer and Executive Director

Please refer to description under the section on Board of Directors on page 25.

MR LIONEL CHUA
Chief Financial Officer

Mr Chua is the Chief Financial Officer of the Manager and is responsible for OUE C-REIT's financial management functions. He oversees all matters relating to financial reporting and controls, treasury and tax. He is also responsible for evaluating investment opportunities, fund raising activities, risk management and compliance matters.

He has more than 20 years of working experience and has previously held positions in various listed companies in Singapore. Prior to joining the Manager, Mr Chua was the chief financial officer of OUE Hospitality REIT Management Pte. Ltd. ("OUEHRM"). He also has extensive finance and treasury experience at the Keppel Group and the CapitaLand Group handling financial reporting, financing, cash management, tax and other finance-related matters.

Mr Chua holds a Bachelor of Accountancy (Merit) degree from Nanyang Technological University, Singapore. He is a Chartered Accountant (Singapore) with the Institute of Singapore Chartered Accountants.

MS NATALIE WONG
Head, Treasury & Corporate Finance

Ms Wong is the Head, Treasury & Corporate Finance of the Manager and is responsible for OUE C-REIT's treasury and corporate finance functions. She oversees all matters relating to capital management funding, hedging, structuring and corporate finance.

Ms Wong has over 20 years of treasury, finance and accounting experience. Prior to joining the Manager, she was head of Treasury with Mapletree Logistics Trust Management Ltd, the manager of Mapletree Logistics Trust, responsible for capital management and corporate finance functions from 2008 to October 2016.

Previously, Ms Wong worked in transactions advisory in PricewaterhouseCoopers LLP handling cross-border deals as well as mergers and acquisitions. She also has extensive finance and treasury experience as finance manager at Honeywell International Inc. and Zagro Asia Limited in Singapore handling financial reporting, financing, cash management, tax and other finance-related matters. Ms Wong also has audit experience with KPMG Singapore.

Ms Wong holds a Bachelor of Accountancy degree from Nanyang Technological University, Singapore. She is a non-practising member of the Institute of Singapore Chartered Accountants.

MS ELAINE CHEONG

Senior Vice President, Investor Relations

Ms Cheong is responsible for the investor relations function of the Manager. She is in charge of conducting effective communication, as well as building and maintaining good relations with the investment and research community.

Ms Cheong has more than 15 years of experience in real estate and finance in Singapore. Prior to joining the Manager, Ms Cheong was a senior equities research analyst with Macquarie Capital Securities from 2006 to 2012, covering the Singapore real estate sector with principal responsibility over the REITs listed on SGX-ST. She was involved in the initial public offering and secondary equity issuances of various REITs, in addition to initiating research and recommending investment ideas in the sector to institutional investors.

From 2004 to 2006, Ms Cheong was with Jones Lang LaSalle where her last held position was financial analyst, Commercial Markets, during which she advised multinational clients on corporate real estate strategy in terms of lease restructuring, acquisitions and disposals. She started her career with PricewaterhouseCoopers LLP Singapore as an external auditor in 2002.

Ms Cheong holds a Bachelor of Accountancy degree from Nanyang Technological University, Singapore.

MR PHILIP MAH

Vice President, Asset and Investment Management

Mr Mah has more than 14 years of working experience in real estate asset and investment management, corporate finance, mergers and acquisitions, and fund management. He had previously been with OUE Limited for nine years, responsible for real estate investment, asset management and portfolio management. His last held position at OUE Limited was assistant vice president (Asset and Investment Management).

Prior to joining the Manager, Mr Mah was investment director at RGE Pte Ltd, responsible for China real estate investments. He has also held positions at Alpha Investment Partners, Food Junction, KPMG Corporate Finance and ST Electronics (Info-Software Systems).

Mr Mah holds a Bachelor of Business Management (Cum Laude), majoring in Finance from the Singapore Management University, and is also a Chartered Financial Analyst.

MS TANG SAL LEE

Vice President, Finance

Ms Tang assists the Chief Financial Officer in the financial and accounting matters of OUE C-REIT including financial reporting, taxation and compliance. She has more than 10 years of working experience in auditing, financial accounting, statutory reporting, capital management, tax and compliance matters. Prior to joining the Manager, she was with OUEHRM and Keppel Infrastructure Fund Management Pte Ltd. Prior to that, she was an external auditor with Ernst & Young LLP.

Ms Tang holds a Bachelor of Accountancy (Merit) degree from Nanyang Technological University, Singapore. She is a Chartered Accountant (Singapore), with the Institute of Singapore Chartered Accountants.

MS TAN YI QIAN

Senior Finance Manager

Ms Tan assists the Chief Financial Officer in the day-to-day finance operations, budgeting and taxation matters of OUE C-REIT. She has more than 10 years of experience in audit, accounting, statutory reporting, compliance and tax.

Prior to joining the Manager, Ms Tan started her career in an audit function with PricewaterhouseCoopers LLP within the real estate and the shipping and offshore marine sectors, and has conducted audits in the USA, China, India and Russia.

Ms Tan holds a Bachelor of Accountancy, Second Class Honours (Upper Division), from the Nanyang Technological University of Singapore. She is a Chartered Accountant (Singapore), and is a member of the Institute of Singapore Chartered Accountants.

Manager's Report

A NEW CHAPTER

On 4 September 2019, OUE C-REIT successfully completed the merger with OUE H-Trust, creating one of the largest diversified S-REITs listed on the SGX-ST. With the combination of three properties from OUE H-Trust comprising Mandarin Orchard Singapore, Crowne Plaza Changi Airport and Mandarin Gallery, OUE C-REIT has expanded its portfolio to seven properties across the commercial and hospitality segments with total assets under management of S$6.8 billion as at 31 December 2019.

Following the merger, OUE C-REIT has a broadened investment mandate that includes the Singapore hospitality segment, which stands to benefit from favourable medium to long term developments which are expected to drive and support the growth of tourist arrivals. These include investment by the authorities into city-wide tourism infrastructure, such as the expansion of aviation facilities, including a four-year upgrading project for Singapore's Changi Airport Terminal 2 which commenced in January 2020, as well as plans for new and enhanced tourist attractions.

These investments, together with the focus on amplifying Singapore's appeal to leisure and business segments as a premier destination for meetings, incentives, conferences and exhibitions ("MICE"), as well as the benign hotel supply outlook over the next few years, adds to the positive sector dynamics of the Singapore hospitality sector.

The inclusion of the hospitality segment into OUE C-REIT's investment mandate also allows the Manager the flexibility to consider investment in integrated developments, comprising of a commercial component with hotels or serviced residences, widening its potential investment targets and thereby enhancing growth potential.

Total Assets Under Management
S$6.8 billion

Prime commercial space
2.2 million sq ft

Portfolio of upscale hotels
1,640 Rooms

FINANCIAL REVIEW

Net property income for FY2019 was S$205.0 million, an increase of 48.3% year-on-year ("YoY") due primarily to contribution from OUE Downtown Office (acquired in November 2018) and contribution from the merger with OUE H-Trust (from 4 September 2019). The increase was further augmented by organic growth from OUE C-REIT's existing commercial property portfolio.

Higher net property income and the drawdown of income support at OUE Downtown Office, partially offset by higher interest expenses as a result of higher borrowings, led to amount to be distributed (after retention for working capital purposes) in FY2019 of S$123.2 million, 72.8% higher YoY. FY2019 DPU was 3.31 cents, 4.9% lower YoY due to the higher Unit base, which increased by approximately 88.4% mainly due to the consideration Units issued pursuant to the merger.

Excluding the income support received by OUE C-REIT in relation to OUE Bayfront (which ceased in January 2019) and OUE Downtown Office, FY2019 DPU would have been 2.85 cents.

OUE C-REIT's distribution policy is to distribute at least 90% of its taxable income to Unitholders, with the actual level of distribution to be determined at the Manager's discretion. For the period from FY2014[1] to FY2019, OUE C-REIT has delivered a compound annual growth rate ("CAGR") of 20.0% in its distributions to Unitholders.

Financial Results

	FY2019 (S$'000)	FY2018 (S$'000)	Change (%)
Revenue	257,329	176,396	45.9
Net Property Income	204,951	138,187	48.3
Amount to be Distributed	123,214[a]	71,290	72.8
DPU (cents)	3.31[b]	3.48[c]	(4.9)

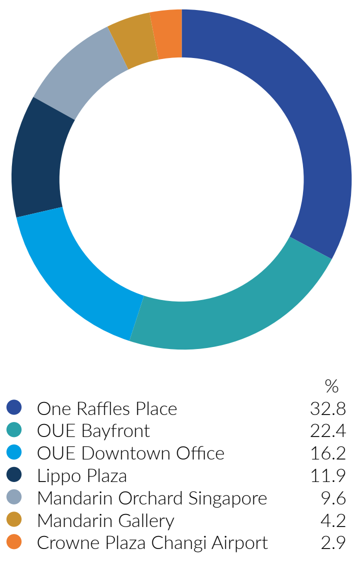
Notes:

[a] After retention of S$1.5 million for working capital purposes

[b] Based on 5,392 million Units in issue and to be issued as at 31 December 2019

[c] Based on 2,862 million Units in issue and to be issued as at 31 December 2018

FY2019 Revenue Contribution[a] by Property

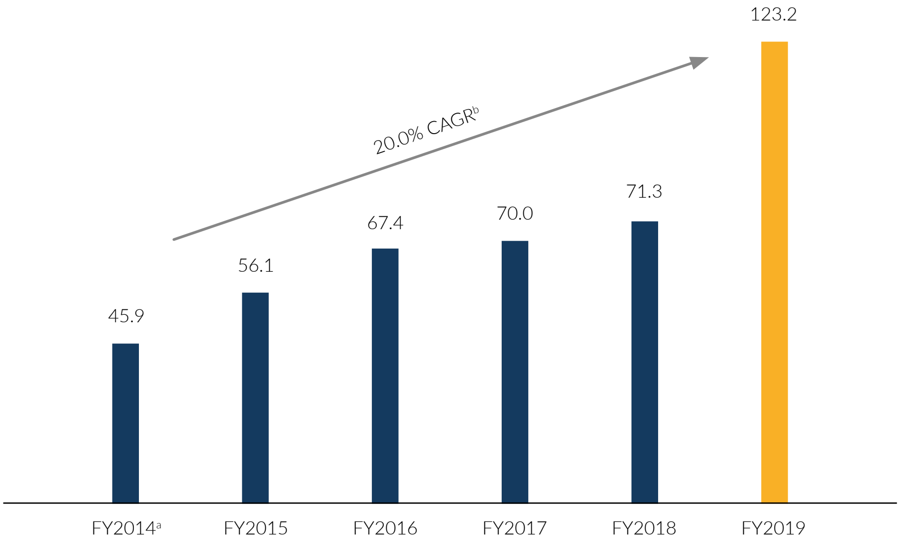


Note:

[a] FY2019 revenue contribution from Mandarin Gallery, Mandarin Orchard Singapore and Crowne Plaza Changi Airport relates to the period from merger effective date of 4 September 2019 to 31 December 2019

Growth in Distributions from FY2014 to FY2019

(S$ million)



Notes:

[a] Period from OUE C-REIT's listing date of 27 January 2014 to 31 December 2014

[b] Calculated on the basis of annualised amount available for distribution for the period from OUE C-REIT's listing date of 27 January 2014 to 31 December 2014

[1] Period from OUE C-REIT's listing date of 27 January 2014 to 31 December 2014

Manager's Report

PORTFOLIO REVIEW

Commercial Segment

Growth in Singapore CBD Grade A office rents continued to be positive in 2019, albeit at a more measured pace compared to the previous year, while occupancy tightened against a backdrop of limited supply. CBD Grade A rents rose 5.4% in 2019 compared to 11.8% increase in 2018, while CBD occupancy as at 31 December 2019 was 95.9%, a 3.0 percentage point ("ppt") increase YoY.

Committed office occupancy for OUE C-REIT's Singapore properties was stable at 95.7% as at 31 December 2019. Committed office rents in FY2019 were between S$7.10 psf per month to S$14.75 psf per month for the year, in line with or above the properties' respective sub-market rental rates, underscoring the strategic location of OUE C-REIT's assets. OUE C-REIT's Singapore office properties recorded positive rental reversions of between 8.0% and 17.8% for FY2019, resulting in higher average passing rents YoY as of December 2019.

In China, overall business sentiment was cautious due to the protracted trade dispute with the United States which led to a lower 2019 GDP growth of 6.1%. Tepid leasing demand together with a supply increase resulted in a 2.2 ppt YoY decline in overall Shanghai CBD Grade A office market occupancy to 87.6% as at 31 December 2019. Nevertheless, Lippo Plaza continued to achieve higher-than-market committed office occupancy of 89.9%, though average passing rents were slightly lower YoY at RMB9.65 psm per day (S$5.39 psf per month) as of December 2019.

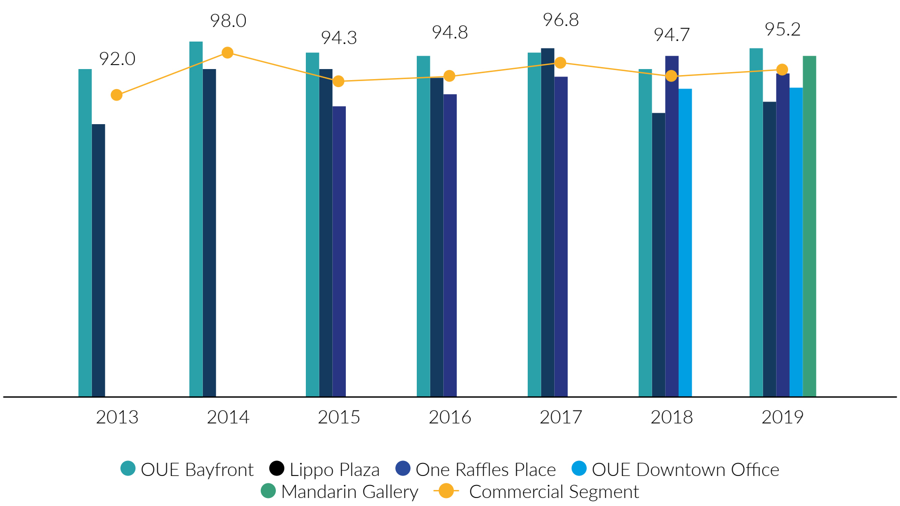
Committed retail occupancy improved during the year, due mainly to new tenancies at OUE Bayfront and Lippo Plaza in Shanghai, while One Raffles Place Shopping Mall and Mandarin Gallery maintained high committed occupancy as at 31 December 2019.

VUE, a new rooftop bar and grill restaurant in Singapore, commenced operations at OUE Bayfront which brought committed retail occupancy to 100% as at 31 December 2019. Reinforcing Lippo Plaza's position as a prime location for retail concepts, the Manager welcomed the flagship store of Arc'teryx, a high-end sportswear brand, resulting in committed retail occupancy of 99.3% as at 31 December 2019, compared to 72.4% a year ago.

Mandarin Gallery, which entered OUE C-REIT's portfolio following the completion of the merger, maintained a stable performance despite the challenging retail environment with committed occupancy of 98.3% as at 31 December 2019. The Manager continues to focus on retaining existing tenants while incorporating new-to-market concepts to drive a sustainable performance.

As at 31 December 2019, overall commercial segment committed occupancy was 95.2%. During the year, approximately 612,905 sq ft of new leases and renewals were committed. New leases comprised about 45.8% of the space committed, with such demand supported by tenants from diverse trade sectors including Banking, Insurance & Financial Services; Accounting & Consultancy Services; Legal; IT; Media & Telecommunications; Energy & Commodities; Maritime & Logistics; Pharmaceuticals & Healthcare; Manufacturing & Distribution, as well as Retail & Services.

Resilient Committed Occupancy
(%)



FY2019 Committed and Average Office Rents

	FY2019 Range of committed office rents[a]	Average office passing rents[b]
OUE Bayfront	S$11.50 – S$14.75 psf per month	S$11.98 psf per month
One Raffles Place	S$6.50[c] – S$12.30 psf per month	S$9.68 psf per month
OUE Downtown Office	S$7.10 – S$9.20 psf per month	S$7.27 psf per month
Lippo Plaza	RMB7.30 – RMB11.50 psm per day (S$4.07 – S$6.42 psf per month)	RMB9.65 psm per day (S$5.39 psf per month)

Notes:

[a] Committed rents for renewals and new leases
[b] For the month of December 2019
[c] Committed rent for the renewal of a sub-optimal unit. Excluding this unit, the low end of the range of committed rents is S$9.20 psf per month

Tenant Diversification

The Manager maintains a diverse tenant trade sector profile for OUE C-REIT's commercial property portfolio so as to mitigate concentration risk from any one particular industry. The Banking, Insurance & Financial Services sector contributed 24.8% to commercial segment gross rental income while the Retail and Accounting & Consultancy Services sectors contributed 14.4% and 12.7% respectively to OUE C-REIT's commercial segment gross rental income.

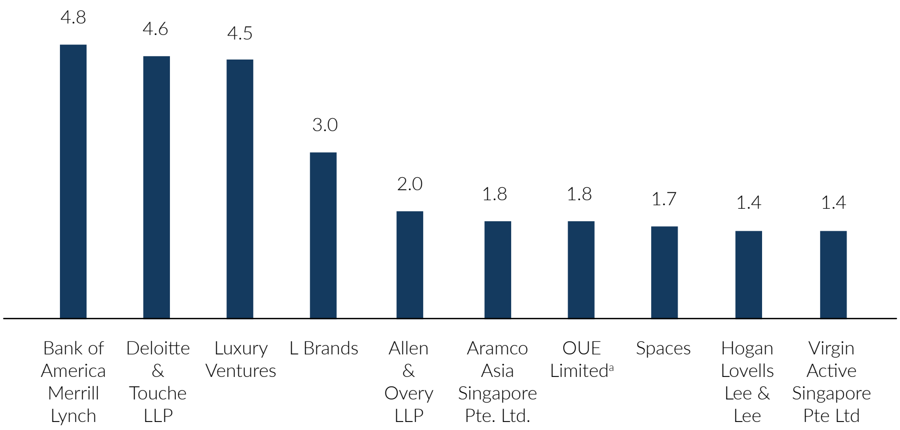
The top ten tenants accounted for 27.0% of OUE C-REIT's monthly commercial segment gross rental income for December 2019.

Balanced Lease Expiry Profile

To ensure stable and sustainable gross rental revenue, the lease expiry profile of each of OUE C-REIT's commercial properties are actively managed so as to mitigate the concentration of lease expiries in any given year. The weighted average lease expiry of new leases entered into during the year was 3.6 years, with the new leases contributing 14.4% to OUE C-REIT's committed gross rental income as at 31 December 2019.

For the commercial segment, about 20.2% of OUE C-REIT's gross rental income is due for renewal in 2020. Overall, the weighted average lease expiry of OUE C-REIT's commercial segment by gross rental income as at 31 December 2019 was 2.3 years.

Top 10 Tenants by Monthly Gross Rental Income
(%)

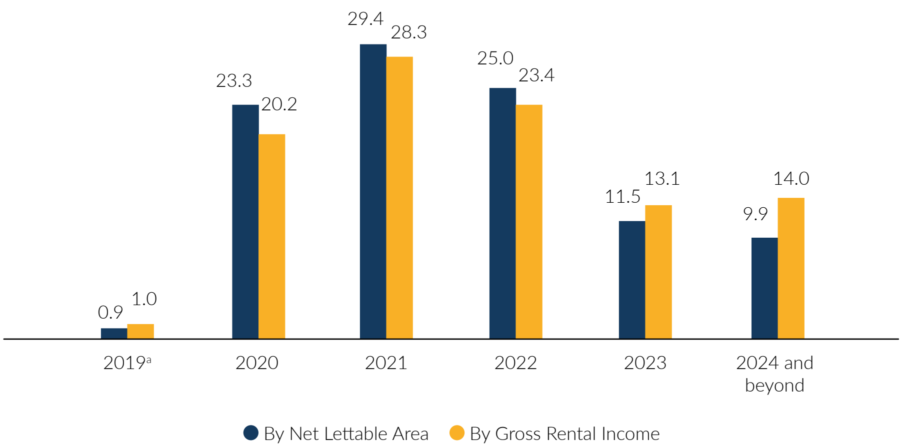


Note:
[a] Including the hotel master lease arrangements for Mandarin Orchard Singapore and Crowne Plaza Changi Airport, where OUE Limited is the master lessee, OUE Limited's contribution to OUE C-REIT's portfolio by gross rental income is 31.2%

Tenant Trade Sectors by Gross Rental Income for Commercial Segment
(For December 2019 and excluding retail turnover rent)

	%
Banking, Insurance & Financial Services	24.8
Retail	14.4
Accounting & Consultancy Services	12.7
Food & Beverage	7.1
Energy & Commodities	7.1
Real Estate & Property Services	6.3
IT, Media & Telecommunications	6.1
Legal	5.7
Manufacturing & Distribution	5.0
Services	4.5
Maritime & Logistics	2.9
Others	1.7
Pharmaceuticals & Healthcare	1.7

Commercial Segment Lease Expiry Profile
(%)



Note:
[a] As at 31 December 2019, leases expiring on 31 December 2019 contributing 0.9% of commercial portfolio lettable area and 1.0% of commercial portfolio gross rental income had not been renewed

Manager's Report

Hospitality Segment

Mandarin Orchard Singapore and Crowne Plaza Changi Airport, which entered OUE C-REIT's portfolio upon completion of the merger on 4 September 2019, are under master lease agreements comprising a minimum rent with a variable rent component. The minimum rent provides OUE C-REIT with downside protection, while the variable rent component allows OUE C-REIT to benefit from the upside when the hotels perform well operationally.

Amidst a competitive trading environment, the performance of the Singapore hospitality market was subdued in the first half of 2019 due to the absence of large-scale conferences and events (such as the Singapore Airshow and Food & Hotel Asia) before strengthening towards the end of the year. Given Mandarin Orchard Singapore's above-average inventory of 1,077 rooms, its FY2019 Revenue per Available Room ("RevPAR") declined 4.3% YoY to S$216.

Crowne Plaza Changi Airport delivered an exceptional performance in 2019, surpassing its minimum rent of S$22.5 million per annum for FY2019 for the first time. This was driven by a 9.0% increase in FY2019 RevPAR to S$196 due to improved demand from the corporate and wholesale segments, complemented by the increased passenger capacity and enhancements to infrastructure and amenities at Changi Airport.

Overall, the hospitality segment RevPAR registered a mild decline of 0.4% YoY to S$209.

Enhancing Quality Assets

To ensure that OUE C-REIT's property portfolio remains relevant and competitive, the Manager continually evaluates opportunities to enhance their quality and value proposition.

In 2019, One Raffles Place Shopping Mall completed an asset enhancement initiative ("AEI") which was planned in conjunction with the entry of new anchor tenant, co-working operator Spaces. The AEI improved circulation areas and created more open retail space on the ground and second floors of the mall, allowing the Manager to augment the range of food & beverage and services options offered to customers.

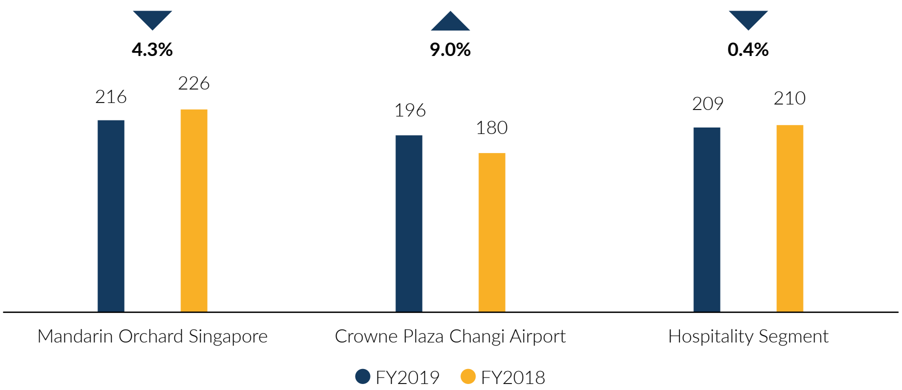
Other projects undertaken by the Manager to enhance the marketability of One Raffles Place include carpark upgrading and lift modernisation of the office towers. At OUE Downtown Office, segments of common areas including the lift lobbies were upgraded. In Shanghai, a planned replacement of Lippo Plaza's cooling tower is underway and is expected to bring about improved energy efficiency as well as potential utilities cost savings once completed.

Portfolio and net asset value

As at 31 December 2019, the value of OUE C-REIT's investment properties was S$6,770.2 million, representing 50.6% increase from S$4,494.5 million as at 31 December 2018 mainly due to the completion of the merger. Excluding the contribution from Mandarin Orchard Singapore, Mandarin Gallery and Crowne Plaza Changi Airport, the valuation of the existing property portfolio was 0.7% higher YoY on broadly stable capitalisation rates.

Net assets attributable to Unitholders as at 31 December 2019 was S$3,318.4 million, translating to net asset value per Unit of S$0.62.

FY2019 RevPAR Performance
(S$)



Portfolio Contribution by Asset Value
(%)

	%
One Raffles Place	27.6
Mandarin Orchard Singapore	18.2
OUE Bayfront	17.5
OUE Downtown Office	13.5
Lippo Plaza	8.5
Crowne Plaza Changi Airport	7.4
Mandarin Gallery	7.3

MANAGING CAPITAL FOR STABILITY AND SUSTAINABILITY

Prudent and Disciplined Capital Management

The Manager continually reviews and optimises OUE C-REIT's capital structure with an appropriate mix of debt and equity, adopting a prudent and disciplined approach towards capital management for sustainability in the long term.

Other medium term capital management strategies include diversifying OUE C-REIT's funding sources, as well as strengthening the credit profile of OUE C-REIT by further unencumbering its assets so as to improve financial flexibility.

The merger with OUE H-Trust was effected by way of a trust scheme of arrangement, with the total scheme consideration satisfied by the issuance of 2,506.4 million new Units (inclusive of the issuance of 14.6 million new Units as payment of the Manager's acquisition fees) and cash consideration of approximately S$74.7 million, which was funded by debt.

Following the merger, OUE C-REIT consolidated OUE H-Trust's loan facilities of S$875.0 million. As at 31 December 2019, OUE C-REIT's total debt was S$2,648.0 million, inclusive of the proportionate share of loans at OUB Centre Limited[2], translating to an aggregate leverage of 40.3%. The weighted average term of debt stood at 2.2 years as at 31 December 2019, while OUE C-REIT's weighted average cost of debt was stable at 3.4% per annum.

The Manager monitors interest rate movements closely and continually evaluates the feasibility of using appropriate levels of interest rate hedges to manage OUE C-REIT's interest rate exposure. 75.0% of OUE C-REIT's interest rate exposure has been hedged into fixed rates as at 31 December 2019, to mitigate interest rate volatility.

To manage the currency risk involved in investing in assets beyond Singapore, the Manager employs foreign currency denominated borrowings to match the currency of the asset investment as a natural currency hedge. In relation to overseas distributions which may be remitted to Singapore, the Manager may also enter into forwards or options to hedge the translation risk where feasible.

Capital Management Indicators

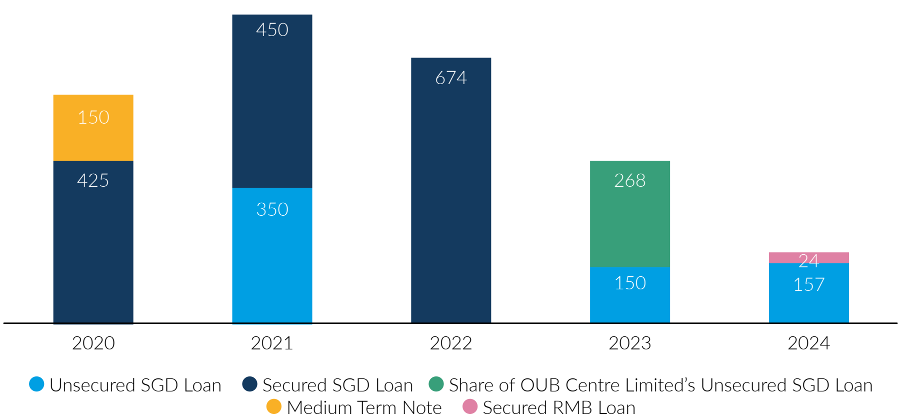
	As at 31 December 2019
Aggregate Leverage (%)	40.3
Total Borrowings (S$ million)	2,648[a]
Weighted Average All-in Cost of Debt (% per annum)	3.4
Weighted Average Term of Debt (years)	2.2
Proportion of Fixed Rate Debt (%)	75.0
Weighted Average Term of Fixed Rate Debt (years)	1.9
Proportion of Unsecured Debt (%)	40.6
Interest Cover Ratio (times)	3.3

Note:

[a] Based on SGD:CNY exchange rate of 1:5.171 and includes OUE C-REIT's share of OUB Centre Limited's loan. OUE C-REIT's interest in One Raffles Place is held via its indirect interest in OUB Centre Limited

Debt Maturity Profile (As at 31 December 2019)

(S$ million)



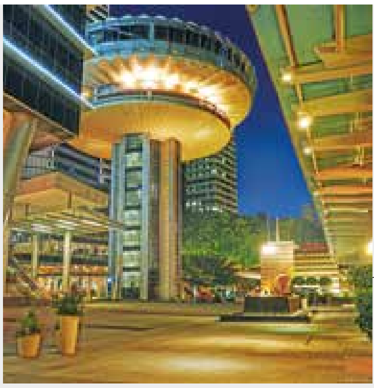
[2] OUE C-REIT's interest in One Raffles Place is held via its indirect interest in OUB Centre Limited

Portfolio Overview

OUE BAYFRONT

Located at Collyer Quay in Singapore's CBD, OUE Bayfront is a landmark commercial development strategically located between the established financial hub of Raffles Place and Marina Bay downtown

Completed in 2011, OUE Bayfront is an 18-storey premium Grade A office building in the Singapore CBD, commanding panoramic views of Marina Bay. OUE Bayfront enjoys superb connectivity and accessibility to major transport networks. Other than easy access to Raffles Place and Telok Ayer Mass Rapid Transit ("MRT") Stations, the Downtown MRT Station is also within walking distance via an underground pedestrian linkway. OUE Bayfront is certified with the Green Mark Gold Award by the Building and Construction Authority ("BCA") in Singapore.



Singapore
50, 60 & 62 Collyer Quay, Singapore 049321/049322/049325

PROPERTY DESCRIPTION

OUE Bayfront comprises:

- OUE Bayfront, an 18-storey Grade A office building;
- OUE Tower, a conserved tower building with panoramic views of the Marina Bay landscape currently occupied by a fine dining restaurant; and
- OUE Link, an overhead pedestrian link bridge with retail units

TITLE

OUE Bayfront & OUE Tower:
99-year leasehold title commencing 12 November 2007

OUE Link:
15-year leasehold title commencing 26 March 2010

Underpass:
99-year leasehold title commencing 7 January 2002

GROSS FLOOR AREA

46,774.6 sq m (503,482 sq ft)

NET LETTABLE AREA[3]

Overall:
37,144.9 sq m (399,824 sq ft)

Office:
35,181.7 sq m (378,692 sq ft)

Retail:
1,963.2 sq m (21,132 sq ft)

MAJOR TENANTS

- Bank of America Merrill Lynch
- Allen & Overy LLP
- Aramco Asia Singapore Pte. Ltd.

NUMBER OF CARPARK LOTS

245

FY2019 Revenue
S$57.6m

Valuation[1]
S$1,181.0m

Purchase Consideration
S$1,005.0m

Weighted Average Lease Expiry[2]
2.5 years

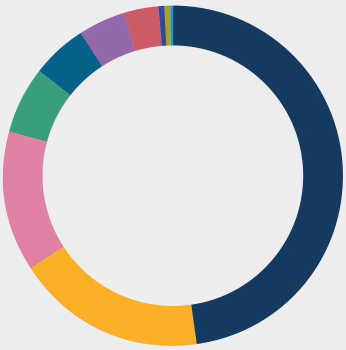
Committed Occupancy[3]

Overall	Office	Retail
99.4%	99.3%	100.0%

Number of Tenants[3]
56

TRADE SECTOR BY GROSS RENTAL INCOME

(For December 2019 and excluding retail turnover rent)



	%
Banking, Insurance & Financial Services	47.8
Legal	18.1
Energy & Commodities	13.5
Real Estate & Property Services	6.3
Manufacturing & Distribution	5.4
IT, Media & Telecommunications	4.2
Food & Beverage	3.4
Retail	0.6
Maritime & Logistics	0.5
Services	0.2

Notes:

1 Based on valuation carried out by Cushman & Wakefield VHS Pte Ltd as at 31 December 2019. Valuation was determined by Discounted Cash Flow Analysis, Capitalisation Approach and Comparison Method
2 By monthly gross rental income for December 2019
3 As at 31 December 2019

ONE RAFFLES PLACE

Iconic integrated commercial development with Grade A building specifications, strategically located in the heart of Singapore's main financial district Raffles Place

One Raffles Place, comprising One Raffles Place Tower 1, One Raffles Place Tower 2 and One Raffles Place Shopping Mall, is a prominent integrated commercial development located at Raffles Place in Singapore's CBD.

Situated above and with a direct underground link to the Raffles Place MRT interchange station through the basement of its retail podium, One Raffles Place enjoys excellent connectivity along the North-South and East-West MRT lines, as well as easy accessibility via an extensive underground network of pedestrian walkways within the Raffles Place and Marina Bay areas.

One Raffles Tower 1 is certified with the Green Mark Gold Award, while One Raffles Place Tower 2 is certified with the Platinum Green Mark Award by the BCA. One Raffles Place Shopping Mall, currently the largest purpose-built shopping mall in Raffles Place, underwent extensive refurbishment works which were completed in May 2014. In 2019, the mall completed an asset enhancement initiative which improved circulation areas and created more open retail space on its ground and second floors.

Singapore
1 Raffles Place, Singapore 048616

PROPERTY DESCRIPTION

One Raffles Place comprises:

- One Raffles Place Tower 1, a 62-storey Grade A office building with observation deck;
- One Raffles Place Tower 2, a 38-storey Grade A office building completed in 2012; and
- One Raffles Place Shopping Mall, a six-storey retail podium with direct underground link to the Raffles Place MRT Station

TITLE

One Raffles Place Tower 1:
841-year leasehold title commencing 1 November 1985

One Raffles Place Tower 2:
99-year leasehold title commencing 26 May 1983

One Raffles Place Shopping Mall:

- approximately 75% of the retail podium NLA is on a 99-year leasehold title commencing 1 November 1985
- the balance 25% is on a 841-year leasehold title commencing 1 November 1985

GROSS FLOOR AREA

119,626.3 sq m (1,287,645 sq ft)

NET LETTABLE AREA[4]

Overall:
65,444.0 sq m (697,884 sq ft)

Office:
56,212.3 sq m (599,439 sq ft)

Retail:
9,231.7 sq m (98,445 sq ft)

MAJOR TENANTS

- Spaces
- Virgin Active Singapore Pte. Ltd.
- Regus

NUMBER OF CARPARK LOTS

324

FY2019 Revenue
S$84.5m

Valuation[1]
S$1,862.0m

Purchase Consideration[2]
S$1,148.3m

Weighted Average Lease Expiry[3]
2.2 years

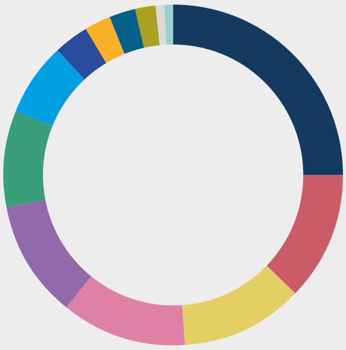
Committed Occupancy[4]

Overall	Office	Retail
95.6%	95.1%	98.1%

Number of Tenants[4]
216

TRADE SECTOR BY GROSS RENTAL INCOME

(For December 2019 and excluding retail turnover rent)



	%
Banking, Insurance & Financial Services	25.2
Food & Beverage	12.0
Accounting & Consultancy Services	11.9
Energy & Commodities	11.8
IT, Media & Telecommunications	11.2
Real Estate & Property Services	9.0
Services	6.9
Retail	3.4
Legal	2.7
Manufacturing & Distribution	2.3
Maritime & Logistics	2.1
Others	0.8
Pharmaceuticals & Healthcare	0.7

Notes:

1 Based on OUB Centre Limited's 81.54% interest in One Raffles Place and carried out by Savills Valuation And Professional Services (S) Pte Ltd as at 31 December 2019. Valuation was determined by Income Capitalisation Method, Discounted Cash Flow Analysis and Direct Comparison Method. OUE C-REIT owns 83.33% of OUB Centre Limited

2 The purchase consideration comprises the purchase consideration of shares in Beacon Property Holdings Pte. Ltd. ("BPHPL") and the repayment of shareholder's loan extended by the vendor to BPHPL

3 By monthly gross rental income for December 2019

4 As at 31 December 2019

OUE DOWNTOWN OFFICE

Grade A office space comprised within a recently refurbished mixed-use development in Singapore's business district of Shenton Way. A superior "work-play-live" environment supported by a full suite of integrated amenities

OUE Downtown Office is home to an established blue-chip tenant base which includes reputable insurance, financial, information and technology and multinational corporations. The Tanjong Pagar and Downtown MRT Stations are within a short walking distance, providing easy accessibility and connectivity to tenants.

With the planned relocation of container port facilities at the southern part of Singapore by 2030 and long-term master-planning by the Urban Redevelopment Authority to redevelop the waterfront area as an extension of the Singapore CBD, OUE Downtown Office is primed to benefit from the transformation of Tanjong Pagar into a business and lifestyle hub.

Singapore
6 Shenton Way, Singapore 068809 and 6A Shenton Way, Singapore 068815

FY2019 Revenue
S$41.6m

Valuation[1]
S$912.0m

Purchase Consideration
S$908.0m

Weighted Average Lease Expiry[2]
1.7 years

Committed Occupancy[3]
93.8%

Number of Tenants[3]
76

PROPERTY DESCRIPTION

OUE Downtown Office comprises the Grade A office space at the OUE Downtown mixed-use development, being the:

- 35th to 46th storeys of OUE Downtown 1, a 50-storey high-rise tower; and
- 7th to 34th storeys of OUE Downtown 2, a 37-storey high-rise tower

TITLE

99-year leasehold title commencing 19 July 1967

GROSS FLOOR AREA

69,922.0 sq m (752,634 sq ft)

NET LETTABLE AREA[3]

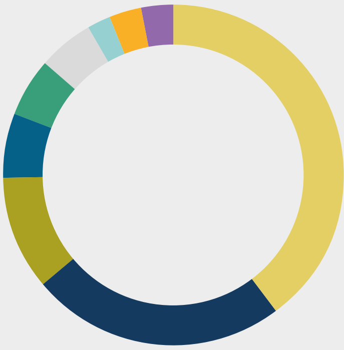
49,283.4 sq m (530,487 sq ft)

MAJOR TENANTS

- Deloitte & Touche LLP
- Aviva Ltd
- Professional Investment Advisory Services Pte Ltd

TRADE SECTOR BY GROSS RENTAL INCOME

(For December 2019)



	%
Accounting & Consultancy Services	39.9
Banking, Insurance & Financial Services	24.2
Maritime & Logistics	10.7
Manufacturing & Distribution	6.1
Real Estate & Property Services	5.5
Others	5.3
Pharmaceuticals & Healthcare	3.1
Legal	2.9
IT, Media & Telecommunications	2.3

Notes:

1 Based on valuation carried out by Savills Valuation And Professional Services (S) Pte Ltd as at 31 December 2019. Valuation was determined by Income Capitalisation Method, Discounted Cash Flow Analysis and Direct Comparison Method

2 By monthly gross rental income for December 2019

3 As at 31 December 2019

LIPPO PLAZA

Grade A commercial building with a retail podium that is conveniently located on Huaihai Zhong Road, along a major retail artery and within the established Huangpu commercial district in downtown Shanghai

Lippo Plaza is a 36-storey Grade A commercial building with a retail podium located within the established Huangpu business district in the Puxi area of downtown Shanghai. The retail podium at Lippo Plaza was refurbished in 2010 and is home to renowned international and local brands, while the refurbishment of the office lobby was completed in 2014.

Lippo Plaza is conveniently located within walking distance from the South Huangpi Road Metro station serving Metro Line 1, as well as the Huaihai Zhong Road station on Metro Line 13. The property is also accessible to other key commercial areas and transportation lines by virtue of its close proximity to major expressways.

Shanghai
222 Huaihai Zhong Road, Shanghai, PRC 200021

PROPERTY DESCRIPTION

Located in the commercial district of Huangpu in central Shanghai, comprising 91.2% share of strata ownership of a Grade A 36-storey commercial building with retail podium and carpark lots

LAND USE RIGHT EXPIRY

50 years commencing 2 July 1994

GROSS FLOOR AREA

58,521.5 sq m (629,925 sq ft)

NET LETTABLE AREA[4]

Overall:
39,184.9 sq m (421,786 sq ft)

Office:
33,538.7 sq m (361,011 sq ft)

Retail:
5,646.2 sq m (60,776 sq ft)

MAJOR TENANTS

- Victoria's Secret
- Arc'teryx
- Q-Med International Trading (Shanghai) Co., Ltd

NUMBER OF CARPARK LOTS

168

FY2019 Revenue
S$30.6m

Valuation[1]
RMB2,950.0m
S$570.5m

Purchase Consideration[2]
S$335.3m

Weighted Average Lease Expiry[3]
3.2 years

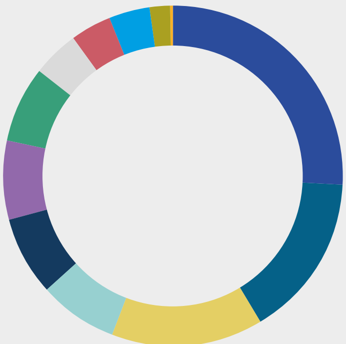
Committed Occupancy[4]

Overall	Office	Retail
91.3%	89.9%	99.3%

Number of Tenants[4]
84

TRADE SECTOR BY GROSS RENTAL INCOME

(For December 2019 and excluding retail turnover rent)



	%
Retail	26.1
Manufacturing & Distribution	15.5
Accounting & Consultancy Services	14.3
Pharmaceuticals & Healthcare	7.7
Banking, Insurance & Financial Services	7.5
IT, Media & Telecommunications	7.4
Real Estate & Property Services	7.2
Others	4.3
Food & Beverage	4.1
Services	3.7
Maritime & Logistics	2.0
Legal	0.2

Notes:

1 Based on OUE C-REIT's 91.2% share of strata ownership in Lippo Plaza and carried out by Beijing Colliers International Real Estate Valuation Co., Ltd. Valuation was determined by Discounted Cash Flow Method and Market Approach

2 The purchase consideration comprises the purchase consideration of shares in Tecwell Limited and outstanding debt facilities of Tecwell Limited and its subsidiary at acquisition completion date of 27 January 2014

3 By monthly gross rental income for December 2019

4 As at 31 December 2019

MANDARIN GALLERY

Situated along Orchard Road, Mandarin Gallery has a wide 152-metres prime Orchard Road frontage, providing high degree of visibility and is a choice flagship location for international brands

Mandarin Gallery is a high-end retail mall situated within four levels of Mandarin Orchard Singapore. The mall features upscale international fashion, lifestyle, services and food and beverage tenants, and has established itself with its differentiated mall offering. Featuring four duplexes and six street-front shop units facing Orchard Road, Mandarin Gallery is a choice location for flagship stores of international brands.

Mandarin Gallery commenced operations in November 2009 after undergoing a S$200 million renovation to transform into a high-end shopping and lifestyle destination. It was officially opened in January 2010.

Singapore
333A Orchard Road, Singapore 238897

FY2019 Revenue[1]	Valuation[2]	Purchase Consideration[3]
S$10.7m	S$493.0m	S$494.0m

Weighted Average Lease Expiry[4]	Committed Occupancy[5]	Number of Tenants[5]
2.8 years	98.3%	92

PROPERTY DESCRIPTION

Located in the heart of Singapore's premier hotel, shopping and entertainment district Orchard Road, comprising four levels of retail space

TITLE

99-year leasehold title commencing 1 July 1957

GROSS FLOOR AREA

18,240.2 sq m (196,336 sq ft)

NET LETTABLE AREA[5]

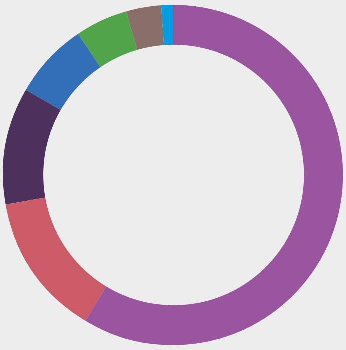
11,732.1 sq m (126,283 sq ft)

MAJOR TENANTS

- Victoria's Secret
- Michael Kors
- Max Mara

TRADE SECTOR BY GROSS RENTAL INCOME

(For December 2019 and excluding retail turnover rent)



	%
Fashion & Accessories	58.2
Food & Beverage	13.7
Hair & Beauty	11.3
Travel	7.0
Living & Lifestyle	5.2
Watches & Jewellery	3.6
Services	1.0

Notes:

1 From merger effective date of 4 September 2019 to 31 December 2019
2 Based on valuation carried out by Cushman & Wakefield VHS Pte Ltd as at 31 December 2019. Valuation was determined by Discounted Cash Flow Analysis and Comparison Method
3 Based on valuation as of merger effective date of 4 September 2019
4 By monthly gross rental income for December 2019
5 As at 31 December 2019

MANDARIN ORCHARD SINGAPORE

Mandarin Orchard Singapore is an award-winning renowned upscale hotel situated along Orchard Road. The guestrooms and suites offer views of the city skyline, complemented by meeting facilities, and a vibrant lineup of restaurants that includes two Michelin-star Shisen Hanten by Chen Kentaro

Mandarin Orchard Singapore is a renowned upscale hotel with strong brand recognition given its relatively long history of operations in Singapore since 1971. The hotel is strategically located in the heart of Orchard Road and enjoys a strong flow of international tourists, business travellers and locals.

The hotel is easily accessible, within walking distance of Somerset MRT Station and is well-served by a network of major roads. Mandarin Orchard Singapore is also located next to a major medical cluster which includes Mount Elizabeth Hospital and Paragon Medical Centre. The hotel's 1,077 rooms are distributed across two towers, five food and beverage outlets, and more than 30,000 sq ft of meeting and function space. Facilities in the hotel include an outdoor swimming pool, a fitness centre and a tennis court. In early 2017, the hotel completed the renovation of 430 guest rooms in the Main Tower as well as meeting facilities through configuration of space at the Orchard Wing.

Singapore
333 Orchard Road, Singapore 238867

FY2019 Revenue[1]
S$24.7m

FY2019 RevPAR
S$216

Valuation[2]
S$1,228.0m

Purchase Consideration[3]
S$1,227.0m

PROPERTY DESCRIPTION

Located in the heart of Singapore's premier shopping and entertainment district Orchard Road, comprising 1,077 guest rooms distributed across two towers, five dining outlets and more than 30,000 sq ft of meeting and function space

TITLE

99-year leasehold title commencing 1 July 1957

GROSS FLOOR AREA[4]

91,999.8 sq m (990,277 sq ft)

MASTER LEASE DETAILS

Master Lessee:
OUE Limited

Term:
Initial term of 15 years to expire in July 2028 with an option for the Master Lessee to extend for another 15 years upon expiry

Lease rental:
Variable rent comprising sum of:
i. 33.0% of gross operating revenue; and
ii. 27.5% of gross operating profit;

subject to minimum rent of S$45.0 million per annum[5]

AWARDS & ACCOLADES IN 2019

Hotel

Best City Hotel – Singapore
30th Annual TTG Travel Awards 2019

Best Upscale Hotel – Asia Pacific
Travel Weekly Asia's Readers' Choice Awards 2019

TripAdvisor Certificate of Excellence 2019

Food & Beverage

Two Stars, The MICHELIN Guide Singapore 2019
Shisen Hanten by Chen Kentaro

Wine & Dine House of Stars Award 2019
Shisen Hanten by Chen Kentaro

Wine & Dine Top Restaurants Guide 2019
Shisen Hanten by Chen Kentaro

T.Dining Best Restaurants Guide 2019
Chatterbox, Shisen Hanten by Chen Kentaro and Triple Three

Best Alternative Wedding Venue
Best Restaurant Wedding Venue (Chinese)
Her World Brides Venue Awards 2019
Shisen Hanten by Chen Kentaro

TripAdvisor Certificate of Excellence 2019
Chatterbox

Notes:
1 From merger effective date of 4 September 2019 to 31 December 2019
2 Based on valuation carried out by Cushman & Wakefield VHS Pte Ltd as at 31 December 2019. Valuation was determined by Discounted Cash Flow Analysis and Comparison Method
3 Based on valuation as of merger effective date of 4 September 2019
4 Out of the 91,999.8 sq m of gross floor area at Mandarin Orchard Singapore, approximately 15,506.4 sq m is for commercial use which is not exclusively for hotel guests only
5 The rental under the master lease will be the minimum rent if the amount of variable rent for that operating year is less than the amount of minimum rent

CROWNE PLAZA CHANGI AIRPORT

Directly connected to Changi Airport Terminal 3 and with seamless connectivity to Jewel Changi Airport via Terminal 3, the award-winning hotel has been conferred the Skytrax World's Best Airport Hotel award for five consecutive years since 2015

Crowne Plaza Changi Airport is a 563-room hotel managed by InterContinental Hotels Group, and is situated within the vicinity of the passenger terminals of Changi Airport.

The hotel is connected directly to Changi Airport Terminal 3 and enjoys seamless connectivity to Jewel Changi Airport via a pedestrian bridge from Terminal 3. The hotel is also located within a short drive from Changi Business Park and the Singapore EXPO Convention & Exhibition Centre, and connected to the city by expressway and MRT.

The hotel has four food and beverage outlets and eight meeting rooms including a ballroom. Facilities at the hotel include an outdoor landscaped swimming pool, a fitness centre, a spa and a business centre.

Singapore
75 Airport Boulevard, Singapore 819664

PROPERTY DESCRIPTION

Situated within the vicinity of the passenger terminals of Changi Airport, comprising 563 guest rooms, four dining outlets and eight meeting rooms

LAND USE RIGHT EXPIRY

74-year lease from 1 July 2009

GROSS FLOOR AREA

40,913.5 sq m (440,389 sq ft)

MASTER LEASE DETAILS

Master Lessee:
OUE Airport Hotel Pte. Ltd.

