OUE COMMERCIAL REIT

# ONWARD

## Strength in Commitment

Annual Report 2020

OUE C-REIT began 2020 on a positive note, with a strong and well-diversified portfolio on the back of the successful merger with OUE Hospitality Trust in September 2019. However, the subsequent outbreak of the COVID-19 pandemic caused an unprecedented public health and socioeconomic crisis, which impacted all businesses. Undaunted, the Manager remains unwavering in our commitment to realise our long-term vision for OUE C-REIT, and fulfil our mission of delivering stable distributions and achieving sustainable growth in returns for Unitholders.


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.

OUE C-REIT is one of the largest diversified Singapore REITs ("S-REITs") with total assets of S$6.8 billion as at 31 December 2020. 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 upper upscale hotel rooms.

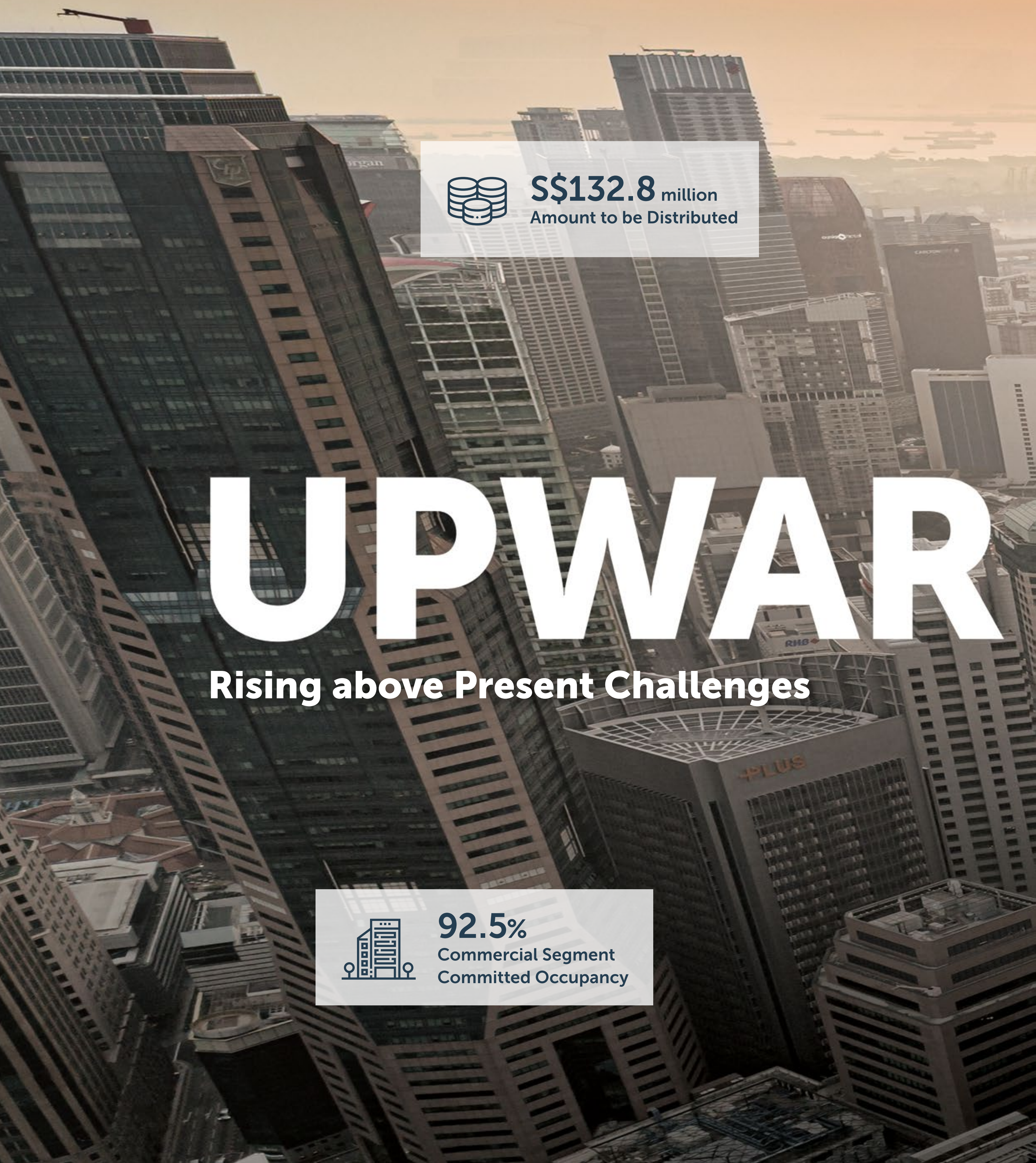
OUE C-REIT invests in income-producing real estate used primarily for commercial purposes (including real estate used primarily for office and/or retail purposes) in financial and business hubs, hospitality and/or hospitality-related purposes, as well as real estate-related assets.

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.

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").

## CONTENTS

The outbreak of the COVID-19 pandemic has brought about economic disruption on an unprecedented scale, impacting businesses worldwide. By adopting proactive asset management strategies, seeking out alternatives to boost accommodation demand for the hotels, as well as prioritising cost management and cash conservation to maintain financial flexibility, OUE C-REIT remains poised to rise above the present challenges.



**S$132.8 million**
Amount to be Distributed

# UPWAR

## Rising above Present Challenges

**92.5%**
Commercial Segment Committed Occupancy


D

**2.43 cents**
Distribution per Unit

# KEY HIGHLIGHTS

Distribution per Unit ("DPU")
(FY 2020)

**2.43 cents**

Net Asset Value ("NAV") per Unit
(As at 31 December 2020)

**S$0.59**

Commercial Segment
Committed Occupancy
(As at 31 December 2020)

**92.5%**

Aggregate Leverage
(As at 31 December 2020)

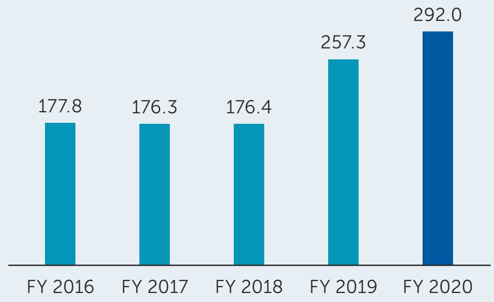
**41.2%**

Weighted Average
All-in Cost of Debt
(As at 31 December 2020)

**3.0% p.a.**

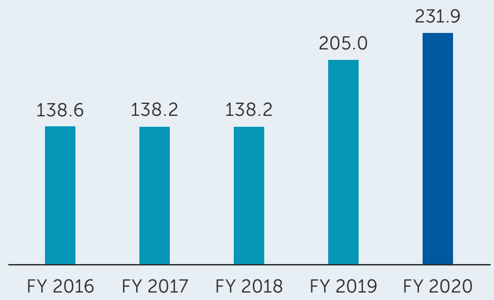
## REVENUE
(S$ million)

**13.2%**
CAGR



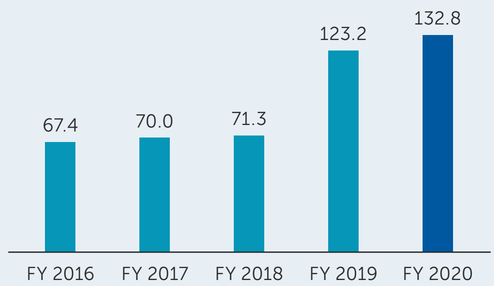

## NET PROPERTY INCOME
(S$ million)

**13.7%**
CAGR



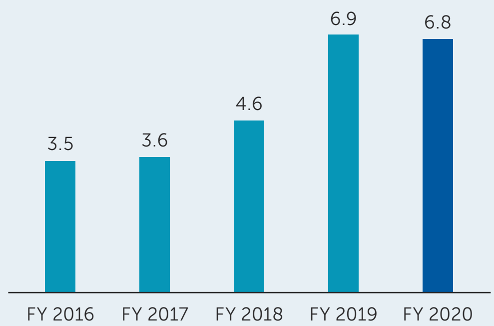

## AMOUNT TO BE DISTRIBUTED
(S$ million)

**18.5%**
CAGR




## TOTAL ASSETS
(S$ billion)

**18.3%**
CAGR



## FINANCIAL HIGHLIGHTS

| | FY 2020 (S$'000) | FY 2019 (S$'000) | Change (%) |
|---|---|---|---|
| Revenue | **292,007** | 257,329 | 13.5 |
| Net Property Income | **231,890** | 204,951 | 13.1 |
| Amount to be Distributed | **132,822**[1] | 123,214[2] | 7.8 |
| DPU (cents) | **2.43** | 3.31 | (26.6) |

## BALANCE SHEET HIGHLIGHTS

| | As at 31 December 2020 |
|---|---|
| Total Assets (S$'000) | **6,766,398** |
| Total Borrowings[3] (S$'000) | **2,664,142** |
| Unitholders' Funds (S$'000) | **3,177,972** |
| Market Capitalisation (S$'000) | **2,087,280** |
| Number of Units in Issue and to be Issued ('000) | **5,427,850** |

## KEY FINANCIAL RATIOS

| | As at 31 December 2020 |
|---|---|
| Aggregate Leverage (%) | **41.2** |
| Weighted Average All-in Cost of Debt (% per annum) | **3.0** |
| Weighted Average Term of Debt (years) | **2.3** |
| Interest Cover Ratio (times) | **2.7** |
| NAV per Unit (S$) | **0.59** |
| Total Operating Expenses[4] to NAV (%) | **2.8** |

1 After retention of S$5.0 million of capital distribution, in addition to S$6.0 million for ongoing working capital requirements for the hospitality segment

2 After retention of S$1.5 million for ongoing working capital requirements for the hospitality segment post completion of the merger with OUE Hospitality Trust in September 2019

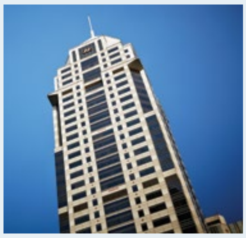
3 Includes OUE C-REIT's share of OUB Centre Limited's loan. OUE C-REIT's interest in One Raffles Place is held via its indirect interest in OUB Centre Limited

4 Total operating expenses (including all fees and charges paid/payable to the Manager and interested parties) amount to approximately S$88.6 million and comprise property operating expenses, Manager's management fees, trustee fees, depreciation and amortisation expenses, and other trust expenses

# PROPERTIES AT A GLANCE

As at 31 December 2020

- 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 OUB Centre 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:*<br>99-year lease from 12 November 2007<br>*OUE Link:*<br>15-year lease from 26 March 2010<br>*Underpass:*<br>99-year lease from 7 January 2002 | *One Raffles Place Tower 1:*<br>841-year lease from 1 November 1985<br>*One Raffles Place Tower 2:*<br>99-year lease from 26 May 1983<br>*One Raffles Place Shopping Mall:*<br>• approximately 75% of the net lettable area ("NLA") of the retail podium is on a 99-year lease from 1 November 1985<br>• 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[2]** | S$1,181.0 million | S$1,799.7 million | S$900.0 million | RMB2,680.0 million (S$545.6 million) |
| **FY 2020 Revenue** | S$59.1 million | S$73.6 million | S$43.0 million | S$26.0 million |
| **Committed Occupancy/RevPAR[3]** | Overall: 99.8%<br>Office: 100.0%<br>Retail: 96.6% | Overall: 92.5%<br>Office: 92.1%<br>Retail: 94.8% | 92.1% | Overall: 86.4%<br>Office: 86.5%<br>Retail: 85.4% |
| **Net Lettable Area** | 37,146.9 sq m | 65,465.5 sq m | 49,293.4 sq m | 39,259.2 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 Based on independent valuation carried out as at 31 December 2020
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 international brands. | Mandarin Orchard Singapore is a renowned upper 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$473.0 million | S$1,157.0 million | S$468.5 million |
| S$22.8 million | S$45.0 million | S$22.5 million |
| 91.1% | FY 2020 RevPAR: S$75 | FY 2020 RevPAR: S$118 |
| 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[2]

| | % |
|---|---|
| One Raffles Place | 27.6 |
| OUE Bayfront | 18.1 |
| Mandarin Orchard Singapore | 17.7 |
| OUE Downtown Office | 13.8 |
| Lippo Plaza | 8.4 |
| Crowne Plaza Changi Airport | 7.2 |
| Mandarin Gallery | 7.2 |

## FY 2020 REVENUE CONTRIBUTION BY PROPERTY

| | % |
|---|---|
| One Raffles Place | 25.2 |
| OUE Bayfront | 20.3 |
| Mandarin Orchard Singapore | 15.4 |
| OUE Downtown Office | 14.7 |
| Lippo Plaza | 8.9 |
| Mandarin Gallery | 7.8 |
| Crowne Plaza Changi Airport | 7.7 |

## FY 2020 REVENUE CONTRIBUTION BY SEGMENT

| | % |
|---|---|
| Office | 62.1 |
| Hospitality | 23.1 |
| Retail | 14.8 |


Hilton's flagship hotel in Singapore and its largest in Asia-Pacific in 2022

OUE C-REIT stays dynamic and ready to take advantage of arising opportunities to drive future growth for the benefit of Unitholders. Capitalising on the weak operating environment caused by COVID-19, OUE C-REIT is embarking on the transformational re-branding of Mandarin Orchard Singapore to Hilton Singapore Orchard. The timely asset enhancement positions the hotel to benefit from the eventual recovery of the hospitality sector, supported by income assurance to Unitholders under the minimum rent component in the master lease during the renovation and ramping-up period.

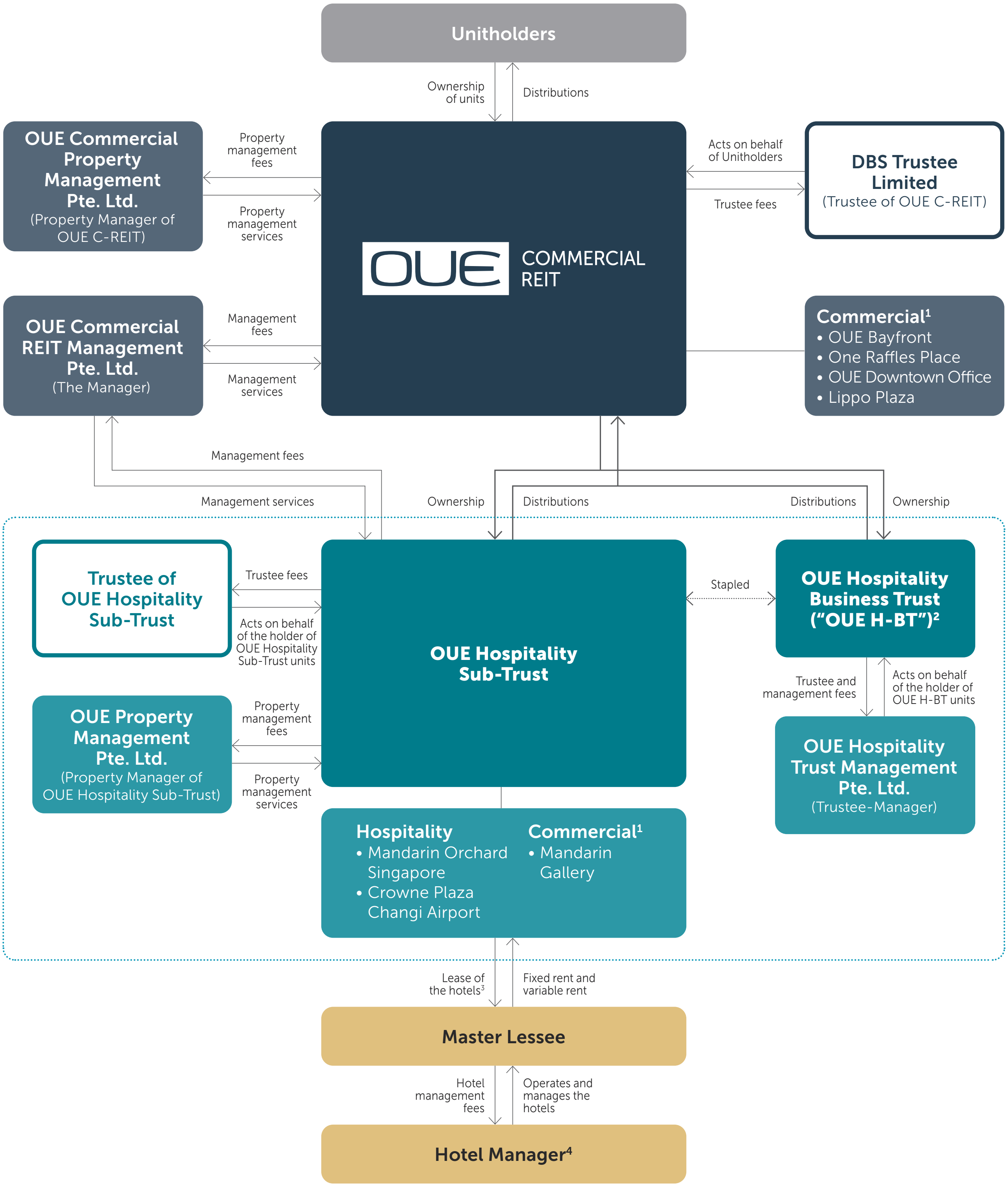
# OWARD

## Realising Stronger Capabilities

**1,080** rooms
Newly Re-branded
Hilton Singapore Orchard

**S$45.0** million p.a.
Mandarin Orchard Singapore
Minimum Rent

# 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:

## KEY STRATEGIES

### 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[1] 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 hotel managers optimise the performance of the hotels.

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

### VALUE-ENHANCING INVESTMENT MANAGEMENT

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.

The right of first refusal over the Sponsor's income-producing commercial[1], hospitality and/or integrated development properties provides OUE C-REIT with access to potential future acquisition opportunities. In addition to sourcing third-party acquisitions on its own, the Manager also leverages the Sponsor's experience and network of contacts to source value-adding acquisitions.

The Manager also seeks to capitalise on opportunities for portfolio reconstitution where appropriate, by unlocking value from existing assets at an optimal stage of their life cycle and redeploying divestment proceeds into higher-yielding properties or other value-creating opportunities to enhance long-term returns.

### 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 sustainable 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


FO

**26.1%**
Premium of Agreed Value to Purchase Consideration

Our long-term commitment to deliver sustainable growth and value to Unitholders remains unwavering despite the present challenges. The divestment of a 50% stake in OUE Bayfront is in line with the Manager's active portfolio management strategy to realise the value of capital appreciation and enhance returns for Unitholders while still maintaining significant exposure to the resilient Singapore CBD office market. The divestment also provides OUE C-REIT the opportunity to optimise its capital structure and increase financial flexibility.

**S$1,267.5 million**
Agreed Value of OUE Bayfront

# RWARD

## Driving Sustainable Growth

**S$262.6 million**
Estimated Net Divestment Proceeds

# LETTER TO UNITHOLDERS

Dear Unitholders,

2020 was an extraordinary year marked by the COVID-19 pandemic. The global economy was sent into a tailspin due to weakened demand and supply chain disruptions, as border closures and other movement control measures were imposed to slow the spread of the disease.

Though OUE C-REIT's business started off well in 2020, the increasingly tighter pandemic control measures implemented by the Singapore government from February 2020 led to severe economic disruption. Amongst the most adversely affected sectors were tourism and aviation. Consequently, the hospitality and retail components of our portfolio faced significant headwinds.

We responded to the challenges swiftly and decisively to stabilise and sustain OUE C-REIT's operations. We proactively focused efforts on tenant retention to maintain occupancy. To tighten operating costs, non-essential capital and operating expenditure were suspended across OUE C-REIT's properties. On the capital management front, various strategies to manage OUE C-REIT's cash flow and maintain financial flexibility were also employed.

To help tenants, we rolled out various relief measures such as rental rebates, flexible payment and other assistance schemes to eligible tenants. In FY 2020, OUE C-REIT committed approximately S$18.3 million of rental rebates to tenants, in addition to an estimated S$21.9 million of support from the Singapore government.

Even as we tackled the immediate challenges posed by the pandemic in FY 2020, we did not lose sight of the long-term goal of creating value and sustainable growth for Unitholders.

To capitalise on the weak hospitality operating environment, we will be embarking on the transformational re-branding of Mandarin Orchard Singapore to Hilton Singapore Orchard. The challenges faced by the hospitality segment presented a timely opportunity for us to undertake this asset enhancement initiative ("AEI") to position the property to benefit from the expected recovery in the Singapore hospitality sector when the border control measures are relaxed.

As part of our active portfolio management to enhance value for Unitholders, in January 2021 we announced the divestment of a 50% interest in OUE Bayfront, OUE Tower and OUE Link (the "OUE Bayfront property") to a fund managed by Allianz Real Estate Asia Pacific Pte. Ltd.. The agreed value of S$1,267.5 million or S$3,170 per square foot ("psf") represented a premium of 7.3% over the OUE Bayfront property's book value and 26.1% over the purchase consideration for the property at listing. The divestment allows OUE C-REIT to realise the value of capital appreciation of a well-managed, premium Grade A commercial asset. In retaining a 50% stake, OUE C-REIT continues to maintain significant exposure to the Singapore office market, which has demonstrated resilience amidst a challenging operating landscape. Further, the divestment proceeds provide the opportunity to optimise OUE C-REIT's capital structure, increasing financial flexibility to consider value-enhancing options to drive further returns for Unitholders.

The two above-mentioned strategic initiatives would not have been possible without the merger with OUE Hospitality Trust (the "Merger"). Post Merger, OUE C-REIT's enlarged portfolio and capital base has allowed us to undertake larger AEIs and other value-creating opportunities. The more diversified portfolio has also reduced concentration risk, and augmented our range of investment management strategies, including asset recycling to unlock value from OUE C-REIT's portfolio.

As we continue to navigate the fluid operating landscape, the successful execution of our sound asset, investment and capital management strategies will continue to stand OUE C-REIT in good stead.

### FINANCIAL REVIEW

OUE C-REIT reported revenue of S$292.0 million in FY 2020, a 13.5% increase year-on-year ("YoY"), with net property income of S$231.9 million which was 13.1% higher YoY, due to the full-year contribution from Mandarin Gallery, Mandarin Orchard Singapore and Crowne Plaza Changi Airport upon completion of the Merger. The increase was partially offset by rental rebates granted to eligible tenants during the year.

To maintain financial flexibility, S$5.0 million of capital distribution was retained, in addition


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

**MS TAN SHU LIN**
*Chief Executive Officer and Executive Director*

to S$6.0 million for ongoing working capital requirements for the hospitality segment. As a result, amount to be distributed for FY 2020 was S$132.8 million, 7.8% higher YoY. FY 2020 distribution per Unit ("DPU") was 2.43 cents, compared to 3.31 cents DPU in FY 2019 due to the enlarged unit base as a result of the Merger.

As at 31 December 2020, OUE C-REIT's portfolio of investment properties was valued at S$6,524.8 million[1], representing a 3.2% YoY decrease. The decline was due mainly to lower valuations for the hotel and retail components of the portfolio given the impact of COVID-19. This translated to a net asset value per Unit of S$0.59.

## STABLE PORTFOLIO PERFORMANCE

The Singapore office segment, anchored by prime Grade A landmark assets with a diversified tenant base, was the major contributor to OUE C-REIT's portfolio revenue in FY 2020. Amidst the business uncertainty, office leasing momentum and demand in Singapore were dampened by occupiers' focus on cost efficiency. OUE C-REIT's Singapore office portfolio committed occupancy declined 1.6 percentage points YoY to 94.1% as at 31 December 2020. Nevertheless, the portfolio continued to achieve positive rental reversions throughout the year ranging from 5.3% to 20.1% which resulted in a YoY increase in average passing rents.

For the hospitality segment, restrictions on inbound visitors to Singapore have significantly impacted demand for OUE C-REIT's hotel properties in FY 2020. While alternative sources such as Stay-Home Notice business, workers affected by border controls, local residents for staycations, as well as air crew have supported demand, revenue per available room ("RevPAR") performance was adversely impacted. However, the minimum rent component of S$67.5 million per annum under the master lease arrangements of the hotel properties has provided vital downside protection to OUE C-REIT's earnings.

[1] Based on independent valuation carried out as at 31 December 2020

# LETTER TO UNITHOLDERS

Due to the continued operating challenges facing retailers reliant on tourists and other short-term visitors, Mandarin Gallery's committed occupancy declined to 91.1% as at 31 December 2020. Including short-term leases to support tenants' space requirements, committed occupancy was 96.4%. Although prime retail market rents corrected 15.8% YoY, the average retail passing rent of the property remained stable at S$22.42 psf per month as of December 2020.

In the second half of 2020, central business district ("CBD") Grade A office demand in Shanghai rebounded on the back of the recovery in China's economy. However, leasing competition continued to be intense amongst landlords due to significant new office supply during the year. Consequently, the committed office occupancy for Lippo Plaza declined YoY to 86.5% as at 31 December 2020. Average passing rent edged down 2.7% YoY to RMB 9.39 per square metre per day as of December 2020.

## ENHANCING PORTFOLIO RESILIENCE

The government continues to invest in new tourism infrastructure to position Singapore for the progressive recovery in global tourism. We believe that the long-term outlook for the Singapore hospitality segment remains favourable, and hence prioritised the re-branding of Mandarin Orchard Singapore to Hilton Singapore Orchard in order to future-proof OUE C-REIT's hotel portfolio.

Asset enhancement works will be carried out in phases throughout 2021. Upon its re-launch in 2022, the property will be the largest Hilton hotel in the Asia-Pacific and Hilton's flagship in Singapore, featuring 1,080 well-appointed rooms with 3,765 square metres of meeting facilities including three ballrooms. The re-branding leverages on Hilton's strong brand recognition as well as its global sales and distribution network, enhancing the property's competitive positioning amongst other upper upscale hotels along Orchard Road. Through the highly successful Hilton Honors guest loyalty programme with more than 100 million members worldwide, the property is well-placed to drive more direct booking business.

In keeping with cost containment strategies, we have also prioritised the completion of AEIs which would deliver cost savings, as well as support the marketability and resilience of OUE C-REIT's property portfolio. These included the replacement of chillers to increase energy efficiency at OUE Bayfront as well as the upgrading of common corridors and restrooms at OUE Downtown Office.

## PRUDENT AND PROACTIVE CAPITAL MANAGEMENT

During the year, OUE C-REIT established a S$2.0 billion multicurrency debt issuance programme, subsequently issuing an inaugural S$100.0 million of five-year 4.0% fixed rate notes in June 2020. Further, we secured S$900.0 million of bank facilities, completing the refinancing of debt due in 2020, as well as more than half of OUE C-REIT's borrowings due in 2021 ahead of expiry. Consequently, only S$370.0 million, or approximately 14% of OUE C-REIT's total debt, remains due in FY 2021 as at 31 December 2020.

OUE C-REIT's aggregate leverage was 41.2% as at 31 December 2020, a slight increase YoY given the lower portfolio valuation. Overall, the weighted average cost of debt was lower at 3.0% per annum and the average term of OUE C-REIT's debt portfolio was 2.3 years.

Our forward-looking refinancing activities are aligned with our prudent and proactive approach to capital management.

In line with our objective of delivering long-term sustainability in DPU, we have elected to receive 50% of our base management fees in cash with the balance in Units commencing from 3Q 2020, an increase from 20% previously.

## SUSTAINABILITY REPORTING

In 2020, we conducted a review of the approach and disclosures in our sustainability report to further enhance the quality of reporting.

It was a timely review as the COVID-19 pandemic and the resultant business disruption has brought on an increased focus on environmental, social and governance related risks and their business implications. While the pandemic is a once-in-a-generation event, we remain committed to maintaining a strong focus on long-term priorities for the continuity and stability of our operations.

We are thus pleased to present our fourth Sustainability Report. In addition to sharing our sustainability efforts in the past year, we have strengthened our sustainability strategy together with the sponsor, OUE Limited. In particular, we reprioritised as well as added service quality, innovation and cyber security as new material topics to better reflect OUE C-REIT's sustainability focus areas. New long-term targets have also been set to direct us towards realising our ambitions.

**LOOKING AHEAD**

The Ministry of Trade and Industry in Singapore has projected GDP growth of 4.0% to 6.0% in 2021, a rebound off the low base of the 5.4% contraction in 2020. Recovery is expected to be gradual and driven by the performance of the global economy, which is dependent on factors such as the speed of vaccine deployment, the possible emergence and spread of new strains of the virus, as well as the strength of policy support.

In view of the uncertain economic outlook, occupiers are likely to continue to focus on cost efficiency, and renewals are expected to be predominant with some right-sizing adding to pressure on office occupancy and rents. Against the backdrop of limited office supply in Singapore, prospects for office rental growth in 2021 would depend largely on the impact of the expected expansion in economic activity on the back of the vaccine rollout.

COVID-19 has prompted occupiers to rethink their office space and the way business is conducted. However, the office environment has a key role to play in providing opportunities for collaboration, employee engagement as well as building company culture and identity. Further, corporates will continue to value the advantages of having headquarters located in the CBD, in terms of image and reputation building, proximity to clients and business partners, as well as the excellent connectivity and accessibility. Hence, while the demand for and use of office space will continue to evolve, we believe that an office environment remains relevant, with hybrid working arrangements incorporating a mix of working from home and in the office to prevail.

## We believe that the long-term outlook for the Singapore hospitality segment remains favourable, and hence prioritised the re-branding of Mandarin Orchard Singapore to Hilton Singapore Orchard in order to future-proof OUE C-REIT's hotel portfolio.

The stable committed occupancy of OUE C-REIT's Singapore office properties and diversified tenant base is expected to underpin the resilience of the office segment. OUE C-REIT's office portfolio accounted for 62.1% of total revenue in FY 2020.

According to the United Nations World Tourism Organization, the demand for international outbound travel remains weak, and a return to 2019 levels in terms of international arrivals could take between two-and-a-half to four years. The Singapore Tourism Board also expects international travel to take between three to five years to recover to pre-pandemic levels. While the Singapore hospitality segment is expected to face a prolonged downturn, the minimum rent component embedded in the master lease agreements of OUE C-REIT's hotel portfolio provides significant downside protection.

The outlook for the Singapore retail sector is expected to remain weak, given the continued structural and operational challenges facing retailers relying on short-term visitors and office-based employees. Tenant retention remains a focus and we are committed to working with tenants, including the adoption of flexible leasing strategies, to boost and sustain occupancy at Mandarin Gallery to navigate through this challenging period.

# LETTER TO UNITHOLDERS

China is set to be the only major economy to register positive GDP growth of 2.3% in 2020, with the resumption in business activities after successfully containing the COVID-19 outbreak ahead of other major economies. China's return to growth was driven by the surge in industrial production and exports but domestic consumption remains weak over concerns of pockets of resurgence in the virus. Nevertheless, backed by continued government stimulus, growth momentum is expected to maintain in 2021.

In Shanghai, while leasing demand rebounded in the second half of 2020 due to the pick-up in economic activity, the outlook for office occupancy and rents remain subdued in the medium term due to intense leasing competition amidst a significant supply which only peaks in 2022. Despite the present challenges, Shanghai's long-term prospects remain robust by virtue of its status as one of China's key gateway cities and ambitions to build itself into a global financial and innovation hub. Lippo Plaza contributed approximately 8.9% to OUE C-REIT's FY 2020 revenue and just 16.3% of gross rental income is due for renewal in 2021.

In the immediate future, while challenges remain in OUE C-REIT's operating environment, we will continue to focus our proactive asset management efforts to retain and attract new tenants. We believe OUE C-REIT's high-quality property portfolio will continue to yield a resilient performance, supported by our track record and expertise in ensuring the optimal performance of assets to achieve sustainable revenue and net property income.

Prudent and disciplined capital management remains a key strategic focus in the medium term. We will continue to proactively refinance borrowings ahead of maturity, diversify funding sources, and strengthen OUE C-REIT's balance sheet to maintain financial flexibility while keeping borrowing costs stable.

In the longer term, we will continue to explore asset recycling opportunities, as well as seek growth opportunities through value-adding acquisitions, to enhance value for Unitholders.

**ACKNOWLEDGMENTS**

On 1 September 2020, Mr Christopher James Williams, who joined the Board of Directors in 2013, stepped down as Deputy Chairman, Non-Independent Non-Executive Director. At the same time, Mr Brian Riady was appointed to the Board as Non-Independent Non-Executive Director. We would like to thank Mr Williams for his invaluable guidance to management and his contributions over the years, and extend a warm welcome to Mr Riady.

In closing, we would like to express our appreciation to the members of the Board of Directors for their keen insights and active participation in Board engagements and discussions. Our gratitude also goes to the management team and our employees for their continued dedication and commitment in steering OUE C-REIT through the challenges faced during the year.

We are grateful to our tenants and business partners and above all, our Unitholders for their unwavering trust and support. Together, we can rise above the present challenges and progress onwards, grounded by our strong commitment to deliver sustainable long-term growth and value for Unitholders.

**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

尊敬的信托单位持有人，

2020年遭受2019冠状病毒（“冠病疫情”）肆虐，成为历来前所未有的一年。为了扼制疫情的蔓延，各国政府实施边境封闭和其他行动管制措施，导致全球经济因需求疲弱和供应链中断而陷入逆境。

华联企业商业房地产投资信托（“本信托”）于2020年有个良好的开端，但是从2月起，新加坡政府开始逐步收紧疫情管制措施因而导致经济严重衰退。其中受影响最大的是旅游业和航空业，本信托投资组合中的酒店和零售业也因此面临激烈的逆风。

纵然如此，管理人快速果断地应对，平稳维持本信托的营运。我们积极专注保留租户，以维持出租率。为了削减营运成本，我们暂停所有本信托物业的非必要资本和营运支出。除此之外，我们也通过各种有效的资本管理策略，顺势操持本信托的现金流并维持财务灵活性。

为了协助租户渡过困境，我们推行了各种租金减免措施，如租金回扣、灵活付款和其他援助计划来帮助相关租户。除了新加坡政府给予约2,190万新元的援助，本信托于2020财政年度也另外提供了约1,830万新元的租金回扣给租户。

在奋力克服疫情所带来的挑战的同时，我们仍坚守为单位持有人创造价值和可持续增长的长期承诺。

鉴于酒店营运趋弱，我们将乘势推行资产提升项目，为新加坡文华大酒店重塑品牌为新加坡乌节希尔顿酒店。酒店业当前所面临的挑战为我们提供了进行资产提升的时机，让该物业能顺势在边境管制措施放宽之际，从新加坡酒店业预计复苏中受益。

作为本信托积极优化投资组合策略的一部分，我们于2021年1月宣布了将华联海湾大厦、华联圆楼和有盖冷气行人天桥OUE Link（“华联海湾房地产”）一半的权益脱售给安联不动产亚太区有限公司（“Allianz Real Estate Asia Pacific”）。买卖双方同意的价格为12亿6,750万新元或每平方英尺3,170新元，比华联海湾房地产的账面价值和上市初始购买价分别高出7.3%和26.1%。此外，这项脱售让本信托实现了优质甲级商业资产的升值。新加坡办公楼市场在艰难的营运环境中，仍然保持坚韧性。本信托通过保留50%权益，继续在本地办公楼市场占有一席之地。除此之外，脱售收益也为本信托提供一个优化资本结构与提高财务灵活性的机会，让我们有能力增进单位持有人的回报。

以上战略性的项目均与华联酒店信托的成功合并分不开。本信托在合并完成后，拥有更大的投资组合和资本基础，从而有能力实行更大的资产提升项目和其他价值创造机会。不仅如此，多元化的投资组合也减少本信托的集中风险，并优化了我们一系列的投资管理策略，包括资产回收以实现本信托的投资组合价值。

本信托在风云变幻格局中前行的同时，管理人稳健的资产、投资和资本管理策略将继续让本信托大受裨益。

### 财务审阅

本信托于2020财政年度的总收入和净物业收入分别对比上个财政年度上涨13.5%至2.920亿新元和13.1%至2.319亿新元。这主要归因于文华购物廊、新加坡文华大酒店和樟宜机场皇冠假日酒店合并完成后所贡献的全年收入。增长幅度有所缩小原因在于本信托于本财年期间给予相关租户的租金减免政策。

为了保持财务灵活性，除了酒店业所需的600万新元的持续营运资本，本信托也保留了500万新元的资本分派。因此，本财政年度的最终可派息金额为1.328亿新元，比去年同期上升7.8%。鉴于合并后信托单位规模扩大，每单位派息额从2019年的3.31分下调至本财政年度的2.43分。

截至2020年12月31日，本信托的物业投资组合估值为65亿2,480万新元[1]，同比下滑了3.2%，主要因冠病疫情影响，导致投资组合的酒店和零售组成估值下调。这使每单位资产净值为0.59新元。

### 平稳的营运表现

本财政年度为本信托贡献大部分的投资组合收入来自于以优质甲级地标资产和多元化租户群所构成的新加坡办公楼业。鉴于商业环境存在不确定因素，新加坡办公楼的租赁趋势和需求均因租户对成本效益的关注而受影响。本信托截至2020年12月31日的新加坡办公楼组合的锁定出租率下降了1.6个百分点至94.1%。尽管如此，该组合仍于本财政年度继续取得5.3%至20.1%的租金增长调整，同比平均租金有所上调。

[1] 根据2020年12月31日独立评估报告

# 致信托单位持有人之信函

酒店业方面，新加坡的入境限制使本信托的酒店物业需求在2020财政年度受到了冲击。尽管有其他客源，例如履行居家隔离令的人士、受边境管制措施影响的职员、入住酒店度宅假的国人、以及空服人员，但每间可入住客房收入还是受到负面影响。不过，本信托酒店组合的主租赁合约中每年6,750万新元的最低租金条款为本信托的收入提供了有效的下行保障。

鉴于依赖旅客和其他短期访客的零售商持续面临的营运挑战，文华购物廊截至2020年12月31日的锁定出租率下滑至91.1%。包括满足租户空间需求的短期租赁合约，锁定出租率为96.4%。纵然市场优质零售租金同比下滑15.8%，截至2020年12月该物业的平均租金仍维持平稳在每平方英尺每月22.42新元。

上海中央商业甲级办公楼需求在2020年的下半年因中国经济的复苏而有所回弹。不过因市场上有大量的新办公楼供应，租赁市场仍出现紧张的局势。截至2020年12月31日，力宝广场的锁定办公楼出租率同比下滑至86.5%，而平均租金则同比下行2.7%至每平方米每日人民币9.39元。

**提升投资组合的坚韧性**

政府继续投资建设新的旅游设施，为新加坡在渐进复苏的全球旅游业中奠定基础。我们坚信新加坡旅游业长期展望仍属乐观，因此把新加坡文华大酒店品牌重塑为新加坡乌节希尔顿酒店，以此为本信托的酒店组合巩固定位。

资产提升工程将于2021年分阶段进行，并于2022年重新揭幕。届时，翻新后的酒店将设有1,080间设备完善的客房，以及3,765平方米的会议设施，包括三间宴会厅。该物业不仅会是希尔顿酒店集团在我国的旗舰酒店，更是亚太区域最大的希尔顿酒店。品牌重塑凭借希尔顿强劲的品牌形象及其全球营销和分销网络，突显了本信托物业与其他乌节路高档酒店相比的竞争定位。通过希尔顿酒店集团旗下的希尔顿荣誉客会会员计划，该物业能触及全球超过1亿会员的直销市场。

我们在实施成本控制策略的同时，仍专注实现有助节省成本，并加强物业组合的市场定位和坚韧性的资产提升项目。其中包括更换华联海湾大厦的冷却塔，以提高能源效率，以及升级改造华联城办公楼的公共区域和卫生间。

**积极谨慎的资本管理**

在本财政年度里，本信托推出了一项20亿新元的多币种债务发行计划，并于2020年6月发行了首批1亿新元的5年期4.0%固定利率票据。此外，我们获得9亿新元的银行贷款，让本信托不仅完成2020年再融资需求，也提前为超过半数于2021年到期的借款提供再融资款项。因此，截至2020年12月31日，本信托于2021财政年度到期的贷款数额为3.7亿新元或占总债务之约14%。

**我们坚信新加坡旅游业长期展望仍属乐观，因此把新加坡文华大酒店品牌重塑为新加坡乌节希尔顿酒店，以此为本信托的酒店组合巩固定位。**

截至2020年12月31日，本信托的总杠杆率为41.2%。该比率鉴于较低的投资组合估值，杠杆率同比小幅度增加。整体而言，平均年利率下降至3.0%，而债务组合平均期限则为2.3年。

前瞻性的再融资项目均与我们一贯谨慎积极的资本管理做法看齐。

为了实现给单位持有人提供可持续的每单位派息的目标，管理人从2020年第3季度开始选择以现金收取50%的基本管理费，而余额则以单位形式领取报酬。这比之前20%的比例有所增加。

**可持续发展报告**

我们于2020年为本信托的可持续发展报告披露形式进行审阅，以进一步提升该报告的素质。

冠病疫情和其导致的业务中断现象促使社会更关注环境、社会和治理相关的风险及影响。疫情是全球百年一遇的公共卫生危机，但我们对本信托的长期营运持续性和稳定性仍保持坚定的承诺。

我们有幸能在此呈献第四份可持续发展报告。除了分享去年可持续发展的表现，我们还与保荐人，华联企业携手共同加强我们的可持续策略。其中，我们按重要性重新排列了可持续主题以及增加了提升服务水平、创新和网络安全发展为新的可持续主题，以更好的反映本信托所关注的可持续领域。除此之外，我们还制定了新的长期方针，与本信托的企业目标相得益彰。

**展望未来**

新加坡贸工部预计2021年国内经济增长将介于4.0%至6.0%之间，从我国经济去年萎缩5.4%的低点回弹。经济复苏步伐预计将是逐步的，且受全球经济表现影响，而其中推动因素包括疫苗注射的进展、新变种病毒出现与传播的可能性，以及政策支持的程度。

鉴于不确定的经济展望，租户可能将继续关注成本效益，以续租为优先选择。除此之外，续租合约涉及规模调整的考量，可能影响办公楼出租率和办公室租金。不过，基于新加坡有限的办公楼供应，2021年的办公室租金增长在很大程度上将依赖借助疫苗推行所带动的预计经济活动扩张来提振。

冠病疫情促使租户重新评估办公室空间需求和业务经营方式。尽管如此，办公室环境还是扮演着一个为企业提供合作机会、员工相互交流，以及塑造企业文化与标识的关键角色。除此之外，企业也继续重视在中央商业区设立总部的利好，包括提升形象和声誉、贴近客户和商业伙伴的便利，以及优越的交通连通性。因此，就算办公室空间的需求和用途将继续演变，我们仍坚信在结合居家和办公室办公的工作安排制度下，办公室环境还是能继续保持其存在的价值。

稳定的新加坡办公楼锁定出租率和多元化的租户群将巩固本信托办公楼组合的坚韧性。本信托的办公楼组合占2020财政年度总收入之62.1%。

世界旅游组织报告显示国际跨境出行需求仍然疲弱，要恢复至2019年的国际旅客到访人数则需要两年半至四年的时间。新加坡旅游局也预计国际旅行需要三到五年才能恢复至疫情前的水平。新加坡的酒店业预计将面临持续低迷的状态，主租赁合约中的最低租金条款将有助为本信托的酒店组合提供下行保障。

鉴于依赖短期访客和办公室职员的零售业者持续面对的结构性和营运挑战，新加坡零售业的景观将持续疲弱。我们继续关注续约事项，并致力与租户携手合作渡过当前的难关，其中包括通过采取灵活租赁策略来提升和维持文华购物廊的出租率。

中国领先其他主要经济体，成功于2020年控制冠病疫情，并恢复了国内的商业活动。这使中国2020年全年国内生产总值增长2.3%，成为全球唯一躲过经济萎缩的主要经济体。中国的经济复苏是由工业生产和出口激增所带动，但国内消费因冠病疫情的再现而疲软。尽管如此，在中国的财政刺激政策的持续支持下，预计在2021年将保持增长趋势。

上海办公楼需求虽然在2020年下半年因经济活动的恢复而有所回弹，但是办公楼供应过剩，需至2022年才达巅峰。鉴于所造成的激烈租赁竞争，办公楼出租率和办公室租金在中期内会受影响。纵然如此，上海作为中国重要门户城市，和其极力成为国际金融中心和创新枢纽的动态发展，上海的长期前景依然乐观。2020财政年度，力宝广场的贡献占本信托的总收入约8.9%，而于2021财政年度到期的总租金收入仅为16.3%。

虽然本信托在近期仍面临营运环境的挑战，管理人会继续积极管理投资组合，保留和吸引租户。凭借管理人以往优化营运表现的专业能力以及优良管理水平，我们坚信本信托的优质物业投资组合能继续呈献坚韧的业绩，实现可持续收入和物业净收入。

在中期，我们仍以审慎严谨的资本管理策略为主要方针，继续积极提前进行再融资，实现资金来源多元化并强化资产负债表，以维持财务灵活性和借贷成本稳定。

我们的长期规划继续专注于探索资产回收的机会，以及通过增值物业收购商机，为单位持有人提升投资价值。

**致谢感言**

2013年加入董事会的Christopher James Williams先生已于2020年9月1日卸下副主席兼非独立非执行董事的职务。与此同时，李江先生被委任为董事会的非独立非执行董事。我们要答谢Williams先生多年来给予管理层的宝贵指导及对本信托的无限贡献。我们也借此热烈欢迎李江先生的加入。

在最后，我们由衷感谢董事会的敏锐见解和踊跃参讨，也要感谢管理层和员工在这极具挑战的一年里，对本信托的持续奉献。

我们感激租户和业务伙伴，以及单位持有人对本信托管理的支持与信任。凭借坚定的信念，我们一定能共同克服挑战向前迈进，继续为单位持有人争取可持续的长期增长和价值。

**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 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, and to develop a cultural and economic bridge linking the world and China.

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 stepped down as an elected member of parliament in Singapore for the East Coast group representation constituency in July 2020.

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, including its US and China operations.

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 as a "Jiangsu Province Honorary Resident" in 2018.

**MR LOH LIAN HUAT**
*Lead Independent Director*

Mr Loh Lian Huat was appointed as an Independent 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") focused on property development and management of residential, commercial and mixed-use developments in China), and a non-independent non-executive director of EFA RET Management Pte Ltd, the trustee-manager of EFA Real Economy Trust.

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, a fund and asset management entity with an investment portfolio comprising predominantly commercial, retail and residential developments for sale 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, with oversight of its commercial, retail and rental apartment portfolio in China, Japan and South Korea.

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 Director*

Mr Liu Chee Ming was appointed as an Independent 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 was a member of the Takeovers Appeal Committee under the Hong Kong Securities and Futures Commission from May 1995 to March 2020, and the deputy chairman of the Takeovers and Mergers Panel from April 2008 to March 2020, where his duties included reviewing mergers and acquisition cases and dealing with the relevant appeals. He was appointed as a governor of the Singapore International School (Hong Kong) in May 2006, and appointed as the chairman of the board of governors in January 2020.

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 director of STT Communication Limited since September 2020. 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 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. As an independent non-executive director of Haitong Securities Co., Ltd. (a company headquartered in Shanghai and listed on the Hong Kong and Shanghai stock exchanges) from November 2011 to June 2019, Mr Liu was appointed chairman of the remuneration committee as well as audit committee member of the board. He was also an independent supervisor of the supervisory committee of Dalian Wanda Commercial Properties Co., Ltd. (a company which was listed on the Hong Kong Stock Exchange and privatised in September 2016) from May 2015 to March 2019, and an independent non-executive director of STT GDC Pte. Ltd. from October 2015 to September 2020.

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

**MR ONG KIAN MIN**
*Independent Director*

Mr Ong Kian Min was appointed as an Independent 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 from October 2000 until March 2019 with Singapore law firm Drew & Napier LLC where he remains as a non-practising consultant. 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 three fine dining Japanese restaurants in Singapore.

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

Mr Ong was the non-executive chairman and independent director of Hupsteel Limited from 2003 to 2017, and an independent non-executive director of (i) GMG Global Ltd from November 1999 until January 2017 following its

# BOARD OF DIRECTORS

delisting from the SGX-ST, (ii) Jaya Holdings Limited from December 2012 until its members' voluntary winding-up and liquidation in February 2018 and (iii) BreadTalk Group Limited from April 2003 to June 2020 following its delisting from the SGX-ST.

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 Director*

Ms Usha Ranee Chandradas was appointed as an Independent 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 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.

**MR BRIAN RIADY**
*Non-Independent Non-Executive Director*

Mr Brian Riady was appointed as a Non-Independent Non-Executive Director of the Board of the Manager on 1 September 2020. He serves as a member of the Nominating and Remuneration Committee of the Manager.

Mr Riady is presently the Deputy Chief Executive Officer and Executive Director of OUE Limited.

Mr Riady was previously the Chief Executive Officer of the Hospitality Division of OUE Limited from October 2018 to December 2019. Prior to joining the OUE Group, Mr Riady was Vice President of Strategy of Lippo Group Indonesia from 2013 to 2018. He also served as Group Chief Executive Officer of Lippo Group Indonesia's lifestyle and entertainment division, conceptualising and growing multiple concepts, developing over 150 food and beverage and entertainment outlets and expanding into over 30 cities across Indonesia. Prior to joining Lippo Group Indonesia, Mr Riady was an analyst at Credit Suisse's real estate, gaming and lodging investment banking group.

Mr Riady holds a Bachelor of Science (Political Communication) and a Bachelor of Arts (Economics) from the University of Texas at Austin, USA, and has also completed Executive Education programmes at Harvard Business School.

**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 the Manager 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 19 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. In this role, she was responsible for capital management in Singapore and China, 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 in Singapore and within the Asia-Pacific region, 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*

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 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 JLL 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 15 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.

**MR NG KOK KEONG**
*Vice President, Treasury and Corporate Finance*

Mr Ng assists the Chief Financial Officer in the treasury and corporate finance function of OUE C-REIT, and is responsible for matters relating to capital management, hedging, transactions structuring and corporate finance. Prior to joining the Manager, he has more than 12 years of working experience in capital management, corporate finance, asset and investment management with The Ascott Limited, Ascendas Hospitality Fund Management Pte. Ltd. and Ascendas Pte Ltd.

Mr Ng holds a Bachelor of Civil Engineering (Second Class Honours (Upper Division)) degree, a Master of Philosophy degree and a Master of Business Administration degree from Nanyang Technological University, Singapore, 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**
*Assistant Vice President, Finance*

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 Nanyang Technological University, Singapore. She is a Chartered Accountant (Singapore) with the Institute of Singapore Chartered Accountants.

# MANAGER'S REPORT

## FINANCIAL REVIEW

Net property income for FY 2020 was S$231.9 million, an increase of 13.1% year-on-year ("YoY") due primarily to contribution from the merger with OUE Hospitality Trust in September 2019 (the "Merger"). The increase was partially offset by rental rebates granted to support tenants due to the business disruption posed by the COVID-19 pandemic. OUE C-REIT committed approximately S$18.3 million of rental rebates to eligible tenants in FY 2020.

To preserve financial flexibility, S$5.0 million of capital distribution was retained, in addition to S$6.0 million for ongoing working capital requirements for the hospitality segment. Amount to be distributed for FY 2020 was S$132.8 million, 7.8% higher YoY. FY 2020 distribution per Unit ("DPU") was 2.43 cents, compared to FY 2019 DPU of 3.31 cents, due to the enlarged unit base as a result of the Merger.

