

TRANSFORMING TOMORROW

ANNUAL REPORT
2021





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TRANSFORMING TOMORROW

OUE C-REIT is transforming tomorrow by taking proactive steps to revitalise assets and reshape its portfolio, reinforcing the Manager's commitment to create long-term value and drive sustainable growth for Unitholders. During the year, we continued to strengthen portfolio fundamentals while executing sound investment and capital management strategies, making OUE C-REIT nimble, resilient and ready to tap new opportunities moving forward.



CORPORATE PROFILE

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.

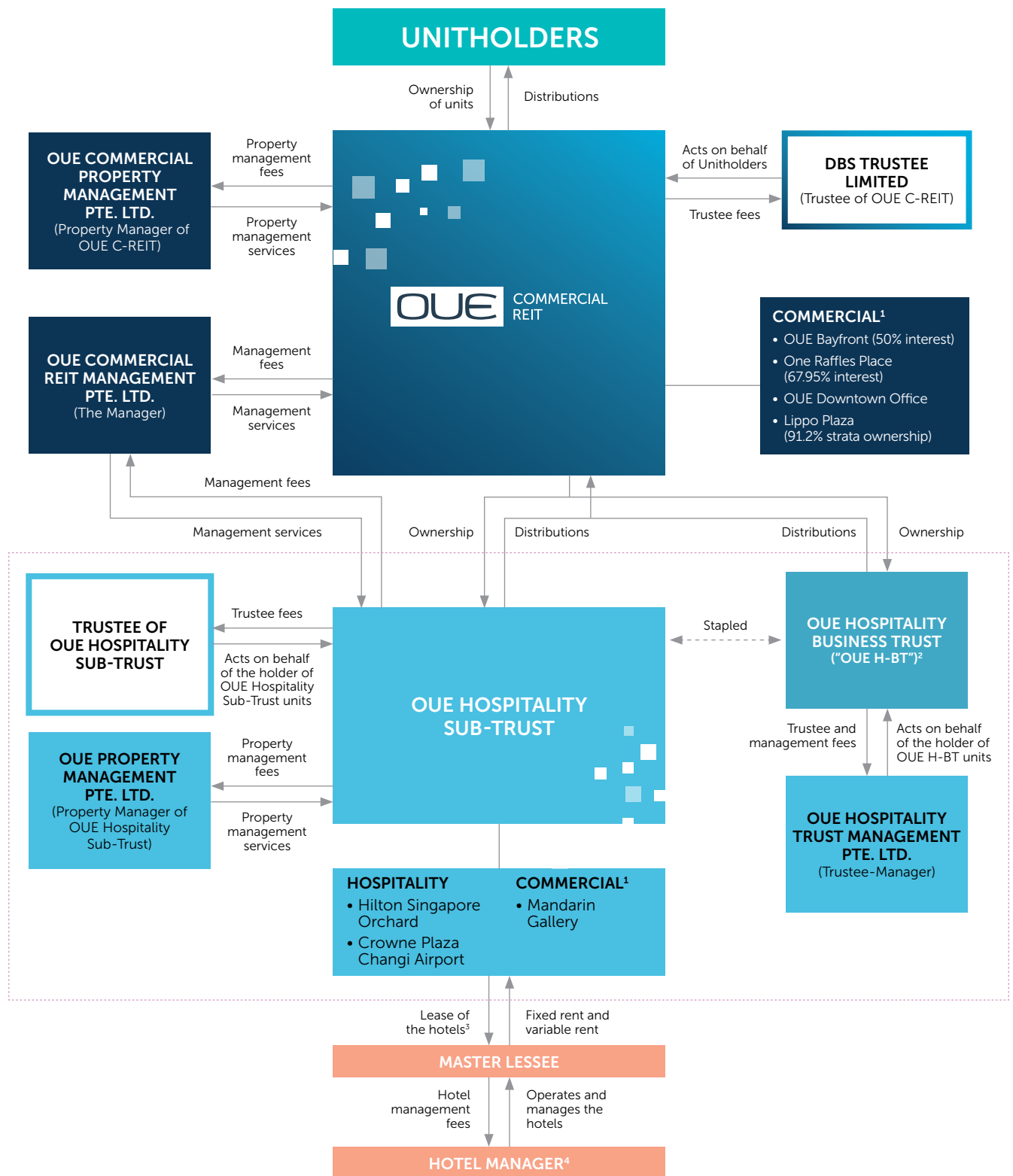
OUE C-REIT is one of the largest diversified Singapore REITs ("S-REITs") with total assets of S\$5.8 billion as at 31 December 2021. With seven properties across the commercial and hospitality segments in Singapore and Shanghai, OUE C-REIT's property portfolio comprises more than 2.0 million square feet ("sq ft") of prime office and retail space, and 1,643 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").