Term:
First term of master lease to expire in May 2028 with an option for the Master Lessee to extend for an additional two consecutive five-year terms

Lease rental:
Variable rent comprising sum of:
i. 4% of hotel's F&B revenues;
ii. 33% of hotel rooms and other revenues not related to F&B;
iii. 30% of hotel gross operating profit; and
iv. 80% of gross rental income from leased space;

subject to minimum rent of S$22.5 million per annum[4]

FY2019 Revenue[1]
S$7.6m

FY2019 RevPAR
S$196

Valuation[2]
S$497.0m

Purchase Consideration[3]
S$497.0m

AWARDS & ACCOLADES IN 2019

Hotel

World's Best Airport Hotels (Ranked 1st) and Best Airport Hotels in Asia (Ranked 1st)
Skytrax World Airport Awards 2019

Best Airport Hotel
TTG Travel Awards 2019

Best Airport Hotel in Asia Pacific
2019 Business Traveller Awards

Best Airport Hotel in Asia Pacific
2019 Hotel Discovery Awards

Top 25 Luxury Hotels – Singapore
2019 TripAdvisor Travellers' Choice Award

Food & Beverage

T.Dining Best Restaurants Guide 2018/2019
Azur

Notes:
1 From merger effective date of 4 September 2019 to 31 December 2019
2 Based on valuation carried out by Cushman & Wakefield VHS Pte Ltd as at 31 December 2019. Valuation was determined by Discounted Cash Flow Analysis and Comparison Method
3 Based on valuation as of merger effective date of 4 September 2019
4. The rental under the master lease will be the minimum rent if the amount of variable rent for that operating year is less than the amount of minimum rent

Independent Market Review

By JLL

SINGAPORE

ECONOMIC OVERVIEW

Gross Domestic Product ("GDP") Growth, Unemployment and Inflation

According to the World Bank, the global economy decelerated markedly in 2019 as a result of continued weakness in global trade and investment in both advanced economies, particularly in the Euro zone, as well as emerging and developing markets. The prolonged period of trade disputes and rising tariffs between the United States ("US") and China heightened policy uncertainty and adversely affected international trade, confidence and investments.

Weighed down by tepid global demand, the Singapore economy expanded at a modest pace of 0.7% year-on-year ("YoY") in 2019, compared to the 3.4% YoY growth in 2018, according to the Ministry of Trade and Industry ("MTI"). The slower pace of growth was the result of a contraction in the manufacturing sector, which declined 1.4% YoY in 2019 following 7.0% YoY growth in 2018. Cushioning the weakness in the manufacturing sector was the construction sector, which expanded 2.8% YoY in 2019, reversing a decline of 3.5% YoY in 2018. The services producing sector also lifted overall growth, rising 1.1% YoY in 2019 and extending the growth of 3.4% YoY in 2018, albeit at a slower pace.

Inflation closed higher towards year end, rising 0.8% YoY in December 2019 and the highest since May 2019, largely reflecting higher inflation in services and steeper increases in the price of private road transport. For the whole of 2019, the inflation rate was relatively benign at 0.6%, higher than 0.4% in 2018.

Unemployment rate rose to 2.3% in 2019 from 2.1% in 2018 due to economic headwinds in the course of 2019, but held steady in 4Q 2019 after trending higher in the previous quarters of 2019. 01

Economic Outlook

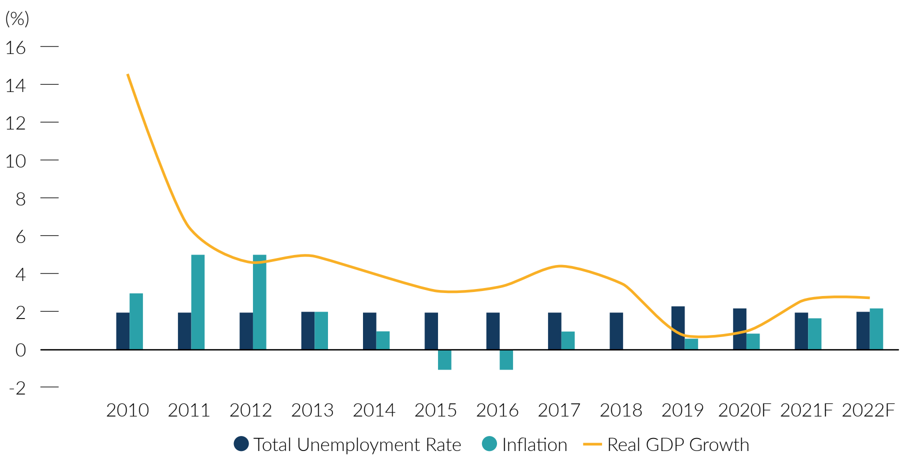
The economic outlook in Singapore is expected to stay subdued in 2020 due to external headwinds. A more severe and more protracted than anticipated spread of coronavirus disease 2019 ("COVID-19") could lead to a sharper pullback in global consumption and an extended period of disruptions to global supply chains and production. This could lead to a steeper than expected slowdown in China, which in turn could weigh on global trade and economic growth. While the announcement of a partial trade deal, including a planned partial rollback of tariffs, has de-escalated trade tensions between the US and China, the possibility of trade tensions rising again with the next phase of negotiations could also disrupt growth. The additional tariffs imposed by the US could also lead to a sharper than expected slowdown in China. These uncertainties, coupled with other geopolitical risks, could derail the 2020 economic growth outlook globally and for Singapore.

The MTI has projected GDP growth of between -0.5% and 1.5% in 2020, with the baseline expectation for growth at around 0.5%, the mid-point of the forecast range. There are, however, downside risks to the MTI's economic projections. Uncertainties pertaining to the extent of COVID-19's impact on the global and domestic economy will dampen consumer confidence and business sentiment across various industries in Singapore. This is expected to weigh on domestic spending, investment and Singapore's economic growth during the period of the outbreak. Economists are closely monitoring the situation and could downgrade Singapore's growth forecast in the following months.

The labour market is expected to remain tight due to the underlying ageing demographic trend, while foreign workforce growth will continue to be moderated. Employment is expected to grow unevenly across sectors, with job opportunities available in sectors such as information & communications, financial & insurance services, healthcare, education, professional services and construction. Singapore's drive to become a smart nation and a digital transformation leader will continue to be a catalyst for jobs.

In 2020, cost pressures are expected to stay benign amid weak external conditions. Wage growth is expected to be subdued, reflecting slightly softer labour market conditions, as with non-labour costs such as retail rents. The Monetary Authority of Singapore is expecting the overall annual inflation to average 0.5% - 1.5% in 2020 as the decline in accommodation costs is expected to ease.

01 Real GDP Growth, Inflation and Unemployment Rate



Source: Department of Statistics, Oxford Economics, JLL Research

SINGAPORE CBD OFFICE MARKET

Stock

As of end-2019, there was an estimated 31.8 million square feet ("sq ft") of investment grade office space in the central business district ("CBD"). This accounted for 64.4% of the island-wide investment grade stock of 49.4 million sq ft. 18 Robinson, which received its Temporary Occupation Permit in 1Q 2019, was the only major new office project completed in the CBD for the whole of 2019.

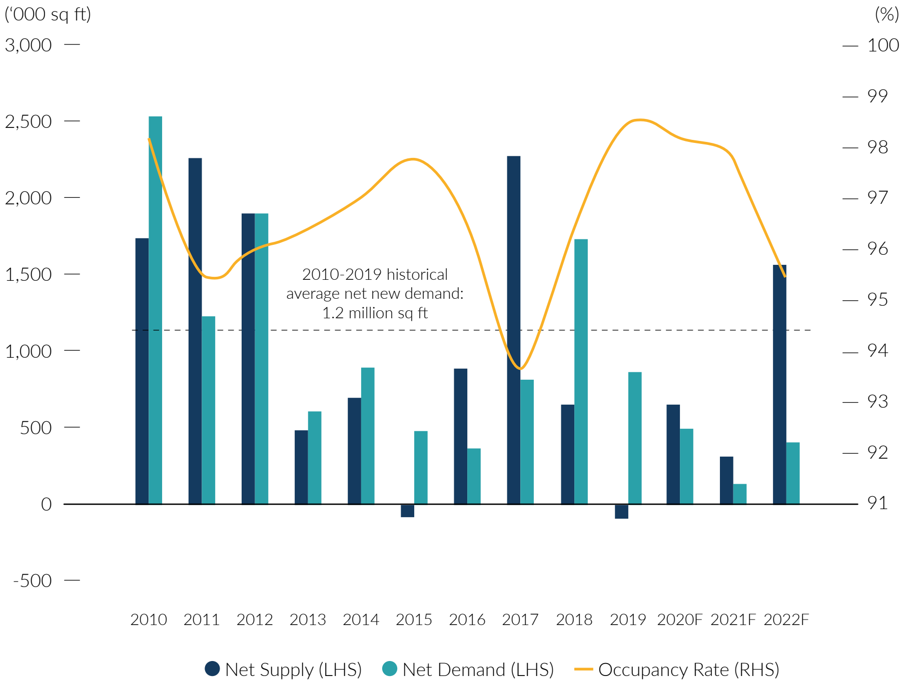
Net Supply, Demand and Occupancy

Singapore's office market started 2019 on a strong footing, benefitting from the spillover of buoyant business sentiment in 2018. Corporates keen to have a CBD presence despite high office rents lent support to leasing activity in 1H 2019. They comprise a mix of occupiers from a broad spectrum of industries ranging from technology to business services companies who are looking to renew, expand or set up new offices in Singapore. New and existing co-working operators were also still on the lookout for strategic spaces to set up their new facilities as they gear up to cater to the growing demand for flexible space from enterprises.

However, net absorption of office space moderated in 2H 2019 on the back of a market experiencing tight vacancy of less than 5%. An increasing number of companies opted to renew their leases, putting on hold expansion and/or relocation plans in light of the slowing economy and uncertain economic growth prospects arising from prolonged trade tensions between the US and China. Flexible workspace operators' appetite for new space also normalised following rapid expansion over the past two years. As a result, net absorption for the whole of 2019 came in at almost half of that recorded in 2018.

At the sub-market level, the Marina Bay and Shenton Way/Tanjong Pagar area recorded positive net absorption in 2019 due to flight to quality as tenants relocated to new buildings such as Marina One, Frasers Tower and 18 Robinson in the two sub-markets. Some of these tenants relocated out of the Raffles Place sub-market, resulting in a net outflow of tenants. 02

02 **Net Supply, Demand and Occupancy in the CBD**



Source: JLL Research, 4Q 2019

Independent Market Review

By JLL

SINGAPORE

Potential Supply

A total of approximately 6.1 million sq ft of island-wide en bloc office supply will be available between 2020 and 2024, of which an estimated 83% is located in the CBD.

In 2020, five projects are expected to be completed in the CBD. Two of them, namely 79 Robinson Road (0.5 million sq ft) and Afro Asia i-Mark (0.1 million sq ft) are new-builds while the other three projects, namely 30 Raffles Place, 139 Cecil Street and 55 Market Street, are refurbished projects with a combined net lettable area ("NLA") of about 0.5 million sq ft. The five projects make up 19.4% of the upcoming island-wide supply. After a bustling 2020, supply in the CBD will moderate in 2021 with the expected completion of CapitaSpring (0.6 million sq ft) and the redeveloped Hub Synergy Point (0.1 million sq ft). In 2022, supply will surge to almost 1.9 million sq ft due to the expected completion of Central Boulevard Towers and Guoco Midtown. There would then be a break in CBD supply in 2023 before the new office projects from the redevelopment of Shaw Tower and Keppel Towers return to the market in 2024. 03

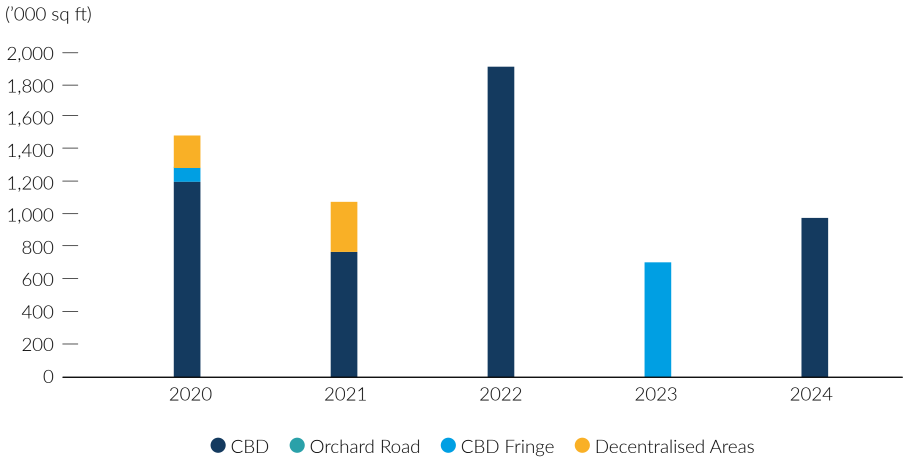
Rents

Singapore's CBD Grade A office rents turned the corner in 2Q 2017 and have remained on a steady growth trajectory since. Buoyed by strong demand and tight supply in 2018 and at the start of 2019, rental growth continued to pick up pace in 1Q 2019 as landlords took advantage of the near-frictional vacancy rate to raise asking rents.

However, rental growth started to ease in 2Q 2019, in line with moderating demand as landlords braced themselves for increased rent sensitivity among occupiers amid slowing economic activity and weakened growth prospects.

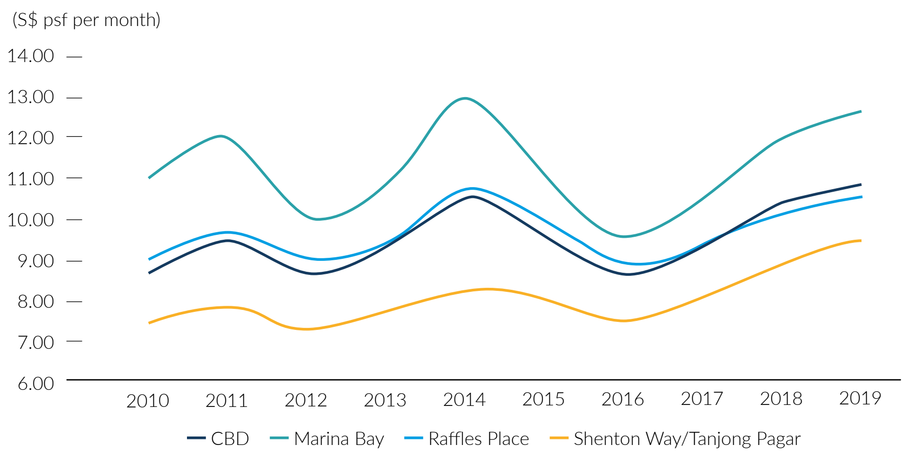
Within the CBD, rent growth was led by the Shenton Way/Tanjong Pagar sub-market, which grew by 7.0% YoY to S$9.39 per sq ft ("psf") per month in 2019. The ongoing rejuvenation of the Shenton Way/Tanjong Pagar sub-market, with the completion of new skyscrapers such as Guoco Tower and Fraser Towers, managed to attract a number of multinational corporations like Microsoft and ABN Amro. Meanwhile, the average gross rent of Grade A office space in Marina Bay grew by a slower 5.6% YoY to S$12.63 psf per month, and at Raffles Place rose by 3.5% YoY to S$10.51 psf per month in 2019. Rents in Marina Bay were already coming off a high base while Raffles Place office rents were under some vacancy pressure in 2019 due to net relocation out of the sub-market. 04

03 **Potential Island-wide Office Supply**



Source: JLL Research, 4Q 2019

04 **Average Gross Rents of Grade A Office**



Source: JLL Research, 4Q 2019

Singapore CBD Office Market Outlook

Economic activity in Singapore is likely to stay tepid in 2020 with US-China trade tensions remaining the primary downside risk to growth. The outbreak of COVID-19 has also heightened economic uncertainties. Occupiers' cautious sentiment could thus extend into 2020, thereby keeping office demand modest and rent growth at bay.

On the supply front, we foresee limited oversupply risk given the modest number of investment grade office properties in the pipeline. Additionally, the potential withdrawal of ageing assets for redevelopment is expected to moderate supply growth and keep vacancy tight, at close to the frictional level of 5%. This should provide some support for rent growth when the economy recovers.

SINGAPORE RETAIL PROPERTY MARKET

Overview

Singapore has established itself as a strategic location for international retailers looking to increase brand awareness in Asia Pacific, particularly in Southeast Asia. Strong domestic purchasing power and appeal as a tourist destination create a relatively mature retail market.

Besides strengthening their foothold in e-commerce, retailers are also keeping up with digital and experiential retailing strategies to boost shopper experience. Malls are also adopting a tenant mix that blends a lifestyle concept to fully embody the work-live-play paradigm.

The Singapore retail scene can be segmented into the Prime, Secondary and Suburban sub-markets. The Prime sub-market[1] includes retail assets lining the established Orchard-Somerset shopping belt as well as in the Marina Bay vicinity. The Prime sub-market is an internationally renowned shopping destination that continues to attract both local and tourism dollars. Drawing tourist footfall, the sub-market is home to numerous international brands and remains a choice location for new-to-market brands looking to enter the Singapore retail scene as well as establish a foothold to expand in Asia.

The Secondary sub-market[2] comprises retail space that caters primarily to the working population in the vicinity and found largely in the CBD including Raffles Place, and the fringe areas in Bugis and Dhoby Ghaut. Shopping malls in the Suburban sub-market[3] contain new-generation shopping malls typically close to suburban transport nodes and densely populated residential areas, offering necessity shopping to residents in the vicinity.

The Singapore retail market is supported primarily by domestic demand, underpinned by population growth and rising real income. Retail sales (excluding motor vehicles) turned sluggish in 2019 following growth in 2017 and 2018, as a slowdown in the global and domestic economy and global trade tension put a toll on consumer sentiment and spending. The retail sales index, on a constant-price basis, has slipped for 11 consecutive months since February 2019 on a YoY basis, as consumers continued to exercise spending restraint and cut back on discretionary spending.

Tourism plays an important role in the Singapore retail market. According to the Singapore Tourism Board ("STB"), tourist arrivals and tourism receipts in Singapore continued to grow for a fourth consecutive year in 2019, despite global headwinds. Tourist arrivals continued its upward trajectory, rising 3.3% YoY to 19.1 million in 2019. In the same year, tourism receipts edged up marginally, rising 0.5% YoY to S$27.1 billion[4] underpinned by growth in shopping and in airfare revenue on the back of more tourist arrivals via local-based carriers. The top source markets of China, Indonesia and India contributed about 42% of the tourism receipts in Singapore over the January to September 2019 period.

1 Refers to quality schemes along the Orchard Road corridor (stretching from the Tanglin Road to Killiney/Koek Road) and in the Marina Bay vicinity that cater to both the domestic and tourists markets
2 Refers to quality malls catering mainly to the working population in their vicinity and are found mainly in the CBD and its fringes such as Bugis and Dhoby Ghaut
3 New generation shopping malls, typically located at or close to mass rapid transit stations, held in single ownership, and catering mainly to the residents in their vicinity
4 Preliminary estimates by the STB

SINGAPORE

Retail Trends

The retail market is undergoing structural changes. With digital retail providing consumers a convenient channel for retail shopping, younger technology-savvy shoppers favour online shopping for selected goods and services. Apart from fulfilling purchasing requirements, increasingly, shoppers are visiting malls for social interaction and lifestyle needs.

To stay competitive, landlords are strategically shifting their tenant mix towards retailers that are experience-driven to boost the overall shopper experience and drive mall traffic. Food and beverage ("F&B"), entertainment/activity-based, beauty & wellness and fitness-related retailers will have growing prominence in malls. Malls are positioned with a stronger networking and community bonding appeal, dedicating spaces for flexible workspaces and public libraries. Landlords will also continue to explore new retail and leasing concepts to introduce new experiences regularly and infuse variety to the malls' offerings. These include flexible leasing arrangements and the introduction of short-term thematic experiential exhibitions and pop-ups.

The growing adoption of new technology will prevail to enhance shoppers' experience and drive new business growth. This includes using social media apps to broadcast and gather feedback on marketing initiatives, the use of interactive mobile apps downloaded with floor plans to help shoppers navigate the mall, as well as the provision of click-and-collect and home delivery services by malls. There is also increasing use of data by retailers to gain deeper consumer insights to align with the changing preferences of shoppers.

Stock

As at end-2019, there was about 5.1 million sq ft and 7.0 million sq ft of retail space in the Prime and Secondary sub-markets, constituting 19.9% and 27.6% of the total retail stock in Singapore, respectively. The Prime sub-market is an internationally renowned shopping destination, where international luxury brands retailing fashion apparel, handbags, shoes, jewellery & watches, as well as F&B operators dominate the tenant mix of retail assets.

As the demography of shoppers that support the retail trades within the Secondary sub-market is largely made up of the working population from the offices in the CBD, the sub-market features a variety of F&B operators ranging from cafés to quick-bites, fast food and restaurants. Fashion boutiques, pharmacies, spas and fitness centres also provide lifestyle and fitness-related offerings and convenience to the working catchment. Entertainment/activity-based retailers as well as co-working operations have also been on the uptrend to improve mall traffic during non-peak retail operating hours. 05

05 **Breakdown of Retail Stock**

	%
Prime	19.9
Secondary	27.6
Suburban	52.5

Source: JLL Research, 4Q 2019

Net Supply, Demand and Occupancy

Supply from new developments remains scarce in the Prime sub-market. The majority is from asset enhancement initiatives at existing malls. In 2019, there was no new supply in the Prime sub-market.

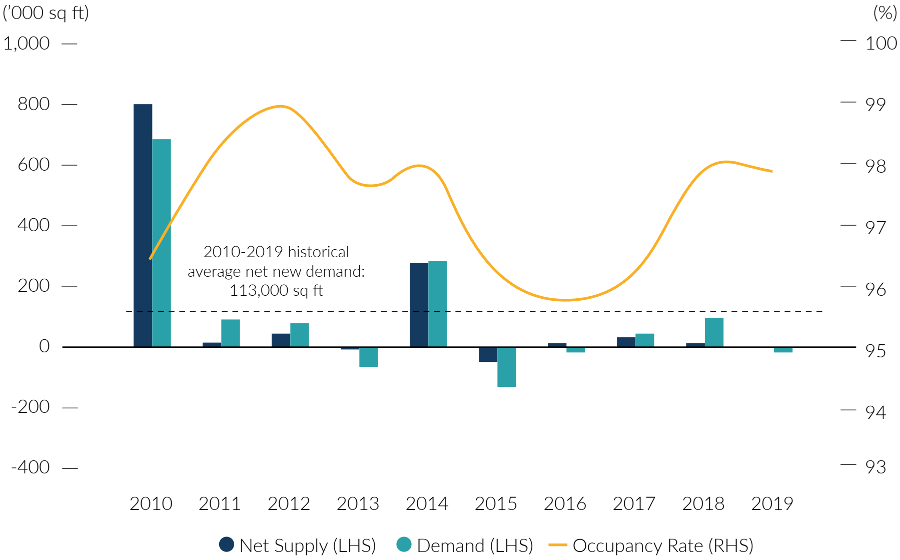
Backed by tourism growth in 2019, occupier demand in the Prime sub-market remained healthy. Both new-to market brands and expansion of existing brands from a broad base of trade types, albeit dominated by the F&B industry, underpinned demand. In 2019, marginally less space was absorbed by the sub-market, estimated at -3,700 sq ft following the strong demand of about 107,000 sq ft in 2018, due to the exit of anchor tenant Metro along with several other tenants at The Centrepoint. The vacated space has been partially committed by anchor tenant Decathlon. This led Prime sub-market occupancy rates to ease 0.1% YoY, albeit still healthy at 97.9% in 4Q 2019.

2019 marked the completion of two refurbished retail assets in the Secondary sub-market, Funan (324,000 sq ft) and Raffles Hotel Shopping Arcade (about 61,000 sq ft). Following the closure of the retail amenity at Chevron House (about 46,000 sq ft) for refurbishment in 1Q 2019, net supply grew about 342,000 sq ft, adding 5.1% of refurbished retail space in this sub-market in 2019.

Retail amenities in the Secondary sub-market typically support the working population with daily necessities and increasing lifestyle needs. Retail business hours are typically confined to working days due to the nature of their locations in the CBD.

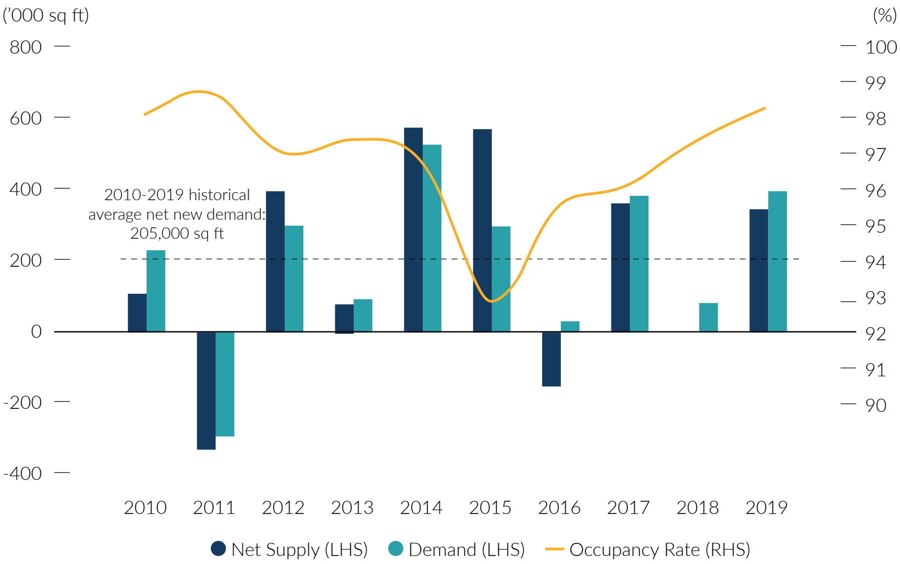
In recent years, as part of the effort to draw foot traffic during the non-peak retail operating hours, landlords in the sub-market have filled vacant spaces with non-conventional tenants such as co-working operators (with 24-hour access) and activity-based retailers. Coupled with healthy leasing commitment at the two newly refurbished malls during the year, demand in 2019 surged to about 396,000 sq ft from about 84,000 sq ft in 2018. Consequently, occupancy in the Secondary sub-market rose 0.8% YoY to 98.2% in 4Q 2019. 06 07

06 Net Supply, Demand and Occupancy in the Prime Sub-market



Source: JLL Research, 4Q 2019

07 Net Supply, Demand and Occupancy in the Secondary Sub-market



Source: JLL Research, 4Q 2019

SINGAPORE

Potential Supply

Future retail supply is tight. Between 2020 and 2024, an estimated 475,000 sq ft of retail space is due to open. This is one-third the new supply of about 1.4 million sq ft in 2019, and is located mainly in the Secondary and Suburban sub-markets.

While there remains a dearth of planned new supply in the Prime sub-market, a recent Orchard Road makeover initiative by the government could change the supply dynamics and rejuvenate the Somerset precinct of the Orchard Road shopping belt. The government is granting owners of Midpoint Orchard, Orchard OG and Faber House a change of use and a higher plot ratio for the redevelopment of a mega integrated development if these plots were jointly developed. The redevelopment could potentially lead to a withdrawal of old retail stock in the short to medium term and the addition of new, quality retail supply in the Prime sub-market in the long term.

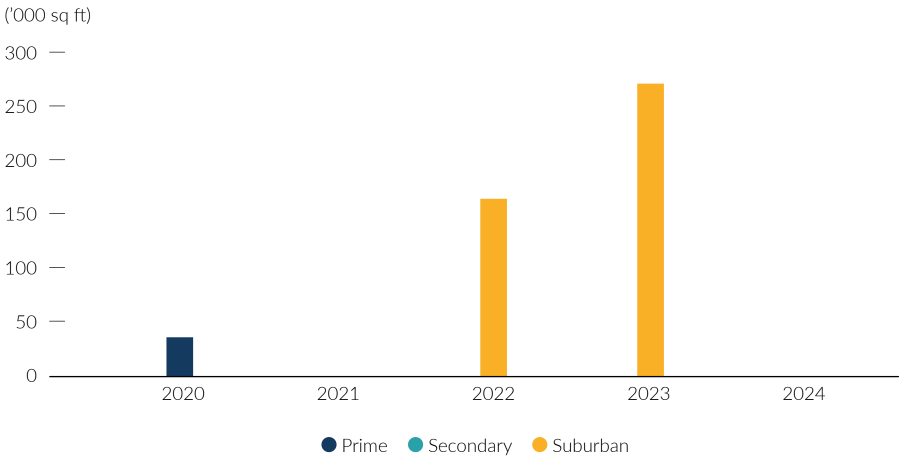
In the Secondary sub-market, only Change Alley Mall will come on stream in 2020 after the completion of asset enhancement works, adding about 36,000 sq ft of retail space. This is following the addition of about 385,000 sq ft of space in 2019. 08

Rents

Notwithstanding a slowdown in the Singapore economy and subdued consumer spending, retail rental performance remained healthy. As at 4Q 2019, the average gross rents of prime floor retail space in the Prime sub-market held firm on a YoY basis at S$46.09 psf per month, underpinned by firm occupier demand, amid tight vacancy and limited supply. Drawn by the positive tourism footfall, the Prime sub-market is home to many international brands and remains a choice location for new-to-market brands looking to enter the Singapore retail market and establish a gateway to grow in Asia. Ongoing government initiatives to revitalise the Orchard Road shopping belt also attracted foot traffic in the sub-market, further strengthening its position as a well sought-after location for retailers.

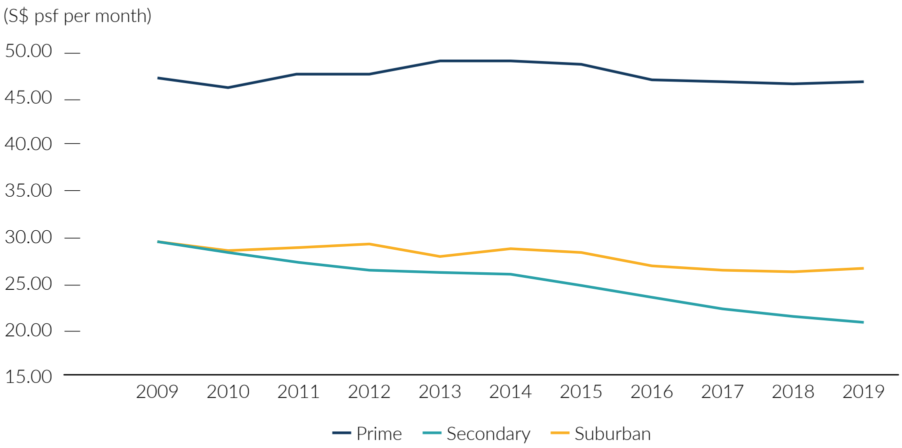
In the Secondary sub-market, rents tapered in 2019, continuing the downtrend in 2018. However, the decline was less pronounced compared to that in the previous year amid tightening vacancy and pipeline supply. As at 4Q 2019, the average gross rents of prime floor space of malls in the Secondary sub-market dipped 1.2% YoY to S$20.97 psf per month compared to a decline of 3.9% YoY in 2018. This was due to the continuous entry of rent-sensitive, activity-based retailers, which committed sizeable spaces in selected malls in the sub-market. 09

08 **Potential Island-wide Retail Supply**



Source: JLL Research, 4Q 2019

09 **Average Gross Rents of Prime Retail Space**



Source: JLL Research, 4Q 2019

Singapore Retail Market Outlook

Temporary domestic and overseas travel restrictions and deferment of MICE (meetings, incentives, conferences and exhibitions) activities as a result of the COVID-19 outbreak are expected to limit business and leisure travel, which will likely lead to a fall in tourist arrivals in Singapore during the period of the outbreak. While the fallout from the tourism industry will have a negative spillover effect on segments of the retail market that are tourism-dependent, weak consumer sentiment is expected to weigh on the overall retail market.

Given the heightened economic uncertainty following the COVID-19 outbreak as well as the tepid domestic and tourism spending, retailers will err on the side of caution, holding back expansion plans in the short term. Consumers will also exercise more restraint in expenditure due to modest wage growth as well as uncertainty in the hiring and economic outlook.

Notwithstanding these factors, Singapore remains a compelling gateway for retailers with a medium to longer term perspective looking to establish a presence in Asia. Its business-friendly environment, political stability, established regional logistics services and strong currency remain a big draw. Ongoing government initiatives, including programmes to promote Singapore as a must-visit tourist destination and encourage post-arrival spending, investment in tourism-related infrastructure and rejuvenation efforts at Orchard Road, will continue to drive tourism growth. Consequently, occupier demand for prime retail space is expected to remain relatively firm while rents will hold relatively resilient in 2020, underpinned by low vacancy and supply tightness.

In the Prime sub-market, malls that offer high-end shopping convenience in the heart of Singapore's popular Orchard Road shopping destination will remain well sought after by retailers. Hence, rents are expected to be resilient in 2020.

Within the Secondary sub-market, retail amenities that are strategically located and offer good connectivity to public transport nodes and attractive mix of retail and/or F&B offerings that are within convenient reach of the working population in the vicinity will continue to enjoy healthy traffic flow and rental resilience in 2020.

SINGAPORE HOTEL PROPERTY MARKET

Tourism Market Overview

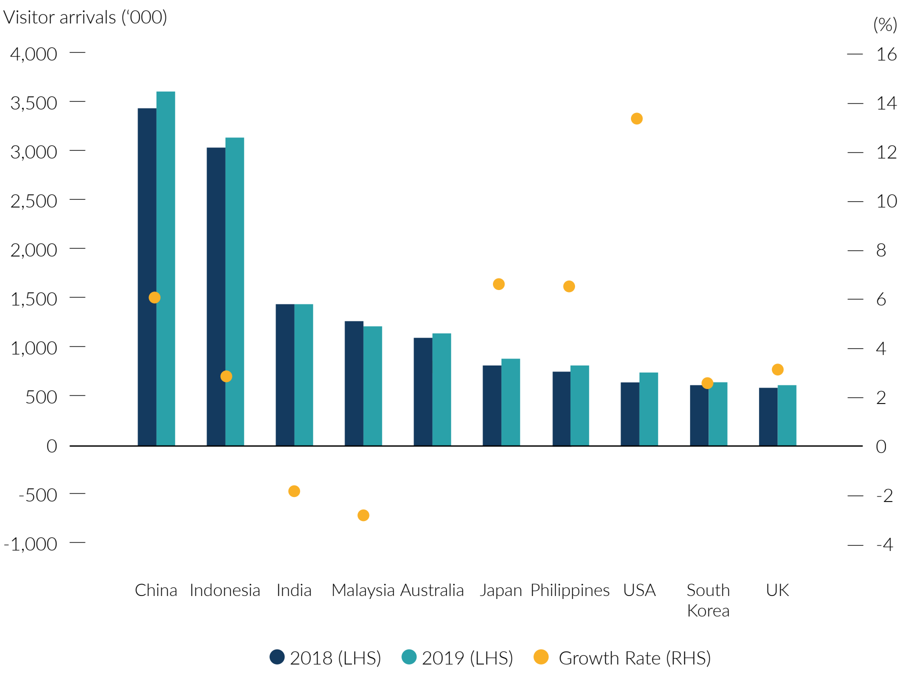
According to the STB, international visitor arrivals rose by 3.3% YoY to 19.1 million in 2019, surpassing the 18.5 million visitors received in 2018. This marked the fourth consecutive year that Singapore registered a record number of visitor arrivals.

For 2019, eight of the top ten visitor source markets registered YoY increases. China, Singapore's biggest source market since 2017, led the pack with a 6.1% YoY increase and accounted for 19.0% of the total visitor arrivals.

Visitors from the US registered double-digit growth of 13.3% YoY. The significant increase was supported by the introduction of new direct flights via Newark in October 2018, the world's longest regular non-stop flight to date, as well as the launch of thrice-weekly flights to Seattle in September 2019, which eventually rose to four times a week the following month.

Notably, visitors from the United Kingdom ("UK") increased by 3.2% YoY in 2019, replacing Vietnam as the tenth largest visitor source market. This was the first time since 2011 that visitor arrivals from the UK were in the top ten list. 10

10 **Top 10 Visitor Source Markets for 2019**



Source: JLL Research, 4Q 2019

Independent Market Review

By JLL

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Changi Airport handled 68.3 million passengers in 2019, representing a 4.0% YoY increase and another record year of passenger movements. The airport aims to further establish links to European cities such as Geneva, Madrid, Oslo and Vienna. Markets in the Americas such as Vancouver, Toronto and Chicago are also amongst the next key targets in the near term.

The increased flight connectivity to Europe and the Americas is expected to attract a greater proportion of long-haul travellers, which may help increase the average length of stay ("ALOS"), and provide support for hotel trading performance due to higher anticipated demand for longer stays

According to the STB, ALOS for visitors from the Americas was around 4.0 days during the ten-year period from 2010 to 2019. In contrast, ALOS for visitors from China and Indonesia, Singapore's two largest source markets, averaged about 3.3 and 2.9 days during the same period, respectively.

In 2019, the ALOS was 3.4 days, lower than the ten-year average of 3.5 days from 2010 to 2019. The decrease in ALOS over the years could be attributed to the increase in free independent travellers who are more likely to stay for a shorter duration. According the most recent Overseas Visitors Survey commissioned by the STB in 2018, 34.0% of the visitors to Singapore travelled alone, an increase from 30.0% in 2017 and 24.0% in 2016.

Based on the latest available data from the Singapore Department of Statistics, tourism receipts declined by 3.1% YoY to S$13.0 billion in the first half of 2019, led by declines in three of the five major tourism receipt components. This included accommodation (-12.5%), F&B (-4.9%) and sight-seeing, entertainment and gaming (-1.8%).

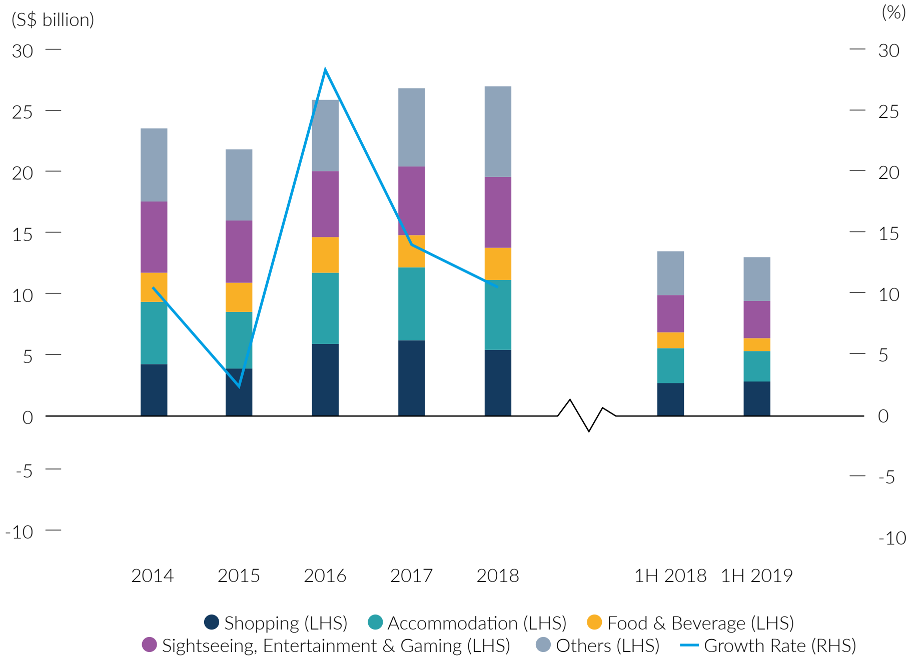
On the other hand, tourism receipts from shopping rose by 1.5% YoY and spending on other tourism-related expenses grew by 0.7% YoY during the first half of 2019. Notably, tourism receipts for the latter – which include expenditure on airfares relating to Singapore-based carriers, port taxes and transit visitors – were supported by the increase in passenger movements arising from more flight links established during the period.

In 2019, Singapore-based carriers such as Jetstar, SilkAir, Singapore Airlines and Scoot have either expanded or launched new flight links to cities such as Johannesburg, Osaka and Seattle, as well as Busan, Hefei and Xuzhou, which are amongst the first flight connections to the respective cities. 11

Existing Hotel Supply

The STB reported 69,367 rooms island-wide as at end-2019, representing a 3.5% YoY net increase in existing stock. According to the hotels tracked by JLL Research, 1,393 quality hotel rooms across six hotels opened in 2019. Of these new openings, about 60% of the rooms are located in Sentosa, namely the 606-room Village Hotel Sentosa, 193-room Outpost Hotel Sentosa and the 40-room The Barracks Hotel by Far East Hospitality. The group also opened the 304-room Capri by Frasers, China Square

11 **Singapore Tourism Receipts by Major Components**



Source: The Singapore Department of Statistics around the CBD area in the same year. Other notable openings in 2019 included the 120-room Holiday Inn Express Singapore Serangoon, and the 130-room YOTELAIR Singapore Changi Airport that opened in conjunction with Jewel Changi Airport, which features the world's tallest indoor waterfall, the Rain Vortex. 12

Future Hotel Supply

Two hotels comprising 522 rooms are expected to open in 2020, namely the 324-room The Clan Hotel and the 198-room Dusit Thani Laguna Singapore.

However, the 403-room Novotel Singapore Clarke Quay will be removed from the existing stock around April 2020, as part of the impending redevelopment of the existing Liang Court site. The site will be redeveloped into a mixed-use development comprising a Moxy-branded hotel of up to 475 rooms. The integrated project is scheduled to open in phases from 2024.

Consequently, the YoY net increase in hotel room supply as at end-2020 is forecast at a marginal 0.2%, compared to the 3.5% YoY net increase as at end-2019. 13

New supply is expected to be limited over the next two years, with a compound annual growth rate ("CAGR") of 0.9% from end-2020 to end-2022. This is lower than the 3.9% CAGR during the five-year period from end-2014 to end-2019.

From 2020 to 2022, most of the new room supply will be located in the Orchard area (39.6%), comprising mainly the upgraded 350-room Pan Pacific Orchard, 204-room The Singapore EDITION and the 142-room Artyzen Cuscaden Singapore. Other notable openings during the period include the 342-room Pullman Singapore (Civic District) and the 324-room The Clan Hotel (Raffles Place).

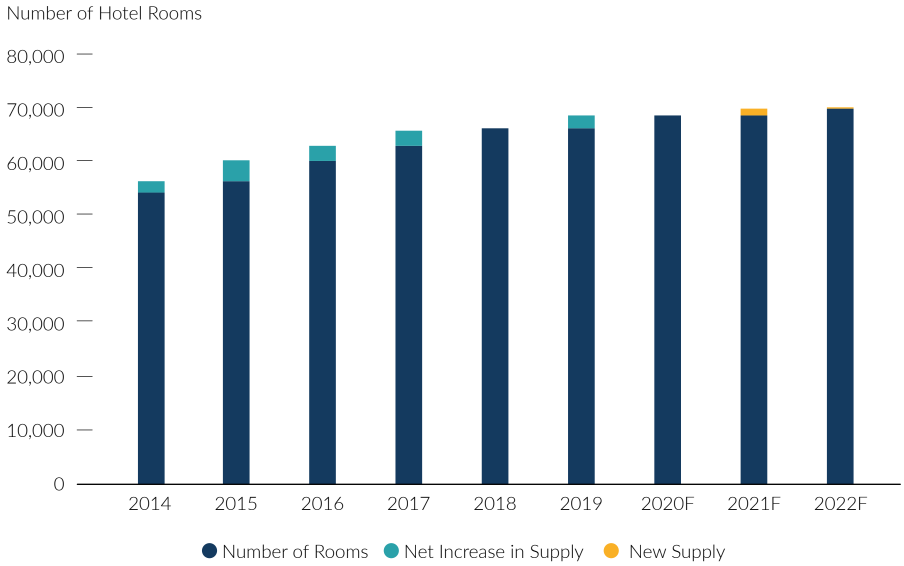
Of the new upcoming supply from 2020 to 2022, over 80% are classified as luxury and upscale hotels, which include brands such as Artyzen, EDITION, Pullman and Raffles.

Hotel Trading Performance

According to the STB, market-wide revenue per available room ("RevPAR") rose by 2.6% YoY to S$193 for 2019. This was driven by YoY increases in occupancy of 1.0 percentage points ("ppt") to 87.1% and average daily rate ("ADR") of 1.4% to S$222.

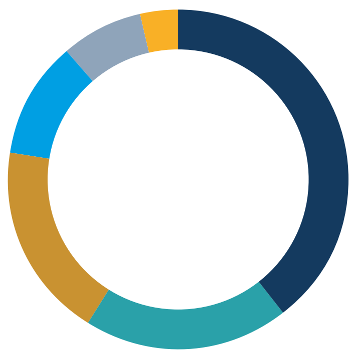
Across the four hotel classifications tracked by the STB – namely luxury, upscale, midscale and economy – all registered YoY increases in RevPAR for 2019, driven mainly by stronger ADR. The increase came despite the absence of several biennial and one-off events in 2019 compared to 2018, suggesting the city-state's strong appeal as a travel destination.

12 **Singapore Hotel Supply**



Source: STB, JLL, Industry Sources
Note: Includes gazetted and non-gazetted hotels

13 **Singapore Future Hotel Room Supply by Location (2020 to 2022)**



	%
Orchard	39.6
Civic District	19.5
Raffles Place	18.5
Eastern Singapore	11.3
Western Singapore	7.7
Sentosa	3.5

Source: JLL

Independent Market Review
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SINGAPORE

In addition to the relatively limited new supply in 2019, the ongoing political unrest in Hong Kong is also believed to have redirected some visitor traffic to Singapore during the year, which in turn contributed to the stronger ADR. In 2019, MICE events such as the Global Wellness Summit and the Asia Video Industry Association were relocated to Singapore from Hong Kong. 14

Hotel Investment Market

The Singapore hotel investment market had a stellar year in 2019, with transaction volume reaching S$2.0 billion, representing more than six times the volume relative to 2018. This marks only the second time that hotel transactions in the country surpassed the billion-dollar mark.

There were several notable deals in the year, including the sale of the 342-room Andaz Singapore for S$475.0 million to Hoi Hup Realty in November 2019, the highest single asset transaction in Singapore's history to date. In the same month, the 268-room Oakwood Premier OUE Singapore (now known as Oakwood Premier AMTD Singapore) was sold to joint venture AMTD Group and Dorsett Hospitality International. Notably, the transaction was AMTD Group's first hotel investment.

In May 2019, the 146-room Ascott Raffles Place was sold to high-net-worth individual, Cheong Sim Lam, for S$353.3 million. This translates to a price per key of S$2.4 million, the highest in 2019. 15

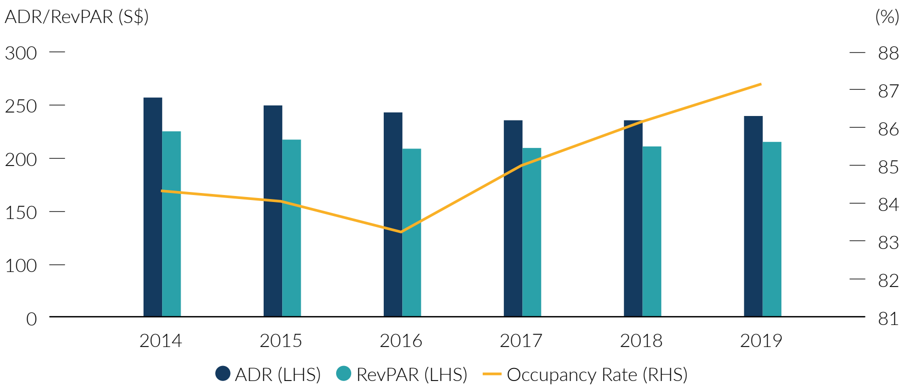
Singapore Hotel Market Outlook

Singapore ended 2019 on a strong note, receiving record visitation and record passenger movements during the year. Correspondingly, this translated to strong year-end market-wide hotel trading performance.

The hotel sector posted significantly positive trading performance in January 2020. However, the recent outbreak of COVID-19 will impact the growth momentum in 2020.

As at the end of January 2020, several airlines have cancelled or scaled back on flights to China. As Singapore's biggest source market contributing almost 20% of the total visitor arrivals, the travel restrictions imposed on visitors from China is expected to impact growth in visitor arrivals and passenger movements in 2020. Depending on the duration of the COVID-19 situation, hotel trading performance will be impacted due to reduced demand in the short term. However, based on comparable events in the past, the Singapore hotel sector has shown resilience and bounced back rapidly.

14 **Singapore Market-wide Hotels Trading Performance**



Source: STB
Note: For gazetted hotels only

15 **Notable Single Asset Hotel Transactions in 2019**

Date	Hotel Name	Rooms	Price (S$ million)	Price per Key (S$ million)
Nov-19	Andaz Singapore	342	475.0	1.4
Nov-19	Oakwood Premier OUE Singapore	268	289.0	1.1
Oct-19	The Amaris by Santika	38	29.7	0.8
Sep-19	Darby Park Executive Suites*	75	160.0	2.1
Sep-19	The Claremont	90	68.0	0.8
Jul-19	Bay Hotel	319	235.0	0.7
Jun-19	ibis Singapore Novena	241	168.9	0.7
May-19	Ascott Raffles Place	146	353.3	2.4

*Rezoned from Residential to Hotel use
Source: JLL, Industry Sources

In the medium to long term, hotel trading performance is expected to remain buoyant. The string of new tourism initiatives announced in 2019 are expected to translate to increased tourism and accommodation demand.

These include the S$9.0 billion expansion of the two existing integrated resorts (Marina Bay Sands and Resorts World Sentosa); a new eco-tourism hub in Mandai scheduled to open progressively from 2022 to 2024; a new integrated tourism development at Jurong Lake District by 2026; and the development of the Greater Southern Waterfront that will begin from 2027, which will include new private and public accommodations, offices, entertainment attractions and a new resort.

Most of these new tourism initiatives developed across the medium to long term will include either a hotel or resort component. In further anticipation of future demand, a hotel site on the Reserve List along River Valley Road was launched by the Urban Redevelopment Authority in 2019, which could potentially add up to 530 rooms, if the tender is triggered.