FY 2020 DPU would have been 2.17 cents if the income support payments received by OUE C-REIT in relation to OUE Downtown Office were to be excluded.

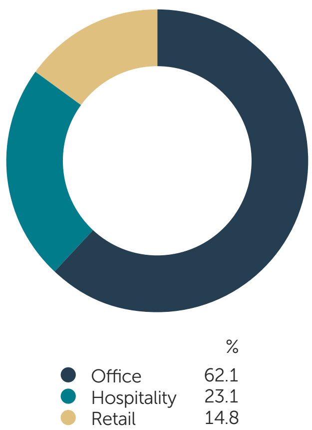
OUE C-REIT's distribution policy is to distribute at least 90% of its taxable income to its Unitholders on a semi-annual basis, with the actual level of distribution to be determined at the Manager's discretion. For the period from FY 2014[1] to FY 2020, OUE C-REIT has delivered a compound annual growth rate ("CAGR") of 17.9% in its distributions to Unitholders.

### Financial Results

| | **FY 2020 (S$'000)** | FY 2019 (S$'000) | Change (%) |
|---|---|---|---|
| Revenue | **292,007** | 257,329 | 13.5 |
| Net Property Income | **231,890** | 204,951 | 13.1 |
| Amount Available for Distribution | **143,822** | 124,714 | 15.3 |
| Less Distribution Retained[2] | **(11,000)** | (1,500) | NM |
| Amount to be Distributed | **132,822** | 123,214 | 7.8 |
| DPU (Cents) | **2.43** | 3.31 | (26.6) |

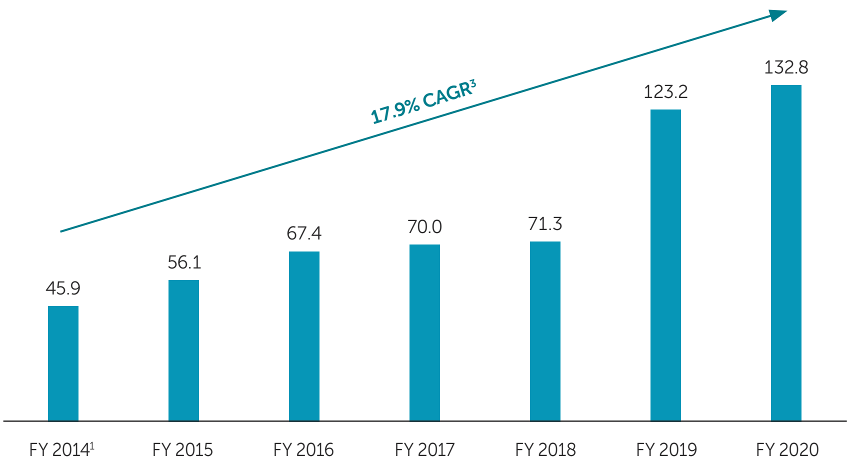
NM: Not meaningful

### FY 2020 Revenue Contribution by Segment




### Growth in Distributions from FY 2014 to FY 2020

(S$ million)




[1] Period from OUE C-REIT's listing date of 27 January 2014 to 31 December 2014
[2] To preserve financial flexibility, capital distribution of S$5.0 million was retained in FY 2020, in addition to S$6.0 million for ongoing working capital requirements for the hospitality segment. For FY 2019, given the Merger was completed on 4 September 2019, capital distribution of S$1.5 million was retained for ongoing working capital requirements for the hospitality segment
[3] 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

## PORTFOLIO REVIEW

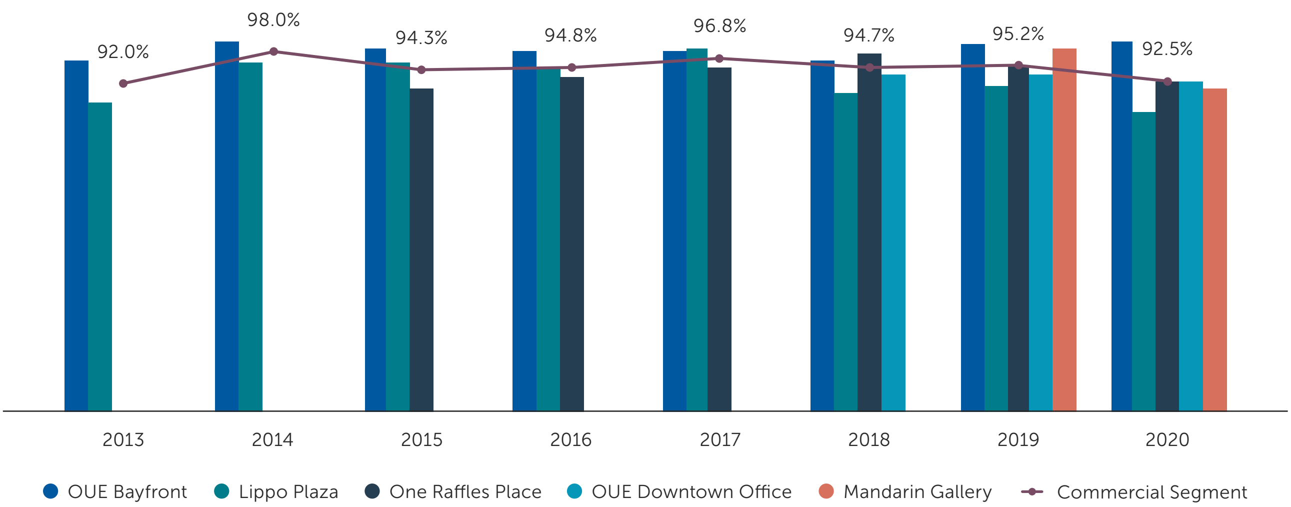
### Commercial[4] Segment

The impact of the COVID-19 pandemic weighed heavily on the economic outlook and business sentiment, dampening leasing momentum as well as office demand as occupiers in both Singapore and Shanghai focused on streamlining operating costs. Nevertheless, through the Manager's proactive portfolio management efforts, approximately 604,544 square feet of new leases and renewals were committed in 2020. New leases comprised about 24.6% of the space committed, with the demand supported by tenants from diverse trade sectors including Banking, Insurance & Financial Services; Accounting & Consultancy Services; Legal; Manufacturing & Distribution; Maritime & Logistics, as well as Pharmaceuticals & Healthcare. As at 31 December 2020, the committed occupancy for the commercial segment was 92.5%.

Singapore central business district ("CBD") office occupancy declined 2.6 percentage points ("ppt") YoY to 93.2% due to the weakened office demand, while CBD Grade A office rents corrected 9.3% in 2020 compared to the 5.4% growth in 2019. In comparison, the committed office occupancy for OUE C-REIT's Singapore properties recorded a milder decline of 1.6 ppt YoY to 94.1% as at 31 December 2020. The Singapore office property portfolio continued to enjoy positive rental reversions upon lease renewals during the year, ranging from 5.3% to 20.1%. As a result, average passing office rents were higher YoY for the Singapore portfolio as of December 2020.

As the epicentre of the outbreak, leasing demand in China was initially impacted more severely in the earlier part of 2020. However, with the pandemic coming under control ahead of other countries, leasing momentum rebounded in the second half of the year due to the economic recovery. Overall, due to significant new office completions during the year, and the expectation of a supply peak only in 2022, the Shanghai CBD Grade A office market occupancy declined 2.0 ppt YoY to 88.0% as at 31 December 2020. Lippo Plaza's committed office occupancy as at 31 December 2020 was 86.5%, while average passing rents declined to RMB9.39 per square metre ("psm") per day (S$5.40 per square foot ("psf") per month) as of December 2020 due to intense competition amongst landlords to retain tenants.

**Resilient Committed Occupancy**




[4] Commercial segment comprises the office and/or retail contribution from OUE Bayfront, One Raffles Place (67.95% effective interest), OUE Downtown Office, Lippo Plaza (91.2% strata interest) and Mandarin Gallery

# MANAGER'S REPORT

OUE C-REIT's Singapore retail segment (comprising Mandarin Gallery, One Raffles Place Shopping Mall as well as the retail components of OUE Bayfront) saw a significant decline in shopper traffic as it serves primarily the working population in the Singapore CBD and tourists. As borders remain closed in Singapore and office workers adopted remote working throughout the year, committed occupancy for the retail segment declined during the year.

With the gradual relaxation of pandemic measures in Singapore, both shopper traffic and sales at Mandarin Gallery have since recovered to approximately 80% and 70% of pre-COVID levels, respectively. The Manager remains focused on tenant retention, including the adoption of flexible leasing strategies to sustain occupancy. Mandarin Gallery's committed occupancy as at 31 December 2020 was 91.1%. Including short-term leases to support tenants' space requirements and evolving retail strategies, committed occupancy was 96.4%.

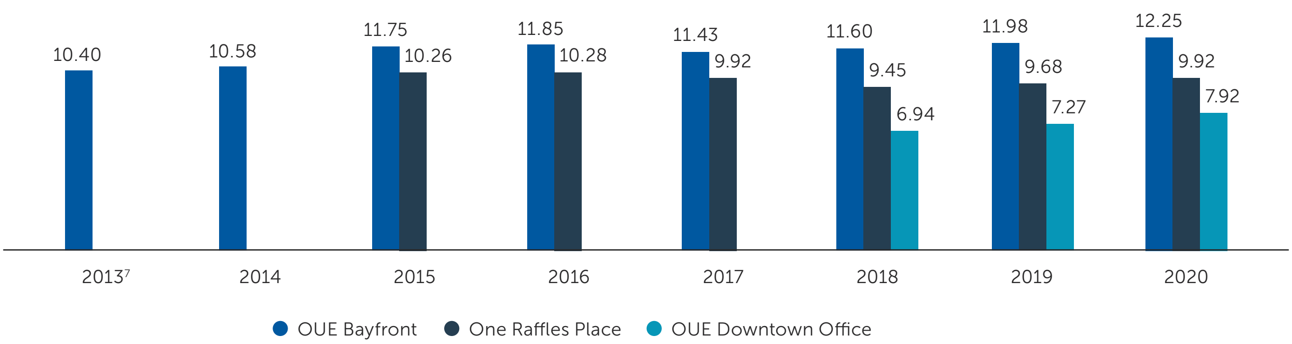
While the Manager prioritised maintaining occupancy, we also focused on cost containment strategies, including deferment of non-essential capital and operating expenditure, given the uncertain operating environment.

**FY 2020 Committed and Average Office Rents**

| | FY 2020 Range of committed office rents[5] | Average office passing rents[6] |
|---|---|---|
| OUE Bayfront | S$10.80 – S$15.30 psf per month | S$12.25 psf per month |
| One Raffles Place | S$8.00 – S$11.50 psf per month | S$9.92 psf per month |
| OUE Downtown Office | S$7.30 – S$9.20 psf per month | S$7.92 psf per month |
| Lippo Plaza | RMB5.50 – RMB10.90 psm per day<br>(S$3.16 – S$6.27 psf per month) | RMB9.39 psm per day<br>(S$5.40 psf per month) |

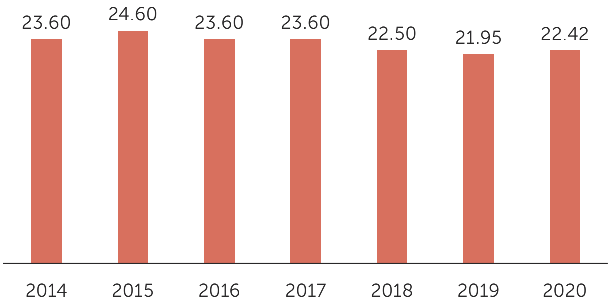
**Historical Average Passing Rents**

*Singapore Office*
(S$ psf per month)

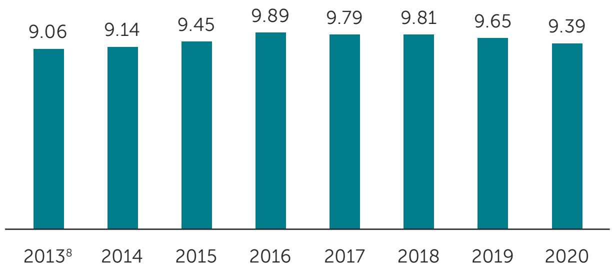



[5] Committed rents for renewals and new leases
[6] For the month of December 2020
[7] Pro forma average passing rents as at 30 September 2013 as disclosed in OUE C-REIT's prospectus dated 17 January 2014

*Mandarin Gallery*
(S$ psf per month)




*Lippo Plaza Office*
(RMB psm per day)



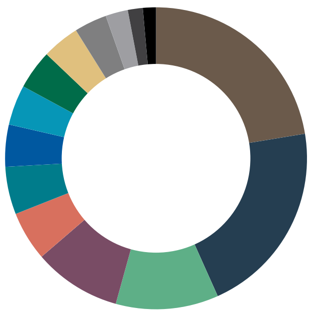

## Tenant Diversification

The Manager maintains a diverse tenant trade sector profile for OUE C-REIT's commercial segment so as to mitigate concentration risk. Outside of the Hospitality segment which contributed 22.4% to portfolio gross rental income, the Banking, Insurance & Financial Services, Accounting & Consultancy Services and Retail sectors contributed 20.9%, 11.0% and 9.4% respectively to OUE C-REIT's portfolio gross rental income as of December 2020.

The top 10 tenants accounted for 26.8% of OUE C-REIT's monthly gross rental income for the commercial segment as of December 2020.

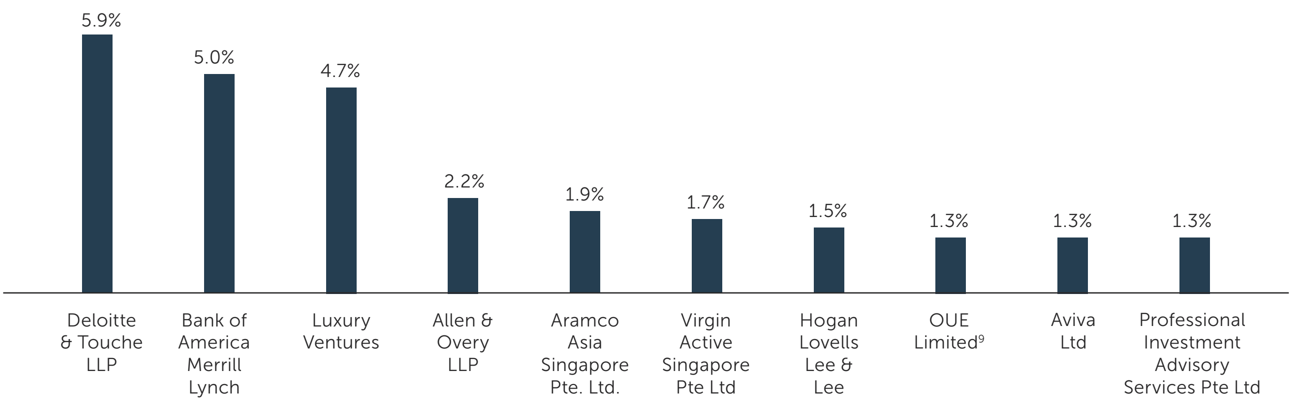
### Tenant Trade Sectors by Gross Rental Income

(For December 2020 and excluding retail turnover rent)



| | % |
|---|---|
| Hospitality | 22.4 |
| Banking, Insurance & Financial Services | 20.9 |
| Accounting & Consultancy Services | 11.0 |
| Retail | 9.4 |
| Food & Beverage | 5.3 |
| Energy & Commodities | 5.1 |
| Legal | 4.5 |
| Manufacturing & Distribution | 4.3 |
| Real Estate & Property Services | 4.2 |
| IT, Media & Telecommunications | 4.0 |
| Services | 3.5 |
| Maritime & Logistics | 2.4 |
| Others | 1.6 |
| Pharmaceuticals & Healthcare | 1.4 |

### Top 10 Tenants by Monthly Gross Rental Income




[8] Pro forma average passing rents as at 30 September 2013 as disclosed in OUE C-REIT's prospectus dated 17 January 2014

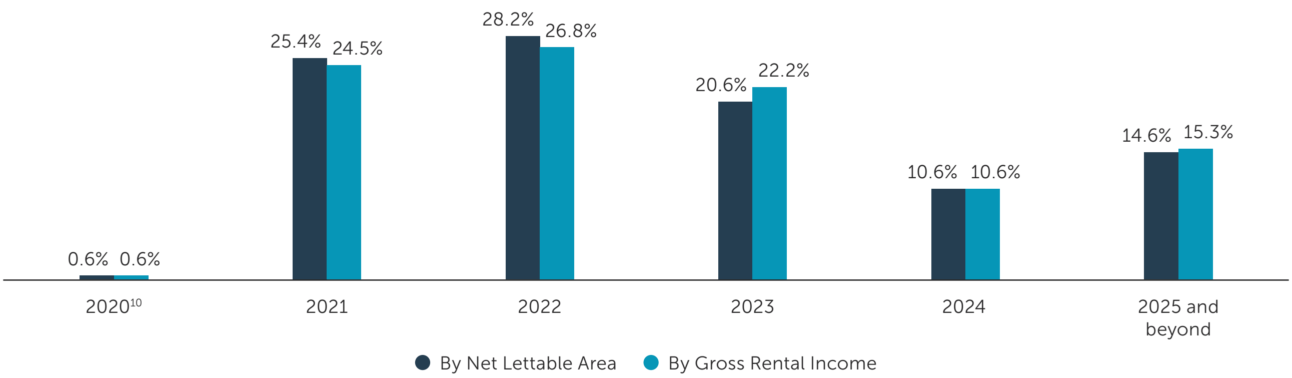
[9] Including the hotel master lease arrangements for Mandarin Orchard Singapore and Crowne Plaza Changi Airport, where OUE Limited is the master lessee, OUE Limited's contribution to OUE C-REIT's portfolio gross rental income is 23.5%

# MANAGER'S REPORT

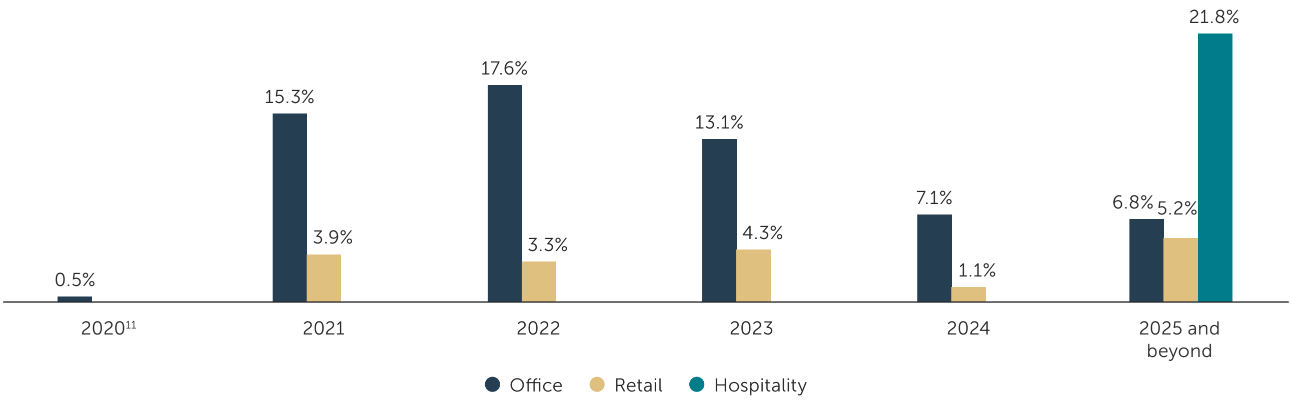
**Balanced Lease Expiry Profile**
To ensure stable and sustainable gross rental revenue, the Manager actively manages the lease expiry profile of each of OUE C-REIT's commercial properties to mitigate the concentration of lease expiries in any given year. The weighted average lease expiry of new leases entered into during the year was 3.2 years. New leases contributed 7.1% to OUE C-REIT's commercial segment gross rental income as at 31 December 2020.

For OUE C-REIT's commercial segment comprising office and retail leases, the weighted average lease term to expiry by gross rental income as at 31 December 2020 was 2.3 years. Overall, OUE C-REIT's portfolio, comprising commercial and hotel segments, has a weighted average lease term to expiry of 3.4 years as at 31 December 2020.

**Commercial Segment Lease Expiry Profile**




**Portfolio Lease Expiry Profile**
(by Gross Rental Income)




[10] As at 31 December 2020, leases expiring on 31 December 2020 contributing 0.6% of commercial segment net lettable area and gross rental income had not been renewed

[11] As at 31 December 2020, office leases expiring on 31 December 2020 contributing 0.5% of portfolio gross rental income had not been renewed

## Hospitality Segment

Mandarin Orchard Singapore and Crowne Plaza Changi Airport saw a strong start to 2020 with both properties achieving significant YoY increases in revenue per available room ("RevPAR") in January. As the COVID-19 situation evolved, the progressive imposition of travel restrictions and safe distancing measures by the authorities led to significant loss of accommodation demand from tourists, as well as postponement and cancellation of planned meetings, incentives, conferences and exhibitions ("MICE") and social events.

Demand for OUE C-REIT's hotels in FY 2020 was supported by alternative sources such as workers affected by border shutdowns, inbound travellers serving out Stay-Home Notices, and local residents for staycations. Due to its strategic location in the airport vicinity, Crowne Plaza Changi Airport benefitted from additional demand from the air crew and aviation segment.

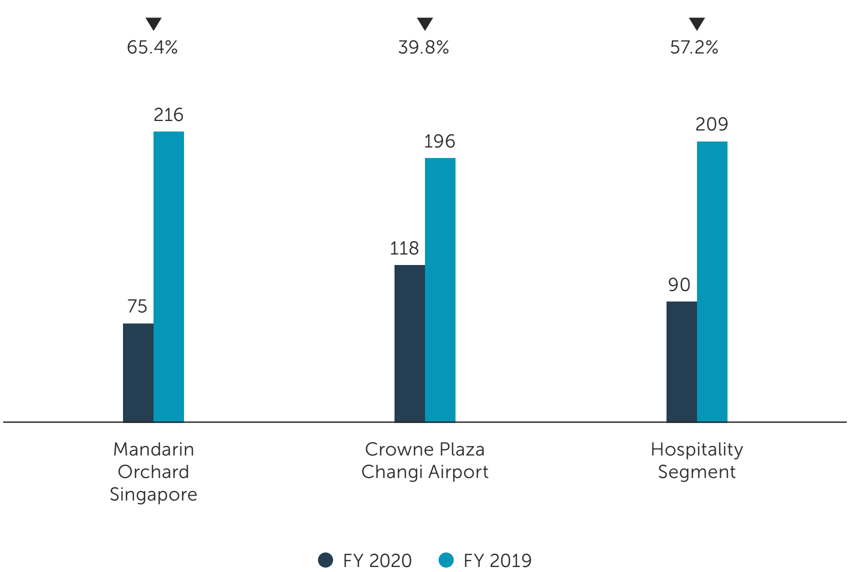
Consequently, Mandarin Orchard Singapore's FY 2020 RevPAR declined 65.4% YoY to S$75, while RevPAR for Crowne Plaza Changi Airport registered a smaller decline of 39.8% YoY to S$118. Overall, the hospitality segment FY 2020 RevPAR registered a decline of 57.2% YoY to S$90.

The government continues to reaffirm its commitment to invest in the Singapore tourism and MICE industries. While the development progress of planned attractions and tourism infrastructure are set to continue, various government support measures have also been extended to support the tourism sector during this pandemic period. To stimulate domestic demand for tourism, a S$45 million SingapoRediscovers marketing campaign was rolled out to rally locals to support local businesses. To complement the campaign, a S$320 million SingapoRediscovers Vouchers scheme to provide each adult Singaporean S$100 in credits to spend on local hotel stays, attractions and tours was launched in December 2020 and will last through to June 2021.

To support the gradual resumption in international travel, Singapore also has various Safe Travel arrangements with numerous countries in place to facilitate essential business and official travel, including the unilateral opening of borders for visitors from selected countries. From 1 October 2020, the Singapore Tourism Board began accepting applications for organisers to pilot MICE events of up to 250 attendees. As of 31 December 2020, Singapore has held 29 MICE event pilots, with the first being the Singapore International Energy Week in end October 2020.

However, as long as the pandemic remains unchecked globally and Singapore's borders remain closed to tourism, the positive impact of such initiatives to the sector is limited. The recovery outlook for the hospitality segment remains cautious, with the United Nations World Tourism Organisation expecting a further two and a half to four years before international tourism returns to 2019 levels. OUE C-REIT's hotel properties are under master lease arrangements ("MLAs") where the total rent payable by the master lessee to OUE C-REIT is subject to a minimum rent. The minimum rent component of the MLAs amount to S$67.5 million per annum and provide significant downside protection in respect of OUE C-REIT's hospitality contribution. This has provided vital support for OUE C-REIT's earnings in FY 2020 and will continue to do so.

**FY 2020 RevPAR Performance**
(S$)



# MANAGER'S REPORT

## Active Portfolio Enhancement

The Manager continually evaluates opportunities to enhance the quality and marketability of OUE C-REIT's property portfolio to ensure that it remains relevant and competitive. Notwithstanding the pandemic, we continued with asset enhancement initiatives ("AEI") which improve operational efficiency and cost savings.

The Manager is capitalising on the currently weak hospitality operating environment in Singapore to undertake the re-branding of Mandarin Orchard Singapore to Hilton Singapore Orchard. Major asset enhancement works are underway to add more income-generating spaces, so as to position the property to benefit from the eventual recovery in the hospitality segment when borders are reopened. When completed in 2022, as the largest Hilton property in Asia-Pacific and its flagship in Singapore, the property will boast additional MICE facilities, newly-refurbished rooms and revamped food & beverage offerings. The re-branding leverages on Hilton's strong brand recognition as well as its global sales and distribution network, which is expected to enhance the property's competitive positioning amongst other upper upscale hotels along Orchard Road. Through the highly successful Hilton Honors guest loyalty programme with more than 100 million members worldwide, the property is well-placed to drive more direct booking business.

Other major projects completed during the year include the overhaul of chillers at OUE Bayfront, and the replacement of Lippo Plaza's cooling tower. These AEI are expected to bring about improved energy efficiency and potential cost savings.

Given the increased focus on a clean and safe environment for the health and well-being of building occupiers in view of the pandemic, the Manager also embarked on several AEI to better serve tenants' needs. In conjunction with the improvement works to the restrooms at OUE Downtown Office, sensor taps were installed to reduce unnecessary surface contact. At OUE Bayfront, we are currently working with vendors to roll out a facial recognition system with an added temperature screening feature for enhanced security. The Manager will continue to leverage on technology to improve processes to serve OUE C-REIT's tenants better. In 2021, plans are in place to roll out the installation of ultraviolet light germicidal systems for the air-handling units to further improve the indoor air quality for building occupants.

As part of the Manager's active portfolio management to enhance value for Unitholders, in January 2021, the Manager announced the divestment of a 50% interest in OUE Bayfront, OUE Tower and OUE Link (the "OUE Bayfront property") to a fund managed by Allianz Real Estate Asia Pacific Pte. Ltd.. The agreed value of the property of S$1,267.5 million or S$3,170 psf represented a premium of 7.3% over its book value and 26.1% over the purchase consideration for the property at listing.

The divestment has allowed OUE C-REIT to realise the value of capital appreciation of a well-managed, premium Grade A commercial asset. By retaining a 50% stake in the OUE Bayfront property, OUE C-REIT maintains significant exposure to the Singapore office market, which has demonstrated resilience amidst a challenging operating landscape. Further, the estimated net proceeds from divestment of S$262.6 million provides OUE C-REIT the opportunity to optimise its capital structure and increases its financial flexibility to consider value-enhancing options to further optimise return objectives for Unitholders.

## Portfolio and Net Asset Value

As at 31 December 2020, the value of OUE C-REIT's investment properties was S$6,524.8 million[12], a decrease of 3.2% from S$6,743.5 million as at 31 December 2019 due mainly to lower valuations for the hotel and retail segments of the portfolio. While capitalisation rates for the office and retail segment were stable, the valuation decline was due to near-term income pressure for the hotel and retail segments.

Net assets attributable to Unitholders as at 31 December 2020 was S$3,178.0 million, translating to a net asset value per Unit of S$0.59.

### Contribution to Portfolio Valuation[12]

| | % |
|---|---|
| One Raffles Place | 27.6 |
| OUE Bayfront | 18.1 |
| Mandarin Orchard Singapore | 17.7 |
| OUE Downtown Office | 13.8 |
| Lippo Plaza | 8.4 |
| Crowne Plaza Changi Airport | 7.2 |
| Mandarin Gallery | 7.2 |

[12] Based on independent valuation carried out as at 31 December 2020

## MANAGING CAPITAL FOR STABILITY AND SUSTAINABILITY

### Prudent and Disciplined Capital Management

The Manager adopts a proactive and prudent approach to capital management for financial flexibility and sustainability in the long term. Its key capital management strategies include ensuring OUE C-REIT has access to diversified funding sources, optimising the cost of debt financing, managing liquidity and refinancing requirements.

To enable OUE C-REIT to tap on diversified sources of funding, the Manager established a S$2.0 billion multicurrency debt issuance programme during the year, and subsequently issued S$100.0 million of five-year 4.0% fixed rate notes ("MTN") in June 2020.

The Manager also secured S$900.0 million of facilities for refinancing requirements. Beyond addressing 2020 refinancing requirements, part of the facilities were used to refinance S$450.0 million of debt due in December 2021, 12 months ahead of maturity. Consequently, only S$370.0 million, translating to approximately 14% of OUE C-REIT's total debt, remains due for refinancing in 2021.

As at 31 December 2020, OUE C-REIT's total debt was stable at S$2,664.0 million, inclusive of the proportionate share of loans at OUB Centre Limited[13]. Due to the lower valuation of investment properties, OUE C-REIT's aggregate leverage was 41.2% as at 31 December 2020, within the regulatory limit of 50%[14]. Average debt maturity was 2.3 years as at 31 December 2020.

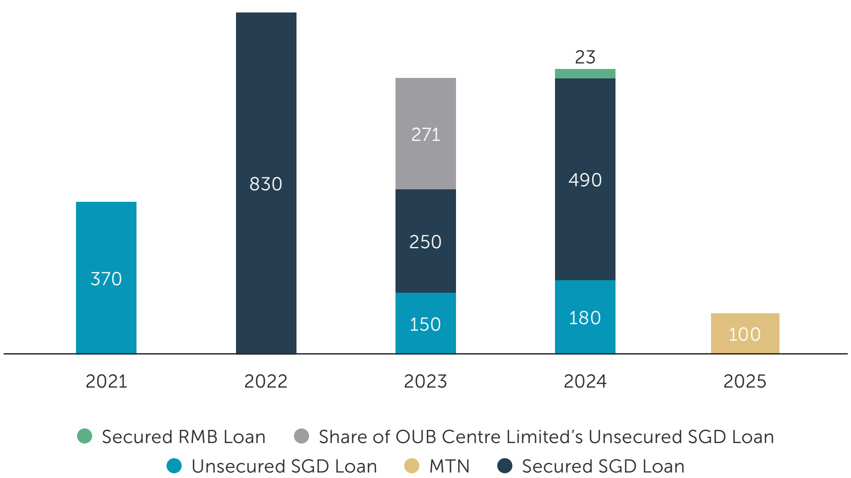
The Manager will continue to actively explore refinancing of loans ahead of their maturity to further extend OUE C-REIT's debt maturity profile and mitigate refinancing risks, while optimising borrowing costs. The weighted average cost of debt stood at 3.0% per annum as at 31 December 2020, down from 3.4% per annum a year ago.

### Capital Management Indicators

| | As at 31 December 2020 |
|---|---|
| Aggregate Leverage (%) | 41.2 |
| Total Debt[15] (S$ million) | 2,664 |
| Weighted Average Cost of Debt (% per annum) | 3.0 |
| Weighted Average Term of Debt (years) | 2.3 |
| Proportion of Fixed Rate Debt (%) | 68.1 |
| Weighted Average Term of Fixed Rate Debt (years) | 1.9 |
| Interest Coverage Ratio[16] (times) | 2.7 |

### Debt Maturity Profile (As at 31 December 2020)

(S$ million)




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

[14] On 16 April 2020, the Monetary Authority of Singapore ("MAS") raised the aggregate leverage limit for REITs listed on the SGX-ST from 45% to 50% (up to 31 December 2021), and deferred to 1 January 2022 the requirement to have a minimum adjusted interest coverage ratio of 2.5 times before the aggregate leverage limit can be increased from the then prevailing 45% limit up to a maximum of 50%

[15] Based on SGD:CNY exchange rate of 1:4.912 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

[16] As prescribed under Appendix 6 of the MAS Code on Collective Investment Schemes (last revised on 16 April 2020)

# PORTFOLIO OVERVIEW

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

## OUE BAYFRONT

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 Green Mark Gold 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:***
37,146.9 sq m (399,846 sq ft)
***Office:***
35,183.7 sq m (378,714 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

FY 2020 Revenue
**S$59.1m**

Valuation[1]
**S$1,181.0m**

Purchase Consideration
**S$1,005.0m**

Weighted Average Lease Expiry[2]
**2.0 years**

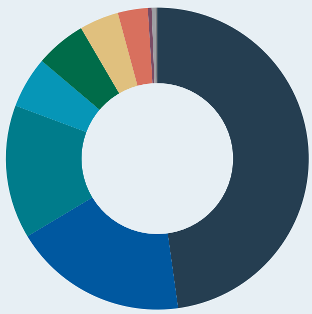
Committed Occupancy[3]

| *Overall* | *Office* | *Retail* |
|---|---|---|
| **99.8%** | **100%** | **96.6%** |

Number of Tenants[3]
**51**

## TRADE SECTOR BY GROSS RENTAL INCOME

(For December 2020 and excluding retail turnover rent)



| | % |
|---|---|
| Banking, Insurance & Financial Services | 47.8 |
| Legal | 18.6 |
| Energy & Commodities | 14.3 |
| Manufacturing & Distribution | 5.5 |
| Real Estate & Property Services | 5.4 |
| IT, Media & Telecommunications | 4.2 |
| Food & Beverage | 3.2 |
| Retail | 0.4 |
| Maritime & Logistics | 0.4 |
| Services | 0.2 |

[1] Based on valuation carried out by Cushman & Wakefield VHS Pte Ltd as at 31 December 2020. Valuation was determined by Discounted Cash Flow Analysis, Capitalisation Approach and Comparison Method
[2] By monthly gross rental income for December 2020
[3] As at 31 December 2020

# PORTFOLIO OVERVIEW

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

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.

**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

119,614.4 sq m (1,287,517 sq ft)

### NET LETTABLE AREA[4]

***Overall:***
65,465.5 sq m (704,671 sq ft)
***Office:***
56,233.8 sq m (605,295 sq ft)
***Retail:***
9,231.7 sq m (99,369 sq ft)

### MAJOR TENANTS

- Virgin Active Singapore Pte. Ltd.
- Regus
- Akamai Technologies Singapore Pte Ltd

### NUMBER OF CARPARK LOTS

324

One Raffles Place Tower 1 is certified Green Mark Gold by the BCA in Singapore, while One Raffles Place Tower 2 is certified Green Mark Platinum.

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.

FY 2020 Revenue
**S$73.6m**

Valuation[1]
**S$1,799.7m**

Purchase Consideration[2]
**S$1,148.3m**

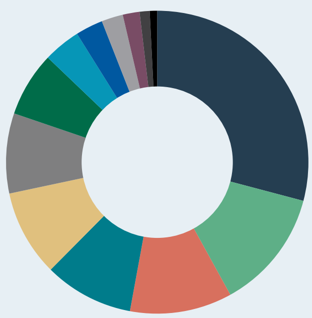
Weighted Average Lease Expiry[3]
**1.9 years**

Committed Occupancy[4]
*Overall*
**92.5%**
*Office*
**92.1%**
*Retail*
**94.8%**

Number of Tenants[4]
**213**

## TRADE SECTOR BY GROSS RENTAL INCOME

(For December 2020 and excluding retail turnover rent)



| | % |
|---|---|
| Banking, Insurance & Financial Services | 29.1 |
| Accounting & Consultancy Services | 12.9 |
| Food & Beverage | 10.9 |
| Energy & Commodities | 9.6 |
| IT, Media & Telecommunications | 9.2 |
| Services | 8.5 |
| Real Estate & Property Services | 6.9 |
| Manufacturing & Distribution | 4.0 |
| Legal | 2.9 |
| Maritime & Logistics | 2.3 |
| Retail | 1.8 |
| Others | 1.1 |
| Pharmaceuticals & Healthcare | 0.8 |

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 2020. 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 2020
4 As at 31 December 2020

# PORTFOLIO OVERVIEW

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

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.

OUE Downtown Office is certified Green Mark Gold by the BCA in Singapore.

**Singapore**
6 Shenton Way, Singapore 068809

## 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 (752,633 sq ft)

## NET LETTABLE AREA[3]

49,293.4 sq m (530,594 sq ft)

## MAJOR TENANTS

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

FY 2020 Revenue
**S$43.0m**

Valuation[1]
**S$900.0m**

Purchase Consideration
**S$908.0m**

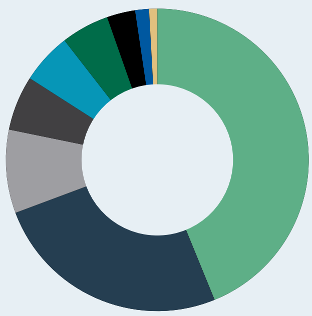
Weighted Average Lease Expiry[2]
**3.1 years**

Committed Occupancy[3]
**92.1%**

Number of Tenants[3]
**75**

## TRADE SECTOR BY GROSS RENTAL INCOME

(For December 2020)



| | % |
|---|---|
| Accounting & Consultancy Services | 43.8 |
| Banking, Insurance & Financial Services | 25.5 |
| Maritime & Logistics | 8.9 |
| Others | 5.9 |
| Manufacturing & Distribution | 5.4 |
| Real Estate & Property Services | 5.1 |
| Pharmaceuticals & Healthcare | 3.0 |
| Legal | 1.5 |
| IT, Media & Telecommunications | 0.9 |

1 Based on valuation carried out by Savills Valuation And Professional Services (S) Pte Ltd as at 31 December 2020. Valuation was determined by Income Capitalisation Method, Discounted Cash Flow Analysis and Direct Comparison Method
2 By monthly gross rental income for December 2020
3 As at 31 December 2020

# PORTFOLIO OVERVIEW

# 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.

The property 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.

Lippo Plaza has achieved the LEED® (Leadership in Energy and Environmental Design) Gold certification by the U.S. Green Building Council.

**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 (629,920 sq ft)

## NET LETTABLE AREA[4]

***Overall:***
39,259.2 sq m (421,786 sq ft)
***Office:***
33,538.7 sq m (361,007 sq ft)
***Retail:***
5,720.5 sq m (61,575 sq ft)

## MAJOR TENANTS

- Victoria's Secret
- Arc'teryx
- Bo Le Associates

## NUMBER OF CARPARK LOTS

168

FY 2020 Revenue
**S$26.0m**

Valuation[1]
**RMB2,680.0m**
S$545.6m

Purchase Consideration[2]
**S$335.3m**

Weighted Average Lease Expiry[3]
**2.6 years**

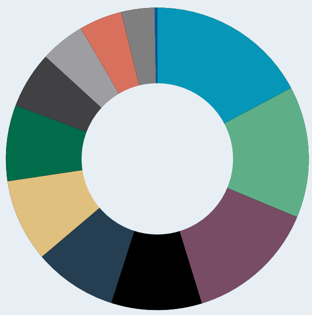
Committed Occupancy[4]

| *Overall* | *Office* | *Retail* |
|---|---|---|
| **86.4%** | **86.5%** | **85.4%** |

Number of Tenants[4]
**73**

## TRADE SECTOR BY GROSS RENTAL INCOME

(For December 2020 and excluding retail turnover rent)



| | % |
|---|---|
| Manufacturing & Distribution | 17.2 |
| Accounting & Consultancy Services | 14.0 |
| Retail | 14.0 |
| Pharmaceuticals & Healthcare | 9.7 |
| Banking, Insurance & Financial Services | 8.9 |
| IT, Media & Telecommunications | 8.8 |
| Real Estate & Property Services | 8.1 |
| Others | 6.0 |
| Maritime & Logistics | 4.8 |
| Food & Beverage | 4.6 |
| Services | 3.6 |
| Legal | 0.3 |

1 Based on OUE C-REIT's 91.2% share of strata ownership in Lippo Plaza and carried out by Savills Real Estate Valuation (Guangzhou) Ltd – Shanghai Branch as at 31 December 2020. Valuation was determined by Direct Comparison Method and Discounted Cash Flow Analysis
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 2020
4 As at 31 December 2020

# PORTFOLIO OVERVIEW

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

## MANDARIN GALLERY

Mandarin Gallery is a high-end retail mall situated within four levels of Mandarin Orchard Singapore. After undergoing a S$200 million renovation to transform into a high-end shopping and lifestyle destination, Mandarin Gallery officially opened in January 2010.

The mall features upscale international fashion, lifestyle, services and food and beverage tenants, and has established itself with its differentiated mall offering. With 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 is certified Green Mark Gold by the BCA in Singapore.

**Singapore**
333A Orchard Road, Singapore 238897

**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[4]**
11,732.1 sq m (126,283 sq ft)

**MAJOR TENANTS**
- Victoria's Secret
- Michael Kors
- Max Mara

FY 2020 Revenue
**S$22.8m**

Valuation[1]
**S$473.0m**

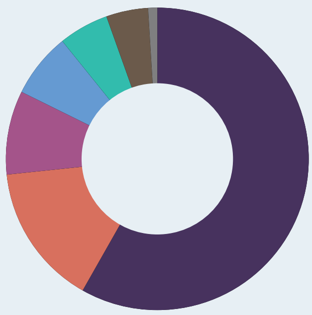
Purchase Consideration[2]
**S$494.0m**

Weighted Average Lease Expiry[3]
**2.5 years**

Committed Occupancy[4]
**91.1%**

Number of Tenants[4]
**72**

**TRADE SECTOR BY GROSS RENTAL INCOME**
(For December 2020 and excluding retail turnover rent)



| | % |
|---|---|
| Fashion & Accessories | 58.2 |
| Food & Beverage | 15.1 |
| Hair & Beauty | 9.0 |
| Travel | 6.9 |
| Watches & Jewellery | 5.3 |
| Living & Lifestyle | 4.5 |
| Services | 1.0 |

1 Based on valuation carried out by Cushman & Wakefield VHS Pte Ltd as at 31 December 2020. Valuation was determined by Discounted Cash Flow Analysis and Comparison Method
2 Based on valuation as of merger effective date of 4 September 2019
3 By monthly gross rental income for December 2020
4 As at 31 December 2020

# PORTFOLIO OVERVIEW

Mandarin Orchard Singapore is an award-winning renowned upper 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 the two Michelin-star Shisen Hanten by Chen Kentaro

## MANDARIN ORCHARD SINGAPORE

Mandarin Orchard Singapore is a renowned upper upscale hotel strategically located in the heart of Orchard Road, and enjoys a strong flow of international tourists, business travellers and locals given its long history of operations in Singapore since 1971. The hotel comprises 1,077 rooms across two towers, five food and beverage outlets, and more than 30,000 sq ft of meeting and function space.

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.

Mandarin Orchard Singapore is currently undergoing a re-branding exercise to Hilton Singapore Orchard. Upon its re-launch in 2022, the property is set to become Hilton's flagship in Singapore and the largest Hilton hotel in Asia-Pacific.

Mandarin Orchard Singapore is certified Green Mark Gold by the BCA in Singapore.

**Singapore**
333 Orchard Road, Singapore 238867

**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**[3]
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[4]

FY 2020 Revenue
**S$45.0m**

FY 2020 RevPAR
**S$75**

Valuation[1]
**S$1,157.0m**

Purchase Consideration[2]
**S$1,227.0m**

## AWARDS & ACCOLADES IN 2020

### Hotel Awards

**Best Upscale Hotel Asia Pacific**
*Travel Weekly Asia Readers' Choice Awards 2020*

**TripAdvisor Travellers' Choice Awards 2020**

**BCA Green Mark Gold**

**SG Clean**

### Food & Beverage Awards

**TripAdvisor Travellers' Choice Awards 2020**
*Shisen Hanten by Chen Kentaro*
*Triple Three*
*Chatterbox*

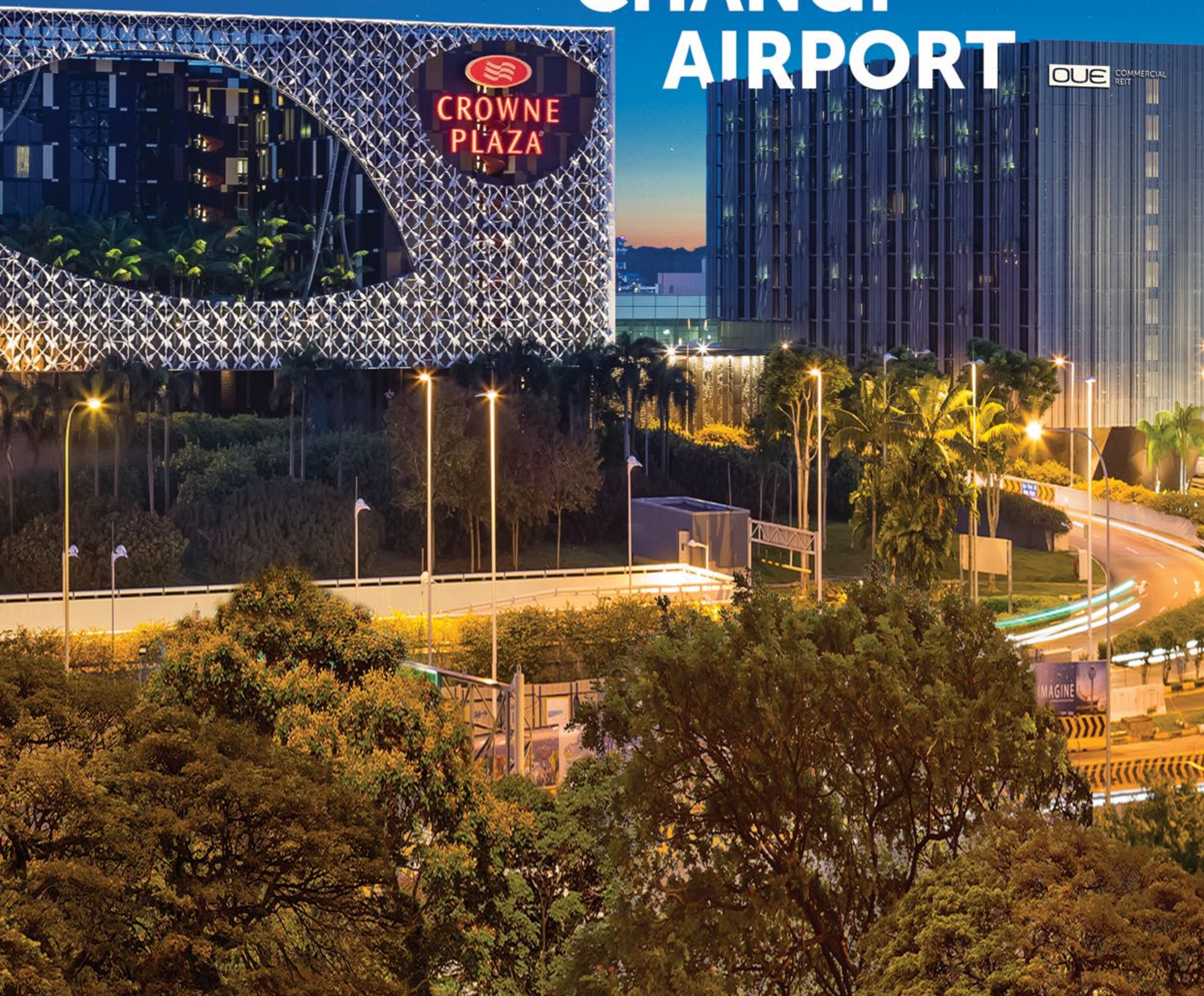
**SG Clean**
*Shisen Hanten by Chen Kentaro*
*Triple Three*
*Chatterbox*

1 Based on valuation carried out by Cushman & Wakefield VHS Pte Ltd as at 31 December 2020. Valuation was determined by Discounted Cash Flow Analysis and Comparison Method
2 Based on valuation as of merger effective date of 4 September 2019
3 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
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

# PORTFOLIO OVERVIEW

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 six consecutive years since 2015

## CROWNE PLAZA CHANGI AIRPORT



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

Crowne Plaza Changi Airport has four food and beverage outlets and six meeting rooms including a ballroom. Facilities at the hotel include an outdoor landscaped swimming pool, a fitness centre, a spa and a business centre.

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.

**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 six 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[3]

FY 2020 Revenue
**S$22.5m**

FY 2020 RevPAR
**S$118**

Valuation[1]
**S$468.5m**

Purchase Consideration[2]
**S$497.0m**

## AWARDS & ACCOLADES IN 2020

**World's Best Airport Hotel – Ranked 1st**
*Skytrax World Airport Awards 2020*

**Best Airport Hotel in Asia – Ranked 1st**
*Skytrax World Airport Awards 2020*

**Best Airport Hotel in Asia-Pacific – Ranked 1st**
*Business Traveller Asia-Pacific Awards 2020*

**SG Clean**

1 Based on valuation carried out by Cushman & Wakefield VHS Pte Ltd as at 31 December 2020. Valuation was determined by Discounted Cash Flow Analysis and Comparison Method
2 Based on valuation as of merger effective date of 4 September 2019
3 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

The COVID-19 pandemic has triggered a deep global economic recession in 2020, with governments worldwide imposing mobility restrictions and border closures. Singapore, with its heavy reliance on global trade and tourism, was not spared from the adverse impact of the pandemic.

According to the Ministry of Trade and Industry ("MTI"), the Singapore economy contracted by a post-independence record of 5.4% year-on-year ("YoY") in 2020. Manufacturing was the only sector that saw output expansion in 2020, growing by a better-than-expected 7.3% YoY. The construction and services sectors contracted 35.9% and 6.9% YoY, respectively, in 2020.

Within the services sector, industries dependent on contact or travel, such as transport, wholesale and retail trade as well as accommodation services saw sharp declines. In contrast, the financial and information technology ("IT")-related services sectors recorded moderate but steady expansion, driven by the rise of the digital economy. They were also able to maintain business operations by adopting remote working.

Dragged down by the COVID-19-induced economic fallout, there was a spike in the number of retrenchments in 2020, especially in the second and third quarters of the year. The overall seasonally adjusted unemployment rate rose from 2.3% in December 2019 to peak at 3.6% in September 2020 before easing slightly to end the year at 3.2%, based on preliminary estimates.