STRUCTURE OF OUE COMMERCIAL REIT



Notes:

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



REVITALISE

REVITALISING OUR ASSETS TO DRIVE RETURNS

Hilton Singapore Orchard, the Hilton brand's flagship hotel in Singapore and its largest in Asia Pacific, signifies a landmark transformation for OUE C-REIT. Following its re-branding, the hotel is well-positioned to capture the nascent recovery in Singapore's hospitality segment, affirming the Manager's strategy of capturing timely opportunities to enhance organic growth potential.



1,080
rooms

Newly Re-branded
Hilton Singapore
Orchard



16
event spaces

totalling 2,400 sq m

KEY HIGHLIGHTS

Distribution per Unit ("DPU")
(FY 2021)

2.60
cents



Net Asset Value ("NAV") per Unit
(As at 31 December 2021)

S\$0.57



Commercial Segment
Committed Occupancy
(As at 31 December 2021)

91.5%



Aggregate
Leverage
(As at 31 December 2021)

38.7%

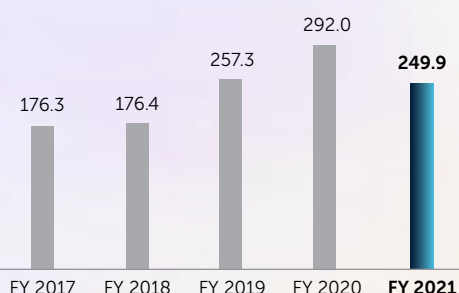


Weighted Average
All-in Cost of Debt
(As at 31 December 2021)

3.2% p.a.

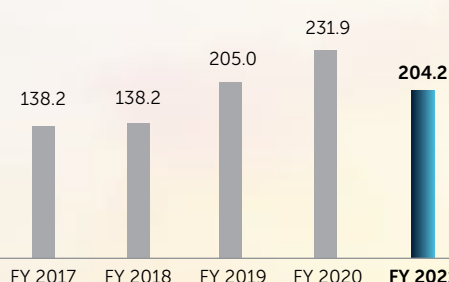
REVENUE
(S\$ million)

9.1%
CAGR



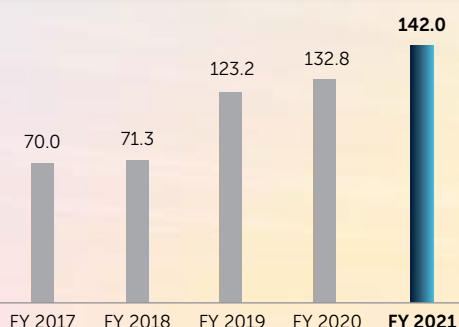
NET PROPERTY INCOME
(S\$ million)

10.3%
CAGR



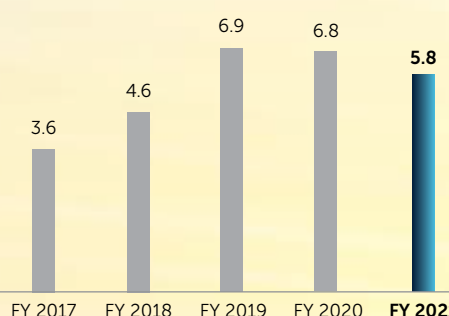
AMOUNT TO BE DISTRIBUTED
(S\$ million)