Further, the introduction of several new-to-market hotel brands – Artyzen, EDITION, Moxy and Pullman – over the next several years by international hotel chains also reflects confidence in the Singapore hotel sector.

Singapore is widely regarded as a safe-haven destination due to its political stability and transparent legal and banking systems. Consequently, this is likely to sustain corporate travel demand to the city-state in the medium term.

With the tourism industry set to receive a boost from the new initiatives, Changi Airport is undergoing capacity expansion to manage the anticipated increase in travellers. Terminal 2 recently commenced upgrading works, which will increase handling capacity by 5 million passengers annually by 2024. Terminal 5, when complete by the 2030s, will further increase Changi Airport's total annual handling capacity to around 140 million.

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6. JLL is not providing investment advisory services and makes no representation or recommendation to a prospective investor in relation to any investment opportunities.
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Independent Market Review

By Beijing Colliers International Real Estate Valuation Co., Ltd ("Colliers International")

SHANGHAI

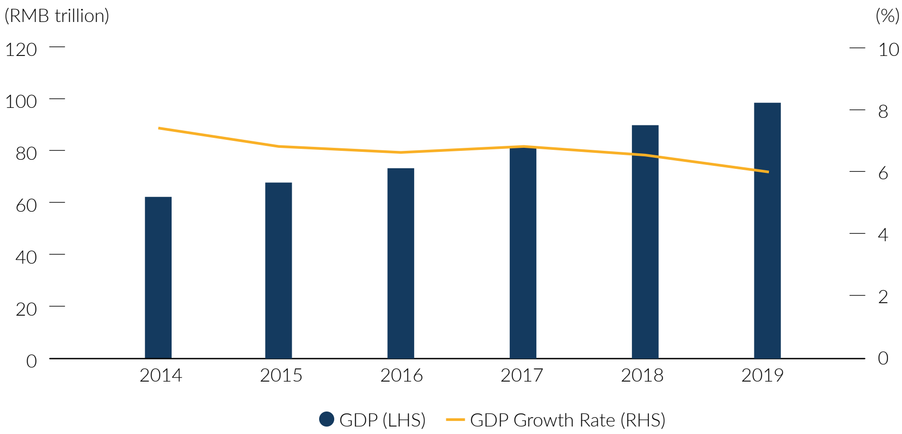
CHINA ECONOMY

According to the National Bureau of Statistics of China, China's GDP was approximately RMB99.1 trillion in 2019, a growth rate of 6.1% YoY.

In recent years, China has been experiencing continuous optimisation in economic structure, with the tertiary industry gaining greater importance. In 2019, the total output of the tertiary industry grew 6.9% YoY to RMB53.4 trillion, contributing approximately 53.9% of total GDP. On the back of policy support, service industries were endowed with strong growth momentum. Within the services sector in 2019, the information technology industry recorded the highest growth at 18.7% YoY.

Domestic consumption remained as a major economic driver, with total retail sales of consumer goods increasing 8.0% YoY and total online retail sales increasing 16.5% YoY. The resident population in China reached 1.40 billion in 2019, indicating a net increase of 4.67 million persons and a natural growth rate of 3.3%. 01 02

01 China GDP and GDP Growth Rate



Source: National Bureau of Statistics of China

02 China Key Economic Factors 2014 – 2019

		2014	2015	2016	2017	2018	2019
Gross Domestic Product	RMB trillion	63.6	67.7	74.4	82.7	90.0	99.1
GDP Growth Rate	%	7.4	6.9	6.7	6.9	6.6	6.1
Fixed Asset Investment	RMB trillion	50.2	55.2	59.7	64.1	64.6	55.1
Disposable Income of Urban Households	RMB per capita	28,844	31,195	33,616	36,396	39,251	42,359
Resident Population	billion	1.37	1.37	1.38	1.39	1.40	1.40

Source: National Bureau of Statistics of China

SHANGHAI ECONOMY

Overview

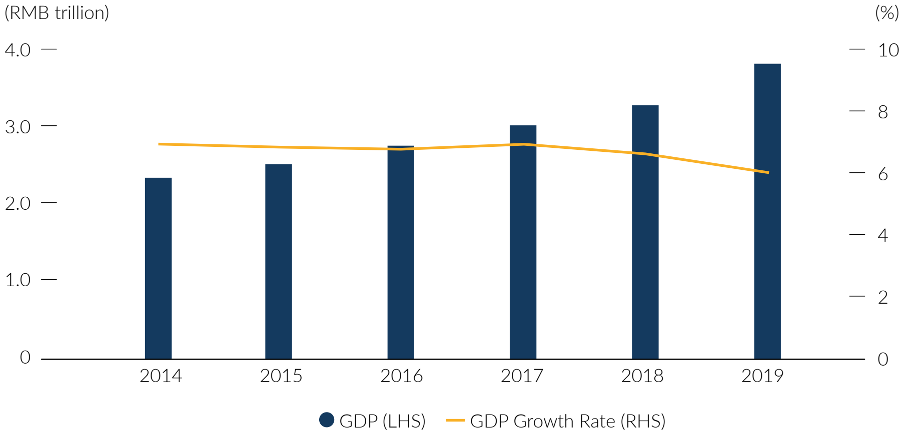
Shanghai is one of the largest and most important metropolises in the world with an estimated registered resident population of approximately 14.5 million as of 2018. The city is situated along the centre of the Yangtze River and is positioned as a global financial and commercial centre.

In the past decade, Shanghai has earned significant international recognition and attracted a large number of multinational corporations ("MNCs") with the successful hosting of the 2010 World Expo and the official launch of the China (Shanghai) Free Trade Zone. Notably, Shanghai also successfully held the first China International Import Expo (CIIE) in 2018, which was attended by more than 3,600 enterprises from 172 countries, regions and global organisations. The six-day event showcased China's support of trade liberalisation and economic globalisation.

In 2019, Shanghai's total GDP was approximately RMB3.8 trillion, up 6.0% YoY. Shanghai's economic growth is driven primarily by the services sector which made up approximately 72.7% of Shanghai's total GDP, 1.8 ppt higher than in the previous year. Fixed asset investment in Shanghai maintained a moderate growth rate of 5.1% YoY in 2019, where the industrial sector witnessed the fastest growth of 11.3% while the real estate sector increased by 4.9%. Urban households continued to experience income growth, and the disposable income of urban households grew by 8.2% YoY to RMB69,442 per capita. In 2019, the actual utilised foreign investment in Shanghai was USD19,048 million, more than 10% YoY growth.

03 04

03 **Shanghai GDP and GDP Growth Rate**



Source: Statistics Bureau of Shanghai

04 **Shanghai Key Economic Factors 2014 – 2019**

		2014	2015	2016	2017	2018	2019
Gross Domestic Product	RMB trillion	2.4	2.5	2.7	3.0	3.3	3.8
Growth Rate of GDP	%	7.0	6.9	6.8	6.9	6.6	6.0
Fixed Asset Investment	RMB billion	601.6	635.3	675.6	724.7	762.4	801.2
Real Estate Investment	RMB billion	322.4	348.7	370.9	385.7	403.4	423.2
Disposable Income of Urban Residents	RMB per capita	47,710	52,962	57,692	62,596	64,183	73,615
Actual Utilised Foreign Investment	USD million	18,166	18,459	18,514	17,008	17,300	19,048

Source: Statistics Bureau of Shanghai

SHANGHAI

SHANGHAI GRADE A OFFICE MARKET

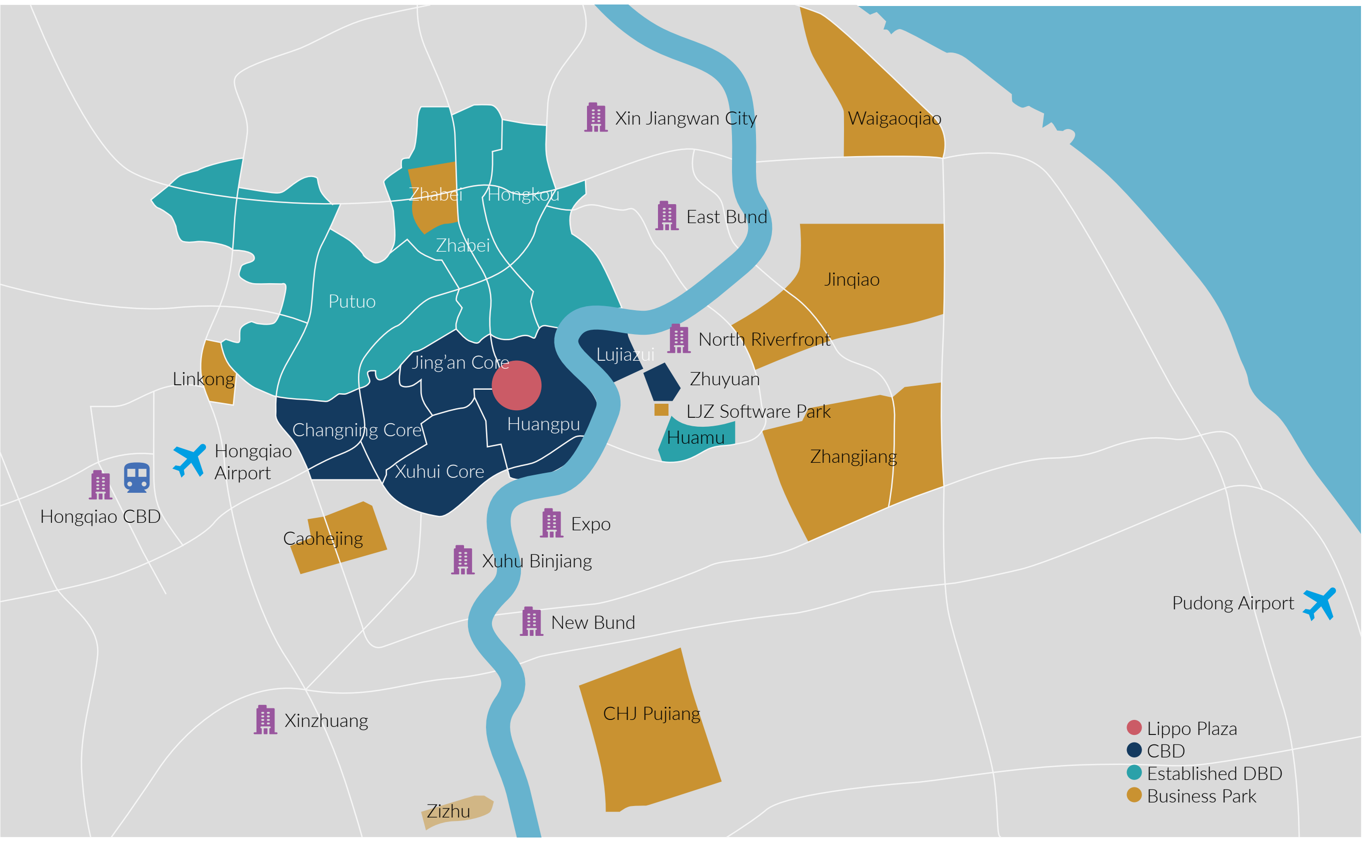
Overview

As a global financial and commercial centre, Shanghai has attracted a large number of MNCs and large domestic companies, with many setting up their national, regional or global headquarters in the city. The rapidly growing economy and the influx of corporations and capital have led to extensive development in the Grade A office market in Shanghai.

As of end-2019, the total stock of Grade A office space was approximately 13.1 million square metres ("sq m"). The Grade A office market can be segmented into the CBD and decentralised business district ("DBD") areas, differentiated by pricing, geographic location, building density and amenities. There are six core CBD areas in central Shanghai - Huangpu, Jing'an, Xuhui and Changning Districts in Puxi; Lujiazui and Zhuyuan in Pudong. These areas are the most developed and mature, targeting international market users and high-profile companies especially from the finance and professional service sectors. A majority of the Grade A office developments, which are on par with international standards in terms of quality, are concentrated in the core CBD areas. Meanwhile, the DBD sub-markets attract back-office functions, manufacturing or trading-related occupiers, regional headquarters as well as research and development facilities. 05

Shanghai's prime office properties are mainly located in Jing'an, Lujiazui and Huangpu districts, and premium CBD Grade A office will account for 35% of total Grade A stock by 2024. As of 2019, the total stock of the Huangpu submarket was nearly 1.57 million sq m.

05 **Map of Shanghai Grade A Office CBD and DBD**



Source: Colliers International (for identification purposes only)

Supply, Demand and Vacancy

The supply of Grade A office space in the CBD sub-markets in Shanghai slowed significantly in 2019, declining by 127% YoY. A total of 179,500 sq m of new supply came onstream in 2019, with the lion's share contributed by SOHO Gubei in Changning (100,000 sq m) which completed in 1Q 2019. As at end-2019, the total stock was 7.57 million sq m, increasing 2.0% YoY.

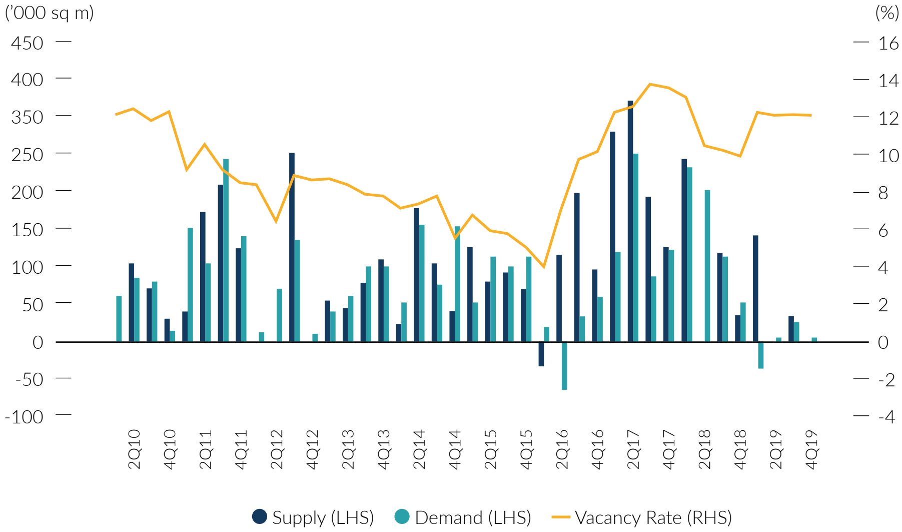
In 2019, demand continued to be driven by the financial technology, financial services, technology and flexible workspace sectors. However the slowing economy and escalating trade tensions with the US resulted in significantly lower YoY net absorption of 3,600 sq m. Overall, the Shanghai CBD Grade A office vacancy rate declined 2.4 ppt YoY to 12.4% as at end-2019. 06

Grade A CBD Office Rents

Due to intense leasing competition amid weaker demand, Shanghai CBD Grade A rents edged down 2.6% YoY to RMB10.1 per sq m ("psm") per day as at end-2019. In order to retain and attract tenants, landlords have had to be more flexible in lease negotiations, such as providing a longer fit-out period or additional rent-free period to maintain or limit the downside to existing occupancy. Given the supply pipeline over the next two years, the rental outlook is expected to remain subdued. 07

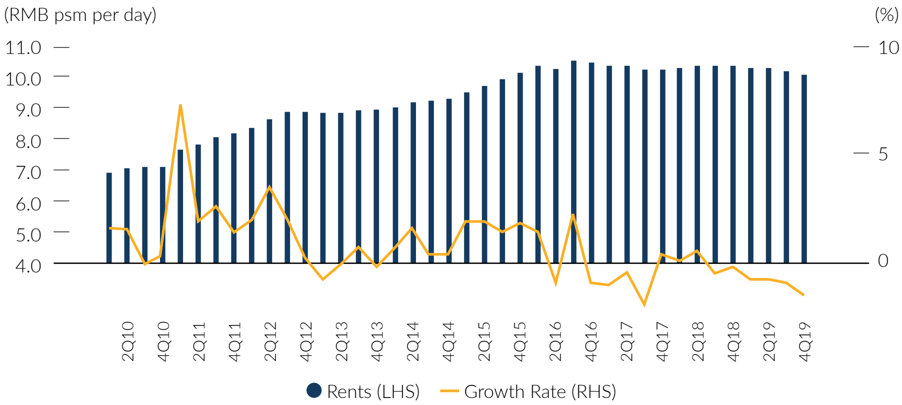
As at end-2019, Grade A CBD office rent in Huangpu was approximately RMB9.2 psm per day, declining 1.1% YoY, while vacancy rate increased by 3.2 ppt to approximately 11.0%. 08

06 **Shanghai CBD Grade A Office Supply, Demand & Vacancy**



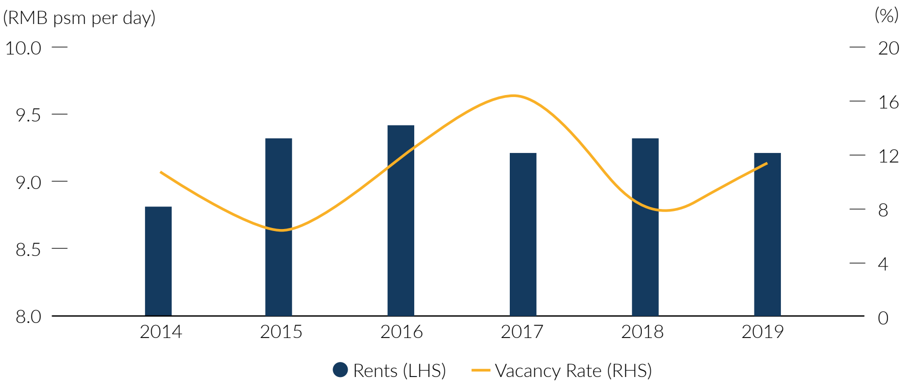
Source: Colliers International

07 **Grade A Office Rents & Growth Rate**



Source: Colliers International

08 **Huangpu Grade A CBD Office Rents & Vacancy Rate**



Source: Colliers International

SHANGHAI

Capital Value and Yield

Although investors remained cautious on property investment in Shanghai amid the economic slowdown and the ongoing US-China trade war, the Shanghai office investment market remained active. Offices, business parks and mixed-use projects with large office components are among the favoured asset classes. While foreign investors continue to be active, domestic investors continued to dominate the Shanghai investment market. 09

Backed by continued investment interest, gross yield in Shanghai's Grade A CBD office market remained low at around 4.0% - 5.0% from 2017 to 2019. In 4Q 2019, the gross yield was estimated at 4.7%. As one of the top cities in China in terms of economic competitiveness, business, commercial and trading significance, Shanghai's office sector should remain attractive to mid to long term investors.

Future Supply

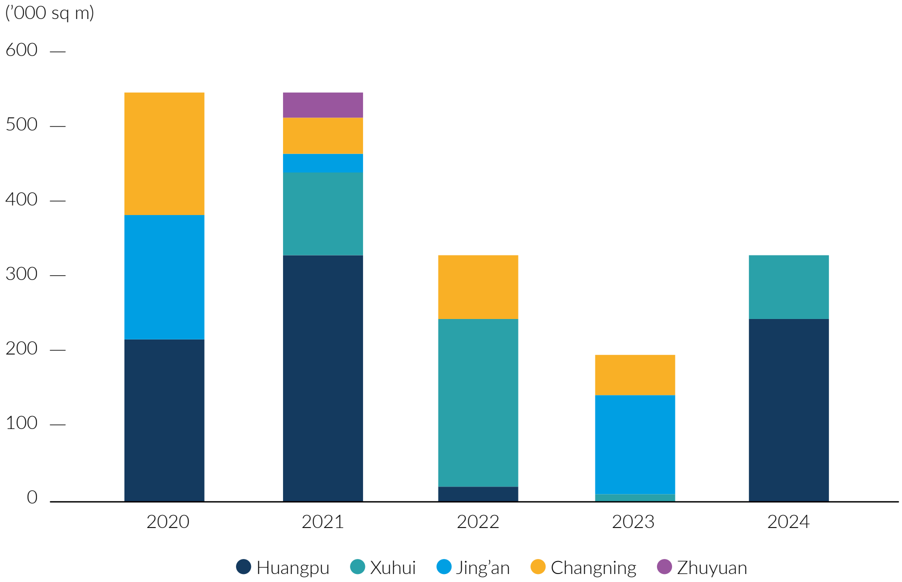
CBD Grade A office supply in Shanghai over the next two years is expected to exceed 500,000 sq m per annum. This two-year supply peak is expected to raise the vacancy rate further, and put downward pressure on rents. With tenants having greater bargaining power, the leasing market is anticipated to be highly competitive, which may compel landlords to adjust their leasing strategy to provide more incentives and accept flexible terms. 10

09 Selected En-bloc Office Property Transactions

Property Name	Sub-market	Buyer	Gross Floor Area (sq m)	Total Price (RMB million)	Unit Price (RMB psm)
Dream Centre - CCTV	Xuhui	CCTV	308,000	9,000	65,000
Greenland Huangpu Centre	Huangpu	Brookfield Asset Management	140,300	10,600	59,000
CA5 (5 Corporate Avenue)	Huangpu	SCOV	78,700	5,700	73,000
Dongyin Tower	Huangpu	Zhongcai Property	49,000	2,400	48,000
Greenland Huangpu Centre Tower 1	Huangpu	China National Pharmaceutical Group	26,500	1,900	72,000

Source: Colliers International

10 Shanghai CBD Grade A Office Supply



Source: Colliers International

Shanghai Office Market Outlook

As China pushes to liberalise its financial sector, Shanghai should continue to attract foreign and domestic capital, which will in turn stimulate demand for CBD office space over the next three to five years. Meanwhile, Shanghai's technology sector is expanding rapidly and will further drive demand for prime grade office space. The rapid growth of artificial intelligence ("AI") and the 5G sectors, as well as the easing of trade tensions are expected to be positive drivers of increased demand.

Due to heightened economic uncertainty as a consequence of the COVID-19 situation however, we expect new and expansion demand from occupiers to be negatively affected in the near term. Larger international enterprises have coped with the authorities' implementation of health measures by adoption of telecommuting and other remote-working strategies. Demand from small- to medium-sized enterprises and flexible co-working is expected to be most impacted.

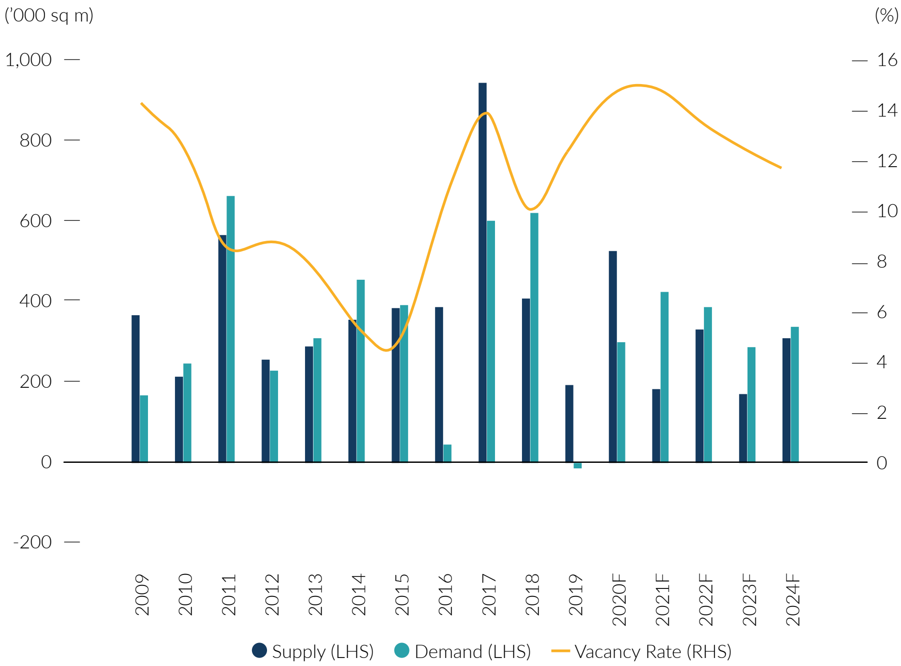
Overall Shanghai CBD Grade A office vacancy is expected to increase in 2020, with the vacancy rate expected to remain above 10% given the significant supply pipeline of 539,000 sq m in 2020, and further supply increase in 2021. Future supply of office projects in the Huangpu submarket is estimated at 217,000 sq m in 2020 and 326,000 sq m in 2021.

The amount of new supply, and the improving infrastructure and amenities are expected to sustain demand to upgrade or expand in high-quality office projects but should create pressure on office projects that are less competitive.

In the medium to longer term, as the outbreak situation comes under control and with a recovery in the economic outlook, demand is expected to rebound as Shanghai remains an important location for companies looking to set up international business headquarters in China.

Average rental growth is expected to turn positive when supply eases after 2022 and is gradually absorbed by stable demand from the financial, technology, media and telecommunications ("TMT"), as well as flexible workspace sectors. 11

11 Shanghai CBD Grade A Office Forecast Supply, Demand & Vacancy



Source: Colliers International

Independent Market Review
By Colliers International

SHANGHAI

SHANGHAI RETAIL PROPERTY MARKET

Overview

Underpinned by the dense population and high disposable income of urban households, Shanghai's retail sales grew 7.9% YoY in 2018 to RMB1.3 trillion, of which 11.9% was attributed to online retail sales which increased 15.8% YoY.

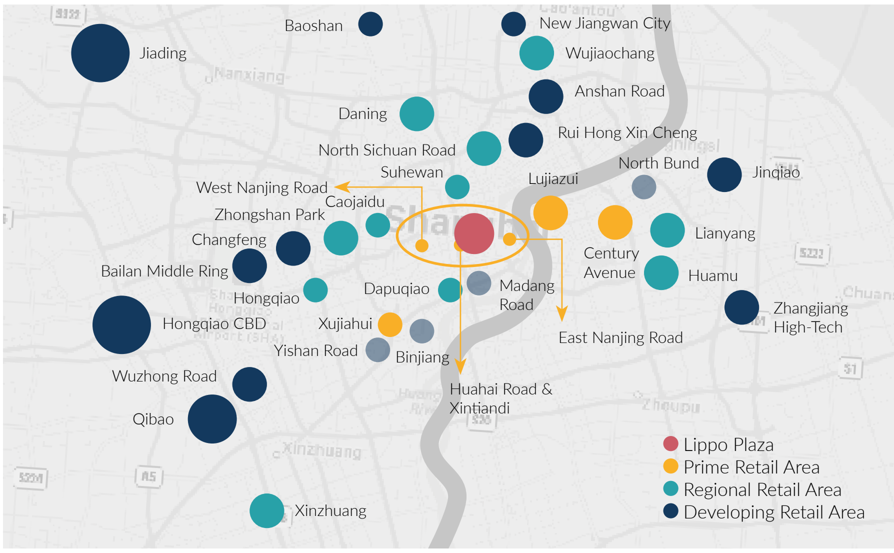
Overall, Shanghai's retail property market can be generally categorised into the prime, regional and developing retail areas. The prime retail areas are well-known commercial catchments attracting both local consumers and tourists in the city. Due to the ongoing expansion of the city and improved intra-city transport network, the inner-ring and decentralised retail catchments have grown. 12

Supply, Demand and Vacancy

The total stock of Shanghai's mid- to high-end shopping centres was approximately 7.82 million sq m as at end-2019. The average new supply from 2015 to 2019 was 749,000 sq m per annum, where new supply peaked in 2017 at 1.49 million sq m. The annual new supply in 2018 and 2019, was approximately 0.88 million sq m and 0.33 million sq m, respectively. Given the limited land supply in prime areas, more retail supply came onstream in the non-prime areas, accounting for around 75% of the total stock as of end-2019. Future supply in the Huaihai Middle Road sub-market, where Lippo Plaza is located, is relatively limited, with only two projects with a combined gross floor area of 157,000 sq m in the supply pipeline. Both are estimated to be completed only in 2024.

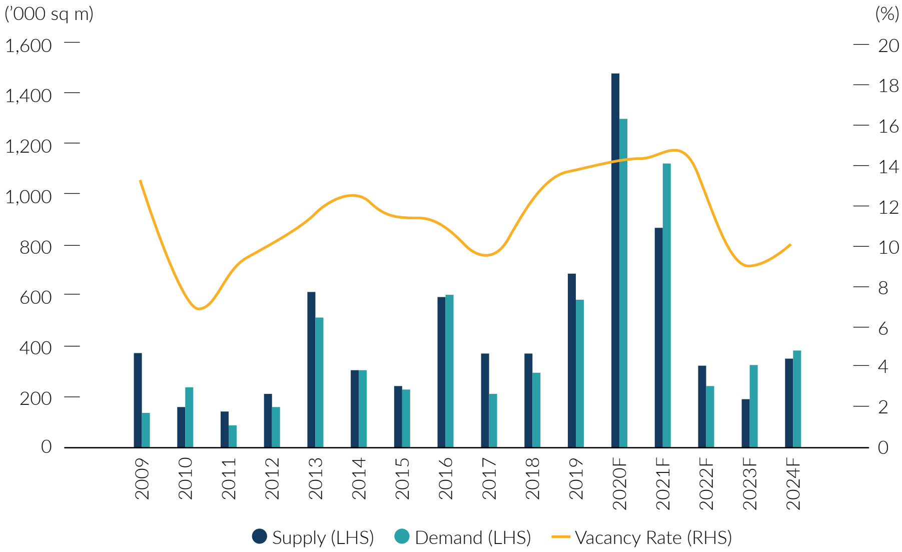
Driven by rapid urbanisation, demand for retail space in mid- to high-end shopping centres in Shanghai has been strong. In 2019, electronics, digital, sports and food and beverage ("F&B") brands linked to key opinion leaders or internet celebrities expanded their presence offline, helping to boost leasing demand. With only two new completions and temporary closures of a few projects for repositioning, the overall vacancy rate remained low in Shanghai at 8.0%. The prime retail areas, except for Lujiazui, enjoyed low and stable vacancy rates below 10%. The vacancy rates of Huaihai Middle Road and Xintiandi areas were approximately 6.0%. 13

12 **Shanghai Retail Property Market Landscape**



Source: Colliers International (for identification purposes only)

13 **Shanghai Retail Supply, Demand & Vacancy**



Source: Colliers International

Retail Rents

In 2019, driven by the central government's import expansion measures and the growing young consumer base, international brands continued to increase their presence in Shanghai. F&B and sporting stores that offer innovative experiences actively expanded their footprint in premium shopping malls, driving demand and rents to stay largely stable.

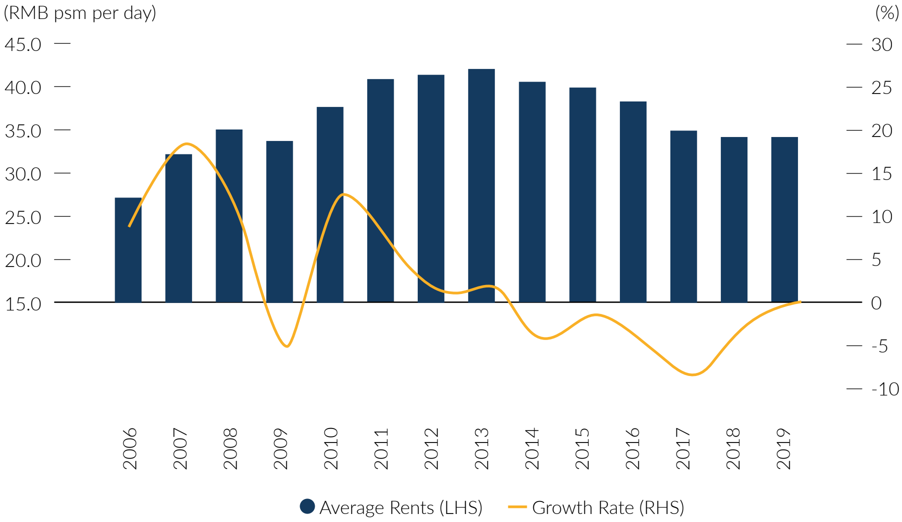
The overall retail rental growth rate in Shanghai has remained relatively stable in 2019, recovering from the negative growth rates seen from 2014 to 2018. The average ground floor rent was RMB34.4 psm per day, down by 0.3% quarter-on-quarter and up by 0.3% YoY as at 4Q 2019. The city's prime retail sub-markets continued to secure relatively high average ground floor rents of RMB56.3 psm per day in 4Q 2019. Strong demand was supportive of rents, in spite of new supply and repositioning of existing projects in prime areas.

Xujiahui and West Nanjing Road sub-markets had the highest average ground floor rents as of end-2019, at RMB77.5 psm per day and RMB64.3 psm per day, respectively. Average ground floor rents in Huaihai Middle Road and Xintiandi areas exceeded RMB57.0 psm per day.
14

Future Retail Supply

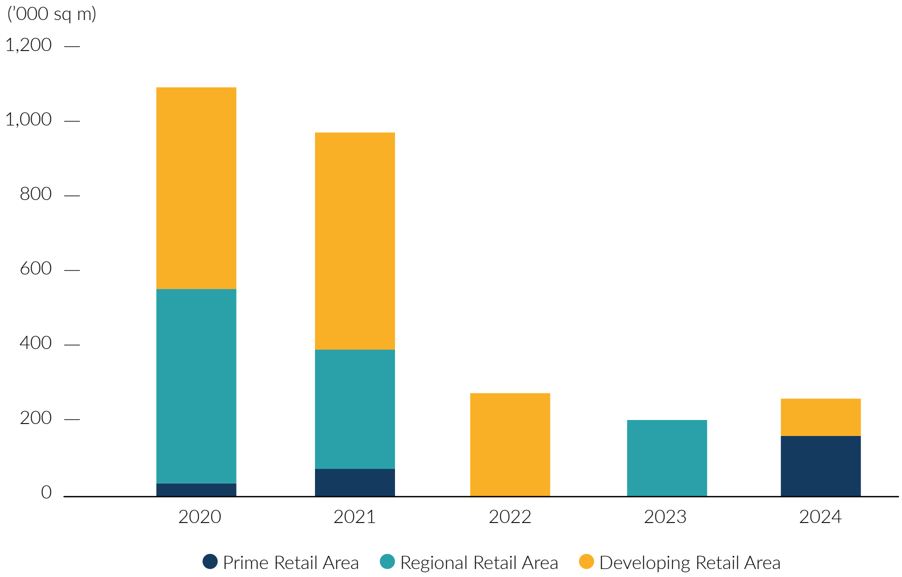
A supply peak can be expected in 2020 and 2021, at around 1.0 million sq m per annum. Most future projects are within the regional and developing retail areas.
15

14 **Shanghai Average Retail Rents & Growth Rate**



Source: Colliers International

15 **Shanghai Retail Supply**



Source: Colliers International

SHANGHAI

Shanghai Retail Market Outlook

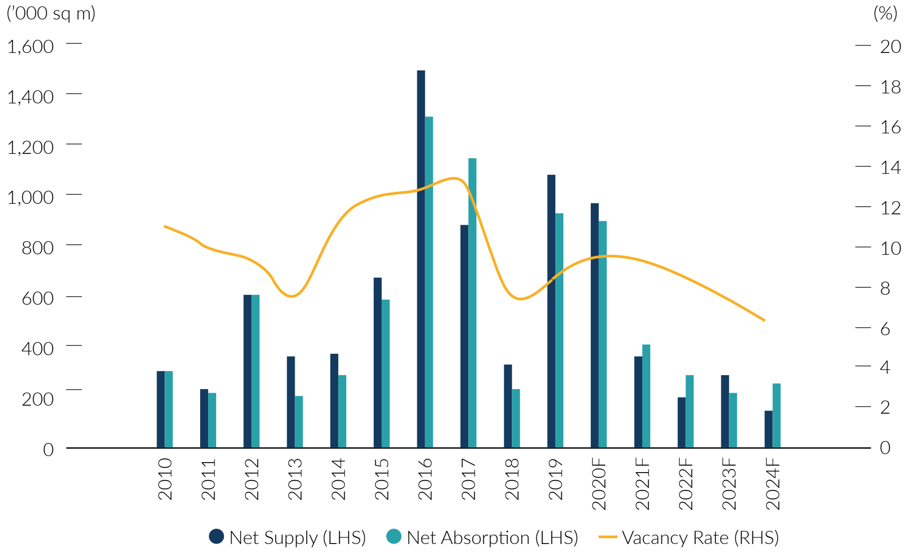
Since the outbreak of COVID-19, the authorities have implemented health measures including the limitation of mass participation activities to safeguard the health and safety of the public. With China at the epicentre of the outbreak, these active measures have had an adverse impact on tourism and consumption.

Some retail properties have had to suspend operations or shorten operational hours, with cinemas and other entertainment facilities temporarily shut. The F&B sector is also affected by significantly lower traffic. The retail sector is likely to see an increase in vacancy, as tenants unable to ride out the short term volatility exit. Landlords are expected to prioritise occupancy and provide more flexibility in their lease negotiations, including more rent-free periods or rebates to attract and retain tenants. The short term outlook for retail rental rates is expected to be subdued.

In the longer term, consumption growth on the back of an urbanising population base should support healthy retail demand. In 2020, net absorption is expected at approximately around 915,000 sq m, slightly lower than the expected new supply. Vacancy is expected to edge up to 9.0% owing to significant planned future supply from 2020 to 2024, which is estimated to total 2.8 million sq m.

The brick-and-mortar retail segment continues to face challenges to retain and attract customers, while the online retail segment maintained its resilience and continued to grow, accelerating the structural move towards omni-channel retailing. While offline consumption has weakened considerably given the current outbreak situation, retail demand is expected to rebound quickly once the situation is under control. Retail landlords that are able to reposition their properties and adjust marketing strategies to capitalise on the expected recovery will be better positioned. While the high volume of new supply in the market is expected to put downward pressure on Shanghai's average retail rental growth, rents in prime areas are expected to remain stable in the short to medium term. 16

16 **Shanghai Retail Forecast Supply, Demand & Vacancy**



Source: Colliers International

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2. We shall be released from our obligations to the extent that performance thereof is delayed, hindered or prevented by any circumstances beyond our reasonable control (examples being a strike, act of God or act of terrorism). All the costs and benefits forecasted will, ultimately, be determined by future market conditions. Forecasts of these elements are based on assumptions of certain variable factors, which, in turn, are extremely sensitive to changes in the market and economic contexts. For this reason, the figures mentioned in this report were not computed under any known or guaranteed conditions. Rather, these are forecasts drawn from reliable sources of data and information and made in the best judgment and professional integrity of Colliers International. Notwithstanding this, Colliers International reiterates that it will not accept any responsibilities in the face of damage claims that might result from any error, omission or recommendations, viewpoints, judgments and information provided in this report.

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4. All statements of fact in the service or advice given which are used, as the basis of our analyses, opinions, and conclusions will be true and correct to the best of our knowledge and belief. We do not make any representation or warranty, express or implied, as to the accuracy or completeness of the information or the state of affairs of the Property furnished to us by the Client.

5. Our liability for loss and damage attributable to our negligence, breach of contract, misrepresentation or otherwise (but not in respect of fraud, fraudulent misrepresentation, death or personal injury) shall be limited to a maximum of three times our contracted fee for the service for any single case. A single case of damages is defined as the total sum of all damage claims of all persons entitled to claim, which arise from one and the same professional error/offence. In the case of damages suffered from several offences brought about by the same technical error within the scope of several coherent services of a similar nature, we are only to be held liable for an amount of three times our contracted fee for the service rendered.

6. Where the agreement is addressed to more than one client, the above limit of liability applies to the aggregate of all claims by all such clients and not separately to each client.

7. No third party other than the Client and its other advisors will be entitled to rely on any part of our service report or its substance or advice except with our written consent. Should any third party rely on our report without obtaining our written consent, we are not bound by any liability which arises from the use of or reliance upon our report by such unauthorised party.

8. We will not be liable for any services outside the scope of the services agreed to be performed by us, and in respect of any consequential losses or loss of profits.

9. Responsibility for our service extends only to the party(ies) to whom it is addressed. However, in the event of us being asked by to re-address our report to another party or other parties or permit reliance upon it by another party or other parties, we will give consideration to doing so, to named parties, and we reserve the right to charge additional fee for doing so although we will agree such fee beforehand. Any additional reliance will be subject to terms and conditions.

Investor Relations

The Manager is committed to maintaining regular, timely and transparent communication with Unitholders, prospective investors, analysts and the media.

Financial results, announcements, press releases, presentation slides and other relevant disclosures are issued through SGXNET. These are also posted in a timely manner on OUE C-REIT's website. Unitholders and other stakeholders can subscribe to email alerts via the website to receive the latest updates on OUE C-REIT.

The Manager also maintains regular engagement with the investment community to provide updates on OUE C-REIT's development and financial performance as well as insights on its strategies and market outlook. Senior management conducts analysts' briefings for half-year and full-year results, in addition to holding post-results meetings each quarter to meet with investors.

In 2019, the management team met with more than 100 investors and research analysts through analyst briefings, one-on-one and group meetings and investor conferences. To engage further with retail investors, the Manager participated in the REITs Symposium 2019 jointly organised by ShareInvestor and REITAS, which attracted more than 1,200 retail participants. As part of shareholder engagement, the Manager has also conducted property tours to OUE C-REIT's properties for analysts and institutional investors to have a better understanding of its operations.

In addition, the management team actively reached out to the investment community and research analysts during the period of the merger with OUE H-Trust. The Manager worked with the Securities Investors Association (Singapore) ("SIAS") to organise a dialogue session for retail Unitholders, as well as presentations to trading representatives of various retail brokerages.

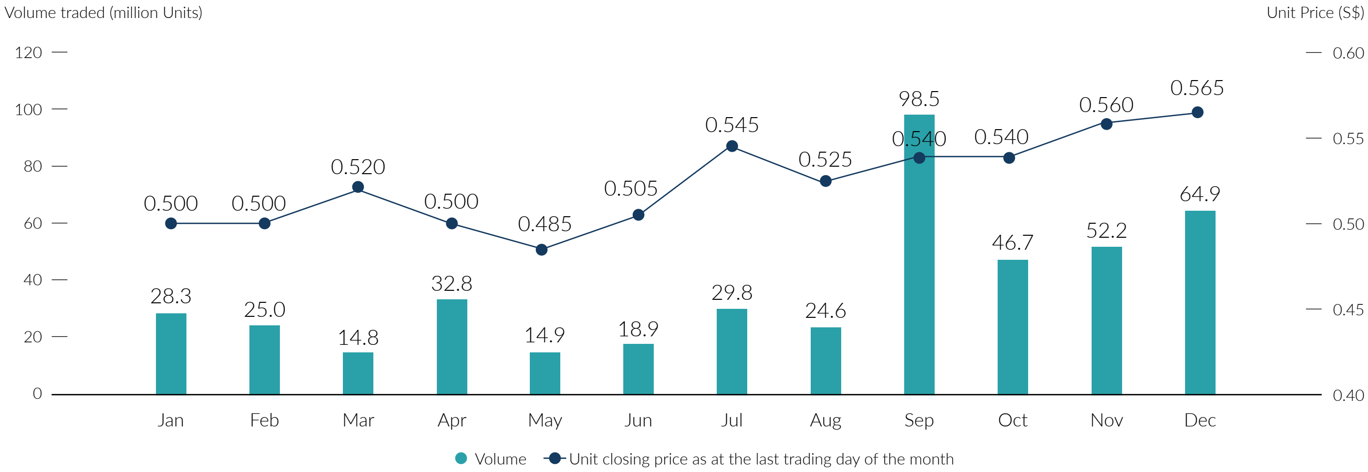
UNIT PRICE PERFORMANCE

S$	2019	2018
Opening Price on First Trading Day of Year	0.460	0.638
Closing Price on Last Trading Day of Year	0.565	0.460
Highest Closing Price	0.570	0.664
Lowest Closing Price	0.455	0.450
Average Closing Price	0.519	0.579

TRADING VOLUME

Number of Units	2019	2018
Total Volume Traded	457,397,500	154,786,700
Average Daily Trading Volume	1,820,151	616,680

2019 TRADING PERFORMANCE



Source: Bloomberg

INVESTOR RELATIONS ACTIVITIES IN 2019

1st Quarter

Analyst Briefing for 4Q 2018 Financial Results	30 January 2019
4Q 2018 Post-results investor luncheon and property tour of OUE Downtown	31 January 2019

2nd Quarter

Fifth Annual General Meeting	29 April 2019
1Q 2019 Post-results investor luncheon, Singapore	10 May 2019
REITs Symposium 2019, ShareInvestor and REITAS, Singapore	18 May 2019
DBS Bank Group Investor Presentation and property tour of OUE Downtown	27 June 2019

3rd Quarter

SIAS – OUE C-REIT Dialogue Session for the Proposed Merger with OUE H-Trust	29 July 2019
Remisier luncheons for the Proposed Merger with OUE H-Trust (CGS-CIMB, Maybank Kim Eng, OCBC Securities, Phillip Securities, OCBC Securities, RHB Securities and UOB Kay Hian)	July - August 2019
Roadshow for the Proposed Merger with OUE H-Trust, Singapore	July - August 2019
Analyst Briefing for 2Q 2019 Financial Results	7 August 2019
2Q 2019 Post-results investor luncheon, Singapore	8 August 2019
Extraordinary General Meeting	14 August 2019
Citi-REITAS-SGX C-Suite REITs and Sponsors Forum 2019, Singapore	22 August 2019

4th Quarter

SGX-RHB Corporate Day, Singapore	9 October 2019
Analyst Briefing for 3Q 2019 Financial Results	14 November 2019
3Q 2019 Post-results investor luncheon	14 November 2019
DBS Non-Deal Roadshow, London	27 - 28 November 2019

FINANCIAL CALENDAR

	2019	2020 (tentative)
First Quarter Financial Results Announcement	10 May 2019	May 2020
Second Quarter Financial Results Announcement	7 August 2019	August 2020
Payment of Distribution to Unitholders	12 September 2019	By September 2020
Third Quarter Financial Results Announcement	13 November 2019	November 2020
Clean-up Distribution to Unitholders for 1 July 2019 to 3 September 2019 (pursuant to merger with OUE H-Trust)	5 December 2019	–
Full Year Financial Results Announcement	30 January 2020	January 2021
Payment of Distribution to Unitholders	6 March 2020	By March 2021
Annual General Meeting	28 April 2020	April 2021

ANALYST COVERAGE

As at 31 December 2019

- CGS-CIMB Research
- DBS Bank
- OCBC Investment Research

UNITHOLDERS' ENQUIRIES

If you have any enquiries or would like to find out more about OUE C-REIT, please contact:

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www.boardroomlimited.com

UNIT DEPOSITORY

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#06-07 The Metropolis
Tower 2
Singapore 138589
Tel: (65) 6236 8888
Fax: (65) 6535 6994
Website: www1.cdp.sgx.com

Sustainability Report

In working towards our objective of delivering stable distributions and sustainable long-term growth to Unitholders, the Manager strives to constantly innovate and to maintain sustainable business practices in maximising value for all stakeholders.

BOARD STATEMENT

[GRI 102-14]

The Board of Directors (the "Board") of OUE Commercial REIT Management Pte. Ltd. (the "Manager") is pleased to present OUE Commercial Estate Investment Trust's ("OUE C-REIT's") third Sustainability Report.

OUE C-REIT was listed on the Singapore Exchange Securities Trading Limited ("SGX-ST") since 27 January 2014 and since then has grown from a total asset size of S$1.6 billion to S$6.8 billion as at 31 December 2019. The merger with OUE Hospitality Trust ("OUE H-Trust") which was completed in September 2019, added one commercial property and two upscale hotels, creating a more diversified asset base with a well-balanced portfolio of master leases and actively managed leases. The Manager ensured the successful merger between OUE C-REIT and OUE H-Trust, which included the integration of the operations of OUE H-Trust and employees into the expanded business.

This year's report includes the integration of sustainability performance of the three properties from OUE H-Trust. We have continued to consider sustainability risks and opportunities most relevant to our internal and external stakeholders and determined that our material environmental, social and governance ("ESG") factors remain unchanged for the period from 1 January 2019 to 31 December 2019 ("FY2019"). We tracked our performance for each material factor against the performance indicators and targets set in the previous years.

The Board oversees the sustainability strategy and performance of the Manager. Together with sponsor OUE Limited (the "Sponsor") and its subsidiaries (collectively the "OUE Group", or "Group"), we have determined and formalised sustainability policies and processes, and implemented appropriate performance indicators and targets. The Group's internal audit team independently monitors the data collection process.

Due to the recent merger, the Manager will conduct a strategic review in FY2020 to ensure that the sustainability approach and disclosures remain relevant. The Manager will continue to support the Group in their sustainability performance management, where appropriate.

This report is aligned to the SGX-ST Listing Rules – Sustainability Reporting Guide and is in accordance to the internationally recognised Global Reporting Initiative ("GRI") Standards (2018) "Core".

WHO WE ARE

[GRI 102-1] [GRI 102-2] [GRI 102-16]

OUE C-REIT is an established real estate investment trust and invests in income-producing real estate primarily used for commercial (including office and/or retail) purposes in financial and business hubs, and/or hospitality and/or hospitality-related assets, as well as real estate-related assets.

The Manager, OUE Commercial REIT Management Pte. Ltd., is a wholly-owned subsidiary of the Sponsor. The Sponsor is a real estate owner, developer and operator with a diverse real estate portfolio consisting of commercial, hospitality, retail, residential and healthcare located in prime locations in Asia and the United States.

In working towards our objective of delivering stable distributions and sustainable long-term growth to holders of units in OUE C-REIT ("Unitholders"), the Manager strives to constantly innovate and to maintain sustainable business practices in maximising value for all stakeholders.

Sustainability Trends, Risks and Opportunities

[GRI 102-16] [GRI 102-18] [GRI 103-2]

The OUE brand prides itself in ensuring high-quality real estate with a strong focus on design, finish and operational performance. In addition, the OUE Group strives to create long term value for all key stakeholders by delivering reliable and dedicated services and developing effective partnerships. As the Manager, we believe building on these principles and including sustainability in our focus are crucial for OUE C-REIT's growth and long-term success.

The Manager works closely with the OUE Group on sustainability processes and our progress builds on the lessons learned from the development of our previous reports in FY2017 and FY2018. This includes defining how sustainability is governed and managed. Sustainability performance data collection is integrated into OUE Group's internal audit function, which reports to the Board of the Sponsor. In addition, the Manager reports to the Board on the status of sustainability performance on a regular basis. The Manager has not sought external assurance for this reporting period and may consider it for future periods.