Notwithstanding the temporary supply-induced price spikes for selected goods during the pandemic, overall inflation in Singapore still fell by 0.2% YoY in 2020, reversing the 0.6% YoY rise in 2019. The disinflationary pressure was mainly due to the economic slowdown as well as a decline in global oil prices during the year. 01

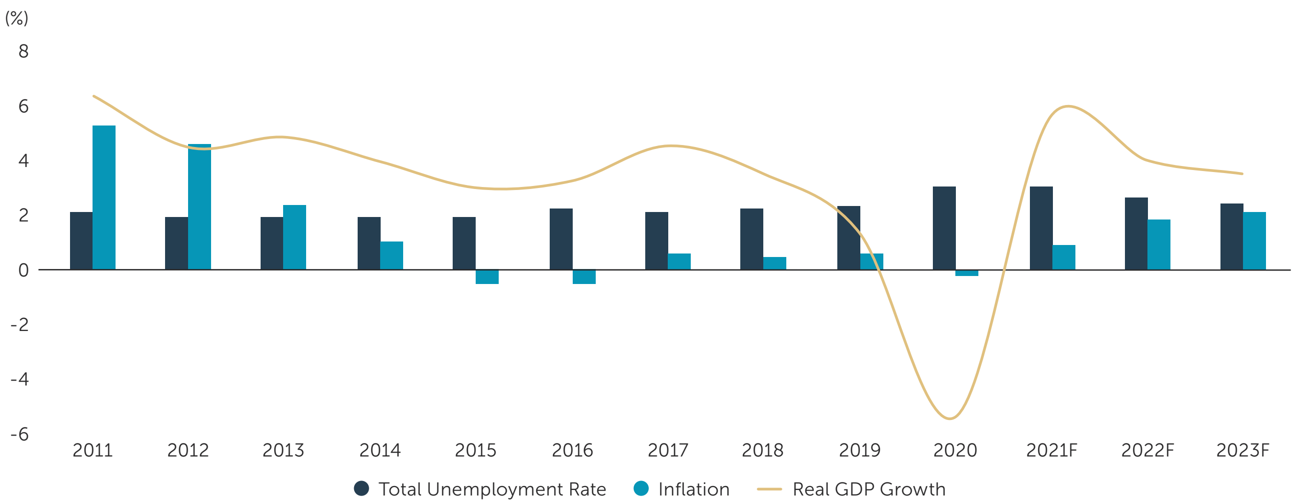
### Economic Outlook

The MTI expects the Singapore economy to rebound and grow by about 4% to 6% in 2021. The gradual resumption in global economic activities, supported by positive policy stimulus as well as ongoing vaccination programmes, should help Singapore regain some of its footing in 2021. Nonetheless, there remains downside risks to economic growth which include a resurgence in global infection rates, virus mutations and limited recovery in the travel-related sector.

On the labour market front, although the Singapore economy is showing signs of recovery, further job losses and business closures are expected in the coming quarters as more businesses exhaust their cost-cutting measures and government support tapers off. Meanwhile, revenue remains constricted by safe-distancing requirements and the lacklustre global demand. Jobs creation is expected to concentrate in growth sectors such as financial and IT-related services industries.

For 2021, the Monetary Authority of Singapore expects overall inflation to average -0.5% to 0.5%. External inflation is expected to pick up amid the expected global recovery of oil prices but cost pressures on the domestic front is projected to stay low as wage growth and accommodation costs remain subdued.

**01 Real GDP Growth, Inflation and Unemployment Rate**




Source: Department of Statistics, Oxford Economics, JLL Research, 4Q 2020

## SINGAPORE CBD OFFICE MARKET

### Stock

As of end-2020, there was an estimated 32.1 million square feet ("sq ft") of investment grade office space in the central business district ("CBD"). This accounted for 64.3% of the island-wide investment grade stock of 49.9 million sq ft. Due to COVID-19-related construction delays, 30 Raffles Place, which completed its refurbishment works in 1Q 2020, and 79 Robinson Road, which received its Temporary Occupation Permit in 2Q 2020, were the only two major new CBD office projects completed in 2020.

### Net Supply, Demand and Occupancy

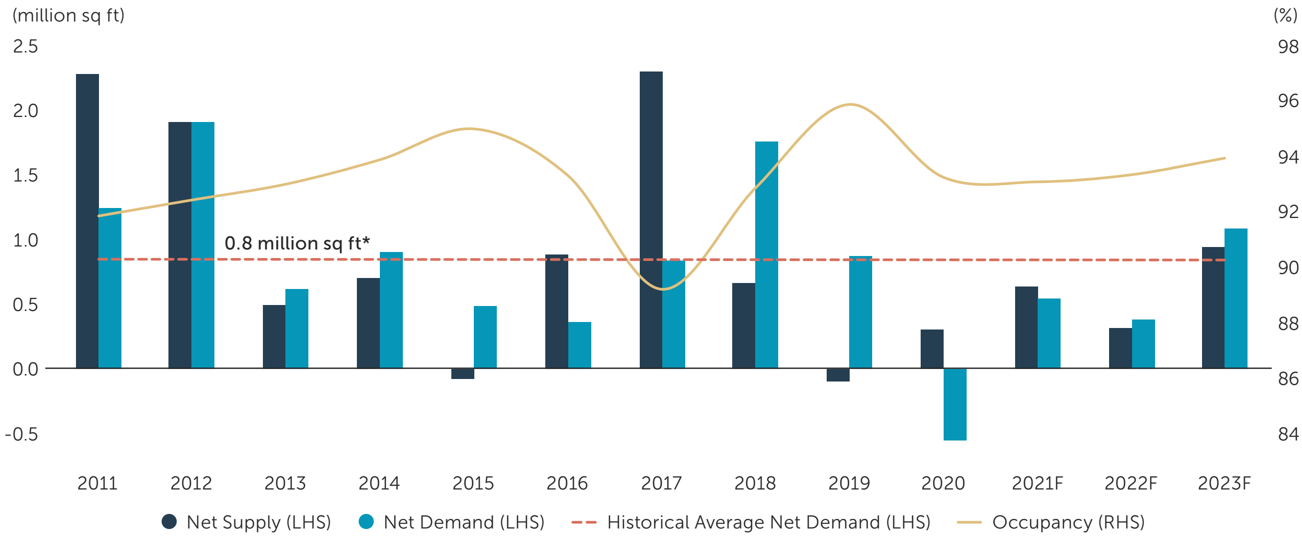
The COVID-19 pandemic weighed on leasing demand in 2020. To manage cost pressures, many occupiers took the opportunity to "right size" by returning a portion or all of their space when leases expired. Some companies are reportedly also exploring space rationalisation and experimenting with hybrid-work models, as they look to increase cost efficiency.

Nonetheless, with the economy showing signs of improvement in 2H 2020, some firms have capitalised on the market correction to secure new office space or to relocate to better quality buildings. They include CIMB Bank, management consulting firm Boston Consulting Group, as well as Chinese tech giant ByteDance.

For full-year 2020, net absorption ended in negative territory, but the contraction was below that recorded in the first four quarters of the Global Financial Crisis ("GFC") in 2008/2009. Besides opportunistic take-ups, net absorption was also driven by lease extensions from some occupiers to accommodate delays in the construction progress or fitting-out works of their new spaces. Some also needed more time to review operations and headcount needs as well as their future workplace strategies in consideration of the "new normal".

The contraction in net absorption was recorded across all CBD sub-markets. The Shenton Way/Tanjong Pagar sub-market witnessed the strongest contraction in take-up due to ongoing redevelopment of aged office buildings, which pushed some tenants out of the sub-market. Hence, occupancy rate in the CBD decreased 2.6 percentage points ("ppt") YoY to 93.2% as of end-2020. 02

**02 CBD Office Net Supply, Demand and Occupancy**




Source: JLL Research, 4Q 2020
* The historical average net demand is based on data from 2011 to 2020

# INDEPENDENT MARKET REVIEW

By JLL

SINGAPORE

## Potential Supply

Island-wide, office supply totalling 5.7 million sq ft is expected to come on stream between 2021 and 2025, of which an estimated 70% is located in the CBD.

In 2021, three projects are expected to complete in the CBD, amounting to nearly 1.0 million sq ft. Two of them, namely Afro-Asia (0.1 million sq ft) and CapitaSpring (0.6 million sq ft), are new-builds while the third project, 21 Collyer Quay (0.2 million sq ft), is a refurbishment project. The three projects make up about 17% of the upcoming island-wide supply. New supply in the CBD will moderate slightly to approximately 0.8 million sq ft in 2022 with the expected completion of Guoco Midtown (0.6 million sq ft) and the redeveloped Hub Synergy Point (0.1 million sq ft). In 2023, CBD office supply will surge to almost 1.3 million sq ft due to the expected completion of Central Boulevard Towers. CBD office supply will remain at around 1.0 million sq ft in 2024 with the projected completion of the redeveloped Shaw Tower (0.4 million sq ft) and Keppel Towers (0.6 million sq ft). Currently, there is no known supply in the pipeline for 2025. 03

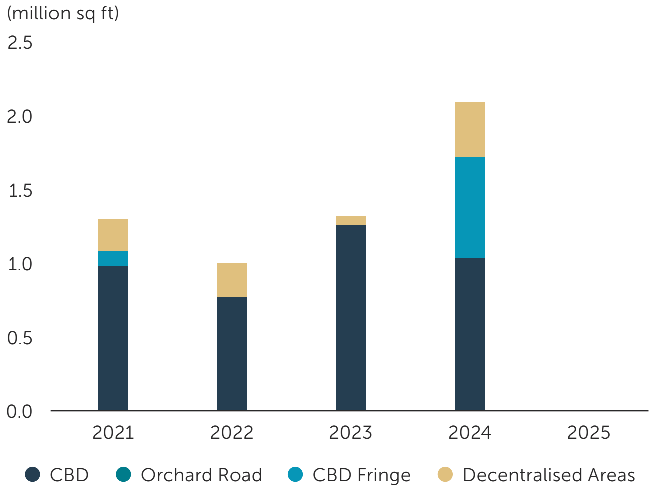
## Rents

Amid heightened economic uncertainties when the COVID-19 outbreak started in 1Q 2020, landlords moderated rental expectations and stepped up incentives to entice tenants to renew or commit to new leases. This led to overall CBD Grade A rents easing in 1Q 2020 for the first time since the recovery in 2Q 2017.

The rental decline intensified in the following two quarters amid softening demand and rising vacancy. To help companies through the challenging operating landscape due to the pandemic, some landlords worked with tenants to restructure leases, attempting to strike a balance between maintaining income and sustaining occupancy levels over the long term.

The decrease in office rents showed signs of easing in 4Q 2020 as most landlords resisted further deep rent cuts given signs of economic improvement.

### 03 Potential Island-wide Office Supply

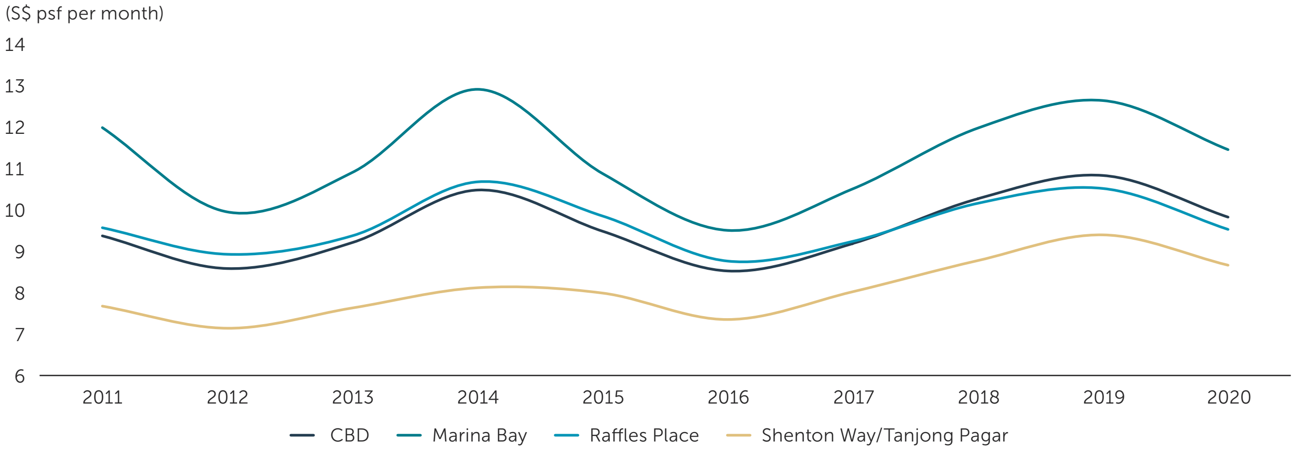



Source: JLL Research, 4Q 2020

On the whole, Singapore's office market weathered the pandemic better than expected in 2020. Despite experiencing the deepest economic recession since independence, overall CBD Grade A rents fell by only 9.3% for the whole of 2020, a fraction of the 49.1% plunge in rents in the first four quarters of the GFC.

Within the CBD, the average gross rent of Grade A office space in the Marina Bay sub-market fell 9.4% YoY to S$11.44 per sq ft ("psf") per month by end-2020, while that of the Raffles Place sub-market declined by 9.3% YoY to S$9.53 psf per month. Meanwhile, the average gross rent of Grade A office space in the Shenton Way/ Tanjong Pagar sub-market fell more moderately, by 7.8% YoY in 2020 to S$8.66 psf per month. The lower rent base as well as the impending withdrawal of a couple of office buildings in the Shenton Way/Tanjong Pagar sub-market capped its rent decline. 04

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




Source: JLL Research, 4Q 2020

### CBD Office Market Outlook

While the protracted nature of the COVID-19 pandemic is expected to cause businesses to remain prudent and hence keep demand measured, the CBD Grade A office market is forecast to perform better in 2021 compared to 2020.

The progress in vaccine development could pave the way for the further reopening of Singapore's economy and provide some uplift to market sentiment. Occupier demand will continue to be supported by the growing technology and financial sectors. More companies are also expected to take advantage of market corrections to lock in favourable lease terms in 2021.

Coupled with the expected withdrawal of some office buildings for redevelopment such as Fuji Xerox Towers, supply growth will be moderated, keeping occupancy relatively stable in 2021. Hence, downward pressure on Grade A CBD rents should moderate in 2021 to around 6% with rents expected to stabilise by year-end, should Singapore's economic recovery pan out as projected by the MTI.

## SINGAPORE RETAIL MARKET

### Overview

The Singapore retail market is primarily supported by domestic demand, underpinned by population growth and rising real income. Tourism also plays an important role in the Singapore retail market.

In 2020, the Singapore government imposed a circuit breaker between 7 April and 1 June 2020 where only essential services remained open for operations, to contain the spread of COVID-19. Restrictive operational capacity due to public health measures to arrest the community spread of the virus combined with cautious consumer sentiment amid rising unemployment inhibited domestic retail sales. Strict border restrictions to contain the imported cases of COVID-19 severely limited business and leisure travel which led to a sharp fall in tourist arrivals in Singapore.

Since the lifting of the circuit breaker measures, retail activities have recovered gradually following a three-phase economic reopening.

In 4Q 2020, the decline in retail sales continued to ease. By 4Q 2020, the retail sales index (excluding motor vehicles), fell only 5.9% YoY, compared to a 10.1% YoY drop in 3Q 2020 and a steeper 34.9% YoY fall in 2Q 2020 (due to the circuit breaker period).

Tourist arrivals hit all-time lows in April and May 2020 at 750 and 880 arrivals, respectively. By the end of the year, while visitor arrivals staged a recovery and rose 63.6% month-on-month to 24,014 in December, this was still critically low, reflecting a plunge of 98.6% YoY. Total visitor arrivals in 2020 numbered 2.7 million, a decline of 85.7% YoY. The decline was seen across all source markets due to the border restrictions.

On 28 December 2020, Singapore transitioned to Phase 3 of the economic reopening with the resumption of certain community activities. Additionally, sufficient doses of the COVID-19 vaccine were secured for all Singaporeans and long-term residents, and mass inoculation is expected in 2H 2021.

The further opening of the economy and gradual relaxation of domestic public health measures, coupled with improved business and consumer confidence towards end-2020 on positive news of the mass availability of the vaccine, was a positive development for the retail market.

# INDEPENDENT MARKET REVIEW

By JLL

SINGAPORE

## Retail Trends

### *Digitalisation*

The COVID-19 pandemic has accelerated the growth of online retailing in Singapore. Amid rapid structural changes, both retailers and landlords embraced the adoption of e-commerce strategies.

Retailers and food & beverage ("F&B") players with financial means developed their own websites, e-commerce and social media platforms to create a stronger online presence to stand out from the competition. Some outsourced their online businesses by partnering with large, well-established e-commerce marketplaces or food logistics operators.

A few key landlords have built their own e-commerce platforms to complement offline sales at their malls, while others partnered with Lazada Group, a leading e-commerce platform, to create a virtual shopping mall, bringing many of their mall's tenants online.

### *Tenant Mix*

The COVID-19 pandemic has changed consumer spending habits as well as the way consumers live, work and play. To stay competitive, many landlords are fine-tuning their tenant mix and mall configuration to align with shifting market trends. Broadly, shoppers are focusing more on essential purchases and are more cautious with discretionary spending amid the rising unemployment rate. Trades offering essential services, such as supermarkets, specialty food retailers and convenience stores, will have growing prominence in malls. There is also increasing emphasis on personal health, fitness and wellness as a result of the pandemic, which could drive the growth of fitness centres and aesthetic services in malls.

As overseas travel is largely limited to essential official and business purposes, and cross-border leisure travel is discouraged, many consumers are diverting a portion of their unutilised travel budget to local F&B experiences. A growing number of F&B operations have sprung up in malls to capitalise on this shifting trend.

Increasingly, companies are adopting flexible work arrangements, enabling employees to work both in the office and remotely. As companies transition to a diverse-location strategy, the adoption of a hub-and-spoke model — mixing homes, local office hubs and headquarters in the city — could drive the growth of co-working or on-demand workspace operations in malls.

Amongst landlords, pop-ups will continue to gain popularity as a platform to add variety to mall offerings and prop up occupancy amid rising vacancy rates. With short-term leases and attractive rents, pop-ups also offer various trade types a low-risk operational platform to road test products and locations.

## Stock

As of end-2020, there was an estimated 25.3 million sq ft of investment-grade retail space in Singapore. About 5.1 million sq ft and 7.0 million sq ft of total retail stock is located in the Prime and Secondary sub-markets, respectively.

The Prime sub-market comprises internationally-renowned shopping destinations, with international luxury brands retailing fashion apparel, handbags, shoes, jewellery & watches, as well as F&B operators dominating the tenant mix of retail assets.

Retail amenities in the Secondary sub-market typically support the working population with daily necessities and increasingly, lifestyle needs. Business hours are typically confined to working days due to the nature of their locations within 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 for convenience. Co-working operations are also prevalent, improving mall traffic during non-peak retail operating hours.

**Net Supply, Demand and Occupancy**

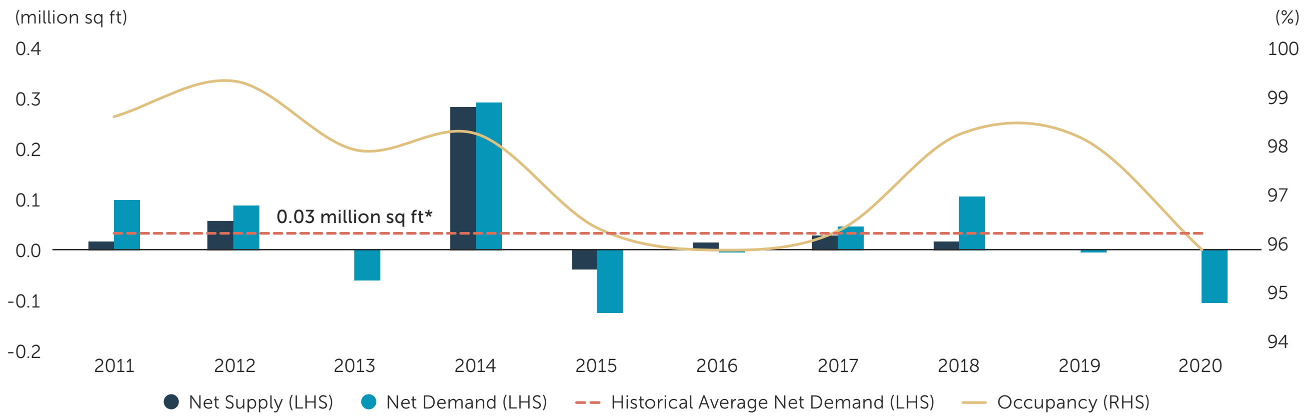
The COVID-19 outbreak has impacted retail business activities in 2020. Although business activities picked up after the circuit breaker lull, retail sales generally remained below pre-COVID levels for the remainder of the year, dampening occupier demand for retail space.

While new retail openings were observed in the Prime sub-market, unsustainable businesses ceased operations and others consolidated operations when their leases expired due to the decline in tourist and domestic retail sales. The resultant cutback in demand depressed Prime sub-market occupancy rates which fell 2.1 ppt YoY to 95.8% in 4Q 2020, notwithstanding the absence of new supply. 05

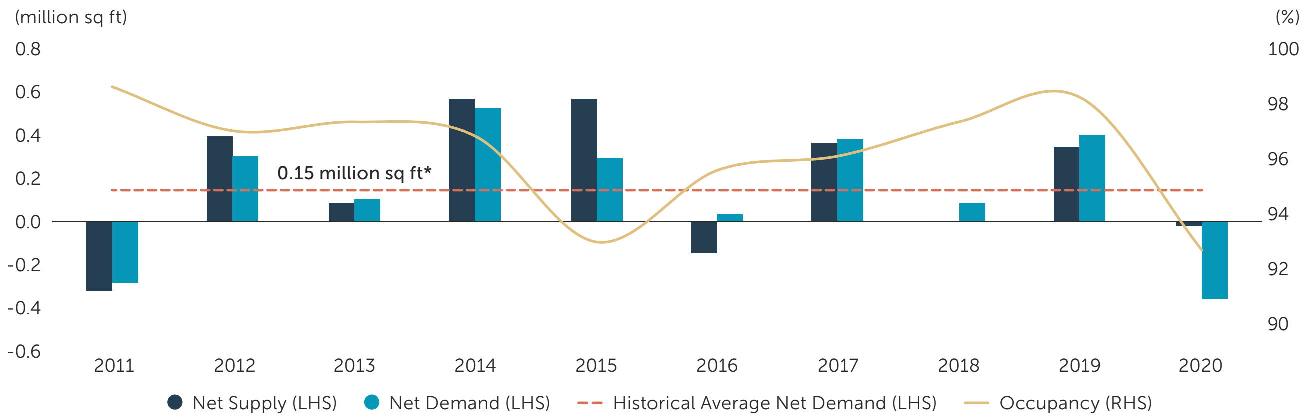
The opening of Change Alley Mall (about 36,000 sq ft) in the Secondary sub-market on 1 October marked the sole new retail supply in 2020, adding 0.5% of refurbished retail space to the existing stock in the Secondary sub-market.

Generally, retail amenities in the Secondary sub-market experienced weak demand due to work-from-home measures to contain the spread of the pandemic. The closure of children's entertainment-related operations (which are prevalent in the sub-market), arising from challenges of implementing safe-distancing measures and a lack of consumer demand, also contributed to the negative net absorption. Consequently, occupancy in the Secondary sub-market fell 5.6 ppt YoY to 92.6% in 4Q 2020. 06

**05 Prime Sub-market Net Supply, Demand and Occupancy**




**06 Secondary Sub-market Net Supply, Demand and Occupancy**




Source: JLL Research, 4Q 2020

* The historical average net demand is based on data from 2011 to 2020

# INDEPENDENT MARKET REVIEW

By JLL

SINGAPORE

### Potential Supply

Future retail supply remains tight and is concentrated in the Suburban sub-market. Between 2021 and 2025, an estimated 728,000 sq ft of investment-grade retail space is scheduled to open – a modest figure considering the ten-year historical average net absorption of about 600,000 sq ft.

Notwithstanding the impact of the pandemic on the retail market, plans to rejuvenate the Orchard Road area are ongoing. The government has granted Midpoint Orchard, OG Orchard Point and Faber House owners a "change of use", allowing the conversion of their commercial properties to a hotel or serviced apartments. The authority is also allowing a higher plot ratio for an integrated mega-development if these plots were redeveloped collectively. This could potentially introduce quality retail space in the Prime sub-market where supply is lacking.

The revitalisation of Grange Road car park into a dedicated, multiple event space featuring a cinema, hawker stalls, an F&B attraction, as well as a venue to host concerts, films and events all year round, should inject fresh vibrancy into the sub-market by 2022. The format in which these events will be presented is expected to be updated in accordance with pandemic-containment measures in light of COVID-19.

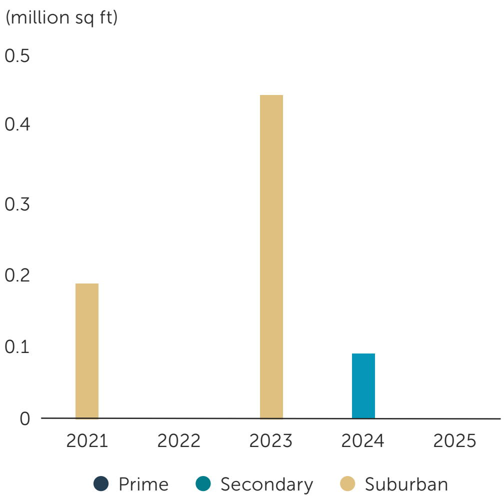
In the Secondary sub-market, no new supply is expected between 2021 and 2023. The phased opening of a mixed-use complex comprising residential, hotel, serviced apartments and retail components following the redevelopment of Liang Court may introduce new supply to this sub-market in 2024. 07

### Rents

As of 4Q 2020, the average gross rents of prime floor retail space in the Prime sub-market fell 15.8% YoY to S$38.82 psf per month. The decrease in average gross rents is due to landlords' acceptance of lower rents in their bid to retain retailers that continue to face weak sales due to the lack of tourists, cautious consumer spending as well as operational capacity constraints. Although visitor traffic has improved as Singapore gradually eases travel restrictions, the number of tourist arrivals is still limited and insufficient to support retailers in the Prime sub-market.

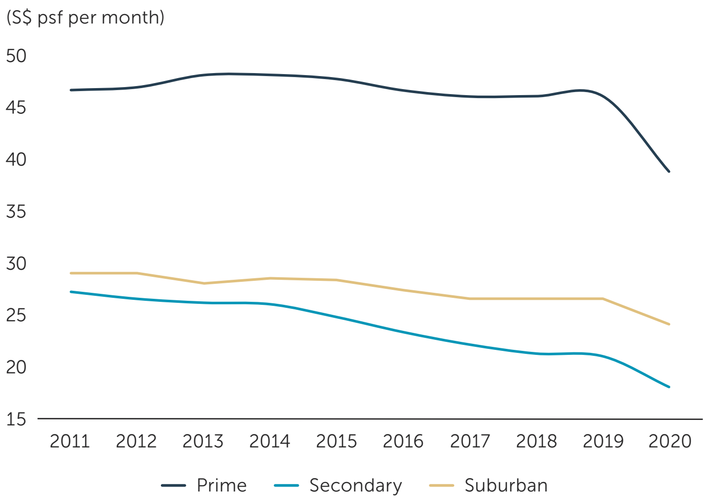
In the Secondary sub-market, rents declined in 2020, continuing the downtrend in 2019. As of 4Q 2020, the average gross rents of prime floor space of malls in the Secondary sub-market fell 14.2% YoY to S$17.99 psf per month, following a 1.2% YoY dip in 2019. This was due to leasing pressure as lower CBD footfall and the lack of tourist spending impacted retail sales. 08

**07 Potential Island-wide Retail Supply**




Source: JLL Research, 4Q 2020

**08 Average Gross Rents of Prime Floor Retail Space**




Source: JLL Research, 4Q 2020

### Retail Market Outlook

While retailers are expected to remain cautious in the short term as policy support tapers, the vaccination rollout in Singapore and worldwide is a silver lining for the retail market in 2021.

The Phase 3 reopening of the Singapore economy, the successful containment of the COVID-19 pandemic with mass vaccination, combined with the government's further lifting of safe distancing measures and the expected gradual easing of travel restrictions should lift consumer and retailer sentiment. This in turn will drive improvement in retail sales and business expansion in the latter half of 2021.

The Prime sub-market remains a choice destination for new-to-market entrants to Singapore. Retailer demand for malls that offer high-end shopping convenience in the heart of Singapore's popular Orchard Road shopping district will remain healthy.

In the Secondary sub-market, the effective containment of the pandemic may result in a further easing of work-from-home measures and the return of a larger working population to the CBD. Retail amenities that are strategically located and offer good connectivity to public transport nodes, with an attractive mix of retail and F&B offerings within convenient reach of the surrounding working population, should enjoy increased traffic flow.

Consequently, occupier demand for retail space could be healthier in 2021 compared to 2020, and vacancy rates could decline in 2021 amid tightening supply. The downward pressure on rents of investment-grade retail amenities should moderate between 6% and 8% in the Prime and Secondary sub-markets in 2021 as vacancy rates fall.

## SINGAPORE HOTEL MARKET

### Tourism Market Overview

According to the Singapore Tourism Board ("STB"), international visitor arrivals declined by 85.7% YoY to 2.7 million in 2020. With borders remaining closed to most leisure and business travellers, Singapore recorded the lowest number of international visitor arrivals in recent history in 2020.

Amongst the top 10 visitor source markets which recorded declines across the board, visitors from China registered the steepest decline of 90.1% to around 357,300 visitors. The steep decline in Chinese visitors was mainly due to travel restrictions imposed on visitors from China from 1 February 2020, which was ahead of the wider travel restriction applicable to all short-term visitors from 23 March 2020.

Changi Airport handled 11.8 million passengers in 2020, representing a decline of 82.8% YoY, a stark contrast from the record 68.3 million passengers handled in 2019. Amidst the closure of international borders, airlines have drastically reduced their capacities in line with significantly weaker demand. In March 2020, Singapore Airlines ("SIA") cut 96% of its scheduled capacity.

In line with lower international visitor arrivals and passenger traffic, tourists' spending also declined. Based on the latest available data from the STB, tourism receipts fell by 78.4% YoY to S$4.4 billion in the first nine months of 2020, led by declines across all the five major tourism receipt components.

Nevertheless, with the gradual introduction of travel agreements with selected countries, flight capacities are gradually increasing albeit at a slow pace. By end-March 2021, SIA Group's passenger capacity is expected to reach about 25% of its pre-COVID-19 levels, and it will serve approximately 45% of the points it flew to before the pandemic.

Due to existing self-isolation measures, the average length of stay ("ALOS") of international visitors to Singapore has increased substantially. The ALOS of visitors from China increased from 3.0 days in 2019 to 27.4 days in 4Q 2020. Similarly, the ALOS of visitors from Indonesia and Australia increased from 2.6 days and 3.2 days in 2019 to 28.5 days and 11.3 days in 4Q 2020, respectively. As travel restrictions and the number of returning long-term pass holders begin to ease, the ALOS of visitors to Singapore is expected to revert to historical levels post-pandemic.

# INDEPENDENT MARKET REVIEW

By JLL

SINGAPORE

### Existing Hotel Supply

Total existing supply declined marginally by 0.8% YoY to around 68,800 rooms as of end-2020, as the number of hotel closures during the year had more than offset the number of new hotel openings.

The only notable new hotel opening in 2020 was the 198-room Dusit Thani Laguna Singapore. Located within the Laguna National Golf & Country Club, the hotel is a 10-minute drive to Changi Airport and Jewel Changi Airport, as well as within close proximity to Changi Business Park and Changi Expo.

On the other hand, there were several notable hotel closures during the year, such as the 403-room Novotel Singapore Clarke Quay. As part of the impending redevelopment of the existing Liang Court site, the building will be redeveloped into a mixed-use development comprising Singapore's first Moxy-branded hotel consisting of up to 475 rooms.

Other notable closures during the year included the 138-room Six Senses Maxwell, 49-room Six Senses Duxton and the 191-room Le Meridien Singapore, which will all be re-branded when they officially reopen in 2021. 09

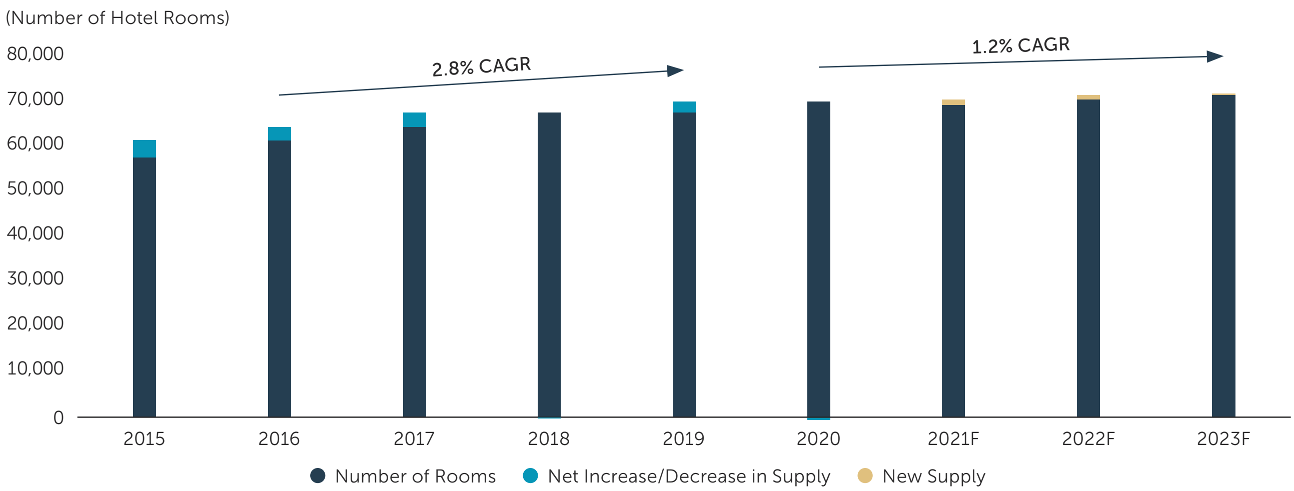
### Future Hotel Supply

Amidst the global pandemic, several hotels that initially planned to open in 2020 were delayed due to low demand or enhanced safe distancing measures at construction sites. In 2021, more than 1,000 rooms are expected to open, representing a 1.6% YoY increase in total existing supply and a reversal from the 0.8% YoY decline in 2020.

Notable hotel openings in 2021 include the 324-room The Clan Hotel and the 169-room Citadines Connect City Centre (positioned as a business hotel), which were initially scheduled to open in 2020, and the 204-room The Singapore EDITION, a new-to-market hospitality brand in Singapore. The rest comprises the opening of the two former Six Senses hotels, namely the 49-room The Duxton Reserve Hotel, Autograph Collection, and the 138-room The Maxwell Reserve Hotel, Autograph Collection, as well as the 191-room Oasia Resort Sentosa, which is the former Le Meridien Singapore.

New supply is expected to be limited over the next three years, registering a compound annual growth rate ("CAGR") of 1.2% from end-2020 to end-2023. This is lower than the 2.8% CAGR during the three-year period from end-2016 to end-2019.

**09 Hotel Supply**




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

From 2021 to 2023, most of the new room supply will be in the Orchard area (35.4%), comprising mainly the refurbished 350-room Pan Pacific Orchard, 204-room The Singapore EDITION, 169-room Citadines Connect City Centre and the 142-room Artyzen Cuscaden Singapore. Other notable openings during the period include the 342-room Pullman Singapore in the Civic District (14.0%), a yet-to-be-named eco-resort comprising 338 rooms located in Mandai operated by Banyan Tree Holdings in the North (13.8%), the 324-room The Clan Hotel in Raffles Place (13.3%), and the 191-room Oasia Resort Sentosa and 62-room Raffles Sentosa Resort & Spa Singapore in Sentosa (10.4%).

Of the new upcoming supply from 2021 to 2023, almost 80% are classified as luxury and upscale hotels, which consist of brands such as Artyzen, EDITION, Pullman and Raffles.

In addition to the upcoming new hotel openings, the existing 1,077-room Mandarin Orchard Singapore is undergoing a phased refurbishment, whilst still remaining operational. As part of its re-branding to Hilton Singapore Orchard, it will relaunch in 2022 consisting of 1,080 rooms. 10

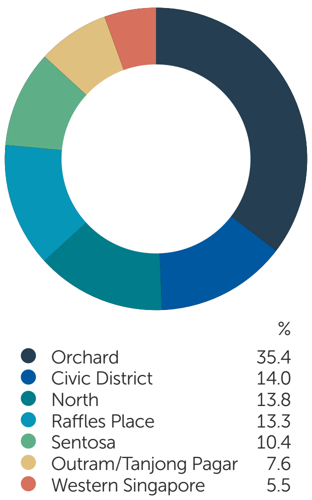
### Hotel Trading Performance

As the global travel and tourism industry came to a standstill in 2020, market-wide revenue per available room ("RevPAR") in Singapore declined by 60.0% YoY to S$73 as of year-to-date November 2020. This was driven by the 30.8 ppt YoY decline in occupancy to 56.5% and the 39.5% YoY decline in average daily rate ("ADR") to S$127 during the same period.

Despite the muted environment, Singapore has one of the highest occupancy rates when compared against many major markets in Asia, which was mainly attributed to the government buy-out of hotels for quarantine purposes (also known as Stay-Home Notice ("SHN")). However, as these government contracts were generally signed at a relatively steep discount to market rate, it correspondingly resulted in a steeper YoY decline in ADR as compared to occupancy.

From 3 July 2020, hotels not contracted by the government for SHN could apply for the resumption of staycation business, which had also helped to support hotel trading performance levels during the period. According to the STB, 266 hotels were approved for staycation business as of 17 January 2021. 11

**10 Future Hotel Room Supply (2021 to 2023)**



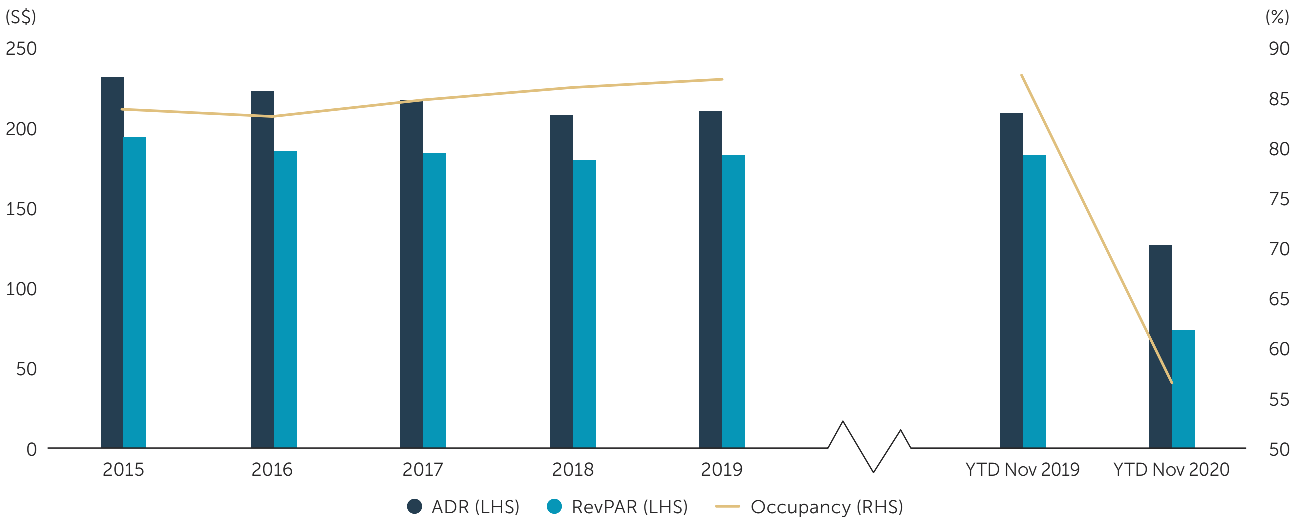

Source: JLL

# INDEPENDENT MARKET REVIEW

By JLL

SINGAPORE

## 11 Hotels Trading Performance




Source: STB
Note: For gazetted hotels only

### Hotel Investment Market

After a record year of hotel transaction volume in 2019, there were no notable arm's length hotel transactions in Singapore in 2020.

Transaction activity came to a standstill in 2020 as due diligence efforts were hampered by border closures and business disruption. There were no distressed sales of hotel assets due to the low leverage and cash-rich nature of many of the city's long-term hotel owners.

Disposals in 2021, if any, are likely to be more strategic in nature once there are signs of a sustainable recovery in hotel trading performance, likely from generational owners in Singapore seeking to unlock significant value from land price appreciation.

### Hotel Market Outlook

With SHN contracts expected to gradually expire in 2021 and international borders likely to remain closed to most leisure and business travellers in the first half of 2021, the relatively high average occupancy rate in 2020 is unlikely to be sustainable in 2021.

Nonetheless, the gradual deployment of vaccines worldwide is expected to spur a modest recovery in international tourism during the second half of the year. COVID-19 vaccinations have started in Singapore for healthcare frontliners and will be rolled out progressively to the elderly and the rest of the population. All Singaporeans and long-term residents are expected to receive free vaccinations by end-2021.

In addition, opportunities abound with the recent rollout of several new government initiatives and partnerships to drive tourism recovery.

With international borders remaining broadly closed, the STB has shifted its immediate focus to the domestic market. Launched in December 2020, the SingapoRediscover campaign aims to encourage Singaporeans to explore their own backyard and support local tourism businesses. All Singapore citizens aged 18 years old and above received S$100 in digital SingapoRediscover Vouchers, which can be used on attractions, hotels and tours from 1 December 2020 to 30 June 2021.

Several government initiatives and partnerships have also recently been successfully established to strategically position Singapore as an ideal travel destination once travel confidence returns. Building upon the strong pent-up demand for travel and ever increasing popularity of the Korean Wave, the STB announced its three-year partnership in December 2020 with South Korea's leading drama production, marketing and distribution company, Studio Dragon Corporation, to promote Singapore in South Korea and other regions. This includes the filming of such dramas with Singapore as the backdrop, as well as collaborations on joint marketing and promotional activities relating to the drama productions filmed in Singapore.

The STB and Changi Airport Group announced in November 2020 that foreign visitors will be allowed to purchase inbound travel insurance coverage of COVID-19-related costs incurred in Singapore. This initiative is expected to rebuild travel confidence and provide travellers with a peace of mind as the city-state gradually reopens for safe travel.

With Singapore so far being able to successfully contain the spread of new COVID-19 infections and having earned praise from the World Health Organisation over the handling of COVID-19, several opportunities for future MICE events in the city-state have opened up.

In August 2021, Singapore will host the annual World Economic Forum, the first time the event will be held in Asia since its inception in 1971. In October 2021, Singapore will also play host to the Hotel Investment Conference Asia Pacific and Alternative Ownership Conference Asia Pacific, signalling the gradual restart of MICE events in Singapore.

Despite the current challenging operating environment, the upcoming openings of several new-to-market brands in Singapore further reinforces the confidence of international hotel chains in the hotel sector in the longer-term. Furthermore, Singapore's commendable performance in containing the spread of COVID-19, coupled with the several government initiatives and partnerships established over the past year, are expected to further strengthen the city-state's appeal as a safe-haven destination and its strong reputation as both a leisure and MICE destination.

From an investment perspective, hotel assets in Singapore are expected to remain high on investors' radars, underpinned by its transparent banking and legal systems and a general flight-to-quality seen across all asset classes. In the longer-term, the government's strategies and infrastructure investments will continue to support the city-state as an attractive destination for tourism and investors seeking stable secure capital appreciation.

# INDEPENDENT MARKET REVIEW

By JLL

SHANGHAI

## CHINA ECONOMY

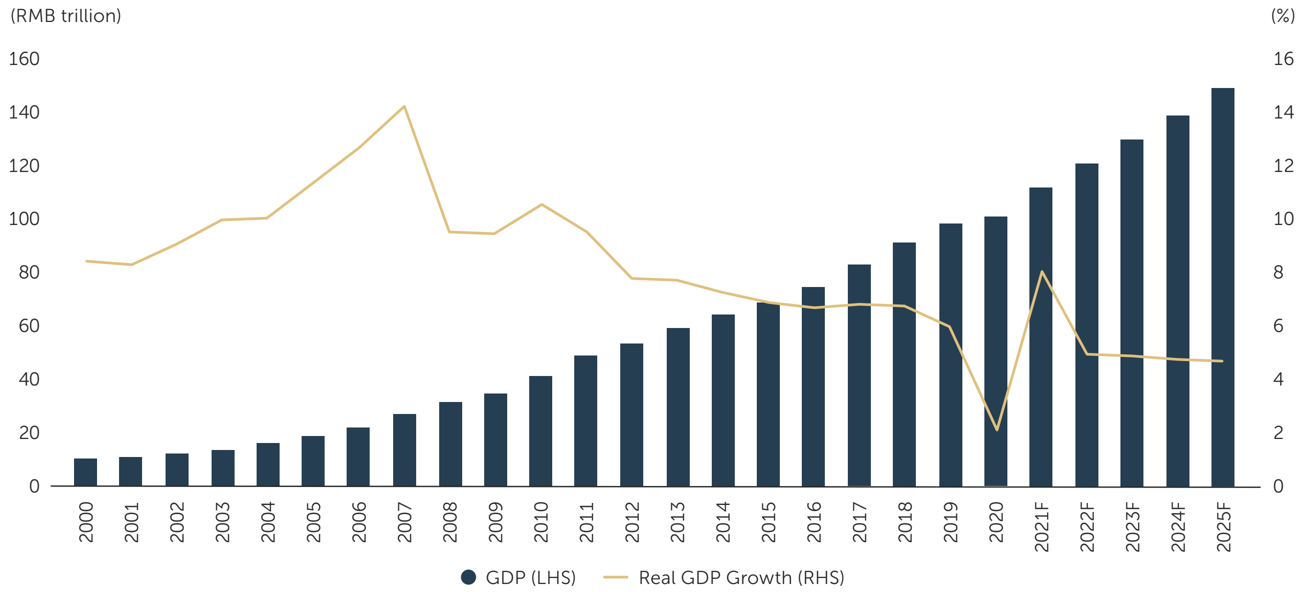
China's GDP grew 2.3% for 2020, achieving positive growth while most major economies around the world contracted. In the fourth quarter, GDP growth climbed to 6.5% YoY, accelerating from the 4.9% growth in the third quarter, and continuing the economy's strong rebound from the negative impact of the COVID-19 pandemic earlier in the year.

In 2020, the services sector continued to be the main driver of the economy, contributing approximately 54.5% of total GDP. Actual foreign investment in China's services sector expanded 13.9% YoY to RMB77.7 billion, which accounted for approximately 77.7% of total foreign direct investment ("FDI"). Foreign investment in the high-tech industry increased by 11.4% YoY, while FDI in the high-tech service sector surged 28.5% in 2020.

Although China has largely brought the pandemic under control, domestic consumption showed a slower recovery trend. In 2020, the per capita consumption expenditure for urban residents declined 6.0% YoY in real terms even though per capita disposable income was up 1.2% YoY on the same basis. However, the growth rates for both are expected to rise close to their previous trends over the next few years as China's economy recovers. For 2000 to 2020, per capita disposable income for urban residents rose at a CAGR of 10.2% while per capita consumption expenditure increased at a CAGR of 8.8% over the same period.

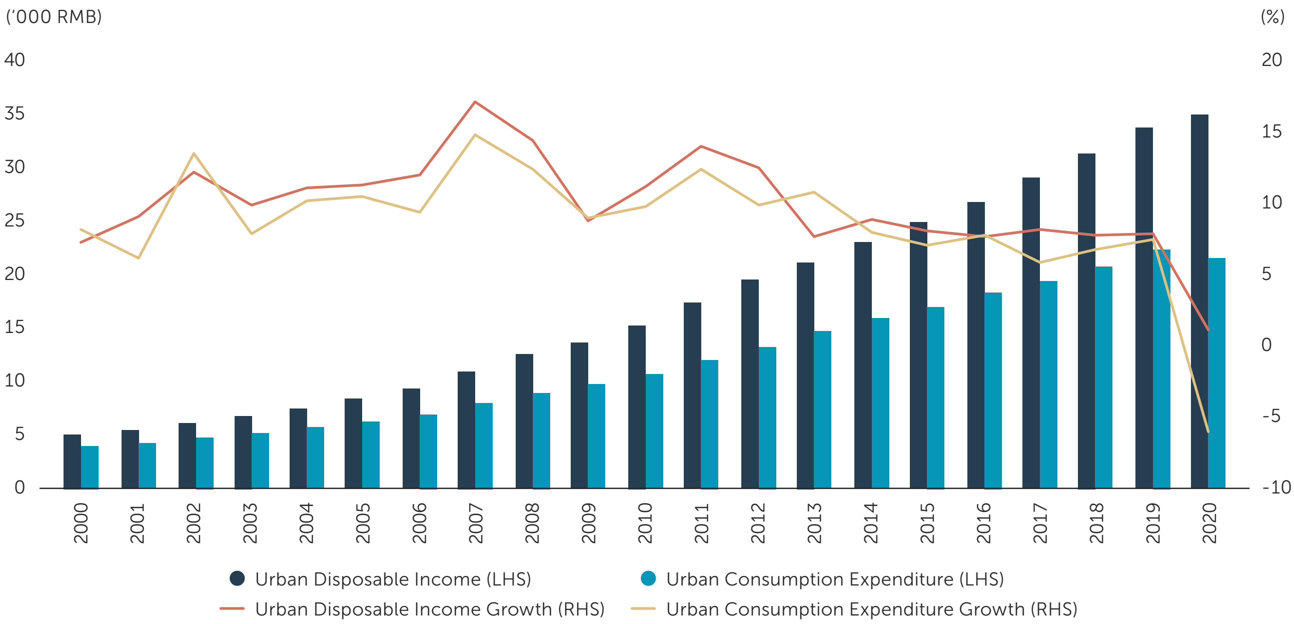
Oxford Economics expects the Chinese economy to grow 8.1% in 2021 as it continues to recover from the pandemic and rebounds from the low base in 2020. The economy will be boosted by a recovery in domestic consumption (including domestic travel as international tourism remains restricted), along with strong public spending on infrastructure, healthcare, and public services. The growth in trade will also continue to benefit China as the global economic recovery gains momentum and external demand grows. 12 13

**12 China GDP and Real GDP Growth**




Source: CEIC, Oxford Economics forecasts

**13** **China Urban Disposable Income and Consumption**




Source: CEIC

## SHANGHAI ECONOMY

Despite the adverse impact of the COVID-19 pandemic, Shanghai's GDP grew 1.7% YoY to RMB3.9 trillion in 2020 on the back of the country's rapid economic recovery. The services sector continued to be the main driver of growth, contributing approximately 73.1% of the city's total GDP, an increase of 0.2 ppt from 2019. Growth in the services sector was led by the financial services industry, spurred on by the national government's explicit push to develop Shanghai into an international financial centre. **14**

Shanghai has long been at the forefront of China's efforts to reform and open up its economy, and its international reputation and skilled labour force have made it a primary entry point for foreign firms investing in China. Shanghai's utilised FDI grew 6.2% to US$20.2 billion in 2020, of which the services sector accounted for 94.5%. Due to its status as one of China's key gateway cities, 51 new regional headquarters of multinational companies, 20 foreign-funded research and development centres, as well as a number of high-level scientific research institutions were established in the city in 2020. This was the highest number of new set-ups amongst all cities in China.