19.4%
CAGR



TOTAL ASSETS
(S\$ billion)

13.0%
CAGR



FINANCIAL HIGHLIGHTS

	FY 2021 (S\$'000)	FY 2020 (S\$'000)	Change (%)
Revenue	249,884	292,007	(14.4)
Net Property Income	204,205	231,890	(11.9)
Share of Joint Venture Results ¹	13,236	–	N.M. ²
Amount to be Distributed ³	142,032 ⁴	132,822 ⁵	6.9
DPU (cents)	2.60	2.43	7.0

BALANCE SHEET HIGHLIGHTS

	As at 31 December 2021
Total Assets (S\$'000)	5,832,521
Total Borrowings ⁶ (S\$'000)	2,256,624
Unitholders' Funds (S\$'000)	3,127,996
Market Capitalisation (S\$'000)	2,394,747
Number of Units in Issue and to be Issued ('000)	5,449,685

KEY FINANCIAL RATIOS

	As at 31 December 2021
Aggregate Leverage (%)	38.7
Weighted Average All-in Cost of Debt (% per annum)	3.2
Weighted Average Term of Debt (years)	3.0
Interest Coverage Ratio (times)	2.8
Adjusted Interest Coverage Ratio (times)	2.7
NAV per Unit (S\$)	0.57
Total Operating Expenses ⁷ to NAV (%)	2.8

Notes:

¹ Share of joint venture results comprised OUE C-REIT's 50% interest in the profit after tax of OUE Bayfront ("BPH PropCo LLP")

² Not meaningful

³ Net of working capital requirements in relation to the hospitality segment

⁴ Included the release of S\$5.0 million of distribution retained in FY 2020 and S\$5.4 million capital gain distribution from divestment of OUE Bayfront

⁵ S\$5.0 million of distribution was retained to preserve financial flexibility in view of uncertainties posed by the COVID-19 situation

⁶ Includes OUE C-REIT's share of OUB Centre Limited's loan and BPH PropCo LLP's loan. OUE C-REIT's interest in One Raffles Place and OUE Bayfront are held via its indirect interest in OUB Centre Limited and direct interest in BPH PropCo LLP, respectively

⁷ The total operating expenses incurred by OUE C-REIT Group and OUE C-REIT's proportionate share of operating expenses incurred by its joint venture amount to approximately S\$86.2 million. The amount included all fees and charges paid/payable to the Manager and interested parties

PROPERTIES AT A GLANCE

As at 31 December 2021

- Commercial¹
- Hospitality



OUE BAYFRONT

ONE RAFFLES PLACE

OUE DOWNTOWN OFFICE

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 refurbished landmark property comprising Grade A offices, a retail podium as well as serviced residences, strategically located in Shenton Way.

OWNERSHIP INTEREST

50%

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

LEASEHOLD TENURE

OUE Bayfront and OUE Tower:
99-year lease from 12 November 2007
OUE Link:
15-year lease from 26 March 2010
Underpass:
99-year lease from 7 January 2002

One Raffles Place Tower 1:
841-year lease from 1 November 1985
One Raffles Place Tower 2:
99-year lease from 26 May 1983
One Raffles Place Shopping Mall:
- approximately 75% of the net lettable area ("NLA") of the retail podium is on a 99-year lease from 1 November 1985
- the balance 25% of the NLA is on a 841-year lease from 1 November 1985

99-year lease from 19 July 1967

PROPERTY VALUATION

S\$1,270.0 million²

S\$1,867.7 million⁴

S\$902.0 million

FY 2021 REVENUE

S\$60.1 million³

S\$75.3 million⁴

S\$45.4 million

COMMITTED OCCUPANCY/REVPAR⁵

Overall: 99.1%
Office: 99.3%
Retail: 96.6%

Overall: 89.3%
Office: 88.3%
Retail: 94.2%

88.6%

NET LETTABLE AREA

37,154.6 sq m

65,487.3 sq m

49,172.9 sq m

Notes:

- ¹ Commercial segment comprises OUE Bayfront (50% interest), One Raffles Place (67.95% effective interest), OUE Downtown Office, Lippo Plaza (91.2% strata interest) and Mandarin Gallery
- ² Based on BPH PropCo LLP's 100% interest in OUE Bayfront
- ³ Based on OUE C-REIT's 100% interest from 1 January 2021 to 31 March 2021 and BPH PropCo LLP's 100% interest from 1 April 2021 to 31 December 2021
- ⁴ Based on OUB Centre Limited's 81.54% interest in One Raffles Place
- ⁵ RevPAR refers to revenue per available room
- ⁶ Of the 91,999.8 sq m of gross floor area at Hilton Singapore Orchard, approximately 15,506.4 sq m is for commercial use which is not exclusively for hotel guests only



LIPPO PLAZA

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.



MANDARIN GALLERY

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.



HILTON SINGAPORE ORCHARD

Formerly known as Mandarin Orchard Singapore, Hilton Singapore Orchard is Hilton's flagship hotel in Singapore and the largest in Asia Pacific. With 1,080 rooms, the hotel is also the largest in the heart of Orchard Road, Singapore's shopping and entertainment district, providing top accommodation choices for both leisure and business travellers globally.



CROWNE PLAZA CHANGI AIRPORT

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.

91.2% share of strata ownership

100%

100%

100%

50-year land use right commencing from 2 July 1994

99-year lease from 1 July 1957

99-year lease from 1 July 1957

74-year lease from 1 July 2009

RMB2,681.0 million
(S\$574.5 million)

S\$453.9 million

S\$1,130.0 million

S\$455.2 million

S\$25.1 million

S\$21.2 million

S\$45.0 million

S\$22.5 million

Overall: 92.9%
Office: 91.8%
Retail: 98.6%

86.7%

FY 2021 RevPAR: S\$62

FY 2021 RevPAR: S\$110

39,259.2 sq m

11,732 sq m

Gross Floor Area⁶:
91,999.8 sq m

Gross Floor Area:
40,913.5 sq m

RESHAPE

RESHAPING OUR PORTFOLIO TO OPTIMISE VALUE

Capitalising on the opportunity to unlock value, OUE C-REIT's divestment of a 50% interest in OUE Bayfront is in line with the Manager's active portfolio management strategy to realise the value of capital appreciation, increase financial flexibility and redeploy capital into other value-creating opportunities while maintaining significant exposure to the Singapore office market.