The Manager aims to remain relevant to all stakeholders and continually considers emerging ESG risks related to new trends in our business. Thus, we engage all our stakeholders in order to manage potential risks while also developing any opportunities. Some of the new trends that affect the Manager and OUE C-REIT include increasing investor demand for ESG integration in business operations, developing new guidelines and regulations around energy efficiency and the changing needs of customers, tenants and employees.

Sustainability focus area	Risks to OUE CREIT's operations	Opportunities for OUE C-REIT's business
Eco-efficient buildings		
Increasing demands by regulators and consumers to have energy efficient buildings that decrease overall energy consumption and emissions.	• Increased regulation and compliance-related time costs. • Increased tenant awareness of eco-efficiency may mean that the value proposition of OUE C-REIT's properties may decline if we do not keep in step with market trends.	• Keeping up-to-date with architectural, technological and mechanical developments allows us to improve the eco-efficiency of OUE C-REIT's properties, meet increased regulation and tenant demand, and allows OUE C-REIT to maintain the value proposition of its properties. • The asset management team of the Manager is continually looking for opportunities to work with the OUE Group and OUE C-REIT's tenants to increase the environmental performance of OUE C-REIT's assets.
Creating social eco-systems		
Evolving demands of tenants and visitors to have more social spaces and a more interactive experience that also considers health and well-being.	The Manager must work with the property managers of OUE C-REIT's portfolio to enhance its assets and provide tenant services in line with this trend, for OUE C-REIT's property portfolio to continue to be in demand and meet the needs of its tenants.	• Understanding the needs of OUE C-REIT's tenants allows us to respond to market demand and potentially enhance our buildings to better match their requirements. This increases the value proposition of OUE C-REIT's properties and their desirability.
People and resourcing		
Evolving demands of employees to have a more meaningful workplace, where companies contribute to the community and employees are fairly rewarded for their hard work.	Loss of key talent, inability to recruit the right talent, reduced productivity due to job dissatisfaction or lack of empowerment in addition to a lack of focus on workplace safety and health will contribute to a lower standard of service by the workforce. This will impact the value of the brand.	• Providing our employees with the necessary tools and resources they need to further enhance their skills and knowledge, resulting in an improvement in the quality of work and delivery of services to customers, and improved talent retention for a productive and efficient workforce.
Good corporate governance		
Greater expectation by all stakeholders of transparent reporting of financial and non-financial aspects of the business.	Non-compliance with anti-corruption laws and regulations or any laws and regulations may entail adverse financial, operational or reputational consequences.	• The Manager's stringent and robust compliance management strengthens stakeholders' trust in OUE C-REIT and in the way that the Manager operates.

ABOUT THIS REPORT

[GRI 102-50] [GRI 102-54]

OUE C-REIT is listed on the SGX-ST. As such, this report is in accordance to the SGX-ST Listing Rules 711A and 711B and the GRI Standards (2018) and includes consideration of the GRI Construction and Real Estate Sector Disclosures. This report describes the Manager's sustainability performance with regards to our material ESG topics for the period of 1 January 2019 to 31 December 2019. The GRI Index and the relevant references are presented on pages 92 to 94.

Reporting Scope

[GRI 102-46]

The scope of the report mainly covers the properties in which the Manager has operational control over as well as the significance of any resulting ESG impacts.

Unless otherwise specified, the previous years' performance data reported pertain to the Manager, OUE Bayfront and One Raffles Place. This year, OUE C-REIT completed the merger with OUE H-Trust. Due to recent changes in OUE C-REIT's portfolio, we revised our reporting scope for FY2019. Unless otherwise specified, the environmental performance data reported pertain to OUE Bayfront, One Raffles Place, OUE Downtown Office, Mandarin Gallery, Mandarin Orchard Singapore and the Crowne Plaza Changi Airport.

As OUE C-REIT is managed externally by the Manager, our targets set pertain to areas in which we have direct control over. As such, tenant activities are excluded from our environmental data but we include our efforts to involve our key stakeholders, such as contractors and tenants, in sustainable activities that are within our direct control. For the sustainability focus areas of Creating Social Ecosystems and People and Resourcing, data includes only that of the Manager and property manager of One Raffles Place due to the holding structure of OUE C-REIT's interest in One Raffles Place. We continue to support the Sponsor in the achievement of Group-wide targets, especially in terms of environmental performance.

For FY2019, we included all cooking gas used in the disclosure of energy consumption and greenhouse gas ("GHG") emissions and intensity, as well as NEWater in water consumption and intensity. Furthermore, we have revised our recycling rate methodology to follow the National Environment Agency ("NEA") guidelines which we believe is a better reflection of our efforts. Moreover, our total waste recycled in FY2019 includes recycled food waste from Crowne Plaza Changi Airport's food digestor.

The information contained in this report is published in good faith for the benefit of OUE C-REIT's stakeholders. We seek to continuously improve our reporting practices and sustainability performance as we continue our sustainability reporting journey.

Addressing the GRI Reporting Principles

[GRI 102-46]

GRI Reporting Principles	How we have addressed the GRI Reporting Principles
Reporting principles for defining report content • Stakeholder Inclusiveness • Sustainability Context • Materiality • Completeness	The Manager's materiality assessment and subsequent review allowed us to identify the most material list of ESG factors to include in our report. In the process, we have incorporated our stakeholders' concerns, megatrends and the global and local context of our business.
Reporting principles for defining report quality • Accuracy • Balance • Clarity • Comparability • Reliability • Timeliness	The Manager's internal audit team carefully controls the accuracy and reliability of information disclosed in our report through a rigorous reviewprocess. The information disclosed is balanced and as this is our third report, we kept similar indicators to allow a clear comparison over time and with our peers.

Feedback

[GRI 102-53]

The Manager strives to be a responsible corporate citizen. We greatly appreciate feedback that will help us enhance our sustainability reporting journey and sustainability practices. Please send your questions or feedback to enquiry@ouect.com.

ASSESSING MATERIALITY WITH OUR STAKEHOLDERS IN MIND

Engaging with Our Stakeholders

[GRI 102-40] [GRI 102-42] [GRI 102-43] [GRI 102-44]

The Manager values the opinions and concerns of our stakeholders. Our stakeholders are groups of individuals categorised by how they can impact our business or can be impacted by our business. The concerns of the stakeholders highlighted are important in our decision-making process. As such, we engage them on a regular basis through timely and transparent communication practices. The Manager interacts with stakeholders via several regular engagement methods to determine the ESG topics relevant to each stakeholder group as displayed in the table below.

Stakeholders	Relevant ESG topics	Engagement methods	Frequency of engagement
Unitholders and prospective investors	• Sustainable and market comparable financial returns • Ethical business operations • Keeping up-to-date with customer and market trends • ESG integration into operations	• Release of financial results, announcements, press releases, presentation slides and other relevant disclosures through SGXNet and OUE C-REIT's website • Email alerts via subscription on OUE C-REIT's website • Annual General Meeting • Extraordinary General Meeting, where necessary • Quarterly post-results meetings with senior management • Updates through one-on-one and group meetings and investor conferences • Property tours to OUE C-REIT's properties for institutional investors • Publication of annual report	Throughout the year
Analysts and the media	• Sustainable and market comparable financial returns • Innovative and new ways of increasing eco-efficiency • Health and safety	• Analysts' briefings for half-year and full-year results, conducted by senior management • Updates through one-on-one and group meetings • Property tours to OUE C-REIT's properties for analysts	Throughout the year
Tenants	• Cost-efficient buildings • Modern, high quality facilities and features • Safe environments that safeguard their well-being and provide for their various needs	• One-on-one feedback sessions and discussions • Annual tenant gatherings • Informal outreach and networking sessions • Management circulars • Tenant satisfaction survey	Throughout the year
Employees	• Productive working environments that have their safety and well-being in mind • Opportunities for career development and growth • Competitive salaries and benefits • Equal opportunities for promotion and reward	• Training and development programmes • Annual performance reviews • Recreational and team building activities • Ongoing dialogue regarding any concerns	Throughout the year
Government and regulators	• Compliance with laws and regulations • Ethical corporate business practices	• Industry networking functions • Annual regulatory audits • Compliance with mandatory reporting requirements	Throughout the year

In FY2019, the Manager increased its efforts in reaching out to and engaging key stakeholders who were impacted by the merger with OUE H-Trust. A series of stakeholder engagement events were undertaken, leading up to, during and after the merger.

Investment Community
The Manager tied up with the Securities Investors Association (Singapore) ("SIAS") to organise a dialogue session exclusively for retail unitholders on the merger and rationale behind the merger with OUE H-Trust. The respective chief executive officers ("CEOs") and senior management teams of both OUE C-REIT and OUE H-Trust were present to address any stakeholder concerns and questions ahead of the respective extraordinary general meetings.

Employees
Ongoing updates by the CEO of the Manager and integration plans were presented to employees to ensure a smooth transition.

Tenants
Meetings and up-to-date correspondences were conducted following the completion of the merger to effectively communicate to tenants to provide assurance and respond to queries.

Materiality Assessment

[GRI 102-47] [GRI 103-1]

In FY2017, an ESG materiality assessment was conducted by the Sustainability Steering Committee, which includes the Manager and representatives across the OUE Group. The identified material ESG factors are significant to OUE C-REIT based on their impact to the business and stakeholders. This year, a materiality review in light of the latest sustainability trends has concluded that the current eight ESG factors identified are still relevant to OUE C-REIT's business and operations.

We retain these factors in FY2019 as the focus of our efforts and the content for OUE C-REIT's sustainability report.

OUE C-REIT's Sustainability Focus Areas	Material Topics	Topic Boundary[1]
Economic	Economic Performance (GRI 201)	The Manager
Workforce	Occupational Health and Safety (GRI 403)	The Manager and Property Managers
	Talent Retention (GRI 401)	The Manager
	Career Development (GRI 404)	The Sponsor and The Manager
Community	Customer Health and Safety (GRI 416)	Property Managers and Tenants
Governance	Anti-corruption (GRI 205)	The Sponsor and The Manager
	Compliance with Local Laws and Regulations (GRI 419)	The Sponsor and The Manager
Environment	Compliance with Environmental Laws and Regulations (GRI 307)	Property Managers and Tenants

The Manager is committed to supporting OUE Group's environmental and social efforts which are material to the Group. Hence, we have disclosed our performance and briefly described our initiatives for the non-material topics below.

Sustainability Focus Areas	Non-Material Topics
Workforce	• Diversity and Equal Opportunity (GRI 102, GRI 405)
Environment	• Energy & Emissions (GRI 302, GRI 305) • Water (GRI 303) • Effluents & Waste (GRI 306)

[1] Material topic boundary describes where significant impacts occur for each material factor and where the Manager has caused or contributed to the impacts through our business relationships.

ECONOMIC

ECONOMIC PERFORMANCE

[GRI 201-1]

OUE C-REIT delivered significant growth in distribution for FY2019 on the back of a transformational merger with OUE H-Trust. As the portfolio expanded to seven properties across the office, retail and hospitality asset classes, assets-under-management grew from S$4.5 billion in the previous year, to S$6.8 billion as at 31 December 2019.

Net property income grew 48.3% year-on-year ("YoY"), boosted by the full-year contribution from OUE Downtown Office (acquired on 1 November 2018) as well as contribution from the merger with OUE H-Trust (effective from 4 September 2019), and augmented by healthy operational performance of OUE C-REIT's existing property portfolio. Consequently, FY2019 amount to be distributed was S$123.2 million, 72.8% higher YoY, resulting in distribution per unit of 3.31 cents.

Please refer to the Key Highlights section of the Annual Report (pages 4 & 5) as well as the Financial Statements (pages 109 – 193) for more information on OUE C-REIT's economic performance for the financial year ended 31 December 2019.

WORKFORCE

OCCUPATIONAL HEALTH & SAFETY

[GRI 403-1] [GRI 403-2] [GRI 403-3] [GRI 403-5] [GRI 403-8] [GRI 403-9]

Indicator	
Number of incidents resulting in employee permanent disability or fatality	Accident Frequency Rate (AFR)[2]
Target set for FY2019	
Maintain zero incidents resulting in employee permanent disability or fatality	
Performance in FY2019	
Zero[3]	Zero

The Manager maintains responsibility for the health and safety of employees within OUE C-REIT's properties and believes a safe working environment for employees is of utmost importance. As such, the asset management team ensures that the property managers adhere to health and safety regulations as mandated by law. This is evident through our health and safety practices and training for all employees such as encouraging property managers to practice proper safety procedures, particularly with employees who may be exposed to additional risks due to the operation of machinery and/or plant and equipment. Training is conducted throughout employment from new-joiner orientation, to safety and mandatory safety training sessions catered to our technical and operational employees.

Our strong safety culture is reinforced through our occupational health and safety management framework. It comprises of a Code of Practice for workplace health and safety which was developed with reference to the Ministry of Manpower's Workplace Safety and Health ("WSH") Act.

In addition to the framework, the Manager also adopts the bizSAFE programme regulated by the Singapore WSH Council. Employees are also responsible for adhering to specific safety measures when required by their specific roles, such as conducting maintenance responsibilities. We conduct risk assessments to identify workplace hazards and ensure a safe workplace for our employees. Our workplace safety management systems implement various policies and procedures that help us minimise hazards and identify areas for safety improvement.

[2] Calculated as number of workplace accidents reported divided by number of man hours worked multiplied by 1,000,000 based on methodology from the Ministry of Manpower Workplace Safety and Health Report 2018.
[3] Excludes the workplace safety and health performance of contractors.

Health and safety training is provided as follows:

Stakeholders	Training
• Employees of the Manager • Property managers • Master lessees	• Workforce Skills Qualifications ("WSQ") Respond to Fire Emergency in Buildings • Weekly risk assessment checklist • Fire safety training • Fire warden training • Monthly night drill (Company Emergency Response Team ("CERT") responses) • Biannual fire evacuation drill • Biannual table-top exercise • Daily fire and life safety checks • Monthly fire & life safety meetings • Handling bomb threat call training • CERT First Aid with Cardiopulmonary Resuscitation ("CPR") and Automated External Defibrillator ("AED") • SGSecure @Workplace training • Psychological First Aid training
• Vendors and Contractors	• Customised Hazard identification & Risk Assessment Environment ("HIRA") is adopted for practices from the Environment, Health & Safety ("EHS") policy documents • Briefed on the house rules that describe the EHS policy. Acknowledgement is endorsed via a form.

The Manager also takes into account the protection of contractors who work in our premises but are not under our direct employment. We work with our business partners to increase the safety of OUE C-REIT's properties through building upgrades and procedures, as well as conduct regular meetings with third party service providers to monitor their health and safety performance. Vendors and contractors are briefed on the house rules that describe the EHS policy and throughout the course of their engagement, the service providers are also mandated to maintain relevant WSH certifications in their terms and conditions. In addition, they are required to abide by a workmen's compensation policy and take up WSH insurance prior to the commencement of the contracted work.

To address employees' healthcare requirements, the Manager as part of the OUE Group enrols employees under the Group's general practitioner clinical and outpatient specialists insurance scheme. In FY2019, the OUE Group also offered health screenings at discounted rates and subsidised gym memberships to employees.

Exercise Heartbeat – Joint Emergency Drill

Crowne Plaza Changi Airport collaborated with the Singapore Police Force ("SPF") and Ministry of Manpower to conduct a counter-terrorism simulation exercise – the first joint exercise at a hotel – to highlight the importance of a robust contingency response plan for hotels against terrorist threats. Hotel staff, together with personnel from the SPF and Singapore Civil Defence Force ("SCDF"), participated in the simulation to administer first aid to casualties, as part of established risk management processes and frameworks put in place at the hotel.

WORKFORCE

TALENT RETENTION

[GRI 102-8] [GRI 401-1]

Indicator	
Monthly Rate of Employee Turnover[4]	Monthly Rate of New Employee Hires[5]
Target set for FY2019[6]	
Achieve employee turnover rate below national industry average – 2.8 in 2019[7]	
Performance in FY2019[6]	
2.5%	4.3

The quality of human capital the Manager employs determines our ability to deliver high-quality service and develop trustworthy, responsive and effective business relationships. The Manager seeks to employ individuals that have the passion, skills and knowledge to contribute to our values and business objectives. Hence, attracting the right talent with the necessary qualifications, experience and mind-set is an important area of focus.

We also continually endeavour to provide an environment where our employees feel valued and respected. To foster an inclusive workplace, free of judgement and discrimination, we encourage an open environment where ideas are shared, and all employees have the equal opportunity to contribute and participate.

The Manager adheres to the OUE Group's human resource strategies and policies which are grounded on fair employment practices and equal opportunity with regards to recruitment and career development. We follow the Tripartite Alliance for Fair & Progressive Employment Practices ("TAFEP") guidelines and government employment legislation in all its recruitment and selection practices, adopting merit-based recruitment practices and emphasise diversity and inclusiveness.

Employee Well-being

Employee well-being is a key part of attracting and retaining the right talent and nurturing a productive environment to foster achievements on the individual and business level. We provide competitive salaries and benefits such as health insurance, subsidised mobile packages as well as corporate discounts.

We also believe that encouraging staff cohesion through team bonding can contribute to well-being and retention, and hence the Manager participates in various team social and recreational activities throughout the year. These events are held at both the Manager and OUE Group level and includes the New Year's welcome gathering and annual Christmas celebrations. To promote employee well-being, subsidised health screenings in FY2019 were provided as part of the benefits scheme under the Group's human resource policies.

We advocate a positive workplace culture and proactively engage our people to establish a conducive and family-friendly work environment. Employees are encouraged to adopt good work-life harmony practices to balance both family and work priorities. In support of the nationwide "Eat With Your Family Day" campaign, employees were encouraged to leave the office early on scheduled days to spend quality time with their families over dinner.

The workforce for the Manager and property manager of One Raffles Place, including permanent and temporary employees, totalled 56 as at 31 December 2019. This is an increase from FY2018, following the merger with OUE H-Trust which completed in September 2019, as employees of OUE H-Trust manager joined the Manager. The resultant monthly employee turnover rate included was 2.5%, below the national industry average of 2.8%. We aim to achieve employee turnover rate below the national industry average.

4 Calculated as total number of employee turnover in FY2019 divided by total number of employees as at 31 December 2019.
5 New hires are from 1 January 2019 to 31 December 2019 and includes employees who joined directly from OUE H-Trust as a result of the merger. Calculated as total number of new hires in FY2019 divided by total number of employees as at 31 December 2019.
6 The target and performance pertains to the Manager and the property manager of One Raffles Place.
7 The national average monthly turnover rate for real estate services was 2.8% (based on 1Q19 to 3Q19 data) as published by the Ministry of Manpower of Singapore.

FY2019 Workforce

(The Manager and Property Manager of One Raffles Place)[8]

	Male	Female
Full-time Employees	17	39
Part-time Employees	0	0
Permanent Employees	17	38
Temporary Employees	0	1

New Hires and Turnover by Age Group

	< 30 years old	30-50 years old	> 50 years old
New Hires	10	19	
Turnover	1	13	3

New Hires and Turnover by Gender

	Male	Female
New Hires	10	19
Turnover	7	10

Diversity within Workforce

(The Manager and Property Manager of One Raffles Place)

By Gender

Male	Female
17	39

Age Group

< 30	13
30-50	34
> 50	9

By Employee Category

Senior management	8
Middle management	15
Executive	33

Diversity within Board of Directors

(The Manager)

By Gender

Male	Female
5	2

Age Group

< 30	0
30-50	2
> 50	5

[8] As at 31 December 2019.

WORKFORCE

CAREER DEVELOPMENT

[GRI 404-1] [GRI 404-3

Indicator
Percentage of relevant employees receiving regular performance and career development reviews
Target set for FY2019
Continue to conduct annual performance appraisals for 100% of relevant employees
Performance in FY2019
Annual performance appraisals conducted for 100% of relevant employees

We are committed to nurturing and developing our talent to help our people reach their full potential. Regular training and development are crucial to continue achieving operational efficiency and remaining relevant in today's fast-changing business environment. The Manager leverages on the OUE Group's initiatives to provide training and development opportunities for all employees and robust learning and development programmes are carried out as part of the onboarding processes for new hires.

New hires are required to participate in an orientation programme where they are introduced to the firm's key policies, including the Employee Code of Conduct. After this initial training, employees are exposed to a wide array of training programmes and opportunities which are aimed at building their functional and core competencies. In addition, employees are encouraged to attend ad-hoc training courses, seminars or workshops which are relevant to their field of work. These courses or training programmes are specific to the real estate sector, appropriate accounting and taxation updates, as well compliance with laws and regulations. In FY2019, key representatives of the REIT Manager participated in the REIT Association of Singapore ("REITAS") Conference which covered a range of topics including legal, tax and other issues that REIT managers face in acquiring overseas assets, key changes in REIT regulations, as well as portfolio managers' perspectives of industry trends. The team also attended industry specific seminars and topic specific courses such as cybersecurity and risk to better manage their operations and processes.

As part of OUE Group policy, the Manager's training policy includes processes to provide continuous in-house training upon joining till retirement, addressing learning needs at all stages of the employee's career development. Employees are also encouraged to pursue development opportunities to further their careers. The Manager provides a variety of opportunities such as certified skills training programmes, industry seminars and conferences or support employees in obtaining professional qualifications. Full-time employees can also access paid examination leave to pursue studies of their interest.

The Manager tracks employees' training hours to ensure that all employees take advantage of training and education opportunities. In addition, the Manager also monitors compliance with regulations administered by the Monetary Authority of Singapore ("MAS") mandating minimum Continuing Professional Development ("CPD") training hours as part of the licensing requirements for capital markets service providers. In FY2019, employees of the Manager received an average of 21 hours of training, while the employees of the property manager of One Raffles Place received an average of 17 hours of training.

Performance evaluations conducted at least once a year are another vital way to assess an employee's career development. Carried out with direct line managers, these sessions allow employees to discuss their work performance, training plans and aspirations with their supervisors. All relevant employees (classified as permanent, excluding probationary employees) hired under the Manager have received performance appraisals which include target setting and aim to identify any training gaps. We aim to continue our FY2019 performance of conducting annual performance appraisals for 100% of relevant employees.

Average Training Hours
(The Manager)[9]

By Gender
(hours)

Male	Female
31	20

By Employee Category
(hours)

Senior management	47
Middle management	23
Executive	10

Average Training Hours
(Property Manager of One Raffles Place)

By Gender
(hours)

Male	Female
18	16

By Employee Category
(hours)

Senior management	14
Middle management	20
Executive	16

At Mandarin Orchard Singapore
In FY2019, Mandarin Orchard Singapore had a total of 39 employees who were awarded the Excellence Service Award ("EXSA") across the Star, Gold, and Silver categories. EXSA is managed by seven industry lead bodies (the Association of Singapore Attractions, the Land Transport Authority, the Public Service Division, the Restaurant Association of Singapore, the Singapore Hotel Association, the Singapore Retailers Association and the Association of Banks in Singapore), and supported by SPRING Singapore. This national award recognises individuals who have delivered quality service and aims to develop service models for staff to emulate, and to create service champions.

Two employees from Mandarin Orchard Singapore were awarded jointly by the Singapore Hotel Association and Singapore Kindness Movement, the National Kindness Award—Service Gold 2019. The award recognises service staff in the hotel industry who have displayed exceptional service and gracious behaviour.

Mandarin Orchard Singapore also continued to implement the ISO 9001:2015 Quality Management System—successfully adopting international standards of quality and service within the hospitality industry.

[9] Numbers rounded up to the nearest whole number.

COMMUNITY

CUSTOMER HEALTH & SAFETY

[GRI 416-2]

Indicator
Non-compliance with regulations and/or voluntary codes concerning the health and safety of tenants and building users which resulted in a fine, penalty or warning
Target set for FY2019
Maintain zero non-compliance with regulations and/or voluntary codes concerning the health and safety of tenants and building users resulting in a fine, penalty or warning
Performance in FY2019
Zero non-compliance with regulations and/or voluntary codes concerning the health and safety of tenants and building users resulting in a fine, penalty or warning

There has been an increase in demand for co-working spaces, social multi-functional spaces and eco-efficient building design from our stakeholders, including the prioritisation of the experience they get out of our properties rather than focusing solely on the functionality of design. The Manager seeks to enhance the value proposition of OUE C-REIT's portfolio of properties to improve the experience of our customers according to their requirements as they evolve.

Besides satisfying the needs of stakeholders, we place great priority on the health and safety of OUE C-REIT's customers. The Manager works hand-in-hand with OUE C-REIT's property managers to employ a holistic approach to ensure the health and safety of OUE C-REIT's tenants and visitors. The property managers not only implement various preventative measures, procedures and controls but also conduct regular risk assessments, health and safety inspections, monthly maintenance records, and checks to identify hazards. Once any hazard is detected, immediate action will be taken to reduce the risk of any potential incident.

As part of our strict safety procedures, OUE C-REIT's property managers schedule and invest resources into the regular maintenance of building equipment such as lifts and escalators on a quarterly basis, to ensure that equipment is constantly in a safe operating condition.

OUE C-REIT's property managers are also tasked to submit monthly incident reports and maintenance records to the Manager and are subject to biannual internal and external audits to review their safety management systems.

Going beyond assessments and checks, the property managers are trained to swiftly adapt to ad-hoc situations to safeguard the health and safety of tenants and visitors. The training includes measures to ensure hazards are alerted quickly, and appropriate responses to emergencies such as health, fire or smoke-related episodes. An EHS policy, the fire emergency plan ("FEP") and the CERT are put in place across OUE C-REIT's properties. Fire drills are carried out across OUE C-REIT's properties on a regular basis to strengthen operational readiness. Joint exercises are also conducted with the SCDF and SPF to guard against terrorist attacks and bomb threats, and to strengthen emergency preparedness. During the annual National Day Parade and year-end countdown events, OUE Bayfront is on lockdown to prevent unauthorised access in anticipation of large crowds around the building area.

OUE C-REIT has not been subject to any incidents of non-compliance with customer health and safety regulations.

Tenant Engagement and Appreciation

The Manager strives to provide high service standards for OUE C-REIT's tenants to increase their satisfaction, so as to increase retention. The Manager engages OUE C-REIT's tenants regularly through dialogue and feedback sessions at least annually to better understand their needs, our performance and areas of improvement. In addition, the Manager has developed a tenant handbook which includes safety guidelines in its buildings for tenants to adhere to. We hope to stay ahead of the emerging trends and tenants' requirements and create long-term value through innovation.

The Manager, along with the property managers, hosts an annual year-end tenant get-together to show our appreciation for their continued support, and as well as to provide a forum for tenants to meet informally to network.

Get Healthy at Your Workplace

The Manager together with the Health Promotion Board continued the "Healthy Workplace Ecosystem" programme at OUE Bayfront for our tenant community for the fourth year. Specially designed for the busy executive, the programme integrates healthy, active living into daily work life. Weekly workout sessions including activities such functional interval training, zumba and street jazz were held at the OUE Bayfront open plaza. Other activities included lunch time paper quilling, as well as communal workout sessions held at various downtown locations. For FY2019, a total attendance of approximately 1,200 participants was recorded for the various activities. The programme was extended to include our tenant community at OUE Downtown Office in FY2019, which saw more than 1,600 participants.

Community Engagement
The Manager is focused on building long-term relationships with the community by supporting projects and causes that are of concern to its stakeholders and the communities in which it operates. During the year, the Manager, property managers and master lessees collaborated with various non-profit organisations on community causes through activities which are highlighted on this page.

Stars of Christmas
Stars of Christmas, an annual community programme championed by the Sponsor together with Meritus Hotels & Resorts, and Mandarin Orchard Singapore, returned for its tenth year with supporting partners Komoco Motorcycles Pte Ltd (Harley-Davidson of Singapore—Sole Authorised Dealer); Community Chest—the fund-raising and engagement arm of the National Council of Social Service; Downtown Gallery; and Takashimaya Singapore Ltd, to bring Christmas cheer to beneficiaries of non-profit organisations providing programmes and services to underprivileged children, and those with special needs and illnesses. The beneficiaries for Stars of Christmas 2019 included Children's Cancer Foundation, Club Rainbow, KK Women's and Children's Hospital, Ronald McDonald House Charities Singapore, SPD, Rainbow Centre, HCSA Dayspring Residential Treatment Centre, Lutheran Community Care Services, Marymount Centre and various other children's welfare organisations under Community Chest.

Clothes Donation to Image Mission
Staff of the Manager and the Sponsor collated and donated over 150 items of work-appropriate clothing to Image Mission, a non-profit organisation which helps to promote economic independence to disadvantaged women in Singapore, by providing them with coaching, image services and presentable work attire for job interviews and career advancement.

Work Experience Programme for Special Needs Students
Under the Work Experience Programme organised by the Singapore National Employer Federation and the Special Education Branch of the Ministry of Education, Mandarin Orchard Singapore continues to work with Metta School and the Association for Persons with Special Needs ("APSN") Delta Senior School to offer on-the-job training opportunities for special needs students. The objective of the programme is to expose participants to real-life settings and assist them in developing into self-sufficient and productive members of society. Mandarin Orchard Singapore, depending on the students' performance during the programme and how successfully they adapt to the work environment, then facilitates the placement of these students into full-time roles with the hotel.

Soup Kitchen Volunteering
Employees from the Manager dedicated their time and spent a morning to help out at the Willing Hearts' soup kitchen to prepare meals for the disabled, underprivileged and needy elderly and children. Willing Hearts is a secular, non-affiliated charity that is largely run by volunteers that operates a soup kitchen to prepare, cook and distribute about 5,000 daily meals to its beneficiaries at over 40 locations islandwide.

ChariTrees at OUE Bayfront
OUE Bayfront was one of the four locations along the Marina Bay precinct for the annual Charitrees initiative. Held for the ninth year, ChariTrees is a fundraising movement launched by the Community Chest and in partnership with the Marina Bay pilot Business Improvement District, to fulfil the wishes of 500 beneficiaries from six charities including the APSN, Muscular Dystrophy Association of Singapore (MDAS), Society for the Physically Disabled (SPD), REACH Community Services Society, Cycling Without Age, and Bakery Hearts.

Soap Recycling Project
In collaboration with Ecolab, Mandarin Orchard Singapore embarked on a soap recycling project where used soap was collected, sanitised, and repurposed. Using Ecolab's expertise in chemical processing, the hotel was able to recycle over 40kg of used soap that was collected from the guest rooms and made them into 616 pieces of new soaps which were then donated to Filos Community Services.

Heartstrings Walk 2019
Over 200 employees from the Sponsor participated in the annual Heartstrings Walk 2019, which is organised by Community Chest, to bring together people from all parts of the community, partners, volunteers and beneficiaries, to signify a collective effort to build one community that shares, and a nation that cares.

GOVERNANCE

ANTI-CORRUPTION

[GRI 205-3]

Indicator
Confirmed incidents of corruption and actions taken
Target set for FY2019
Zero confirmed incidents of corruption
Performance in FY2019
Zero confirmed incidents of corruption

Maintaining good corporate governance and ensuring that our business practices are ethical and fair are essential to OUE C-REIT's reputation and trust with stakeholders. Corruption can cause us significant reputational losses, financial losses and operational risks.

We are pleased to report that there were zero confirmed incidents of corruption across all our properties this year.

COMPLIANCE WITH LOCAL LAWS AND REGULATIONS

[GRI 419-1]

Indicator
Non-compliance with laws and/or regulations which resulted in significant fines and non-monetary sanctions
Target set for FY2019
Maintain zero non-compliance with laws and/or regulations resulting in significant fines and non-monetary sanctions
Performance in FY2019
Zero non-compliance

The Board and Manager are committed to maintaining high standards of business conduct to safeguard the interests of all our stakeholders and to ensure smooth business operations.

The Manager is responsible for staying updated and relevant with changing laws and regulations and ensuring that all properties comply with all applicable requirements. Our legal department attends lunchtime learning organised by law firms or audit firms on the latest changes and updates to legislations and regulations relevant to the Group. When necessary, external legal counsels are engaged to assist the team in implementing policies or frameworks to ensure compliance with laws and regulations, and to conduct training for the directors and relevant departments within the Group. Some of the regulations we align ourselves to are set out in the listing manual of the SGX-ST, the Code on Collective Investment Schemes and the Capital Markets Services ("CMS") Licence for REIT management issued by the MAS and the Securities and Futures Act of Singapore. Listed below are some of the codes and frameworks we adopt:

- Code of Business Conduct and Ethics
- Whistle-blowing policy
- Sponsor's Anti-Money Laundering ("AML") Manual

We do not tolerate any retaliation or harassment of any kind within our properties and we do not tolerate any improper acts such as fraud, bribery, segregation of duties and anti-competitive conduct. All our employees are required to accept and comply with all our policies by signing an acknowledgement form upon their employment and attending robust annual training sessions on the prevention of money laundering and countering the financing of terrorism. All complaints or concerns raised are thoroughly investigated by the Group Ethical Officer, who advises the CEO and the Chief Financial Officer and reports to the Chairman of the Audit and Risk Committee of the Manager.

Furthermore, we utilise Thomson Reuters World Check One portal to screen prospective tenants or clients for AML risks and carry out due diligence checks for Know Your Customer ("KYC") processes, supplier onboarding, and consistent monitoring of the relevant parties.

Finally, policies related to the Manager as a CMS Licence holder, such as Technology Risk Management and Cyber Security Awareness, are administered directly by the Manager. Since FY2018, the Group has adopted the Gift and Entertainment Policies and Procedures, mandated by MAS.

We are pleased to report zero non-compliance with local laws and regulations which resulted in significant fines or non-monetary sanctions. In the spirit of full transparency and good corporate governance, we would like to report an incident at Crowne Plaza Changi Airport. An infringement decision by the authorities was made against the master lessee and hotel manager of Crowne Plaza Changi Airport in January 2019 after sales representatives were found to be involved in incidents of anti-competitive conduct from January 2014 to June 2015. Measures have been taken by the master lessee and the hotel manager to eliminate anti-competitive conduct. All employees are required to undergo stringent training and briefings on ethics and compliance, including that on anti-competition laws.

COMPLIANCE WITH ENVIRONMENTAL LAWS AND REGULATIONS

[GRI 307-1]

Indicator
Non-compliance with environmental laws and/or regulations which resulted in significant fines and non-monetary sanctions
Target set for FY2019
Maintain zero non-compliance with environmental laws and/or regulations resulting in significant fines and non-monetary sanctions
Performance in FY2019
Zero non-compliance with environmental laws and/or regulations resulting in significant fines and non-monetary sanctions

OUE C-REIT's properties in Singapore are subject to environmental laws and regulations, including the Building Control (Environmental Sustainability) Regulations administered by the BCA, as well as the Energy Conservation Act and Environment Protection and Management Act governed by the NEA.

The Manager's asset management team works together with the property managers to strategise the ways in which OUE C-REIT can best comply with the various new regulatory requirements. Besides ensuring that OUE C-REIT remains compliant, the team further ensures that the contractors engaged will implement the necessary upgrades and procedures to the properties for us to stay compliant.

The property managers conduct regular checks within the buildings and ensure compliance with reporting requirements pertaining to safety and the submission of environmental data. OUE C-REIT's properties follow regulations by the Energy Conservation Act, the Environmental Protection and Management Act, certification of potable water for consumption by the Public Utilities Board ("PUB"), legionella bacteria control for cooling tower by NEA, lift and safety & escalator safety tests by BCA, and the main electrical switchroom by the Energy Market Authority ("EMA"). All our properties undergo environmental audits throughout the year as required by the local authorities

We are pleased to report zero non-compliance with environmental laws and regulations.

Sustainability Report

ECO-EFFICIENT BUILDINGS

The following section encloses OUE C-REIT's performance and contribution to the OUE Group's efforts in reducing their overall environmental footprint.

The Manager has indirect control over the operations in OUE C-REIT's properties. Nonetheless, the Manager recognises the importance of mitigating climate change and addressing the concerns of our stakeholders in our contribution towards OUE Group's overall environmental performance. As such, capital has been directed towards the upgrading of properties for greater operational efficiency, energy efficiency as well as water and waste management. The Manager works closely with the property managers and tenants to reduce OUE C-REIT's environmental footprint.

Due to the recent changes in OUE C-REIT's portfolio, we revised our reporting scope for FY2019 compared to previous years. The data for energy consumption, water consumption and waste in FY2017 and FY2018 pertains to the Manager, OUE Bayfront and One Raffles Place. The data for energy consumption, water consumption and waste in FY2019 pertains to OUE Bayfront, One Raffles Place, OUE Downtown Office, Mandarin Gallery, Mandarin Orchard Singapore and Crowne Plaza Changi Airport for full year 2019 and excludes tenanted areas that are not within the Manager's operational control[10].

Green Building Rating
The BCA Green Mark is a green building certification that considers the overall environmental performance and practices of buildings as they relate to sustainable design, construction, and operations. For proven sustainability performance, the Green Mark rating system is adopted as a benchmark to meet the green buildings standards. Criteria for a Green Mark rating includes energy, water and waste efficiency, environmental protection, indoor environmental quality, and green innovations.

In FY2019, the Manager optimised the Mandarin Orchard Singapore's air-conditioning chiller plants and applied for the Green Mark Gold certification by the BCA. This project was preceded by the installation of motion-activated energy-efficient LED lightings in common areas, installation of EndoCube energy saving device in kitchens and the regular monitoring of chiller plant efficiency and upgrading of old chillers.

The following OUE C-REIT properties in Singapore have achieved at least a BCA Green Mark certification or an industry award for environmentally-friendly practices. Mandarin Orchard Singapore is currently seeking a higher level of certification of Green Mark Gold and is expected to receive the results in March 2020.

Property	Award Category
OUE Bayfront	Green Mark Gold
One Raffles Place Tower 1	Green Mark Gold
One Raffles Place Tower 2	Green Mark Platinum
OUE Downtown Office	Green Mark Gold
Mandarin Gallery	Green Mark
Mandarin Orchard Singapore	Green Mark
Crowne Plaza Changi Airport	Green Hotel Award from Singapore Hotel Association

We encourage efficient usage of electricity and water as well as reduction of waste generated from our property managers and tenants. For example, property managers require tenants to abide by the Green Guide for Tenants which outlines tips and recommendations in relation to energy and water savings and use of recycling facilities. We also have a Green Procurement Policy which the Group adopts to engage only with sustainable suppliers who prioritise the use of recycled materials.

The Manager's asset management team also conducts regular meetings throughout the year with the property managers to discuss resource consumption, while energy and water utilisation at the properties is reviewed at least once every quarter. Employees at OUE C-REIT's properties are also educated on the potential environmental impact of their activities as well as the benefits of improving environmental performance. Additionally, informative signs are displayed at some of our properties to encourage occupants to limit unnecessary water use.

[10] For Mandarin Gallery, energy consumption and GHG emissions includes tenanted and common area as chilled water for cooling is supplied to tenant and common area.

ENERGY & EMISSIONS

The Manager recognises the impact it has in contributing to global energy consumption and GHG emissions and strives to be part of the solution to climate change. We support the Group's efforts by encouraging good energy management practices amongst OUE C-REIT's tenants and visitors.

Energy efficiency measures are adopted by the property managers in the management of resource consumption. For example, the property managers abide by a Green Procurement policy which encourages the purchase of energy efficient equipment or fixtures. Further, the property managers also conduct monthly checks to ensure that the existing energy efficient features are in good operating condition. For instance, chiller plant efficiency is constantly monitored, and timely action is taken in the event of any unusual spikes or deviation from the targeted measure of efficiency. Other initiatives which have been implemented for OUE C-REIT properties are tabled below.

Focus	Initiatives and Measures
Lighting & Electricity	• Installation of energy-efficient façade lighting/ LED lights in common areas • Installation of eco-friendly building fittings such as motion-activated light controls in public areas (including restrooms, stairwells and carpark, where applicable) to conserve electricity when the facilities are not in use. • Revision of the schedule for usage of lightings, air conditioning and mechanical ventilation that are not necessary for early hours • Installation of photo sensors for better electricity management (OUE Bayfront's link way and plaza area)
Air Conditioning Management	• Installation of carbon dioxide sensors at air handling units (AHUs) to regulate the fresh air intake for improved efficiency • Installation of carbon dioxide sensors in the carpark to ensure sufficient fresh air • Installation of Variable Speed Drives for AHUs • Installation of high-efficiency particulate air (HEPA) filters to filter micro air particles • Use of refrigerants (R134a) to limit the increase in global warming through the release of ozone depleting substances and greenhouse gases • Upgraded or optimised chillers (together with building management system, for One Raffles Place Tower 1 and OUE Downtown Office) to improve energy efficiency • Upgraded chiller optimisation system • Regular monitoring of chiller plant efficiency
Ventilation	• Installation of pre-cooled mechanical ventilation for maintenance due to hot air ingress
Tenant and customer engagement	• Requiring tenants to abide by Green Guidelines while carrying out fit-out and renovation works • Encouraging internal and external customers to practise energy-saving initiatives

ECO-EFFICIENT BUILDINGS

The bulk of OUE C-REIT's energy consumption is from purchased grid electricity. In FY2019, the total energy consumption amounted to 62,345 megawatt hours (MWh) and overall building energy intensity recorded was 285 kilowatt hour per square metre (kWh/m²). This year, the energy consumption includes cooking gas for Crowne Plaza Changi Airport and Mandarin Orchard Singapore. The lower overall energy and emissions intensity recorded in FY2019 was due to the inclusion of OUE Downtown Office, Mandarin Gallery, Mandarin Orchard Singapore and Crowne Plaza Changi Airport in our reporting scope for FY2019.

Overall Total Energy Intensity

FY2017	FY2018
515 kWh/m²	442 kWh/m²

FY2019
285 kWh/m²

In FY2019, the indirect GHG emissions[11] was 26,110 tonnes of carbon dioxide equivalent (tCO_2e) and 0.12 tCO_2e/m^2 respectively.

Overall Total GHG intensity

FY2017	FY2018
0.22 tCO_2e/m^2	0.19 tCO_2e/m^2

FY2019
0.12 tCO_2e/m^2

WATER

We understand that water is a scarce resource in Singapore and water security is one of the nation's priorities. As responsible asset owners, we provide clean potable water for our tenants and visitors in our properties and promote green practices which encourage more efficient water consumption.

At OUE Bayfront, all tenants receive a Green Guide which promotes the installation of water-efficient fittings in tenanted areas. At One Raffles Place, informative signs are displayed to encourage visitors and occupants to limit unnecessary water use. We educate our employees on the potential environmental impact of their activities as well as the benefits of having improved environmental performance.

OUE C-REIT's properties are certified under the PUB's Water Efficient Building ("WEB") Certification Programme which signifies that the buildings have been installed with approved water efficient fittings according to the Water Efficient Labelling Scheme ("WELS"). WEB recommended flow rates and flush volumes have also been implemented at OUE C-REIT's properties. Both One Raffles Place and OUE Bayfront have water sub-meters and a leak detection system to enable the timely identification and rectification of any water leaks. Crowne Plaza Changi Airport has installed Jemflo, a water flow control system, for sustainable long-term water savings. Non-potable water is used in cooling towers, for irrigation as well as flushing in lavatories.

[11] The GHG emissions factor used for 2019 is 0.42 $kgCO_2/kWh$ and based on Singapore Energy Statistics 2019 by the EMA.

NEWater consumption from One Raffles Place, Crowne Plaza Changi Airport and Mandarin Orchard Singapore was included in FY2019's total building water consumption. As such, the total building water consumption was 654,879 m^3, while the overall building water intensity was recorded as 2.99 m^3/m^2. The lower overall water intensity recorded in FY2019 was due to the inclusion of OUE Downtown Office, Mandarin Gallery, Mandarin Orchard Singapore and Crowne Plaza Changi Airport in our reporting scope for FY2019. Further, the asset enhancement works undertaken at One Raffles Place Shopping Mall and refurbishment of the sprinkler tank at One Raffles Place Tower 1 were completed in FY2018, after which water consumption normalised, resulting in lower water intensity recorded for One Raffles Place in FY2019.

Overall Total Water Intensity

FY2017	FY2018
4.11 m^3/m^2	4.13 m^3/m^2

FY2019
2.99 m^3/m^2

EFFLUENTS AND WASTE

In line with the nation's push towards zero-waste and considering Singapore's limited landfill space, the Manager has begun reducing waste generation and implementing proper waste management systems at OUE C-REIT's properties. Although the Manager does not have direct control over the waste generated by tenants and visitors at OUE C-REIT's properties, we encourage the recycling and reusing of waste by providing good waste management and recycling facilities. For example, we provide recycling bins in common areas for the recycling of glass, paper, metal, plastic, and other waste.

We have also carried out new initiatives, with OUE Bayfront introducing electronic waste recycling in July. At Mandarin Gallery, cleaners have been scheduled to sort out items for recycle and deposits at the recycling point, resulting in an average of 8.8 tonnes of waste reduction per year. Crowne Plaza Changi Airport property was also among the first few to adopt Eco-Wiz, a food digestor that recycles food waste into grey water, reducing food waste going to landfills. The grey water is also used for flushing toilets and washing floors. Waste collected at OUE C-REIT's properties is sorted for recycling and is carefully monitored based on waste management reports received from external waste and recyclables vendors.

In FY2019, a total of 3,950 tonnes of non-hazardous waste were generated and 468 tonnes of waste were sent for recycling. Furthermore, Crowne Plaza Changi Airport Eco-Wiz food digestor recycled 58 tonnes of food waste, which we included in our total waste recycled. Our FY2019 recycling rate is 11.9%, which is higher due to the Manager modifying our calculation methodology to use the NEA methodology of total waste recycled as a percentage of total waste generated. This improves our understanding and visibility of our recycling rates. In addition, the introduction of electronic waste recycling and increased paper recycling by a tenant at OUE Bayfront contributed to the higher recycling rate.

Overall Total Waste Recycling Rate

FY2017	FY2018
3.6%	4.1%

FY2019
11.9%[12]

OUE C-REIT strives to further improve our rate of recycling through implementing recycling and waste initiatives and educating all stakeholders on the importance of recycling.

12 Calculated asf total waste recycled as a percentage of total waste generated based on NEA methodology.

GRI INDEX

GRI Standards (2018)		Notes/Page number(s)
General Disclosures		
Organisational Profile		
102-1	Name of the organisation	OUE Commercial Real Estate Investment Trust ("OUE C-REIT")
102-2	Activities, brands, products, and services	Contents Page Manager's Report, pages 28-33 Portfolio Overview, pages 34-47
102-3	Location of headquarter	Contents Page Manager's Report, pages 28-33 Portfolio Overview, pages 34-47
102-4	Location of operations	Properties at a Glance, pages 6-7 Manager's Report, pages 28-33 Portfolio Overview, pages 34-47
102-5	Ownership and legal form	Structure of OUE C-REIT, page 10
102-6	Markets served	Properties at a Glance, pages 6-7 Manager's Report, pages 28-33 Portfolio Overview, pages 34-47
102-7	Scale of the organisation	Properties at a Glance, pages 6-7 Manager's Report, pages 28-33 Portfolio Overview, pages 34-47
102-8	Information on employees and other workers	Workforce, Talent Retention, pages 80-81
		There is an increase in employment numbers during the reporting period due to the merger with OUE H-Trust in September 2019.
102-9	Supply chain	Supply chain is minimal and not significant to report on.
102-10	Significant changes to organisation and its supply chain	There is no significant change to the organisation and its supply chain during the reporting period.

GRI Standards (2018)		Notes/Page number(s)
102-11	Precautionary principle or approach	OUE C-REIT does not specifically address the principles of the Precautionary approach.
102-12	External initiatives	Tripartite Alliance for Fair and Progressive Employment Practices
102-13	Membership of associations	REIT Association of Singapore, Investor Relations Professionals Association (Singapore)
Strategy		
102-14	Statement from senior decision-maker	Board Statement, page 72
Ethics and Integrity		
102-16	Values, principles, standards, and norms of behaviour	Who We Are, Sustainability Trends, Risks and Opportunities, page 73
Governance		
102-18	Governance structure	Who We Are, Sustainability Trends, Risks and Opportunities, page 73
Stakeholder Engagement		
102-40	List of stakeholder groups	Assessing Materiality with Our Stakeholders in Mind, Engaging with Our Stakeholders, page 76
102-41	Collective bargaining agreements	None of our employees are covered by collective bargaining agreements.
102-42	Identifying and selecting stakeholders	Assessing Materiality with Our Stakeholders in Mind, Engaging with Our Stakeholders, page 76
102-43	Approach to stakeholder engagement	Assessing Materiality with Our Stakeholders in Mind, Engaging with Our Stakeholders, pages 76-77
102-44	Key topics and concerns raised	OUE C-REIT has not disclosed the key topics and concerns that have been raised through stakeholder engagement and may do so in future periods.