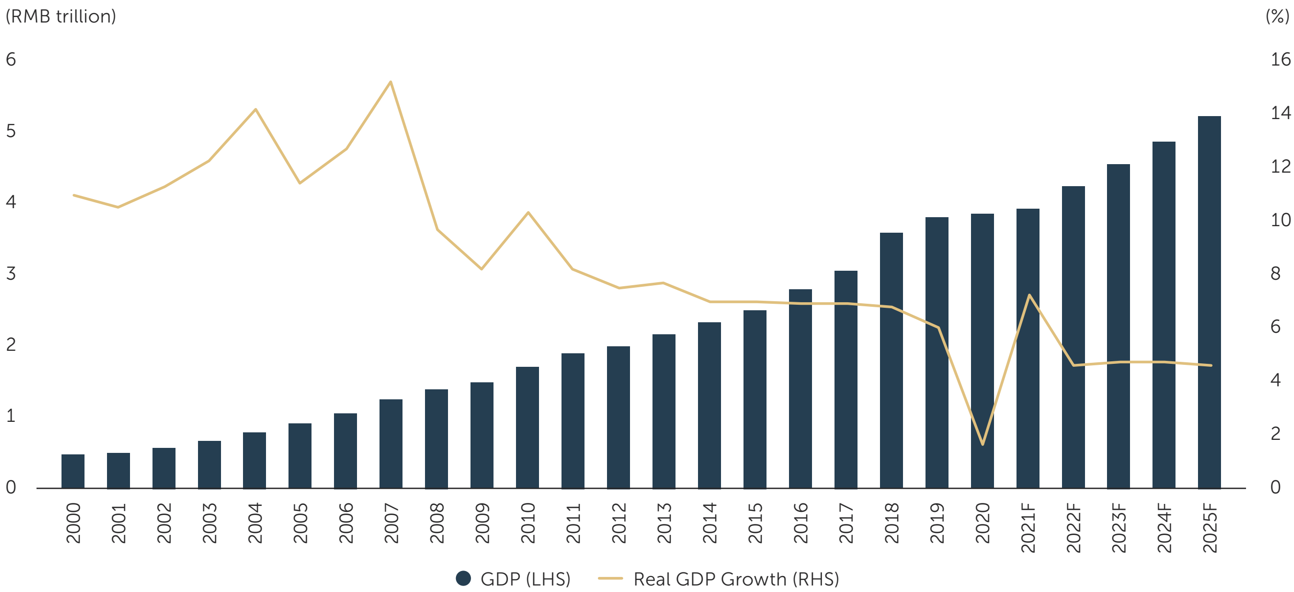
Per capita urban disposable income in Shanghai rose 3.8% YoY to RMB76,437. However, the per capita consumption expenditure decreased 6.7% YoY to RMB42,536 as consumers remained cautious amidst a potential resurgence of COVID-19 infections. Nonetheless, as one of the important engines of China's growth, domestic consumption is expected to pick up further in 2021, spurred on by continued policy stimulus. **15**

# INDEPENDENT MARKET REVIEW

By JLL

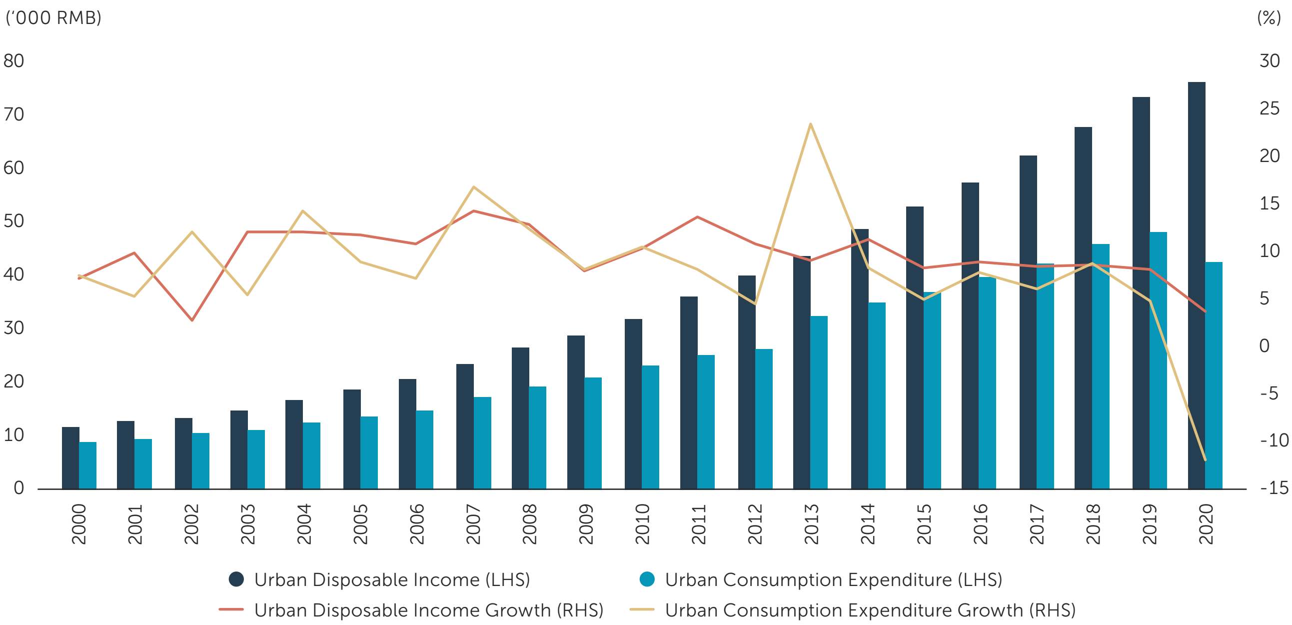
## SHANGHAI

### 14 Shanghai GDP and Real GDP Growth




Source: CEIC, Oxford Economics

### 15 Shanghai Urban Disposable Income and Consumption




Source: CEIC

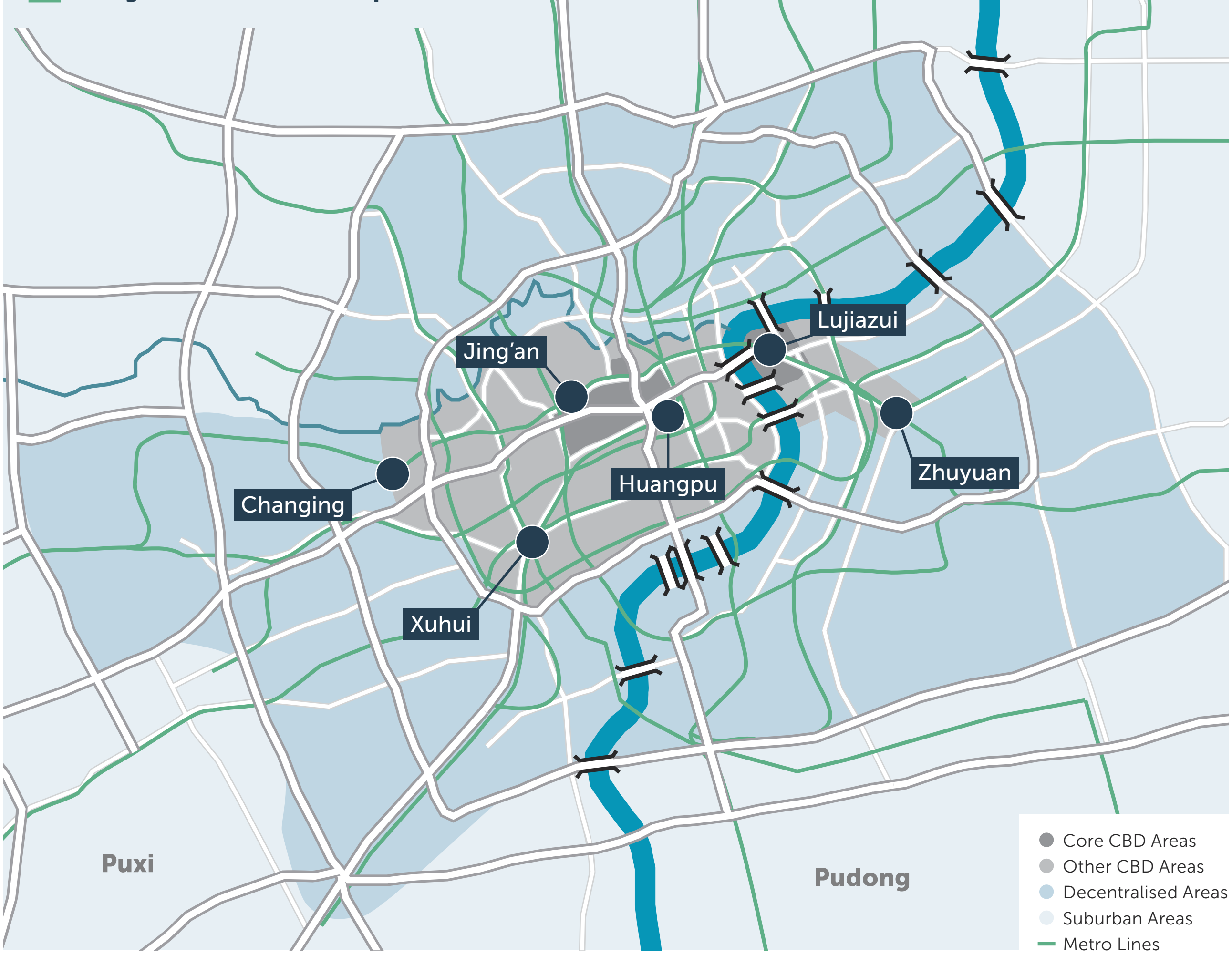
## SHANGHAI GRADE A OFFICE MARKET

### Major Business Districts

The Huangpu River separates central Shanghai into two areas: Puxi (west of Huangpu River) and Pudong (east of Huangpu River). The Shanghai Grade A office market can also be divided into the CBD and a rapidly emerging decentralised office district. This is a natural evolution and development of the Shanghai office market, driven by the gradual expansion of the city and its metro network.

There are six major CBD sub-markets in Shanghai: Changning, Huangpu, Jing'an, and Xuhui in Puxi; and Lujiazui and Zhuyuan in Pudong. The majority of Grade A office developments are located in these established sub-markets, which typically attract multinational corporations, as well as other international and large local companies to set up their headquarters and regional offices. 16

**16 Shanghai Grade A Office Map**




Source: JLL Research

# INDEPENDENT MARKET REVIEW

By JLL

## SHANGHAI

### Stock

As at end-2020, Shanghai's overall (CBD and decentralised) Grade A office stock totalled 14.2 million square metres ("sq m") of gross floor area ("GFA"), an increase of 5.0% YoY driven primarily by the significant expansion of the decentralised market which accounts for 51.7% of total stock. The total stock of CBD Grade A office increased 2.8% YoY to 6.9 million sq m, with the majority (54.6% of CBD Grade A office) located in Puxi and the remaining 45.4% in Pudong. 17

### 17 CBD Grade A Office Stock by Sub-market


Source: JLL Research, March 2021

### Supply, Demand and Occupancy

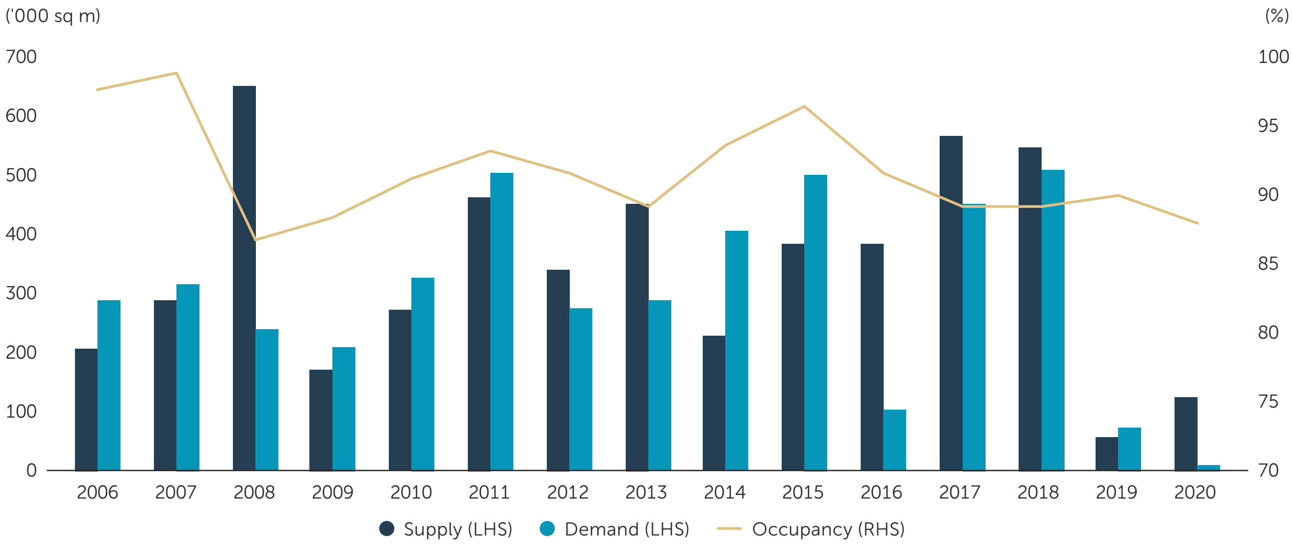
The new supply of CBD Grade A office space was 126,851 sq m in 2020, which was more than twice the amount in 2019.

As the pandemic receded, leasing demand rebounded in the second half of 2020 on the back of the economic recovery. Demand was driven by companies in financial and professional services, technology, media and telecommunications ("TMT"), gaming companies, as well as those in the retail sector. However, cost efficiency was a key driver of leasing demand with the decentralised market benefitting from companies' continued focus on streamlining operating costs, while others took advantage of rental declines to relocate to better quality buildings.

As a result, Shanghai CBD Grade A net absorption at 10,281 sq m in 2020 was significantly lower than the 76,178 sq m recorded in 2019. In Pudong, full year net absorption was negative 12,517 sq m, due to the relocation of several large anchor tenants to the decentralised market. Conversely, the total net absorption of CBD Grade A office in Puxi was slightly better at 22,798 sq m.

Overall, the Shanghai CBD Grade A occupancy rate decreased 2.0 ppt YoY to 88.0%. 18

### 18 CBD Grade A Office Supply, Demand and Occupancy




Source: JLL Research, March 2021

### CBD Grade A Office Rents

Due to the new supply, increased competition from the decentralised market, as well as the relatively softer demand from occupiers, landlords adjusted their rental expectations and provided tenants with more incentives to sustain occupancy. As a result, Shanghai CBD Grade A office rents recorded a 6.7% YoY decrease to RMB9.3 per sq m ("psm") per day. In Huangpu, CBD Grade A office rents recorded a smaller decrease of 5.4% YoY to RMB8.7 psm per day, while occupancy edged down 0.6 ppt YoY to 89.4% as at 31 December 2020. 19

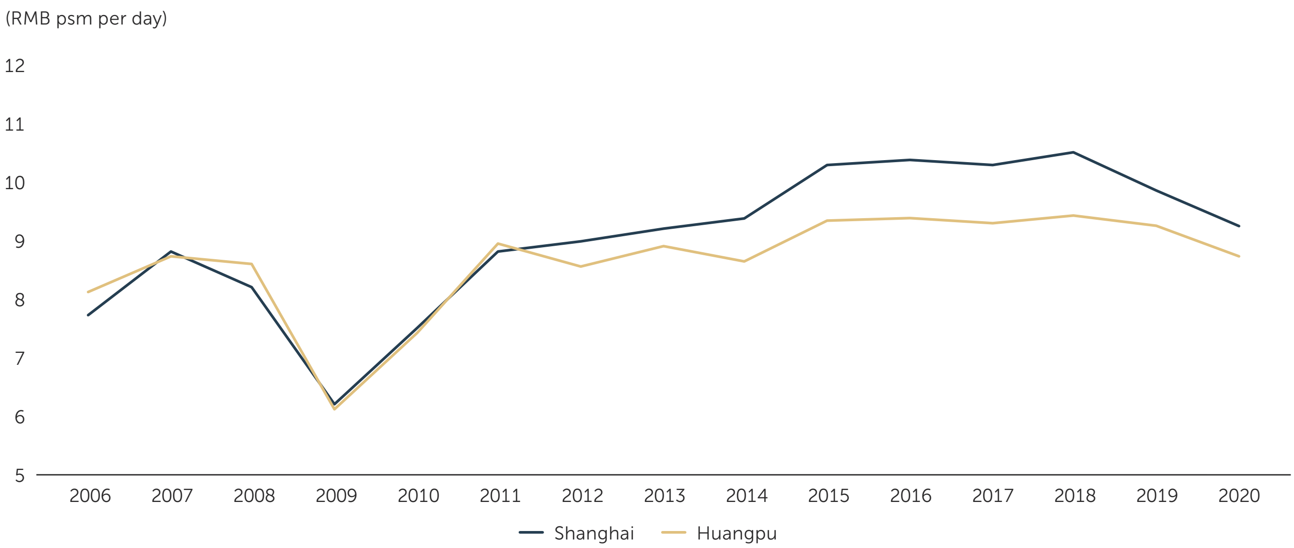
### Investment Market

In 2020, China's total transaction volume reached RMB203.8 billion, a decline of 28.3% YoY due to the pandemic. While Shanghai remained the top city for investment in China, contributing 37.5% of total transaction volume, the RMB76.5 billion transaction volume recorded in 2020 was still down by 28.2% YoY. Even though the office leasing market remains under cyclical supply pressure, the office sector remained the top choice for investors with 82% share of overall transaction volume in 2020, up from 59% in 2019.

In Shanghai, foreign investors' share of total transaction volumes fell from 45% in 2019 to 16% in 2020. Domestic end users were the main buyers over the year, while domestic insurance companies continued to be active. Cap rates decompressed moderately over the year to a range of 4.2% to 4.5%.

Looking ahead, the investment market's recovery will depend on the strength of the economic rebound and stabilisation of rental levels. While investors will be more selective within the office sector as a result of cyclical pressures, the successful management of the pandemic by China has helped stabilise the market. As one of the world's top megacities, Shanghai will remain attractive to medium to long term investors seeking to gain a foothold in China.

**19 CBD Grade A Office Average Rents**




Source: JLL Research, March 2021

# INDEPENDENT MARKET REVIEW

By JLL

SHANGHAI

### Future Supply

The total new supply in the Shanghai CBD Grade A office market is approximately 1.4 million sq m over the next five years, with the majority (91.6%) located in Puxi. In Puxi, major developments slated for completion in 2021 include JC Plaza (35,807 sq m) and City Link (49,758 sq m) in Jing'an, as well as IM Shanghai T1 (56,682 sq m) in Changning.

The significant amount of CBD Grade A office supply which will only abate from 2023 onwards, is expected to weigh on rents and occupancy. 20

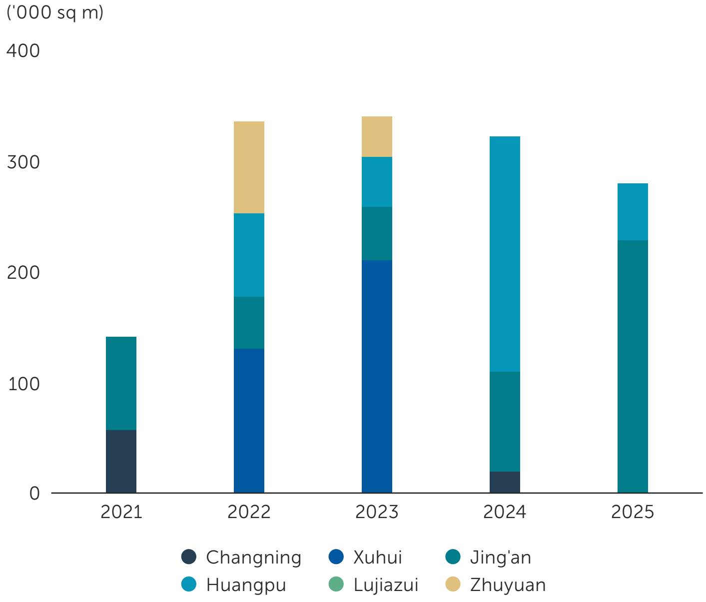
### CBD Grade A Office Market Outlook

New office supply will remain significant in 2021. The estimated 140,000 sq m of new supply expected to enter Puxi in 2021 is more than the total new supply of CBD Grade A office in 2020. Combined with slower leasing momentum due to continued business uncertainties resulting from the pandemic, Puxi landlords are expected to provide more leasing incentives such as longer rent-free and fit-out periods in view of the increased competition for tenants given the occupancy pressure. Hence, CBD Grade A office rents in Puxi are expected to decline moderately in 2021.

In the medium to long term, looser monetary policy will further stimulate growth of domestic financial companies. In addition, the further development of the financial industry is expected to attract more foreign financial services companies to set up offices in Shanghai, China's financial centre. With China focused on promoting greater innovation in the economy, the TMT sector is also expected to drive future office leasing demand.

Due to the significant supply of new projects entering Puxi from 2022 to 2025, the vacancy rate is expected to rise and peak at 14%. While its strong fundamentals and stable demand will continue to underpin the performance of Puxi Grade A office, the large volume of future supply and competition from the decentralised market will limit rental growth. CBD Grade A office rents in Puxi are expected to see an average growth of 1.3% per annum from 2022 to 2025. In contrast, CBD Grade A office rents in Pudong are expected to increase an average of 4.0% per annum over the same period.

### 20 Future CBD Grade A Office Supply




Source: JLL Research, March 2021

## SHANGHAI PRIME RETAIL MARKET

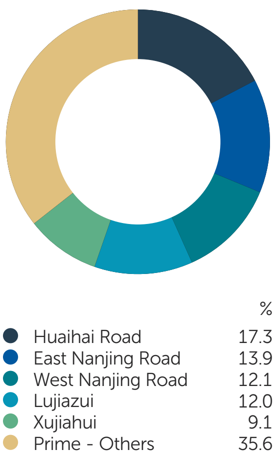
### Major Retail Markets

Prime retail markets in Shanghai refer to areas within the inner ring road and to the south of Suzhou Creek. It consists of the most prestigious retail markets in Shanghai and possibly, the whole of China, such as Huaihai Road (including Xintiandi), West Nanjing Road, East Nanjing Road, Lujiazui, and Xujiahui. While urbanisation has led to the emergence and popularity of decentralised markets which cater to the shopping needs of local communities, the prime retail markets remain the top destination for luxury brands, new-entrants and niche brands attempting to enter Shanghai and China. 21

**21 Shanghai Prime and Decentralised Retail Markets**


Source: JLL Research, March 2021

**22 Prime Retail Stock by Sub-market**




Source: JLL Research, March 2021

## Stock

As at end-2020, the five major prime retail sub-markets with a combined 3.5 million sq m of GFA, accounted for 64.4% of total prime retail stock of 5.4 million sq m. Huaihai Road is the biggest prime retail sub-market with a total stock of 934,650 sq m, representing 17.3% of total prime retail stock. 22

# INDEPENDENT MARKET REVIEW

By JLL

SHANGHAI

### Supply, Demand and Occupancy

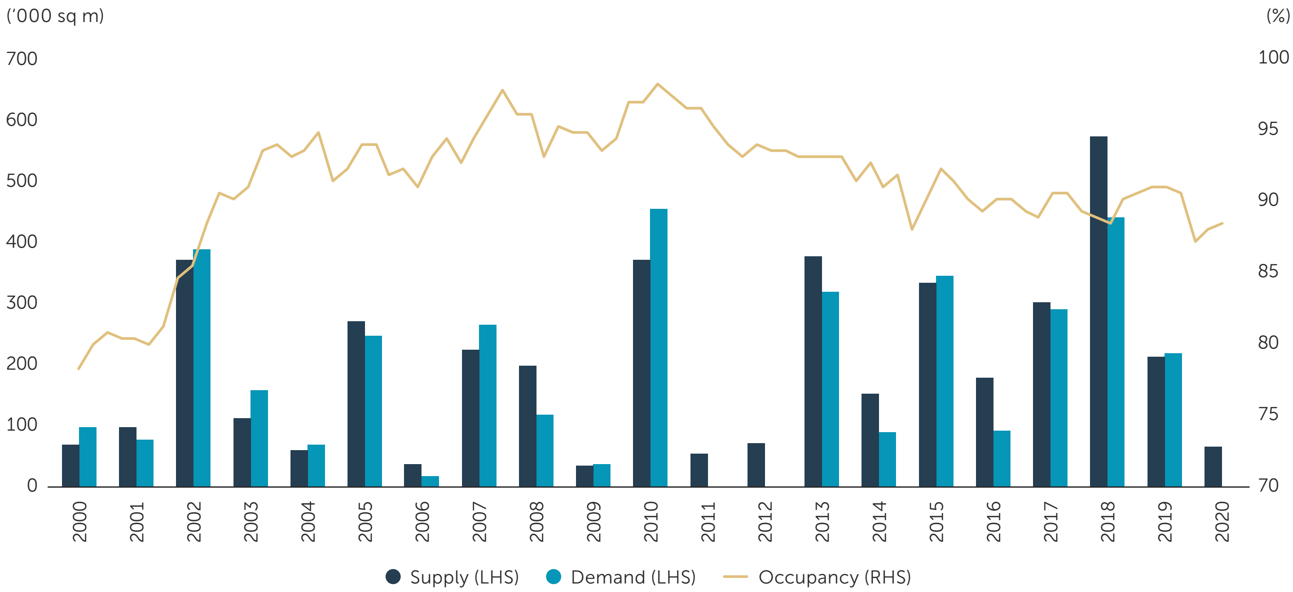
Most of the new supply in recent years has been concentrated in the decentralised markets, while new supply in prime markets mainly comprise en-bloc refurbishment of existing properties due to land scarcity. In 2020, only two shopping malls completed refurbishment and reopened with a total GFA of 65,700 sq m in the prime retail markets. Both projects, Shanghai Plaza and Xintiandi Style I, are located in the Huaihai Road sub-market.

Leasing demand for the overall Shanghai retail market was hit hard by the COVID-19 pandemic in 1H 2020 as retailers remained cautious about business expansion. As a result, the prime retail vacancy rate increased 2.4 ppt YoY to 11.0% as at year-end, as the pick up in retail leasing activities in 2H 2020 could not offset the earlier increase. In the Huaihai Road sub-market, the retail vacancy rate recorded a higher increase of 3.4 ppt to 11.2% as at end-2020.

As the overall retail market remains in a period of recovery post pandemic, landlords have adopted various strategies, including working closely with tenants to drive footfall and consumer spending. The omni-channel business model is transforming the traditional retail landscape, especially in the wake of the pandemic outbreak and the subsequent lockdowns. Both landlords and brands have accelerated the development of their omni-channel strategies to offer consumers a more efficient and convenient shopping experience.

More market players are also favouring flexible leasing strategies such as pop-up stores to cut operating costs while aiming to increase footfall and social media exposure. As certain sectors such as sports-related fashion brands, beauty, automobile, lifestyle specialty stores and casual F&B continue to expand aggressively, landlords have been able to attract new tenants to take up vacated spaces, refresh the tenant mix and enhance their properties' competitiveness. 23

**23 Prime Retail Supply, Demand and Occupancy**




Note: Total historical completions include new completions and refurbishments. Only includes shopping malls
Source: JLL Research, March 2021

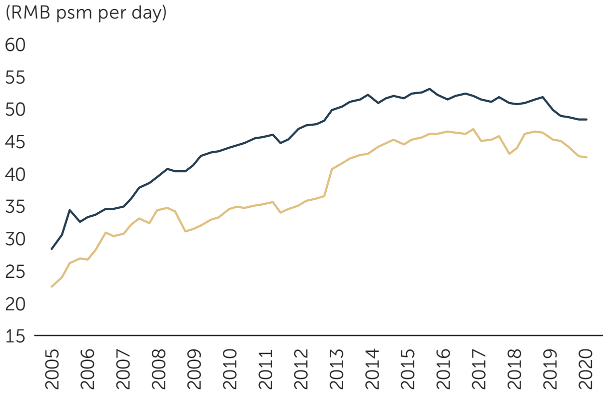
### Prime Retail Rents

Ground floor rents experienced a YoY decline for the first time since 2001. The sharpest declines were recorded in the first two quarters of 2020. As a result, prime retail and Huaihai Road ground floor rents ended the year at RMB48.6 psm per day and RMB42.6 psm per day, respectively. This represented a decrease of 2.8% and 6.1% YoY, respectively.

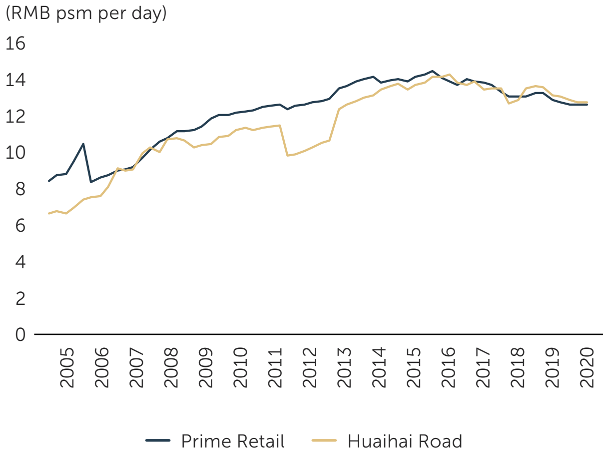
Average rents in the prime retail market saw consecutive quarter-on-quarter declines during the first three quarters of 2020. As the overall retail market recovery accelerated, growth returned in the fourth quarter. Average rents in the prime retail market as at end-2020 were RMB12.6 psm per day, while Huaihai Road average rents were RMB12.7 psm per day. 24

**24 Prime Retail and Huaihai Road Sub-market Rents**

**Ground Floor Rents**




**Average Rents**

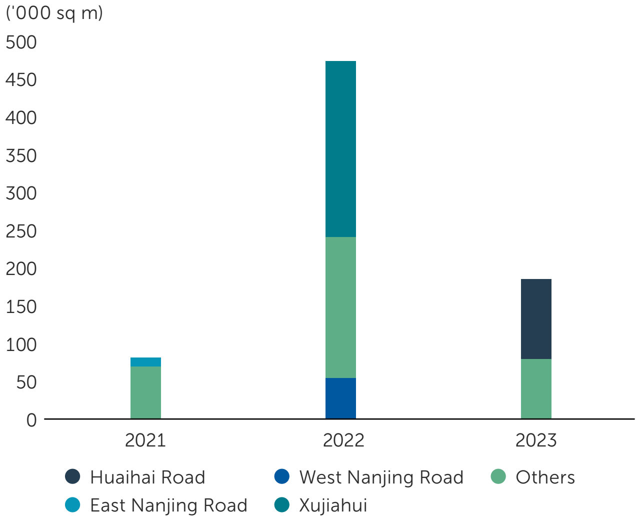



Source: JLL Research, March 2021

### Future Supply

In the prime retail market, a limited supply of new retail space is expected to come on stream over the next three years, with only eight projects with a total GFA of approximately 742,000 sq m, averaging 123,600 sq m per year. This is 61.8% lower than the five-year average supply of 323,400 sq m. Excluding retail supply in the decentralised areas, new prime retail supply in the major sub-markets is even more limited. 25

**25 Future Prime Retail Supply**




Source: JLL Research, March 2021

# INDEPENDENT MARKET REVIEW

By JLL

SHANGHAI

### Prime Retail Market Outlook

As economic and business uncertainties are expected to remain as a result of the COVID-19 pandemic, both landlords and retailers have been exploring more sustainable growth over the medium to long term. Multi-channel platforms and digitalisation are becoming must-have tools for market players to offer more personalised and convenient products and services for their targeted consumers.

Domestic consumption will play a larger role in China's economic recovery, with greater consumer spending further strengthening brands' confidence to accelerate their expansion plans in 2021. Some sectors are expected to maintain active leasing momentum in 2021, including auto showrooms, beauty, outdoor sports, domestic fashion brands, and lifestyle specialty stores. Brands in fast fashion, affordable luxury and fine-dining restaurants are likely to remain cautious.

The prime retail market is expected to fare better than the decentralised market in 2021. The excellent location, well-designed and well managed aspects of Shanghai's prime malls will continue to attract both international and domestic brands seeking to enlarge their existing market share or develop new markets.

After having seen an uptick in vacancy in 2020, the prime retail market vacancy rate is expected to fall and will remain on a downward trend due to very limited future supply and active leasing demand. Accordingly, net absorption is expected to rebound and surpass future supply volume over the next five years.

In the prime retail market, same-store average ground floor rents are expected to rise 2.1% YoY in 2021, primarily driven by the outstanding performance of the mid- to high-end market. In the medium term, average ground floor retail rents are expected to maintain a moderate growth rate of between 2.2% to 2.4% per annum, driven by Shanghai's strong consumption fundamentals and leading status as the most dynamic retail market in China.

**Limiting Conditions**
This market report ("Report") contains forward-looking statements that are provided as JLL's beliefs, expectations, forecasts or predictions for the future. All such statements relating to future matters are based on the information known to JLL at the date of preparing this document. We stress that such statements should be treated as an indicative estimation of possibilities rather than absolute certainties. The forecast process involves assumptions about a substantial number of variables, which are highly responsive to changing conditions. Variations of any one of the variables may significantly affect outcomes and JLL draws your attention to this. Therefore, JLL cannot assure that the forecasts outlined in this Report will be achieved or that such forward-looking statements outlined in this Report will prove to be correct. Interested parties must be cautioned not to place undue reliance on such statements.

Where as a result of new available information, future events or otherwise, JLL undertakes no obligation to publicly update or revise any forward-looking statements contained in this Report, except as required by law.

JLL has relied upon external third-party information in producing this Report, including the forward-looking statements. We want to draw your attention that there is no independent verification of any of the external party documents or information referred to herein. This Report is limited to the matters stated in it and no opinion is implied or may be inferred beyond the matters expressly stated herein. The information in the Report should be regarded solely as a general guide. Whilst care has been taken in its preparation, no representation is made or responsibility is accepted for the accuracy of the whole or any part.

JLL has prepared this Report to be used in the 2020 OUE Commercial Real Estate Investment Trust Annual Report ("Annual Report"). The opinions expressed in this Report are subject to changes and therefore does not constitute, nor constitute part of, an advice, offer or a contract.

**Disclaimer**
1. Save for liability which cannot be excluded by law, JLL and its respective businesses, directors, officers, employees, consultants, lenders, agents or advisors do not make any representation or warranty, express or implied, as to the accuracy, reliability or completeness of the information contained in the Report or the Annual Report (collectively referred to as "Information"), and do not accept:

    (a) any responsibility arising in any way for any errors in or omissions from the Information, or for any lack of truth, accuracy, completeness, currency or reliability of the Information;

    (b) any responsibility for any interpretation that the recipient of the Information or any other person may place on the Information, or for any opinion or conclusion that the recipient of the Information or any other person may form as a result of examining the Information; and

    (c) any liability (whether direct or indirect or consequential) for any loss, damage, cost, expense, outgoing, interest, loss of profits or loss of any kind ("Losses") suffered or incurred by any person (whether foreseeable or not) as a result of or by reason of or in connection with the provision or use of the Information, or you, your representatives or advisers acting on or relying on any Information, whether the Losses arise in connection with any negligence, default or lack of care on the part of JLL or any other cause.

2. The Information is not based on any actual or implied knowledge or consideration of the investment objectives, financial situation, legal or taxation position or any other needs or requirements of the recipient of the Information and should not be construed in any way as an investment advice.

3. Any forecasts included in the Information or any other written or oral forecasts of JLL made available to you or your representative are not to be taken to be representations as to future matters. These forecasts are based on a large number of assumptions and are subject to significant uncertainties, vagaries and contingencies, some, if not all, of which are outside of the control of JLL.

4. No representation is made that any forecast will be achieved. Actual future events may vary significantly from forecasts. You should make and must rely on your own business judgment, enquiries and investigations regarding the assumptions, uncertainties and contingencies included in the Information.

5. For the avoidance of doubt, the information in the Report is based on data reasonably available to JLL as at 8 October 2020 unless otherwise specified.

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

7. No part of this report may be reproduced, stored in a retrieval system, or transmitted in any form or by any means, including by way of email, photocopying, recording, or otherwise, without the prior written permission of JLL.

8. Acceptance or use of the Information will be taken to be acceptance by you that you will be relying on your own independent judgment, enquiries, investigations and advice.

# INVESTOR RELATIONS

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

Financial results, business updates, 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.

Due to the various safe distancing and control measures in place as a result of the COVID-19 pandemic, local and overseas physical meetings were curtailed from March 2020. Nonetheless, the Manager continued to maintain regular engagement with the investor community through virtual outreach events and activities to provide updates on OUE C-REIT's development and financial performance as well as insights on its strategies and market outlook.

In 2020, the management team met with more than 200 research analysts and institutional investors through quarterly analyst briefings, one-on-one and group meetings, as well as investor conferences, with the majority of outreach activities conducted online.

To engage further with retail investors, the Manager conducted a webinar in April 2020 with SGX and the REIT Association of Singapore ("REITAS") which was attended by approximately 170 retail investors. In September 2020, the Manager also participated in the first online edition of the annual REITs Symposium, organised by ShareInvestor and REITAS, which attracted more than 4,000 registrants.

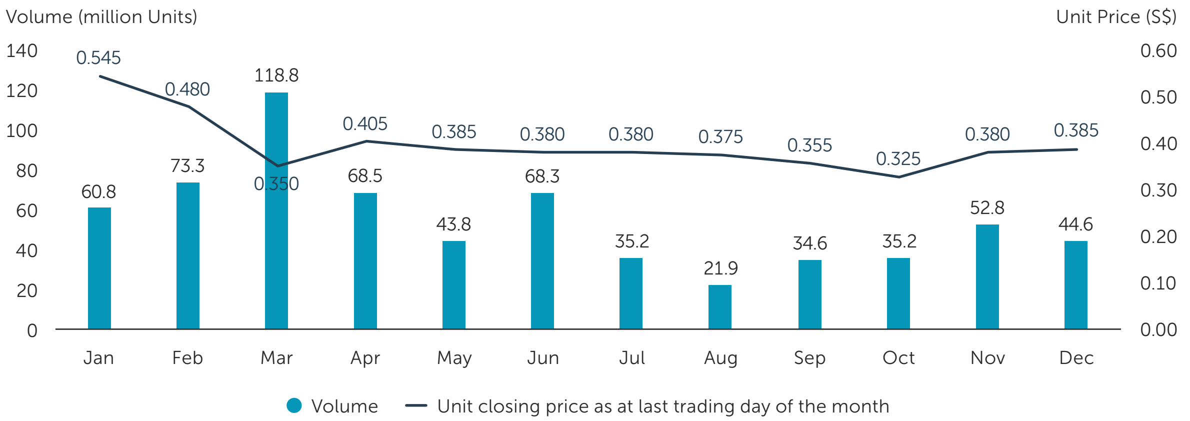
## UNIT PRICE PERFORMANCE

| S$ | 2020 | 2019 |
|---|---|---|
| Opening Price on First Trading Day of Year | 0.570 | 0.460 |
| Closing Price on Last Trading Day of Year | 0.385 | 0.565 |
| Highest Closing Price | 0.570 | 0.570 |
| Lowest Closing Price | 0.290 | 0.455 |
| Average Closing Price | 0.402 | 0.519 |

## TRADING VOLUME

| Number of Units | 2020 | 2019 |
|---|---|---|
| Total Volume Traded | 657,824,300 | 457,397,500 |
| Average Daily Trading Volume | 2,610,414 | 1,820,151 |

## 2020 TRADING PERFORMANCE




Source: Bloomberg

## INVESTOR RELATIONS ACTIVITIES IN 2020

| 1st Quarter | |
|---|---|
| Analyst Briefing for 4Q 2019 Financial Results | 30 January 2020 |
| 4Q 2019 Post-results investor luncheon | 31 January 2020 |
| Credit Suisse ASEAN Virtual Corporate Day | 11 March 2020 |
| Analyst Briefing for Re-branding of Mandarin Orchard Singapore | 26 March 2020 |

| 2nd Quarter | |
|---|---|
| SGX-REITAS Webinar | 7 April 2020 |
| Analyst Briefing for 1Q 2020 Financial Results | 6 May 2020 |
| 1Q 2020 Post-results investor conference call | 6 May 2020 |
| Citi Pan-Asia Regional Investor Conference 2020 | 20 May 2020 |
| Sixth Annual General Meeting | 21 May 2020 |
| SGX-NH Virtual S-REITs Corporate Day | 26 May 2020 |
| Morgan Stanley Virtual ASEAN Best Conference 2020 | 29-30 June 2020 |

| 3rd Quarter | |
|---|---|
| Analyst Briefing for 2Q 2020 Financial Results | 24 July 2020 |
| 2Q 2020 Post-results investor conference call | 24 July 2020 |
| SGX REIT Digital Corporate Access Seminar Dialogue | 4 August 2020 |
| Webinar for Phillip Securities Trade Representatives & Clients | 11 August 2020 |
| Citi-REITAS-SGX C-Suite REITS and Sponsors Forum 2020 | 27 August 2020 |
| DBSV-SGX-REITAS Conference: Future of Real Estate Series | 2 September 2020 |
| REITs Symposium 2020 | 19 September 2020 |

| 4th Quarter | |
|---|---|
| Analyst Briefing for 3Q 2020 Business Update | 13 November 2020 |
| 3Q 2020 Business Update investor conference call | 13 November 2020 |
| SGX-NH Virtual S-REITs Corporate Day | 26 November 2020 |

Following the amendments to Rule 705(2) of the Listing Manual of the Singapore Exchange Securities Trading Limited on the quarterly reporting framework which took effect from 7 February 2020, OUE C-REIT ceased quarterly reporting and adopted the new semi-annual reporting framework with effect from May 2020.

| Financial Calendar | FY 2020 | FY 2021 (tentative) |
|---|---|---|
| First Quarter Financial Results / Business Update Announcement | 5 May 2020 | May 2021 |
| Second Quarter and First Half Financial Results Announcement | 23 July 2020 | July 2021 |
| Payment of Distribution to Unitholders | 11 September 2020 | By September 2021 |
| Third Quarter Business Update Announcement | 12 November 2020 | November 2021 |
| Full Year Financial Results Announcement | 28 January 2021 | January 2022 |
| Payment of Distribution to Unitholders | 9 March 2021 | By March 2022 |
| Annual General Meeting | 28 April 2021 | April 2022 |

## ANALYST COVERAGE

As at 31 December 2020
- CIMB Securities
- DBS Bank
- OCBC Investment Research
- iFast

## UNITHOLDERS' ENQUIRIES

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

### THE MANAGER

**OUE Commercial REIT Management Pte. Ltd.**
333 Orchard Road
#33-01
Singapore 238867
Tel: +65 6809 8700
Fax: +65 6809 8701
Email: enquiry@ouect.com
Website: www.ouect.com

### UNIT REGISTRAR

**Boardroom Corporate and Advisory Services Pte. Ltd.**
50 Raffles Place
#32-01 Singapore Land Tower
Singapore 048623
Tel: +65 6536 5355
Fax: +65 6438 8710
Website:
www.boardroomlimited.com

### UNIT DEPOSITORY

For depository-related matters, please contact:

**The Central Depository (Pte) Limited**
11 North Buona Vista Drive
#06-07 The Metropolis Tower 2
Singapore 138589
Tel: +65 6535 7511
Email: asksgx@sgx.com
Website: investors.sgx.com

# SUSTAINABILITY REPORT

## BOARD STATEMENT

The Board of Directors (the "Board") of OUE Commercial REIT Management Pte. Ltd. (the "Manager") is pleased to present OUE Commercial Real Estate Investment Trust's ("OUE C-REIT") fourth annual sustainability report.

The Board assumes the overall responsibility for integrating sustainability considerations into OUE C-REIT's strategic decisions with support from the Sustainability Steering Committee ("SSC"). This year's report continues to provide an update of the Manager's sustainability achievements and progress in FY 2020.

Sustainability is an increasingly important issue for all businesses. By taking a strategic approach to sustainability, the Board helps foster longevity, resilience, and competitiveness across OUE C-REIT's business. The COVID-19 pandemic has reshaped our daily lives and put corporate social responsibility to the test. While the pandemic is a once-in-a-generation event, the Manager is committed to maintaining a strong focus on long-term social and environmental priorities that potentially impact OUE C-REIT. During this reporting period, the Manager, working with our sponsor OUE Limited (the "Sponsor"), has reviewed our sustainability strategy and prioritised our areas of focus, taking into account the expansion of operations following the merger with OUE Hospitality Trust ("Merger"). As part of the review, the Manager has also updated the material environmental, social and governance ("ESG") targets.

Moving forward, the Board will continue to work closely with the management team, our Sponsor, alongside the Sponsor's subsidiaries (collectively the "OUE Group" or "Group") to oversee the Manager's sustainability performance and practices to enhance sustainable value creation for all our stakeholders.

## ABOUT OUE C-REIT

### Who We Are

OUE C-REIT is a diversified real estate investment trust and invests in income-producing real estate primarily used for commercial (including office and/or retail) and hospitality-related purposes. Our portfolio comprises more than 2 million square feet of prime commercial (office and retail) space, as well as 1,640 upper upscale hotel rooms. The Manager is a wholly-owned subsidiary of the Sponsor - 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.

Headquartered in Singapore, OUE C-REIT operates in both Singapore and Shanghai, China, and was publicly listed on the Singapore Exchange Securities Trading Limited ("SGX-ST") on 27 January 2014. OUE C-REIT's total assets has since grown from S$1.6 billion, to S$6.8 billion as at 31 December 2020.

### Who We Want to Be

The Manager's key objective is to deliver regular and stable distributions, and long-term sustainable growth to holders of units in OUE C-REIT ("Unitholders"). In striving towards this objective, we are guided by our key strategies which are maximising operational performance, value-enhancing investment management and proactive capital and risk management.

In addition to serving Unitholders, OUE C-REIT is passionate about creating social ecosystems to enrich and benefit our other stakeholders, and serve the local communities in which we operate.

OUE C-REIT is committed to embedding sustainability into our operations and working towards building a sustainable future for all of our stakeholders. Our revised Group sustainability framework defines key areas of focus and guides our future efforts in sustainability.

## ABOUT THIS REPORT

This report is the fourth annual sustainability report published by OUE C-REIT. It has been prepared in accordance with the GRI Standards: Core option, and complies with SGX-ST Listing Rules 711A and 711B. The report covers the performance data from OUE C-REIT's commercial and hotel properties in Singapore and Shanghai for the financial year 1 January 2020 to 31 December 2020. The Sponsor's internal audit team was involved in the data verification process.

For environmental data, we have adopted the operational control approach in the consolidation of our performance data, which excludes tenants' areas. Environmental performance data from OUE Bayfront (including OUE Tower and OUE Link), One Raffles Place, OUE Downtown Office, Mandarin Gallery, Mandarin Orchard Singapore ("MOS") and Crowne Plaza Changi Airport ("CPCA") in Singapore, as well as Lippo Plaza in Shanghai are covered in the reporting scope. For social topics, the data includes only the Manager and property managers of One Raffles Place and Lippo Plaza due to the holding structure of OUE C-REIT's interest in these two properties.

The Manager is constantly striving to enhance the internal data collection process and expand the scope of disclosure where feasible. Starting from FY 2020, we have expanded our reporting scope to cover not only operations in Singapore but also our overseas property by including performance data from Lippo Plaza in Shanghai. Furthermore, we have added environmental data from the Manager's corporate office into the reporting scope.

We have also started to collect additional environmental data including emissions from refrigerants, and fuel usage from an onsite generator and company-owned vehicles from our properties wherever applicable. In FY 2020, fuel usage from onsite generators was only applicable to OUE Downtown Office and Lippo Plaza, while fuel consumption from company-owned vehicles pertain only to Lippo Plaza.

In view of the updated scope upon completion of the Merger as well as for the purpose of a more relevant comparison of performance over time, we have restated all environmental performance figures from FY 2017 to FY 2019 to include historical contribution from all properties in OUE C-REIT's portfolio as at 31 December 2020, where past years' data was available[1]. Please see relevant sections under "Stewarding the Environment" for the revised environmental performance and information.

The Manager has not sought external assurance on this report but may consider doing so in the future. Please contact us if you have any questions about this report or OUE C-REIT's sustainability practices at enquiry@ouect.com.

[1] Majority of environmental data from Lippo Plaza is unavailable from FY 2017 to FY 2019

# SUSTAINABILITY REPORT

## SUSTAINABILITY AT OUE C-REIT

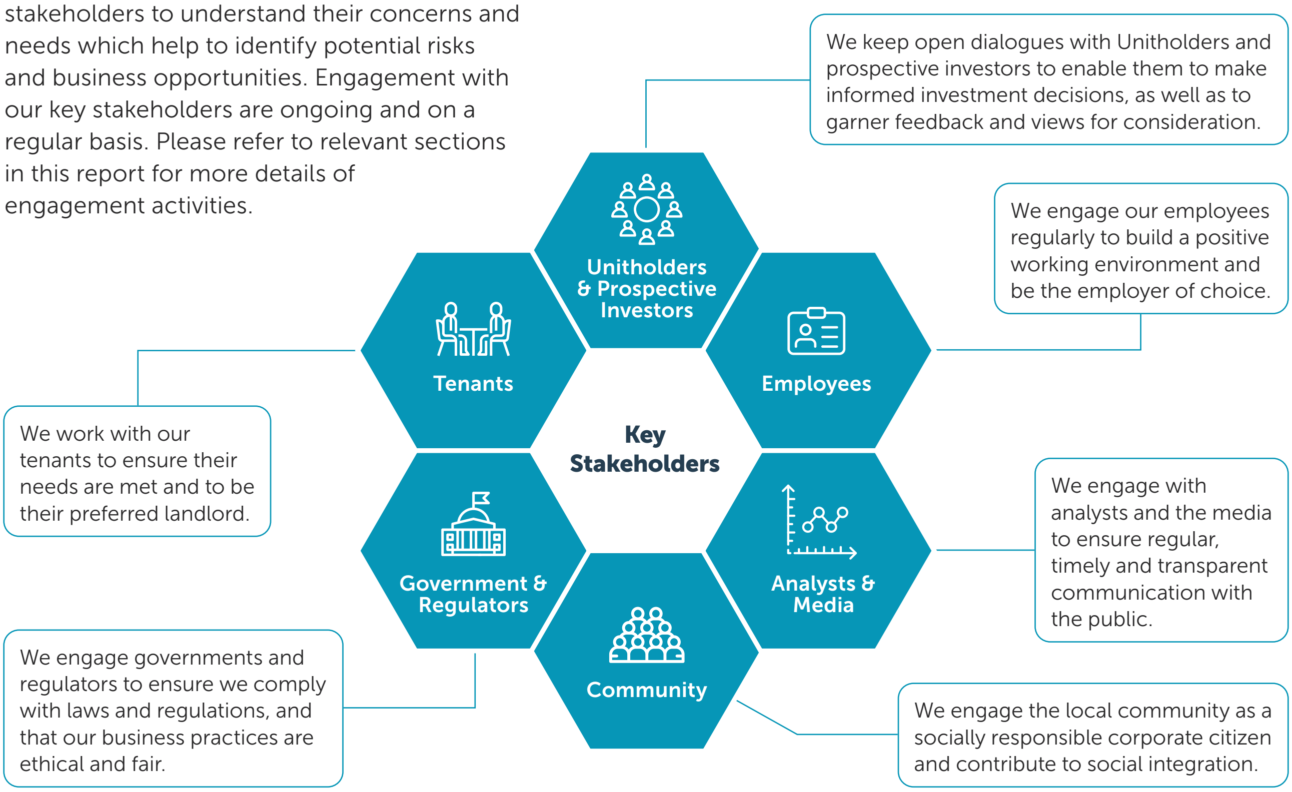
### Sustainability Governance

A formal sustainability governance structure has been created to ensure OUE C-REIT is steered in the right direction on its sustainability journey. The Board oversees the integration of sustainability considerations into the overall strategy, and is supported by the Manager's SSC which comprises C-suite, the Investor Relations lead, and Asset Management lead. The SSC works closely with the OUE Group's SSC, and is responsible for developing and reviewing OUE C-REIT's sustainability vision, mission and strategy, as well as developing and reviewing relevant sustainability policies, practices and initiatives. The Sustainability Task Force ("STF"), made up of representatives from various business units, facilitates the implementation of sustainability policies and initiatives and develops action plans in response to sustainability targets. The STF, SSC and the OUE Group's SSC meet on a regular basis to monitor sustainability progress against targets and evaluate the effectiveness of sustainability implementations.