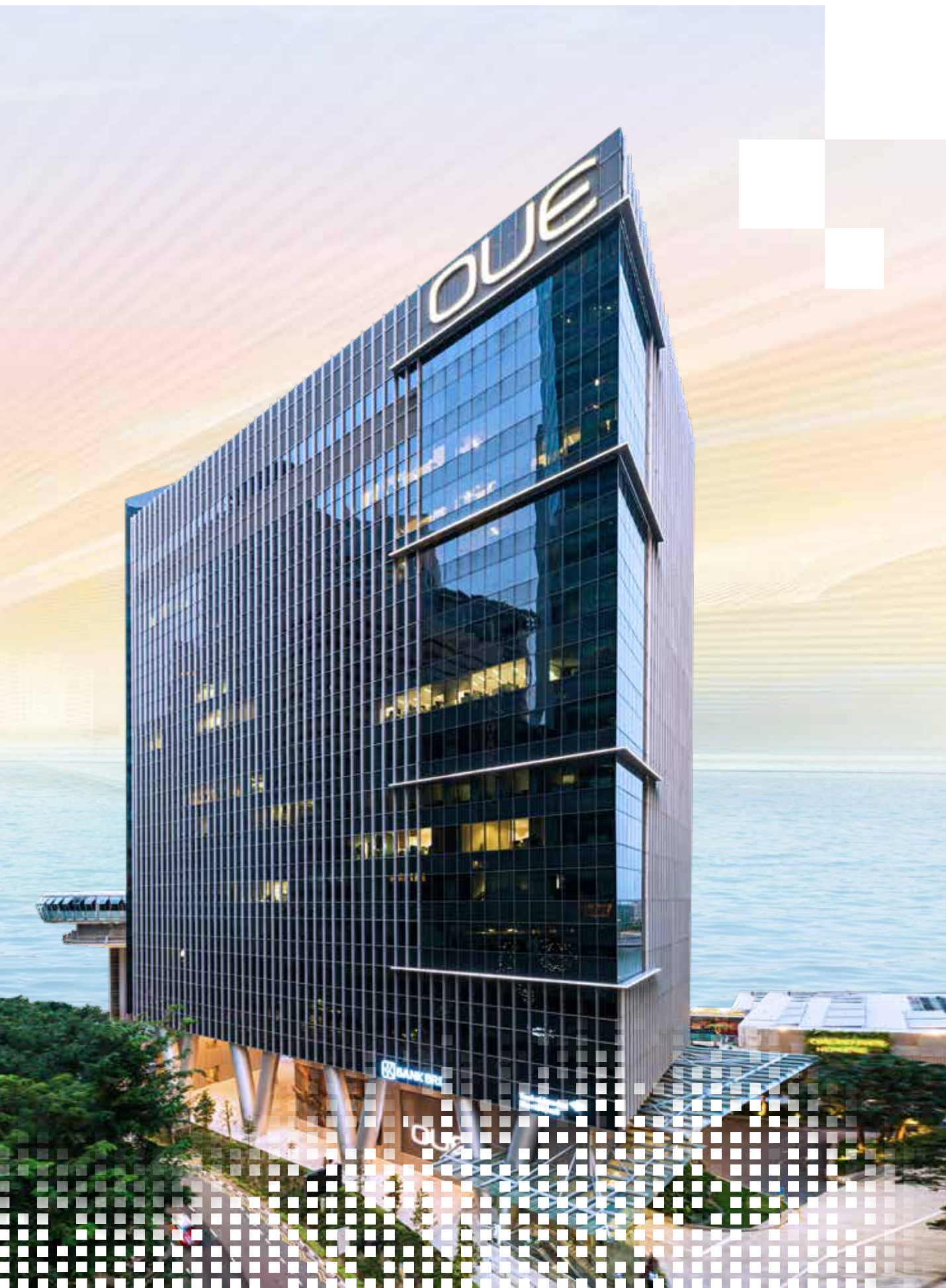
S\$1,267.5
million

Agreed Divestment
Value of OUE Bayfront



26.1%

Premium to
Purchase
Consideration



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.

OUR COMPETITIVE STRENGTHS



QUALITY, DIVERSIFIED PORTFOLIO

Portfolio of strategically located landmark commercial and hospitality assets underpins OUE C-REIT's income resilience



EXPERIENCED MANAGER

A professional team with an extensive track record and expertise, crucial to driving success and meeting current and future challenges



STRONG SPONSOR SUPPORT

A diversified real estate owner, developer and operator in Asia, the Sponsor's 48.2% stake in OUE C-REIT demonstrates alignment of interest with Unitholders



STABLE FINANCIAL POSITION

Healthy balance sheet with financial flexibility, sufficient liquidity, as well as a diversified and well-spread out debt maturity profile

OUR 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 (office and/or retail) 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.

The Manager also seeks asset enhancement opportunities where feasible, to boost organic growth, improve the quality and marketability of OUE C-REIT's properties, as well as to enhance the experience and service quality for our tenants and guests.