GRI Standards (2018)		*Notes/Page number(s)*
Reporting Practice		
102-45	Entities included in the consolidated financial statements	Financial Statements, page 111
102-46	Defining report content and topic Boundaries	About this Report, Reporting Scope, page 75
102-47	List of material topics	Assessing Materiality with Our Stakeholders in Mind, Materiality Assessment, page 77
102-48	Restatements of information	Not applicable
102-49	Changes in reporting	Not applicable
102-50	Reporting period	1 January 2019 – 31 December 2019
102-51	Date of most recent report	5 April 2019
102-52	Reporting cycle	Annual
102-53	Contact point for questions regarding the report	About this Report, Feedback, page 75
102-54	Claims of reporting in accordance with GRI Standards	About this Report, page 75
102-55	GRI content index	The GRI content index is laid out on pages 92-94.
102-56	External assurance	OUE C-REIT has not sought external assurance on this report
Material Topics		
Economic Performance		
201-1	Direct economic value generated and distributed	Key Highlights, pages 4-5 Financial Statements, pages 109-193
Anti-corruption		
103-1	Explanation of the material topic and its boundary	Governance, Anti-corruption, page 86
103-2	The management approach and its components	
103-3	Evaluation of the management approach	

GRI Standards (2018)		*Notes/Page number(s)*
205-3	Confirmed incidents of corruption and actions taken	Governance, Anti-corruption, page 86
Environmental Compliance		
103-1	Explanation of the material topic and its boundary	Governance, Compliance with Environmental Laws and Regulations, page 87
103-2	The management approach and its components	
103-3	Evaluation of the management approach	
307-1	Non-compliance with environmental laws and regulations	Governance, Compliance with Environmental Laws and Regulations, page 87
Employment		
103-1	Explanation of the material topic and its boundary	Workforce, Talent Retention, page 80
103-2	The management approach and its components	
103-3	Evaluation of the management approach	
102-8	Information on employees and other workers	
401-1	Monthly rate of new employee hires and employee turnover	Workforce, Talent Retention, Career Development page 80
Occupational Health and Safety		
103-1	Explanation of the material topic and its boundary	Workforce, Occupational Health & Safety, pages 78-79
103-2	The management approach and its components	
103-3	Evaluation of the management approach	

GRI INDEX

GRI Standards (2018)		Notes/Page number(s)
403-1	Occupational health and safety management system	Workforce, Occupational Health & Safety, Talent Retention pages 78-79
403-2	Hazard identification, risk assessment, and incident investigation	
403-3	Occupational Health Services	
403-4	Worker participation, consultation, and communication on occupational health and safety	
403-5	Worker training on occupational health and safety	
403-6	Promotion of worker health	
403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	
403-8	Workers covered by an occupational health and safety management system	
403-9	Work-related injuries, types of injury and rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities	
Training and Education		
103-1	Explanation of the material topic and its boundary	Workforce, Career Development, page 82
103-2	The management approach and its components	
103-3	Evaluation of the management approach	

GRI Standards (2018)		Notes/Page number(s)
404-1	Average hours of training per year per employee	Workforce, Career Development, page 83
404-3	Percentage of relevant employees receiving regular performance and career development reviews	Workforce, Career Development, page 82
Customer Health & Safety		
103-1	Explanation of the material topic and its boundary	Community, Customer Health & Safety, page 84
103-2	The management approach and its components	
103-3	Evaluation of the management approach	
416-2	Incidents of non-compliance with regulations and/or voluntary codes concerning the health and safety of tenants and building users which resulted in a fine, penalty or warning	Community, Customer Health & Safety, page 84
Socioeconomic Compliance		
103-1	Explanation of the material topic and its boundary	Governance, Compliance with Local Laws and Regulations, page 86
103-2	The management approach and its components	
103-3	Evaluation of the management approach	
419-1	Non-compliance with laws and regulations in the social and economic area	Governance, Compliance with Local Laws and Regulations, page 86

Corporate Governance

OUE Commercial Real Estate Investment Trust ("OUE C-REIT") is a real estate investment trust constituted by a deed of trust (the "Trust Deed") dated 10 October 2013 (as amended) and entered into between OUE Commercial REIT Management Pte. Ltd. (in its capacity as the manager of OUE C-REIT) (the "Manager") and DBS Trustee Limited (in its capacity as the trustee of OUE C-REIT) (the "Trustee").

The directors ("Directors") and management ("Management") of the Manager are committed to maintaining good standards of corporate governance as they firmly believe it is essential in protecting the interests of unitholders of OUE C-REIT ("Unitholders"), and critical to the performance of the Manager. This report sets out OUE C-REIT's corporate governance practices for the financial year ended 31 December 2019 ("FY2019") with specific reference to principles of the Code of Corporate Governance 2018 (the "Code"). The Manager is pleased to report that it has complied with the Code in all material respects and to the extent that there are any deviations from the Code, the Manager will provide explanations for such deviation and details of the alternative practices which have been adopted by OUE C-REIT which are consistent with the intent of the relevant principle of the Code.

THE MANAGER

The Manager has general powers of management over the assets of OUE C-REIT. The Manager's main responsibility is to manage OUE C-REIT's assets and liabilities for the benefit of Unitholders.

The primary role of the Manager is to set the strategic business direction of OUE C-REIT and make recommendations to the Trustee on acquisitions, divestments and enhancement of the assets of OUE C-REIT in accordance with its stated investment strategy.

The Manager uses its best endeavours to carry on and conduct its business in a proper and efficient manner, and to conduct all transactions with, or for OUE C-REIT, at arm's length.

The Manager is also responsible for the capital and risk management of OUE C-REIT. Other key functions and responsibilities of the Manager include:

- developing OUE C-REIT's business plans and budget so as to manage the performance of OUE C-REIT's assets;
- ensuring compliance with applicable requirements, laws and regulations, such as those set out in the listing manual of Singapore Exchange Securities Trading Limited (the "SGX-ST") (the "Listing Manual"), the Code on Collective Investment Schemes (the "CIS Code") (including Appendix 6 (the "Property Funds Appendix")) issued by the Monetary Authority of Singapore (the "MAS"), the Capital Markets Services Licence ("CMS Licence") for real estate investment trust ("REIT") management issued by the MAS, the Securities and Futures Act, Chapter 289 of Singapore ("SFA") and the Code, as well as ensuring that the Manager's obligations under the Trust Deed are properly carried out; and
- establishing a framework of prudent and effective controls which enable financial, operational and compliance risks to be assessed and managed.

OUE C-REIT, which is constituted as a trust, is externally managed by the Manager. The Manager appoints an experienced and well-qualified management team to run the day-to-day operations of OUE C-REIT. All Directors and employees of the Manager are remunerated by the Manager, and not by OUE C-REIT.

The Manager was issued a CMS Licence pursuant to the SFA on 15 January 2014.

A. BOARD MATTERS

Principle 1:
Board's Conduct of Affairs

The Manager is headed by an effective board of Directors (the "Board"), majority of which comprises non-executive Directors who are independent of the Management. The Board is supported by two Board committees, namely the audit and risk committee (the "ARC") and the nominating and remuneration committee (the "NRC"). Each Board committee is governed by clear terms of reference which have been approved by the Board and set out the duties and authority of such Board committee.

The principal roles and responsibilities of the Board include:

- providing leadership, setting strategic objectives and ensuring that the necessary financial and human resources are in place for the Manager to meet its objectives;
- establishing a framework of prudent and effective controls which enables risks to be assessed and managed, including safeguarding the interests of the Unitholders and OUE C-REIT's assets;
- reviewing the Management's performance;
- identifying the key stakeholder groups and recognising that their perceptions affect the reputation of the Manager and OUE C-REIT;
- setting the Manager's values and standards (including ethical standards), and ensuring that obligations to Unitholders and other stakeholders are understood and met; and
- considering sustainability issues (including environmental and social factors) as part of the Manager's overall strategy.

Corporate Governance

The Board has approved in writing a framework of delegated authorisation to the Manager, as set out in its Limits of Authority ("LOA"). The LOA sets out the procedures and levels of authorisation required for specified transactions. It also sets out approval limits for operating and capital expenditure. Matters which specifically require Board approval have been clearly communicated in the LOA. These include, among others, approval of budgets, acquisitions or divestment of properties, equity investments and debt securities, set up of special purpose vehicles and incorporation of subsidiaries, acceptance of debt facilities and issuance of debt capital market instruments and new equity or equity-linked instruments.

The Board recognises that the Directors are fiduciaries who should act objectively in the best interest of OUE C-REIT and hold the Management accountable for performance. As such, any Director who has or appears to have a direct/deemed interest that may conflict with a subject under discussion by the Board shall declare his or her interest and recuse himself or herself from the information flow and discussion of the subject matter. He or she will also abstain from any decision-making on the subject matter.

In view of the Code which was introduced on 6 August 2018, the Board has put in place a Code of Business Conduct and Ethics to document the desired organisational culture in order to ensure all employees are cognisant of the standards expected and to ensure proper accountability within the Manager.

The Board holds regular scheduled meetings on a quarterly basis, with *ad hoc* meetings convened as and when required. A total of seven Board meetings were held in FY2019.

The attendance of the Directors for Board and Board committee meetings, as well as the frequency of such meetings during FY2019, is disclosed below. Directors who are unable to attend Board or Board committee meetings may convey their views to the chairman of the Board (the "Chairman") or the company secretary of the Manager (the "Company Secretary"). The Manager's Constitution provides for participation in meetings via telephone or video conference where Directors are unable to be physically present at such meetings. Directors may raise questions and seek clarification through discussion forums with the Management in respect of significant matters passed via circular resolutions.

BOARD ORIENTATION AND TRAINING

Upon their appointment to the Board, the newly-appointed Director will be given a formal letter which sets out the duties and obligations of an executive, non-executive or independent Director, as applicable. In addition, the Manager conducts an orientation programme for newly-appointed Directors to familiarise them with the business, operations and financial performance of OUE C-REIT. The newly-appointed Directors will also be briefed on the Manager's governance practices, including board processes, policies on disclosure of interests in securities, prohibitions on dealing in units of OUE C-REIT (the "Units") and restrictions on disclosure of price-sensitive information. Save for the following Directors, no new Director has been appointed since 1 January 2019:

Name of Director: **Lee Yi Shyan**
Designation: Non-Independent Director
Date of Appointment: 17 September 2019

Name of Director: **Liu Chee Ming**
Designation: Independent Director
Date of Appointment: 17 September 2019

Name of Director: **Ong Kian Min**
Designation: Independent Director
Date of Appointment: 17 September 2019

In order to enable the Directors to make informed decisions to discharge their duties and responsibilities, the Management endeavours to provide the Board with complete and adequate information in a timely manner prior to Board meetings. Such information includes on-going reports relating to the operational and financial performance of OUE C-REIT, as well as matters requiring the Board's decision. The Management is also required to furnish any additional information, when so requested by the Board, as and when the need arises.

The Directors also have separate and independent access to the Management and the Company Secretary and external advisers (where necessary) at the Manager's expense. The role of the Company Secretary and the Management is to ensure that all Board procedures are followed and that applicable regulations and rules prescribed by the Companies Act, Chapter 50 of Singapore (the "Companies Act"), the Listing Manual and all other applicable laws and regulations are complied with. Under the direction of the Chairman, the responsibilities of the Company Secretary include ensuring timely information flows within the Board and its Board committees and between the Management and non-executive Directors. The appointment and removal of the Company Secretary is a decision of the Board as a whole.

Directors are also at liberty to request for further explanations, briefings or informal discussions on any aspect of the Manager's operations or business issues from the Management.

ATTENDANCE OF BOARD AND BOARD COMMITTEE MEETINGS

	Number of meetings attended in FY2019				
Name of Director	Board	ARC	NRC	AGM[1]	EGM[2]
Christopher James Williams	5[3]	-	1	1	1
Loh Lian Huat	6	5	1	1	1
Lim Boh Soon[4]	5	4	1	1	1
Usha Ranee Chandradas	7	5	-	1	1
Jonathan Miles Foxall[5]	2	-	-	0	1
Tan Shu Lin	7	-	-	1	1
Lee Yi Shyan[6]	2	-	-	-	-
Liu Chee Ming[7]	2	1	-	-	-
Ong Kian Min[8]	2	1	-	-	-
Number of meetings held in FY2019	**7**	**5**	**1**	**1**	**1**

The Manager will arrange for the Directors to be kept abreast of developments in the commercial real estate sector on a regular basis. To keep pace with the fast-changing laws and regulations and commercial risks, the Directors have an on-going budget to receive further relevant training of their choice in connection with their duties as directors. They are also given unrestricted access to professionals for consultation as and when they deem necessary at the Manager's expense.

The Board is routinely updated on developments and changes in the operating environment and applicable laws and regulations, including directors' duties and responsibilities, corporate governance matters and changes in financial reporting standards, so as to enable them to discharge their duties effectively as members of the Board and where applicable, as Board committee members. The Directors may also attend other relevant courses, conferences and seminars, at the Manager's expense. These include programmes run by the Singapore Institute of Directors.

The NRC makes recommendations to the Board on relevant matters relating to the review of training and professional development programs for the Board.

Principle 2:
Board Composition and Guidance

Principle 3:
Chairman and Chief Executive Officer

The Board assesses the independence of each of the Directors in accordance with the requirements of the Code. Under the Code, an independent director is defined as one who is independent in conduct, character and judgement, and has no relationship with the Manager, its related corporations, its substantial shareholders or its officers that could interfere, or be reasonably perceived to interfere, with the exercise of a Director's independent business judgement in the best interests of the Manager and OUE C-REIT.

The Board comprises seven Directors with four non-executive Directors who are independent of the Management. No individual or small group of individuals dominates the Board's decision-making. In addition to the Board's annual review of the Directors' independence, each independent Director also submits an annual declaration regarding his or her independence.

In addition to the requirements of the Code, the Board also reviews and assesses annually the independence of each Director in accordance with regulations 13D to 13H[9] of the Securities and Futures (Licensing and Conduct of Business) Regulations ("SFLCB Regulations"). Under the SFLCB Regulations, a Director is considered to be independent if the Director:

(a) is independent from the Management and OUE C-REIT;

(b) is independent from any business relationship with the Manager and OUE C-REIT;

(c) is independent from every substantial shareholder of the Manager and every substantial Unitholder;

(d) is not a substantial shareholder of the Manager or a substantial Unitholder; and

(e) has not served as a Director for a continuous period of 9 years or longer.

1 Annual General Meeting held on 29 April 2019.
2 Extraordinary General Meeting held on 14 August 2019.
3 Abstained from attending one meeting in relation to the merger of OUE C-REIT and OUE Hospitality Trust ("OUE H-Trust").
4 Dr Lim Boh Soon resigned as Independent Director on 17 September 2019 in connection with the merger of OUE C-REIT and OUE H-Trust.
5 Mr Jonathan Miles Foxall resigned as Non-Independent Non-Executive Director on 17 September 2019 in connection with the merger of OUE C-REIT and OUE H-Trust.
6 Mr Lee Yi Shyan was appointed as Chairman and Non-Independent Non-Executive Director on 17 September 2019.
7 Mr Liu Chee Ming was appointed as Independent Non-Executive Director on 17 September 2019.
8 Mr Ong Kian Min was appointed as Independent Non-Executive Director on 17 September 2019.
9 The SFLCB Regulations were amended by the Securities and Futures (Licensing and Conduct of Business) (Amendment No. 2) Regulations 2018 which came into operation on 8 October 2018. One of the amendments to the SFLCB Regulations was the insertion of Regulations 13D to 13H which relate to board composition and director's independence.

In its review for FY2019, the NRC has endorsed in its recommendation to the Board that the following Directors are independent for FY2019:

Loh Lian Huat
Liu Chee Ming
Ong Kian Min
Usha Ranee Chandradas

For the purposes of Regulation 13E(b)(i) of the SFLCB Regulations, the Board, after considering the relevant requirements under the SFLCB Regulations, wishes to set out its views in respect of each of the Directors as follows:

Name of Director:	Mr Lee Yi Shyan[1]	Mr Christopher James Williams[2]	Mr Loh Lian Huat[3]	Ms Usha Ranee Chandradas	Mr Liu Chee Ming	Mr Ong Kian Min	Ms Tan Shu Lin[4]
i. had been independent from the Management and OUE C-REIT during FY2019			√	√	√	√	
ii. had been independent from any business relationship with the Manager and OUE C-REIT during FY2019			√	√	√	√	√
iii. had been independent from every substantial shareholder of the Manager and every substantial Unitholder during FY2019				√	√	√	
iv. had not been a substantial shareholder of the Manager or a substantial Unitholder during FY2019	√	√	√	√	√	√	√
v. has not served as a Director for a continuous period of 9 years or longer as at the last day of FY2019	√	√	√	√	√	√	√

1 Mr Lee Yi Shyan is currently an executive advisor to the Chairman of OUE Limited (the "Sponsor"), which wholly-owns the Manager and is a substantial Unitholder. As such, during FY2019, pursuant to the SFLCB Regulations, Mr Lee is deemed (i) to have a business relationship with the Manager and OUE C-REIT; and (ii) to be connected to a substantial shareholder of the Manager and a substantial Unitholder by virtue of his role as an executive advisor to the chairman of the Sponsor. The Board is satisfied that, as at 31 December 2019, Mr Lee was able to act in the best interests of all the Unitholders as a whole.

2 Mr Christopher James Williams is the deputy chairman and non-executive director and non-executive general counsel of the Sponsor, which wholly-owns the Manager and is a substantial Unitholder. As such, during FY2019, pursuant to the SFLCB Regulations, Mr Williams is deemed (i) to have a business relationship with the Manager and OUE C-REIT; and (ii) to be connected to a substantial shareholder of the Manager and a substantial Unitholder. The Board is satisfied that, as at 31 December 2019, Mr Williams was able to act in the best interests of all the Unitholders as a whole.

3 Mr Loh Lian Huat, in his capacity as the Sponsor's nominee director on the board of Gemdale Properties and Investment Corporation Limited ("Gemdale"), is obliged to act in accordance with the directions of the Sponsor, which wholly-owns the Manager and is a substantial Unitholder. As such, during FY2019, pursuant to the SFLCB Regulations, Mr Loh is deemed to be connected with a substantial shareholder of the Manager and a substantial Unitholder.

Nonetheless, the Board has in its review taken the following into consideration:
- As a non-executive director of Gemdale, Mr Loh owes a fiduciary duty to Gemdale to act in its interest notwithstanding his nomination by the Sponsor.
- The Sponsor holds an effective interest of 23.8% in Gemdale through its wholly-owned subsidiary, Beacon Limited. As such, Gemdale is an "associated corporation", but not a "related corporation" of the Sponsor.
- Neither the Sponsor or Beacon Limited make any payment to Mr Loh for his Gemdale directorship.

Based on the above, the Board is of the view that Mr Loh's appointment as the Sponsor's nominee director on Gemdale should not interfere with his ability to exercise independent judgment and Mr Loh should be treated as an independent Director. In addition, as Mr Loh does not receive any payment from the Sponsor or Beacon Limited for his Gemdale directorship, pursuant to the SFLCB Regulations, Mr Loh is deemed to be independent from any business relationship with the Manager and OUE C-REIT during FY2019. As at 31 December 2019, the Board is satisfied that Mr Loh was able to act in the best interests of all the Unitholders as a whole.

4 Ms Tan Shu Lin is currently the Chief Executive Officer ("CEO") and Executive Director of the Manager, which is wholly-owned by the Sponsor. As such, during FY2019, pursuant to the SFLCB Regulations, Ms Tan is deemed (i) to have a management relationship with the Manager and OUE C-REIT; and (ii) to be connected to a substantial shareholder of the Manager and a substantial Unitholder. Ms Tan is deemed to be independent from a business relationship with the Manager and OUE C-REIT during FY2019 pursuant to the exceptions provided under Regulation 13G(2)(b)(i) of the SFLCB Regulations, notwithstanding that she is the CEO and Executive Director of the Manager. Regulation 13G(2)(b)(i) of the SFLCB Regulations provides that fees received for the Director's service as a director of the Manager, and salary received for the Director's service as an employee of the Manager, do not constitute a business relationship with the Manager or OUE C-REIT for the purpose of Regulation 13E(b)(i)(B) of the SFLCB Regulations. The Board is satisfied that, as at 31 December 2019, Ms Tan was able to act in the best interests of all the Unitholders as a whole.

For the purposes of Regulation 13E(b)(ii) of the SFLCB Regulations, as at 31 December 2019, Mr Lee Yi Shyan, Mr Christopher James Williams, Mr Loh Lian Huat and Ms Tan Shu Lin were able to act in the best interests of all the Unitholders as a whole.

The integrity and professionalism of the Directors have allowed them to discharge their responsibilities with due care and diligence.

The Board is of the opinion that its current size is appropriate, taking into account the nature and scope of the Manager's role vis-a-vis OUE C-REIT, for effective decision-making and constructive debate. The Board comprises Directors who collectively have the core competencies, such as accounting or finance, business or management experience, legal, industry knowledge, strategic planning experience and customer-based experience or knowledge, required for the Board to be effective in all aspects of its roles.

Notwithstanding that the NRC is of the view that the Board has an appropriate level of independence and diversity of thought and background in its composition, in view of the Code, the Board has implemented a board diversity policy which takes into account relevant measurable objectives such as skills, experience and knowledge, gender, age, ethnicity and other relevant factors. It will report to the Board on an annual basis on the progress made in achieving the objectives.

BOARD COMPOSITION

Lee Yi Shyan	Chairman and Non-Independent Non-Executive Director
Christopher James Williams	Deputy Chairman and Non-Independent Non-Executive Director
Loh Lian Huat	Lead Independent Director
Liu Chee Ming	Independent Director
Ong Kian Min	Independent Director
Usha Ranee Chandradas	Independent Director
Tan Shu Lin	CEO and Executive Director

Key information on the Directors' particulars and background, including their listed company directorships and principal commitments, can be found on pages 22 to 25 of the Annual Report.

The Chairman is Mr Lee Yi Shyan, who is a non-independent non-executive Director. The Chairman, in consultation with the Management, sets the agenda for Board meetings and ensures that they are held regularly and whenever necessary. He seeks to ensure that the Directors receive timely, clear and adequate information. As part of the Chairman's responsibilities, he also seeks to ensure that good standards of corporate governance are promoted and adhered to within the Manager and by all Directors.

The Code recommends that a company should appoint an independent director to be the lead independent director where, *inter alia*, the Chairman is not an independent director. In this regard, Mr Loh Lian Huat, an independent Director, was appointed as the Lead Independent Director. As the Lead Independent Director, Mr Loh Lian Huat has the discretion to hold meetings with the other independent Directors without the presence of the Management as he deems appropriate or necessary and to provide feedback to the Chairman after such meetings. Mr Loh Lian Huat, as Lead Independent Director, will provide leadership in situations where the Chairman is conflicted, and will be available to Unitholders where they have concerns and for which contact through the normal channels of communication with the Chairman or the Management are inappropriate or inadequate.

In addition, as the Chairman is not an independent Director, the Board is made up of a majority of independent non-executive Directors.

The non-executive Directors participate in setting and developing strategies and goals for the Management, and reviewing and assessing the Management's performance. This enables the Management to benefit from their external and objective perspective on issues that are brought before the Board. The Board has established and set out in writing the division of responsibilities between the Chairman and the CEO.

There is a clear separation of responsibilities between the Chairman and the CEO, so as to maintain an appropriate balance of power and authority. The Chairman and the CEO are not related to each other.

Principle 4:
Board Membership

Principle 5:
Board Performance

The NRC comprises three non-executive Directors, a majority of whom are independent, namely Mr Ong Kian Min, Mr Christopher James Williams and Mr Loh Lian Huat. Mr Ong Kian Min is the chairman of the NRC and an independent Director. The NRC met once in FY2019.

The principal responsibilities of the NRC in performing the functions of a nominating committee include reviewing of succession plans for Directors, in particular the appointment and/or replacement of the Chairman, the CEO and key management personnel, reviewing and evaluating nominations of Directors for appointment to the Board, evaluating the performance of the Directors and the Board as a whole and the Board committees, reviewing and being mindful of the independence of the Directors, and reviewing and making recommendations on the training and professional development programs for the Board.

The NRC determines on an annual basis whether or not a Director is independent, taking into account guidance from the Code and the SFLCB Regulations on what constitutes an "independent" Director, and the existence of relationships which would deem a Director not to be independent.

In its selection, appointment and re-appointment process, the NRC reviews the composition of the Board including the mix of expertise, skills and attributes of existing Directors, so as to identify the requisite and/or desired competencies to supplement the Board's existing attributes. In doing so, where necessary or appropriate, the NRC may tap on its networking contacts and/or engage external professional headhunters to assist with identifying and shortlisting such candidates.

The NRC assesses the effectiveness of the Board as a whole and its Board committees and the contribution by the Chairman and each Director to the effectiveness of the Board. A formal appraisal process to assess the effectiveness of the Board and Board committees has been implemented. The Board performance evaluation process includes a questionnaire designed to assess the performance of the Board and enhance the overall effectiveness of the Directors. There is a self-performance assessment to be undertaken by each Director. The Company Secretary will compile the Directors' responses to the questionnaire into a consolidated report, and the report will be discussed at a NRC meeting and then shared with the entire Board. In evaluating each Director's performance and that of the Board and its Board committees, the NRC considers, *inter alia*, the Directors' attendance, contribution and participation at Board and Board Committee meetings, Directors' individual evaluations and the overall effectiveness of the Board in steering and overseeing the conduct of the Manager's business vis-a-vis OUE C-REIT. Based on the NRC's assessment and review, the Board and its Board Committees operate effectively and each Director has given sufficient time and attention to the affairs of OUE C-REIT and has been able to discharge his or her duties as a Director effectively.

The Directors must ensure that they are able to give sufficient time and attention to the affairs of the Manager, and as part of its review process, the NRC decides whether or not a Director is able to do so and whether he or she has been adequately carrying out his or her duties as a Director. The NRC believes that setting a maximum limit on the number of directorships a Director can hold is arbitrary, given that time requirements for each board may vary, and thus should not be prescriptive.

The Directors have had opportunities for continuing education in a number of areas including directors' duties, corporate governance, financial reporting, insider trading, the Companies Act, the CIS Code and the Listing Manual, real estate-related matters and other areas to enhance their performance as Board and Board Committee members.

B. REMUNERATION MATTERS

Principle 6:
Procedures for Developing Remuneration Policies

Principle 7:
Level and Structure of Remuneration

Principle 8:
Disclosure on Remuneration

The principal responsibilities of the NRC in relation to the remuneration matters include (i) recommending to the Board a general framework of remuneration for Directors and key management personnel of the Manager, namely the CEO, (ii) developing policies for fixing of, and recommending to, the Board, the remuneration packages of individual Directors and the key management personnel of the Manager, and (iii) reviewing the remuneration policy of the Manager to ensure the policy meets its stated objectives having regard to the performance of OUE C-REIT and other considerations.

The NRC sets the remuneration policy (i) to ensure that the compensation offered by the Manager is competitive and will attract, retain and motivate Directors and key management personnel and (ii) for Directors to be good stewards of the Manager and OUE C-REIT and for key management personnel with the required experience and expertise to run the Manager successfully. In developing and reviewing the policy for the remuneration packages for Directors and the key management personnel of the Manager, the NRC would take into consideration the Manager's existing remuneration policy and other conditions within the REIT management industry and in comparable REIT managers. The remuneration policy of the Manager is structured to attract and retain highly qualified persons, and the Manager's overall goal is to ensure value creation and the long term sustainability and success of the Manager and OUE C-REIT. In relation to the remuneration policy, the Board determines value creation to be the amount of value-add contributed by the individual, including but not limited to deal introduction to OUE C-REIT, cost-savings ideas and novel initiatives which have the potential of increasing the performance of OUE C-REIT and it is measured based on the monetary benefit/cost-savings which OUE C-REIT receives as a result of the value-add contributed by the individual Director and a key management personnel.

The remuneration of the Directors and the Management is paid by the Manager, and not by OUE C-REIT. The remuneration of the Directors in the form of directors' fees is paid wholly in cash and the remuneration of the Management in the form of salaries, annual bonuses and allowances is also paid wholly in cash. There is no non-monetary remuneration in the form of stock options or Units paid to the Directors or the Management.

For the financial year under review, the Manager did not engage any remuneration consultant with regard to the remuneration of its Directors and key management personnel.

The structure of the Directors' fees for non-executive Directors comprises a base fee for serving as a Director, and additional fees for (i) serving as Chairman of the Board, or chairman of Board committees, (ii) serving as Lead Independent Director and/or (iii) serving on Board committees as members, as the case may be. The Directors' fees take into account:

i. the Directors' value creation, level of contribution and respective responsibilities at Board meetings and Board committee meetings; and

ii. the industry practices and norms on remuneration including guidelines set out in the Statement of Good Practice issued by the Singapore Institute of Directors.

The remuneration framework for the key executive officers of the Manager comprises monthly salaries, annual bonuses and allowances. The Manager links executive remuneration to corporate and individual performance, based on the performance appraisal of the key executive officers that take into account the following criteria namely (i) leadership, (ii) self-management and effectiveness, (iii) communication and interpersonal skills, (iv) quality management, (v) administration and managerial skills, (vi) human resource management and development, (vii) technical and functional skills, (viii) customer focus; and (ix) value creation. The Manager currently does not have in place long-term or short-term incentive schemes for its executive Directors and key executive officers.

A breakdown of the Directors' fees payable to each Director for FY2019 is shown below:

Name of Director	Directors' Fees[1] (S$)
Lee Yi Shyan	28,767[2]
Christopher James Williams	112,500[3]
Loh Lian Huat	127,962[4]
Liu Chee Ming	30,565[5]
Ong Kian Min	30,565[6]
Usha Ranee Chandradas	68,750[7]
Tan Shu Lin	Nil[8]
Lim Boh Soon	75,865[9]
Jonathan Miles Foxall	35,616[10]

1 The framework for determining the Directors' fees in FY2019 is as follows: (i) S$50,000 for Chairman; (ii) S$50,000 for deputy chairman of the Board ("Deputy Chairman"); (iii) S$50,000 for a member of the Board; (iv) S$20,000 for Lead Independent Director; (v) S$37,500 for chairman of the ARC; (vi) S$18,750 for a member of the ARC; (vii) S$25,000 for chairman of the NRC; and (viii) S$12,500 for a member of the NRC.

2 The fees received by Mr Lee Yi Shyan comprise S$14,384 for being Chairman and S$14,384 for being a member of the Board for the period from 18 September 2019 to 31 December 2019.

3 The fees received by Mr Christopher James Williams comprise (i) S$50,000 for being a member of the Board and S$12,500 for being a member of the NRC for FY2019; (ii) S$35,616 for being Chairman for the period from 1 January 2019 to 17 September 2019; and (iii) S$14,384 for being Deputy Chairman for the period from 18 September 2019 to 31 December 2019.

4 The fees received by Mr Loh Lian Huat comprise (i) S$50,000 for being a member of the Board, S$20,000 for being the Lead Independent Director, S$18,750 for being a member of the ARC and S$12,500 for being a member of the NRC for FY2019; and (ii) S$27,712 for being the chairman of the ARC for the period from 1 January 2019 to 17 September 2019.

5 The fees received by Mr Liu Chee Ming comprise S$14,384 for being a member of the Board, S$10,788 for being chairman of the ARC and S$5,394 for being a member of the ARC for the period from 18 September 2019 to 31 December 2019.

6 The fees received by Mr Ong Kian Min comprise S$14,384 for being a member of the Board, S$5,394 for being a member of the ARC, S$7,192 for being Chairman of the NRC and S$3,596 for being a member of the NRC for the period from 18 September 2019 to 31 December 2019.

7 The fees received by Ms Usha Ranee Chandradas comprise S$50,000 for being a member of the Board and S$18,750 for being a member of the ARC for FY2019.

8 Ms Tan Shu Lin did not receive directors' fees in respect of her position as CEO and Executive Director for FY2019.

9 The fees received by Dr Lim Boh Soon comprise S$35,616 for being a member of the Board, S$13,356 for being a member of the ARC, S$17,808 for being Chairman of the NRC and S$8,904 for being a member of the NRC for the period from 1 January 2019 to 17 September 2019.

10 The fees received by Mr Jonathan Miles Foxall comprise S$35,616 for being a member of the Board for the period from 1 January 2019 to 17 September 2019.

The Code and the Notice to All Holders of a Capital Markets Services Licence for Real Estate Investment Trust Management [Notice No. SFA 04-N14] (issued pursuant to Section 101 of the SFA) require (i) the disclosure of the remuneration of each individual Director and the CEO on a named basis, (ii) the disclosure of the remuneration of at least the top five key management personnel/ top five executive officers (who are neither Directors nor the CEO), on a named basis, in bands of S$250,000, and (iii) in aggregate the total remuneration paid to the top five key management personnel (who are not Directors or the CEO) and in the event of non-disclosure, the Manager is required to provide reasons for such non-disclosure. After much deliberation, the Board is of the view that disclosure of the remuneration of the CEO and the top five executive officers on a named basis, whether in exact quantum or in bands of S$250,000, and the total remuneration paid to the top five key management personnel (who are not Directors or the CEO) will not be in the best interests of the Manager, OUE C-REIT or its Unitholders. In arriving at its decision, the Board had taken into consideration, *inter alia*, the commercial sensitivity and confidential nature of remuneration matters, the competitive nature of the REIT management industry, the competitive business environment which OUE C-REIT operates in, the importance of ensuring stability and continuity of business operations with a competent and experienced management team in place and the negative impact which such disclosure may have on the Manager in attracting and retaining talent for the Manager (at the Board and Management levels) on a long-term basis. Further, such non-disclosure of remuneration does not affect the Manager's level of transparency on its remuneration policies, level and mix of remuneration, the procedure for setting remuneration and the relationships between remuneration, performance and value creation as such information have been disclosed in detail in the preceding paragraphs. Accordingly, the Board is of the view that the non-disclosure of the remuneration, whether in exact quantum or in bands of S$250,000, of the CEO and top five executive officers, and the total remuneration paid to the top five key management personnel, will not be prejudicial to the interest of the Unitholders.

There are no employees of the Manager who are immediate family members of a Director or the CEO, and whose remuneration exceeds S$100,000 during FY2019. The Manager does not have any employee share scheme.

The NRC considers all aspects of remuneration, including termination terms, to ensure they are fair. No termination, retirement or post-employment benefits were granted to Directors, the CEO or key executive officers of the Manager during FY2019.

C. ACCOUNTABILITY AND AUDIT

Principle 9: Risk Management and Internal Control

The Board is overall responsible for the governance of risk and the maintenance of a sound system of internal controls to safeguard the interests of the Manager, OUE C-REIT and Unitholders.

The Board is also responsible for presenting a balanced and understandable assessment of OUE C-REIT's performance, position and prospects to its Unitholders, the public and the regulators. The Management is accountable to the Board and provides the Board with quarterly and full-year results, which are then reviewed and approved by the Board for release to the SGX-ST.

The Manager has an established enterprise risk assessment and management framework (the "ERM Framework") for OUE C-REIT, which has been approved by the Board. The ERM Framework is used by the Manager to determine the nature and the extent of the significant financial, operational, compliance and information technology risks in order to achieve strategic objectives and value creation. The ERM Framework also provides internal controls as to how to address these risks. The ownership of these risks lies with the CEO and the function heads of the Manager, with stewardship residing with the Board.

The ARC, together with the Manager, assists the Board to oversee, review and update the ERM Framework to ensure its adequacy and effectiveness on the business, with internal controls in place to manage risks including but not limited to finance, operations, compliance and information technology. The Manager identifies these risks through a risk register with specific internal controls in place to manage or mitigate those risks. The risk register is reviewed by the Manager, the ARC and the Board quarterly (and updated as and when necessary). Internal auditors and external auditors conduct audits that involve testing the effectiveness of the material internal control systems of OUE C-REIT.

Any material non-compliance or lapses in internal controls together with corrective measures recommended by internal auditors and external auditors are reported to the ARC. The effectiveness of the measures taken by the Management in response to the recommendations made by the internal auditors and external auditors is also reviewed by the ARC. The system of risk management and internal controls is continually being refined by the Manager, the ARC and the Board.

The Board has received assurance from the CEO and the chief financial officer ("CFO") of the Manager that:

a. the financial records of OUE C-REIT have been properly maintained and the financial statements for FY2019 give a true and fair view of OUE C-REIT's operations and finances; and

b. the ERM Framework implemented within OUE C-REIT is adequate and effective in identifying and addressing the material risks in OUE C-REIT in its current business environment including material financial, operational, compliance and information technology risks.

The Board notes that the ERM Framework established by the Manager provides reasonable, but not absolute, assurance that OUE C-REIT will not be significantly affected by any event that can be reasonably foreseen as it strives to achieve its business objectives. However, the Board also notes that no system of risk management and internal controls can provide absolute assurance in this regard, or absolute assurance against poor judgment in decision making, human error, fraud, other irregularities and losses.

Based on the ERM Framework established and reviews conducted by OUE C-REIT's internal auditors and external auditors as well as the assurance from the CEO and the CFO, the Board is of the opinion that OUE C-REIT's system of risk management and internal controls was adequate and effective as at 31 December 2019 to address the material financial, operational, compliance and information technology risks faced by OUE C-REIT. The ARC concurs with the Board's comments provided in the foregoing. For FY2019, the Board and the ARC have not identified any material weaknesses in the Manager's internal controls and risk management systems.

Principle 10:
Audit and Risk Committee

The ARC consists of four non-executive Directors, namely Mr Liu Chee Ming, Mr Loh Lian Huat, Mr Ong Kian Min and Ms Usha Ranee Chandradas, who are all independent Directors. Mr Liu Chee Ming is the chairman of the ARC. All members of the ARC have many years of management level experience. The Board is of the view that the ARC members collectively have recent and relevant expertise or experience in financial management and are appropriately qualified to discharge their responsibilities. A total of five ARC meetings were held in FY2019.

The ARC does not comprise former partners or directors of the Manager's and OUE C-REIT's external auditors, Messrs KPMG LLP, within a period of two years, or who holds any financial interest in the existing auditors engaged by OUE C-REIT and the Manager.

The ARC's responsibilities, under its terms of reference, include the following:

1. Monitoring and evaluating the adequacy and effectiveness of the Manager's controls. Reviewing and reporting to the Board at least annually the adequacy and effectiveness of the Manager systems, including financial, operational, compliance and information technology controls, and risk management systems, and to disclose whether the ARC concurs with the Board's comments in respect of the foregoing. If material weaknesses are identified by the ARC or the Board, to also disclose the steps taken to address them. Such review can be carried out internally or with the assistance of any competent third parties.

2. Reviewing the financial statements of OUE C-REIT and the Manager and reviewing the quality and reliability of information prepared for inclusion in financial reports.

3. Reviewing the significant financial reporting issues and judgments so as to ensure the integrity of the financial statements of OUE C-REIT and the Manager and any announcements relating to the financial performance of OUE C-REIT and the Manager, including the quarterly and full-year balance sheets and profit and loss accounts of OUE C-REIT and the Manager.

4. Reviewing the assurance from the CEO and CFO on the financial records and financial statements that the financial records have been properly maintained and the financial statements give a true and fair view of the Manager's operations and finances, for inclusion in the Annual Report.

5. Reviewing the assurance from the CEO and other key management personnel[1] who are responsible, regarding the adequacy and effectiveness of the Manager's risk management and internal control systems, for inclusion in the Annual Report.

6. Reviewing the annual audit plans of the external and internal auditors. The ARC may suggest matters to be included for review by the external and internal auditors during their audit of OUE C-REIT and the Manager.

7. Reviewing with the external and internal auditors their findings on their evaluation of the system of the internal accounting controls of OUE C-REIT and the Manager.

8. Reviewing the external audit reports to ensure that where deficiencies in internal controls have been identified, appropriate and prompt remedial action is taken by the Management.

9. Monitoring the procedures established to regulate Related Party Transactions, including ensuring compliance with the provisions of the Listing Manual relating to Interested Person Transactions ("IPTs") (as defined in the Listing Manual) and the provisions of the Property Funds Appendix relating to Interested Party Transactions (as defined in the Property Funds Appendix) (both types of transactions constituting "Related Party Transactions").

[1] The term "key management personnel" is defined in the Code to mean the CEO and other persons having authority and responsibility for planning, directing and controlling the activities of the Manager.

10. Reviewing the internal audit reports at least twice a year to ascertain that the guidelines and procedures established to monitor Related Party Transactions have been complied with. Such review will include the examination of the nature of the transaction and its supporting documents or such other data deemed necessary to the ARC. If an ARC member has an interest in a transaction, he or she is to abstain from participating in the review and approval process in relation to that transaction.

11. Reviewing the adequacy, scope and performance/results of the external audit and its cost effectiveness and on an annual basis, the independence and objectivity of the external auditors.

12. Reviewing the independence and objectivity of the external auditors annually and stating (a) the aggregate amount of fees paid to the external auditors for that financial year, and (b) a breakdown of the fees paid in total for audit and non-audit services respectively, or an appropriate negative statement, in the Annual Report. Where the external auditors also supply a substantial volume of non-audit services to OUE C-REIT and/or the Manager, the ARC should keep the nature and extent of such services under review, seeking to balance the maintenance of objectivity and value for money.

13. Making recommendations to the Board on: (i) the proposals to the Unitholders (or the shareholders of the Manager, as the case may be) on the appointment, re¬appointment and removal of OUE C-REIT's (or the Manager's) external auditors each year, and (ii) approving the remuneration and terms of engagement of the external auditors.

14. Reviewing the scope and results of the internal audit procedures, and, at least annually, reviewing the adequacy and effectiveness of the Manager's internal audit function.

15. Ensuring that the internal audit function is independent from the Management, that the internal audit function will report to the chairman of the ARC and that the internal audit function is adequately qualified to perform an effective role.

16. Ensuring that the internal audit function is adequately resourced, staffed with persons with the relevant qualifications and experience, and has appropriate standing within the Manager.

17. Ensuring that the internal auditors carry out their function according to the standards set by nationally or internationally recognised professional bodies including the Standards for the Professional Practice of Internal Auditing set by The Institute of Internal Auditors.

18. Meeting with the external auditors and with the internal auditors, in each case without the presence of the Management, at least annually.

19. Reviewing the adequacy, effectiveness, independence, scope and results of the external audit and OUE C-REIT and the Manager's internal audit function, and providing a comment in the Annual Report on whether the internal audit function is independent, effective and adequately resourced.

20. Reviewing the policy and arrangements for concerns about possible improprieties in financial reporting or other matters to be safely raised, independently investigated and appropriately followed up on and to ensure that the Manager publicly discloses, and clearly communicates to employees of the Manager, the existence of a whistleblowing policy and the procedures for raising such concerns.

21. Reporting to the Board its findings from time to time on matters arising and requiring the attention of the ARC, how it has discharged its responsibilities and whether it was able to discharge its duties independently.

In the review of the financial statements, the ARC has discussed with the Management the accounting principles that were applied and their judgment of items that might affect the integrity of the financial statements. The ARC reviewed, amongst other matters, the key audit matters (Table 1) as reported by the external auditors for FY2019.

The results of the ARC's review are reported to the Board.

The ARC has reviewed the non-audit fees paid to the external auditors. The ARC has considered the nature and extent of the non-audit services provided and is satisfied that the independence and objectivity of the external auditors have not been compromised by the provision of non-audit services. The amount of non-audit fees paid to the external auditors for FY2019 was S$280,000. The ARC is satisfied that OUE C-REIT has complied with the requirements of Rules 712 and 715 of the Listing Manual in relation to the appointment of its auditing firm. Accordingly, the ARC has recommended to the Board the nomination of the external auditors, Messrs KPMG LLP, for re-appointment at the forthcoming Annual General Meeting to be held on 28 April 2020. The ARC has met with the external auditors and the internal auditors without the presence of the Management and has unfettered access to any information it may require.

Table 1: Key Audit Matters

Key audit matter	How the issue was addressed by the ARC
Valuation of investment properties	The ARC reviewed the outputs of the year-end valuation process of OUE C-REIT's investment properties and discussed the details of the valuation with the Management, focusing on significant changes in fair value measurements and key drivers of the changes. The ARC considered the findings of the external auditors, including their assessment of the appropriateness of valuation methodologies and the underlying key assumptions applied in the valuation of investment properties. The ARC was satisfied with the valuation process, the methodologies used and the valuation for investment properties as adopted as at 31 December 2019.
Accounting for the acquisition of the stapled securities of OUE H-Trust	FRS 103 Business Combinations stipulates that an entity shall determine whether a transaction or other event is a business combination, which requires that the assets acquired and liabilities assumed constitute a business. If the assets acquired are not a business, the reporting entity shall account for the transaction or other event as an asset acquisition. The transaction is assessed and accounted for as an asset acquisition as a business combination requires an integrated set of activities to be acquired in addition to the properties. Integrated set of activities includes significant processes such as strategic management and operational processes. There were no integrated activities being acquired because OUE Commercial REIT Management Pte. Ltd. replaced OUE Hospitality REIT Management Pte. Ltd. as the REIT Manager of OUE Hospitality Sub-Trust on 17 September 2019. The ARC reviewed the reasonableness of Management's assessment and concurred with Management's conclusion.

The details of the remuneration of the auditors of OUE C-REIT during FY2019 are as follows:

Breakdown of Audit and Non-Audit Services	Amount (S$)
Audit Services	541,000
Non-Audit Services	280,000

The Manager has in place a whistle-blowing procedure whereby employees of the Manager may, in confidence, raise concerns about possible improprieties in matters of financial reporting or other matters as well as any breach of the Manager's Code of Business Conduct and Ethics, without fear of reprisals in any form. The ARC has the responsibility of overseeing this policy which is administered with the assistance of the head of the Sponsor's Internal Audit department ("OUE IA"). Under these procedures, arrangements are in place for independent investigation of such matters raised and for appropriate follow-up action to be taken. The ARC is empowered to conduct or authorise investigations into any activity within its terms of reference, and obtain independent professional advice as it deems necessary. The ARC has full access to and co-operation from the Management and full discretion to invite any Director or executive officer to attend its meetings, and has adequate resources to enable it to discharge its functions properly. In carrying out its duties, the ARC is guided by the Guidebook for Audit Committees in Singapore. The external auditors, Messrs KPMG LLP, updates the ARC members on a regular basis on recent changes to financial reporting standards and regulatory developments.

The internal audit function in respect of OUE C-REIT has been outsourced to OUE IA, under the direct supervision of the Board. The ARC approves the appointment and termination of OUE IA. OUE IA's primary line of reporting is to the chairman of the ARC. OUE IA has unfettered access to all documents, records, properties and personnel in the Manager, including unrestricted access to the ARC, the Board and the Management. It is responsible for assisting the ARC in reviewing and evaluating the adequacy and effectiveness of the Manager's system of internal controls to address financial, operational, compliance and information technology risks for OUE C-REIT. It also audits the operations, regulatory compliance and risk management processes of the Manager. The scope of the internal audit reviews is carried out in accordance with the yearly plans prepared by OUE IA and approved by the ARC. All audit findings are communicated to the ARC as well as the Management.

In the course of carrying out their duties, OUE C-REIT's external auditors will highlight any material internal control weaknesses which have come to their attention in carrying out their normal audit, which is designed primarily to enable them to express their opinion on the financial statements. Such material internal control weaknesses noted during their audit, and recommendations, if any, by the external auditors are reported to the ARC.

In carrying out its functions, OUE IA has adopted the Standards for the Professional Practice of Internal Auditing set by the Institute of Internal Auditors. The ARC is satisfied with the adequacy and effectiveness of the internal audit function and its resources.

D. UNITHOLDER RIGHTS AND RESPONSIBILITIES

Principle 11:
Unitholder Rights and Conduct of General Meetings

Principle 12:
Engagement with Unitholders

Principle 13:
Engagement with Stakeholders

The Manager's investor relations policy requires timely and full disclosure of all material information relating to OUE C-REIT, such as information relating to OUE C-REIT's performance and developments, through press releases and the publication of its quarterly and full-year results on the SGXNET and the Annual Report. Unitholders are also regularly kept up-to-date on significant events and happenings through the same channels. Information on OUE C-REIT, including the Manager's investor relations policy, is also available on its website at http://www.ouect.com. Investors can also subscribe to email alerts of all announcements and press releases issued by OUE C-REIT or submit questions at their convenience via an enquiry form on the website.

As part of the Manager's investor relations policy, the Manager maintains regular engagement with Unitholders and also conducts regular briefings for other stakeholders from the wider investment community, such as analysts and media representatives, in conjunction with the release of OUE C-REIT's results. During such briefings, the Management will review OUE C-REIT's most recent performance as well as discuss the business outlook for OUE C-REIT. The Manager will give reasonable access to analysts and the media to help them formulate informed opinions on OUE C-REIT, but will not seek to influence their objective opinions.

The Manager also actively engages its stakeholders through a variety of initiatives and channels, including, but not limited to, regular dialogue with and the soliciting of views from the investment community, through group/individual meetings with investors, investor conferences and non-deal investor roadshows facilitated by the Manager's Investor Relations department and attended by the CEO. The CEO, CFO and senior management of the Manager are present at analyst briefings which are held at least twice a year, to answer questions. More details on the Manager's investor relations activities and efforts are found on pages 70 to 71 of this Annual Report.

In addition, Unitholders are given the opportunity to communicate their views and to raise pertinent questions to the Directors and to vote at Unitholders' meetings. Save as disclosed on page 97 of this Annual Report, all Directors attend Unitholders' meetings, and the external auditors are also present at Unitholders' meetings to address questions about the conduct of audit and the preparation and content of the auditors' report raised by the Unitholders.

The notice of Unitholders' meeting is dispatched to the Unitholders in the manner set out in the Listing Manual. Each item of special business included in the notice of Unitholders' meeting is accompanied, where appropriate, by an explanation for the proposed resolution and a proxy form with instructions on the appointment of proxies. The Manager tables separate resolutions at general meetings of Unitholders on each substantially separate issue unless the issues are interdependent and linked so as to form one significant proposal. Where the resolutions are "bundled", the Manager will explain the reasons and material implications in the notice of the general meeting. The resolutions approved in the meeting will be announced on or after the day the general meeting is held. Minutes of the Unitholders' meetings are also prepared and made available to the Unitholders upon request, and include substantial and relevant comments or queries from the Unitholders, and responses from the Board and Management.

Provision 11.5 of the Code states that the company should publish minutes of general meetings on its corporate website as soon as practicable. The Manager is of the opinion that since only the Unitholders are entitled to attend and vote at the general meetings, therefore, the content of such meetings should only be made available to the Unitholders upon request and not to the general public by publishing it on OUE C-REIT's corporate website. Nonetheless, this is consistent with Principle 11 of the Code which requires the REIT to, *inter alia*, treat all unitholders fairly and equitably. The Manager will make the minutes available to any Unitholder(s) upon request, so that all Unitholders will stand on equal footing, thereby satisfying the requirement for unitholders to be treated "fairly and equitably" under Principle 11 of the Code.

As encouraged by SGX-ST and in support of the greater transparency of voting in general meetings and good corporate governance, the Manager has employed electronic polling since the first Annual General Meeting held in 2015 whereby all resolutions are voted by poll and detailed results showing the number of votes cast for and against each resolution and the respective percentage are published at the general meeting. Prior to voting at the general meeting, the voting procedures will be made known to the Unitholders. The votes cast by each Unitholder are in direct proportion to their respective unitholdings in OUE C-REIT.

If any Unitholder is unable to attend the general meeting, the Trust Deed allows for the Unitholder to appoint up to two proxies to attend, speak and vote on his/her behalf at the general meeting. This is consistent with Principle 11 of the Code as unitholders are still given the opportunity to exercise their rights to attend and vote at general meetings through their proxies.

The Sustainability Report from pages 76 to 77 in this Annual Report describes OUE C-REIT's approach in identifying its material stakeholders, as well as addressing stakeholders' concerns and methods of engagement. The Sustainability Report also sets out the key areas of focus in relation to the management of stakeholder relationships for FY2019.

E. INTERESTED PERSON TRANSACTIONS POLICY

The Manager has established procedures to monitor and review IPTs, including ensuring compliance with the provisions of the Listing Manual and the Property Funds Appendix related to IPTs. The ARC and the Board review the IPTs on a quarterly basis. Any IPTs requiring disclosure are disclosed in the announcements and/or the Annual Report.