**Sustainability Governance Structure**


### Stakeholder Engagement

The Manager interacts with a wide range of stakeholders to understand their concerns and needs which help to identify potential risks and business opportunities. Engagement with our key stakeholders are ongoing and on a regular basis. Please refer to relevant sections in this report for more details of engagement activities.



| Key Stakeholders | Relevant ESG Topics | Engagement Methods |
| --- | --- | --- |
| **Unitholders & Prospective Investors** | • Sustainable and long-term value creation<br>• Ethical business operations<br>• Market trends and changing customer demands<br>• ESG integration into operations | • Earnings calls, announcements, press releases and other disclosures through SGXNET, Annual Reports and OUE C-REIT's corporate website<br>• Email alert subscription<br>• Annual General Meeting and Extraordinary General Meeting, where necessary<br>• One-on-one updates, group meetings and investor conferences<br>• Property tours for institutional investors |
| **Employees** | • Safe, healthy, and productive working environment<br>• Opportunities for career development and growth<br>• Competitive compensation and benefits<br>• Equal opportunities for promotion and reward<br>• Non-discrimination | • Training and development programmes<br>• Annual performance reviews<br>• Recreational and team building activities<br>• Grievance and feedback channels<br>• Employee townhall sessions |
| **Analysts & the Media** | • Sustainable and market comparable financial returns<br>• ESG integration into operations | • Quarterly briefings for analysts conducted by senior management<br>• Updates through one-on-one and group meetings<br>• Property tours for analysts |
| **Community** | • Economic growth<br>• Local partnership and job opportunities<br>• Investment in the community | • Community activities |
| **Government & Regulators** | • Regulatory compliance<br>• Ethical corporate business practices | • Industry networking functions<br>• Annual regulatory audits<br>• Mandatory reporting |
| **Tenants & Guests** | • Modern, high quality and cost-efficient buildings and facilities<br>• Safety in the buildings | • Tenant engagement activities including informal gathering and networking sessions<br>• Management circulars and notices<br>• Green Guide for Tenants<br>• Tenant satisfaction survey |

# SUSTAINABILITY REPORT

**Sustainability Framework**

In FY 2020, the Manager conducted a comprehensive review of OUE C-REIT's material topics, with support from an independent external consultant. The review process involved reviewing global and local emerging sustainability trends and their impact on OUE C-REIT's business, as well as the best practices in the real estate sector. As a result of this review, the Manager reprioritised the material topics to better reflect OUE C-REIT's focus areas and ambitions in sustainability. Our sustainability framework aligns with the Group's sustainability framework for overall direction and guidance. Further, the Manager focused specifically on material topics that are unique to OUE C-REIT's operations and business.

Setting long-term ambitions helps to clarify OUE C-REIT's path to sustainability and drives commitment to these goals. An integral part of the sustainability framework are the 2030 and annual targets, as well as aspirations for each sustainability focus area, where relevant. OUE C-REIT's sustainability efforts are also linked to the United Nations' Sustainable Development Goals ("UN SDGs"). UN SDGs are a call for action to conduct business responsibly and the Manager believes every business has an important role to play in helping to achieve the UN SDGs.

**Sustainability Framework**

### Stewarding the Environment

**Goal**

Reducing environmental impact of our buildings

**Climate Resilience**
- Energy use
- Energy efficiency
- Greenhouse gas emissions

**Water Efficiency**
(sources, consumption)

**Waste Minimisation**
(consumption and recycling)

### Strengthening Social Fabric

**Goal**

Creating social environments that generate positive changes for our stakeholders, including our employees, tenants, suppliers and the community

**Health & Safety**

**Fair Employment Practices**

**Creating Social Ecosystems**

**Innovation**

**Service Quality**

### Building Trust

**Goal**

Maintaining a strong culture of ethics and compliance

**Compliance**
(with environmental and socio-economic laws & regulations)

**Ethical Business Practices**
- Anti-corruption

**Cyber Security**

| Focus Areas and Relevant UN SDGs | Material Topics | Risks | Opportunities |
|---|---|---|---|
| **Stewarding the Environment**<br><br>Contributing to UN SDGs:<br> | • Climate Resilience<br>• Water Efficiency<br>• Waste Minimisation | Environmental risks including climate change are increasingly a concern for businesses. In the real estate sector, the effects of climate change events, including droughts, floods, heatwaves or rising sea levels, will have an increasing impact on OUE C-REIT's properties. OUE C-REIT is also facing more stringent regulatory compliance to manage environmental risks in operations. | OUE C-REIT can capitalise on the rising customer demand for high-quality, durable, as well as both energy and resource-efficient buildings.<br><br>Ensuring operational efficiency of properties will also aid in managing costs in the long term. |
| **Strengthening Social Fabric**<br><br>Contributing to UN SDGs:<br> | • Health & Safety<br>• Fair Employment Practices<br>• Creating Social Ecosystems<br>• Innovation<br>• Service Quality | The Manager needs to work with various stakeholders and continue to learn and adapt to their changing needs. This includes increased expectations on health & safety practices and building & service quality from tenants, guests and visitors. Employees may have changing expectations and Human Resource ("HR") policies need to adapt to recruit and retain talents. | By managing stakeholders' expectations, OUE C-REIT can benefit from improvement in talent retention as well as a strong reputation among tenants and guests.<br><br>Adopting innovations helps ensure that OUE C-REIT's properties remain relevant and maintain an optimal value proposition. |
| **Building Trust**<br><br>Contributing to UN SDGs:<br> | • Compliance<br>• Ethical Business Practices<br>• Cyber Security | Non-compliance with evolving regulations will result in serious financial, operational and reputational consequences for OUE C-REIT and the Manager. | Upholding ethical standards in our business strengthens stakeholders' trust and OUE C-REIT's reputation. |

# SUSTAINABILITY REPORT

## OUE C-REIT'S PANDEMIC RESPONSE

The effects of COVID-19 have redefined the way we live and work in a new normal of enhanced health and safety precautions. The health and safety of our employees, tenants and guests are of utmost importance to the Manager and it has been particularly critical to ensure the well-being of our stakeholders since the outbreak of the pandemic. We have thus taken the necessary precautionary measures in line with guidelines from the relevant authorities. Given the unprecedented nature of the pandemic, we are committed to working cooperatively with tenants to navigate through the business uncertainty. To this end, OUE C-REIT has provided various relief measures to cushion the impact on tenant's businesses, which we believe serve the long-term interests of all stakeholders.

The Manager is also cognisant that the proliferation of work-from-home ("WFH") arrangements may potentially impact the demand for office space in the future. We will continue to monitor and assess the evolving effects of COVID-19 on our operations and business outlook. We are dedicated to maintaining regular communications with investors through various channels to update investors about OUE C-REIT's performance.

### Providing a Safe & Hygienic Environment for Employees, Tenants and Visitors

- Frequent cleaning of premises including common areas, high-touch points and washrooms
- Frequent cleaning of air-conditioning systems and replacement of filters and air purifying agents in the properties' air-handling units ("AHUs") for enhanced indoor air quality
- Provision of cleaning and disinfecting agents, such as liquid soaps and hand sanitisers
- Application of antimicrobial coating for high-touch points
- Temperature screening at properties' entry points, as well as facilitating contact tracing using SafeEntry digital check-in system
- Compulsory mask wearing and compliance with safe distancing rules at all properties
- Social distancing markers at all lobbies, lifts, washrooms and other common areas
- Circulars and posters to remind tenants and guests to adhere to necessary safe distancing measures
- Installation of automatic soap dispensers in washrooms at OUE Downtown Office to minimise unnecessary contact with surfaces
- Supported additional safety measures requested by tenants, such as the installation of a sneeze-guard for an anchor tenant's registration counter at OUE Bayfront's lobby

### Safeguarding the Health & Well-Being of Employees

***Health and Safety Protocols***

- Implemented Safe Management policies setting out guidelines and measures to ensure the health and well-being of employees
- Nominated Safe Management Officers to implement and oversee safe operations during this pandemic period

***Workplace Policies***

- Most employees were allowed to WFH with the support of virtual communication technology
- "Split-team, alternate-week" schedules introduced by the respective property managers for employees required to work onsite (such as the operational staff at OUE C-REIT's properties)
- In Singapore, the SafeEntry digital check-in system was implemented at the workplace to control access and facilitate contact tracing
- Temperature screening twice a day for onsite staff, compulsory mask wearing at all times at the workplace and adherence to safe distancing requirements in accordance with Safe Management policies

### Supporting Tenants

The safe distancing and other control measures put in place due to COVID-19, such as the "circuit breaker" in Singapore where non-essential trades were ordered to close temporarily, has disrupted the businesses of OUE C-REIT's tenants. OUE C-REIT has been working with affected tenants of its properties and has put in place measures to ease rental pressures for eligible tenants.

- Waived the gross rental for April 2020 for all retail tenants in Singapore, ahead of the Singapore government's announcement of mandated rental relief schemes
- Passed on the full property tax rebates announced by the Singapore government to the commercial and hotel properties
- Other assistance schemes introduced for tenants in Singapore and Shanghai include flexible payments, rental reduction and marketing support to eligible tenants

Total relief of S$18.3 million was granted to tenants in FY 2020, in addition to an estimated S$21.9 million of support from the Singapore government, comprising property tax rebates and cash grants.

### Raising Cleanliness Standards for Hotel Guests

***Health and Safety Protocols***

- Guidelines for hotels set by various government entities including the Singapore Tourism Board ("STB"), Ministry of Trade and Industry, Enterprise Singapore, and Ministry of Health ("MOH") regarding operations of dine-in services, gyms and pools, accommodation to guests for leisure purposes, and meetings, incentives, conventions and exhibitions ("MICE") events were strictly followed
- Activities including marriage solemnisations, wedding receptions, as well as training and education classes were suspended or limited to smaller groups to protect the health and safety of hotel guests
- CPCA and MOS are SG Clean certified hotels, a government initiative to audit and certify hotels that meet hygiene standards
- Serving as Stay-Home Notice ("SHN") dedicated facilities, CPCA and MOS followed strict safety protocols and placed persons on SHN in dedicated towers separate from all other guests; rooms are also thoroughly disinfected and sanitised upon completion of each SHN

# SUSTAINABILITY REPORT

## Evolving Office Demand

COVID-19 has impelled and accelerated the trend of WFH and remote working, prompting occupiers to rethink office space and the ways they conduct their business, which may potentially impact future office demand. OUE C-REIT's portfolio has not seen significant tenant downsizing specifically due to the implementation of permanent WFH arrangements in FY 2020. Nevertheless, given space planning is a long-term strategy, the Manager is of the view that companies will relook at their operations and space requirements to conduct their businesses in a more sustainable manner. Hence, while the demand for and use of office space will continue to evolve, the Manager believes that an office environment remains relevant, with hybrid working arrangements incorporating a mix of working from home and in the office to prevail.

***Risks***

- Office tenants have focused on streamlining operating costs amidst ongoing weak economic prospects due to business disruptions caused by COVID-19
- Large space occupiers with sizeable specialised departments or functions could potentially rationalise space utilisation and downsize. For businesses with a smaller set-up, cost-savings from a smaller footprint are less significant

***Opportunities***

- Collaboration, employee engagement including the mentorship of junior staff, as well as building company culture and identity, are experiences and dynamics unique to an office setting, and play an important role in countering the potential contraction in workspace demand
- Corporates, especially multinational companies will continue to value the advantages of having headquarters located in the central business district ("CBD"), in terms of image and reputation building, proximity to clients and business partners, excellent connectivity and accessibility, as well as the availability of supporting amenities
- In Singapore, the situation is mitigated by the fact that new Grade A office supply in the CBD will continue to be limited until 2024, and some office stock will be withdrawn due to the planned redevelopments of mature buildings

## STEWARDING THE ENVIRONMENT

As a property owner and manager, we recognise that environmental considerations have a bearing on all aspects of OUE C-REIT's business. The building sector is highly susceptible to climate change impacts, where extreme weather events, including floods, heatwaves or rising sea levels will have financial and operational implications on our business. As one of the major contributors of carbon emissions[2], the building sector has a critical role to play in reversing climate change and an integral component of Singapore's climate mitigation plan[3]. The Manager, working closely with the property managers and tenants, is committed to improving the energy efficiency of OUE C-REIT's portfolio to align with Singapore's low carbon emissions strategy, as well as exploring renewable energy options to support the global effort to transform into a net-zero economy.

Besides energy efficiency measures, the Manager focused on the water efficiency and waste management measures at OUE C-REIT's properties, in recognition of the importance of good resource management and resource efficiency to water- and land-scarce Singapore.

To align our response to these environmental considerations and prioritise initiatives, the Manager, working with the Sponsor, has set long-term environmental targets in FY 2020 using FY 2017 as a baseline. FY 2020 is the first year where we have reported our annual performance against our long-term targets, and we aim to continue to do so in future reports. For a more meaningful comparison of OUE C-REIT's performance over the years, the FY 2017 to FY 2019 environmental data have been restated to include the best available historical data from all properties in OUE C-REIT's portfolio as at 31 December 2020.

### Climate Resilience

| Targets & Aspirations | FY 2020 Performance |
|---|---|
| Commercial:<br>Reduce energy intensity[4] by 25%* by FY 2030 | Commercial:<br>Energy intensity reduced by 28.7% |
| Hospitality:<br>Reduce energy intensity[5] by 25%* by FY 2030 | Hospitality:<br>Energy intensity reduced by 9.7% |
| Reduce scope 2 GHG emissions intensity[4] by 25%* by FY 2030 | Scope 2 GHG emissions intensity reduced by 18.1% |
| Actively pursue opportunities in renewable energy use | • Conducted feasibility studies for installation of rooftop solar panels<br>• Together with the Group, OUE C-REIT is considering the purchase of renewable energy certificates to affirm our commitment to renewable energy |

* Compared to base year FY 2017

2 World Green Building Council (September 23, 2019), New report: the building and construction sector can reach net zero carbon emissions by 2050, https://www.worldgbc.org/news-media/WorldGBC-embodied-carbon-report-published#_ftn1
3 National Climate Change Secretariat (2020), Charting Singapore's low-carbon and climate resilient future, https://www.nccs.gov.sg/docs/default-source/publications/nccsleds.pdf
4 Based on per unit gross floor area in square metres
5 Based on per occupied room

# SUSTAINABILITY REPORT

As a low-lying island city-state, a significant climate change issue faced by Singapore is the impact of rising sea levels. With global energy generation accounting for about 30% of total greenhouse gas emissions[6], it is paramount to reduce our energy footprint to address climate change.

Guiding principles in monitoring and managing energy use are set out in the respective properties' energy management policy or Environmental, Health and Safety ("EHS") policy and implemented by OUE C-REIT's property managers. The property managers, working together with the Manager's asset management team, are required to constantly explore new ways to reduce the energy use of buildings. The Manager focuses on several key areas to achieve better energy performance, including leveraging technology, improving operational planning, and changing user behaviours.

### Use of Technology

The Group's Green Procurement Policy underscores OUE C-REIT's commitment to energy-efficient and environmentally-friendly products. The property managers regularly communicate our preference for products that align with sustainability certifications and standards to our suppliers.

Through the use of energy-efficient appliances and products, we have seen reductions in energy consumption at OUE C-REIT's properties in the last few years. In Singapore, energy-efficient lightings were installed in interior corridors, on the façade, the underside of escalators as well as at the main lobby and plaza area of OUE Bayfront, and in the common areas of MOS. Other technologies such as motion-activated light control in public areas and photosensors at linkways and plaza areas are used to reduce unnecessary energy consumption.

At Lippo Plaza in Shanghai, energy-efficient LED lamps were installed at interior corridors from Basement 1 to Level 3 of the retail podium. At Mandarin Gallery, a building monitoring system which enables the property managers to monitor and manage the electricity consumption of the whole building easily and efficiently has been installed.

### Improvement in Operational Planning

The property managers monitor and assess areas for potential energy savings on a regular basis. An example would be exploring ways to reduce hot air ingress through main entrances which imposes additional demand on the building's cooling system. The energy efficiency of existing appliances such as chiller plants are also closely monitored, with old chillers upgraded to reduce energy usage.

Greater energy efficiency has also been achieved through enhanced operational planning. For example, escalators at OUE C-REIT's commercial properties in Singapore have a "sleep mode" feature which slows the moving speed when no pedestrians are detected. The operating hours of the lighting, air-conditioning and ventilating systems at selected properties, have also been revised to reduce unnecessary energy consumption when there are few users in the buildings. Variable speed drives for the AHUs in several properties including OUE Bayfront, OUE Downtown Office, and Mandarin Gallery were installed for better energy performance.

At CPCA, daily Earth Hours, where non-essential lights are switched off from 9:30 pm to 10:30 pm, are implemented. The hotel's swimming pool circulation system and water feature pumps are also switched off from 9:00 pm to 5:00 am as usage is low.

### Partnership with Stakeholders

We partner tenants of OUE C-REIT and our employees to advocate for proper user behaviour to optimise energy performance. At OUE Bayfront, a Green Guide for Tenants which outlines recommendations for energy, water, waste, and indoor air quality management is provided to seek our tenants' support in energy and resource-saving initiatives. Tenants are also required to comply with the Green Guide for their fit-out and renovation works. Besides tenants, we also communicate to our employees the importance of saving energy.

We are pleased to announce that MOS and Mandarin Gallery have obtained the Green Mark Gold certification from the Building and Construction Authority ("BCA") in Singapore in FY 2020 as a result of optimised environmental performance. More information on MOS' initiative to achieve the higher Green Mark Gold certification can be found in the Innovation section on page 100 of this report.

---

6 Mengpin. G., & Friedrich, J. (February 6, 2020). 4 Charts Explain Greenhouse Gase Emissions by Countries and Sectors. World Resources Institute. https://www.wri.org/blog/2020/02/greenhouse-gas-emissions-by-country-sector

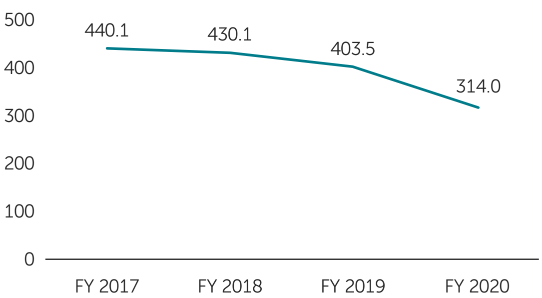
**Exploring Renewable Energy**

Aside from energy efficiency measures, the Manager also recognises the significance and benefits of transitioning towards low or zero carbon and clean renewable energy sources to power OUE C-REIT's assets. We have conducted studies at OUE C-REIT's properties in Singapore to explore the feasibility of installing rooftop solar panels to harness solar energy. However, the limited availability of rooftop space at our properties for large-scale deployment, urban shading and current technological capabilities present challenges to the generation of sufficient electricity reliably.

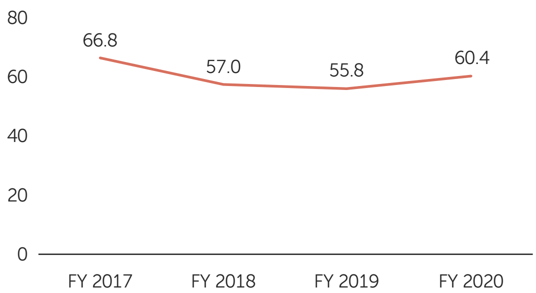
As the renewable energy landscape remains at the nascent stage of development in Singapore, we will look to upscale the renewable energy capacity at OUE C-REIT's properties according to best practices in the industry and our countries of operation. Currently, OUE C-REIT, together with the Group, is considering options such as purchasing renewable energy certificates to affirm our commitment to renewable energy.

| Energy Consumption by Type | Total Energy (MWh) | Total Energy (GJ) |
|---|---:|---:|
| Diesel | 4 | 16 |
| Motor gasoline | 7 | 24 |
| Cooking gas | 1,887 | 6,795 |
| Electricity | 51,835 | 186,606 |
| Cooling | 7,379 | 26,563 |
| Renewable | 27 | 99 |
| Total | 61,139 | 220,103 |

**Energy Intensity[7] – Commercial**
(kWh/m²)




**Energy Intensity[7] – Hospitality**
(kWh/occupied room)




[7] Excludes tenant electricity usage, but includes cooling usage provided to tenant areas by landlord, and purchased electricity, cooling and renewable energy consumption in the common areas. Energy intensity is calculated based on common area gross floor area only

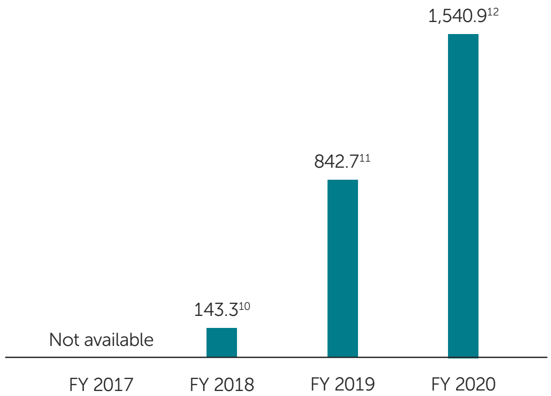
# SUSTAINABILITY REPORT

In FY 2020, total energy consumption across OUE C-REIT's property portfolio was 61,139 megawatt hours ("MWh"). The commercial segment recorded an energy intensity of 314.0 kilowatt hour per square metre ("kWh/m²"), a reduction of 28.7% compared to base year FY 2017. While this result compares favourably to our long-term target of reducing the energy intensity of the commercial segment by 25% by FY 2030, the improvement in energy intensity may be partially attributed to decreased business activities due to COVID-19.

Meanwhile, OUE C-REIT's hospitality segment reported an energy intensity of 60.4 kilowatt hour per occupied room ("kWh/occupied room"), a notable 9.7% reduction compared to the base year FY 2017. We will continue to disclose our energy performance in future reports to track progress against our targets over the longer term.

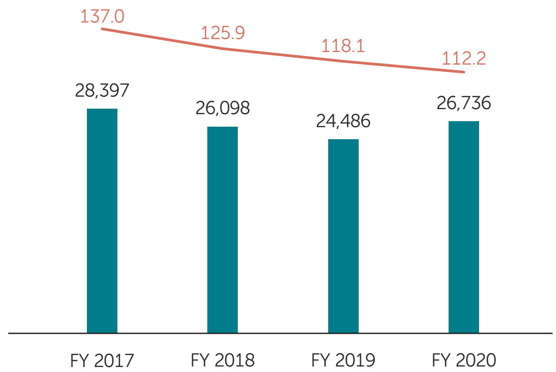
Compared to FY 2019, total absolute Scope 2 emissions from OUE C-REIT's property portfolio has increased in FY 2020 to 26,736 tonnes of carbon dioxide equivalent ("$tCO_2e$"). This was due to the expanded scope in FY 2020 to include Lippo Plaza and OUE C-REIT's corporate office. Compared to base year FY 2017, Scope 2 emissions intensity for FY 2020 declined by 18.1% to 112.2 kilograms of carbon dioxide equivalent per square metre ("$kgCO_2e/m^2$"). This improvement may be partly attributable to the cutback in electricity and cooling consumption during the circuit breaker period in Singapore. We expect to see a potential increase in Scope 2 emissions intensity with a resumption of business activities as pandemic measures are gradually relaxed. Nonetheless, the Manager is committed to our long-term environmental targets and will continue to explore ways to reduce OUE C-REIT's environmental footprint.

**Scope 1 Emissions**[8]
($tCO_2e$)




**Scope 2 Emissions**[9]
($tCO_2e$)

**Scope 2 Emissions Intensity**
($kgCO_2e/m^2$)




8 Scope 1 GHG emissions include $CO_2$ from the combustion of fossil fuels and HFC-based refrigerants. Quantities of fugitive HFC-based refrigerants were converted to $CO_2$-equivalent using 100-year global warming potentials (GWPs) provided in IPCC Fifth Assessment Report (AR5)

9 Singapore grid emission factors are taken from Singapore Energy Statistics 2020 published by the Energy Market Authority. Shanghai grid emission factors are taken from《上海市温室气体排放核算与报告指南（试行）》(SH/MRV-001-2012)

10 Restated to include refrigerant top-up at Lippo Plaza in FY 2018

11 Restated to include cooking gas usage at CPCA and MOS, and refrigerant top-up at Lippo Plaza and OUE Bayfront in FY 2019

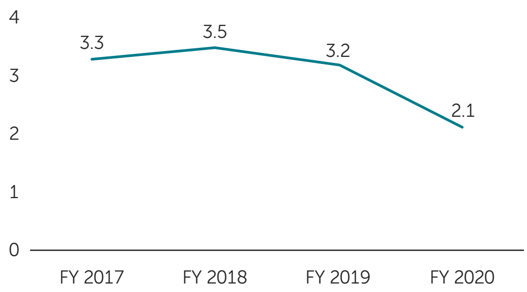
12 Scope 1 emissions in FY 2020 covers fuel usage from onsite generators and company owned vehicles, as well as emissions from refrigerant top-up and cooking gas

## Water Efficiency

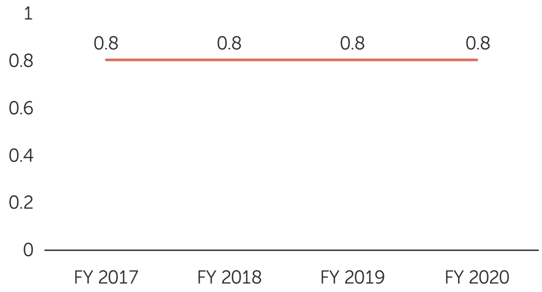
| Targets & Aspirations | FY 2020 Performance |
|---|---|
| Commercial:<br>Reduce water use intensity[13] by 25%* by FY 2030 | Commercial:<br>Water use intensity reduced by 37.9% |
| Hospitality:<br>Reduce water use intensity[14] by 25%* by FY 2030 | Hospitality:<br>Water use intensity remained at a similar level |

* Compared to base year FY 2017

### Water Intensity – Commercial
($m^3/m^2$)




### Water Intensity – Hospitality
($m^3$/occupied room)




Water scarcity is increasingly a worldwide concern and ensuring a secure and reliable supply of water in Singapore is also a national priority. Other than a rising demand for water as a result of a growing economy and population, water security is further threatened by challenges posed by climate change. As such, the Manager has placed an emphasis on prudent water management.

At OUE C-REIT's properties in Singapore, the Manager has installed water-efficient fittings and adopted the Public Utilities Board's ("PUB") Water Efficient Building ("WEB") recommended flow rates and flush volumes. In addition to improvement of plumbing fixtures, we have also capitalised on areas where potable water consumption can be reduced. Two such initiatives involved using treated greywater in cooling towers for irrigation and flushing in lavatories, as well as utilising NEWater at nearly all the Singapore properties. In recognition of OUE C-REIT's performance in water management, all its properties in Singapore are certified by PUB as WEBs. In China, Lippo Plaza's property manager regularly checks and calibrates water meters, and has installed dedicated water meters at key water usage areas to effectively monitor and manage water use within the building.

The majority of the water consumption within OUE C-REIT's properties is attributable to tenants, guests and employees. As such, the Manager works closely with stakeholders to advocate water efficiency at the various properties. The property managers regularly engage with tenants on water efficiency improvement plans and other water provision matters. Suppliers are also informed of our Green Procurement Policy on our preference with working with suppliers that adopt water efficient practices and technology.

In FY 2020, OUE C-REIT's properties reported a total of 565,188 cubic metres ("$m^3$") of water withdrawal[15]. Due to the reduced level of activity during the pandemic, the commercial segment reported an improved water intensity of 2.1 $m^3$ per square metre ("$m^3/m^2$"), a reduction of 37.9% compared to base year FY 2017. Water intensity from OUE C-REIT's hospitality segment remained at 0.8 $m^3$ per occupied room ("$m^3$/occupied room") compared to base year FY 2017.

[13] Based on per unit gross floor area in square metres
[14] Based on per occupied room
[15] All water withdrawal is fresh water and from municipal supply

# SUSTAINABILITY REPORT

## Waste Minimisation

| Targets & Aspirations | FY 2020 Performance |
|---|---|
| Commercial:<br>• Reduce non-hazardous waste intensity[16] by 15%* by FY 2030<br>• Increase recycling rate to 12.5%* by FY 2030 | Commercial:<br>• Non-hazardous waste intensity reduced by 41.4%<br>• Recycling rate is 3.0% in FY 2020, remained at a similar level |
| Hospitality:<br>• Reduce paper waste by 50%* by FY 2030<br>• Reduce plastic waste by 50%* by FY 2030 | Hospitality:<br>• Reduced paper waste by 61.9%<br>• Reduced plastic waste by 41.7% in FY 2020[17] |

* Compared to base year FY 2017

The amount of solid waste generated in Singapore has increased seven-fold since 1970 to a peak of 8,559 tonnes a day in 2016[18]. At the current rate of waste generation, Singapore's sole landfill on Pulau Semakau is expected to be filled by 2035. In a call to action by the authorities, 2019 was designated as the Year Towards Zero Waste with the inauguration of Singapore's Zero Waste Masterplan. We recognise the endeavour will require the collective action of individuals, households and businesses in reducing waste generation.

In support of Singapore's effort to become a zero-waste nation, the Manager has been working towards more effective waste management at OUE C-REIT's properties. To encourage recycling, recycling bins for different types of recyclable materials, including glass, metal, plastic, food, and electronic waste are placed in common areas. Collected waste from recycling bins is then sorted and quantified before transportation to the contracted external vendor's recycling facilities. MOS leverages on new eco-waste collection equipment - a rotary drum garbage storage and discharging system that compresses and cuts garbage into smaller pieces to reduce the volume of waste, thereby reducing the number of trips to the incinerators.

For transparency and accountability, our recycling plan and waste disposal consumption are submitted to the National Environment Agency ("NEA") for review and site checks.

At the individual property level, the property managers are encouraged to implement innovative waste management measures. Following CPCA's adoption of the food digestor system Eco-Wiz, MOS has also adopted the practice of recycling waste into greywater by using the same system. In FY 2020, MOS introduced a fluorescent lamp recycling programme, where collected lamps were treated in line with international practices to reduce the environmental harm caused by improper disposal of used mercury-containing lamps. At Lippo Plaza, as part of the LEED® certification, wet waste bins and battery recycling bins were placed at prominent locations within the building to promote waste segregation and recycling. Additional bins dedicated for collection of used masks were installed on each floor.

Like all other environmental initiatives, active tenant engagement is key to successful implementation. Tenants are encouraged to adopt recycling measures and minimise usage.

16 Based on per unit gross floor area in square metres
17 Plastic waste figures have been estimated based on procurement records
18 National Environment Agency, Solid Waste Management Infrastructure, https://www.nea.gov.sg/our-services/waste-management/3r-programmes-and-resources/waste-management-infrastructure/solid-waste-management-infrastructure

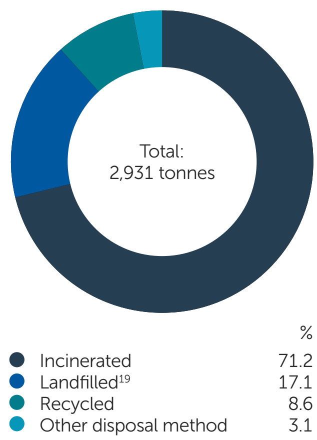
At OUE Bayfront, the property managers engage with tenants through the Green Guide for Tenants to encourage eco-friendly practices within the building. This year, MOS also continued to organise the annual 'Meritus Loves the Earth' campaign to promote waste minimisation among guests and employees.

The majority of waste generated at OUE C-REIT's properties is non-hazardous waste. In FY 2020, the total non-hazardous and hazardous waste generated amounted to 2,931 tonnes and 0.2 tonnes respectively.

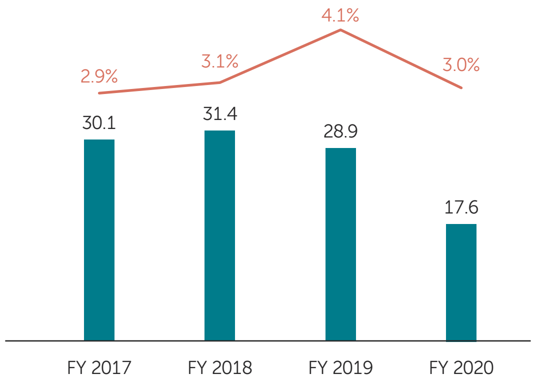
As with the other environmental metrics, OUE C-REIT's commercial segment recorded a 41.4% decrease in non-hazardous waste intensity from 30.1 kilograms per square metre ("kg/m$^2$") in FY 2017 to 17.6 kg/m$^2$ in FY 2020 partly due to the effects of COVID-19. The recycling rate of the commercial segment remained at a similar level in FY 2020 compared to base year FY 2017.

OUE C-REIT's hospitality segment focused on the reduction of paper and plastic waste in FY 2020. At CPCA, several initiatives were launched to reduce plastic use, including the replacement of miniature disposable bathroom amenities with the larger refillable 500ml bottles to reduce overall use of plastics, replacement of plastic key cards with wooden key cards with the aim of reducing 9,000 plastic keys per year and discontinuing the use of plastic straws. In FY 2020, paper waste generated at the hotels declined 61.9% against base year FY 2017. Plastic waste generated at the hotels decreased significantly by 41.7% in FY 2020 against base year FY 2017. The Manager is aware that the suspension of activities in response to COVID-19 was a key contributor to this year's achievements. Nevertheless, we will continue to explore opportunities to further reduce plastic and paper waste generation at OUE C-REIT's hotel properties.

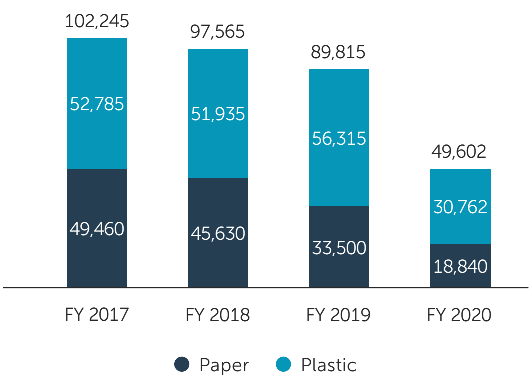
**Disposal Method for Non-hazardous Waste**




**Non-hazardous Waste Intensity – Commercial** (kg/m$^2$) **Recycling Rate** (%)




**Plastic and Paper Waste Generated – Hospitality** (kg)




[19] An indeterminate portion of landfilled non-hazardous waste may have been incinerated

# SUSTAINABILITY REPORT

## STRENGTHENING SOCIAL FABRIC

### Health & Safety

| Targets & Aspirations | FY 2020 Performance |
|---|---|
| Maintain zero incidents resulting in employee fatality or permanent disability* | Zero incidents resulting in employee fatality or permanent disability |

* Applicable only to employees of the Manager, and One Raffles Place and Lippo Plaza property managers

The Manager believes that human capital is our most important asset and our people are key drivers of our success. As such, we strive to create working environments that are safe, conducive, and healthy for all employees. We have incorporated health and safety considerations into our HR policy, and all employees are responsible for following safe work procedures and practices.

Risk identification and management is one of our key steps in ensuring health and safety at the workplace. The property management team actively identifies potential hazards that may lead to accidents by conducting regular risk assessments and walk-throughs. The Manager would then be alerted to any potential hazards identified, and the property management team would recommend and implement safety measures to prevent or mitigate identified hazards. In the unfortunate event that an incident does occur, the Manager reports work-related injuries in compliance with the Workplace Safety and Health (Incident Reporting) Regulations. We also welcome feedback from our employees on areas we can improve to make the working environment safer and more conducive. We periodically communicate relevant information on occupational health and safety to our employees.

The Manager subscribes to the bizSAFE programme administered by the Singapore WSH Council to develop our overall capabilities in ensuring workplace health and safety. OUE C-REIT's properties are subject to periodic audits conducted by MOM-approved WSH auditors to ensure compliance with bizSAFE standards. These standards include conducting regular risk assessments which identify and mitigate workplace hazards. As part of the bizSAFE programme, OUE C-REIT's properties also have in place risk and hazard management plans to anticipate and implement measures against threats to the workplace.

The Manager has also provided regular safety training to our employees. For example, employees in Singapore and China would undergo sessions such as fire safety training and bi-annual fire evacuation drills.

We provide our Singapore employees with comprehensive medical coverage. Our employees and their families are entitled to outpatient, inpatient, and specialist medical coverage. Should employees incur injuries at work, they will also be compensated through the Manager's insurance coverage. Eligible Singapore-based employees are entitled to regular health screening, while our permanent employees in China are entitled to annual health screening.

Mental health is an important aspect of the well-being of employees. The Manager strives to cultivate a working environment and culture that is conducive to achieving a good work-life balance. Each year, the Manager organises various team as well as social and recreational activities. Further, OUE Group employees are encouraged to leave the office early on scheduled days to ensure quality time with their families. For FY 2020, due to the movement control and safe distancing measures put in place in Singapore because of COVID-19, some of these activities were temporarily put on hold. In appreciation and recognition of our employees' commitment and hard work throughout the challenging period where staff worked from home exclusively, OUE Group arranged for a special appreciation lunch to be delivered to each staff member's home.

Besides our immediate employees, the Manager also considers the health and safety of our contractors and other workers who are not direct employees but whose work is controlled by OUE C-REIT on our premises. Contractors are informed of our health and safety practices and expectations at the beginning of their engagement and they are required to comply with our workmen's compensation policy. They are also required to register for third-party liability insurance and contractor's all risk insurance before the commencement of work. Additionally, all third-party service providers are required to maintain relevant safety certifications such as OHSAS 18001 or ISO 45001, throughout their engagement. The property managers conduct regular meetings with service providers to ensure their health and safety performance is satisfactory.

In FY 2020, we reported zero work-related injuries including incidents that resulted in high-consequence injuries or fatalities.

| Number and Rate of Incidents | Employees | Other Workers |
|---|---|---|
| Number of injuries | 0 | 0 |
| Number of high-consequence injuries | 0 | 0 |
| Injury rate (per million man-hours worked) | 0 | 0 |
| High-consequence injury rate (per million man-hours worked) | 0 | 0 |
| Man-hours worked | 155,497 | 308,453 |

# SUSTAINABILITY REPORT

## Fair Employment Practices

| Targets & Aspirations | FY 2020 Performance |
|---|---|
| Maintain the proportion of women in senior management at 40% or above* | 75% of employees in senior management are women |
| Maintain the employee turnover rate[20] below the national industry average* | Employee turnover rate was 28.8% (2020 national industry average: 18.4%[21]) |
| Maintain zero incidents of discrimination* | Zero incidents of discrimination |
| Achieve 25 training hours per employee per year* | 9.5 average training hours per employee<br>• The Manager: 23.5 hours<br>• One Raffles Place: 3.9 hours<br>• Lippo Plaza: 8.0 hours |

* Applicable only to employees of the Manager, and One Raffles Place and Lippo Plaza property managers

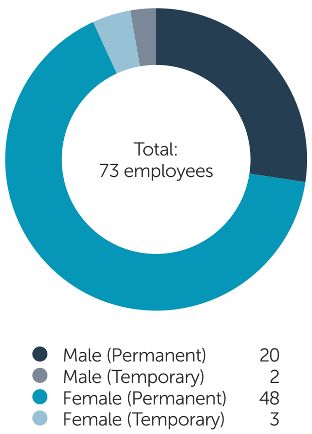
The Manager is committed to maintaining a fair and inclusive workplace where our people can thrive. We have established a set of comprehensive HR policies to be applied fairly and consistently to ensure a positive working environment for all of our employees.

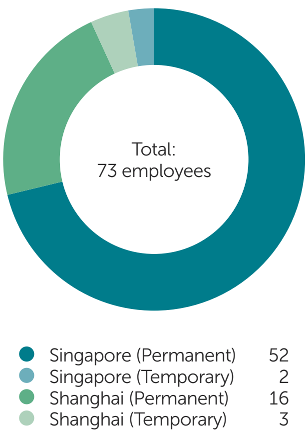
The Manager and property managers of One Raffles Place and Lippo Plaza have a total of 73 employees in Singapore and Shanghai, none of which are part of any workers' union.

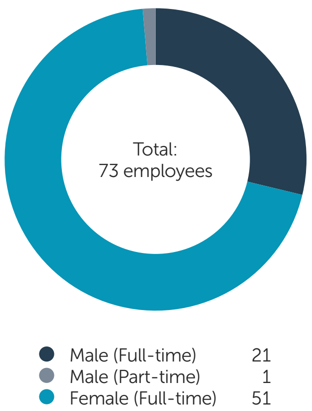
We are also pleased to report that 75% of our employees at senior management level are women.

Our employee turnover rate was 28.8% in FY 2020 due to post Merger attrition. This was above the national industry average of 18.4%[21] for 2020. However, compared to the national industry average from 2010 to 2019 which ranged from 30.0% to 40.8%, the national industry turnover rate in 2020 was below trend[22].

### Total Number of Employees by Employment Contract (Permanent and Temporary), Gender and Region

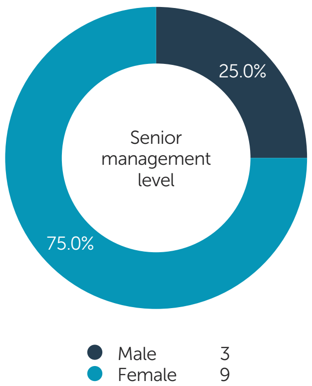


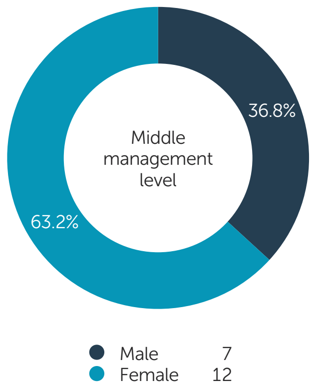



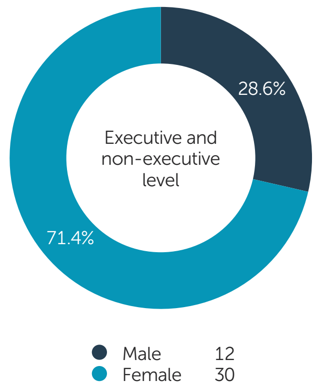



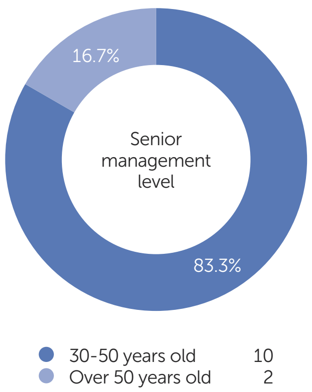

[20] Only includes employees who resigned during the reporting period
[21] Based on 1Q 2020 to 3Q 2020 data for real estate services as published by MOM in Singapore
[22] According to employee turnover data published by MOM in Singapore

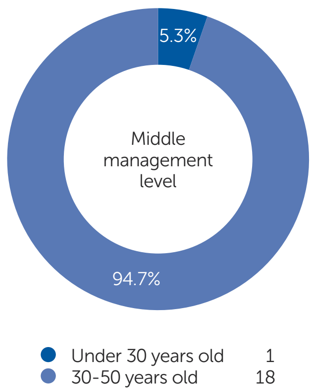
## Percentage of Individuals by Employee Category, Gender and Age Group

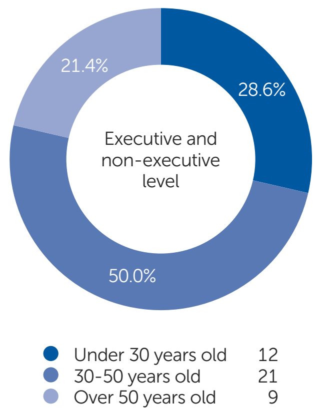


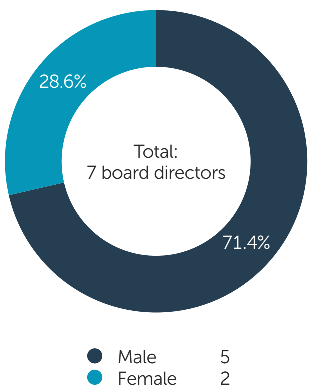



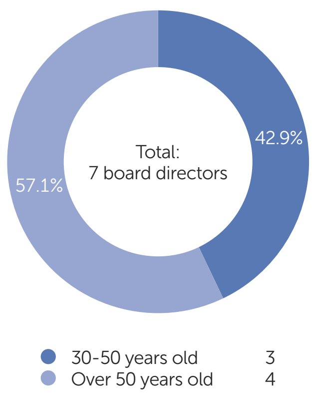



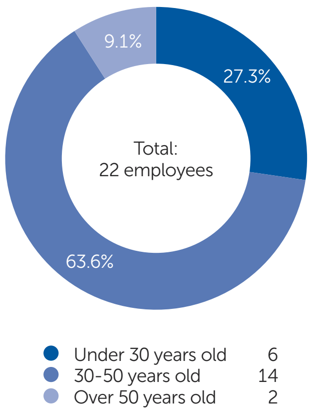

## Board of Directors by Gender and Age Group

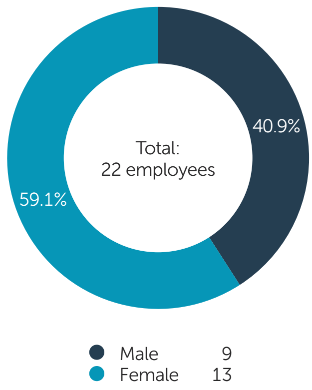


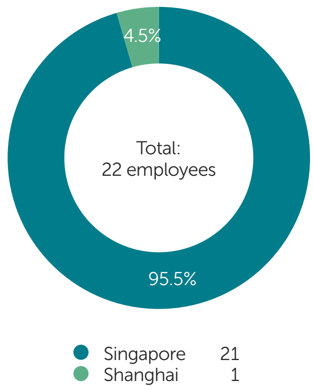



# SUSTAINABILITY REPORT

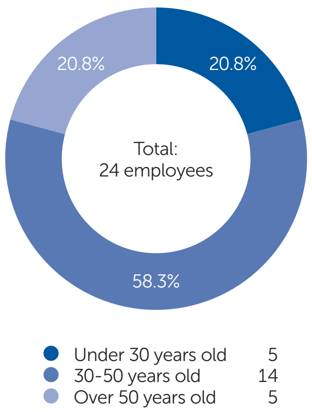
### Total Number and Rate of New Employee Hires in FY 2020, by Age Group, Gender and Region

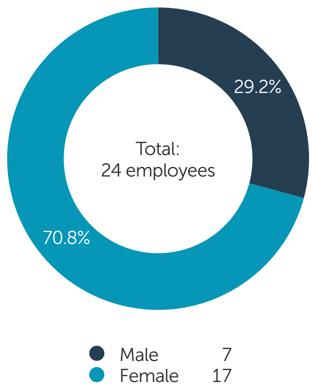


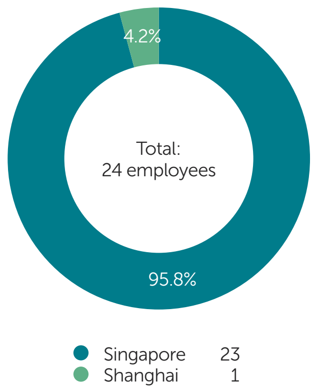




### Total Number and Rate of Employee Turnover in FY 2020, by Age Group, Gender and Region




**Recruitment**

The Manager's recruitment practices are guided by the Tripartite Alliance for Fair and Progressive Employment Practices ("TAFEP") guidelines and government employment legislation, to ensure that our recruitment policy and process is fair, impartial and comprehensive. As an equal opportunity employer, we aim to employ qualified candidates based on their qualifications, competencies, attributes, experience and assessed potential to contribute to the business, without discrimination against age, gender, race, marital status or religion.

Maintaining a working environment that encourages mutual respect among all employees regardless of position, and embracing diversity and inclusiveness is a key aspect of working at the Manager. We believe that the working environment should allow open and effective communication between employees of all levels to resolve disputes. The Manager has established a formal grievance procedure to ensure disputes are handled fairly and satisfactorily. The grievance procedure is communicated to all our employees through the employee handbook. Employees are also encouraged to report any harassment or inappropriate behaviour faced at the workplace.

## Non-discrimination

Any forms of harassment, violence, intimidation and discrimination of any kind involving race, colour, religion, national origin, gender, sexual orientation, age, disability or, where applicable, marital status, are strictly prohibited in the Manager's Code of Business Conduct and Ethics. Similar to our recruitment process, the Manager applies the same merit-based selection criteria to our contractors to promote fairness and non-discrimination in our business dealings.

In FY 2020, we received zero complaints of discrimination.

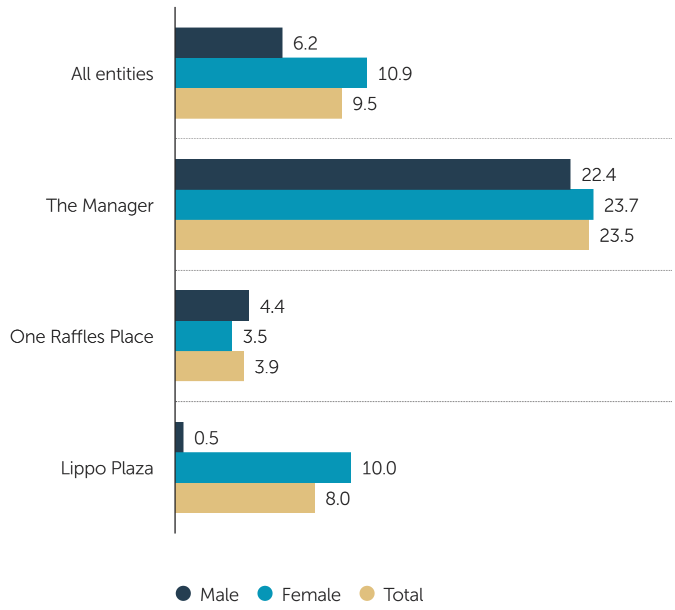
## Learning and Development

We recognise that a workforce that values continual learning is also crucial to elevating our services and performance. In line with OUE Group policy, the Manager has implemented the Learning and Development Policy, to invest in a culture of continual learning to ensure all our employees are motivated and possess the necessary and up-to-date knowledge and skills required to remain relevant in today's fast-changing business environment. Competent and proficient employees are also crucial to help ensure that we are capable of meeting both current and future business challenges.