F. DEALINGS IN THE UNITS

The Manager has issued guidelines on dealing in the Units. These pertain to the existence of insider trading laws and the rules and regulations with regard to dealings in the Units by the Directors and officers. The Manager sends out memoranda and e-mails to the Directors and the employees of the Manager to remind them that the Directors and employees of the Manager and their connected persons are prohibited from dealing in the Units during the following periods:

a. two weeks before the announcement of OUE C-REIT's financial statements for each of the first three quarters of its financial year;

b. one month before the announcement of OUE C-REIT's full year results and (where applicable) property valuations; or

c. any time while in possession of price-sensitive information.

The Directors and the employees of the Manager are prohibited from communicating price sensitive information to any person. In addition, the Manager also discourages the Directors and employees of the Manager from dealing in the Units on short-term considerations.

Financial Statements

Report of the Trustee

DBS Trustee Limited (the “Trustee”) is under a duty to take into custody and hold the assets of OUE Commercial Real Estate Investment Trust (the “Trust”) held by it or through its subsidiaries (collectively, the “Group”) in trust for the holders of units in the Trust. In accordance with the Securities and Futures Act, Chapter 289 of Singapore, its subsidiary legislation and the Code on Collective Investment Schemes, the Trustee shall monitor the activities of OUE Commercial REIT Management Pte. Ltd. (the “Manager”) for compliance with the limitations imposed on the investment and borrowing powers as set out in the trust deed dated 10 October 2013 (as amended) (the “Trust Deed”) between the Manager and the Trustee in each annual accounting period and report thereon to unitholders in an annual report.

To the best knowledge of the Trustee, the Manager has, in all material respects, managed the Trust and its subsidiaries during the year covered by these financial statements set out on pages 114 to 193, in accordance with the limitations imposed on the investment and borrowing powers set out in the Trust Deed.

For and on behalf of the Trustee,
DBS Trustee Limited

Jane Lim Puay Yuen
Director

Singapore
6 March 2020

Statement by the Manager

In the opinion of the directors of OUE Commercial REIT Management Pte. Ltd. (the "Manager"), the manager of OUE Commercial Real Estate Investment Trust (the "Trust"), the accompanying financial statements set out on pages 114 to 193 comprising the Statements of Financial Position, Statements of Total Return, Distribution Statements, Statements of Movements in Unitholders' Funds and Portfolio Statements of the Trust and its subsidiaries (the "Group") and of the Trust, the Consolidated Statement of Cash Flows of the Group and Notes to the Financial Statements are drawn up so as to present fairly, in all material respects, the financial position of the Group and the Trust as at 31 December 2019, the total return, distributable income, movements in unitholders' funds and cash flows of the Group and the total return, distributable income and movements in unitholders' funds of the Trust for the year ended 31 December 2019, in accordance with the recommendations of Statement of Recommended Accounting Practice 7 "Reporting Framework for Unit Trusts" issued by the Institute of Singapore Chartered Accountants and the provisions of the Trust Deed between DBS Trustee Limited and the Manager dated 10 October 2013 (as amended). At the date of this statement, there are reasonable grounds to believe that the Group and the Trust will be able to meet the respective financial obligations as and when they materialise.

For and on behalf of the Manager,
OUE Commercial REIT Management Pte. Ltd.

Tan Shu Lin
Executive Director

Singapore
6 March 2020

Independent Auditors' Report

Unitholders
OUE Commercial Real Estate Investment Trust

REPORT ON THE FINANCIAL STATEMENTS

Opinion
We have audited the financial statements of OUE Commercial Real Estate Investment Trust (the "Trust") and its subsidiaries (the "Group"), which comprise the statement of financial position and portfolio statement of the Group and the Trust as at 31 December 2019, and the consolidated statement of total return, distribution statement, consolidated statement of movements in unitholders' funds and statement of cash flows of the Group and the statement of total return, distribution statement and statement of movements in unitholders' funds of the Trust for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 114 to 193.

In our opinion, the accompanying consolidated financial statements of the Group and the statement of financial position, portfolio statement, statement of total return, distribution statement and statement of movements in unitholders' funds of the Trust present fairly, in all material respects, the financial position and portfolio holdings of the Group and the Trust as at 31 December 2019 and the consolidated total return, consolidated distributable income, consolidated movements in unitholders' funds and consolidated cash flows of the Group and the total return, distributable income and movements in unitholders' funds of the Trust for the year then ended on that date in accordance with the recommendations of Statement of Recommended Accounting Practice 7 ("RAP 7") *Reporting Framework for Unit Trusts* issued by the Institute of Singapore Chartered Accountants.

Basis for opinion
We conducted our audit in accordance with Singapore Standards on Auditing ("SSAs"). Our responsibilities under those standards are further described in the "*Auditors' responsibilities for the audit of the financial statements*" section of our report. We are independent of the Group in accordance with the Accounting and Corporate Regulatory Authority *Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities* ("ACRA Code") together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters
Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Valuation of investment properties
(Refer to Note 4 to the financial statements)

Risk
The Group has investment properties in Singapore and China with a carrying value of $6.8 billion as at 31 December 2019. Investment properties represent the most significant asset item on the statement of financial position.

The Group's accounting policy is to state investment properties at fair value which are based on independent external valuations. The valuation process involves significant judgement in determining the valuation method to be used and estimating the underlying assumptions to be applied. The valuations are sensitive to the key assumptions applied and a change in assumptions could have a significant impact to the valuation.

Our response
We evaluated the competency and objectivity of the valuers and made enquiries of the valuers to understand their valuation approach and basis of valuation.

We considered the valuation methods used, which included the discounted cash flow method, capitalisation method and direct comparison method, against those applied for similar property types. We assessed the reasonableness of the key assumptions used in the valuations which included a comparison of the discount rates, terminal yield rates, capitalisation rates, price per square foot and price per room, against historical trends and available industry data, taking into consideration comparability and market factors. We also considered the adequacy of the disclosures in the financial statements.

Our findings
The valuers are members of recognised professional bodies for valuers and have considered their own independence in carrying out their work. The valuation methods used by the valuers are in line with generally accepted market practices and the key assumptions used in the valuations are within range of market data. We also found the disclosures in the financial statements to be appropriate in their description of the judgement inherent in the key assumptions used in the valuations, including the inter-relationship between the key unobservable inputs and the fair values.

Accounting for acquisition of OUE Hospitality Trust ("OUE H-Trust")
(Refer to Note 31 to the financial statements)

Risk
During the year, the Group completed its merger with OUE H-Trust, which has an investment property portfolio of $2.2 billion, by way of a trust scheme of arrangement. The acquisition is considered a key audit matter as this was a significant non-routine transaction and requires management judgement in determining of whether the acquisition is a business combination or an acquisition of assets, with different accounting implications. The Group accounted for it as an acquisition of assets.

Our response
We assessed the basis of accounting by examining the transaction agreements, to understand the key terms of the acquisition, including the arrangement for asset management. We further assessed the adequacy and appropriateness of the disclosures.

Our findings
The judgement applied by management in determining the basis of accounting as an asset acquisition is balanced. We also found the disclosure of the acquisition to be appropriate.

Other information
OUE Commercial REIT Management Pte. Ltd., the Manager of the Trust ("the Manager"), is responsible for the other information contained in the annual report. Other information is defined as all information in the annual report other than the financial statements and our auditors' report thereon.

We have obtained all other information prior to the date of this auditors' report except for the Statistics of Unitholdings ("the Report") which is expected to be made available to us after that date.

Our opinion on the financial statements does not cover the other information and we do not and will not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed on the other information that we obtained prior to the date of this auditors' report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

When we read the Report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to the Manager and take appropriate actions in accordance with SSAs.

Responsibilities of the Manager for the financial statements
The Manager is responsible for the preparation and fair presentation of these financial statements in accordance with the recommendations of RAP 7 issued by the Institute of Singapore Chartered Accountants, and for such internal controls as the Manager determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Manager is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Manager either intends to terminate the Group or to cease operations of the Group, or has no realistic alternative but to do so.

The Manager's responsibilities include overseeing the Group's financial reporting process.

Auditors' responsibilities for the audit of the financial statements
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.

- Obtain an understanding of internal controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal controls.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Manager.

- Conclude on the appropriateness of the Manager's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Manager regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Manager with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Manager, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless the law or regulations preclude public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditors' report is Koh Wei Peng.

KPMG LLP
Public Accountants and
Chartered Accountants

Singapore
6 March 2020

Statements of Financial Position

As at 31 December 2019

	Note	Group 2019 $'000	Group 2018 $'000	Trust 2019 $'000	Trust 2018 $'000
Non-current assets					
Plant and equipment		270	393	–	–
Investment properties	4	6,770,187	4,494,535	2,093,000	2,093,100
Intangible assets	5	19,167	24,465	19,167	24,465
Investments in subsidiaries	6	–	–	2,727,742	1,368,506
Trade and other receivables	7	4,139	175	–	–
		6,793,763	4,519,568	4,839,909	3,486,071
Current assets					
Trade and other receivables	7	35,020	14,384	9,331	6,583
Financial derivatives	8	–	116	–	95
Cash and cash equivalents	9	59,410	37,074	7,297	12,725
		94,430	51,574	16,628	19,403
Total assets		6,888,193	4,571,142	4,856,537	3,505,474
Non-current liabilities					
Borrowings	10	2,111,638	1,711,330	1,323,261	1,371,081
Trade and other payables	11	48,258	42,400	18,280	17,356
Financial derivatives	8	14,560	7,828	6,780	5,448
Deferred tax liabilities	12	87,928	87,726	–	–
Lease liability		24,657	–	–	–
		2,287,041	1,849,284	1,348,321	1,393,885
Current liabilities					
Borrowings	10	575,489	1,992	149,844	–
Trade and other payables	11	77,299	65,580	29,176	25,253
Financial derivatives	8	2,751	132	2,404	109
Current tax liabilities		16,411	13,429	–	–
Lease liability		1,000	–	–	–
		672,950	81,133	181,424	25,362
Total liabilities		2,959,991	1,930,417	1,529,745	1,419,247
Net assets		3,928,202	2,640,725	3,326,792	2,086,227
Represented by:					
Unitholders' funds		3,318,417	2,038,092	2,964,902	1,724,337
Convertible Perpetual Preferred Units ("CPPU") holder's funds	13	361,890	361,890	361,890	361,890
		3,680,307	2,399,982	3,326,792	2,086,227
Non-controlling interests		247,895	240,743	–	–
		3,928,202	2,640,725	3,326,792	2,086,227
Units in issue and to be issued ('000)	14	5,392,459	2,861,589	5,392,459	2,861,589
Net asset value per Unit ($)	15	0.62	0.71	0.55	0.60

The accompanying notes form an integral part of these financial statements.

Statements of Total Return

Year ended 31 December 2019

	Note	Group 2019 $'000	Group 2018 $'000	Trust 2019 $'000	Trust 2018 $'000
Revenue	16	257,329	176,396	140,283	98,969
Property operating expenses	17	(52,378)	(38,209)	(22,262)	(13,610)
Net property income		204,951	138,187	118,021	85,359
Other income	18	17,182	7,189	17,182	7,189
Amortisation of intangible assets	5	(5,298)	(5,286)	(5,298)	(5,286)
Manager's management fees	19	(16,272)	(10,565)	(16,272)	(10,565)
Trustee's fee		(972)	(602)	(835)	(602)
Other expenses		(1,874)	(1,877)	(1,461)	(1,148)
Finance income		3,725	3,681	2,205	2,551
Finance costs		(71,861)	(51,679)	(50,359)	(37,737)
Net finance costs	20	(68,136)	(47,998)	(48,154)	(35,186)
Net income		129,581	79,048	63,183	39,761
Net change in fair value of investment properties	4	21,090	71,399	(2,546)	21,339
Total return for the year before tax	21	150,671	150,447	60,637	61,100
Tax expense	22	(17,448)	(19,734)	–	–
Total return for the year		133,223	130,713	60,637	61,100
Total return attributable to:					
Unitholders and CPPU holder		118,745	117,493	60,637	61,100
Non-controlling interests		14,478	13,220	–	–
		133,223	130,713	60,637	61,100
Earnings per Unit (cents)					
Basic	23	3.15	5.73		
Diluted	23	2.83	4.66		

The accompanying notes form an integral part of these financial statements.

Distribution Statements

Year ended 31 December 2019

	Group		Trust	
	2019	2018	2019	2018
	$'000	$'000	$'000	$'000
Amount available for distribution to Unitholders at beginning of the year	37,901	35,873	37,901	35,873
Total return for the year attributable to Unitholders and CPPU holder	118,745	117,493	60,637	61,100
Less: Amount reserved for distribution to CPPU holder	(3,750)	(3,750)	(3,750)	(3,750)
Distribution adjustments (Note A)	9,719	(42,453)	67,827	13,940
Amount available for distribution for the current year	124,714	71,290	124,714	71,290
Less: Amount retained for working capital requirements	(1,500)	–	(1,500)	–
Amount to be distributed to Unitholders (Note B)	123,214	71,290	123,214	71,290
Distributions to Unitholders:				
- Distribution of 2.29 cents per Unit for the period from 1/7/2017 to 31/12/2017	–	(35,421)	–	(35,421)
- Distribution of 2.18 cents per Unit for the period from 1/1/2018 to 30/6/2018	–	(33,841)	–	(33,841)
- Distribution of 1.30 cents per Unit for the period from 1/7/2018 to 31/12/2018	(37,200)	–	(37,200)	–
- Distribution of 1.68 cents per Unit for the period from 1/1/2019 to 30/6/2019	(48,243)	–	(48,243)	–
- Distribution of 0.53 cents per Unit for the period from 1/7/2019 to 3/9/2019	(15,220)	–	(15,220)	–
	(100,663)	(69,262)	(100,663)	(69,262)
Amount available for distribution to Unitholders at the end of the year	60,452	37,901	60,452	37,901
Distribution per Unit ("DPU") (cents)	3.31	3.48[1]	3.31	3.48[1]

[1] The restated DPU was 3.22 cents to reflect the bonus element in the new Units issued pursuant to the rights issue in October 2018.

The accompanying notes form an integral part of these financial statements.

Note A – Distribution adjustments

	Group		Trust	
	2019	2018	2019	2018
	$'000	$'000	$'000	$'000
Net change in fair value of investment properties	(21,090)	(71,399)	2,546	(21,339)
Amortisation of intangible assets	5,298	5,286	5,298	5,286
Amortisation of debt establishment costs	5,336	4,857	3,848	3,388
Net change in fair value of financial derivatives	619	565	592	(263)
Ineffective portion of changes in fair value of cash flow hedges	(2,726)	(2,874)	(2,033)	(1,847)
Hedging reserve transferred from unitholders' funds due to discontinuation of hedge accounting	447	653	447	448
Manager's management fees paid/payable in Units	13,018	8,452	13,018	8,452
Trustee's fee	972	602	835	602
Foreign exchange differences	365	(12)	77	(253)
Deferred tax expense	2,421	5,329	–	–
Straight-lining of lease incentives	(1,268)	1,547	(49)	–
Transfer to statutory reserve	(1,547)	(1,585)	–	–
Net income of subsidiaries not distributed to the Trust	–	–	42,920	19,302
Other items	7,874	6,126	328	164
Distribution adjustments	9,719	(42,453)	67,827	13,940

Note B – Amount available for distribution to Unitholders

	Group and Trust	
	2019	2018
	$'000	$'000
Comprises:		
- From operations	86,236	31,676
- From tax exempt income	22,499	23,744
- From Unitholders' contribution	14,479	15,870
	123,214	71,290

The accompanying notes form an integral part of these financial statements.

Statements of Movements in Unitholders' Funds

Year ended 31 December 2019

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

The accompanying notes form an integral part of these financial statements.

	Attributable to Unitholders $'000	Attributable to CPPU holder $'000	Total $'000	Non-controlling interests $'000	Total $'000
Group					
Net assets attributable to owners at 1 January 2018	1,407,285	361,891	1,769,176	234,906	2,004,082
Operations					
Total return for the year	117,493	–	117,493	13,220	130,713
Less: Amount reserved for distribution to CPPU holder	(3,750)	3,750	–	–	–
Net increase in net assets resulting from operations	113,743	3,750	117,493	13,220	130,713
Transactions with owners					
Issue of new Units:					
- Rights issue	587,528	–	587,528	–	587,528
- Acquisition fee paid to Manager in Units	6,810	–	6,810	–	6,810
- Manager's management fees paid/payable in Units	8,452	–	8,452	–	8,452
Issue costs	(7,098)	–	(7,098)	–	(7,098)
Distributions paid to Unitholders	(69,262)	–	(69,262)	–	(69,262)
Distributions paid to CPPU Holder	–	(3,751)	(3,751)	–	(3,751)
Distributions paid to non-controlling interests	–	–	–	(7,200)	(7,200)
Net increase/(decrease) in net assets resulting from transactions with owners	526,430	(3,751)	522,679	(7,200)	515,479
Movement in foreign currency translation reserve	(11,241)	–	(11,241)	–	(11,241)
Hedging transactions					
Effective portion of change in fair value of cash flow hedges	139	–	139	(152)	(13)
Hedging reserve transferred to statement of total return	1,736	–	1,736	(31)	1,705
Net movement in hedging transactions	1,875	–	1,875	(183)	1,692
At 31 December 2018	2,038,092	361,890	2,399,982	240,743	2,640,725

The accompanying notes form an integral part of these financial statements.

Statements of Movements in Unitholders' Funds

Year ended 31 December 2019

	← Attributable to →		
	Unitholders $'000	**CPPU holder $'000**	**Total $'000**
Trust			
Net assets attributable to owners at 1 January 2019	1,724,337	361,890	2,086,227
Operations			
Total return for the year	60,637	–	60,637
Less: Amount reserved for distribution to CPPU holder	(3,750)	3,750	–
Net increase in net assets resulting from operations	56,887	3,750	60,637
Transactions with owners			
Issue of new Units:			
- Acquisition fee paid to Manager in Units	8,318	–	8,318
- Manager's management fees paid/payable in Units	13,018	–	13,018
- Partial consideration paid in Units pursuant to the Merger	1,267,672	–	1,267,672
Distributions paid to Unitholders	(100,663)	–	(100,663)
Distributions paid to CPPU holder	–	(3,750)	(3,750)
Net increase/(decrease) in net assets resulting from transactions with owners	1,188,345	(3,750)	1,184,595
Hedging transactions			
Effective portion of change in fair value of cash flow hedges	(5,243)	–	(5,243)
Hedging reserve transferred to statement of total return	576	–	576
Net movement in hedging transactions	(4,667)	–	(4,667)
At 31 December 2019	2,964,902	361,890	3,326,792

The accompanying notes form an integral part of these financial statements.

	Attributable to Unitholders $'000	Attributable to CPPU holder $'000	Total $'000
Trust			
Net assets attributable to owners at 1 January 2018	1,137,760	361,891	1,499,651
Operations			
Total return for the year	61,100	–	61,100
Less: Amount reserved for distribution to CPPU holder	(3,750)	3,750	–
Net increase in net assets resulting from operations	57,350	3,750	61,100
Transactions with owners			
Issue of new Units:			
- Rights issue	587,528	–	587,528
- Acquisition fee paid to Manager in Units	6,810	–	6,810
- Manager's management fees paid/payable in Units	8,452	–	8,452
Issue costs	(7,098)	–	(7,098)
Distributions paid to Unitholders	(69,262)	–	(69,262)
Distributions paid to CPPU holder	–	(3,751)	(3,751)
Net increase/(decrease) in net assets resulting from transactions with owners	526,430	(3,751)	522,679
Hedging transactions			
Effective portion of change in fair value of cash flow hedges	908	–	908
Hedging reserve transferred to statement of total return	1,889	–	1,889
Net movement in hedging transactions	2,797	–	2,797
At 31 December 2018	1,724,337	361,890	2,086,227

The accompanying notes form an integral part of these financial statements.

Portfolio Statements

As at 31 December 2019

Description of property	Leasehold tenure
Singapore	
OUE Bayfront (and adjoining properties comprising OUE Tower and OUE Link) An integrated commercial development comprising an 18-storey office building, a conserved tower building and a retail link bridge at Collyer Quay, Singapore	OUE Bayfront and OUE Tower: 99-year lease from 12 November 2007 OUE Link: 15-year lease from 26 March 2010 Underpass: 99-year lease from 7 January 2002
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 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)	OUE Downtown 1 and OUE Downtown 2: 99-year lease from 19 July 1967
One Raffles Place An integrated commercial development comprising One Raffles Place Tower 1, One Raffles Place Tower 2 and One Raffles Place Shopping Mall The Group has an effective interest of 67.95% in One Raffles Place	One Raffles Place Tower 1: 841-year lease from 1 November 1985 One Raffles Place Tower 2: 99-year lease from 26 May 1983 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 a 841-year lease from 1 November 1985
Crowne Plaza Changi Airport An airport hotel situated within the vicinity of passenger terminals of Singapore Changi Airport and is connected to Jewel Changi Airport via a pedestrian bridge from Terminal 3. The 563-room hotel is managed by Intercontinental Hotels Group and has been named the World's Best Airport Hotel for the 5th consecutive year.	74-year lease from 1 July 2009

The accompanying notes form an integral part of these financial statements.

Location	Existing use	Group Carrying value at 31/12/2019 $'000	Percentage of Unitholders' funds at 31/12/2019 %	Carrying value at 31/12/2018 $'000	Percentage of Unitholders' funds at 31/12/2018 %
50 Collyer Quay, OUE Bayfront, Singapore 049321 60 Collyer Quay, OUE Tower, Singapore 049322 62 Collyer Quay, OUE Link, Singapore 049325	Commercial	1,181,000	36	1,173,100	58
6 Shenton Way, Singapore 068809 and 6A Shenton Way, Singapore 068815	Commercial	912,000	27	920,000	45
1 Raffles Place, One Raffles Place, Singapore 048616	Commercial	1,862,000	56	1,813,500	89
75 Airport Boulevard, Singapore 819664	Hotel	497,000	15	–	–

The accompanying notes form an integral part of these financial statements.

Portfolio Statements

As at 31 December 2019

Description of property	Leasehold tenure
Singapore	
Mandarin Orchard Singapore A renowned upscale hotel with strong brand recognition and has won numerous internationally recognised awards and accolades. With 1,077 rooms, Mandarin Orchard Singapore is the largest hotel located in the heart of Orchard Road.	99-year lease from 1 July 1957
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.	99-year lease from 1 July 1957
Shanghai	
Lippo Plaza A 36-storey commercial building with retail podium at Shanghai, China excluding: (i) Unit 2 in Basement 1, (ii) the 12th, 13th, 15th and 16th floors and (iii) 4 car park lots	50-year land use right commencing from 2 July 1994
Investment properties, at valuation	
Other assets and liabilities (net)	
Net assets of the Group	
Net assets attributable to CPPU holder	
Net assets attributable to non-controlling interests	
Unitholders' funds	

The carrying value of Lippo Plaza as at 31 December 2019 in Renminbi is RMB 2,950,000,000 (2018: RMB 2,950,000,000).

The properties are leased to third parties except as otherwise stated in Note 16. Generally, the leases contain an initial non-cancellable period of 1 to 10 years (2018: 1 to 10 years). Subsequent renewals are negotiated with the respective lessees.

The accompanying notes form an integral part of these financial statements.

Location	Existing use	Group Carrying value at 31/12/2019 $'000	Percentage of Unitholders' funds at 31/12/2019 %	Carrying value at 31/12/2018 $'000	Percentage of Unitholders' funds at 31/12/2018 %
333 Orchard Road, Singapore 238867	Hotel	1,228,000	37	–	–
333A Orchard Road, Singapore 238897	Retail	493,000	15	–	–
222 Huaihai Zhong Road, Huangpu District, Shanghai, PRC 200021	Commercial	570,530	17	587,935	29
		6,743,530	203	4,494,535	221
		(2,815,328)	(85)	(1,853,810)	(91)
		3,928,202	118	2,640,725	130
		(361,890)	(11)	(361,890)	(18)
		(247,895)	(7)	(240,743)	(12)
		3,318,417	100	2,038,092	100

The accompanying notes form an integral part of these financial statements.

Portfolio Statements

As at 31 December 2019

Description of property	Leasehold tenure
Singapore	
OUE Bayfront (and adjoining properties comprising OUE Tower and OUE Link) An integrated commercial development comprising an 18-storey office building, a conserved tower building and a retail link bridge at Collyer Quay, Singapore	OUE Bayfront and OUE Tower: 99-year lease from 12 November 2007 OUE Link: 15-year lease from 26 March 2010 Underpass: 99-year lease from 7 January 2002
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
Investment properties, at valuation	
Other assets and liabilities (net)	
Net assets of the Trust	
Net assets attributable to CPPU holder	
Unitholders' funds	

The properties are leased to third parties except as otherwise stated in Note 16. Generally, the leases contain an initial non-cancellable period of 1 to 10 years (2018: 1 to 10 years). Subsequent renewals are negotiated with the respective lessees.

The accompanying notes form an integral part of these financial statements.

Location	Existing use	Trust Carrying value at 31/12/2019 $'000	Percentage of Unitholders' funds at 31/12/2019 %	Carrying value at 31/12/2018 $'000	Percentage of Unitholders' funds at 31/12/2018 %
50 Collyer Quay, OUE Bayfront, Singapore 049321 60 Collyer Quay, OUE Tower, Singapore 049322 62 Collyer Quay, OUE Link, Singapore 049325	Commercial	1,181,000	40	1,173,100	68
6 Shenton Way, Singapore 068809 and 6A Shenton Way, Singapore 068815	Commercial	912,000	31	920,000	53
		2,093,000	71	2,093,100	121
		1,233,792	41	(6,873)	–
		3,326,792	112	2,086,227	121
		(361,890)	(12)	(361,890)	(21)
		2,964,902	100	1,724,337	100

The accompanying notes form an integral part of these financial statements.

Consolidated Statement of Cash Flows

Year ended 31 December 2019

	Note	Group 2019 $'000	Group 2018 $'000
Cash flows from operating activities			
Total return for the year		133,223	130,713
Adjustments for:			
Amortisation of intangible assets		5,298	5,286
Depreciation of plant and equipment		177	180
Finance costs		71,496	51,679
Finance income		(3,725)	(3,669)
Manager's fees paid/payable in Units		13,018	8,452
Net change in fair value of investment properties		(21,090)	(71,399)
Gain on disposal of plant and equipment		(1)	–
Loss on write-off of plant and equipment		3	–
Tax expense		17,448	19,734
Operating income before working capital changes		215,847	140,976
Changes in working capital:			
Trade and other receivables		(8,518)	(137)
Trade and other payables		(33,802)	8,741
Cash generated from operating activities		173,527	149,580
Tax paid		(12,671)	(16,924)
Net cash from operating activities		160,856	132,656
Cash flows from investing activities			
Additions to plant and equipment		(61)	(74)
Acquisition of investment property, intangible asset and its related acquisition costs (see Note A)		–	(935,979)
Net cash consideration relating to the Merger	31	(51,199)	–
Payment for capital expenditure on investment properties		(7,790)	(3,549)
Interest received		999	787
Proceed from sale of plant and equipment		1	–
Net cash used in investing activities		(58,050)	(938,815)
Cash flows from financing activities			
Distributions paid to Unitholders		(100,616)	(69,262)
Distributions paid to CPPU holder		(3,750)	(4,255)
Distributions paid to non-controlling interests		(6,800)	(7,200)
Interest paid		(66,460)	(43,274)
Proceeds from issue of Units		–	587,528
Payment of transaction costs related to the issue of Units		–	(7,033)
Payment of transaction costs related to borrowings		–	(8,245)
Payment of lease liability		(1,000)	–
Proceeds from borrowings		168,380	1,139,735
Redemption of CPPUs		–	(100,000)
Repayment of borrowings		(69,200)	(684,538)
Net cash (used in)/from financing activities		(79,446)	803,456

The accompanying notes form an integral part of these financial statements.

	Note	Group 2019 $'000	Group 2018 $'000
Net increase/(decrease) in cash and cash equivalents		23,360	(2,703)
Cash and cash equivalents at beginning of the year		37,074	40,314
Effect of exchange rate fluctuations on cash held		(1,024)	(537)
Cash and cash equivalents at end of the year	9	59,410	37,074

Notes:

(A) Acquisition of investment property, intangible asset and its related acquisition costs

	Group 2018 $'000
Investment property	883,000
Intangible asset	25,000
Total assets acquired	908,000
Purchase consideration	908,000
Add: Acquisition costs paid in cash	27,979
Net cash outflow	935,979

(B) Significant non-cash transactions

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

Financial year ended 31 December 2019

- a total of 24,503,304 Units, amounting to $13,018,000, were or would be issued to the Manager as satisfaction of the Manager's management fees for the financial year;
- 14,592,105 Units, amounting to $8,317,500, were issued as satisfaction of the acquisition fee payable to the Manager for the Merger during the financial year; and
- 2,491,774,895 Units, amounting to $1,267,672,000, were issued as partial consideration paid pursuant to the Merger.

Financial year ended 31 December 2018

- a total of 14,433,703 Units, amounting to $8,452,000, were issued to the Manager as satisfaction of the Manager's management fees for the financial year; and
- 11,947,368 Units, amounting to $6,810,000, were issued as satisfaction of the acquisition fee payable to the Manager for the investment property acquired during the financial year.

The accompanying notes form an integral part of these financial statements.

These notes form an integral part of the financial statements.

The financial statements were authorised for issue by the Manager and the Trustee on 6 March 2020.

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 principal activities of the subsidiaries are set out in Note 6.

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.

The consolidated financial statements relate to the Trust and its subsidiaries (together referred to as the "Group" and individually as "Group entities").

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.

Several service agreements were entered into in relation to the management of the Trust and its property operations. The fee structures of these services are as follows:

(a) Manager's fees

The Manager is entitled to receive the following remuneration:

(i) a base fee of 0.3% per annum (or such lower percentage as may be determined by the Manager in its absolute discretion) of the value of the Deposited Property (as defined in the Trust Deed);

(ii) performance fee of 25% per annum of the difference in DPU (as defined in the Trust Deed) 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. The performance fee is payable if the DPU in any financial year exceeds the DPU in the preceding financial year, notwithstanding that the DPU in the financial year in which the performance fee is payable may be less than the DPU in the financial year prior to any preceding financial year;

(iii) an acquisition fee of 0.75% of the acquisition price of an investment property for acquisitions from related parties and 1.0% of the acquisition price for all other cases;

(iv) a divestment fee of 0.5% of the sale price of an investment property on all future disposals of properties; and

(v) a development management fee of 3.0% of the total project costs incurred in a development project undertaken by the Manager on behalf of the Trust.

1 GENERAL (CONT'D)

(a) Manager's fees (cont'd)

Any portion of the base fee payable in the form of Units is payable quarterly in arrears and any portion of the base fee payable in cash is payable monthly in arrears. The performance fee is paid annually in arrears, regardless of whether it is paid in the form of cash and/or Units. For the financial year ended 31 December 2019, 80% (2018: 80%) of the management base fee payable were in the form of Units. There was no management performance fee payable in the form of Units in 2019 (2018: nil).

The acquisition, divestment and development management fees are payable in the form of Units and/or cash as the Manager may elect, and such proportion as may be determined by the Manager.

(b) Fees under the property management agreements

OUE Bayfront and OUE Downtown are managed by OUE Commercial Property Management Pte. Ltd. (the "Commercial Property Manager") and Mandarin Gallery is managed by OUE Property Manangement Pte. Ltd. (the "Retail Property Manager" and collectively with the Commercial Property Manager, the "Property Managers").

Pursuant to the property management agreement between the Trust and the Commercial Property Manager, in respect of OUE Bayfront, the following fees are payable:

- A property management fee of (a) 2% per annum of the gross revenue of the relevant property and (b) 2% of the gross revenue less property expenses ("Net Property Income") for the relevant property (calculated before accounting for the property management fee in that financial period); and

- A lease management fee of 0.5% per annum of the Net Property Income for the relevant property (calculated before accounting for the property management fee in that financial period) in respect of lease management services.

Pursuant to the property management agreement between the Trust and the Commercial Property Manager in respect of OUE Downtown Office, the following fees are payable:

- A property management fee of (a) 1% per annum of the gross revenue of the relevant property and (b) 1% of the Net Property Income for the relevant property (calculated before accounting for the property management fee in that financial period); and

- A lease management fee of 0.25% per annum of the Net Property Income for the relevant property (calculated before accounting for the property management fee in that financial period) in respect of lease management services.

The Commercial Property Manager is also entitled to a project management fee at a scale of between 1.35% to 3.0% of the construction cost or a fee to be mutually agreed in writing between the Manager, the Trustee and the Commercial Property Manager. During the financial year, no project management services were provided by the Commercial Property Manager. Where development management fees are payable to the Manager, there will not be any project management fees payable to the Commercial Property Manager and vice versa.

Pursuant to the property management agreement between OUE Hospitality Sub-Trust and the Retail Property Manager in respect of Mandarin Gallery and the certain commercial areas of Mandarin Orchard Singapore, the following fees are payable:

- A property management fee of (a) 2% per annum of the gross revenue of Mandarin Gallery and certain commercial areas of Mandarin Orchard Singapore; and (b) 2% per annum of the Net Property Income of Mandarin Gallery and certain commercial areas of Mandarin Orchard Singapore (calculated before accounting for the property management fee in that financial period); and

- A lease management fee of 0.5% per annum of the Net Property Income of Mandarin Gallery (calculated before accounting for the property management fee in that financial period), in respect of lease management services.

The property and lease management fees are payable monthly in arrears.

1 GENERAL (CONT'D)

(c) Trustee's fee

The Trust

Pursuant to the Trust Deed, the Trustee's fee shall not exceed 0.1% per annum of the value of the Deposited Property or such higher percentage as may be fixed by an extraordinary resolution of a meeting of Unitholders. The Trustee's fee is presently charged at a scaled basis of up to 0.02% per annum of the value of the Deposited Property (subject to a minimum of $15,000 per month). The Trustee's fee is payable out of the Deposited Property on a monthly basis, in arrears. The Trustee is also entitled to reimbursement of expenses incurred in the performance of its duties under the Trust Deed.

The Sub-trust

Pursuant to the Sub-trust Deed, the Sub-trust Trustee's fee shall not exceed 0.1% per annum of the value of Sub-trust's Deposited Property. The Sub-trust Trustee's fee is payable out of Sub-trust's Deposited Property on a monthly basis, in arrears. The Sub-trust Trustee's fee is presently charged on a scaled basis of up to 0.02% per annum of the value of the Sub-trust Deposited Property (subject to a minimum of $20,000 per month). The Sub-trust Trustee is also entitled to reimbursement of expenses incurred in the performance of its duties under the Sub-trust Deed.

2 BASIS OF PREPARATION

2.1 Statement of compliance

The financial statements have been prepared in accordance with the Statement of Recommended Accounting Practice ("RAP") 7 "Reporting Framework for Unit Trusts" issued by the Institute of Singapore Chartered Accountants, 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").

This is the first set of the Group's annual financial statements in which FRS 116 *Leases* has been applied. The related changes to significant accounting policies are described in Note 2.5.

2.2 Basis of measurement

The financial statements have been prepared on the historical cost basis, except as described below.

2.3 Functional and presentation currency

The financial statements are 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.

2.4 Use of estimates and judgments

The preparation of financial statements 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.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods effected.

Information about assumptions and estimation uncertainties that have the most significant effect on the amounts recognised in the financial statements is described in Note 4 – valuation of investment properties.

2 BASIS OF PREPARATION (CONT'D)

2.4 Use of estimates and judgments (cont'd)

Measurement of fair values

A number of the Group's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.

The Group has an established process with respect to the measurement of fair values.

The Manager reviews significant unobservable inputs and valuation adjustments. If third party information is used to measure fair values, then the Manager assesses and documents the evidence obtained from the third parties to support the conclusion that such valuations meet the requirements of FRS, including the level in the fair value hierarchy in which such valuations should be classified.

Significant valuation issues are reported to the Audit and Risk Committee.

When measuring the fair value of an asset or a liability, the Group uses market observable data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

- Level 1 : quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 : inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3 : inputs for the asset or liability that are not based on observable market data (unobservable inputs).

If the inputs used to measure the fair value of an asset or a liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement (with Level 3 being the lowest).

The Group recognises transfers between levels of the fair value hierarchy as of the end of the reporting period during which the change has occurred.

Further information about the assumptions made in measuring fair values is included in the following notes:

- Note 4 – investment properties
- Note 26 – financial instruments

2.5 Changes in significant accounting policies

New standards and amendments

The Group has applied the principles relating to the recognition and measurement of following FRS, amendments to and interpretations of FRS for the first time for the annual period beginning on 1 January 2019:

- FRS 116 *Leases*
- FRS INT 123 *Uncertainty over Income Tax Treatments*
- Amendments to FRS 109, FRS 39 and FRS 107 *Interest Rate Benchmark Reform*

Other than FRS 116, the application of these principles did not have a material effect on the financial statements.

FRS 116 *Leases*

The Group applied FRS 116 using the modified retrospective approach, under which the cumulative effect of initial application is recognised in retained earnings at 1 January 2019. Accordingly, the comparative information presented for 2018 is not restated – i.e. it is presented, as previously reported, under FRS 17 and related interpretations. The details of the changes in accounting policies are disclosed below. Additionally, the disclosure requirements in FRS 116 have not generally been applied to comparative information.

2 BASIS OF PREPARATION (CONT'D)

2.5 Changes in significant accounting policies (cont'd)

As a lessee

As a lessee, the Group leases land and photocopiers. The Group previously classified leases as operating leases based on its assessment of whether the lease transferred significantly all of the risks and rewards incidental to ownership of the underlying asset to the Group. Under FRS 116, the Group recognises a right-of-use asset and lease liability for the land lease – i.e. the lease is on-balance sheet.

As a lessor

The Group leases out its investment property and has classified these leases as operating leases.

The Group is not required to make any adjustments on transition to FRS 116 for leases in which it acts as a lessor.

The Group has applied FRS 15 *Revenue from Contracts with Customers* to allocate consideration in the contract to each lease and non-lease component.

Impact on transition

There is no impact to the Group on transition to FRS 116.

Amendments to FRS 109, FRS 39 and FRS 107 *Interest Rate Benchmark Reform*

The Group applied the interest rate benchmark reform amendments retrospectively to hedging relationship that existed at 1 January 2019 or were designated thereafter and that are directly affected by interest rate benchmark reform. These amendments also apply to the gain or loss recognised in the Statements of Unitholders Funds that existed at 1 January 2019. The details of the accounting policies are disclosed in Note 3.6 and Note 26 for related disclosures about the risks and hedge accounting.

3 SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied by the Group entities consistently to all the periods presented in these financial statements, except as explained in Note 2.5, which addresses changes in accounting policies arising from the adoption of new standards.

3.1 Basis of consolidation

(i) Business combinations

Business combinations are accounted for using the acquisition method in accordance with the recognition and measurement principles of FRS 103 *Business Combinations* as at the date of acquisition, which is the date on which control is transferred to the Group.

The Group measures goodwill at the date of acquisition as:

- the fair value of the consideration transferred; plus
- the recognised amount of any non-controlling interests ("NCI") in the acquiree; plus
- if the business combination is achieved in stages, the fair value of the pre-existing equity interest in the acquiree,

over the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed. Any goodwill that arises is tested annually for impairment.

When the excess is negative, a bargain purchase gain is recognised immediately in the statement of total return.

The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognised in the statement of total return.

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.1 Basis of consolidation (cont'd)

(i) Business combinations (cont'd)

Any contingent consideration payable is recognised at fair value at the date of acquisition and included in the consideration transferred. If the contingent consideration that meets the definition of a financial instrument is classified as equity, it is not remeasured and settlement is accounted for within equity. Otherwise, other contingent consideration is remeasured at fair value at each reporting date and subsequent changes to the fair value of the contingent consideration are recognised in the statement of total return.

NCI that are present ownership interests and entitle their holders to a proportionate share of the acquiree's net assets in the event of liquidation are measured either at fair value or at the NCI's proportionate share of the recognised amounts of the acquiree's identifiable net assets, at the date of acquisition. The measurement basis taken is elected on a transaction-by-transaction basis. All other NCI are measured at acquisition-date fair value, unless another measurement basis is required by FRSs.

Costs related to the acquisition, other than those associated with the issue of debt or equity securities, that the Group incurs in connection with a business combination are expensed as incurred.

Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as transactions with owners in their capacity as owners and therefore no adjustments are made to goodwill and no gain or loss is recognised in the statement of total return. Adjustments to NCI arising from transactions that do not involve the loss of control are based on a proportionate amount of the net assets of the subsidiary.

(ii) Property acquisitions and business combinations

When a property is acquired through corporate acquisitions or otherwise, the Manager considers whether the acquisition represents an acquisition of business or an acquisition of an asset. An acquisition is accounted for as a business combination when an integrated set of activities is acquired, in addition to the property. In determining whether an integrated set of activities is acquired, the Manager considers whether significant processes, such as strategic management and operational processes, are acquired. Where significant processes are acquired, the acquisition is considered an acquisition of business. Where an acquisition does not represent a business, it is accounted for as an acquisition of a group of assets and liabilities. The cost of acquisition is allocated to the assets and liabilities acquired and no goodwill or deferred tax is recognised.

(iii) Subsidiaries

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. Investments in subsidiaries are stated at cost less accumulated impairment losses.

The accounting policies of subsidiaries have been changed when necessary to align them with the policies adopted by the Group.

(iv) Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income or expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements.

(v) Subsidiaries in the financial statements of the Trust

Investments in subsidiaries are stated in the Trust's statement of financial position at cost less accumulated impairment losses.

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.2 Foreign currencies

(i) Foreign currency transactions

Transactions in foreign currencies are translated to the respective functional currencies of the Group entities at the exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated to the functional currency at the exchange rate at that date. The foreign currency gain or loss on monetary items is the difference between amortised cost in the functional currency at the beginning of the year, adjusted for effective interest and payments during the year, and the amortised cost in foreign currency translated at the exchange rate at the end of the year.

Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are translated to the functional currency at the exchange rate at the date that the fair value was determined. Non-monetary items in a foreign currency that are measured in terms of historical cost are translated using the exchange rate at the date of the transaction. Foreign currency differences arising on translation are recognised in the statement of total return, except for differences arising from the translation of a financial liability designated as a hedge of the net investment in a foreign operation to the extent that the hedge is effective, or qualifying cash flow hedges to the extent that the hedge is effective, which are recognised in unitholders' funds.

(ii) Foreign operations

The assets and liabilities of foreign operations are translated to Singapore dollars at exchange rates prevailing at the reporting date. The income and expenses of foreign operations are translated to Singapore dollars at exchange rates at the dates of the transactions.

Foreign currency differences are recognised in the foreign currency translation reserve in unitholders' funds. However, if the operation is not a wholly-owned subsidiary, then the relevant proportionate share of the translation difference is allocated to the non-controlling interests. When a foreign operation is disposed of such that control, significant influence or joint control is lost, the cumulative amount in the translation reserve related to that foreign operation is transferred to the statement of total return as part of the gain or loss on disposal. When the Group disposes of only part of its interest in a subsidiary that includes a foreign operation while retaining control, the relevant proportion of the cumulative amount is reattributed to non-controlling interests.

When the settlement of a monetary item receivable from or payable to a foreign operation is neither planned nor likely in the foreseeable future, foreign exchange gains and losses arising from such a monetary item that is considered to form part of a net investment in a foreign operation, or qualifying cash flow hedges to the extent that the hedge is effective, which are recognised in the unitholders' funds.

3.3 Plant and equipment

(i) Recognition and measurement

Plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses.

Cost includes expenditure that is directly attributable to the acquisition of the asset.

When parts of an item of plant and equipment have different useful lives, they are accounted for as separate items (major components) of plant and equipment.

The gain or loss on disposal of an item of plant and equipment (calculated as the difference between the net proceeds from disposal and the carrying amount of the item) is recognised in the statement of total return.

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.3 Plant and equipment (cont'd)

(ii) Depreciation

Depreciation is based on the cost of an asset less its residual value. Significant components of individual assets are assessed and if a component has a useful life that is different from the remainder of that asset, that component is depreciated separately.

Depreciation is recognised in the statement of total return on a straight-line basis over the estimated useful lives of each component of an item of plant and equipment.

Depreciation is recognised from the date that the plant and equipment are installed and are ready for use.

The estimated useful lives for the current and comparative years are as follows:

Furniture and fittings	-	5 years
Office equipment	-	5 years
Operating equipment	-	5 years

Depreciation methods, useful lives and residual values are reviewed at the end of each reporting period and adjusted if appropriate.

3.4 Investment properties

Investment properties are properties held either to earn rental income or for capital appreciation or both, but not for sale in the ordinary course of business, use in the production or supply of goods or services or for administrative purposes. Investment properties are measured at cost on initial recognition and subsequently at fair value with any change therein recognised in the statement of total return.

The cost of a purchased property comprises its purchase price and any directly attributable expenditure, including transaction costs. Fair value is determined in accordance with the Trust Deed, which requires the investment properties to be valued by independent registered valuers at least once a year, in accordance with the CIS Code issued by the MAS.

Any gain or loss on disposal of an investment property (calculated as the difference between the net proceeds from disposal and the carrying amount of the item) is recognised in the statement of total return.

The investment properties are subject to continued maintenance and regularly revalued on the basis set out above. For income tax purposes, the Group may claim capital allowances on assets that qualify as plant and machinery under the Income Tax Act.

3.5 Intangible assets

The intangible assets represent the income support receivable by the Group and the Trust under the Deeds of Income Support in relation to OUE Bayfront and OUE Downtown Office.

The intangible assets are measured at cost less accumulated amortisation and accumulated impairment losses.

The intangible assets are amortised in the statement of total return on a straight-line basis over its estimated useful life of 5 years. The intangible assets are tested for impairment as described in Note 3.7.

Amortisation method, useful life and residual value are reviewed at the end of each reporting period and adjusted, if appropriate.

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.6 Financial instruments

(i) Recognition and initial measurement

Non-derivative financial assets and financial liabilities

Trade receivables issued are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the Group becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at fair value through profit or loss ("FVTPL"), transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

(ii) Classification and subsequent measurement

Non-derivative financial assets

On initial recognition, a financial asset is classified and measured at amortised cost or FVTPL.

Financial assets are not reclassified subsequent to their initial recognition unless the Group changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

Financial assets at amortised cost

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at FVTPL

All financial assets not classified as measured at amortised cost or fair value through other comprehensive income ("FVOCI") are measured at FVTPL. On initial recognition, the Group may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Financial assets: Business model assessment

The Group makes an assessment of the objective of the business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management. The information considered includes:

- how the performance of the portfolio is evaluated and reported to the Group's management; and
- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed.

Non-derivative financial assets: Assessment whether contractual cash flows are solely payments of principal and interest

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin.

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.6 Financial instruments (cont'd)

(ii) Classification and subsequent measurement (cont'd)

Non-derivative financial assets: Assessment whether contractual cash flows are solely payments of principal and interest (cont'd)

In assessing whether the contractual cash flows are solely payments of principal and interest, the Group considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Group considers:

- contingent events that would change the amount or timing of cash flows;
- terms that may adjust the contractual coupon rate, including variable rate features;
- prepayment and extension features; and
- terms that limit the Group's claim to cash flows from specified assets (e.g. non-recourse features).

A prepayment feature is consistent with the sole payments of principal and interest criterion if the prepayment amount substantially represents unpaid amounts of principal and interest on the principal amount outstanding, which may include reasonable additional compensation for early termination of the contract. Additionally, for a financial asset acquired at a significant discount or premium to its contractual par amount, a feature that permits or requires prepayment at an amount that substantially represents the contractual par amount plus accrued (but unpaid) contractual interest (which may also include reasonable additional compensation for early termination) is treated as consistent with this criterion if the fair value of the prepayment feature is insignificant at initial recognition.

Non-derivative financial assets: Subsequent measurement and gains and losses

Financial assets at amortised cost

These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in the statement of total return. Any gain or loss on derecognition is recognised in the statement of total return.

Financial assets at FVTPL

These assets are subsequently measured at fair value. Net gains and losses are recognised in the statement of total return.

Non-derivative financial liabilities: Classification, subsequent measurement and gains and losses

Financial liabilities are classified and measured at amortised cost.

Other financial liabilities are initially measured at fair value less directly attributable transaction costs. They are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in the statement of total return.

These financial liabilities comprise trade and other payables (excluding advance rental received) and borrowings.

(iii) Derecognition

Financial assets

The Group derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Group neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.6 Financial instruments (cont'd)

(iii) Derecognition (cont'd)

Financial liabilities

The Group derecognises a financial liability when its contractual obligations are discharged, cancelled or expire. The Group also derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value.

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in the statement of total return.

(iv) Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

(v) Cash and cash equivalents

Cash and cash equivalents comprise cash balances and bank deposits.

(vi) Derivative financial instruments and hedge accounting

Derivative financial instruments and hedge accounting

The Group holds derivative financial instruments to hedge its interest rate risk exposures. Embedded derivatives are separated from the host contract and accounted for separately if the host contract is not a financial asset and certain criteria are met.

Derivatives are initially measured at fair value and any directly attributable transaction costs are recognised in the statement of total return as incurred. Subsequent to initial recognition, derivatives are measured at fair value, and changes therein are generally recognised in the statement of total return.

The Group designates certain derivatives and non-derivative financial instruments as hedging instruments in qualifying hedging relationships. At inception of designated hedging relationships, the Group documents the risk management objective and strategy for undertaking the hedge. The Group also documents the economic relationship between the hedged item and the hedging instrument, including whether the changes in cash flows of the hedged item and hedging instrument are expected to offset each other.

The Group early adopted the amendments to recognition and measurement principles of FRS 109, FRS 39 and FRS 107 issued in December 2019 in relation to the project on interest rate benchmark reform. The related disclosures for the comparative period are made under FRS 109 and FRS 107 before the amendments.

Specific policies applicable from 1 January 2019 for hedges directly affected by IBOR reform

On initial designation of the hedging relationship, the Group formally documents the relationship between the hedging instrument(s) and hedged item(s), including the risk management objective and strategy in undertaking the hedge, together with the method that will be used to assess the effectiveness of the hedging relationship. The Group makes an assessment, both on inception of the hedging relationship and on an ongoing basis, of whether the hedging instrument(s) is (are) expected to be highly effective in offsetting the changes in the fair value or cash flows of the respective hedged item(s) during the period for which the hedge is designated. For the purpose of evaluating whether the hedging relationship is expected to be highly effective (i.e. prospective effectiveness assessment), the Group assumes that the benchmark interest rate is not altered as a result of IBOR reform.

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.6 Financial instruments (cont'd)

(vi) Derivative financial instruments and hedge accounting (cont'd)

Specific policies applicable from 1 January 2019 for hedges directly affected by IBOR reform (cont'd)

The Group will cease to apply the amendments to its retrospective and prospective effectiveness assessment of the hedging relationship when the uncertainty arising from interest rate benchmark reform is no longer present with respect to the timing and the amount of the interest rate benchmark-based cash flows of the hedged item or hedging instrument, or when the hedging relationship is discontinued.

Cash flow hedges

The Group designates certain derivatives as hedging instruments to hedge the variability in cash flows associated with highly probable forecast transactions arising from changes in interest rates.

When a derivative is designated as a cash flow hedging instrument, the effective portion of changes in the fair value of the derivative is recognised in unitholders' funds and accumulated in the hedging reserve. The effective portion of changes in the fair value of the derivative that is recognised in unitholders' funds is limited to the cumulative change in fair value of the hedged item, determined on a present value basis, from inception of the hedge. Any ineffective portion of changes in the fair value of the derivative is recognised immediately in the statement of total return.

If the hedge no longer meets the criteria for hedge accounting or the hedging instrument is sold, expires, is terminated or is exercised, then hedge accounting is discontinued prospectively. When hedge accounting for cash flow hedges is discontinued, the amount that has been accumulated in the hedging reserve and the cost of hedging reserve remains in unitholders' funds until it is reclassified to the statement of total return in the same period or periods as the hedged expected future cash flows affect the statement of total return.

If the hedged future cash flows are no longer expected to occur, then the amounts that have been accumulated in the hedging reserve and the cost of hedging reserve are immediately reclassified to the statement of total return.

3.7 Impairment

(i) Non-derivative financial assets

The Group recognises loss allowances for expected credit losses ("ECLs") on financial assets measured at amortised costs.

Loss allowances of the Group are measured on either of the following bases:

- 12-month ECLs: these are ECLs that result from default events that are possible within the 12 months after the reporting date (or for a shorter period if the expected life of the instrument is less than 12 months); or
- Lifetime ECLs: these are ECLs that result from all possible default events over the expected life of a financial instrument.

Simplified approach

The Group applies the simplified approach to provide for ECLs for all trade receivables. The simplified approach requires the loss allowance to be measured at an amount equal to lifetime ECLs.

General approach

The Group applies the general approach to provide for ECLs on all other financial instruments. Under the general approach, the loss allowance is measured at an amount equal to 12-month ECLs at initial recognition.

At each reporting date, the Group assesses whether the credit risk of a financial instrument has increased significantly since initial recognition. When credit risk has increased significantly since initial recognition, loss allowance is measured at an amount equal to lifetime ECLs.

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.7 Impairment (cont'd)

(i) Non-derivative financial assets (cont'd)

General approach (cont'd)

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment and includes forward-looking information.

If credit risk has not increased significantly since initial recognition or if the credit quality of the financial instruments improves such that there is no longer a significant increase in credit risk since initial recognition, loss allowance is measured at an amount equal to 12-month ECLs.

The Group considers a financial asset to be in default when the debtor is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realising security (if any is held).

The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

Measurement of ECLs

ECLs are probability-weighted estimates of credit losses. Credit losses are measured at the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Group expects to receive). ECLs are discounted at the effective interest rate of the financial asset.

Credit-impaired financial assets

At each reporting date, the Group assesses whether financial assets carried at amortised cost are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes a breach of contract such as a default.

Presentation of allowance for ECLs in the statement of financial position.

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of these assets.

Write-off

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Group determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's procedures for recovery of amounts due.

(ii) Non-financial assets

The carrying amounts of the Group's non-financial assets, other than investment property, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the assets' recoverable amounts are estimated.

The recoverable amount of an asset or cash-generating unit ("CGU") is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGU.

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.7 Impairment (cont'd)

(ii) Non-financial assets (cont'd)

An impairment loss is recognised if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses are recognised in the statement of total return.

Impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

3.8 Leases

The Group has applied FRS 116 using the modified retrospective approach and therefore the comparative information has not been restated and continues to be reported under FRS 17 and INT FRS 104. The details of accounting policies under FRS 17 and INT FRS 104 are disclosed separately.

Policy applicable from 1 January 2019

At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group uses the definition of a lease in FRS 116.

This policy is applied to contracts entered into, on or after 1 January 2019.

(i) As a lessee

The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date.

The right-of-use asset is presented in investment property and subsequently measured at fair value.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate.

The Group determines its incremental borrowing rate by obtaining interest rates from various external financing sources and makes certain adjustments to reflect the terms of the lease and type of the asset leased.

Lease payments included in the measurement of the lease liability comprise of fixed payments, including in-substance fixed payments.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments if the Group changes its assessment of whether it will exercise the termination option or if there is a revised in-substance fixed lease payment.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in statement of total return if the carrying amount of the right-of-use asset has been reduced to zero.

Short-term leases and leases of low-value assets

The Group has elected not to recognise right-of-use assets and lease liabilities for leases of low-value assets and short-term leases. The Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.8 Leases (cont'd)

(ii) As a lessor

To classify each lease, the Group makes an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then it is an operating lease. As part of this assessment, the Group considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

The Group recognises lease payments received from investment property under operating leases as income on a straight-line basis over the lease term as part of 'revenue'.

Leases - Policy applicable before 1 January 2019

At inception, an arrangement that contains a lease is accounted for as such based on the terms and conditions even though the arrangement is not in the legal form of a lease.

(i) As a lessee

In the comparative period, payments made under operating leases were recognised in statement of total return on a straight-line basis over the term of the lease. Lease incentives received were recognised as an integral part of the total lease expense, over the term of the lease.

(ii) As a lessor

When the Group acted as a lessor, it determined at lease inception whether each lease was a finance lease or an operating lease.

To classify each lease, the Group made an overall assessment of whether the lease transferred substantially all of the risks and rewards incidental to ownership of the underlying asset. If this was the case, then the lease was a finance lease; if not, then it was an operating lease. As part of this assessment, the Group considered certain indicators such as whether the lease was for the major part of the economic life of the asset.

Rental income from investment property is recognised as "revenue" on a straight-line basis over the term of the lease.

3.9 Unitholders' funds

Unitholders' funds are classified as equity.

Issue costs relate to expenses incurred in connection with the issue of units. The expenses are deducted directly against unitholders' funds.

3.10 Convertible perpetual preferred units

The convertible perpetual preferred units do not have a maturity date and distribution payment is optional at the discretion of the Manager of the Trust. As the Trust does not have a contractual obligation to repay the principal nor make any distributions, the convertible perpetual preferred units are classified as equity.

Any distributions made are directly debited from equity. Incremental costs directly attributable to the issue of the convertible perpetual preferred units are deducted against the proceeds from the issue.

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.11 Revenue recognition

(i) Service fee income

Revenue from servicing and maintaining the investment property is recognised on a time apportioned basis following the timing of satisfaction of performance obligations.

(ii) Car park income

Car park income consists of season and hourly parking income. Season parking income is recognised on a straight-line basis over the non-cancellable lease term. Hourly parking income is recognised at a point of time upon the utilisation of car parking facilities.

(iii) Dividend income

Dividend income is recognised in the statement of total return on the date that the Trust's right to receive payment is established.

3.12 Employee benefits

(i) Short term employee benefits

All short term employee benefits are recognised in the statement of total return in the period in which the employees render their services.

A provision is recognised for the amount expected to be paid under variable bonus if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

(ii) Defined contribution plans

Contributions to post-employment benefits under defined contribution plans are recognised as an expense in the statement of total return as incurred.

3.13 Levies

A provision for levies is recognised when the condition that triggers the payment of the levy as specified in the relevant legislation is met. If a levy obligation is subject to a minimum activity threshold so that the obligating event is reaching a minimum activity, then a provision is recognised when that minimum activity threshold is reached.

3.14 Finance income and finance costs

The Group's finance income and finance costs include:

- interest income;
- interest expense;
- the foreign currency gain or loss on financial assets and financial liabilities;
- hedge ineffectiveness recognised in the statement of total return; and
- the reclassification of net gains and losses previously recognised in unitholders' funds on cash flow hedges of interest rate risk for borrowings.

Foreign currency gains and losses are reported on a net basis as either finance income or finance costs depending on whether foreign currency movements are in a net gain or net loss position.

Interest income or expense is recognised using the effective interest method.

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.14 Finance income and finance costs (cont'd)

The 'effective interest rate' is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument to:

- the gross carrying amount of the financial asset; or
- the amortised cost of the financial liability.

In calculating interest income and expense, the effective interest rate is applied to the gross carrying amount of the asset (when the asset is not credit-impaired) or to the amortised cost of the liability. However, for financial assets that have become credit-impaired subsequent to initial recognition, interest income is calculated by applying the effective interest rate to the amortised cost of the financial asset. If the asset is no longer credit-impaired, then the calculation of interest income reverts to the gross basis.

Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in the statement of total return using the effective interest method.

3.15 Tax

Tax expense comprises current and deferred tax. Current tax and deferred tax are recognised in the statement of total return except to the extent that it relates to items recognised directly in unitholders' funds.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years. The amount of current tax payable or receivable is the best estimate of the tax amount expected to be paid or received that reflects uncertainty related to income taxes, if any.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for:

- temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit; and
- temporary differences relating to investments in subsidiaries to the extent that the Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future.

The measurement of deferred taxes reflects the tax consequences that would follow the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities. For investment properties that are measured at fair value, the amount of deferred tax recognised is measured using the tax rates that would apply on sale of those assets at their carrying value at the reporting date unless the property is depreciable and is held within a business model whose objective is to consume substantially all the economic benefits embodied in the investment property over time, rather than through sale. In all other cases, the amount of deferred tax is measured based on the expected manner of realisation or settlement of the carrying amount of the assets and liabilities, using the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to taxes levied by the same tax authority on the same taxable entity.

A deferred tax asset is recognised for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

In determining the amount of current and deferred tax, the Group takes into account the impact of uncertain tax positions and whether additional taxes and interest may be due. The Group believes that its accruals for tax liabilities are adequate for all open tax years based on its assessment of many factors, including interpretations of tax law and prior experience. This assessment relies on estimates and assumptions and may involve a series of judgements about future events. New information may become available that causes the Group to change its judgement regarding the adequacy of existing tax liabilities; such changes to tax liabilities will impact tax expense in the period that such a determination is made.

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.15 Tax (cont'd)

The Inland Revenue Authority of Singapore ("IRAS") has issued the Tax Transparency Ruling and Foreign-Sourced Income Tax Exemption Ruling.

Tax Transparency Ruling

Pursuant to the Tax Transparency Ruling issued by the IRAS, tax transparency treatment has been granted to the Trust in respect of certain taxable income ("Specified Taxable Income"). Subject to meeting the terms and conditions of the Tax Transparency Ruling, which includes a distribution of at least 90% of the Specified Taxable Income of the Trust, the Trust is not subject to tax on the Specified Taxable Income distributed to the Unitholders in the same year in which the Specified Taxable Income was derived. Instead, the Trustee and the Manager would undertake to deduct income tax at the prevailing corporate tax rate (currently at 17%) from distributions made to Unitholders out of such Specified Taxable Income, except:

(i) Where the beneficial owners are Qualifying Unitholders, the Trustee and the Manager will make the distributions to such Unitholders without deducting any income tax; or

(ii) Where the beneficial owners are Qualifying Foreign Non-Individual Unitholders, the Trustee and the Manager will deduct Singapore income tax at the reduced rate of 10% for distributions made up to 31 December 2025, unless the concession is extended.

(iii) Where the beneficial owners are Qualifying Non-Resident Fund, the Trustee and the Manager will deduct Singapore income tax at the reduced rate of 10% for distributions for the period from 1 July 2019 to 31 December 2025, unless the concession is extended.

A "Qualifying Unitholder" is a Unitholder who is:

- an individual;
- a company incorporated and tax resident in Singapore;
- a Singapore branch of a company incorporated outside Singapore;
- a body of persons (excluding partnerships) incorporated or registered in Singapore, including:
  - (i) a charity registered under the Charities Act (Cap. 37) or established by any written law;
  - (ii) a town council;
  - (iii) a statutory board;
  - (iv) a co-operative society registered under the Co-operative Societies Act (Cap. 62); or
  - (v) a trade union registered under the Trade Unions Act (Cap. 333);
- an international organisation that is exempt from tax on such distributions by reason of an order made under the International Organisations (Immunities and Privileges) Act (Cap. 145); or
- a real estate investment trust exchange-traded fund which has been accorded the tax transparency treatment.

A Qualifying Foreign Non-Individual Unitholder is a person other than an individual who is not resident in Singapore for Singapore income tax purposes and who:

- does not have a permanent establishment in Singapore; or
- carries on an operation in Singapore through a permanent establishment in Singapore, where the funds used by that person to acquire units of the Trust are not obtained from that operation.

A Qualifying Non-resident Fund is a non-resident fund that qualifies for tax exemption under Section 13CA, 13X or 13Y of the Income Tax Act (Cap.134) and who:

- does not have a permanent establishment in Singapore (other than a fund manager in Singapore); or
- carries on an operation through a permanent establishment in Singapore (other than a fund manager in Singapore), where the funds used by that qualifying fund to acquire units of the Trust are not obtained from that operation.

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.15 Tax (cont'd)

Tax Transparency Ruling (cont'd)

The Tax Transparency Ruling does not apply to gains or profits from the disposal of any properties such as immovable properties and shares that are determined by the IRAS to be revenue gains chargeable to tax and income derived by the Trust but not distributed to the Unitholders in the same year in which the income is derived. Tax on such gains or profits will be subject to tax in accordance with Section 10(1)(a) of the Income Tax Act (Cap. 134). Distribution made out of the after-tax amount will not be subject to any further tax. Where the disposal gains are regarded as capital in nature, they will not be subject to tax and the Trustee and the Manager may distribute the capital gains without tax being deducted at source.

Any distributions made by the Trust to the Unitholders out of tax-exempt income and taxed income would be exempt from Singapore income tax in the hands of all Unitholders, regardless of their corporate or residence status.

Foreign-sourced Income Tax Exemption Ruling

Pursuant to the Foreign-sourced Income Tax Exemption Ruling issued by the IRAS and subject to the meeting of certain conditions, the Trust will be exempt from Singapore income tax on dividends received by the Trust from its subsidiary, OUE Eastern Limited.

3.16 Earnings per Unit

The Group presents basic and diluted earnings per Unit. Basic earnings per Unit is calculated by dividing the total return attributable to the Unitholders by the weighted average number of Units outstanding during the year. Diluted earnings per Unit is determined by adjusting the total return attributable to Unitholders and the weighted average number of Units outstanding for the effects of all dilutive potential Units, which comprise the convertible perpetual preferred units issued by the Trust.

3.17 Segment reporting

An operating segment is a component of the Group that engages in business activities from which they may earn revenue and incur expenses, including revenue and expenses that relate to transactions with any of the other components of the Group. All operating segments' operating results are reviewed regularly by the Board of Directors of the Manager to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

Segment results that are reported to the Board of Directors of the Manager include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly finance income and trust expenses.

3.18 New standards and interpretations not yet adopted

A number of new standards, amendments to standards and interpretations are not yet effective and have not been applied in preparing these financial statements. An explanation of the impact, if any, on adoption of these new requirements is provided in Note 33.

4 INVESTMENT PROPERTIES

	Group		Trust	
	2019	2018	2019	2018
	$'000	$'000	$'000	$'000
At 1 January	4,494,535	3,515,148	2,093,100	1,153,000
Acquisition during the year* (including acquisition costs)	2,262,157	917,817	–	917,817
Capital expenditure capitalised	8,500	5,621	2,417	944
Lease incentives	1,312	(1,566)	29	–
Fair value changes recognised in the statement of total return (unrealised)	21,090	71,399	(2,546)	21,339
Translation differences	(17,407)	(13,884)	–	–
At 31 December	6,770,187	4,494,535	2,093,000	2,093,100

* Included right-of-use asset of $26.8 million

As at 31 December 2019, investment properties with a carrying amount of $3,472,530,000 (2018: $1,761,035,000) are pledged as security to secure bank loans (see Note 10).

Included in the acquisition costs capitalised are fees of $108,000 (2018: $22,000) paid to auditors of the Trust for assurance services performed in relation to the Group's acquisition of investment properties arising from the Merger with OUE H-Trust during the year.

Measurement of fair value

(i) Fair value hierarchy

The investment properties are stated at fair value at the reporting date.

Properties	Valuer
31 December 2019	
OUE Bayfront	Cushman & Wakefield VHS Pte Ltd
OUE Downtown Office	Savills Valuation and Professional Services (S) Pte Ltd
One Raffles Place	Savills Valuation and Professional Services (S) Pte Ltd
Crowne Plaza Changi Airport	Cushman & Wakefield VHS Pte Ltd
Mandarin Orchard Singapore	Cushman & Wakefield VHS Pte Ltd
Mandarin Gallery	Cushman & Wakefield VHS Pte Ltd
Lippo Plaza	Beijing Colliers International Real Estate Valuation Co., Ltd.
31 December 2018	
OUE Bayfront	Savills Valuation and Professional Services (S) Pte Ltd
OUE Downtown Office	Colliers International Real Estate Valuation Co., Ltd.
One Raffles Place	Knight Frank Pte Ltd and Colliers International Consultancy and Valuation (Singapore) Pte Ltd
Lippo Plaza	Beijing Colliers International Real Estate Valuation Co., Ltd.

4 INVESTMENT PROPERTIES (CONT'D)

Measurement of fair value (cont'd)

(i) Fair value hierarchy (cont'd)

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 comparables in terms of location, are a 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 fair value measurement of all of the Group's investment properties has been categorised as a Level 3 fair value based on the inputs to the valuation technique used (see Note 2.4).

	2019 $'000
Fair value of investment property (based on valuation report)	6,743,530
Add: Carrying amount of lease liability	25,657
Add: Prepayment of lease	1,000
Carrying amount of investment property	6,770,187

(ii) 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**
Discounted cash flow method	Discount rate				The estimated fair value would increase/(decrease) if: • discount rate was lower (higher); • terminal yield rate was lower (higher).
	2019	6.5% - 7.0%	6.8%	7.0%	
	2018	6.5% - 7.0%	7.0%	–	
	Terminal yield rate				
	2019	3.8% - 5.3%	4.0%	4.8% - 5.5%	
	2018	3.5% - 5.0%	4.0%	–	

4 INVESTMENT PROPERTIES (CONT'D)

Measurement of fair value (cont'd)

(ii) Valuation techniques and significant unobservable inputs (cont'd)

Valuation techniques	Significant unobservable inputs	Commercial (Singapore)	Commercial (China)	Hospitality (Singapore)	Inter-relationship between key unobservable inputs and fair value measurement
Capitalisation method	Capitalisation rate				The estimated fair value would increase/(decrease) if the capitalisation rate was lower (higher).
	2019	3.5% - 6.5%	–	–	
	2018	3.5% - 5.5%	–	–	
Direct comparison method	Price per square foot (psf)				The estimated fair value would increase/(decrease) if the price psf or per room was higher (lower).
	2019	$1,746 - $3,928	$1,363	–	
	2018	$1,811	$1,403	–	
	Price per room				
	2019	–	–	$0.9 million - $1.1 million	

5 INTANGIBLE ASSETS

	Group and Trust $'000
Cost	
At 1 January 2018	33,000
Acquisition	25,000
At 31 December 2018 and 31 December 2019	58,000
Amortisation and impairment loss	
At 1 January 2018	28,249
Amortisation for the year	5,286
At 31 December 2018	33,535
Amortisation for the year	5,298
At 31 December 2019	38,833
Carrying amount	
At 1 January 2018	4,751
At 31 December 2018	24,465
At 31 December 2019	19,167

Intangible assets represent the unamortised income support receivable by the Group and the Trust under the Deeds of Income Support entered into with OUE and Alkas Realty Pte. Ltd. ("Alkas"), related parties of the Trust, in relation to OUE Bayfront and OUE Downtown Office, respectively.

5 INTANGIBLE ASSETS (CONT'D)

Pursuant to the terms of the Deed of Income Support on OUE Bayfront, OUE will provide income support on OUE Bayfront of up to $12 million per annum, for 5 years from 27 January 2014. The income support for OUE Bayfront expired in January 2019.

Pursuant to the terms of the Deed of Income Support on OUE Downtown Office, Alkas will provide income support on OUE Downtown Office of up to $60 million for a period of 5 years from 1 November 2018 or the date when the total income support payments to the Trust exceeds $60 million, whichever is earlier.

Under the Deeds of Income Support on OUE Bayfront and OUE Downtown Office, the Group and the Trust drew down $17,182,000 (2018: $7,189,000) during the financial year (Note 18).

As at 31 December 2019, the Group and the Trust has drawn down $46,445,000 (2018: $29,263,000) under the Deeds of Income Support on OUE Bayfront and OUE Downtown Office.

6 INVESTMENTS IN SUBSIDIARIES

	Trust	
	2019 $'000	2018 $'000
Equity investments at cost	2,727,742	1,368,506

Details of the subsidiaries are as follows:

Name of subsidiaries	Principal place of business/ Country of incorporation	Principal activities	Ownership interest 2019 %	Ownership interest 2018 %
Direct subsidiaries				
OUE Eastern Limited (1)	British Virgin Island	Investment holding	100	100
OUE CT Treasury Pte. Ltd.(2)	Singapore	Provision of financial services	100	100
Beacon Property Holdings Pte. Ltd.(2)	Singapore	Investment holding	100	100
OUE H-Trust (2) (4)	Singapore	Property owner and investment holding	100	–
Indirect subsidiaries				
Tecwell Limited (1)	British Virgin Island	Investment holding	100	100
Lippo Realty (Shanghai) Limited (3)	China	Property owner	100	100
Cresthill Property Holdings Pte. Ltd. (2)	Singapore	Investment holding	100	100
OUB Centre Limited (2)	Singapore	Property owner and investment holding	83.33	83.33

(1) Not required to be audited under the laws of the country in which it is incorporated.
(2) Audited by KPMG LLP, Singapore.
(3) Audited by KPMG China (a member firm of KPMG International).
(4) OUE H-Trust is a stapled group consisting of OUE Hospitality Sub-Trust and OUE Hospitality Business Trust.

6 INVESTMENTS IN SUBSIDIARIES (CONT'D)

Non-controlling interests

The non-controlling interests ("NCI") relate to the following subsidiary:

Name	Principal place of business/ Country of incorporation	Ownership interest held by NCI	
		2019	2018
		%	%
OUB Centre Limited	Singapore	16.67	16.67

The following summarised financial information of the above subsidiary is prepared in accordance with FRS, modified for fair value adjustments on acquisition and differences in the Group's accounting policies.

	OUB Centre Limited	
	2019	2018
	$'000	$'000
Revenue	84,532	81,504
Profit and total comprehensive income	86,867	79,322
Profit and total comprehensive income attributable to NCI	14,478	13,220
Non-current assets	1,862,449	1,813,910
Current assets	10,654	8,033
Non-current liabilities	(357,444)	(350,028)
Current liabilities	(28,288)	(27,458)
Net assets	1,487,371	1,444,457
Net assets attributable to NCI	247,895	240,743
Cash flows from operating activities	53,881	54,542
Cash flows used in investing activities	(4,259)	(3,324)
Cash flows used in financing activities	(48,727)	(52,973)
Net increase/(decrease) in cash and cash equivalents	895	(1,755)

7 TRADE AND OTHER RECEIVABLES

	Group		Trust	
	2019	2018	2019	2018
	$'000	$'000	$'000	$'000
Current				
Trade receivables from:				
- other related parties	15,769	8	91	5
- third parties	2,058	1,347	199	350
	17,827	1,355	290	355
Other receivables from:				
- the Manager	–	27	–	27
- subsidiaries	–	–	534	361
- other related parties	7,962	5,190	7,962	5,190
- third parties	6,711	6,847	209	309
	14,673	12,064	8,705	5,887
Deposits	320	314	287	289
	32,820	13,733	9,282	6,531
Prepayments	2,200	651	49	52
	35,020	14,384	9,331	6,583
Non-current				
Deposits	3,826	–	–	–
Prepayments	313	175	–	–
	4,139	175	–	–

Trade receivables from related parties mainly relate to receivables from the master lessees of Mandarin Orchard Singapore and Crowne Plaza Changi Airport. The receivables are considered to be held with a held-to-collect business model.

Included in other receivables from related parties of the Group and the Trust are income support receivable on OUE Bayfront of Nil (2018: $2,205,000) and income support receivable on OUE Downtown Office of $7,962,000 (2018: $2,955,000) (see Note 5).

Outstanding balance with subsidiaries and related parties are unsecured, interest-free and repayable on demand. There is no allowance for doubtful debt arising from these outstanding balances as the ECL is not material.

Credit and market risks, and impairment losses

The Group and the Company's exposure to credit and currency risks, and impairment losses for trade and other receivables, are disclosed in Note 26.

The ageing of trade receivables that were not impaired at the reporting date is:

	Group		Trust	
	2019	2018	2019	2018
	$'000	$'000	$'000	$'000
Not past due	16,254	734	226	322
Past due 0 – 30 days	1,033	421	37	33
Past due 31 – 90 days	133	75	26	–
Past due over 90 days	407	125	1	–
	17,827	1,355	290	355

The Group believes that the unimpaired amounts that are past due are still collectible based on historic payment behaviour and the deposits held.

8 FINANCIAL DERIVATIVES

	Group		Trust	
	2019	2018	2019	2018
	$'000	$'000	$'000	$'000
Derivative assets				
Interest rate swaps used for hedging				
- Current	–	116	–	95
Derivative liabilities				
Interest rate swaps used for hedging				
- Current	(2,751)	(132)	(2,404)	(109)
- Non-current	(14,560)	(7,828)	(6,780)	(5,448)
	(17,311)	(7,960)	(9,184)	(5,557)
	(17,311)	(7,844)	(9,184)	(5,462)
Financial derivatives as a percentage of net assets	(0.4%)	(0.3%)	(0.3%)	(0.3%)

The Group uses interest rate swaps to manage its exposure to interest rate movements on its floating rate interest-bearing bank loans by swapping the interest expense of bank loans from floating rates to fixed rates.

Master netting or similar agreements

The Group enters into derivative transactions under International Swaps and Derivatives Association ("ISDA") master netting agreements. In general, under such agreements the amounts owed by each counterparty on a single day in respect of all transactions outstanding in the same currency are aggregated into a single net amount that is payable by one party to the other. In certain circumstances – e.g. when a credit event such as a default occurs, all outstanding transactions under the agreement are terminated, the termination value is assessed and only a single net amount is payable in settlement of all transactions.

The above ISDA agreements do not meet the criteria for offsetting in the statement of financial position. This is because they create a right of set-off of recognised amounts that is enforceable only following an event of default, insolvency or bankruptcy of the Group or the counterparties. In addition, the Group and its counterparties do not intend to settle on a net basis or to realise the assets and settle the liabilities simultaneously.

8 FINANCIAL DERIVATIVES (CONT'D)

Master netting or similar agreements (cont'd)

The following table sets out the carrying amounts of recognised financial instruments that are subject to the above agreements.

	Gross amounts of recognised financial instruments $'000	Gross amounts of recognised financial instruments offset in the statement of financial position $'000	Net amounts of financial instruments included in the statement of financial position $'000	Related financial instruments that are not offset $'000	Net amount $'000
Group					
31 December 2019					
Derivatives liabilities					
Interest rate swaps used for hedging	(17,311)	–	(17,311)	–	(17,311)
31 December 2018					
Derivatives assets					
Interest rate swaps used for hedging	116	–	116	(105)	11
Derivatives liabilities					
Interest rate swaps used for hedging	(7,960)	–	(7,960)	105	(7,855)
Trust					
31 December 2019					
Derivatives liabilities					
Interest rate swaps used for hedging	(9,184)	–	(9,184)	–	(9,184)
31 December 2018					
Derivatives assets					
Interest rate swaps used for hedging	95	–	95	(95)	–
Derivatives liabilities					
Interest rate swaps used for hedging	(5,557)	–	(5,557)	95	(5,462)

9 CASH AND CASH EQUIVALENTS

	Group		Trust	
	2019 $'000	2018 $'000	2019 $'000	2018 $'000
Cash at bank	19,788	7,781	2,487	2,855
Short-term deposits with financial institutions	39,622	29,293	4,810	9,870
	59,410	37,074	7,297	12,725

As at 31 December 2018, included in short-term deposits with financial institutions is $17,937,000 of structured deposits, which are measured at FVTPL and matured in January 2019.

10 BORROWINGS

	Group		Trust	
	2019 $'000	2018 $'000	2019 $'000	2018 $'000
Bank loans				
- Secured	1,573,555	651,302	674,480	624,500
- Unsecured	977,935	926,735	656,934	608,735
Unsecured notes	150,000	150,000	–	–
Loan from a subsidiary	–	–	150,000	150,000
Less: Unamortised transaction costs	(14,363)	(14,715)	(8,309)	(12,154)
	2,687,127	1,713,322	1,473,105	1,371,081
Classified as:				
Current	575,489	1,992	149,844	–
Non-current	2,111,638	1,711,330	1,323,261	1,371,081
	2,687,127	1,713,322	1,473,105	1,371,081

10 BORROWINGS (CONT'D)

Terms and debt repayment schedule

Terms and conditions of outstanding borrowings are as follows:

	Nominal interest rate %	Year of maturity	Group Face value $'000	Group Carrying amount $'000	Trust Face value $'000	Trust Carrying amount $'000
2019						
Bank loans						
- SGD	2.31 - 3.21	2020 - 2024	2,527,415	2,513,214	1,331,414	1,323,261
- Chinese Renminbi	4.90	2024	24,075	24,069	–	–
Unsecured notes	3.03	2020	150,000	149,844	–	–
Loan from a subsidiary	3.03	2020	–	–	150,000	149,844
			2,701,490	2,687,127	1,481,414	1,473,105
2018						
Bank loans						
- SGD	2.72 - 3.42	2021 - 2024	1,551,235	1,536,913	1,233,235	1,221,467
- Chinese Renminbi	4.90	2024	26,802	26,795	–	–
Unsecured notes	3.03	2020	150,000	149,614	–	–
Loan from a subsidiary	3.03	2020	–	–	150,000	149,614
			1,728,037	1,713,322	1,383,235	1,371,081

(a) Secured bank loans

The Group has secured term loans and revolving credit facilities of 3 to 8 years (2018: 5 to 8 years) which are secured on the following:

- investment properties with a total carrying amount of $3,472,530,000 (2018: $1,761,035,000) (Note 4);
- assignment of insurance policies on the above investment properties, except public liability insurance;
- assignment of all rights, titles, benefits and interests in connection with the sale and tenancy agreements, tenancy deposits/proceeds, sales deposits/proceeds, property management agreements and the receivables of certain properties;
- assignment of all rights, titles, benefits and interests in connection with the Deed of Income Support over OUE Bayfront which expired in January 2019;
- assignment of all rights, titles, benefits and interests in connection with any master lease, entered into by OUE H-Sub-Trust and lease or tenancy deposits/proceeds in connection with such master lease in respect of Mandarin Orchard Singapore;
- a debenture incorporating a fixed charge over book debt, charged accounts, goodwill, intellectual property and plant and machinery in connection with OUE Bayfront and floating charge over generally all of the present and future assets of the Trust in connection with OUE Bayfront; Mandarin Orchard Singapore and Mandarin Gallery; and
- the account control or charge over certain bank accounts of the Trust and certain subsidiary.

10 BORROWINGS (CONT'D)

(b) Unsecured bank loans

The Group has in place the following unsecured bank loans:

- a total of $1,050.0 million (2018: $1,050.0 million) committed bank loans and revolving credit facilities with banks. At the reporting date, $977.9 million (2018: $926.7 million) was drawn down; and

- $30.0 million (2018: $30.0 million) uncommitted revolving credit facility with a bank. The uncommitted revolving credit facility was undrawn at the reporting date (2018: $Nil). The uncommitted revolving credit facility is repayable on demand.

(c) Unsecured notes

The Trust, through its wholly-owned subsidiary, OUE CT Treasury Pte. Ltd., established a $1.5 billion Multicurrency Debt Issuance Programme (the "Programme"). Under the 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 31 December 2019 under the Programme is $150.0 million (2018: $150.0 million). The unsecured notes has a fixed rate of 3.03% per annum payable semi-annually in arrears, fully repayable on 5 September 2020.

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.

OUE H-Sub-Trust, through its wholly-owned subsidiary, OUE H-T Treasury Pte. Ltd., established a US$1.0 billion Guaranteed Euro Medium Term Note Programme ("EMTN Programme"). Under the EMTN Programme, OUE H-Sub-Trust, through its subsidiary, may from time to time issue the notes in series or tranches. As at 31 December 2019, no notes have been issued under the EMTN Programme.

(d) Loan from a subsidiary

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

10 BORROWINGS (CONT'D)

Reconciliation of movements of liabilities to cash flows arising from financing activities

	Liabilities			Derivative (assets)/ liabilities held to hedge long-term borrowings		
	Borrowings	Accrued interest payable	Lease liability	Interest rate swap used for hedging – assets	Interest rate swap used for hedging – liabilities	Total
	$'000	$'000	$'000	$'000	$'000	$'000
Balance at 1 January 2019	1,713,322	9,216	–	(116)	7,960	1,730,382
Changes from financing cash flows						
Proceeds from bank loans	168,380	–	–	–	–	168,380
Repayment of bank loans	(69,200)	–	–	–	–	(69,200)
Payment of lease liability – principal	–	–	(117)	–	–	(117)
Payment of lease liability – interest	–	–	(883)	–	–	(883)
Interest paid	–	(66,510)	–	–	50	(66,460)
Total changes from financing cash flows	99,180	(66,510)	(1,000)	–	50	31,720
The effect of changes in foreign exchange rates	(729)	(29)	–	–	–	(758)
Change in fair value	–	–	–	116	7,441	7,557
Other changes						
Liability-related						
Merger	870,018	3,380	26,373	–	1,860	901,631
Amortisation of debt establishment costs	5,336	–	–	–	–	5,336
Interest expense	–	64,810	284	–	–	65,094
Total liability-related other changes	875,354	68,190	26,657	–	1,860	972,061
Balance at 31 December 2019	2,687,127	10,867	25,657	–	17,311	2,740,962

10 BORROWINGS (CONT'D)

Reconciliation of movements of liabilities to cash flows arising from financing activities (cont'd)

	Liabilities			Derivative (assets)/ liabilities held to hedge long-term borrowings		
	Borrowings $'000	Accrued interest payable $'000	Lease liability $'000	Interest rate swap used for hedging – assets $'000	Interest rate swap used for hedging – liabilities $'000	Total $'000
Balance at 1 January 2018	1,262,335	7,091	–	–	11,192	1,280,618
Changes from financing cash flows						
Payment of transaction costs related to borrowings	(8,245)	–	–	–	–	(8,245)
Proceeds from bank loans	1,139,735	–	–	–	–	1,139,735
Repayment of bank loans	(684,538)	–	–	–	–	(684,538)
Interest paid	–	(43,274)	–	–	–	(43,274)
Total changes from financing cash flows	446,952	(43,274)	–	–	–	403,678
The effect of changes in foreign exchange rates	(822)	(205)	–	–	–	(1,027)
Change in fair value	–	–	–	(116)	(3,232)	(3,348)
Other changes						
Liability-related						
Amortisation of debt establishment costs	4,857	–	–	–	–	4,857
Interest expense	–	45,604	–	–	–	45,604
Total liability-related other changes	4,857	45,604	–	–	–	50,461
Balance at 31 December 2018	1,713,322	9,216	–	(116)	7,960	1,730,382

11 TRADE AND OTHER PAYABLES

	Group		Trust	
	2019	2018	2019	2018
	$'000	$'000	$'000	$'000
Current				
Trade payables	4,210	3,448	1,589	635
Other payables due to:				
- subsidiaries	–	–	1,687	1,668
- related parties	1,964	992	1,304	992
- third parties	9,574	7,235	830	53
Advance rental received	3,576	4,848	1,131	1,723
Accrued expenses	29,291	21,838	8,509	7,403
Interest payable to:				
- a subsidiary	–	–	1,470	1,469
- third parties	10,867	9,216	5,950	5,061
Rental deposits				
- related parties	1,351	1,380	1,351	1,351
- third parties	14,071	14,862	4,551	4,211
Other deposits				
- related parties	25	48	25	25
- third parties	2,370	1,713	779	662
	77,299	65,580	29,176	25,253
Non-current				
Rental deposits				
- related parties	538	592	538	421
- third parties	47,720	41,808	17,742	16,935
	48,258	42,400	18,280	17,356

Other payables due to subsidiaries and related parties are unsecured, interest-free and repayable on demand.

12 DEFERRED TAX LIABILITIES

Deferred tax liabilities are attributable to the following:

	Group		Trust	
	2019 $'000	2018 $'000	2019 $'000	2018 $'000
Investment properties	77,451	78,151	–	–
Plant and equipment	9,220	8,269	–	–
Other items	1,257	1,306	–	–
	87,928	87,726	–	–

Movements in deferred tax liabilities of the Group during the year are as follows:

	Investment properties $'000	Plant and equipment $'000	Others $'000	Total $'000
2019				
At 1 January 2019	78,151	8,269	1,306	87,726
Recognised in statement of total return (Note 22)	1,209	1,221	(9)	2,421
Exchange differences	(1,909)	(270)	(40)	(2,219)
At 31 December 2019	77,451	9,220	1,257	87,928
2018				
At 1 January 2018	75,677	7,032	1,443	84,152
Recognised in statement of total return (Note 22)	4,000	1,433	(104)	5,329
Exchange differences	(1,526)	(196)	(33)	(1,755)
At 31 December 2018	78,151	8,269	1,306	87,726

13 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;

13 CONVERTIBLE PERPETUAL PREFERRED UNITS (CONT'D)

- 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 $361,890,000 (2018: $361,890,000) presented in the statement of financial position represents the carrying value of the remaining 375.0 million CPPUs and the total return attributable to the CPPU holder from the last distribution date.

14 UNITS IN ISSUE AND TO BE ISSUED

	Group and Trust	
	2019	**2018**
	'000	**'000**
Units in issue		
At 1 January	2,855,978	1,544,013
Creation of Units:		
- Partial consideration paid in Units pursuant to the Merger	2,491,775	–
- Rights issue	–	1,288,439
- Acquisition fee paid to Manager in Units	14,592	11,947
- Manager's management fees paid in Units	23,053	11,579
At 31 December	5,385,398	2,855,978
Units to be issued		
Manager's management fees payable in Units	7,061	5,611
Units in issue and to be issued	5,392,459	2,861,589

Financial year ended 31 December 2019

During the financial year, the following Units were issued:

- 23,053,355 Units were issued at issue prices ranging from $0.46 to $0.53 per Unit, amounting to $11,621,000 as satisfaction of the Manager's management fees payable in Units;

- 14,592,105 Units were issued at $0.57 per Unit, amounting to $8,317,500, as satisfaction of the acquisition fee payable to the Manager arising from the Merger during the financial year; and

- 2,491,774,895 Units, amounting to $1,267,672,000, were issued as partial consideration paid pursuant to the Merger.

14 UNITS IN ISSUE AND TO BE ISSUED (CONT'D)

Financial year ended 31 December 2018

During the financial year, the following Units were issued:

- 1,288,438,981 Units were issued at $0.456 per Unit, amounting to $587,528,000 for cash as part of the rights issue undertaken by the Trust, wherein Unitholders were entitled to subscribe for 83 new Units for every 100 existing Units held. The proceeds raised from the rights issue were used to partially fund the acquisition of an investment property and the related acquisition costs during the financial year;

- 11,579,111 Units were issued at issue prices ranging from $0.60 to $0.72 per Unit, amounting to $7,852,000 as satisfaction of the Manager's management fees payable in Units; and

- 11,947,368 Units were issued at $0.57 per Unit, amounting to $6,810,000, as satisfaction of the acquisition fee payable to the Manager arising from the acquisition of an investment property during the financial year.

Each Unit in the Trust represents an undivided interest in the Trust.

A Unitholder has no equitable or proprietary interest in the underlying asset of the Group and is not entitled to the transfer to it of any asset (or any part thereof) or of any real estate, any interests in any asset and the real estate-related assets (or any part thereof) of the Group.

A Unitholder's liability is limited to the amount paid or payable for any Units. The provisions of the Trust Deed provide that no Unitholders will be personally liable to indemnify the Trustee or any creditor of the Trustee in the event that liabilities of the Trust exceed its assets.

15 NET ASSET VALUE PER UNIT

		Group		Trust	
	Note	**2019**	**2018**	**2019**	**2018**
Net asset value per Unit is based on:					
- Net assets attributable to Unitholders ($'000)		3,318,417	2,038,092	2,964,902	1,724,337
- Units in issue and to be issued at 31 December ('000)	14	5,392,459	2,861,589	5,392,459	2,861,589

16 REVENUE

	Group		Trust	
	2019	2018	2019	2018
	$'000	$'000	$'000	$'000
Rental income	221,271	151,066	81,164	52,311
Service fee income	19,981	14,829	11,225	6,950
Carpark income	3,469	3,721	1,395	1,392
Dividend income	–	–	41,122	35,995
Others	12,787	6,963	5,377	2,321
Less: Business and other taxes	(179)	(183)	–	–
	257,329	176,396	140,283	98,969

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 $11,229,000 (2018: $664,000) and $23,000 (2018: $46,000) 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 $39,341,000 (2018: $6,843,000) and $6,516,000 (2018: $6,111,000), respectively.

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

17 PROPERTY OPERATING EXPENSES

	Group		Trust	
	2019	2018	2019	2018
	$'000	$'000	$'000	$'000
Property maintenance expenses	12,816	8,763	5,914	3,334
Property management fees	3,621	2,444	3,179	2,444
Property-related taxes	23,559	17,992	10,657	6,430
Insurance	274	261	103	87
Utilities	2,786	1,953	1,808	1,033
Land rent expenses (Note 28)	1,309	–	–	–
Centre management costs	4,578	4,281	–	–
Others	3,435	2,515	601	282
	52,378	38,209	22,262	13,610
Centre management costs comprise:				
Salaries, bonuses and other costs	4,061	3,783	–	–
Contributions to defined contribution plans	517	498	–	–
	4,578	4,281	–	–

18 OTHER INCOME

	Group		Trust	
	2019	2018	2019	2018
	$'000	$'000	$'000	$'000
Income support on OUE Bayfront and OUE Downtown Office	17,182	7,189	17,182	7,189

19 MANAGER'S MANAGEMENT FEES

	Group and Trust	
	2019	2018
	$'000	$'000
Base fee	16,272	10,565

The Manager's management fees comprise an aggregate of 24,503,304 (2018: 14,433,703) Units, amounting to approximately $13,018,000 (2018: $8,452,000), that have been or will be issued to the Manager as satisfaction of the Manager's management fees payable in Units at unit prices ranging from $0.51 to $0.56 (2018: $0.46 to $0.71) per Unit.

20 NET FINANCE COSTS

	Group		Trust	
	2019	2018	2019	2018
	$'000	$'000	$'000	$'000
Finance income				
Interest income	999	795	172	188
Ineffective portion of changes in fair value of cash flow hedges	2,726	2,874	2,033	1,847
Net change in fair value of derivatives	–	–	–	263
Net foreign exchange gain	–	12	–	253
	3,725	3,681	2,205	2,551
Finance costs				
Amortisation of debt-related transaction costs	(5,336)	(4,857)	(3,848)	(3,388)
Interest paid/payable to a subsidiary	–	–	(1,469)	(4,545)
Interest paid/payable to banks	(64,810)	(45,604)	(43,926)	(29,356)
Net change in fair value of derivatives	(619)	(565)	(592)	–
Hedging reserve transferred from unitholders' funds due to discontinuation of hedge accounting	(447)	(653)	(447)	(448)
Net foreign exchange losses	(365)	–	(77)	–
Financial liability measured at amortised cost – interest expense	(284)	–	–	–
	(71,861)	(51,679)	(50,359)	(37,737)
Net finance costs	(68,136)	(47,998)	(48,154)	(35,186)

The above finance income and expenses include the following interest income and expense and debt-related transaction costs in respect of assets and liabilities not at fair value through statement of total return:

	Group		Trust	
	2019	2018	2019	2018
	$'000	$'000	$'000	$'000
Total interest income on financial assets	999	795	172	188
Total interest expense on financial liabilities and debt-related transaction costs	(67,136)	(44,542)	(46,381)	(32,424)

21 TOTAL RETURN FOR THE YEAR BEFORE TAX

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

	Group		Trust	
	2019	2018	2019	2018
	$'000	$'000	$'000	$'000
Audit fees paid/payable to:				
- Auditors of the Trust	380	245	175	146
- Other auditors	53	49	–	–
Non-audit fees paid to:				
- Auditors of the Trust	217	65	195	56
- Other auditors	63	6	–	–
Valuation fees	130	76	45	20

22 TAX EXPENSE

	Group 2019 $'000	Group 2018 $'000	Trust 2019 $'000	Trust 2018 $'000
Current tax expense				
Current year	13,552	13,703	–	–
Under/(Over) provision in respect of prior years	82	(724)	–	–
	13,634	12,979	–	–
Withholding tax	1,393	1,426	–	–
Deferred tax expense				
Origination and reversal of temporary differences	2,421	5,329	–	–
	17,448	19,734	–	–
Reconciliation of effective tax rate				
Total return for the year before tax	150,671	150,447	60,637	61,100
Tax calculated using Singapore tax rate of 17% (2018: 17%)	25,614	25,576	10,308	10,387
Effect of tax rates in foreign jurisdictions	2,014	3,058	–	–
Non-tax deductible items	11,209	6,416	6,753	5,103
Non-taxable items	(8,178)	(10,597)	(1,616)	(3,986)
Tax exempt income	(8)	(26)	(5,932)	(6,119)
Tax incentives	(18)	(10)	–	–
Under/(Over) provision in respect of prior years	82	(724)	–	–
Tax transparency (Note 3.15)	(14,660)	(5,385)	(9,513)	(5,385)
Withholding tax	1,393	1,426	–	–
	17,448	19,734	–	–

23 EARNINGS PER UNIT AND DISTRIBUTION 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 2019 $'000	Group 2018 $'000
Total return for the year attributable to Unitholders and CPPU holder	118,745	117,493
Less: Amount reserved for distribution to CPPU holder	(3,750)	(3,750)
Total return attributable to Unitholders	114,995	113,743

23 EARNINGS PER UNIT AND DISTRIBUTION PER UNIT (CONT'D)

(i) Basic earnings per Unit (cont'd)

Weighted average number of Units

	Group 2019 '000	Group 2018 '000
Units issued or to be issued at beginning of the year	2,861,589	1,546,769
Effect of Units issued during the year	791,026	228,716
Effect of Units to be issued as payment of the Manager's management fees payable in Units	19	15
Adjustment for effect of rights issue[1]	–	210,174
Weighted average number of Units during the year	3,652,634	1,985,674

[1] The weighted average number of Units has been adjusted to reflect the bonus element in the new Units pursuant to the rights issue on 30 October 2018.

(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 2019 $'000	Group 2018 $'000
Total return attributable to Unitholders (basic)	114,995	113,743
Add: Amount reserved for distribution to CPPU holder	3,750	3,750
Total return attributable to Unitholders and CPPU holder (diluted)	118,745	117,493

Weighted average number of Units (diluted)

	Group 2019 '000	Group 2018 '000
Weighted average number of Units (basic)	3,652,634	1,985,674
Effect of the Manager's fees paid/payable in Units	16,269	10,087
Effect of the rights issue[1]	–	609
Effect of conversion of CPPUs into Units[2]	524,182	524,182
Weighted average number of Units (diluted)	4,193,085	2,520,552

[1] The weighted average number of Units has been adjusted to reflect the bonus element in the new Units pursuant to the rights issue on 30 October 2018.

[2] 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.

24 ISSUE COSTS

Issue costs comprise professional, advisory and underwriting fees and other costs related to the issue of Units.

For the financial year ended 31 December 2018, included in issue costs are fees paid to the auditors of the Trust of $53,000 for the services rendered in relation to the fund raising exercise undertaken by the Trust.

25 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.

Segment information by business is not presented for 2018 as all of the Group's assets are classified as commercial assets.

Information about reportable segments

	Commercial $'000	Hospitality $'000	Total $'000
Year ended 31 December 2019			
Revenue	225,045	32,284	257,329
Property operating expenses	(49,721)	(2,657)	(52,378)
Reportable segment net property income	175,324	29,627	204,951
Other income	17,182	–	17,182
Depreciation and amortisation	(5,475)	–	(5,475)
Finance income	3,712	–	3,712
Finance costs	(64,995)	(6,590)	(71,585)
Unallocated items			
- Finance income			13
- Finance costs			(276)
- Expenses			(18,941)
Net income			129,581
Net change in fair value of investment properties			21,090
Tax expense			(17,448)
Total return for the year			133,223
31 December 2019			
Non-current assets[1]	5,038,279	1,751,658	6,789,937

[1] Excluding financial instruments

25 OPERATING SEGMENTS (CONT'D)

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
Year ended 31 December 2019			
Revenue	226,708	30,621	257,329
Property operating expenses	(47,071)	(5,307)	(52,378)
Reportable segment net property income	179,637	25,314	204,951
Other income	17,182	–	17,182
Depreciation and amortisation	(5,434)	(41)	(5,475)
Finance income	2,902	813	3,715
Finance costs	(70,305)	(1,280)	(71,585)
Unallocated items			
- Finance income			10
- Finance costs			(276)
- Expenses			(18,941)
Net income			129,581
Net change in fair value of investment properties			21,090
Tax expense			(17,448)
Total return for the year			133,223
31 December 2019			
Non-current assets[1]	6,219,274	570,663	6,789,937

[1] Excluding financial instruments

25 OPERATING SEGMENTS (CONT'D)

Information about reportable segments (cont'd)

	Singapore $'000	China $'000	Total $'000
Year ended 31 December 2018			
Revenue	144,478	31,918	176,396
Property operating expenses	(32,288)	(5,921)	(38,209)
Reportable segment net property income	112,190	25,997	138,187
Other income	7,189	–	7,189
Depreciation and amortisation	(5,427)	(39)	(5,466)
Finance income	3,146	519	3,665
Finance costs	(50,265)	(1,414)	(51,679)
Unallocated items			
- Finance income			16
- Expenses			(12,864)
Net income			79,048
Net change in fair value of investment properties			71,399
Tax expense			(19,734)
Total return for the year			130,713
31 December 2018			
Non-current assets[1]	3,931,475	588,093	4,519,568

[1] Excluding financial instruments

26 FINANCIAL INSTRUMENTS

Financial risk management

Risk management framework

Risk management is integral to the whole business of the Group. The Group has a system of controls in place to create an acceptable balance between the cost of risks occurring and the cost of managing the risks. The Manager continually monitors the Group's risk management process to ensure that an appropriate balance between risk and control is achieved. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities.