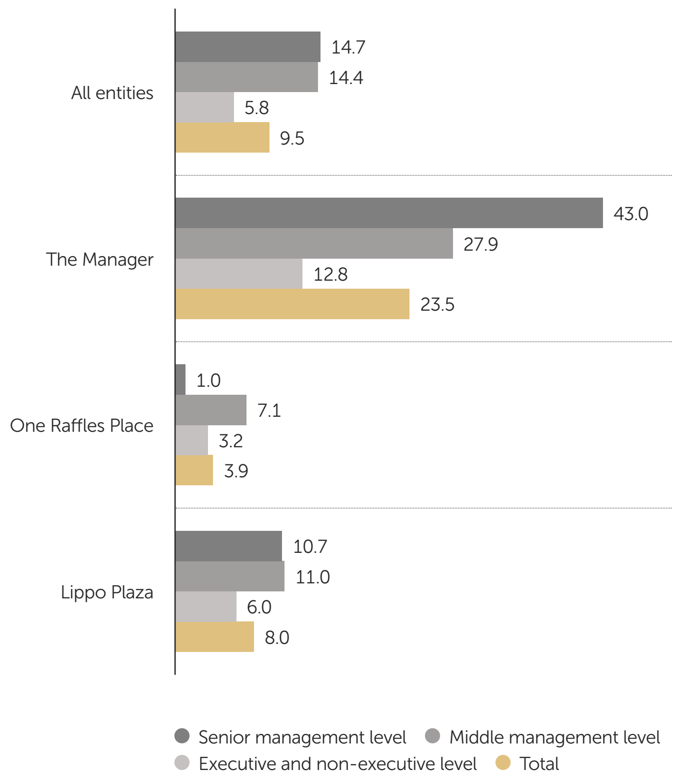
All our permanent employees are eligible for training opportunities. Training needs are identified throughout the year at various levels and stages. For example, heads of department and direct managers may identify department- or team-specific training needs for employees. Individual employees can also request for necessary training based on their development needs. The Manager provides a range of training in the form of on-the-job-training, one-on-one training, company workshops, sponsorship to external workshops, coaching, mentoring and self-paced-learning, where appropriate.

In FY 2020, the Manager reported an average of 9.5 training hours amongst our employees, including the property managers of One Raffles Place and Lippo Plaza. Due to the safe distancing requirements in response to COVID-19, training plans were impacted as in-person programmes were either postponed or cancelled. Moving forward, the Manager will continue to provide more upskilling and reskilling opportunities to our employees.

### Average Hours of Training by Gender




### Average Hours of Training by Employee Category



# SUSTAINABILITY REPORT

## Creating Social Ecosystems

| Targets & Aspirations | FY 2020 Performance |
|---|---|
| All new investment properties to be accessible to persons with disabilities and feature child-friendly facilities | No new investment property was acquired in FY 2020. The Manager is committed to providing barrier-free accessibility and child-friendly facilities at our existing properties where feasible |
| As a long-standing partner of our community, OUE C-REIT is committed to bring about meaningful and sustainable impact through community-based initiatives in areas such as education, healthcare, the arts, sports, as well as humanitarian and social development | The Manager, working with the property managers and master lessees, has organised several community outreach initiatives despite the constraints in place due to COVID-19, including the #SeeItBlue campaign supported by One Raffles Place and OUE Bayfront, Nurses' Day Appreciation at CPCA and MOS bento box donations to frontline workers |

### Building Accessibility

The Manager recognises that buildings are more than just physical structures, and are also places for the local community to connect. Universal design and accessibility to all is also a critical consideration when we make investment decisions as the Manager is a firm believer in creating an environment that can be used by everyone. We are committed to providing quality developments which are accessible to people of varying age groups and abilities.

OUE C-REIT's properties have been retrofitted, wherever possible, to provide accessibility to persons with disabilities and families with young children in accordance with the provisions of the BCA's Code on Accessibility in the Built Environment. This includes barrier-free access to our buildings, sheltered and barrier-free drop-off areas and amenities such as handicapped parking lots, toilets, and lifts. Further, accessibility is extended beyond the building to the surroundings, by providing seamless connectivity to sidewalks, adjacent buildings, and public transport amenities such as bus stops and Mass Rapid Transit stations.

### Community Engagement

Apart from providing ease of access to OUE C-REIT's properties for stakeholders, the Manager is dedicated to becoming a long-standing partner of our local community. Hence, we are supportive of initiatives and activities that are aligned with our focus on stakeholder engagement in relevant areas such as the environment, health and well-being, safety and philanthropy.

For some years, we have been partnering the Health Promotion Board ("HPB") to bring the "Healthy Workplace Ecosystem" programme to the tenant community at OUE Bayfront and OUE Downtown Office. Free weekly workout sessions were held at both properties to encourage tenants and members of the public to embark on healthier lifestyles. While these activities have been put on hold for the most of FY 2020 due to the pandemic, we hope to be able to continue our partnership with HPB and other relevant agencies when such activities can resume.

Under normal circumstances, the Manager would also organise and participate in a variety of community engagement activities each year. By supporting projects and causes that are of concern to our stakeholders and the communities in which we operate, we hope to build long-term relationships through our contributions, and we will continue to invest in the well-being and development of communities that we are involved in. However, our community engagement efforts for FY 2020 in Singapore were temporarily curtailed due to the safe distancing requirements in place due to COVID-19.

Nonetheless, the Manager, property managers and master lessees continued to organise and participate in activities which do not contravene the safe distancing requirements imposed by the local authorities.

## #SeeItBlue Campaign

The inaugural #SeeItBlue campaign was supported by One Raffles Place and OUE Bayfront in May. Along with 25 other key landmarks in Singapore's CBD, One Raffles Place and OUE Bayfront were lit up in blue as part of a nationwide light show to express solidarity with the global #MakeItBlue movement, highlighting the importance of mental well-being and to celebrate the efforts of frontline workers such as cleaners, public transport drivers and food delivery workers during the circuit breaker period.

## World Heart Day

To raise awareness for cardiovascular disease, One Raffles Place was lit up in red from 29 September to 4 October, in support of the Singapore Heart Foundation to mark World Heart Day.

## BlueSky4Children

At Lippo Plaza in Shanghai, where the pandemic is under control, the property manager partnered with BlueSky4Children, a community organisation that focuses on the collection and donation of clothes and related items. In addition to sales of preloved items to raise funds for the non-profit, a series of events were also organised at BlueSky4Children's pop up store at Lippo Plaza to enhance the engagement with the community. The events in September included a book donation drive for a school library, a winter coat collection drive for underprivileged children and workshops on repurposing unwanted denim into household items.

## Stars of Christmas

MOS and Mandarin Gallery continued their support for Stars of Christmas, the annual community programme championed by the Sponsor, to bring Christmas cheer to underprivileged children and those with illnesses and special needs. During the year-end festive season, guests, tenants and members of the public participated in the Christmas gift donation drive by selecting a beneficiary from the Christmas trees located at the two above-mentioned properties. Donors dropped off their presents at the designated collection points and a total of 1,600 beneficiaries received Christmas presents in this eleventh edition.

## Appreciation of Community Heroes

In celebration of Nurses' Day on 1 August and to thank all nurses, doctors and healthcare workers in Singapore for their heroic work, the CPCA team delivered cupcakes baked with love, to the dedicated team at Changi General Hospital to show our appreciation.

Similarly, MOS partnered with Boon Poh Refuse Disposal to prepare 100 bento boxes for the frontline workers from Kwong Wai Shiu Hospital and Tan Tock Seng Hospital to say a heartfelt thank you for their dedication and hard work.

## Baking for a Good Cause

MOS joined 21 other bakeries on World Bread Day to bake the longest line of packaged bread for the Singapore Book of Records. The event was organised to bridge gaps in the baking industry with emerging talents under NTUC e2i's Baker 4.0 initiative. All 7,000 baked buns were donated to Food from The Heart (Singapore), which were then distributed to underprivileged communities.

# SUSTAINABILITY REPORT

## Innovation

| Targets & Aspirations | FY 2020 Performance |
|---|---|
| Actively seek opportunities to adopt new innovations and green building technologies | • OUE Downtown Office: self-registration kiosk using facial recognition for office visitors was installed<br>• OUE Bayfront: a facial recognition system with added temperature screening is being considered<br>• One Raffles Place: upgraded the CCTV system with video analytics and built-in protection against cyber threats<br>• Lippo Plaza: an entry system with automated temperature screening is being considered<br>• MOS and Mandarin Gallery achieved the higher BCA Green Mark Gold certification |

Technology has transformed the ways we work, communicate, and collaborate. The Manager advocates for a culture of innovation and continually explores new ways to enhance service quality and improve our tenants' and guests' experience. Leveraging on the latest technology, we are constantly devising new solutions to improve our buildings' environmental performance and drive returns for Unitholders. Our efforts to innovate have yielded positive results.

In FY 2020, MOS and Mandarin Gallery underwent major retrofitting works in relation to the chiller plant, replacing the chilled water and condenser pumps, as well as installing temperature sensors and other necessary equipment. In addition to hardware upgrades, MOS also tapped into software programmes to optimise chiller operations with automatic control. As a result of the improved efficiency, MOS and Mandarin Gallery achieved the higher BCA Green Mark Gold certification. We are proud to report that most of OUE C-REIT's Singapore properties have achieved the BCA Green Mark Gold certification and above, and Lippo Plaza in Shanghai is LEED® Gold-certified. Additionally, MOS and CPCA are also SG Clean certified hotels. SG Clean is a newly launched certification programme that requires a hygiene audit conducted by the STB.

The Manager has also explored the use of smart technology to improve the user experience for OUE C-REIT's tenants, guests and visitors. OUE Downtown Office is equipped with in-motion facial recognition for easy turnstile access. In FY 2020, a self-help kiosk using facial recognition to allow self-registration was installed for the office visitors at OUE Downtown Office. This initiative has reduced the waiting time for visitors and reduced manpower costs associated with manual registrations. The CCTV system at One Raffles Place was upgraded with new internet protocol cameras with video analytics and built-in protection against cyber threats. OUE Bayfront is currently working with vendors to roll out a facial recognition system with an added temperature screening feature for enhanced security. Lippo Plaza in China is also engaging vendors to install an entry system with an automatic temperature screening feature.

Going forward, we will continue to capitalise on new innovations and emerging technologies to improve processes to serve our tenants better. In FY 2021, plans are in place to roll out the installation of ultraviolet light germicidal systems for the AHUs at OUE C-REIT's properties to further improve the indoor air quality for occupants.

| Property | Award Category |
|---|---|
| **OUE Bayfront** | BCA Green Mark Gold |
| **One Raffles Place Tower 1** | BCA Green Mark Gold |
| **One Raffles Place Tower 2** | BCA Green Mark Platinum |
| **OUE Downtown Office** | BCA Green Mark Gold |
| **Mandarin Gallery** | BCA Green Mark Gold[23] |
| **Mandarin Orchard Singapore** | BCA Green Mark Gold[23] |
| **Crowne Plaza Changi Airport** | Green Hotel Award from Singapore Hotel Association |
| **Lippo Plaza** | LEED® O+M v4.0 - Gold |

## Service Quality

| Targets & Aspirations | FY 2020 Performance |
|---|---|
| Maintain zero non-compliance with regulations and/or regulatory codes concerning the health and safety of tenants and building users resulting in a fine, penalty or warning[#] | Zero non-compliance |
| Achieve at least 80% tenant satisfaction rate in relation to commercial properties | 92.2% tenant satisfaction rate was achieved for four commercial properties which implemented the survey. Mandarin Gallery will implement a tenant satisfaction survey in FY 2021 |

[#] Excluding hospitality properties

### Compliance with Health and Safety Regulations

The Manager strives to provide a safe environment for tenants, guests, and visitors at OUE C-REIT's properties. Working together with our property managers, the Manager employs a holistic approach to safeguard the health and safety of OUE C-REIT's tenants and visitors. The property managers not only implement various preventative measures and controls, but also conduct regular risk assessments to identify potential hazards and mitigate incidents.

Our property managers at individual properties are responsible for implementing comprehensive policies and procedures including the EHS policy, the Fire Emergency Plan, and the Company Emergency Response Team. Further, they are tasked to assess, identify, report, and rectify any health and safety risks within the buildings. The risk assessments and onsite checks are conducted every two to three weeks to ensure facilities in common areas, such as lifts and escalators, are in safe operating conditions. Property managers are also required to adequately signpost any identified hazards to prevent accidents or injuries. Aside from facilities checks, the property manager also ensures that maintenance and servicing of all equipment and machinery are conducted at least once every quarter. Our tenant handbook details the safety guidelines in our buildings. We take all incidents within our buildings seriously. All incidents will be reported and submitted monthly in a written format along with all supporting maintenance records.

For the reporting period, we are pleased to report zero cases of 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 on all our commercial properties.

[23] Awarded in 2020

# SUSTAINABILITY REPORT

### Tenant Engagement and Satisfaction

In seeking to provide high service standards for OUE C-REIT's tenants so as to increase satisfaction and retention, tenants are engaged on a regular basis to ensure that we are kept abreast of ongoing requirements, as well as apprised of current performance and areas of improvement. While safe distancing requirements have curtailed face-to-face interaction, the property managers continue to hold regular dialogue sessions with tenants, with feedback from these sessions reviewed by the Manager.

On an annual basis, the Manager, together with the respective property managers, host tenant get-togethers at each property in appreciation of their continued support. These sessions serve as a platform for us to gather feedback from tenants directly and provide an opportunity to share about events and activities at OUE C-REIT's properties, as well as provide a forum for tenants to meet informally to network. Due to the COVID-19 pandemic, the FY 2020 tenant get-togethers were temporarily suspended. We will resume such tenant engagement activities only in accordance with guidelines from the authorities. Meanwhile, our property managers continue to engage with our tenants on a regular basis to ensure timely response to any issues.

At Lippo Plaza in Shanghai, where social distancing measures have been eased as the pandemic is largely under control, the property manager organised a series of weekly activities in December to engage the office and retail tenants as well as visitors to the retail podium. The Christmas-themed activities included a mini DIY Christmas decoration workshop, games and a lucky draw, as well as festive drinks and snacks for participants.

As part of our efforts to enhance the user experience in our buildings, the property managers conduct yearly tenant surveys to identify areas of improvement. Tenants are invited to provide their feedback on areas ranging from the service quality of staff (including the building management team, concierge and security personnel) to building maintenance and conditions such as cleanliness, lighting quality and adequacy of fire and safety measures. In FY 2020, we achieved an average 92.2% satisfaction rate for four of OUE C-REIT's commercial properties which undertook the survey. The remaining commercial property, Mandarin Gallery, will implement the tenant survey in FY 2021.

## BUILDING TRUST

### Compliance

| Targets & Aspirations | FY 2020 Performance |
|---|---|
| Maintain zero incidents of non-compliance with laws and/or regulations, including competition laws, resulting in significant fine and non-monetary sanctions# | Zero incidents of non-compliance |
| Maintain zero incidents of non-compliance with environmental laws and/or regulations resulting in significant fines and non-monetary sanctions# | Zero incidents of non-compliance |

# Excluding hospitality properties

The Manager prioritises compliance with local laws and regulations that guide our day-to-day operations. The risks of non-compliance with the relevant laws and regulations may include disruptions to our operations, litigation, fines, reputational loss, and revocation of our license to operate. As a publicly-listed entity, OUE C-REIT is obliged to comply with relevant legislation and regulations such as the listing rules of the SGX-ST, the Securities and Futures Act, the Code of Corporate Governance and Code on Collective Investment Schemes issued by the Monetary Authority of Singapore ("MAS"). In addition, OUE C-REIT is also subject to various environmental regulations including the Energy Conservation Act, and the Environmental Protection and Management Act.

The Manager is kept abreast of changes to applicable laws and regulations with the support of the Group legal and internal audit teams. They monitor such changes through various channels, including constant media scans, press releases, professional advice and publications from legal counsels, and occasionally by attending seminars organised by law firms or audit firms. External legal counsel may be engaged to assist in implementing policies or frameworks and conducting training. At the property level, property managers are required to monitor changing building standards and regulations. Their main tasks also include conducting regular checks and submitting relevant environmental data to ensure compliance.

All our properties are subject to periodic environmental audits by the local authorities. Legal and regulatory impacts will be assessed, and remedial plans will be implemented if non-compliance is unearthed during these external audits.

The Manager also abides by the MAS guidelines on the prevention of money laundering and countering the financing of terrorism and has an anti-money laundering ("AML") framework in place. Our employees receive annual essential training to ensure that they are aware of applicable AML and countering of terrorism financing regulations, the prevailing techniques, methods and trends in money laundering and terrorist financing, and the internal policies, procedures and controls adopted by the Manager in the AML Manual.

We leverage on third-party service providers, such as 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" processes, supplier onboarding, and monitoring of other relevant parties to ensure compliance with regulations too.

As a result of our prudent risk management, we are pleased to report that there were zero incidents of non-compliance with both environmental and socioeconomic regulations that would result in fines or non-monetary sanctions in FY 2020.

# SUSTAINABILITY REPORT

In the spirit of good corporate governance and transparency, the Manager would like to disclose two COVID-19 related investigations launched by MOH on MOS and CPCA. On 19 December 2020, MOS was closed temporarily as a precautionary measure to assist in the investigation into 13 cases of COVID-19 infection amongst individuals who served SHN at MOS between 22 October and 11 November 2020. MOS was approved to reopen from 2 January 2021 upon completion of the investigations. The authorities did not discover any breach in safety protocols at MOS. CPCA was asked to suspend operations from 8 January 2021 for 14 days as a precautionary measure to facilitate investigations by MOH on three COVID-19 cases amongst the hotel staff. In both cases, the hotel managers of MOS and CPCA have worked closely and cooperated fully with the authorities in their investigations including temporarily ceasing operations, carrying out deep-cleaning and disinfection, and facilitating COVID-19 swab tests for all hotel employees of the hotel manager. The hotel managers will continue to implement stringent infection control measures across its operations, in consultation with MOH and the NEA.

## Ethical Business Practices

| Targets & Aspirations | FY 2020 Performance |
|---|---|
| Achieve 100% employee annual acknowledgement of all company policies including Code of Business Conduct and Ethics* | All company policies including Code of Business Conduct and Ethics were acknowledged by all employees of the Manager in FY 2020. The annual acknowledgement exercise will be rolled out to One Raffles Place and Lippo Plaza next year |
| Zero confirmed incidents of corruption# | Zero confirmed incidents |

* Applicable only to employees of the Manager, and One Raffles Place and Lippo Plaza property managers
# Excluding hospitality properties

We view fraud, bribery, and corruption as serious offences that can potentially damage OUE C-REIT's reputation and break the trust of our stakeholders. Soliciting or accepting any form of favours, either directly or indirectly, from customers, contractors, and business associates in exchange for preferential treatment in business dealings are strictly prohibited.

The OUE C-REIT Code of Business Conduct and Ethics ("Code") is our commitment to conduct businesses ethically with good corporate governance. All employees are informed of the Code upon employment and are required to sign the Certificate of Compliance as an acknowledgement. We expect our employees to abide by the Code and refrain from participating in any form of fraudulent and dishonest conduct. In FY 2020, all company policies including the Code were acknowledged by all employees of the Manager. The annual acknowledgement exercise will be rolled out to One Raffles Place and Lippo Plaza next year.

In addition to the Code, the Manager has developed guidelines on the acceptance or solicitation of gifts and entertainment for all our employees to follow. Employees are advised to decline any substantial gifts and are required to report to the Group HR department of any non-substantial gifts received for transparency.

As indicated in the Code, our employees are encouraged to identify and report any misconduct to the Group Ethical Officer nominated by the OUE Group. Additionally, the Manager has a whistle-blowing channel through which employees can raise issues in a confidential manner. It is our policy not to discriminate or retaliate against any employee who reports issues in good faith. All concerns and complaints received will undergo thorough investigations supported by the senior management team and the Audit and Risk Committee. In FY 2020, we had zero confirmed incidents of corruption.

## Cyber Security

| Targets & Aspirations | FY 2020 Performance |
|---|---|
| Maintain zero cyber incidents and data breaches# | Zero cyber incidents and data breaches |

# Excluding hospitality properties

The ongoing adoption of new technology and digitalisation of business exposes OUE C-REIT to threats related to information technology ("IT"). The Manager is committed to identifying and understanding cyber security risks in our operations to safeguard ourselves from potential cyber attacks which may result in significant negative impact to customer experience, financial performance and/or regulatory compliance. We leverage on the expertise of the Group IT team to establish our Technology Risk Management Framework ("TRM") and execute our security practices which are in accordance with MAS guidelines on risk management principles and best practice standards.

### Technology Risk Management Framework

A robust TRM was established to empower the Manager with the necessary tools to adequately identify potential technology risks. The TRM is part of our Enterprise Risk Management Framework and addresses key elements of our technology risk management plan, which includes governance structure, risk management process, and the methods and tools used to implement the framework.

As indicated in the TRM, the Board and the Audit and Risk Committee of the Manager are responsible for making the decisions on technology risk management. Working together with the Manager, the Board also oversees the establishment of IT policies and procedures. The Group IT department is entrusted with analysing technology risks and identifying any gaps in internal controls as well as implementing action plans to manage the risks. We have endorsed some key internal control principles such as segregation of duties, never alone principle, and access control principle in our operations to reduce risks.

### Information Security Awareness Training

Annually, our employees receive comprehensive information security awareness training to raise awareness in cyber security. The training programme is extended to our vendors and contractors where appropriate. Topics covered include IT security policies, standards and procedures, individual responsibilities to IT security, measures needed to safeguard information, and relevant laws, regulations and guidelines on IT security.

### Personal Data Protection and IT Incident Reporting Framework

The Manager adheres to the Personal Data Protection Act 2012 (the "PDPA") and implements various measures to ensure compliance. We have a Group-level policy set out in the Personal Data Protection Compliance Manual ("PDPC Manual"). Our employees are contractually required to comply with the PDPC Manual and report any suspected data breach to the Data Protection Officer. The PDPC Manual details procedures which deal with the organisation's obligations with respect to personal data under the PDPA.

In the event of any IT incident, the Manager has implemented a stringent IT incident reporting framework. The Manager is required to report any relevant IT security incident to MAS within 60 minutes and submit a root cause and impact analysis report within 14 days of the incident.

In FY 2020, we had zero incidents of data breaches.

# SUSTAINABILITY REPORT

## GRI CONTENT INDEX

| Disclosure Number | Disclosure Title | Page Number |
|---|---|---|
| **GENERAL DISCLOSURES** | | |
| **GRI 102: General Disclosures 2016** | | |
| **Organisational Profile** | | |
| 102-1 | Name of the organisation | Board Statement, Page 76 |
| 102-2 | Activities, brands, products, and services | About OUE C-REIT > Who We Are, Page 76 |
| 102-3 | Location of headquarters | Singapore |
| 102-4 | Location of operations | About OUE C-REIT > Who We Are, Page 76 |
| 102-5 | Ownership and legal form | About OUE C-REIT > Who We Are, Page 76 |
| 102-6 | Markets served | About OUE C-REIT > Who We Are, Page 76 |
| 102-7 | Scale of the organisation | Strengthening Social Fabric > Fair Employment Practices, Page 94<br>Refer to OUE C-REIT Annual Report 2020, Page 134-135 for information on net sales and total capitalisation |
| 102-8 | Information on employees and other workers | Strengthening Social Fabric > Fair Employment Practices, Page 94 |
| 102-9 | Supply chain | The supply chain comprises contractors and suppliers providing services such as property management, cleaning, security, operations & maintenance, etc |
| 102-10 | Significant changes to the organisation and its supply chain | There is no significant change to the organisation and its supply chain during the reporting period |
| 102-11 | Precautionary Principle or approach | Sustainability at OUE C-REIT > Sustainability Framework, Page 80<br>Stewarding the Environment > Climate Resilience, Page 85-88 |
| 102-12 | External initiatives | Sustainability at OUE C-REIT > Sustainability Framework, Page 80<br>Stewarding the Environment > Water Efficiency, Page 89<br>Strengthening Social Fabric > Health & Safety, Page 92<br>Strengthening Social Fabric > Fair Employment Practices, Page 96 |
| 102-13 | Membership of associations | REIT Association of Singapore;<br>Investor Relations Professionals Association (Singapore) |
| **Strategy** | | |
| 102-14 | Statement from senior decision-maker | Board Statement, Page 76 |
| **Ethics and Integrity** | | |
| 102-16 | Values, principles, standards, and norms of behaviour | About OUE C-REIT > Who We Want to Be, Page 76<br>Building Trust > Ethical Business Practices, Page 104 |
| **Governance** | | |
| 102-18 | Governance structure | Sustainability at OUE C-REIT > Sustainability Governance, Page 78 |
| **Stakeholder Engagement** | | |
| 102-40 | List of stakeholder groups | Sustainability at OUE C-REIT > Stakeholder Engagement, Page 78 |
| 102-41 | Collective bargaining agreements | None of our employees are covered by collective bargaining agreements. |
| 102-42 | Identifying and selecting stakeholders | We select key stakeholder groups based on both the stakeholder group's dependency and influence on OUE C-REIT. |
| 102-43 | Approach to stakeholder engagement | Sustainability at OUE C-REIT > Stakeholder Engagement, Page 79 |
| 102-44 | Key topics and concerns raised | Sustainability at OUE C-REIT > Stakeholder Engagement, Page 79 |

| Disclosure Number | Disclosure Title | Page Number |
|---|---|---|
| **GENERAL DISCLOSURES** | | |
| **GRI 102: General Disclosures 2016** | | |
| **Reporting Practice** | | |
| 102-45 | Entities included in the consolidated financial statements | About this Report, Page 77<br>OUE C-REIT Annual Report 2020, Page 130 |
| 102-46 | Defining report content and topic Boundaries | About this Report, Page 77 |
| 102-47 | List of material topics | Sustainability at OUE C-REIT > Sustainability Framework, Page 80 |
| 102-48 | Restatements of information | Stewarding the Environment > Climate Resilience, Page 87-88<br>Stewarding the Environment > Water Efficiency, Page 89<br>Stewarding the Environment > Waste Minimisation, Page 91 |
| 102-49 | Changes in reporting | About this Report, Page 77 |
| 102-50 | Reporting period | About this Report, Page 77 |
| 102-51 | Date of most recent report | 6 April 2020 |
| 102-52 | Reporting cycle | About this Report, Page 77 |
| 102-53 | Contact point for questions regarding the report | About this Report, Page 77 |
| 102-54 | Claims of reporting in accordance with the GRI Standards | About this Report, Page 77 |
| 102-55 | GRI content index | GRI Content Index, Page 106-111 |
| 102-56 | External assurance | About this Report, Page 77 |
| **TOPIC SPECIFIC DISCLOSURES** | | |
| **Economic Performance** | | |
| **GRI 103: Management Approach 2016** | | |
| 103-1 | Explanation of the material topic and its Boundary | OUE C-REIT Annual Report 2020, Page 11<br>Refer to OUE C-REIT Annual Report 2020, Page 74-75 for information on investors |
| 103-2 | The management approach and its components | OUE C-REIT Annual Report 2020, Page 28-35 |
| 103-3 | Evaluation of the management approach | OUE C-REIT Annual Report 2020, Page 28-35 |
| **GRI 201: Economic Performance 2016** | | |
| 201-1 | Direct economic value generated and distributed | OUE C-REIT Annual Report 2020, Page 4-5, 191-194 |
| **Anti-corruption** | | |
| **GRI 103: Management Approach 2016** | | |
| 103-1 | Explanation of the material topic and its Boundary | Building Trust > Ethical Business Practices, Page 104 |
| 103-2 | The management approach and its components | Building Trust > Ethical Business Practices, Page 104 |
| 103-3 | Evaluation of the management approach | Building Trust > Ethical Business Practices, Page 104<br>Sustainability at OUE C-REIT > Sustainability Governance, Page 78 |
| **GRI 205: Anti-corruption 2016** | | |
| 205-3 | Confirmed incidents of corruption and actions taken | Building Trust > Ethical Business Practices, Page 104 |

# SUSTAINABILITY REPORT

| Disclosure Number | Disclosure Title | Page Number |
|---|---|---|
| **TOPIC SPECIFIC DISCLOSURES** | | |
| **Energy** | | |
| **GRI 103: Management Approach 2016** | | |
| 103-1 | Explanation of the material topic and its Boundary | Stewarding the Environment > Climate Resilience, Page 85 |
| 103-2 | The management approach and its components | Stewarding the Environment > Climate Resilience, Page 85-88 |
| 103-3 | Evaluation of the management approach | Sustainability at OUE C-REIT > Sustainability Governance, Page 78 |
| **GRI 302: Energy 2016** | | |
| 302-1 | Energy consumption within the organisation | Stewarding the Environment > Climate Resilience, Page 87 |
| 302-3 | Energy intensity | Stewarding the Environment > Climate Resilience, Page 87 |
| **Water and Effluents** | | |
| **GRI 103: Management Approach 2016** | | |
| 103-1 | Explanation of the material topic and its Boundary | Stewarding the Environment > Water Efficiency, Page 89 |
| 103-2 | The management approach and its components | Stewarding the Environment > Water Efficiency, Page 89 |
| 103-3 | Evaluation of the management approach | Sustainability at OUE C-REIT > Sustainability Governance, Page 78 |
| **GRI 303: Water and Effluents 2018** | | |
| 303-1 | Interactions with water as a shared resource | Stewarding the Environment > Water Efficiency, Page 89 |
| 303-2 | Management of water discharge-related impacts | Stewarding the Environment > Water Efficiency, Page 89 |
| 303-3 | Water withdrawal | Stewarding the Environment > Water Efficiency, Page 89<br><br>Water withdrawn in Singapore and Shanghai are freshwater and from the municipal supply.<br><br>Based on the World Resource Institute's Aqueduct Water Risk Atlas tool, Shanghai is currently a water stressed area. |
| **Emissions** | | |
| **GRI 103: Management Approach 2016** | | |
| 103-1 | Explanation of the material topic and its Boundary | Stewarding the Environment > Climate Resilience, Page 85 |
| 103-2 | The management approach and its components | Stewarding the Environment > Climate Resilience, Page 85-88 |
| 103-3 | Evaluation of the management approach | Sustainability at OUE C-REIT > Sustainability Governance, Page 78 |
| **GRI 305: Emissions 2016** | | |
| 305-1 | Direct (Scope 1) GHG emissions | Stewarding the Environment > Climate Resilience, Page 88 |
| 305-2 | Energy indirect (Scope 2) GHG emissions | Stewarding the Environment > Climate Resilience, Page 88 |
| 305-4 | GHG emissions intensity | Stewarding the Environment > Climate Resilience, Page 88 |
| **Waste** | | |
| **GRI 103: Management Approach 2016** | | |
| 103-1 | Explanation of the material topic and its Boundary | Stewarding the Environment > Waste Minimisation, Page 90 |
| 103-2 | The management approach and its components | Stewarding the Environment > Waste Minimisation, Page 90-91 |
| 103-3 | Evaluation of the management approach | Sustainability at OUE C-REIT > Sustainability Governance, Page 78 |
| **GRI 306: Waste 2020** | | |
| 306-1 | Waste generation and significant waste-related impacts | Stewarding the Environment > Waste Minimisation, Page 91 |
| 306-2 | Management of significant waste-related impacts | Stewarding the Environment > Waste Minimisation, Page 90-91 |
| 306-3 | Waste generated | Stewarding the Environment > Waste Minimisation, Page 91 |

| Disclosure Number | Disclosure Title | Page Number |
|---|---|---|
| **TOPIC SPECIFIC DISCLOSURES** | | |
| **Environmental Compliance** | | |
| **GRI 103: Management Approach 2016** | | |
| 103-1 | Explanation of the material topic and its Boundary | Building Trust > Compliance, Page 103 |
| 103-2 | The management approach and its components | Building Trust > Compliance, Page 103 |
| 103-3 | Evaluation of the management approach | Building Trust > Compliance, Page 103<br>Sustainability at OUE C-REIT > Sustainability Governance, Page 78 |
| **GRI 307: Environmental Compliance 2016** | | |
| 307-1 | Non-compliance with environmental laws and regulations | Building Trust > Compliance, Page 103 |
| **Employment** | | |
| **GRI 103: Management Approach 2016** | | |
| 103-1 | Explanation of the material topic and its Boundary | Strengthening Social Fabric > Fair Employment Practices, Page 94, 96 |
| 103-2 | The management approach and its components | Strengthening Social Fabric > Fair Employment Practices, Page 96 |
| 103-3 | Evaluation of the management approach | Sustainability at OUE C-REIT > Sustainability Governance, Page 78 |
| **GRI 401: Employment 2016** | | |
| 401-1 | New employee hires and employee turnover | Strengthening Social Fabric > Fair Employment Practices, Page 94, 96 |
| **Occupational Health and Safety** | | |
| **GRI 103: Management Approach 2016** | | |
| 103-1 | Explanation of the material topic and its Boundary | Strengthening Social Fabric > Health & Safety, Page 92 |
| 103-2 | The management approach and its components | Strengthening Social Fabric > Health & Safety, Page 92-93 |
| 103-3 | Evaluation of the management approach | Sustainability at OUE C-REIT > Sustainability Governance, Page 78 |
| **GRI 403: Occupational Health and Safety 2018** | | |
| 403-1 | Occupational health and safety management system | While there is no formal occupational health and safety management system currently, health and safety considerations are incorporated into HR policies. |
| 403-2 | Hazard identification, risk assessment, and incident investigation | Strengthening Social Fabric > Health & Safety, Page 92 |
| 403-3 | Occupational health services | Strengthening Social Fabric > Health & Safety, Page 92 |
| 403-4 | Worker participation, consultation, and communication on occupational health and safety | Strengthening Social Fabric > Health & Safety, Page 92 |
| 403-5 | Worker training on occupational health and safety | Strengthening Social Fabric > Health & Safety, Page 92 |
| 403-6 | Promotion of worker health | Strengthening Social Fabric > Health & Safety, Page 92-93 |
| 403-7 | Prevention and mitigation of occupational health and safety impacts directly linked by business relationships | Strengthening Social Fabric > Health & Safety, Page 93 |
| 403-9 | Work-related injuries | Strengthening Social Fabric > Health & Safety, Page 93 |

# SUSTAINABILITY REPORT

| Disclosure Number | Disclosure Title | Page Number |
|---|---|---|
| **TOPIC SPECIFIC DISCLOSURES** | | |
| **Training and Education** | | |
| **GRI 103: Management Approach 2016** | | |
| 103-1 | Explanation of the material topic and its Boundary | Strengthening Social Fabric > Fair Employment Practices, Page 97 |
| 103-2 | The management approach and its components | Strengthening Social Fabric > Fair Employment Practices, Page 97 |
| 103-3 | Evaluation of the management approach | Sustainability at OUE C-REIT > Sustainability Governance, Page 78 |
| **GRI 404: Training and Education 2016** | | |
| 404-1 | Average hours of training per year per employee | Strengthening Social Fabric > Fair Employment Practices, Page 97 |
| **Diversity and Equal Opportunity** | | |
| **GRI 103: Management Approach 2016** | | |
| 103-1 | Explanation of the material topic and its Boundary | Strengthening Social Fabric > Fair Employment Practices, Page 96 |
| 103-2 | The management approach and its components | Strengthening Social Fabric > Fair Employment Practices, Page 96 |
| 103-3 | Evaluation of the management approach | Sustainability at OUE C-REIT > Sustainability Governance, Page 78 |
| **GRI 405: Diversity and Equal Opportunity 2016** | | |
| 405-1 | Diversity of governance bodies and employees | Strengthening Social Fabric > Fair Employment Practices, Page 95 |
| **Non-discrimination** | | |
| **GRI 103: Management Approach 2016** | | |
| 103-1 | Explanation of the material topic and its Boundary | Strengthening Social Fabric > Fair Employment Practices, Page 97 |
| 103-2 | The management approach and its components | Strengthening Social Fabric > Fair Employment Practices, Page 97 |
| 103-3 | Evaluation of the management approach | Sustainability at OUE C-REIT > Sustainability Governance, Page 78 |
| **GRI 406: Non-discrimination 2016** | | |
| 406-1 | Incidents of discrimination and corrective actions taken | Strengthening Social Fabric > Fair Employment Practices, Page 97 |
| **Customer Health and Safety** | | |
| **GRI 103: Management Approach 2016** | | |
| 103-1 | Explanation of the material topic and its Boundary | Strengthening Social Fabric > Service Quality, Page 101-102 |
| 103-2 | The management approach and its components | Strengthening Social Fabric > Service Quality, Page 101-102 |
| 103-3 | Evaluation of the management approach | Strengthening Social Fabric > Service Quality, Page 102<br>Sustainability at OUE C-REIT > Sustainability Governance, Page 78 |
| **GRI 416: Customer Health and Safety 2016** | | |
| 416-2 | Incidents of non-compliance concerning the health and safety impacts of products and services | Strengthening Social Fabric > Service Quality, Page 101 |

| Disclosure Number | Disclosure Title | Page Number |
|---|---|---|
| **TOPIC SPECIFIC DISCLOSURES** | | |
| **Customer Privacy** | | |
| **GRI 103: Management Approach 2016** | | |
| 103-1 | Explanation of the material topic and its Boundary | Building Trust > Cyber Security, Page 105 |
| 103-2 | The management approach and its components | Building Trust > Cyber Security, Page 105 |
| 103-3 | Evaluation of the management approach | Building Trust > Cyber Security, Page 105<br>Sustainability at OUE C-REIT > Sustainability Governance, Page 78 |
| **GRI 418: Customer Privacy 2016** | | |
| 418-1 | Substantiated complaints concerning breaches of customer privacy and losses of customer data | Building Trust > Cyber Security, Page 105 |
| **Socioeconomic Compliance** | | |
| **GRI 103: Management Approach 2016** | | |
| 103-1 | Explanation of the material topic and its Boundary | Building Trust > Compliance, Page 103 |
| 103-2 | The management approach and its components | Building Trust > Compliance, Page 103 |
| 103-3 | Evaluation of the management approach | Sustainability at OUE C-REIT > Sustainability Governance, Page 78 |
| **GRI 419: Socioeconomic Compliance 2016** | | |
| 419-1 | Non-compliance with laws and regulations in the social and economic area | Building Trust > Compliance, Page 103 |
| **Innovation** | | |
| **GRI 103: Management Approach 2016** | | |
| 103-1 | Explanation of the material topic and its Boundary | Strengthening Social Fabric > Innovation, Page 100 |
| 103-2 | The management approach and its components | Strengthening Social Fabric > Innovation, Page 100 |
| 103-3 | Evaluation of the management approach | Sustainability at OUE C-REIT > Sustainability Governance, Page 78 |
| **GRI Sector Disclosures: Construction and Real Estate** | | |
| CRE8 | Type and number of sustainability certification, rating and labeling schemes for new construction, management, occupation and redevelopment | Strengthening Social Fabric > Innovation, Page 101 |
| **Creating Social Ecosystems** | | |
| **GRI 103: Management Approach 2016** | | |
| 103-1 | Explanation of the material topic and its Boundary | Strengthening Social Fabric > Creating Social Ecosystems, Page 98 |
| 103-2 | The management approach and its components | Strengthening Social Fabric > Creating Social Ecosystems, Page 98-99 |
| 103-3 | Evaluation of the management approach | Sustainability at OUE C-REIT > Sustainability Governance, Page 78 |
| Non-GRI | Community engagement | Strengthening Social Fabric > Creating Social Ecosystems, Page 98-99 |

# 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 2020 ("FY 2020") 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 has provided 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, compliance and information technology 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.

The Manager was appointed in accordance with the terms of the Trust Deed. The Trust Deed outlines certain circumstances under which the Manager can be removed, including by notice in writing given by the Trustee upon the occurrence of certain events, or by resolution passed by a simple majority of Unitholders present and voting at a meeting of Unitholders duly convened and held in accordance with the provisions of the Trust Deed. The Trust Deed will also be available for inspection at the registered office of the Manager during normal business hours[1] for so long as OUE C-REIT continues to be in existence.

[1] Due to the current COVID-19 situation in Singapore, inspection shall be further subject to any applicable control order or regulatory restriction relating to safe distancing which may be issued by the relevant authorities. Prior appointment is required.

The Manager is wholly held by OUE Limited (the "Sponsor"). The Manager's association with the Sponsor allows OUE C-REIT to be able to leverage on them to entrench its network and affiliations in the Asia region to pursue new avenues of growth and collaborations in the future.

## 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"). The composition of the Board committees is set out on pages 118 and 122, and the Corporate Information page of this Annual Report. The Board has delegated specific responsibilities to these Board committees and their duties are described in this Annual Report. Each Board committee is governed by clear terms of reference which have been approved by the Board and set out the composition, duties and authority of such Board committee. While these Board committees have the authority to examine particular issues in their respective areas, the Board committees report to the Board with their decisions and/or recommendations as the ultimate responsibility on all matters lies with the entire Board.

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 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.

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 and 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 four Board meetings were held in FY 2020.

The attendance of the Directors for Board and Board committee meetings, as well as the frequency of such meetings during FY 2020, is disclosed on page 114. 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").

# CORPORATE GOVERNANCE

**Attendance of Board, Board Committee and General Meetings**

| | Number of meetings attended in 2020 | | | |
|---|---|---|---|---|
| **Name of Director** | **Board** | **ARC** | **NRC** | **AGM[2]** |
| Lee Yi Shyan | 4 | - | - | 1 |
| Loh Lian Huat | 4 | 4 | 1 | 1 |
| Liu Chee Ming | 4 | 4 | - | 1 |
| Ong Kian Min | 4 | 4 | 1 | 1 |
| Usha Ranee Chandradas | 4 | 4 | - | 1 |
| Brian Riady[3] | 1 | - | - | - |
| Tan Shu Lin | 4 | - | - | 1 |
| Christopher James Williams[4] | 3 | - | 1 | 1 |
| **Number of meetings held in FY 2020** | **4** | **4** | **1** | **1** |

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. If required, time is set aside for discussions amongst the non-executive and/or independent members of the Board without the presence of Management, in line with the provisions of the Code.

## 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.

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, and on an on-going basis. 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.

[2] Annual General Meeting ("AGM") held via electronic means on 21 May 2020.
[3] Mr Brian Riady was appointed as Non-Independent Non-Executive Director of the Manager on 1 September 2020 and has attended training on the roles and responsibilities of a director of a listed issuer as prescribed by the SGX-ST.
[4] Mr Christopher James Williams resigned as Deputy Chairman and Non-Independent Non-Executive Director of the Manager on 1 September 2020.

The Manager will arrange for the Directors to be kept abreast of developments in the commercial and hospitality 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. During FY 2020, the Directors were briefed on the relevant regulatory and legislative changes as well as the changes to accounting standards.

For new Directors who do not have prior experience as a director of a public listed company in Singapore, they will also attend the mandatory training courses organised by the SID or other training institutions, where appropriate, in connection with their duties.

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. Accordingly, more than half of the Board is made up of independent Directors. 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 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.

In its review for FY 2020, the NRC has endorsed in its recommendation to the Board that the following Directors are independent for FY 2020:

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

# CORPORATE GOVERNANCE

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[5] | Mr Loh Lian Huat[6] | Ms Usha Ranee Chandradas | Mr Liu Chee Ming | Mr Ong Kian Min | Mr Brian Riady[7] | Ms Tan Shu Lin[8] |
|---|---|---|---|---|---|---|---|
| (i) had been independent from the Management and OUE C-REIT during FY 2020 | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | |
| (ii) had been independent from any business relationship with the Manager and OUE C-REIT during FY 2020 | | ✓ | ✓ | ✓ | ✓ | | ✓ |
| (iii) had been independent from every substantial shareholder of the Manager and every substantial Unitholder during FY 2020 | | | ✓ | ✓ | ✓ | | |
| (iv) had not been a substantial shareholder of the Manager or a substantial Unitholder during FY 2020 | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ |
| (v) has not served as a Director for a continuous period of 9 years or longer as at the last day of FY 2020 | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ |

5 Mr Lee Yi Shyan is an executive advisor to the chairman of the Sponsor, which wholly-owns the Manager and is a substantial Unitholder. As such, during FY 2020, 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 2020, Mr Lee was able to act in the best interests of all the Unitholders as a whole.

6 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 FY 2020, 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:
- Mr Loh serves on the Board in his personal capacity and not as a nominee director of the Sponsor. He is not under any obligation to act in accordance with the directions of the Sponsor in his capacity as a member of the Board.
- 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 23.0% 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 FY 2020. The Board is satisfied that, as at 31 December 2020, Mr Loh was able to act in the best interests of all the Unitholders as a whole.

7 Mr Brian Riady is the deputy chief executive officer and executive director of the Sponsor, which wholly-owns the Manager and is a substantial Unitholder. As such, during FY 2020, pursuant to the SFLCB Regulations, Mr Riady 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 2020, Mr Riady was able to act in the best interests of all the Unitholders as a whole.

8 Ms Tan Shu Lin is the Chief Executive Officer ("CEO") and Executive Director of the Manager, which is wholly-owned by the Sponsor. As such, during FY 2020, 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. The Board is satisfied that, as at 31 December 2020, 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 2020, Mr Lee Yi Shyan, Mr Loh Lian Huat, Mr Brian Riady 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 and to provide effective oversight over Management. 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, so as to avoid groupthink and foster constructive debate. It will report to the Board on an annual basis on the progress made in achieving the objectives. In relation to gender diversity, two out of the seven Directors are female. The current Board composition also reflects a diversity of age, skills and knowledge, comprising business leaders and professionals from varied backgrounds.

**Board Composition**

| | |
|---|---|
| Lee Yi Shyan | 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 |
| Brian Riady | Non-Independent Non-Executive Director |
| Tan Shu Lin | Chief Executive Officer 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 and lead meetings with the other independent and/ or non-executive 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.

# CORPORATE GOVERNANCE

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, increased accountability and greater capacity of the Board for independent decision making. 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, namely Mr Ong Kian Min, Mr Loh Lian Huat and Mr Brian Riady. A majority of the NRC comprises independent directors. Mr Ong Kian Min is the chairman of the NRC and an independent Director. Mr Loh Lian Huat, the Lead Independent Director, is a member of the NRC. Mr Brian Riady, a non-independent non-executive Director, is a member of the NRC. The NRC met once in FY 2020.

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, and reviewing and being mindful of the independence of the Directors. In addition, the NRC reviews and makes recommendations on the training and professional development programs for the Board, and recommends for the Board's approval the objective performance criteria and process for the evaluation of the effectiveness of the Board as a whole, each Board committee separately, the Chairman and each individual Director.

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 and other aspects of diversity such as gender and age, so as to identify the requisite and/or desired qualities to supplement the Board's existing attributes. The NRC will also consider core competencies such as accounting, business acumen, familiarity with regulatory requirements and knowledge of risk management, audit and internal controls. 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 and chief financial officer ("CFO"), (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 or Deputy 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, taking into account factors such as effort, attendance and time spent; 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.

# CORPORATE GOVERNANCE

A breakdown of the Directors' fees payable to each Director for FY 2020 is shown below:

| Name of Director | Directors' Fees[9] (S$) |
|---|---|
| Lee Yi Shyan | 100,000[10] |
| Loh Lian Huat | 101,250[11] |
| Liu Chee Ming | 106,250[12] |
| Ong Kian Min | 106,250[13] |
| Usha Ranee Chandradas | 68,750[14] |
| Brian Riady | 20,833[15] |
| Tan Shu Lin | Nil[16] |
| Christopher James Williams | 75,000[17] |

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.

When conducting its review of the remuneration, the NRC takes into account the performance of OUE C-REIT as well as the performance of the individual employee. The performance of OUE C-REIT is measured based on financial and non-financial indicators. Individual performance is measured via the employee's annual appraisal based on indicators such as core values, competencies and key performance indicators ("KPIs") highlighted below.

**Fixed Component**
The fixed component in the Manager's remuneration framework is structured to remunerate employees for the roles they perform. It comprises the employee's base salary, fixed allowances and any statutory contribution. The base salaries and fixed allowances for key management personnel are reviewed annually by the NRC and approved by the Board.

**Variable Component**
An appropriate proportion of the remuneration of key executives of the Manager comprises a variable component which is structured so as to link rewards to corporate and individual performance and incentivise sustained performance in both the short and long term. The variable incentives are measured based on quantitative and qualitative targets. Overall performance in relation to these targets is determined at the end of the year and approved by the NRC.

Key executives are assessed based on an annual performance review with pre-agreed financial and non-financial KPIs. The financial KPIs include increases in net property income and distribution per unit ("DPU") as well as key capital structure parameters such as aggregate leverage. In measuring the performance of these KPIs, the NRC refers to factors such as the DPU and total Unitholder returns. Non-financial KPIs may include measures such as total Unitholder returns, corporate governance and compliance goals, as well as people development.

9 The framework for determining the Directors' fees in FY 2020 is as follows: (i) S$50,000 each for Chairman and Deputy Chairman; (ii) S$50,000 for a member of the Board; (iii) S$20,000 for Lead Independent Director; (iv) S$37,500 for chairman of the ARC; (v) S$18,750 for a member of the ARC; (vi) S$25,000 for chairman of the NRC; and (vii) S$12,500 for a member of the NRC.

10 The fees received by Mr Lee Yi Shyan comprise S$50,000 for being Chairman and S$50,000 for being a member of the Board for FY 2020.

11 The fees received by Mr Loh Lian Huat comprise 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 FY 2020.

12 The fees received by Mr Liu Chee Ming comprise S$50,000 for being a member of the Board, S$37,500 for being chairman of the ARC and S$18,750 for being a member of the ARC for FY 2020.

13 The fees received by Mr Ong Kian Min comprise S$50,000 for being a member of the Board, S$18,750 for being a member of the ARC, S$25,000 for being Chairman of the NRC and S$12,500 for being a member of the NRC for FY 2020.

14 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 FY 2020.

15 The fees received by Mr Brian Riady comprise S$16,667 for being a member of the Board and S$4,167 for being a member of the NRC for the period from 1 September 2020 to 31 December 2020.

16 Ms Tan Shu Lin did not receive directors' fees in respect of her position as CEO and Executive Director for FY 2020.

17 The fees received by Mr Christopher James Williams comprise S$33,333 for being Deputy Chairman, S$33,333 for being a member of the Board and S$8,333 for being a member of the NRC for the period from 1 January 2020 to 31 August 2020.

The current remuneration framework for the non-executive Directors remains unchanged from that of FY 2019.

No Director, key executive officer and/or key management personnel is involved in the deliberation and decision in respect of his or her own individual fees/remuneration. For the avoidance of doubt, the CEO, Ms Tan Shu Lin, was not involved in the decision of the Board on her own remuneration.

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 Management level) on a long-term basis. Given the competitive business environment which OUE C-REIT operates in, the Manager faces significant competition for talent in the REIT management sector, and it is not disclosing the remuneration of the key executive officers and/or management personnel, including the CEO, so as to minimise potential staff movement and undue disruption to its Management which would be prejudicial to the interest of the Unitholders. 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, is consistent with the intent of Principle 8 of the Code as a whole and will not be prejudicial to the interest of the Unitholders.

There are no employees of the Manager who are substantial shareholders of the Manager, substantial Unitholders or immediate family members of a Director, the CEO, a substantial shareholder of the Manager or a substantial Unitholder, and whose remuneration exceeds S$100,000 during FY 2020. 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 FY 2020.

## 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 business updates as well as half-year and full-year results, which are then reviewed and approved by the Board for release to the SGX-ST.