The Board of Directors of the Manager has overall responsibility for the establishment and oversight of the risk management framework of the Group. The Audit and Risk Committee of the Manager assists the Board of Directors and oversees how the Manager monitors compliance with the risk management policies and procedures of the Group, and reviews the adequacy of the risk management framework in relation to the risks faced by the Group. The Audit and Risk Committee reports regularly to the Board of Directors on its activities.

26 FINANCIAL INSTRUMENTS (CONT'D)

Overview

The Group has exposure to the following risks arising from financial instruments:

- credit risk
- liquidity risk
- market risk

This note presents information about the exposure of the Group to each of the above risks, its objectives, policies and processes for measuring and managing risk, and its management of capital.

Credit risk

Credit risk is the potential financial loss resulting from the failure of a lessee to settle its financial and contractual obligations to the Group, as and when they fall due.

Concentration of credit risk is limited due to many varied tenants.

Credit evaluations are performed before lease agreements are entered into with prospective tenants. Rental deposits are obtained, where appropriate, to mitigate credit risk. In addition, the Manager monitors closely the balances due from its tenants.

Expected credit loss assessment for individual tenants

The Group uses an allowance matrix to measure the ECLs of trade receivables from individual tenants.

Loss rates are calculated using a 'roll rate' method based on the probability of a receivable progressing through successive stages of delinquency to write-off and are based on actual credit loss experience over the past three years.

The Group believes that no allowance for impairment is necessary in respect of the trade receivables as these receivables relate mainly to tenants that have a good record with the Group or have sufficient security deposits as collateral, and hence ECL is not material.

Other receivables and deposits

Impairment on other receivables and deposits has been measured on the 12 months expected loss basis and the amount of the allowance is insignificant.

Cash and cash equivalents

The Group and the Trust held cash and cash equivalents of $59,410,000 and $7,297,000 respectively at 31 December 2019 (2018: $37,074,000 and $12,725,000 respectively). The cash and cash equivalents are held with bank and financial institution counterparties which are rated P-1, based on Moody's ratings.

Impairment on cash and cash equivalents has been measured on the 12-month expected loss basis and reflects the short maturities of the exposures. The Trust considers that its cash and cash equivalents have low credit risk based on the external credit ratings of the counterparties. The amount of the allowance on cash and cash equivalents was negligible.

Derivatives

At the reporting date, the Group has interest rate swap contracts with a total notional amount of $1,855.0 million (2018: $1,235.0 million). In 2018, $80.0 million related to forward start interest rate swaps which was effective in 2019. The Trust has interest rate swap contracts with a total notional amount of $970.0 million (2018: $840.0 million).

The derivatives are entered into with bank and financial institution counterparties, which are rated Aa1/P-1 to A3/P-2, based on Moody's ratings.

At reporting date, there were no significant concentrations of credit risk. The maximum exposure to credit risk is represented by the carrying value of each financial asset on the statement of financial position.

26 FINANCIAL INSTRUMENTS (CONT'D)

Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Manager monitors its liquidity risk and maintains a level of cash and cash equivalents deemed adequate to finance the Group's operations and to mitigate the effects of fluctuations in cash flows. The Manager also monitors and observes the CIS Code issued by the MAS concerning limits on total borrowings.

In addition, as at 31 December 2019, the Group maintains term loans and revolving credit facilities of $2,709.1 million (2018: $1,786.8 million) with banks. At the reporting date, $2,551.5 million (2018: $1,578.0 million) of the facilities was utilised.

As at 31 December 2019, the Group has issued unsecured notes of $150.0 million (2018: $150.0 million) through OUE CT Treasury Pte. Ltd..

The following are the contractual maturities of financial liabilities, including estimated interest payments and excluding the impact of netting agreements:

			Cash flows		
	Carrying amount $'000	Contractual cash flows $'000	Within 1 year $'000	Within 2 to 5 years $'000	More than 5 years $'000
Group					
2019					
Non-derivative financial liabilities					
Trade and other payables*	121,981	(121,981)	(73,724)	(45,221)	(3,036)
Borrowings	2,687,127	(2,810,779)	(930,671)	(1,880,108)	–
Lease liability	25,657	(62,667)	(1,000)	(4,000)	(57,667)
	2,834,765	(2,995,427)	(1,005,395)	(1,929,329)	(60,703)
Derivative financial instruments					
Interest rate swaps used for hedging (net-settled)	17,311	(17,564)	(9,636)	(7,928)	–
	2,852,076	(3,012,991)	(1,015,031)	(1,937,257)	(60,703)
2018					
Non-derivative financial liabilities					
Trade and other payables*	103,132	(103,132)	(60,732)	(39,116)	(3,284)
Borrowings	1,713,322	(1,895,396)	(270,978)	(1,526,664)	(97,754)
	1,816,454	(1,998,528)	(331,710)	(1,565,780)	(101,038)
Derivative financial instruments					
Interest rate swaps used for hedging (net-settled)	(116)	121	121	–	–
Interest rate swaps used for hedging (net-settled)	7,960	(8,160)	(3,699)	(4,461)	–
	7,844	(8,039)	(3,578)	(4,461)	–
	1,824,298	(2,006,567)	(335,288)	(1,570,241)	(101,038)

* Excluding lease liability (shown separately) and advance rental received

26 FINANCIAL INSTRUMENTS (CONT'D)

Liquidity risk (cont'd)

	Carrying amount $'000	Contractual cash flows $'000	Cash flows: Within 1 year $'000	Within 2 to 5 years $'000	More than 5 years $'000
Trust					
2019					
Non-derivative financial liabilities					
Trade and other payables*	46,325	(46,325)	(28,045)	(18,082)	(198)
Borrowings	1,473,105	(1,523,563)	(474,799)	(1,048,764)	–
	1,519,430	(1,569,888)	(502,844)	(1,066,846)	(198)
Derivative financial instruments					
Interest rate swaps used for hedging (net-settled)	9,184	(9,263)	(5,864)	(3,399)	–
	1,528,614	(1,579,151)	(508,708)	(1,070,245)	(198)
2018					
Non-derivative financial liabilities					
Trade and other payables*	40,886	(40,886)	(23,530)	(16,954)	(402)
Borrowings	1,371,081	(1,495,252)	(257,499)	(1,157,066)	(80,687)
	1,411,967	(1,536,138)	(281,029)	(1,174,020)	(81,089)
Derivative financial instruments					
Interest rate swaps used for hedging (net-settled)	(95)	99	99	–	–
Interest rate swaps used for hedging (net-settled)	5,557	(5,682)	(2,920)	(2,762)	–
	5,462	(5,583)	(2,821)	(2,762)	–
	1,417,429	(1,541,721)	(283,850)	(1,176,782)	(81,089)

* Excluding lease liability (shown separately) and advance rental received

The maturity analyses show the contractual undiscounted cash flows of the Group's and the Trust's financial liabilities on the basis of their earliest possible contractual maturity. Derivative financial instruments held are normally not closed out prior to contractual maturity. The disclosure shows net cash flow amounts for derivatives that are net cash-settled.

All the derivative financial instruments are designated as cash flow hedges. The table above reflects the periods in which the cash flows associated with cash flow hedges are expected to occur and to impact the total return.

26 FINANCIAL INSTRUMENTS (CONT'D)

Market risk

Market risk is the risk that changes in market prices, such as interest rates and foreign exchange rates, will affect the Group's total return or the value of its holding of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

Interest rate benchmark reform

A fundamental review and reform of major interest rate benchmarks is being undertaken globally. There is uncertainty as to the timing and the methods of transition for replacing existing benchmark interbank offered rates ("IBORs") with alternative rates. In Singapore, the fundamental review and reform of the two key Singapore Dollar interest rate benchmarks that are widely referenced in financial contracts, namely Singapore interbank offered rates ("SIBORs") and Singapore swap offer rates ("SORs"), and the transition from SOR to the Singapore Overnight Rate Average ("SORA"), is also ongoing.

The Group evaluated the extent to which its cash flow hedging relationships are subject to uncertainty driven by IBOR reform as at the reporting date. The Group's hedged items and hedging instruments continue to be indexed to IBOR benchmark rate. However, the Group's cash flow hedging relationships extend beyond the anticipated cessation dates for SOR. The Group expects that SOR will be replaced by other benchmark rates, but there is uncertainty over the timing and amount of the replacement rate cash flows.

The Group applies the principles of the amendments to these hedging relationships directly affected by IBOR reform, namely the hedges of SOR, and assumes that the cash flows of the hedged item and hedging instrument will not be materially altered as a result of IBOR reform.

Interest rate risk

The Manager's strategy to manage the risk of potential interest rate volatility may be through the use of interest rate hedging instruments and/or fixed rate borrowings. The Manager will regularly evaluate the feasibility of putting in place the appropriate level of interest rate hedges, after taking into account the prevailing market conditions.

Derivative financial instruments are used to manage exposures to interest rate risks arising from financing activities. Derivative financial instruments are not used for trading purposes. However, derivatives that do not qualify for hedge accounting are accounted for as trading instruments.

The Group determines the existence of an economic relationship between the hedging instrument and hedged item based on the reference interest rates, tenors, repricing dates and the notional or par amounts. The Group considers whether the critical terms of the interest rate swaps to align with the hedged borrowings when assessing the presence of an economic relationship. The Group assesses whether the derivative designated in each hedge relationship is expected to be effective in offsetting changes in cash flows of the hedged item using the regression method. For cash flow hedging relationships directly impacted by IBOR reform (i.e. hedges of SOR), the Group assumes that the cash flows of the hedged item and hedging instrument will not be altered as a result of IBOR reform.

In these hedge relationships, the main sources of ineffectiveness are the differences in the inception dates between the swaps and the borrowings.

Hedging relationships impacted by IBOR reform may experience ineffectiveness attributable to market participants' expectations for when the shift from the existing IBOR benchmark rate to an alternative benchmark interest rate will occur. This transition may occur at different times for the hedged item and hedging instrument, which may lead to hedge ineffectiveness.

There were no other sources of ineffectiveness in these hedging relationships.

26 FINANCIAL INSTRUMENTS (CONT'D)

Interest rate risk (cont'd)

The Group's exposure to changes in interest rates relate primarily to interest-earning financial assets and interest-bearing financial liabilities. At the reporting date, the interest rate profile of the interest-bearing financial instruments was as follows:

	Nominal amount			
	Group		Trust	
	2019 $'000	2018 $'000	2019 $'000	2018 $'000
Fixed rate instruments				
Short-term deposits with financial institutions	39,622	29,293	4,810	9,870
Borrowings	(150,000)	(150,000)	(150,000)	(150,000)
Interest rate swaps	(1,855,000)	(1,155,000)	(970,000)	(840,000)
	(1,965,378)	(1,275,707)	(1,115,190)	(980,130)
Variable rate instruments				
Borrowings	(2,551,490)	(1,578,037)	(1,331,414)	(1,233,235)
Interest rate swaps	1,855,000	1,155,000	970,000	840,000
	(696,490)	(423,037)	(361,414)	(393,235)

Fair value sensitivity analysis for fixed rate instruments

The Group does not account for the fixed rate financial assets and liabilities at fair value through statement of total return. The Group does not designate interest rate swaps as hedging instruments under a fair value hedge accounting model. Therefore, a change in interest rates at the reporting date would not affect total return.

26 FINANCIAL INSTRUMENTS (CONT'D)

Interest rate risk (cont'd)

Sensitivity analysis for variable instruments

For the variable rate instruments, a change in 50 (2018: 50) basis points ("bp") in interest rate at the reporting date would impact total return and unitholders' funds (before any tax effects) by the amounts shown below. This analysis assumes that all other variables remain constant.

	Statement of Total Return		Unitholders' funds	
	Increase in interest rate $'000	Decrease in interest rate $'000	Increase in interest rate $'000	Decrease in interest rate $'000
Group				
2019				
Variable rate instruments				
Borrowings (50 bp)	(12,757)	12,757	–	–
Interest rate swaps (50 bp)	9,291	(9,273)	1,227	(1,212)
	(3,466)	3,484	1,227	(1,212)
2018				
Variable rate instruments				
Borrowings (50 bp)	(7,890)	7,890	–	–
Interest rate swaps (50 bp)	7,309	(7,337)	492	(644)
	(581)	553	492	(644)

	Statement of Total Return		Unitholders' funds	
	Increase in interest rate $'000	Decrease in interest rate $'000	Increase in interest rate $'000	Decrease in interest rate $'000
Trust				
2019				
Variable rate instruments				
Borrowings (50 bp)	(6,657)	6,657	–	–
Interest rate swaps (50 bp)	4,866	(4,848)	364	(368)
	(1,791)	1,809	364	(368)
2018				
Variable rate instruments				
Borrowings (50 bp)	(6,166)	6,166	–	–
Interest rate swaps (50 bp)	4,200	(4,200)	296	(459)
	(1,966)	1,966	296	(459)

26 FINANCIAL INSTRUMENTS (CONT'D)

Hedge accounting

Cash flow hedges

The Group and the Trust held the following instruments to hedge exposures to changes in interest rates.

	Maturity	
	1-12 months	More than one year
31 December 2019		
Group		
Interest rate risk		
Interest rate swaps		
Net exposure ($'000)	470,000	1,385,000
Fixed interest rate	1.59% - 1.93%	1.46% - 2.17%
Trust		
Interest rate risk		
Interest rate swaps		
Net exposure ($'000)	300,000	670,000
Fixed interest rate	1.59% - 1.93%	1.46% - 2.13%
31 December 2018		
Group		
Interest rate risk		
Interest rate swaps		
Net exposure ($'000)	440,000	715,000
Fixed interest rate	1.53% - 2.45%	1.88% - 2.55%
Trust		
Interest rate risk		
Interest rate swaps		
Net exposure ($'000)	260,000	580,000
Fixed interest rate	1.53% - 2.45%	1.88% - 2.55%

26 FINANCIAL INSTRUMENTS (CONT'D)

Hedge accounting (cont'd)

Cash flow hedges (cont'd)

The amounts at the reporting date relating to items designated as hedged items were as follows.

	Change in value used for calculating hedge ineffectiveness $'000	Cash flow hedge reserve $'000
Group		
31 December 2019		
Interest rate risk		
Variable-rate instruments	8,310	(12,355)
31 December 2018		
Interest rate risk		
Variable-rate instruments	(763)	(3,139)
Trust		
31 December 2019		
Interest rate risk		
Variable-rate instruments	5,196	(6,911)
31 December 2018		
Interest rate risk		
Variable-rate instruments	(2,283)	(2,244)

There are no balances remaining in cash flow hedge reserve from hedging relationships for which hedge accounting no longer applied.

26 FINANCIAL INSTRUMENTS (CONT'D)

Hedge accounting (cont'd)

Cash flow hedges (cont'd)

The amounts relating to items designated as hedging instruments and hedge ineffectiveness were as follows.

	As at 31 December			
	Nominal amount $'000	Carrying amount – assets $'000	Carrying amount – liabilities $'000	Line item in the statement of financial position where the hedging instrument is included
Group				
2019				
Interest rate risk				
Interest rate swaps	1,855,000	–	(17,311)	Financial derivatives
2018				
Interest rate risk				
Interest rate swaps	1,155,000	116	(7,960)	Financial derivatives

	As at 31 December			
	Nominal amount $'000	Carrying amount – assets $'000	Carrying amount – liabilities $'000	Line item in the statement of financial position where the hedging instrument is included
Trust				
2019				
Interest rate risk				
Interest rate swaps	970,000	–	(9,184)	Financial derivatives
2018				
Interest rate risk				
Interest rate swaps	840,000	95	(5,557)	Financial derivatives

During the period				
Changes in the value of the hedging instrument recognised in unitholders' funds and NCI $'000	Hedge ineffectiveness recognised in statement of total return $'000	Line item in statement of total return that includes hedge ineffectiveness	Amount reclassified from hedging reserve to statement of total return $'000	Line item in statement of total return affected by the reclassification
(9,898)	2,726	Finance income	682	Finance cost
(13)	2,874	Finance income	1,705	Finance cost

During the period				
Changes in the value of the hedging instrument recognised in unitholders' funds $'000	Hedge ineffectiveness recognised in statement of total return $'000	Line item in statement of total return that includes hedge ineffectiveness	Amount reclassified from hedging reserve to statement of total return $'000	Line item in statement of total return affected by the reclassification
(5,243)	2,033	Finance income	576	Finance cost
908	1,847	Finance income	1,889	Finance cost

26 FINANCIAL INSTRUMENTS (CONT'D)

Hedge accounting (cont'd)

Cash flow hedges (cont'd)

The following table provides a reconciliation by risk category of components of equity and analysis of unitholders' funds items, net of tax, resulting from cash flow hedge accounting.

	Group Hedging reserve $'000	Trust Hedging reserve $'000
Balance at 1 January 2019	(3,139)	(2,244)
Cash flow hedges		
Change in fair value:		
Interest rate risk	(9,898)	(5,243)
Amount reclassified to statement of total return:		
Interest rate risk	682	576
Balance at 31 December 2019	(12,355)	(6,911)
Balance at 1 January 2018	(5,014)	(5,041)
Cash flow hedges		
Change in fair value:		
Interest rate risk	139	908
Amount reclassified to statement of total return:		
Interest rate risk	1,736	1,889
Balance at 31 December 2018	(3,139)	(2,244)

Currency risk

In order to manage the currency risk involved in investing in assets outside Singapore, the Manager adopts the currency risk management strategies that may include:

- the use of foreign currency denominated borrowings to match the currency of the asset investment as a natural currency hedge; and
- entering into currency forward contracts to hedge the foreign currency income received from its foreign subsidiaries, back into Singapore Dollars.

The following table details the Group's exposure at the end of the reporting period to currency risk arising from recognised assets or liabilities denominated in a currency other than the functional currency of the entity to which they relate.

	HKD $'000	USD $'000	RMB $'000
Group			
2019			
Cash and cash equivalents	1	72	4,823
2018			
Cash and cash equivalents	2	73	11,365

Changes in the exchange rates between the above currencies and the Singapore dollar would not have a significant impact to the Group's total return before tax.

26 FINANCIAL INSTRUMENTS (CONT'D)

Accounting classifications and fair values

The fair values of financial assets and liabilities, including their levels in the fair value hierarchy are set out below. It does not include the fair value information of financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value. Further, for the current year the fair value disclosure of lease liability is also not required.

		Carrying amount					Fair value			
	Note	Amortised cost	FVTPL	Fair value –hedging instruments	Other financial liability	Total	Level 1	Level 2	Level 3	Total
		$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Group										
2019										
Financial assets not measured at fair value										
Trade and other receivables^	7	36,646	–	–	–	36,646	–	–	34,127	34,127
Cash and cash equivalents	9	59,410	–	–	–	59,410				
		96,056	–	–	–	96,056				
Financial liabilities measured at fair value										
Financial derivatives	8	–	–	(17,311)	–	(17,311)	–	(17,311)	–	(17,311)
Financial liabilities not measured at fair value										
Borrowings:										
- Bank loans	10	–	–	–	(2,537,283)	(2,537,283)				
- Unsecured notes	10	–	–	–	(149,844)	(149,844)				
Trade and other payables#	11	–	–	–	(121,981)	(121,981)	–	–	(118,572)	(118,572)
		–	–	–	(2,809,108)	(2,809,108)				

^ Excluding prepayments
# Excluding advance rental received

26 FINANCIAL INSTRUMENTS (CONT'D)

Accounting classifications and fair values (cont'd)

		Carrying amount					Fair value			
	Note	Amortised cost $'000	FVTPL $'000	Fair value –hedging instruments $'000	Other financial liabilities $'000	Total $'000	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
Group										
2018										
Financial assets measured at fair value										
Financial derivatives	8	–	–	116	–	116	–	116	–	116
Financial assets not measured at fair value										
Trade and other receivables^	7	13,733	–	–	–	13,733				
Cash and cash equivalents	9	19,137	17,937	–	–	37,074	–	17,937	–	17,937
		32,870	17,937	–	–	50,807				
Financial liabilities measured at fair value										
Financial derivatives	8	–	–	(7,960)	–	(7,960)	–	(7,960)	–	(7,960)
Financial liabilities not measured at fair value										
Borrowings:										
- Bank loans	10	–	–	–	(1,563,708)	(1,563,708)				
- Unsecured notes	10	–	–	–	(149,614)	(149,614)	–	(146,945)	–	(146,945)
Trade and other payables#	11	–	–	–	(103,132)	(103,132)	–	–	(99,857)	(99,857)
		–	–	–	(1,816,454)	(1,816,454)				

^ Excluding prepayments
# Excluding advance rental received

26 FINANCIAL INSTRUMENTS (CONT'D)

Accounting classifications and fair values (cont'd)

	Note	Carrying amount				Fair value			
		Amortised cost	Fair value –hedging instruments	Other financial liabilities	Total	Level 1	Level 2	Level 3	Total
		$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Trust									
2019									
Financial assets not measured at fair value									
Trade and other receivables^	7	9,282	–	–	9,282				
Cash and cash equivalents	9	7,297	–	–	7,297				
		16,579	–	–	16,579				
Financial liabilities measured at fair value									
Financial derivatives	8	–	(9,184)	–	(9,184)	–	(9,184)	–	–
Financial liabilities not measured at fair value									
Borrowings:									
- Bank loans	10	–	–	(1,323,261)	(1,323,261)				
- Loan from a subsidiary	10	–	–	(149,844)	(149,844)				
Trade and other payables#	11	–	–	(46,325)	(46,325)	–	–	(45,411)	(45,411)
		–	–	(1,519,430)	(1,519,430)				

^ Excluding prepayments
# Excluding advance rental received

26 FINANCIAL INSTRUMENTS (CONT'D)

Accounting classifications and fair values (cont'd)

		Carrying amount				Fair value			
	Note	Amortised cost	Fair value –hedging instruments	Other financial liabilities	Total	Level 1	Level 2	Level 3	Total
		$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Trust									
2018									
Financial assets measured at fair value									
Financial derivatives	8	–	95	–	95	–	95	–	95
Financial assets not measured at fair value									
Trade and other receivables^	7	6,531	–	–	6,531				
Cash and cash equivalents	9	12,725	–	–	12,725				
		19,256	–	–	19,256				
Financial liabilities measured at fair value									
Financial derivatives	8	–	(5,557)	–	(5,557)	–	(5,557)	–	(5,557)
Financial liabilities not measured at fair value									
Borrowings:									
- Bank loans	10	–	–	(1,221,467)	(1,221,467)				
- Loan from a subsidiary	10	–	–	(149,614)	(149,614)	–	(146,945)	–	(146,945)
Trade and other payables#	11	–	–	(40,886)	(40,886)	–	–	(39,926)	(39,926)
		–	–	(1,411,967)	(1,411,967)				

^ Excluding prepayments
# Excluding advance rental received

Valuation techniques and significant unobservable inputs

The following tables show the valuation techniques used in measuring Level 2 and Level 3 fair values.

Financial instruments measured at fair value

Type	Valuation technique
Group and Trust	
Interest rate swaps	*Market comparison technique:* The fair values are based on broker quotes. Similar contracts are traded in an active market and the quotes reflect the actual transactions in similar instruments.

26 FINANCIAL INSTRUMENTS (CONT'D)

Financial instruments not measured at fair value

Type	Valuation technique
Group	
Trade and other receivables	*Discounted cash flows*
Trade and other payables	*Discounted cash flows*
Unsecured notes	*The fair value of the unsecured notes is based on the quoted price at reporting date.*
Trust	
Trade and other payables	*Discounted cash flows*
Loan from subsidiary	*Loan from a subsidiary is based on the same terms as the unsecured notes and therefore, the fair value of the loan from a subsidiary is determined based on the fair value of the unsecured notes.*

There were no transfers between Level 2 and 3 during the year.

Capital management

The Manager's principal objectives are to deliver regular and stable distributions to Unitholders and to achieve sustainable long-term growth in distributions and in the net asset value per Unit, while maintaining an appropriate capital structure. Capital consists of all components of equity of the Group.

The Group's capital funding objectives are to maintain a strong statement of financial position, manage the cost of debt financing, and potential refinancing or repayment risks, secure diversified funding sources and implement appropriate hedging strategies to manage interest rate volatility and foreign exchange exposure, after taking into account the prevailing market conditions.

The Group has income derived from its investments in the PRC. The conversion of the Chinese Renminbi is subject to the rules and regulations of foreign exchange control promulgated by the PRC government.

The Trust and its subsidiaries are subject to the aggregate leverage limit as defined in the Property Funds Appendix of the CIS Code issued by the MAS. The CIS Code stipulates that the total borrowings and deferred payments (together the "Aggregate Leverage") of a property fund should not exceed 45.0% of its Deposited Property.

The Aggregate Leverage of the Group as at 31 December 2019 was 40.3% (2018: 39.3%) of its Deposited Property. This complied with the Aggregate Leverage limit as described above.

There were no substantial changes in the Group's and the Trust's approach to capital management during the year.

27 COMMITMENTS

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

Capital commitments

	Group		Trust	
	2019 $'000	**2018 $'000**	**2019 $'000**	**2018 $'000**
Contracted but not provided for in the financial statements:				
- Expenditure in respect of investment properties	9,144	5,647	351	–

28 LEASES

Leases as lessee (FRS 116)

The Group leases land in relation to the Crowne Plaza Changi Airport site. The lease runs for a period of 74 years. Under the terms of the lease agreement, the land rent payable comprises a fixed component and a variable component computed based on certain percentage of the hotel revenue.

Information about leases for which the Group is a lessee is presented below.

Right-of-use assets

Right-of-use assets related to land meets the definition of investment property (see Note 4).

Amounts recognised in statement of total return

	2019 $'000
Leases under FRS 116	
Interest on lease liability	284

Amounts recognised in statement of cash flows

	2019 $'000
Total cash outflow for leases	1,000

Leases as lessor

Operating lease

The Group leases out its investment properties (see Note 4). The Group has classified these leases as operating leases, because they do not transfer substantially all of the risks and rewards incidental to the ownership of the assets. Note 3.8 sets out information about the operating leases of investment property.

Rental income from investment properties recognised by the Group during 2019 was $241,252,000 (2018: $165,895,000) and Trust was $92,389,000 (2018: $59,261,000).

The following table sets out a maturity analysis of lease payments, showing the undiscounted lease payments to be received after the reporting date.

	Group $'000	Trust $'000
2019 – Operating leases under FRS 116		
Less than one year	287,905	94,371
One to two years	222,888	62,948
Two to three years	164,594	36,566
Three to four years	111,681	14,969
Four to five years	93,429	6,752
More than five years	260,254	306
Total	1,140,751	215,912

28 LEASES (CONT'D)

Leases as lessor (cont'd)

Operating lease (cont'd)

	Group $'000	Trust $'000
2018 – Operating leases under FRS 17		
Less than one year	188,335	91,853
Between one and five years	270,859	123,797
More than five years	23,646	544
Total	482,840	216,194

29 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 year, other than the transactions disclosed elsewhere in the financial statements, there were the following related party transactions:

	Group		Trust	
	2019 $'000	2018 $'000	2019 $'000	2018 $'000
Acquisition of investment property and intangible asset from a related party	–	908,000	–	908,000
Hotel service expenses and professional fees paid/payable to related parties	637	68	70	68
Settlement of liabilities by related parties of the Manager on behalf of the Group and the Trust	159	471	114	471
Consideration for stapled securities of OUE Hospitality Trust pursuant to the Merger	525,539	–	–	–

30 FINANCIAL RATIOS

	Group		Trust	
	2019 $'000	2018 $'000	2019 $'000	2018 $'000
Expenses to weighted average net assets[(1)]				
- including performance component of the Manager's fees	0.99	1.18	1.12	1.39
- excluding performance component of the Manager's fees	0.99	1.18	1.12	1.39
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 the Trust, 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 and the Trust expressed as a percentage of daily average net asset value.

31 ACQUISITION OF OUE H-TRUST

On 4 September 2019, OUE C-REIT completed its merger with OUE H-Trust by way of a trust scheme of arrangement. OUE H-Trust owns a portfolio of three properties.

The purchase consideration of $1,342.4 million was settled by a cash consideration of $74.7 million and issuance of 2,491.8 million new Units, amounting to $1,267.7 million, which is the fair value of the net assets of OUE H-Trust less the cash consideration. The Merger was accounted for as an asset acquisition.

The fair value of identifiable assets and liabilities of OUE H-Trust as at 3 September 2019 (the Merger date) and the cashflow effect of the Merger were:

	2019 $'000
Investment properties (including right-of-use assets)	2,245,346
Trade and other receivables	17,383
Cash and cash equivalents	31,674
Borrowings	(870,018)
Trade and other payables	(52,926)
Lease liability	(26,373)
Tax payable	(800)
Financial derivatives	(1,860)
Total identifiable net assets at fair value	1,342,426
Acquisition costs	16,811
Purchase consideration paid (including acquisition costs)	1,359,237
Effect of the acquisition on cash flows	
Purchase consideration (including acquisition costs)	1,359,237
Less:	
- Cash at bank of subsidiaries acquired	(31,674)
- Considerations paid in Units	(1,267,673)
- Manager's acquisition fee in Units	(8,318)
- Accrued acquisition costs	(373)
Net cash outflow on Merger net of cash acquired	51,199

32 SUBSEQUENT EVENTS

There were the following events subsequent to the reporting date:

- On 30 January 2020, the Manager declared a distribution of $1,890,000 to the CPPU holder in respect of the period from 1 July 2019 to 31 December 2019.
- On 30 January 2020, the Manager declared a distribution of 1.10 cents per Unit, amounting to $59,283,000, in respect of the period from 4 September 2019 to 31 December 2019.
- On 4 February 2020, the Trust issued 7,060,763 Units at $0.5634 per Unit, amounting to $3,978,000, to the Manager as payment of the management base fee for the period from 1 October 2019 to 31 December 2019.
- There is a novel coronavirus ("COVID-19") outbreak which will impact the performance of the Singapore hospitality and China segments in 2020. Should the duration of the COVID-19 situation be protracted, the minimum rent component embedded in the master lease agreements of the Group's hotel portfolio provides significant downside protection. Additionally, only 14.3% of Lippo Plaza's gross rental income is due for renewal in FY2020.

33 NEW STANDARDS AND INTERPRETATIONS NOT YET ADOPTED

A number of new standards and amendments to standards are effective for annual periods beginning after 1 January 2019 and earlier application is permitted; however, the Group has not early adopted the new or amended standards in preparing these financial statements.

The following new FRSs, interpretations and amendments to FRSs are not expected to have a significant impact on the Group's consolidated financial statements.

- *Amendments to References to Conceptual Framework in FRS standards*
- *Definition of a Business* (Amendments to FRS 103)
- *Definition of Material* (Amendments to FRS 101-1 and FRS 101-8)

Interested Person and Interested Party Transactions

Name of interested person/party	Aggregate value of all interested person/party transactions during FY2019 (excluding transactions less than S$100,000 and transactions conducted under unitholders' mandate pursuant to Rule 920) S$'000	Aggregate value of all interested person/party transactions conducted under unitholders' mandate pursuant to Rule 920 (excluding transactions less than S$100,000) S$'000	Nature of relationship
OUE Limited & its subsidiaries			OUE Limited: Controlling shareholder of the Manager and controlling Unitholder of OUE C-REIT Subsidiaries of OUE Limited: Associates of the controlling shareholder of the Manager and controlling Unitholder of OUE C-REIT
Gross rental income	46,293	-	
Carpark income	296	-	
Utilities	129	-	
Manager's management fee[1]	16,272	-	
Manager's acquisition fee[2]	8,318	-	
Property management fee[1]	3,621	-	
Income support arrangements[3]	17,182	-	
Consideration for stapled securities of OUE H-Trust pursuant to the merger[4]	525,539	-	
Shared services[1]	167	-	
Shared electricity services[1]	300	-	
DBS Trustee Limited (trustee of OUE C-REIT)			Trustee of OUE C-REIT ("DBS Trustee")
Trustee's fee[1]	835	-	
RBC Investor Services Trust Singapore Limited (trustee of OUE Hospitality Sub-Trust)			Trustee of OUE Hospitality Sub-Trust ("RBC Trustee")
Trustee's fee[1]	136	-	

Please also see Significant Related Party Transactions in Note 29 to the Financial Statements.

Save as disclosed above, during the financial year ended 31 December 2019, there were no additional interested person/party transactions (excluding transactions less than S$100,000) or any material contracts entered into by OUE C-REIT involving the interests of the Chief Executive Officer, each director or controlling shareholder of the Manager or controlling Unitholder.

Notes:

1 The fees and charges payable by OUE C-REIT to DBS Trustee and the Manager under the Trust Deed (as amended) and to the Property Manager under the Master Property Management Agreement and the Individual Property Management Agreement of OUE Bayfront (each as defined in the prospectus of OUE C-REIT dated 17 January 2014 (the "Prospectus")) each of which constitutes an Interested Person Transaction, are deemed to have been specifically approved by the Unitholders upon subscription for the Units and are therefore not subject to Rule 905 and Rule 906 of the Listing Manual to the extent that there is no subsequent change to the rates and/ or the bases of the fees charged thereunder which will adversely affect OUE C-REIT.

The fees and charges payable by OUE C-REIT to the Property Manager under the Individual Property Management Agreement of OUE Downtown Office (each as defined in the circular dated 10 September 2018) are deemed to have been specifically approved by the Unitholders and are each therefore not subject to Rules 905 and 906 of the Listing Manual insofar that there are no subsequent change to the rates and/or the bases of the fees charged which will adversely affect OUE C-REIT.

The fees and charges payable by OUE Hospitality Sub-Trust to RBC Trustee under the OUE H-REIT Trust Deed (as amended) and to the Property Manager under the Master Property Management Agreement, the Individual Property Management Agreement, the Shared Services Agreement, the Shared Electricity Services Agreement, the Licence Agreement, and the Mandarin Gallery Licence Agreement (each as defined in the prospectus of OUE H-Trust dated 18 July 2013 (the "OUE H-Trust Prospectus")) each of which constitutes an Interested Person Transaction, are deemed to have been specifically approved by the stapled securityholders of OUE H-Trust upon subscription for the stapled securities at the initial public offering of OUE H-Trust and are therefore not subject to Rule 905 and Rule 906 of the Listing Manual to the extent that there is no subsequent change to the rates and/or the bases of the fees charged thereunder which will adversely affect OUE C-REIT.

Notes (cont'd):

[2] Comprises acquisition fee paid in Units pursuant to the merger with OUE H-Trust.

[3] Income support arrangements of approximately S$0.4 million pursuant to the Deed of Income Support on OUE Bayfront (as defined in the Prospectus) and income support arrangements of approximately S$16.8 million pursuant to the Deed of Rental Support on OUE Downtown Office (as defined in the circular dated 10 September 2018) are deemed to have been specifically approved by the Unitholders upon subscription of the Units (in respect of the Deed of Income Support on OUE Bayfront) and upon Unitholders' approval of the Acquisition (in respect of the Deed of Rental Support on OUE Downtown Office) and are therefore not subject to Rules 905 and 906 of the Listing Manual insofar that, in respect of each such agreement, there are no subsequent changes to the terms thereunder which will adversely affect OUE C-REIT. The income support for OUE Bayfront expired in January 2019.

[4] Consideration for stapled securities of OUE H-Trust acquired from Golden Concord Asia Limited, OUE Realty Pte. Ltd., OUE Limited and OUE Hospitality REIT Management Pte. Ltd. was paid in Units and cash pursuant to the merger with OUE H-Trust by way of a trust scheme of arrangement.

The following table sets out a summary of Units issued for payment of the management fees during or in respect of the financial period from 1 January 2019 to 31 December 2019.

For Period	Issue Date	Units issued	*Issue Price (S$)
1 January 2019 to 31 March 2019	14 May 2019	4,996,346	0.5066
1 April 2019 to 30 June 2019	14 August 2019	5,021,032	0.5086
1 July 2019 to 30 September 2019	18 November 2019	7,425,163	0.5326
1 October 2019 to 31 December 2019	4 February 2020	7,060,763	0.5634

* Based on the volume weighted average traded price for a Unit for all trades on the SGX-ST in the ordinary course of trading on the SGX-ST for the last ten business days of the relevant period in which the management fee accrues.

Statistics of Unitholdings

As at 9 March 2020

5,392,459,363 Units (one vote per Unit) in issue.
Market capitalisation of S$2,345,719,822.90 based on the market closing Unit price of S$0.435 on 9 March 2020.

DISTRIBUTION OF UNITHOLDINGS

Size of Unitholdings	Number of Unitholders	%	Number of Units	%
1 - 99	386	1.24	18,532	0.00
100 - 1,000	1,906	6.13	1,066,657	0.02
1,001 - 10,000	17,731	57.07	73,094,137	1.36
10,001 - 1,000,000	10,956	35.26	614,368,291	11.39
1,000,001 and above	92	0.30	4,703,911,746	87.23
TOTAL	**31,071**	**100.00**	**5,392,459,363**	**100.00**

TWENTY LARGEST UNITHOLDERS

No.	Name of Unitholder	Number of Units	%
1	CITIBANK NOMINEES SINGAPORE PTE LTD	2,096,103,214	38.87
2	RAFFLES NOMINEES (PTE.) LIMITED	1,078,272,865	20.00
3	DBS NOMINEES (PRIVATE) LIMITED	408,613,417	7.58
4	UNITED OVERSEAS BANK NOMINEES (PRIVATE) LIMITED	323,435,302	6.00
5	OUE COMMERCIAL REIT MANAGEMENT PTE. LTD.	175,848,505	3.26
6	OUE HOSPITALITY REIT MANAGEMENT PTE. LTD.	127,749,410	2.37
7	DBSN SERVICES PTE. LTD.	89,778,968	1.66
8	HSBC (SINGAPORE) NOMINEES PTE LTD	51,062,582	0.95
9	DB NOMINEES (SINGAPORE) PTE LTD	47,983,623	0.89
10	OCBC SECURITIES PRIVATE LIMITED	45,877,057	0.85
11	UOB KAY HIAN PRIVATE LIMITED	37,948,835	0.70
12	CGS-CIMB SECURITIES (SINGAPORE) PTE. LTD.	22,366,951	0.41
13	HENG SIEW ENG	11,665,653	0.22
14	OCBC NOMINEES SINGAPORE PRIVATE LIMITED	11,088,919	0.21
15	PHILLIP SECURITIES PTE LTD	10,250,553	0.19
16	BNP PARIBAS NOMINEES SINGAPORE PTE. LTD.	9,354,711	0.17
17	MAYBANK KIM ENG SECURITIES PTE. LTD.	7,455,926	0.14
18	LEE SEE CHUAN @LEE CHEE CHUAN	7,145,880	0.13
19	THIO GIM HOCK	6,749,040	0.13
20	JACK INVESTMENT PTE LTD	5,331,353	0.10
	TOTAL	**4,574,082,764**	**84.83**

DIRECTORS’ INTERESTS IN UNITS AS AT 21 JANUARY 2020

	Direct Interest		Deemed Interest	
Directors	**No. of Units held**	**%**	**No. of Units held**	**%**
Lee Yi Shyan	14,533	0.00	-	-
Christopher James Williams	-	-	982,041	0.02
Loh Lian Huat	999,979	0.02	332,260	0.01
Liu Chee Ming	772,615	0.01	-	-
Tan Shu Lin	663,375	0.01	-	-

SUBSTANTIAL UNITHOLDERS' INTERESTS AS AT 9 MARCH 2020

	Direct Interest		Deemed Interest			
Name of Substantial Unitholder	No. of Units held	%	No. of Units held	%	Total No. of Units held	%
Clifford Development Pte. Ltd. ("Clifford")	1,471,601,271	27.29[26]	–	–	1,471,601,271	27.29[26]
OUE Limited	795,658,724	14.76[26]	1,775,199,186[1]	32.92[26]	2,570,857,910	47.68[26]
OUE Realty Pte. Ltd. ("OUER")	25,807,700	0.48[26]	2,570,857,910[2]	47.68[26]	2,596,665,610	48.15[26]
Golden Concord Asia Limited ("GCAL")	26,351,777	0.49[26]	2,596,665,610[3]	48.15[26]	2,623,017,387	48.64[26]
Fortune Crane Limited ("FCL", formerly known as Fortune Code Limited)	–	–	2,623,017,387[4]	48.64[26]	2,623,017,387	48.64[26]
Lippo ASM Asia Property Limited ("LAAPL")	–	–	2,623,017,387[5]	48.64[26]	2,623,017,387	48.64[26]
HKC Property Investment Holdings Limited ("HKC Property")	–	–	2,623,017,387[6]	48.64[26]	2,623,017,387	48.64[26]
Hongkong Chinese Limited ("HCL")	3,967,940	0.07[26]	2,623,017,387[7]	48.64[26]	2,626,985,327	48.71[26]
Hennessy Holdings Limited ("HHL")	–	–	2,626,985,327[8]	48.71[26]	2,626,985,327	48.71[26]
Prime Success Limited ("PSL")	–	–	2,626,985,327[9]	48.71[26]	2,626,985,327	48.71[26]
Lippo Limited ("LL")	–	–	2,632,297,059[10]	48.81[26]	2,632,297,059	48.81[26]
Lippo Capital Limited ("LCL")	–	–	2,632,297,059[11]	48.81[26]	2,632,297,059	48.81[26]
Lippo Capital Holdings Company Limited ("LCH")	–	–	2,632,297,059[12]	48.81[26]	2,632,297,059	48.81[26]
Lippo Capital Group Limited ("LCG")	–	–	2,632,297,059[13]	48.81[26]	2,632,297,059	48.81[26]
Dr Stephen Riady	–	–	2,632,297,059[14]	48.81[26]	2,632,297,059	48.81[26]
PT Trijaya Utama Mandiri ("PT Trijaya")	–	–	2,632,297,059[15]	48.81[26]	2,632,297,059	48.81[26]
Mr James Tjahaja Riady	–	–	2,632,297,059[16]	48.81[26]	2,632,297,059	48.81[26]
Admiralty Station Management Limited ("Admiralty")	–	–	2,623,017,387[17]	48.64[26]	2,623,017,387	48.64[26]
Argyle Street Management Limited ("ASML")	–	–	2,623,017,387[18]	48.64[26]	2,623,017,387	48.64[26]
Argyle Street Management Holdings Limited ("ASMHL")	–	–	2,623,017,387[19]	48.64[26]	2,623,017,387	48.64[26]
Kin Chan ("KC")	–	–	2,623,017,387[20]	48.64[26]	2,623,017,387	48.64[26]
V-Nee Yeh ("VY")	–	–	2,623,017,387[21]	48.64[26]	2,623,017,387	48.64[26]
Tang Gordon @ Tang Yigang @ Tang Gordon ("GT")	397,213,888[22]	7.37[26]	215,570,352[23]	4.00[26]	612,784,240	11.37[26]
Celine Tang @ Chen Huaidan @ Celine Tang ("CT")	353,121,062[24]	6.55[26]	–	–	353,121,062	6.55[26]
Yang Chanzhen @ Janet Yeo ("JY")	128,100,000	2.38[26]	224,257,703[25]	4.16[26]	352,357,703	6.54[26]

Statistics of Unitholdings

As at 9 March 2020

Notes:

[1] OUE Limited is the holding company of the C-REIT Manager, Clifford and OUE Hospitality REIT Management Pte. Ltd. ("OUEHRM"), and has a deemed interest in the Units held by the C-REIT Manager, Clifford and OUEHRM.
[2] OUER is the immediate holding company of OUE Limited and has a deemed interest in the Units in which OUE Limited has a direct and deemed interest.
[3] GCAL has a deemed interest in the Units through the direct and deemed interests of its wholly-owned subsidiary, OUER.
[4] FCL has a deemed interest in the Units through the direct and deemed interests of its wholly-owned subsidiary, GCAL.
[5] LAAPL is deemed to have an interest in the Units in which its subsidiary, FCL, has a deemed interest.
[6] LAAPL is jointly held by HKC Property and Admiralty. Accordingly, HKC Property is deemed to have an interest in the Units in which LAAPL has a deemed interest.
[7] HCL is the immediate holding company of HKC Property. Accordingly, HCL is deemed to have an interest in the Units in which HKC Property has a deemed interest.
[8] HHL is an intermediate holding company of HKC Property and the immediate holding company of HCL. Accordingly, HHL is deemed to have an interest in the Units in which HKC Property has a deemed interest, as well as a deemed interest in the Units held directly by HCL (the "HCL Units").
[9] PSL is an intermediate holding company of HKC Property and HCL. Accordingly, PSL is deemed to have an interest in the Units in which HKC Property has a deemed interest, as well as a deemed interest in the HCL Units.
[10] LL is an intermediate holding company of HKC Property and HCL. Accordingly, LL is deemed to have an interest in the Units in which HKC Property has a deemed interest, as well as a deemed interest in the HCL Units, together with a deemed interest in the 5,311,732 Units held by Hongkong China Treasury Limited, a subsidiary of LL (the "HKCTL Units").
[11] LCL is an intermediate holding company of HKC Property and HCL and the immediate holding company of LL. Accordingly, LCL is deemed to have an interest in the Units in which HKC Property has a deemed interest, as well as a deemed interest in the HCL Units, together with a deemed interest in the HKCTL Units in which LL has a deemed interest.
[12] LCH is an intermediate holding company of HKC Property, HCL and LL. Accordingly, LCH is deemed to have an interest in the Units in which HKC Property has a deemed interest, as well as a deemed interest in the HCL Units, together with a deemed interest in the HKCTL Units in which LL has a deemed interest.
[13] LCG is the holding company of LCH, which in turn is an intermediate holding company of HKC Property, HCL and LL. Accordingly, LCG is deemed to have an interest in the Units in which HKC Property has a deemed interest, as well as a deemed interest in the HCL Units, together with a deemed interest in the HKCTL Units in which LL has a deemed interest.
[14] Dr Stephen Riady holds the entire issued share capital of LCG, which is the holding company of LCH. LCH in turn is an intermediate holding company of HKC Property, HCL and LL. Accordingly, Dr Stephen Riady is deemed to have an interest in the Units in which HKC Property has a deemed interest, as well as a deemed interest in the HCL Units, together with a deemed interest in the HKCTL Units in which LL has a deemed interest.
[15] PT Trijaya holds more than 20% of the shares in LCL, which in turn is an intermediate holding company of HKC Property, HCL and LL. Accordingly, PT Trijaya is deemed to have an interest in the Units in which HKC Property has a deemed interest, as well as a deemed interest in the HCL Units, together with a deemed interest in the HKCTL Units in which LL has a deemed interest.
[16] Mr James Tjahaja Riady effectively holds all the shares in PT Trijaya, which holds more than 20% of the shares in LCL. LCL in turn is an intermediate holding company of HKC Property, HCL and LL. Accordingly, Mr James Tjahaja Riady is deemed to have an interest in the Units in which HKC Property has a deemed interest, as well as a deemed interest in the HCL Units, together with a deemed interest in the HKCTL Units in which LL has a deemed interest.
[17] LAAPL is jointly held by HKC Property and Admiralty. Accordingly, Admiralty is deemed to have an interest in the Units in which LAAPL has a deemed interest.
[18] ASML owns 100% of the voting shares in the capital of Admiralty. Accordingly, ASML is deemed to have an interest in the Units in which Admiralty has a deemed interest.
[19] ASMHL is the immediate holding company of ASML. Accordingly, ASMHL is deemed to have an interest in the Units in which ASML has a deemed interest.
[20] KC is the beneficial holder of more than 20% of the issued share capital of ASMHL. Accordingly, KC is deemed to have an interest in the Units in which ASMHL has a deemed interest.
[21] VY is the beneficial holder of more than 20% of the issued share capital of ASMHL. Accordingly, VY is deemed to have an interest in the Units in which ASMHL has a deemed interest.
[22] GT's direct interest arises from 52,744,246 Units held in his own name, and 344,469,642 Units held by the joint accounts of GT and CT.
[23] GT's deemed interest in the 215,570,352 Units held by Gold Pot Developments Limited arises from the powers granted to him under a power of attorney executed by Gold Pot Developments Limited dated 19 October 2016.
[24] CT's direct interest arises from 8,651,420 Units held in her own name and 344,469,642 Units held by the joint accounts of GT and CT.
[25] JY is the sole shareholder of Gold Pot Developments Limited and holds not less than 20% interest in Senz Holdings Limited. Accordingly, JY has a deemed interest in the 215,570,352 Units held by Gold Pot Developments Limited, as well as a deemed interest in 8,687,351 Units held by Senz Holdings Limited.
[26] The unitholding percentage is calculated based on 5,392,459,363 issued Units as at 9 March 2020.

PUBLIC FLOAT

Rule 723 of the Listing Manual of SGX-ST requires that at least 10% of the total number of issued units that is listed on the SGX-ST is at all times held by the public. Based on information available to the Manager as at 9 March 2020, approximately 35.81% of OUE C-REIT's Units were held in the hands of the public.

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Corporate Information

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Email: enquiry@ouect.com
SGX Code: TS0U
Bloomberg: OUECT SP

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BOARD OF DIRECTORS

Mr Lee Yi Shyan
Chairman and Non-Independent Non-Executive Director

Mr Christopher James Williams
Deputy Chairman and Non-Executive Non-Independent Director

Mr Loh Lian Huat
Lead Independent Director

Mr Liu Chee Ming
Independent Director

Mr Ong Kian Min
Independent Director

Ms Usha Ranee Chandradas
Independent Director

Ms Tan Shu Lin
Chief Executive Officer and Executive Director

AUDIT AND RISK COMMITTEE

Mr Liu Chee Ming
Chairman

Mr Loh Lian Huat

Mr Ong Kian Min

Ms Usha Ranee Chandradas

NOMINATING AND REMUNERATION COMMITTEE

Mr Ong Kian Min
Chairman

Mr Loh Lian Huat

Mr Christopher James Williams

COMPANY SECRETARY

Ms Jackie Thia

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Partner-in-charge: Mr Koh Wei Peng
(Appointed since the financial year ended 31 December 2017)

COMMERCIAL
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