# CORPORATE GOVERNANCE

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 CFO of the Manager that:

a. the financial records of OUE C-REIT have been properly maintained and the financial statements for FY 2020 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 2020 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 FY 2020, 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 independent Directors, namely Mr Liu Chee Ming, Mr Loh Lian Huat, Mr Ong Kian Min and Ms Usha Ranee Chandradas. 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 four ARC meetings were held in FY 2020.

None of the ARC members were previous partners or directors of, or hold any financial interest in, the Manager's and OUE C-REIT's external auditors, Messrs KPMG LLP.

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's 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 business updates, half-year 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[18] 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").

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 (i) the aggregate amount of fees paid to the external auditors for that financial year, and (ii) 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.

[18] 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.

# CORPORATE GOVERNANCE

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 matter (Table 1) as reported by the external auditors for FY 2020.

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 FY 2020 was S$153,000. 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 2021. 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 Matter**

| 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 2020. |

The details of the remuneration of the auditors of OUE C-REIT during FY 2020 are as follows:

| Breakdown of Audit and Non-Audit Services | Amount (S$) |
|---|---|
| Audit Services | 422,000 |
| Non-Audit Services | 153,000 |

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 also reviewed the independence and performance of the internal audit function and was satisfied that the internal auditor was independent, adequately resourced and effective in performing its functions, and had appropriate standing within the Manager.

## 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 is to promote regular, effective and fair communication through 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 business updates as well as half-year 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.

# CORPORATE GOVERNANCE

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 and business updates. 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 74 to 75 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 participate effectively in and vote at Unitholders' meetings. Save as disclosed on page 114 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.

In view of the COVID-19 pandemic, the forthcoming AGM will be held on 28 April 2021 via electronic means pursuant to the COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020 ("COVID-19 Order"). Alternative arrangements relating to attendance at the AGM (including arrangements by which the AGM can be electronically accessed via live audio-visual webcast or live audio-only stream, submission of questions in advance of the AGM, addressing of substantial and relevant questions at the AGM and voting by appointing the chairman of the meeting as proxy at the AGM) are set out in the Manager's announcement dated 6 April 2021. The description below sets out OUE C-REIT's usual practice for Unitholders' meetings when there are no pandemic risks and the COVID-19 Order is not in operation.

The notice of Unitholders' meeting is dispatched to 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 Unitholders' meetings are also prepared and made available to Unitholders upon request, and include substantial and relevant comments or queries from 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 the intent of 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. Principle 11 of the Code is also concerned with unitholder engagement. The Manager believes that the same outcome of transparency for the benefit of Unitholders is achieved so long as the minutes are made readily available upon request, even if the minutes are not published on OUE C-REIT's website.

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 AGM 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. All polls are conducted in the presence of independent scrutineers. The outcome of the general meeting is also promptly announced on SGXNet after each general meeting.

The Trust Deed does not allow a Unitholder to vote in absentia at general meetings but 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 111 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 FY 2020.

## 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 adopted a formal policy on handling of confidential information and dealings in securities (the "Information Dealing Policy") which applies the best practice recommendations issued by the SGX-ST. The Information Dealing Policy also sets out the implications of insider trading and guidance on dealings in the securities of OUE C-REIT as well as certain entities listed on the SGX-ST in which the Sponsor has an effective interest in (collectively, the "Restricted Securities"). It applies to and has been distributed to, *inter alia*, the Directors and employees of the Manager.

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 interim business updates for the first and third quarters of its financial year;

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

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

The Directors and the employees of the Manager are prohibited from communicating price-sensitive or trade-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.

Pursuant to the Information Dealing Policy, Directors and employees of the Manager are required to give a pre-trading notification and declaration (that, amongst others, he or she is not in possession of any information that is not generally available but, if the information were generally available, a reasonable person would expect it to have a material effect on the price or value of the Restricted Securities ("inside information")) to their Head of Department and/or the Legal Department (as the case may be) before any dealing in the Restricted Securities. Details of the transaction that had been notified prior to being undertaken must also be provided in writing within two business days after the trade. A transaction which was notified but not undertaken must also be reported as such.

All Directors and employees of the Manager must verify that confidential information is shared only to those persons who have a legitimate reason to have access to such information. The Information Dealing Policy sets out the procedures and safeguards which Directors and employees of the Manager should adopt to limit the risk of a leak of confidential information, including but not limited to signing of non-disclosure agreements, implementing Chinese walls, controlling access to documents containing confidential information, "clean-desk" policy, adoption of code names for transactions and maintenance of a list of persons who are privy to material inside information that has not been publicly announced.

# 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 134 to 219, 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
5 March 2021

# 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 134 to 219 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 and portfolio holdings of the Group and the Trust as at 31 December 2020, 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 2020, 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
5 March 2021

# 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 2020, and the statement of total return, distribution statement, statement of movements in unitholders' funds and consolidated 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 134 to 219.

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 2020 and the total return, distributable income, 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 $5.4 billion as at 31 December 2020. Investment properties represent the most significant asset item on the statement of financial position.

The Group's accounting policy is to state the investment properties at their fair values 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.

The valuation reports obtained from the external valuers highlighted that the real estate market has been impacted by the uncertainty that the COVID-19 pandemic has caused, less certainty and a higher degree of caution should be attached to their valuations than would normally be the case.

*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.

# INDEPENDENT AUDITORS' REPORT

We engaged our internal valuation specialists and together 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. We also discussed with the Manager and the external valuers to understand how they have considered the implications of COVID-19 and market uncertainty in the valuations.

*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, the additional factors considered by the valuers were consistent with other corroborative evidence.

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.

*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
5 March 2021

# STATEMENTS OF FINANCIAL POSITION

As at 31 December 2020

| | Note | Group 2020 $'000 | Group 2019 $'000 | Trust 2020 $'000 | Trust 2019 $'000 |
|---|---|---|---|---|---|
| **Non-current assets** | | | | | |
| Plant and equipment | | 234 | 270 | – | – |
| Investment properties | 4 | 5,370,383 | 6,770,187 | 900,000 | 2,093,000 |
| Intangible assets | 5 | 14,167 | 19,167 | 14,167 | 19,167 |
| Investments in subsidiaries | 6 | – | – | 2,594,230 | 2,727,742 |
| Trade and other receivables | 7 | 4,046 | 4,139 | – | – |
| | | 5,388,830 | 6,793,763 | 3,508,397 | 4,839,909 |
| **Current assets** | | | | | |
| Trade and other receivables | 7 | 30,548 | 35,020 | 9,245 | 9,331 |
| Cash and cash equivalents | 8 | 88,508 | 59,410 | 17,987 | 7,297 |
| Property held for sale | 9 | 1,258,512 | – | 1,258,512 | – |
| | | 1,377,568 | 94,430 | 1,285,744 | 16,628 |
| **Total assets** | | 6,766,398 | 6,888,193 | 4,794,141 | 4,856,537 |
| **Non-current liabilities** | | | | | |
| Borrowings | 10 | 2,325,093 | 2,111,638 | 1,104,008 | 1,323,261 |
| Trade and other payables | 11 | 31,749 | 48,258 | 6,548 | 18,280 |
| Financial derivatives | 12 | 31,895 | 14,560 | 14,074 | 6,780 |
| Deferred tax liabilities | 13 | 79,239 | 87,928 | – | – |
| Lease liability | | 24,535 | 24,657 | – | – |
| | | 2,492,511 | 2,287,041 | 1,124,630 | 1,348,321 |
| **Current liabilities** | | | | | |
| Borrowings | 10 | 371,290 | 575,489 | 369,254 | 149,844 |
| Trade and other payables | 11 | 83,741 | 77,299 | 32,414 | 29,176 |
| Financial derivatives | 12 | 9,085 | 2,751 | 2,296 | 2,404 |
| Current tax liabilities | | 17,358 | 16,411 | – | – |
| Lease liability | | 1,000 | 1,000 | – | – |
| Liabilities directly associated with the property held for sale | 9 | 15,751 | – | 15,751 | – |
| | | 498,225 | 672,950 | 419,715 | 181,424 |
| **Total liabilities** | | 2,990,736 | 2,959,991 | 1,544,345 | 1,529,745 |
| **Net assets** | | 3,775,662 | 3,928,202 | 3,249,796 | 3,326,792 |
| Represented by: | | | | | |
| **Unitholders' funds** | | 3,177,972 | 3,318,417 | 2,887,911 | 2,964,902 |
| **Convertible Perpetual Preferred Units ("CPPU") holder's funds** | 14 | 361,885 | 361,890 | 361,885 | 361,890 |
| | | 3,539,857 | 3,680,307 | 3,249,796 | 3,326,792 |
| **Non-controlling interests** | | 235,805 | 247,895 | – | – |
| | | 3,775,662 | 3,928,202 | 3,249,796 | 3,326,792 |
| **Units in issue and to be issued ('000)** | 15 | 5,427,850 | 5,392,459 | 5,427,850 | 5,392,459 |
| **Net asset value per Unit ($)** | 16 | 0.59 | 0.62 | 0.53 | 0.55 |

The accompanying notes form an integral part of these financial statements.

# STATEMENTS OF TOTAL RETURN

Year ended 31 December 2020

| | Note | Group 2020 $'000 | Group 2019 $'000 | Trust 2020 $'000 | Trust 2019 $'000 |
|---|---|---|---|---|---|
| Revenue | 17 | 292,007 | 257,329 | 188,664 | 140,283 |
| Property operating expenses | 18 | (60,117) | (52,378) | (21,756) | (22,262) |
| **Net property income** | | 231,890 | 204,951 | 166,908 | 118,021 |
| Other income | 19 | 16,517 | 17,182 | 16,517 | 17,182 |
| Amortisation of intangible assets | 5 | (5,000) | (5,298) | (5,000) | (5,298) |
| Manager's management fees | 20 | (19,708) | (16,272) | (19,708) | (16,272) |
| Trustee's fee | | (1,487) | (972) | (1,070) | (835) |
| Other expenses | | (2,279) | (1,874) | (1,758) | (1,461) |
| Finance income | | 4,652 | 3,725 | 2,380 | 2,205 |
| Finance costs | | (85,330) | (71,861) | (47,242) | (50,359) |
| **Net finance costs** | 21 | (80,678) | (68,136) | (44,862) | (48,154) |
| **Net income** | | 139,255 | 129,581 | 111,027 | 63,183 |
| Net change in fair value of investment properties | 4 | (179,655) | 21,090 | 58,587 | (2,546) |
| Impairment loss on investment in subsidiaries | | – | – | (133,512) | – |
| **Total (loss)/return for the year before tax** | 22 | (40,400) | 150,671 | 36,102 | 60,637 |
| Tax expense | 23 | (345) | (17,448) | – | – |
| **Total (loss)/return for the year** | | (40,745) | 133,223 | 36,102 | 60,637 |
| **Total (loss)/return attributable to:** | | | | | |
| Unitholders and CPPU holder | | (36,265) | 118,745 | 36,102 | 60,637 |
| Non-controlling interests | | (4,480) | 14,478 | – | – |
| | | (40,745) | 133,223 | 36,102 | 60,637 |
| **Earnings per Unit (cents)** | | | | | |
| Basic | 24 | (0.74) | 3.15 | | |
| Diluted | 24 | (0.74) | 2.83 | | |

The accompanying notes form an integral part of these financial statements.

# DISTRIBUTION STATEMENTS

Year ended 31 December 2020

| | Group | | Trust | |
|---|---|---|---|---|
| | 2020 $'000 | 2019 $'000 | 2020 $'000 | 2019 $'000 |
| Amount available for distribution to Unitholders at beginning of the year | 60,452 | 37,901 | 60,452 | 37,901 |
| Total (loss)/return for the year attributable to Unitholders and CPPU holder | (36,265) | 118,745 | 36,102 | 60,637 |
| Less: Amount reserved for distribution to CPPU holder | (3,750) | (3,750) | (3,750) | (3,750) |
| Distribution adjustments (Note A) | 183,837 | 9,719 | 111,470 | 67,827 |
| Amount available for distribution for the current year | 143,822 | 124,714 | 143,822 | 124,714 |
| Less: Amount retained for working capital requirements* | (11,000) | (1,500) | (11,000) | (1,500) |
| Amount to be distributed to Unitholders (Note B) | 132,822 | 123,214 | 132,822 | 123,214 |
| Distributions to Unitholders: | | | | |
| - 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) |
| - Distribution of 1.10 cents per Unit for the period from 4/9/2019 to 31/12/2019 | (59,317) | – | (59,317) | – |
| - Distribution of 1.00 cents per Unit for the period from 1/1/2020 to 30/6/2020 | (54,147) | – | (54,147) | – |
| | (113,464) | (100,663) | (113,464) | (100,663) |
| Amount available for distribution to Unitholders at the end of the year | 79,810 | 60,452 | 79,810 | 60,452 |
| Distribution per Unit ("DPU") (cents) | 2.43 | 3.31 | 2.43 | 3.31 |

* In view of the uncertainty posed by the COVID-19 situation and to conserve cash, the Group had retained $5,000,000 of capital distribution in 2020, in addition to $6,000,000 retained for ongoing capital requirements.

The accompanying notes form an integral part of these financial statements.

**Note A – Distribution adjustments**

| | Group | | Trust | |
|---|---|---|---|---|
| | **2020** | **2019** | **2020** | **2019** |
| | **$'000** | **$'000** | **$'000** | **$'000** |
| Net change in fair value of investment properties | 179,655 | (21,090) | (58,587) | 2,546 |
| Amortisation of intangible assets | 5,000 | 5,298 | 5,000 | 5,298 |
| Amortisation of debt establishment costs | 8,959 | 5,336 | 4,316 | 3,848 |
| Net change in fair value of financial derivatives | 929 | 619 | 218 | 592 |
| Ineffective portion of changes in fair value of cash flow hedges | (3,161) | (2,726) | (2,058) | (2,033) |
| Hedging reserve transferred from unitholders' funds due to discontinuation of hedge accounting | 341 | 447 | 341 | 447 |
| Manager's management fees paid/payable in Units | 12,808 | 13,018 | 12,808 | 13,018 |
| Trustee's fee | 1,487 | 972 | 1,070 | 835 |
| Foreign exchange differences | (698) | 365 | (293) | 77 |
| Deferred tax (credit)/expense | (12,347) | 2,421 | – | – |
| Straight-lining of lease incentives | 2,341 | (1,268) | 13 | (49) |
| Transfer to statutory reserve | (1,324) | (1,547) | – | – |
| Net income of subsidiaries not distributed to the Trust | – | – | 14,585 | 42,920 |
| Impairment loss on investment in subsidiaries | – | – | 133,512 | – |
| Other items | (10,153) | 7,874 | 545 | 328 |
| Distribution adjustments | 183,837 | 9,719 | 111,470 | 67,827 |

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

| | Group and Trust | |
|---|---|---|
| | **2020** | **2019** |
| | **$'000** | **$'000** |
| Comprises: | | |
| - From operations | 109,257 | 86,236 |
| - From tax exempt income | 20,875 | 22,499 |
| - From Unitholders' contribution | 2,690 | 14,479 |
| | 132,822 | 123,214 |

The accompanying notes form an integral part of these financial statements.

# STATEMENTS OF MOVEMENTS IN UNITHOLDERS' FUNDS

Year ended 31 December 2020

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

The accompanying notes form an integral part of these financial statements.

| | 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.

# STATEMENTS OF MOVEMENTS IN UNITHOLDERS' FUNDS

Year ended 31 December 2020

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

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 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.

# PORTFOLIO STATEMENTS

As at 31 December 2020

| Description of property | Leasehold tenure |
|---|---|
| **Singapore**<br>OUE Bayfront (and adjoining properties comprising OUE Tower and OUE Link)<br><br>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:<br>99-year lease from 12 November 2007<br><br>OUE Link:<br>15-year lease from 26 March 2010<br><br>Underpass:<br>99-year lease from 7 January 2002 |
| OUE Downtown Office<br>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<br><br>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:<br>99-year lease from 19 July 1967 |
| One Raffles Place<br>An integrated commercial development comprising One Raffles Place Tower 1, One Raffles Place Tower 2 and One Raffles Place Shopping Mall<br><br>The Group has an effective interest of 67.95% in One Raffles Place | One Raffles Place Tower 1:<br>841-year lease from 1 November 1985<br><br>One Raffles Place Tower 2:<br>99-year lease from 26 May 1983<br><br>One Raffles Place Shopping Mall:<br>the retail podium straddles two land plots:<br>- approximately 75% of the net lettable area ("NLA") of the retail podium is on a 99-year lease from 1 November 1985<br>- the balance 25% of the NLA of the retail podium is on a 841-year lease from 1 November 1985 |

[a] Classified as "Property held for sale" as at 31 December 2020

The accompanying notes form an integral part of these financial statements.

| Location | Existing use | Group<br>Carrying value at 31/12/2020<br>$'000 | Percentage of Unitholders' funds at 31/12/2020<br>% | Carrying value at 31/12/2019<br>$'000 | Percentage of Unitholders' funds at 31/12/2019<br>% |
|---|---|---|---|---|---|
| 50 Collyer Quay, OUE Bayfront, Singapore 049321<br><br>60 Collyer Quay, OUE Tower, Singapore 049322<br><br>62 Collyer Quay, OUE Link, Singapore 049325 | Commercial | –[(a)] | –[(a)] | 1,181,000 | 36 |
| 6 Shenton Way, Singapore 068809 and 6A Shenton Way, Singapore 068815 | Commercial | 900,000 | 28 | 912,000 | 27 |
| 1 Raffles Place, One Raffles Place, Singapore 048616 | Commercial | 1,799,700 | 57 | 1,862,000 | 56 |

The accompanying notes form an integral part of these financial statements.

# PORTFOLIO STATEMENTS

As at 31 December 2020

| Description of property | Leasehold tenure |
|---|---|
| **Singapore** | |
| Crowne Plaza Changi Airport<br>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.<br><br>The 563-room upper upscale hotel is managed by Intercontinental Hotels Group and has been named the World's Best Airport Hotel for the 6th consecutive year. | 74-year lease from 1 July 2009 |
| Mandarin Orchard Singapore<br>A renowned upper 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<br>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 |

The accompanying notes form an integral part of these financial statements.

| | | Group | | | |
|---|---|---|---|---|---|
| Location | Existing use | Carrying value at 31/12/2020 $'000 | Percentage of Unitholders' funds at 31/12/2020 % | Carrying value at 31/12/2019 $'000 | Percentage of Unitholders' funds at 31/12/2019 % |
| 75 Airport Boulevard, Singapore 819664 | Hotel | 468,500 | 15 | 497,000 | 15 |
| 333 Orchard Road, Singapore 238867 | Hotel | 1,157,000 | 36 | 1,228,000 | 37 |
| 333A Orchard Road, Singapore 238897 | Retail | 473,000 | 15 | 493,000 | 15 |

# PORTFOLIO STATEMENTS

As at 31 December 2020

| Description of property | Leasehold tenure |
|---|---|
| **Shanghai** | |
| Lippo Plaza<br>A 36-storey commercial building with retail podium at Shanghai, China excluding:<br>(i) Unit 2 in Basement 1,<br>(ii) the 12th, 13th, 15th and 16th floors and<br>(iii) 4 car park lots | 50-year land use right commencing from 2 July 1994 |
| **Investment properties, at valuation (Note 4)** | |
| **Property held for sale** | |
| OUE Bayfront (and adjoining properties comprising OUE Tower and OUE Link)<br><br>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:<br>99-year lease from 12 November 2007<br><br>OUE Link:<br>15-year lease from 26 March 2010<br><br>Underpass:<br>99-year lease from 7 January 2002 |
| **Total investment properties and investment property held for sale** | |
| **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 | |

[a] Classified as "Property held for sale" as at 31 December 2020

The carrying value of Lippo Plaza as at 31 December 2020 in Renminbi is RMB2,680,000,000 (2019: RMB 2,950,000,000).

The properties are leased to third parties except as otherwise stated in Note 17. Generally, the leases contain an initial non-cancellable period of 1 to 10 years (2019: 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<br>Carrying value at 31/12/2020<br>$'000 | Percentage of Unitholders' funds at 31/12/2020<br>% | Carrying value at 31/12/2019<br>$'000 | Percentage of Unitholders' funds at 31/12/2019<br>% |
|---|---|---|---|---|---|
| 222 Huaihai Zhong Road, Huangpu District, Shanghai, PRC 200021 | Commercial | 545,648 | 17 | 570,530 | 17 |
| | | 5,343,848 | 168 | 6,743,530 | 203 |
| 50 Collyer Quay, OUE Bayfront, Singapore 049321<br><br>60 Collyer Quay, OUE Tower, Singapore 049322<br><br>62 Collyer Quay, OUE Link, Singapore 049325 | Commercial | 1,258,512[(a)] | 40 | – | – |
| | | 6,602,360 | 208 | 6,743,530 | 203 |
| | | (2,826,698) | (89) | (2,815,328) | (85) |
| | | 3,775,662 | 119 | 3,928,202 | 118 |
| | | (361,885) | (11) | (361,890) | (11) |
| | | (235,805) | (8) | (247,895) | (7) |
| | | 3,177,972 | 100 | 3,318,417 | 100 |

# PORTFOLIO STATEMENTS

As at 31 December 2020

| Description of property | Leasehold tenure |
|---|---|
| **Singapore** | |
| OUE Bayfront (and adjoining properties comprising OUE Tower and OUE Link)<br><br>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:<br>99-year lease from 12 November 2007<br><br>OUE Link:<br>15-year lease from 26 March 2010<br><br>Underpass:<br>99-year lease from 7 January 2002 |
| OUE Downtown Office<br>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<br><br>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:<br>99-year lease from 19 July 1967 |
| **Investment properties, at valuation (Note 4)** | |

[a] Classified as "Property held for sale" as at 31 December 2020

The accompanying notes form an integral part of these financial statements.

| | | Trust | | | |
|---|---|---|---|---|---|
| **Location** | **Existing use** | **Carrying value at 31/12/2020 $'000** | **Percentage of Unitholders' funds at 31/12/2020 %** | **Carrying value at 31/12/2019 $'000** | **Percentage of Unitholders' funds at 31/12/2019 %** |
| 50 Collyer Quay, OUE Bayfront, Singapore 049321<br><br>60 Collyer Quay, OUE Tower, Singapore 049322<br><br>62 Collyer Quay, OUE Link, Singapore 049325 | Commercial | –[(a)] | –[(a)] | 1,181,000 | 40 |
| 6 Shenton Way, Singapore 068809 and 6A Shenton Way, Singapore 068815 | Commercial | 900,000 | 31 | 912,000 | 31 |
| | | 900,000 | 31 | 2,093,000 | 71 |

The accompanying notes form an integral part of these financial statements.

# PORTFOLIO STATEMENTS

As at 31 December 2020

| Description of property | Leasehold tenure |
|---|---|
| **Property held for sale** | |
| OUE Bayfront (and adjoining properties comprising OUE Tower and OUE Link)<br><br>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:<br>99-year lease from 12 November 2007<br><br>OUE Link:<br>15-year lease from 26 March 2010<br><br>Underpass:<br>99-year lease from 7 January 2002 |
| **Total investment properties and investment property held for sale** | |
| **Other assets and liabilities (net)** | |
| **Net assets of the Trust** | |
| Net assets attributable to CPPU holder | |
| Unitholders' funds | |

[a] Classified as "Property held for sale" as at 31 December 2020

The properties are leased to third parties except as otherwise stated in Note 17. Generally, the leases contain an initial non-cancellable period of 1 to 10 years (2019: 1 to 10 years). Subsequent renewals are negotiated with the respective lessees.

The accompanying notes form an integral part of these financial statements.

| | | Trust | | | |
|---|---|---|---|---|---|
| **Location** | **Existing use** | **Carrying value at 31/12/2020 $'000** | **Percentage of Unitholders' funds at 31/12/2020 %** | **Carrying value at 31/12/2019 $'000** | **Percentage of Unitholders' funds at 31/12/2019 %** |
| 50 Collyer Quay, OUE Bayfront, Singapore 049321<br><br>60 Collyer Quay, OUE Tower, Singapore 049322<br><br>62 Collyer Quay, OUE Link, Singapore 049325 | Commercial | 1,258,512[(a)] | 44 | – | – |
| | | 2,158,512 | 75 | 2,093,000 | 71 |
| | | 1,091,284 | 38 | 1,233,792 | 41 |
| | | 3,249,796 | 113 | 3,326,792 | 112 |
| | | (361,885) | (13) | (361,890) | (12) |
| | | 2,887,911 | 100 | 2,964,902 | 100 |

# CONSOLIDATED STATEMENT OF CASH FLOWS

Year ended 31 December 2020

| | Note | Group 2020 $'000 | Group 2019 $'000 |
|---|---|---|---|
| **Cash flows from operating activities** | | | |
| Total (loss)/return for the year | | (40,745) | 133,223 |
| Adjustments for: | | | |
| Amortisation of intangible assets | | 5,000 | 5,298 |
| Depreciation of plant and equipment | | 99 | 177 |
| Finance costs | | 85,330 | 71,496 |
| Finance income | | (3,954) | (3,725) |
| Manager's fees paid/payable in Units | | 12,808 | 13,018 |
| Net change in fair value of investment properties | | 179,655 | (21,090) |
| Gain on disposal of plant and equipment | | – | (1) |
| Loss on write-off of plant and equipment | | 2 | 3 |
| Allowance for doubtful receivables | | 1,752 | – |
| Tax expense | | 345 | 17,448 |
| **Operating income before working capital changes** | | 240,292 | 215,847 |
| Changes in working capital: | | | |
| Trade and other receivables | | 5,307 | (8,518) |
| Trade and other payables | | 910 | (33,802) |
| **Cash generated from operating activities** | | 246,509 | 173,527 |
| Tax paid | | (12,150) | (12,671) |
| **Net cash from operating activities** | | 234,359 | 160,856 |
| | | | |
| **Cash flows from investing activities** | | | |
| Additions to plant and equipment | | (59) | (61) |
| Net cash consideration relating to the Merger | 31 | – | (51,199) |
| Payment for capital expenditure on investment properties | | (7,737) | (7,790) |
| Interest received | | 793 | 999 |
| Proceed from sale of plant and equipment | | – | 1 |
| **Net cash used in investing activities** | | (7,003) | (58,050) |
| | | | |
| **Cash flows from financing activities** | | | |
| Distributions paid to Unitholders | | (113,464) | (100,616) |
| Distributions paid to CPPU holder | | (3,755) | (3,750) |
| Distributions paid to non-controlling interests | | (6,800) | (6,800) |
| Interest paid | | (76,698) | (66,460) |
| Payment of transaction costs related to borrowings | | (14,364) | – |
| Payment of lease liability | | (1,000) | (1,000) |
| Proceeds from bank loans | | 1,181,685 | 168,380 |
| Proceeds from issuance of Notes | | 100,000 | – |
| Repayment of bank loans | | (1,116,099) | (69,200) |
| Repayment of Notes | | (150,000) | – |
| **Net cash used in financing activities** | | (200,495) | (79,446) |

The accompanying notes form an integral part of these financial statements.

| | Note | Group 2020 $'000 | Group 2019 $'000 |
|---|---|---|---|
| **Net increase in cash and cash equivalents** | | 26,861 | 23,360 |
| **Cash and cash equivalents at beginning of the year** | | 59,410 | 37,074 |
| Effect of exchange rate fluctuations on cash held | | 2,237 | (1,024) |
| **Cash and cash equivalents at end of the year** | 8 | 88,508 | 59,410 |

**Significant non-cash transactions**

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

***Financial year ended 31 December 2020***

- a total of 35,391,003 Units, amounting to $12,808,000, were or would be issued to the Manager as satisfaction of the Manager's management fees for the financial year.

***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.

The accompanying notes form an integral part of these financial statements.

# NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2020

These notes form an integral part of the financial statements.

The financial statements were authorised for issue by the Manager and the Trustee on 5 March 2021.

## 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) a 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;

## 1 GENERAL (CONT'D)

### (a) Manager's fees (cont'd)

(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.

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 2020, 80% (from 1 January to 30 June) and 50% (from 1 July to 31 December) of the management base fee payable were in the form of Units. In 2019, 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 2020 (2019: 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 Management 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.

# NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2020

## 1 GENERAL (CONT'D)

### (b) Fees under the property management agreements (cont'd)

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.

### (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").

The 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 BASIS OF PREPARATION (CONT'D)

### 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.

***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 9 – property held for sale and liabilities directly associated with the property
- Note 26 – financial instruments

# NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2020

## 2 BASIS OF PREPARATION (CONT'D)

### 2.5 Changes in significant accounting policies

**Amendments**

The Group has applied the principles relating to the recognition and measurement of following FRSs and amendments to FRSs for the first time for the annual period beginning on 1 January 2020:

- *Amendments to References to Conceptual Framework in FRS Standards*
- *Definition of a Business (Amendments to FRS 103)*
- *Definition of Material (Amendments to FRS 1 and FRS 8)*
- *Covid-19-Related Rent Concessions (Amendment to FRS 116)*

The application of these principles did not have a material effect on the financial statements.

The Group has early adopted *Covid-19-Related Rent Concessions (Amendment to FRS 116)* issued on 28 May 2020. The amendment introduces an optional practical expedient for leases in which the Group is a lessee – i.e. for leases to which the Group applies the practical expedient, the Group is not required to assess whether eligible rent concessions that are a direct consequence of the COVID-19 coronavirus pandemic are lease modification. The Group has applied the amendment retrospectively. The amendment has no impact on Unitholders' Funds at 1 January 2020. The details of accounting policies are set out in Note 3.8.

## 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

The Group accounts for business combinations using the acquisition method when the acquired set of activities and assets meets the definition of a business and control is transferred to the Group (see note iii). In determining whether a particular set of activities and assets is a business, the Group assesses whether the set of assets and activities acquired includes, at a minimum, an input and substantive process and whether the acquired set has the ability to produce outputs.

The Group has an option to apply a 'concentration test' that permits a simplified assessment of whether an acquired set of activities and assets is not a business. The optional concentration test is met if substantially all of the fair value of the gross assets acquired is concentrated in a single identifiable asset or group of similar identifiable assets.

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.

# NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2020

## 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.

# NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2020

## 3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### 3.6 Financial instruments

#### (i) Recognition and initial measurement

***Non-derivative financial assets and financial liabilities***

Trade receivables 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.

## 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***

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.

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.

# NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2020

## 3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### 3.6 Financial instruments (cont'd)

#### (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 either:
  - substantially all of the risks and rewards of ownership of the financial asset are transferred; or
  - 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.

***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

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.

***Hedges directly affected by interest rate benchmark reform***

For the purpose of evaluating whether there is an economic relationship between the hedged item(s) and the hedging instrument(s), the Group assumes that the benchmark interest rate is not altered as a result of interest rate benchmark reform.

# 3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

## 3.6 Financial instruments (cont'd)

### (vi) Derivative financial instruments and hedge accounting (cont'd)

***Hedges directly affected by interest rate benchmark reform (cont'd)***

For a cash flow hedge of a forecast transaction, the Group assumes that the benchmark interest rate will not be altered as a result of interest rate benchmark reform for the purpose of assessing whether the forecast transaction is highly probable and presents an exposure to variations in cash flows that could ultimately affect statement of total return. A similar exception is also provided for a discontinued cash flow hedging relationship.

The Group will cease to apply the specific policy for assessing the economic relationship between the hedged item and the hedging instrument (i) to a hedged item or hedging instrument 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 respective item or instrument or (ii) when the hedging relationship is discontinued. For its highly probable assessment of the hedged item, the Group will no longer apply the specific policy when the uncertainty arising from interest rate benchmark reform about the timing and the amount of the interest rate benchmark-based future cash flows of the hedged item is no longer present, 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.

# NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2020

## 3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### 3.7 Impairment (cont'd)

#### (i) Non-derivative financial assets (cont'd)

***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.

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.

## 3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### 3.7 Impairment (cont'd)

#### (i) Non-derivative financial assets (cont'd)

***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. An impairment loss is recognised if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount.

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 of disposal. 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.

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

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.

#### (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 that meets the definition of investment property is carried at fair value in accordance with Note 3.4.

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.

# NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2020

## 3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### 3.8 Leases (cont'd)

#### (i) As a lessee (cont'd)

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.

***COVID-19-related rent concessions***

The Group has applied *COVID-19-Related Rent Concessions – Amendment to FRS 116*. The Group applies the practical expedient allowing it not to assess whether eligible rent concessions that are a direct consequence of the COVID-19 pandemic are lease modifications. The Group applies the practical expedient consistently to contracts with similar characteristics and in similar circumstances. For rent concessions in leases to which the Group chooses not to apply the practical expedient, or do not qualify for the practical expedient, the Group assesses whether there is a lease modification.

#### (ii) As a lessor

At inception or on modification of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of their relative stand-alone prices.

When the Group acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease.

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'.

### 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 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### 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.

### 3.11 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 as it accrues on a time apportioned basis. 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 Assets held for sale

Non-current assets, or disposal groups comprising assets and liabilities, that are highly probable to be recovered primarily through sale rather than through continuing use, are classified as held for sale. Immediately before classification as held for sale, the assets, or components of a disposal group are remeasured in accordance with the Group's accounting policy. Thereafter, the assets, or disposal group, classified as held for sale are generally measured at the lower of their carrying amount and fair value less costs to sell.

Impairment losses on initial classification as held for sale and subsequent gains or losses on remeasurement are recognised in profit or loss. Gains are not recognised in excess of any cumulative impairment loss.

### 3.13 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.

# NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2020

## 3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### 3.14 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.

### 3.15 Government grants

Grants that compensate the Group for expenses incurred are recognised in statement of total return on a systematic basis and deducted against the expenses recognised in the same periods, unless the conditions for receiving the grant are met after the related expenses have been recognised. In this case, the grant is recognised when it becomes receivable.

### 3.16 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;
- amortisation of debt-related transaction costs;
- 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.

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.

### 3.17 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.

The Group has determined that interest and penalties related to income taxes, including uncertain tax treatments, do not meet the definition of income taxes, and therefore accounted for them under FRS 37 Provisions, *Contingent Liabilities and Contingent Assets*.

## 3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### 3.17 Tax (cont'd)

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.

Current tax assets and liabilities are offset only if certain criteria are met.

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 reporting date, to recover or settle the carrying amount of its assets and liabilities. For investment properties that are measured at fair value, the carrying amount of the investment property is presumed to be recovered through sale, and the Group has not rebutted this presumption. Deferred tax is measured at 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, and reflects uncertainty related to income taxes, if any.

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, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

Deferred tax assets are recognised for unused tax losses, unused 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 used. 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; such reductions are reversed when the probability of future taxable profits improves.

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.

# NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2020

## 3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### 3.17 Tax (cont'd)

***Tax Transparency Ruling (cont'd)***

(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.

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.

## 3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### 3.18 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.

### 3.19 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.

### 3.20 New standards not yet adopted

A number of new standards and amendments to standards 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 | |
|---|---|---|---|---|
| | 2020<br>$'000 | 2019<br>$'000 | 2020<br>$'000 | 2019<br>$'000 |
| At 1 January | 6,770,187 | 4,494,535 | 2,093,000 | 2,093,100 |
| Acquisition during the year* (including acquisition costs) | – | 2,262,157 | – | – |
| Capital expenditure capitalised | 11,625 | 8,500 | 6,938 | 2,417 |
| Lease incentives | (2,393) | 1,312 | (13) | 29 |
| Fair value changes recognised in the statement of total return (unrealised) | (179,655) | 21,090 | 58,587 | (2,546) |
| Reclassification to property held for sale (Note 9) | (1,258,512) | – | (1,258,512) | – |
| Translation differences | 29,131 | (17,407) | – | – |
| At 31 December | 5,370,383 | 6,770,187 | 900,000 | 2,093,000 |

* Included right-of-use asset of $26.8 million

As at 31 December 2020, investment properties (including OUE Bayfront which is classified as property held for sale) with a carrying amount of $3,356,648,000 (2019: $3,472,530,000) are pledged as security to secure bank loans (see Note 10).

Included in the acquisition costs capitalised are fees of $108,000 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 in 2019.

# NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2020

## 4 INVESTMENT PROPERTIES (CONT'D)

**Measurement of fair value**

**(i) Fair value hierarchy**

The investment properties are stated at fair value at the reporting date.

| Properties | Valuer |
|---|---|
| **31 December 2020** | |
| OUE Bayfront[(a)] | 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 | Savills Real Estate Valuation (Guangzhou) Ltd- Shanghai Branch |
| **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. |

(a) Classified as "Property held for sale"

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, area, quality and other relevant factors.

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

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).

## 4 INVESTMENT PROPERTIES (CONT'D)

### (i) Fair value hierarchy (cont'd)

| | 2020 $'000 | 2019 $'000 |
|---|---|---|
| Fair value of investment property (based on valuation report) | 5,343,848 | 6,743,530 |
| Add: Carrying amount of lease liability | 25,535 | 25,657 |
| Add: Prepayment of lease | 1,000 | 1,000 |
| Carrying amount of investment property | 5,370,383 | 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: |
| | 2020 | 6.5% - 7.0% | 6.5% | 7.0% | • discount rate was lower (higher); |
| | 2019 | 6.5% - 7.0% | 6.8% | 7.0% | • terminal yield rate was lower (higher). |
| | Terminal yield rate | | | | |
| | 2020 | 3.8% - 5.3% | 3.5% | 4.8% - 5.5% | |
| | 2019 | 3.8% - 5.3% | 4.0% | 4.8% - 5.5% | |
| *Capitalisation method* | Capitalisation rate | | | | The estimated fair value would increase/ (decrease) if the capitalisation rate was lower (higher). |
| | 2020 | 3.5% - 4.3% | – | – | |
| | 2019 | 3.5% - 6.5% | – | – | |
| *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). |
| | 2020 | $1,821 - $3,897 | $1,418 | – | |
| | 2019 | $1,746 - $3,928 | $1,363 | – | |
| | Price per room | | | | |
| | 2020 | – | – | $0.9 million - $1.2 million | |
| | 2019 | – | – | $0.9 million - $1.1 million | |

# NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2020

## 5 INTANGIBLE ASSETS

| | Group and Trust $'000 |
|---|---|
| **Cost** | |
| At 1 January 2019, 31 December 2019 and 31 December 2020 | 58,000 |
| **Amortisation and impairment loss** | |
| At 1 January 2019 | 33,535 |
| Amortisation for the year | 5,298 |
| At 31 December 2019 | 38,833 |
| Amortisation for the year | 5,000 |
| At 31 December 2020 | 43,833 |
| **Carrying amount** | |
| At 1 January 2019 | 24,465 |
| At 31 December 2019 | 19,167 |
| At 31 December 2020 | 14,167 |

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.

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 $16,517,000 (2019: $17,182,000) during the financial year (Note 19).

As at 31 December 2020, the Group and the Trust has drawn down $62,962,000 (2019: $46,445,000) under the Deeds of Income Support on OUE Bayfront and OUE Downtown Office.

## 6 INVESTMENTS IN SUBSIDIARIES

| | Trust 2020 $'000 | Trust 2019 $'000 |
|---|---|---|
| Equity investments at cost | 2,727,742 | 2,727,742 |
| Less: Allowance for impairment loss | (133,512) | – |
| | 2,594,230 | 2,727,742 |

## 6 INVESTMENTS IN SUBSIDIARIES (CONT'D)

The movement in the allowance for impairment loss on investment in subsidiaries are as follows:

| | Trust 2020 $'000 |
|---|---|
| At 1 January | – |
| Impairment loss recognised | 133,512 |
| At 31 December | 133,512 |

During the year, the Trust has assessed the carrying amount of the investments in subsidiaries for indications of impairment and noted that one of the subsidiaries has indication of impairment. The recoverable amounts of the subsidiary was assessed based on fair value less costs to sell estimated using the revalued net assets of the subsidiary, taking into consideration the fair value of the underlying properties held by the subsidiary. As at 31 December 2020, the carrying amount of the investment cost of the subsidiary exceeded its recoverable amount. Accordingly, impairment loss of $133,512,000 (2019: $nil) was recognised in statement of total return. The fair value measurement was categorised as level 3 on the fair value hierarchy.

Details of the subsidiaries are as follows:

| Name of subsidiaries | Principal place of business/Country of incorporation | Principal activities | Ownership interest 2020 % | Ownership interest 2019 % |
|---|---|---|---|---|
| **Direct subsidiaries** | | | | |
| OUE Eastern Pte. Ltd. (formerly known as OUE Eastern Limited)[1] | Singapore | Investment holding | 100 | 100 |
| OUE CT Treasury Pte. Ltd.[1] | Singapore | Provision of financial services | 100 | 100 |
| Beacon Property Holdings Pte. Ltd.[1] | Singapore | Investment holding | 100 | 100 |
| OUE H-Trust[1][3] | Singapore | Property owner and investment holding | 100 | 100 |
| **Indirect subsidiaries** | | | | |
| Tecwell Pte. Ltd. (formerly known as Tecwell Limited)[1] | Singapore | Investment holding | 100 | 100 |
| Lippo Realty (Shanghai) Limited[2] | China | Property owner | 100 | 100 |
| Cresthill Property Holdings Pte. Ltd.[1] | Singapore | Investment holding | 100 | 100 |
| OUB Centre Limited[1] | Singapore | Property owner and investment holding | 83.33 | 83.33 |

(1) Audited by KPMG LLP, Singapore.
(2) Audited by KPMG China (a member firm of KPMG International).
(3) OUE H-Trust is a stapled group consisting of OUE Hospitality Sub-Trust and OUE Hospitality Business Trust.

# NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2020

## 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 2020 % | 2019 % |
|---|---|---|---|
| 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 2020 $'000 | 2019 $'000 |
|---|---|---|
| Revenue | 73,600 | 84,532 |
| (Loss)/Profit and total comprehensive income | (26,881) | 86,867 |
| **(Loss)/Profit and total comprehensive income attributable to NCI** | (4,480) | 14,478 |
| | | |
| Non-current assets | 1,799,931 | 1,862,449 |
| Current assets | 12,489 | 10,654 |
| Non-current liabilities | (363,704) | (357,444) |
| Current liabilities | (33,884) | (28,288) |
| Net assets | 1,414,832 | 1,487,371 |
| **Net assets attributable to NCI** | 235,805 | 247,895 |
| | | |
| Cash flows from operating activities | 49,111 | 53,881 |
| Cash flows used in investing activities | (2,026) | (4,259) |
| Cash flows used in financing activities | (47,598) | (48,727) |
| **Net (decrease)/increase in cash and cash equivalents** | (513) | 895 |

## 7 TRADE AND OTHER RECEIVABLES

| | Group | | Trust | |
|---|---|---|---|---|
| | **2020** | **2019** | **2020** | **2019** |
| | **$'000** | **$'000** | **$'000** | **$'000** |
| **Current** | | | | |
| Trade receivables from: | | | | |
| - other related parties | 5,634 | 15,769 | 8 | 91 |
| - third parties | 9,586 | 2,098 | 968 | 199 |
| | 15,220 | 17,867 | 976 | 290 |
| Less: Allowance for doubtful receivables | (1,792) | (40) | (172) | – |
| | 13,428 | 17,827 | 804 | 290 |
| Other receivables from: | | | | |
| - subsidiaries | – | – | 578 | 534 |
| - other related parties | 7,107 | 7,962 | 7,107 | 7,962 |
| - third parties* | 7,154 | 6,711 | 424 | 209 |
| | 14,261 | 14,673 | 8,109 | 8,705 |
| Deposits | 322 | 320 | 288 | 287 |
| | 28,011 | 32,820 | 9,201 | 9,282 |
| Prepayments | 2,537 | 2,200 | 44 | 49 |
| | 30,548 | 35,020 | 9,245 | 9,331 |
| **Non-current** | | | | |
| Deposits | 3,826 | 3,826 | – | – |
| Prepayments | 220 | 313 | – | – |
| | 4,046 | 4,139 | – | – |

* As at 31 December 2020, included grant receivables of $333,000 and $288,000 at the Group and the Trust respectively.

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 Downtown Office of $7,107,000 (2019: $7,962,000) (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 Trust'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 | |
|---|---|---|---|---|
| | **2020** | **2019** | **2020** | **2019** |
| | **$'000** | **$'000** | **$'000** | **$'000** |
| Not past due | 8,331 | 16,254 | 356 | 226 |
| Past due 0 – 30 days | 1,776 | 1,033 | 251 | 37 |
| Past due 31 – 90 days | 1,901 | 133 | 152 | 26 |
| Past due over 90 days | 1,420 | 407 | 45 | 1 |
| | 13,428 | 17,827 | 804 | 290 |

# NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2020

## 7 TRADE AND OTHER RECEIVABLES (CONT'D)

The movement in the allowance for doubtful receivables on trade receivables is as follows:

| | Group | | Trust | |
|---|---|---|---|---|
| | 2020 | 2019 | 2020 | 2019 |
| | $'000 | $'000 | $'000 | $'000 |
| At 1 January | 40 | 40 | – | – |
| Allowance made | 1,752 | – | 172 | – |
| At 31 December | 1,792 | 40 | 172 | – |

Trade receivables that are individually determined to be impaired at the balance sheet date relate to debtors that are in significant difficulties and have defaulted on payments. Due to the COVID-19 impact, the Group and the Trust has provided a specific allowance for doubtful receivables of $1,752,000 and $172,000, respectively in relation to the receivables that represents the amount in excess of the security deposits held as collateral. The Group believes that the unimpaired amounts that are past due are still collectible based on historic payment behaviour and the deposits held.

The Group has granted rent deferments to office and retail tenants with liquidity constraints as a direct result of the COVID-19 pandemic. All credit terms extensions were granted after careful consideration of the impact of the COVID-19 pandemic on the creditworthiness of the tenant and each tenant that was granted an extension is closely monitored for credit deterioration.

## 8 CASH AND CASH EQUIVALENTS

| | Group | | Trust | |
|---|---|---|---|---|
| | 2020 | 2019 | 2020 | 2019 |
| | $'000 | $'000 | $'000 | $'000 |
| Cash at bank | 41,680 | 19,788 | 17,987 | 2,487 |
| Short-term deposits with financial institutions | 46,828 | 39,622 | – | 4,810 |
| | 88,508 | 59,410 | 17,987 | 7,297 |

## 9 PROPERTY HELD FOR SALE AND LIABILITIES DIRECTLY ASSOCIATED WITH THE PROPERTY

On 18 January 2021, the Trust entered into a sale and contribution agreement to divest 50.0% interest in OUE Bayfront, OUE Tower and OUE Link (the "Property") to ACRE Angsana Pte. Ltd. ("Allianz Investor"), a special purpose vehicle managed by Allianz Real Estate Asia Pacific Pte. Ltd. (which is unrelated to the Group). The divestment will be effected through the establishment of a limited liability partnership ("LLP"), with the Group and Allianz Investor each holding a 50.0% interest in the LLP, and the acquisition of the Property by the LLP. Accordingly, the Property was reclassified from investment property to property held for sale as at 31 December 2020.

Immediately before classification as held for sale, the Property was remeasured based on fair value less cost of disposal, calculated based on the expected selling price taking into consideration the cost of lease extension and income support to be provided. The liabilities directly associated with the property held for sale are measured at their carrying amount as they are assumed to approximate their fair value less estimated costs to sell because of their short period to maturity. The fair value measurement was categorised as Level 2 fair value based on the inputs in the valuation technique used (Note 2.4).

## 9 PROPERTY HELD FOR SALE AND LIABILITIES DIRECTLY ASSOCIATED WITH THE PROPERTY (CONT'D)

| | Group and Trust 2020 $'000 |
|---|---|
| **Property held for sale** | |
| Investment property | 1,258,512 |
| **Liabilities directly associated with the property held for sale** | |
| Rental deposits | 15,751 |

## 10 BORROWINGS

| | Group | | Trust | |
|---|---|---|---|---|
| | 2020 $'000 | 2019 $'000 | 2020 $'000 | 2019 $'000 |
| Bank loans | | | | |
| - Secured | 1,593,309 | 1,573,555 | 680,000 | 674,480 |
| - Unsecured | 1,025,000 | 977,935 | 700,000 | 656,934 |
| Unsecured notes | 100,000 | 150,000 | – | – |
| Loan from a subsidiary | – | – | 100,000 | 150,000 |
| Less: Unamortised transaction costs | (21,926) | (14,363) | (6,738) | (8,309) |
| | 2,696,383 | 2,687,127 | 1,473,262 | 1,473,105 |
| Classified as: | | | | |
| Current | 371,290 | 575,489 | 369,254 | 149,844 |
| Non-current | 2,325,093 | 2,111,638 | 1,104,008 | 1,323,261 |
| | 2,696,383 | 2,687,127 | 1,473,262 | 1,473,105 |

***Terms and debt repayment schedule***

Terms and conditions of outstanding borrowings are as follows:

| | | | Group | | Trust | |
|---|---|---|---|---|---|---|
| | Nominal interest rate % | Year of maturity | Face value $'000 | Carrying amount $'000 | Face value $'000 | Carrying amount $'000 |
| **2020** | | | | | | |
| Bank loans | | | | | | |
| - SGD | 1.16 - 1.78 | 2021 - 2024 | 2,595,000 | 2,575,290 | 1,380,000 | 1,375,473 |
| - Chinese Renminbi | 4.75 | 2024 | 23,309 | 23,304 | – | – |
| Unsecured notes | 4.00 | 2025 | 100,000 | 97,789 | – | – |
| Loan from a subsidiary | 4.00 | 2025 | – | – | 100,000 | 97,789 |
| | | | 2,718,309 | 2,696,383 | 1,480,000 | 1,473,262 |
| **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 |

# NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2020

## 10 BORROWINGS (CONT'D)

### (a) Secured bank loans

The Group has secured term loans and revolving credit facilities of 2 to 8 years (2019: 3 to 8 years) which are secured on the following:

- investment properties with a total carrying amount of $3,356,648,000 (2019: $3,472,530,000) (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.

### (b) Unsecured bank loans

The Group has in place the following unsecured bank loans:

- a total of $1,050 million (2019: $1,050.0 million) committed bank loans and revolving credit facilities with banks. At the reporting date, $1,005.0 million (2019: $977.9 million) was drawn down; and
- $30.0 million (2019: $30.0 million) uncommitted revolving credit facility with a bank. At the reporting date, $20.0 million (2019: $nil) was drawn down. The uncommitted revolving credit facility is repayable on demand.

## 10 BORROWINGS (CONT'D)

### (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 "2015 Programme"). Under the 2015 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 2020 under the 2015 Programme is $nil (2019: $150.0 million). The unsecured notes have a fixed rate of 3.03% per annum payable semi-annually in arrears, and was fully repaid on 5 September 2020.

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

The unsecured notes outstanding as at 31 December 2020 under the 2020 Programme is $100.0 million (2019: $nil). The unsecured notes have a fixed rate of 4.00% per annum payable semi-annually in arrears, fully repayable on 24 June 2025.

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

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 2020 and 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.

# NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2020

## 10 BORROWINGS (CONT'D)

**Reconciliation of movements of liabilities to cash flows arising from financing activities**

| | Liabilities | | | Derivative liabilities held to hedge long-term borrowings | |
|---|---|---|---|---|---|
| | Borrowings $'000 | Accrued interest payable $'000 | Lease liability $'000 | Interest rate swap used for hedging – liabilities $'000 | Total $'000 |
| **Balance at 1 January 2020** | 2,687,127 | 10,867 | 25,657 | 17,311 | 2,740,962 |
| **Changes from financing cash flows** | | | | | |
| Proceeds from bank loans | 1,181,685 | – | – | – | 1,181,685 |
| Proceeds from issuance of Notes | 100,000 | – | – | – | 100,000 |
| Repayment of bank loans | (1,116,099) | – | – | – | (1,116,099) |
| Repayment of Notes | (150,000) | – | – | – | (150,000) |
| Payment of transaction costs related to borrowings | (14,364) | – | – | – | (14,364) |
| Payment of lease liability – principal | – | – | (122) | – | (122) |
| Payment of lease liability – interest | – | – | (878) | – | (878) |
| Interest paid | – | (76,698) | – | – | (76,698) |
| **Total changes from financing cash flows** | 1,222 | (76,698) | (1,000) | – | (76,476) |
| **The effect of changes in foreign exchange rates** | 1,232 | 6 | – | – | 1,238 |
| **Change in fair value** | – | – | – | 23,669 | 23,669 |
| **Other changes** | | | | | |
| **Liability-related** | | | | | |
| Amortisation of debt establishment costs | 8,959 | – | – | – | 8,959 |
| Interest expense | – | 74,223 | 878 | – | 75,101 |
| Accrued transaction costs related to borrowings | (2,157) | – | – | – | (2,157) |
| **Total liability-related other changes** | 6,802 | 74,223 | 878 | – | 81,903 |
| **Balance at 31 December 2020** | 2,696,383 | 8,398 | 25,535 | 40,980 | 2,771,296 |

## 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 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 |

# NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2020

## 11 TRADE AND OTHER PAYABLES

| | Group | | Trust | |
|---|---|---|---|---|
| | 2020 $'000 | 2019 $'000 | 2020 $'000 | 2019 $'000 |
| **Current** | | | | |
| Trade payables | 6,536 | 4,210 | 2,032 | 1,589 |
| Other payables due to: | | | | |
| - the Manager | 2,439 | – | 2,439 | – |
| - subsidiaries | – | – | 250 | 1,687 |
| - related parties | 683 | 1,964 | 395 | 1,304 |
| - third parties* | 12,310 | 9,574 | 2,889 | 830 |
| Advance rental received | 3,367 | 3,576 | 1,271 | 1,131 |
| Accrued expenses | 31,010 | 29,291 | 13,810 | 8,509 |
| Interest payable to: | | | | |
| - a subsidiary | – | – | 88 | 1,470 |
| - third parties | 8,398 | 10,867 | 6,111 | 5,950 |
| Rental deposits | | | | |
| - related parties | – | 1,351 | – | 1,351 |
| - third parties | 17,443 | 14,071 | 2,845 | 4,551 |
| Other deposits | | | | |
| - related parties | 4 | 25 | 4 | 25 |
| - third parties | 1,551 | 2,370 | 280 | 779 |
| | 83,741 | 77,299 | 32,414 | 29,176 |
| **Non-current** | | | | |
| Rental deposits | | | | |
| - related parties | 267 | 538 | 267 | 538 |
| - third parties | 31,482 | 47,720 | 6,281 | 17,742 |
| | 31,749 | 48,258 | 6,548 | 18,280 |

* As at 31 December 2020, included grant payables of $1,361,000 and $356,000 at the Group and the Trust respectively.

Government grant payable mainly relates to Singapore government cash grant and property tax rebates as announced in the Fortitude Budget and in the Resilience Budget, respectively. The grant amounts are to be transferred to tenants as related rental rebates and are repayable to Inland Revenue Authority of Singapore in the event that the grant conditions are not satisfied at the end of the qualifying period.

Other payables due to subsidiaries and related parties are unsecured, interest-free and repayable on demand.

## 12 FINANCIAL DERIVATIVES

| | Group | | Trust | |
|---|---|---|---|---|
| | 2020 $'000 | 2019 $'000 | 2020 $'000 | 2019 $'000 |
| **Derivative liabilities** | | | | |
| Interest rate swaps used for hedging | | | | |
| - Current | 9,085 | 2,751 | 2,296 | 2,404 |
| - Non-current | 31,895 | 14,560 | 14,074 | 6,780 |
| | 40,980 | 17,311 | 16,370 | 9,184 |
| Financial derivatives as a percentage of net assets | 1.1% | 0.4% | 0.5% | 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.

# NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2020

## 12 FINANCIAL DERIVATIVES (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 2020** | | | | | |
| **Derivatives liabilities** | | | | | |
| Interest rate swaps used for hedging | 40,980 | – | 40,980 | – | 40,980 |
| **31 December 2019** | | | | | |
| **Derivatives liabilities** | | | | | |
| Interest rate swaps used for hedging | 17,311 | – | 17,311 | – | 17,311 |
| **Trust** | | | | | |
| **31 December 2020** | | | | | |
| **Derivatives liabilities** | | | | | |
| Interest rate swaps used for hedging | 16,370 | – | 16,370 | – | 16,370 |
| **31 December 2019** | | | | | |
| **Derivatives liabilities** | | | | | |
| Interest rate swaps used for hedging | 9,184 | – | 9,184 | – | 9,184 |

## 13 DEFERRED TAX LIABILITIES

Deferred tax liabilities are attributable to the following:

| | Group | | Trust | |
|---|---|---|---|---|
| | 2020 $'000 | 2019 $'000 | 2020 $'000 | 2019 $'000 |
| Investment properties | 67,324 | 77,451 | – | – |
| Plant and equipment | 10,629 | 9,220 | – | – |
| Other items | 1,286 | 1,257 | – | – |
| | 79,239 | 87,928 | – | – |

## 13 DEFERRED TAX LIABILITIES (CONT'D)

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 |
|---|---|---|---|---|
| **2020** | | | | |
| At 1 January 2020 | 77,451 | 9,220 | 1,257 | 87,928 |
| Recognised in statement of total return (Note 23) | (13,215) | 909 | (41) | (12,347) |
| Exchange differences | 3,088 | 500 | 70 | 3,658 |
| At 31 December 2020 | 67,324 | 10,629 | 1,286 | 79,239 |
| **2019** | | | | |
| At 1 January 2019 | 78,151 | 8,269 | 1,306 | 87,726 |
| Recognised in statement of total return (Note 23) | 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 |

## 14 CONVERTIBLE PERPETUAL PREFERRED UNITS

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

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

The CPPUs are classified as equity instruments in the statement of financial position. The $361,885,000 (2019: $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.

# NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2020

## 15 UNITS IN ISSUE AND TO BE ISSUED

| | Group and Trust | |
|---|---|---|
| | 2020 | 2019 |
| | '000 | '000 |
| **Units in issue** | | |
| At 1 January | 5,385,398 | 2,855,978 |
| Creation of Units: | | |
| - Partial consideration paid in Units pursuant to the Merger | – | 2,491,775 |
| - Acquisition fee paid to Manager in Units | – | 14,592 |
| - Manager's management fees paid in Units | 36,108 | 23,053 |
| At 31 December | 5,421,506 | 5,385,398 |
| **Units to be issued** | | |
| Manager's management fees payable in Units | 6,344 | 7,061 |
| **Units in issue and to be issued** | 5,427,850 | 5,392,459 |

**Financial year ended 31 December 2020**

During the financial year, the following Units were issued:

- 36,107,756 Units were issued at issue prices ranging from $0.32 to $0.56 per Unit, amounting to $14,349,000 as satisfaction of the Manager's management fees payable in Units.

**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.

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.

## 16 NET ASSET VALUE PER UNIT

| | Note | Group 2020 | Group 2019 | Trust 2020 | Trust 2019 |
|---|---|---|---|---|---|
| Net asset value per Unit is based on: | | | | | |
| - Net assets attributable to Unitholders ($'000) | | 3,177,972 | 3,318,417 | 2,887,911 | 2,964,902 |
| - Units in issue and to be issued at 31 December ('000) | 15 | 5,427,850 | 5,392,459 | 5,427,850 | 5,392,459 |

## 17 REVENUE

| | Group 2020 $'000 | Group 2019 $'000 | Trust 2020 $'000 | Trust 2019 $'000 |
|---|---|---|---|---|
| Rental income | 259,694 | 221,271 | 86,887 | 81,164 |
| Service fee income | 21,571 | 19,981 | 11,680 | 11,225 |
| Carpark income | 2,342 | 3,469 | 758 | 1,395 |
| Dividend income | – | – | 86,517 | 41,122 |
| Others | 8,549 | 12,787 | 2,822 | 5,377 |
| Less: Business and other taxes | (149) | (179) | – | – |
| | 292,007 | 257,329 | 188,664 | 140,283 |

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 $762,000 (2019: $11,229,000) and $49,000 (2019: $23,000) 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 $73,906,000 (2019: $39,341,000) and $6,406,000 (2019: $6,516,000), respectively. Due to the COVID-19 impact, the Group has provided a total of $18,291,000 rental waiver to the affected tenants during the period.

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

# NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2020

## 18 PROPERTY OPERATING EXPENSES

| | Group | | Trust | |
|---|---|---|---|---|
| | 2020 $'000 | 2019 $'000 | 2020 $'000 | 2019 $'000 |
| Property maintenance expenses | 13,470 | 12,816 | 5,701 | 5,914 |
| Property management fees | 4,148 | 3,621 | 3,292 | 3,179 |
| Property-related taxes | 27,899 | 23,559 | 10,615 | 10,657 |
| Insurance | 571 | 274 | 112 | 103 |
| Utilities | 2,687 | 2,786 | 1,521 | 1,808 |
| Land rent expenses (Note 28) | 2,100 | 1,309 | – | – |
| Centre management costs | 4,059 | 4,578 | – | – |
| Others* | 5,183 | 3,435 | 515 | 601 |
| | 60,117 | 52,378 | 21,756 | 22,262 |

* Included grant income and grant expense of $19,232,000 presented on net basis and allowance for doubtful receivables of $1,752,000 (2019: $nil).

| | Group | | Trust | |
|---|---|---|---|---|
| | 2020 $'000 | 2019 $'000 | 2020 $'000 | 2019 $'000 |
| Centre management costs comprise: | | | | |
| Salaries, bonuses and other costs* | 3,623 | 4,061 | – | – |
| Contributions to defined contribution plans | 436 | 517 | – | – |
| | 4,059 | 4,578 | – | – |

* Included Jobs Support Scheme of $411,000.

## 19 OTHER INCOME

| | Group | | Trust | |
|---|---|---|---|---|
| | 2020 $'000 | 2019 $'000 | 2020 $'000 | 2019 $'000 |
| Income support on OUE Bayfront and OUE Downtown Office | 16,517 | 17,182 | 16,517 | 17,182 |

## 20 MANAGER'S MANAGEMENT FEES

| | Group and Trust | |
|---|---|---|
| | 2020 $'000 | 2019 $'000 |
| Base fee | 19,708 | 16,272 |

The Manager's management fees comprise an aggregate of 35,391,003 (2019: 24,503,304) Units, amounting to approximately $12,808,000 (2019: $13,018,000), 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 $0.32 to $0.40 (2019: $0.51 to $0.56) per Unit.

## 21 NET FINANCE COSTS

| | Group 2020 $'000 | Group 2019 $'000 | Trust 2020 $'000 | Trust 2019 $'000 |
|---|---|---|---|---|
| **Finance income** | | | | |
| Interest income | 793 | 999 | 29 | 172 |
| Ineffective portion of changes in fair value of cash flow hedges | 3,161 | 2,726 | 2,058 | 2,033 |
| Net foreign exchange gains | 698 | – | 293 | – |
| | 4,652 | 3,725 | 2,380 | 2,205 |
| **Finance costs** | | | | |
| Amortisation of debt-related transaction costs | (8,959) | (5,336) | (4,316) | (3,848) |
| Interest paid/payable to a subsidiary | – | – | (5,181) | (1,469) |
| Interest paid/payable to banks | (74,223) | (64,810) | (37,186) | (43,926) |
| Net change in fair value of derivatives | (929) | (619) | (218) | (592) |
| Hedging reserve transferred from unitholders' funds due to discontinuation of hedge accounting | (341) | (447) | (341) | (447) |
| Net foreign exchange losses | – | (365) | – | (77) |
| Financial liability measured at amortised cost – interest expense | (878) | (284) | – | – |
| | (85,330) | (71,861) | (47,242) | (50,359) |
| **Net finance costs** | (80,678) | (68,136) | (44,862) | (48,154) |

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 2020 $'000 | Group 2019 $'000 | Trust 2020 $'000 | Trust 2019 $'000 |
|---|---|---|---|---|
| Total interest income on financial assets | 793 | 999 | 29 | 172 |
| Total interest expense on financial liabilities and debt-related transaction costs | (61,654) | (67,136) | (35,392) | (46,381) |

## 22 TOTAL (LOSS)/RETURN FOR THE YEAR BEFORE TAX

Included in total (loss)/return for the year before tax are the following:

| | Group 2020 $'000 | Group 2019 $'000 | Trust 2020 $'000 | Trust 2019 $'000 |
|---|---|---|---|---|
| Audit fees paid/payable to: | | | | |
| - Auditors of the Trust | 376 | 380 | 187 | 175 |
| - Other auditors | 46 | 53 | – | – |
| Non-audit fees paid to: | | | | |
| - Auditors of the Trust | 147 | 217 | 75 | 195 |
| - Other auditors | 6 | 63 | – | – |
| Valuation fees | 124 | 130 | 45 | 45 |

# NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2020

## 23 TAX EXPENSE

| | Group | | Trust | |
|---|---|---|---|---|
| | 2020 $'000 | 2019 $'000 | 2020 $'000 | 2019 $'000 |
| **Current tax expense** | | | | |
| Current year | 11,614 | 13,552 | – | – |
| Changes in estimates relating to prior years | (113) | 82 | – | – |
| | 11,501 | 13,634 | – | – |
| **Withholding tax** | 1,191 | 1,393 | – | – |
| **Deferred tax (credit)/expense** | | | | |
| Origination and reversal of temporary differences | (12,347) | 2,421 | – | – |
| | 345 | 17,448 | – | – |
| ***Reconciliation of effective tax rate*** | | | | |
| Total (loss)/return for the year before tax | (40,400) | 150,671 | 36,102 | 60,637 |
| Tax calculated using Singapore tax rate of 17% (2019: 17%) | (6,868) | 25,614 | 6,137 | 10,308 |
| Effect of tax rates in foreign jurisdictions | (2,665) | 2,014 | – | – |
| Non-tax deductible items | 38,583 | 11,209 | 28,544 | 6,753 |
| Non-taxable items | (11,154) | (8,178) | (10,517) | (1,616) |
| Tax exempt income | (17) | (8) | (14,708) | (5,932) |
| Tax incentives | (15) | (18) | – | – |
| Changes in estimates relating to prior years | (113) | 82 | – | – |
| Tax transparency (Note 3.17) | (18,597) | (14,660) | (9,456) | (9,513) |
| Withholding tax | 1,191 | 1,393 | – | – |
| | 345 | 17,448 | – | – |

## 24 EARNINGS PER UNIT AND DISTRIBUTION PER UNIT

### (i) Basic earnings per Unit

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

***Total (loss)/return attributable to Unitholders***

| | Group 2020 $'000 | Group 2019 $'000 |
|---|---|---|
| Total (loss)/return for the year attributable to Unitholders and CPPU holder | (36,265) | 118,745 |
| Less: Amount reserved for distribution to CPPU holder | (3,750) | (3,750) |
| Total (loss)/return attributable to Unitholders | (40,015) | 114,995 |

***Weighted average number of Units***

| | Group 2020 '000 | Group 2019 '000 |
|---|---|---|
| Units issued or to be issued at beginning of the year | 5,392,459 | 2,861,589 |
| Effect of Units issued during the year | 16,065 | 791,026 |
| Effect of Units to be issued as payment of the Manager's management fees payable in Units | 17 | 19 |
| Weighted average number of Units during the year | 5,408,541 | 3,652,634 |

### (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 2020 $'000 | Group 2019 $'000 |
|---|---|---|
| Total return attributable to Unitholders (basic) | (40,015) | 114,995 |
| Add: Amount reserved for distribution to CPPU holder | 3,750 | 3,750 |
| Total return attributable to Unitholders and CPPU holder (diluted) | (36,265) | 118,745 |

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

| | Group 2020 '000 | Group 2019 '000 |
|---|---|---|
| Weighted average number of Units (basic) | 5,408,541 | 3,652,634 |
| Effect of the Manager's fees paid/payable in Units | – | 16,269 |
| Effect of conversion of CPPUs into Units[1] | – | 524,182 |
| Weighted average number of Units (diluted) | 5,408,541 | 4,193,085 |

[1] The weighted average number of Units includes the weighted average potential Units to be issued assuming all the remaining CPPUs were converted at $0.7154 per Unit, being the adjusted conversion price pursuant to the rights issue. As at 31 December 2020, 524,182,276 Units were excluded from the diluted weighted average number of Units calculation as their effect would have been anti-dilutive.

# NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2020

## 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.

**Information about reportable segments**

| | Commercial $'000 | Hospitality $'000 | Total $'000 |
|---|---|---|---|
| **Year ended 31 December 2020** | | | |
| Revenue | 224,507 | 67,500 | 292,007 |
| Property operating expenses | (53,432) | (6,685) | (60,117) |
| Reportable segment net property income | 171,075 | 60,815 | 231,890 |
| | | | |
| Other income | 16,517 | – | 16,517 |
| Depreciation and amortisation | (5,099) | – | (5,099) |
| Finance income | 3,470 | – | 3,470 |
| Finance costs | (64,882) | (20,448) | (85,330) |
| Unallocated items | | | |
| - Finance income | | | 1,182 |
| - Expenses | | | (23,375) |
| **Net income** | | | 139,255 |
| Net change in fair value of investment properties | | | (179,655) |
| Tax expense | | | (345) |
| **Total loss for the year** | | | (40,745) |
| | | | |
| **31 December 2020** | | | |
| Non-current assets [1] | 3,732,846 | 1,652,158 | 5,385,004 |
| | | | |
| **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 2020** | | | |
| Revenue | 265,995 | 26,012 | 292,007 |
| Property operating expenses | (55,996) | (4,121) | (60,117) |
| Reportable segment net property income | 209,999 | 21,891 | 231,890 |
| | | | |
| Other income | 16,517 | – | 16,517 |
| Depreciation and amortisation | (5,060) | (39) | (5,099) |
| Finance income | 3,518 | 823 | 4,341 |
| Finance costs | (84,151) | (1,179) | (85,330) |
| Unallocated items | | | |
| - Finance income | | | 311 |
| - Expenses | | | (23,375) |
| **Net income** | | | 139,255 |
| Net change in fair value of investment properties | | | (179,655) |
| Tax expense | | | (345) |
| **Total loss for the year** | | | (40,745) |
| | | | |
| **31 December 2020** | | | |
| Non-current assets[1] | 4,839,255 | 545,749 | 5,385,004 |
| | | | |
| **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

# NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2020

## 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.

**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 has established an allowance account for impairment that represents its estimate of losses in respect of trade receivables due from specific customers. The Group believes that no allowance for impairment is necessary in respect of the remaining 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.

## 26 FINANCIAL INSTRUMENTS (CONT'D)

***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 $88,508,000 and $17,987,000 respectively at 31 December 2020 (2019: $59,410,000 and $7,297,000 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 $1,735.0 million (2019: $1,855.0 million). The Trust has interest rate swap contracts with a total notional amount of $770.0 million (2019: $970.0 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.

**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 2020, the Group maintains term loans and revolving credit facilities of $2,673.3 million (2019: $2,709.1 million) with banks. At the reporting date, $2,618.3 million (2019: $2,551.5 million) of the facilities was utilised.

As at 31 December 2020, the Group has issued unsecured notes of $100.0 million (2019: $150.0 million) through OUE CT Treasury Pte. Ltd..

# NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2020

## 26 FINANCIAL INSTRUMENTS (CONT'D)

**Liquidity risk (cont'd)**

The following are the contractual maturities of financial liabilities, including estimated interest payments and excluding the impact of netting agreements:

| | Carrying amount $'000 | Contractual cash flows $'000 | Cash flows<br>Within 1 year $'000 | Within 2 to 5 years $'000 | More than 5 years $'000 |
|---|---|---|---|---|---|
| **Group** | | | | | |
| **2020** | | | | | |
| **Non-derivative financial liabilities** | | | | | |
| Trade and other payables* | 112,123 | (112,123) | (80,374) | (28,465) | (3,284) |
| Borrowings | 2,696,383 | (2,832,528) | (611,338) | (2,221,190) | – |
| Lease liability | 25,535 | (61,667) | (1,000) | (4,000) | (56,667) |
| | 2,834,041 | (3,006,318) | (692,712) | (2,253,655) | (59,951) |
| **Derivative financial instruments** | | | | | |
| Interest rate swaps used for hedging (net-settled) | 40,980 | (40,063) | (24,392) | (15,671) | – |
| | 2,875,021 | (3,046,381) | (717,104) | (2,269,326) | (59,951) |
| **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) |

* Excluding lease liability (shown separately) and advance rental received

## 26 FINANCIAL INSTRUMENTS (CONT'D)

**Liquidity risk (cont'd)**

| | | | Cash flows | | |
|---|---|---|---|---|---|
| | Carrying amount $'000 | Contractual cash flows $'000 | Within 1 year $'000 | Within 2 to 5 years $'000 | More than 5 years $'000 |
| **Trust** | | | | | |
| **2020** | | | | | |
| **Non-derivative financial liabilities** | | | | | |
| Trade and other payables* | 37,691 | (37,691) | (31,143) | (5,728) | (820) |
| Borrowings | 1,473,262 | (1,519,318) | (587,350) | (931,968) | – |
| | 1,510,953 | (1,557,009) | (618,493) | (937,696) | (820) |
| **Derivative financial instruments** | | | | | |
| Interest rate swaps used for hedging (net-settled) | 16,370 | (16,060) | (9,406) | (6,654) | – |
| | 1,527,323 | (1,573,069) | (627,899) | (944,350) | (820) |
| **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) |

* 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.

**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.

# NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2020

## 26 FINANCIAL INSTRUMENTS (CONT'D)

***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 that are impacted by interest rate benchmark reform may experience ineffectiveness because of a timing mismatch between the hedged item and the hedging instrument regarding interest rate benchmark reform transition. For further details, see 'Managing interest rate benchmark reform and associated risks' below.

There were no other sources of ineffectiveness in these hedging relationships.

### A. Managing interest rate benchmark reform and associated risks

*Overview*

A fundamental reform of major interest rate benchmarks is being undertaken globally, including the replacement of some interbank offered rates (IBORs) with alternative nearly risk-free rates (referred to as 'IBOR reform'). The Group has exposures to IBORs on its financial instruments that will be replaced or reformed as part of these market-wide initiatives. There is uncertainty over the timing and the methods of transition in some jurisdictions that the Group operates in. The Group anticipates that IBOR reform will impact its risk management and hedge accounting.

The Manager monitors and manages the Group's transition to alternative rates. The Manager evaluates the extent to which contracts reference IBOR cash flows, whether such contracts will need to be amended as a result of IBOR reform and how to manage communication about IBOR reform with counterparties.

## 26 FINANCIAL INSTRUMENTS (CONT'D)

***Interest rate risk (cont'd)***

### A. Managing interest rate benchmark reform and associated risks (cont'd)

*Derivatives*

The Group holds interest rate swaps for risk management purposes which are designated in cash flow hedging relationships. The interest rate swaps have floating legs that are indexed to SOR. The Group's derivative instruments are governed by contracts based on the International Swaps and Derivatives Association (ISDA)'s master agreements. ISDA is currently reviewing its standardised contracts in the light of IBOR reform. When ISDA has completed its review, the Group expects to negotiate the inclusion of new fall-back clauses with its derivative counterparties. No derivative instruments have been modified as at 31 December 2020.

*Hedge accounting*

The Group has evaluated the extent to which its cash flow hedging relationships are subject to uncertainty driven by IBOR reform as at 31 December 2020. The Group's hedged items and hedging instruments continue to be indexed to IBOR benchmark rates which are SOR. These benchmark rates are quoted each day and the IBOR cash flows are exchanged with its counterparties as usual.

The Group's SOR cash flow hedging relationships extend beyond the anticipated cessation date for IBOR. However, there is uncertainty about when and how replacement may occur with respect to the relevant hedged items and hedging instruments. Such uncertainty may impact the hedging relationship. The Group applies the amendments to FRS 109 issued in December 2019 to those hedging relationships directly affected by IBOR reform and assumes that the cash flows of the hedged item and hedging instrument will not be materially altered as a result of IBOR reform.

Hedging relationships impacted by IBOR reform may experience ineffectiveness attributable to market participants' expectations of 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. The Group has measured its hedging instruments indexed to Singapore-dollar SOR using available quoted market rates for SOR-based instruments of the same tenor and similar maturity and has measured the cumulative change in the present value of hedged cash flows attributable to changes in SOR on a similar basis.

The Group's exposure to Singapore-dollar SOR designated in hedging relationships is $1,735.0 million (2019: $1,855.0) nominal amount at 31 December 2020, representing both the nominal amount of the hedging interest rate swap and the principal amount of the Group's hedged SGD-denominated secured bank loan liabilities maturing in 2021 to 2024 (2019: 2020 to 2024).

The Trust's exposure to Singapore-dollar SOR designated in hedging relationships is $770.0 million (2019: $970.0) nominal amount at 31 December 2020, representing both the nominal amount of the hedging interest rate swap and the principal amount of the Group's hedged SGD-denominated secured bank loan liabilities maturing in 2021 to 2024 (2019: 2020 to 2024).

The Group is actively engaging with lenders to include appropriate fall-back provisions in its floating-rate liabilities with maturities after 2021. We expect that the hedging instrument will be modified as outlined under 'Derivatives' above.

# NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2020

## 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 | |
| | **2020** | **2019** | **2020** | **2019** |
| | **$'000** | **$'000** | **$'000** | **$'000** |
| **Fixed rate instruments** | | | | |
| Short-term deposits with financial institutions | 46,828 | 39,622 | – | 4,810 |
| Borrowings | (100,000) | (150,000) | (100,000) | (150,000) |
| Interest rate swaps | (1,735,000) | (1,855,000) | (770,000) | (970,000) |
| | (1,788,172) | (1,965,378) | (870,000) | (1,115,190) |
| **Variable rate instruments** | | | | |
| Borrowings | (2,618,309) | (2,551,490) | (1,380,000) | (1,331,414) |
| Interest rate swaps | 1,735,000 | 1,855,000 | 770,000 | 970,000 |
| | (883,309) | (696,490) | (610,000) | (361,414) |

***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 (2019: 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** | | | | |
| **2020** | | | | |
| **Variable rate instruments** | | | | |
| Borrowings (50 bp) | (13,591) | 13,591 | – | – |
| Interest rate swaps (50 bp) | 8,675 | (8,675) | 1,177 | (1,177) |
| | (4,916) | 4,916 | 1,177 | (1,177) |
| **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) |
| **Trust** | | | | |
| **2020** | | | | |
| **Variable rate instruments** | | | | |
| Borrowings (50 bp) | (7,400) | 7,400 | – | – |
| Interest rate swaps (50 bp) | 3,850 | (3,850) | 253 | (253) |
| | (3,550) | 3,550 | 253 | (253) |
| **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) |

# NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2020

## 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 2020** | | |
| **<u>Group</u>** | | |
| **Interest rate risk** | | |
| **Interest rate swaps** | | |
| Net exposure ($'000) | 730,000 | 1,005,000 |
| Fixed interest rate | 1.72% - 2.13% | 0.64% - 2.17% |
| | | |
| **<u>Trust</u>** | | |
| **Interest rate risk** | | |
| **Interest rate swaps** | | |
| Net exposure ($'000) | 280,000 | 490,000 |
| Fixed interest rate | 1.88% - 2.13% | 0.64% - 1.93% |
| | | |
| **31 December 2019** | | |
| **<u>Group</u>** | | |
| **Interest rate risk** | | |
| **Interest rate swaps** | | |
| Net exposure ($'000) | 470,000 | 1,385,000 |
| Fixed interest rate | 1.59% - 1.93% | 1.46% - 2.17% |
| | | |
| **<u>Trust</u>** | | |
| **Interest rate risk** | | |
| **Interest rate swaps** | | |
| Net exposure ($'000) | 300,000 | 670,000 |
| Fixed interest rate | 1.59% - 1.93% | 1.46% - 2.13% |

## 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 2020** | | |
| **Interest rate risk** | | |
| Variable-rate instruments | 9,786 | (36,582) |
| **31 December 2019** | | |
| **Interest rate risk** | | |
| Variable-rate instruments | 8,310 | (11,928) |
| **Trust** | | |
| **31 December 2020** | | |
| **Interest rate risk** | | |
| Variable-rate instruments | 4,956 | (15,598) |
| **31 December 2019** | | |
| **Interest rate risk** | | |
| Variable-rate instruments | 5,196 | (6,911) |

There are no balances remaining in cash flow hedge reserve from hedging relationships for which hedge accounting no longer applied.

# NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2020

## 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 |
| **<u>Group</u>** | | | | |
| **2020** | | | | |
| **Interest rate risk** | | | | |
| Interest rate swaps | 1,735,000 | – | (40,980) | Financial derivatives |
| **2019** | | | | |
| **Interest rate risk** | | | | |
| Interest rate swaps | 1,855,000 | – | (17,311) | Financial derivatives |
| **<u>Trust</u>** | | | | |
| **2020** | | | | |
| **Interest rate risk** | | | | |
| Interest rate swaps | 770,000 | – | (16,370) | Financial derivatives |
| **2019** | | | | |
| **Interest rate risk** | | | | |
| Interest rate swaps | 970,000 | – | (9,184) | 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 |
| (46,004) | 3,161 | Finance income | 20,441 | Finance cost |
| (9,898) | 2,726 | Finance income | 682 | Finance cost |
| (18,241) | 2,058 | Finance income | 9,554 | Finance cost |
| (5,243) | 2,033 | Finance income | 576 | Finance cost |

# NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2020

## 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 2020** | (11,829) | (6,911) |
| **Cash flow hedges** | | |
| Change in fair value: | | |
| Interest rate risk | (44,621) | (18,241) |
| Amount reclassified to statement of total return: | | |
| Interest rate risk | 19,868 | 9,554 |
| **Balance at 31 December 2020** | (36,582) | (15,598) |
| | | |
| **Balance at 1 January 2019** | (3,139) | (2,244) |
| **Cash flow hedges** | | |
| Change in fair value: | | |
| Interest rate risk | (9,338) | (5,243) |
| Amount reclassified to statement of total return: | | |
| Interest rate risk | 648 | 576 |
| **Balance at 31 December 2019** | (11,829) | (6,911) |

***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** | | | |
| **2020** | | | |
| Cash and cash equivalents | 2 | 71 | 2 |
| | | | |
| **2019** | | | |
| Cash and cash equivalents | 1 | 72 | 4,823 |

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.

Rental deposits classified as held-for-sale are not included in the table below (Note 9). Their carrying amount is a reasonable approximation of fair value.

| | | 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 |
| **Group** | | | | | | | | | |
| **2020** | | | | | | | | | |
| **Financial assets not measured at fair value** | | | | | | | | | |
| Trade and other receivables^ | 7 | 31,837 | – | – | 31,837 | – | – | 31,103 | 31,103 |
| Cash and cash equivalents | 8 | 88,508 | – | – | 88,508 | | | | |
| | | 120,345 | – | – | 120,345 | | | | |
| **Financial liabilities measured at fair value** | | | | | | | | | |
| Financial derivatives | 12 | – | (40,980) | – | (40,980) | – | (40,980) | – | (40,980) |
| **Financial liabilities not measured at fair value** | | | | | | | | | |
| Borrowings: | | | | | | | | | |
| - Bank loans | 10 | – | – | (2,598,594) | (2,598,594) | | | | |
| - Unsecured notes | 10 | – | – | (97,789) | (97,789) | | | | |
| Trade and other payables# | 11 | – | – | (112,123) | (112,123) | – | – | (109,972) | (109,972) |
| | | – | – | (2,808,506) | (2,808,506) | | | | |

^ Excluding prepayments
# Excluding advance rental received

# NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2020

## 26 FINANCIAL INSTRUMENTS (CONT'D)

### Accounting classifications and fair values (cont'd)

| | Note | Carrying amount | | | | Fair value | | | |
|---|---|---|---|---|---|---|---|---|---|
| | | Amortised cost $'000 | Fair value –hedging instruments $'000 | Other financial liabilities $'000 | Total $'000 | Level 1 $'000 | Level 2 $'000 | Level 3 $'000 | Total $'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 | 8 | 59,410 | – | – | 59,410 | | | | |
| | | 96,056 | – | – | 96,056 | | | | |
| **Financial liabilities measured at fair value** | | | | | | | | | |
| Financial derivatives | 12 | – | (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 | Fair value –hedging instruments $'000 | Other financial liabilities $'000 | Total $'000 | Level 1 $'000 | Level 2 $'000 | Level 3 $'000 | Total $'000 |
| **Trust** | | | | | | | | | |
| **2020** | | | | | | | | | |
| **Financial assets not measured at fair value** | | | | | | | | | |
| Trade and other receivables^ | 7 | 9,201 | – | – | 9,201 | | | | |
| Cash and cash equivalents | 8 | 17,987 | – | – | 17,987 | | | | |
| | | 27,188 | – | – | 27,188 | | | | |
| **Financial liabilities measured at fair value** | | | | | | | | | |
| Financial derivatives | 12 | – | (16,370) | – | (16,370) | – | (16,370) | – | (16,370) |
| **Financial liabilities not measured at fair value** | | | | | | | | | |
| Borrowings: | | | | | | | | | |
| - Bank loans | 10 | – | – | (1,375,473) | (1,375,473) | | | | |
| - Loan from a subsidiary | 10 | – | – | (97,789) | (97,789) | | | | |
| Trade and other payables# | 11 | – | – | (37,691) | (37,691) | – | – | (37,356) | (37,356) |
| | | – | – | (1,510,953) | (1,510,953) | | | | |

^ Excluding prepayments
# Excluding advance rental received

# NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2020

## 26 FINANCIAL INSTRUMENTS (CONT'D)

### Accounting classifications and fair values (cont'd)

| | | Carrying amount | | | | Fair value | | | |
|---|---|---|---|---|---|---|---|---|---|
| | Note | Amortised cost $'000 | Fair value –hedging instruments $'000 | Other financial liabilities $'000 | Total $'000 | Level 1 $'000 | Level 2 $'000 | Level 3 $'000 | Total $'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) | – | (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

### 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.

On 16 April 2020, the MAS announced that the aggregate leverage limit for S-REITs will be raised from 45% to 50% with immediate effect. In its public consultation last year, the MAS had proposed for S-REITs to have a new minimum interest coverage ratio ("ICR") of 2.5 times before they are allowed to increase their leverage to beyond the prevailing 45% limit (up to 50%). However, the MAS has deferred the new ICR requirement to 1 January 2022 in light of the current COVID-19 pandemic situation.

The Aggregate Leverage of the Group as at 31 December 2020 was 41.2% (2019: 40.3%) of its Deposited Property with an ICR of 2.7 times[1] (2019: 2.9 times). 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.

[1] As defined in Appendix 6 of the CIS Code ("Property Funds Appendix") (last revised on 16 April 2020). ICR for 31 December 2019 has been restated accordingly.

# NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2020

## 27 COMMITMENTS

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

**Capital commitments**

| | Group | | Trust | |
|---|---|---|---|---|
| | **2020** | **2019** | **2020** | **2019** |
| | **$'000** | **$'000** | **$'000** | **$'000** |
| Contracted but not provided for in the financial statements: | | | | |
| - Expenditure in respect of investment properties | 98,906 | 9,144 | 3,013 | 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**

| | **2020** | **2019** |
|---|---|---|
| | **$'000** | **$'000** |
| **Leases under FRS 116** | | |
| Interest on lease liability | 878 | 284 |

**Amounts recognised in statement of cash flows**

| | **2020** | **2019** |
|---|---|---|
| | **$'000** | **$'000** |
| **Total cash outflow for leases** | 1,000 | 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 2020 was $281,265,000 (2019: $241,252,000) and Trust was $98,567,000 (2019: $92,389,000).

## 28 LEASES (CONT'D)

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 |
|---|---|---|
| **2020** | | |
| Less than one year | 217,252 | 38,266 |
| One to two years | 175,727 | 31,140 |
| Two to three years | 133,389 | 22,625 |
| Three to four years | 108,035 | 18,504 |
| Four to five years | 100,408 | 16,587 |
| More than five years | 191,813 | 13,429 |
| **Total** | 926,624 | 140,551 |
| **2019** | | |
| 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 |

## 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 | |
|---|---|---|---|---|
| | 2020 $'000 | 2019 $'000 | 2020 $'000 | 2019 $'000 |
| Hotel service expenses and professional fees paid/ payable to related parties | 1,166 | 637 | 25 | 70 |
| Settlement of liabilities by related parties of the Manager on behalf of the Group and the Trust | 165 | 159 | 22 | 114 |
| Consideration for stapled securities of OUE Hospitality Trust pursuant to the Merger | – | 525,539 | – | – |

# NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2020

## 30 FINANCIAL RATIOS

| | Group | | Trust | |
|---|---|---|---|---|
| | 2020 $'000 | 2019 $'000 | 2020 $'000 | 2019 $'000 |
| Expenses to weighted average net assets[1] | | | | |
| - including performance component of the Manager's fees | 0.86 | 0.99 | 0.94 | 1.12 |
| - excluding performance component of the Manager's fees | 0.86 | 0.99 | 0.94 | 1.12 |
| 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 18 January 2021, the Trust has entered into a Sale and Contribution agreement on the proposed divestment of OUE Bayfront through (i) the establishment of a limited liability partnership known as BPH Propco LLP ("BPH LLP"), with the Trustee and ACRE Angsana Pte. Ltd., each holding a 50.0% interest in BPH LLP, and (ii) the proposed acquisition of OUE Bayfront by BPH LLP (Note 9).

- On 28 January 2021, the Manager declared a distribution of $1,885,000 to the CPPU holder in respect of the period from 1 July 2020 to 31 December 2020.

- On 28 January 2021, the Manager declared a distribution of 1.43 cents per Unit, amounting to $78,370,000, in respect of the period from 1 July 2020 to 31 December 2020.

- On 2 February 2021, the Trust issued 6,344,010 Units at $0.3842 per Unit, amounting to $2,437,000, to the Manager as payment of the management base fee for the period from 1 October 2020 to 31 December 2020.

## 33 NEW STANDARDS NOT YET ADOPTED

A number of new standards and amendments to standards are effective for annual periods beginning after 1 January 2020 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 and amendments to FRSs are not expected to have a significant impact on the Group's consolidated financial statements.

- *Classification of Liabilities as Current or Non-current (Amendments to FRS 1)*
- *Reference to the Conceptual Framework (Amendments to FRS 103)*
- *Property, Plant and Equipment – Proceeds before Intended Use (Amendments to FRS 16)*

# INTERESTED PERSON AND INTERESTED PARTY TRANSACTIONS

| Name of interested person/party | Aggregate value of all interested person/party transactions during FY2020 (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<br><br>Subsidiaries of OUE Limited: Associates of a controlling shareholder of the Manager and controlling Unitholder of OUE C-REIT |
| Gross rental income | 67,860 | – | |
| Rental relief | 157 | – | |
| Utilities | 113 | – | |
| Manager's management fee[1] | 19,708 | – | |
| Property management fee[1] | 4,148 | – | |
| Income support arrangements[2] | 16,517 | – | |
| Shared services[1] | 373 | – | |
| Shared electricity services[1] | 720 | – | |
| Reimbursement of expenses | 140 | – | |
| Re-branding of Mandarin Orchard Singapore | 48,432 | – | |
| **DBS Trustee Limited (trustee of OUE C-REIT)** | | | Trustee of OUE C-REIT ("DBS Trustee") |
| Trustee's fee[1] | 1,070 | – | |
| **RBC Investor Services Trust Singapore Limited (trustee of OUE Hospitality Sub-Trust)** | | | Trustee of OUE Hospitality Sub-Trust ("RBC Trustee") |
| Trustee's fee[1] | 417 | – | |
| **LMIRT Management Ltd** | | | Associate of a controlling shareholder of the Manager and controlling Unitholder of OUE C-REIT |
| Gross rental income | 1,221 | – | |
| **Healthway Medical Corporation Limited** | | | Associate of a controlling shareholder of the Manager and controlling Unitholder of OUE C-REIT |
| Gross rental income | 2,403 | – | |

Please also see Related Party Transactions in Note 29 to the Financial Statements.

Saved as disclosed above, during the financial year ended 31 December 2020, 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) 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 Rules 905 and 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 therefore not subject to Rules 905 and 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 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 Hospitality Trust dated 18 July 2013) 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 Rules 905 and 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.

[2] Income support arrangement of approximately S$16.5 million pursuant to the Deed of Rental Support on OUE Downtown Office (as defined in the circular dated 10 September 2018) is deemed to have been specifically approved by the Unitholders upon Unitholders' approval of the Acquisition (in respect of the Deed of Rental Support on OUE Downtown Office) and is therefore not subject to Rules 905 and 906 of the Listing Manual insofar that there is no subsequent change to the terms thereunder which will adversely affect OUE C-REIT.

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 2020 to 31 December 2020.

| For Period | Issue Date | Units issued | *Issue Price (S$) |
|---|---:|---:|---:|
| 1 January 2020 to 31 March 2020 | 11 May 2020 | 12,425,075 | 0.3170 |
| 1 April 2020 to 30 June 2020 | 28 July 2020 | 9,830,683 | 0.4006 |
| 1 July 2020 to 30 September 2020 | 17 November 2020 | 6,791,235 | 0.3672 |
| 1 October 2020 to 31 December 2020 | 2 February 2021 | 6,344,010 | 0.3842 |

* 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 2021

5,427,850,366 Units (one vote per Unit) in issue.
Market capitalisation of S$2,008,304,635.42 based on the market closing Unit price of S$0.370 on 9 March 2021.

## DISTRIBUTION OF UNITHOLDINGS

| Size of Unitholdings | Number of Unitholders | % | Number of Units | % |
|---|---|---|---|---|
| 1 - 99 | 604 | 1.91 | 28,742 | 0.00 |
| 100 - 1,000 | 1,944 | 6.15 | 1,086,061 | 0.02 |
| 1,001 - 10,000 | 17,551 | 55.50 | 73,175,162 | 1.35 |
| 10,001 - 1,000,000 | 11,433 | 36.15 | 651,017,254 | 11.99 |
| 1,000,001 and above | 92 | 0.29 | 4,702,543,147 | 86.64 |
| **TOTAL** | **31,624** | **100.00** | **5,427,850,366** | **100.00** |

## TWENTY LARGEST UNITHOLDERS

| No. | Name of Unitholder | Number of Units | % |
|---|---|---|---|
| 1 | CITIBANK NOMINEES SINGAPORE PTE LTD | 2,045,756,334 | 37.69 |
| 2 | RAFFLES NOMINEES (PTE.) LIMITED | 1,073,488,759 | 19.78 |
| 3 | DBS NOMINEES (PRIVATE) LIMITED | 433,512,441 | 7.99 |
| 4 | UNITED OVERSEAS BANK NOMINEES (PRIVATE) LIMITED | 325,156,360 | 5.99 |
| 5 | OUE COMMERCIAL REIT MANAGEMENT PTE. LTD. | 211,239,508 | 3.89 |
| 6 | OUE HOSPITALITY REIT MANAGEMENT PTE LTD | 127,749,410 | 2.35 |
| 7 | OCBC SECURITIES PRIVATE LIMITED | 73,473,644 | 1.35 |
| 8 | DBSN SERVICES PTE. LTD. | 60,784,657 | 1.12 |
| 9 | HSBC (SINGAPORE) NOMINEES PTE LTD | 59,584,511 | 1.10 |
| 10 | UOB KAY HIAN PRIVATE LIMITED | 37,214,216 | 0.69 |
| 11 | DB NOMINEES (SINGAPORE) PTE LTD | 26,960,604 | 0.50 |
| 12 | CGS-CIMB SECURITIES (SINGAPORE) PTE. LTD. | 20,478,281 | 0.38 |
| 13 | PHILLIP SECURITIES PTE LTD | 14,677,903 | 0.27 |
| 14 | OCBC NOMINEES SINGAPORE PRIVATE LIMITED | 12,386,633 | 0.23 |
| 15 | HENG SIEW ENG | 12,328,653 | 0.23 |
| 16 | BNP PARIBAS NOMINEES SINGAPORE PTE. LTD. | 11,194,060 | 0.21 |
| 17 | LEE SEE CHUAN @LEE CHEE CHUAN | 7,145,880 | 0.13 |
| 18 | IFAST FINANCIAL PTE. LTD. | 7,076,878 | 0.13 |
| 19 | ABN AMRO CLEARING BANK N.V. | 6,788,485 | 0.13 |
| 20 | JACK INVESTMENT PTE LTD | 6,181,353 | 0.11 |
| | **TOTAL** | **4,573,178,570** | **84.27** |

## DIRECTORS' INTERESTS IN UNITS AS AT 21 JANUARY 2021

| Directors | Direct Interest No. of Units held | % | Deemed Interest No. of Units held | % |
|---|---|---|---|---|
| Lee Yi Shyan | 14,533 | 0.00 | – | – |
| 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 2021

| Name of Substantial Unitholder | Direct Interest No. of Units held | % | Deemed Interest No. of Units held | % | Total No. of Units held | % |
|---|---|---|---|---|---|---|
| Clifford Development Pte. Ltd. ("Clifford") | 1,471,601,271 | 27.11[26] | – | – | 1,471,601,271 | 27.11[26] |
| OUE Limited | 795,658,724 | 14.66[26] | 1,810,590,189[1] | 33.36[26] | 2,606,248,913 | 48.02[26] |
| OUE Realty Pte. Ltd. ("OUER") | 25,807,700 | 0.48[26] | 2,606,248,913[2] | 48.02[26] | 2,632,056,613 | 48.49[26] |
| Golden Concord Asia Limited ("GCAL") | 26,351,777 | 0.49[26] | 2,632,056,613[3] | 48.49[26] | 2,658,408,390 | 48.98[26] |
| Fortune Crane Limited ("FCL") | – | – | 2,658,408,390[4] | 48.98[26] | 2,658,408,390 | 48.98[26] |
| Lippo ASM Asia Property Limited ("LAAPL") | – | – | 2,658,408,390[5] | 48.98[26] | 2,658,408,390 | 48.98[26] |
| HKC Property Investment Holdings Limited ("HKC Property") | – | – | 2,658,408,390[6] | 48.98[26] | 2,658,408,390 | 48.98[26] |
| Hongkong Chinese Limited ("HCL") | 3,967,940 | 0.07[26] | 2,658,408,390[7] | 48.98[26] | 2,662,376,330 | 49.05[26] |
| Hennessy Holdings Limited ("HHL") | – | – | 2,662,376,330[8] | 49.05[26] | 2,662,376,330 | 49.05[26] |
| Prime Success Limited ("PSL") | – | – | 2,662,376,330[9] | 49.05[26] | 2,662,376,330 | 49.05[26] |
| Lippo Limited ("LL") | – | – | 2,667,688,062[10] | 49.15[26] | 2,667,688,062 | 49.15[26] |
| Lippo Capital Limited ("LCL") | – | – | 2,667,688,062[11] | 49.15[26] | 2,667,688,062 | 49.15[26] |
| Lippo Capital Holdings Company Limited ("LCH") | – | – | 2,667,688,062[12] | 49.15[26] | 2,667,688,062 | 49.15[26] |
| Lippo Capital Group Limited ("LCG") | – | – | 2,667,688,062[13] | 49.15[26] | 2,667,688,062 | 49.15[26] |
| Dr Stephen Riady | – | – | 2,667,688,062[14] | 49.15[26] | 2,667,688,062 | 49.15[26] |
| PT Trijaya Utama Mandiri ("PT Trijaya") | – | – | 2,667,688,062[15] | 49.15[26] | 2,667,688,062 | 49.15[26] |
| Mr James Tjahaja Riady | – | – | 2,667,688,062[16] | 49.15[26] | 2,667,688,062 | 49.15[26] |
| Admiralty Station Management Limited ("Admiralty") | – | – | 2,658,408,390[17] | 48.98[26] | 2,658,408,390 | 48.98[26] |
| Argyle Street Management Limited ("ASML") | – | – | 2,658,408,390[18] | 48.98[26] | 2,658,408,390 | 48.98[26] |
| Argyle Street Management Holdings Limited ("ASMHL") | – | – | 2,658,408,390[19] | 48.98[26] | 2,658,408,390 | 48.98[26] |
| Kin Chan ("KC") | – | – | 2,658,408,390[20] | 48.98[26] | 2,658,408,390 | 48.98[26] |
| V-Nee Yeh ("VY") | – | – | 2,658,408,390[21] | 48.98[26] | 2,658,408,390 | 48.98[26] |
| Tang Gordon @ Tang Yigang @ Tang Gordon ("GT") | 397,213,888[22] | 7.32[26] | 215,570,352[23] | 3.97[26] | 612,784,240 | 11.29[26] |
| Celine Tang @ Chen Huaidan @ Celine Tang ("CT") | 353,121,062[24] | 6.50[26] | – | – | 353,121,062 | 6.50[26] |
| Yang Chanzhen @ Janet Yeo ("JY") | 128,100,000 | 2.36[26] | 224,257,703[25] | 4.13[26] | 352,357,703 | 6.49[26] |

# STATISTICS OF UNITHOLDINGS

As at 9 March 2021

**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 5,427,850,366 issued Units as at 9 March 2021.

## 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 2021, approximately 35.59% of OUE C-REIT's Units were held in the hands of the public.

# CORPORATE INFORMATION

## OUE COMMERCIAL REAL ESTATE INVESTMENT TRUST

Website: www.ouect.com
Email: enquiry@ouect.com
SGX Code: TS0U
Bloomberg: OUECT SP

## MANAGER OF OUE COMMERCIAL REAL ESTATE INVESTMENT TRUST

**OUE Commercial REIT Management Pte. Ltd.**
333 Orchard Road
#33-01
Singapore 238867
Tel : (65) 6809 8700
Fax: (65) 6809 8701

## BOARD OF DIRECTORS

**Mr Lee Yi Shyan**
*Chairman and Non-Independent Non-Executive 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*

**Mr Brian Riady**
*Non-Independent Non-Executive 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 Brian Riady**

## COMPANY SECRETARY

**Mr Kelvin Chua**

## TRUSTEE OF OUE COMMERCIAL REAL ESTATE INVESTMENT TRUST

**DBS Trustee Limited**
12 Marina Boulevard, Level 44
Marina Bay Financial Centre Tower 3
Singapore 018982
Tel : (65) 6878 8888
Fax: (65) 6878 3977

## UNIT REGISTRAR

**Boardroom Corporate & Advisory Services Pte. Ltd.**
50 Raffles Place
#32-01 Singapore Land Tower
Singapore 048623
Tel : (65) 6536 5355
Fax: (65) 6438 8710

## AUDITOR

**KPMG LLP**
16 Raffles Quay
#22-00 Hong Leong Building
Singapore 048581
Tel : (65) 6231 3388
Fax: (65) 6225 0984

Partner-in-charge: Mr Koh Wei Peng
(Appointed since the financial year ended 31 December 2017)

OUE COMMERCIAL REIT

333 Orchard Road, #33-01,
Singapore 238867

**www.ouect.com**

MIX
Paper from responsible sources
FSC® C001507
www.fsc.org

This report is printed using soy-based ink on FSC™ mix paper.