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, 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 & RISK MANAGEMENT

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

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

ACHIEVEMENTS & PROGRESS IN FY 2021

MAXIMISING OPERATIONAL PERFORMANCE



Amount to be Distributed of
S\$142.0 million,
DPU of 2.60 cents,
7.0% higher YoY



Maintained stable occupancy of
91.5%
for commercial segment



Achieved higher YoY average passing rents for Singapore office properties



Achieved tenant satisfaction rate of
86.1%
for commercial properties

VALUE-ENHANCING INVESTMENT MANAGEMENT



Re-branding of Mandarin Orchard Singapore and relaunched property as **Hilton Singapore Orchard** on 24 February 2022



Divested **50%** of OUE Bayfront at **26.1%** premium to purchase consideration

PROACTIVE CAPITAL & RISK MANAGEMENT



Issued 3.95% fixed rate notes of
S\$150 million



Secured maiden sustainability-linked loan of
S\$540 million



Healthy aggregate leverage of
38.7%



Lengthened average term of debt to
3.0 years





REINFORCE

REINFORCING FOUNDATIONS TO POSITION FOR GROWTH

Prudent and proactive capital management efforts, including the repayment and early refinancing of borrowings, have resulted in a stronger balance sheet, extended debt maturity profile and stable borrowing costs. The increased financial flexibility places OUE C-REIT in a stronger position for growth.



S\$540
million

Maiden
Sustainability-Linked
Loan



S\$150
million

5-Year 3.95%
Fixed Rate Notes



LETTER TO UNITHOLDERS



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

MR HAN KHIM SIEW
Chief Executive Officer
and Executive Director

Dear Unitholders,

In 2021, Singapore's economy grew 7.6%. The robust economic rebound was however uneven. The manufacturing and export sectors sustained their growth momentum from 2020, however retail and hospitality remain muted. With rising vaccination rates, the Singapore government has carefully and progressively relaxed various domestic restrictions and border control. The adjusted approach of living with COVID-19 endemically has improved business sentiment, increased social interaction and

allowed international travel to recover modestly.

Despite the uncertain environment, the Manager is pleased to present a creditable set of results for FY 2021. On the operational front, we focused on proactive asset management and made strategic decisions to safeguard the long-term value of our assets. We pushed ahead with our plans to make OUE C-REIT more nimble, resilient and ready to tap new opportunities while maintaining a prudent and disciplined capital management approach.

DELIVERING STABLE RETURNS

FY 2021 amount to be distributed and distribution per Unit ("DPU") were 6.9% and 7.0% higher year-on-year ("YoY") at S\$142.0 million and 2.60 cents respectively.

While FY 2021 net property income was lower YoY due to the deconsolidation of OUE Bayfront's performance post the divestment of a 50% interest in the property on 31 March 2021 (the "Divestment"), the decline was partially mitigated by a lower quantum of tenant rebates as well as lower property operating expenses.



Despite the uncertain environment, the Manager is pleased to present a creditable set of results for FY 2021. On the operational front, we focused on proactive asset management and made strategic decisions to safeguard the long-term value of our assets. We pushed ahead with our plans to make OUE C-REIT more nimble, resilient and ready to tap new opportunities while maintaining a prudent and disciplined capital management approach.

The lower net property income was further offset by the recognition of OUE Bayfront's performance as share of joint venture results from 1 April 2021 and lower interest expense, resulting in amount available for distribution of S\$131.6 million. Augmented by capital distribution of S\$10.4 million, comprising the release of S\$5.0 million of distribution previously retained in FY 2020 to preserve financial flexibility and partial distribution of divestment gain from OUE Bayfront of S\$5.4 million, FY 2021 amount to be distributed was S\$142.0 million.

We are also pleased to share that OUE C-REIT was included in the FTSE EPRA Nareit Global Real Estate Index Series (Global Developed Index) with effect from 20 September 2021. The inclusion has enhanced OUE C-REIT's visibility amongst global investors and increased trading liquidity. The average daily volume of units traded in 2021 increased by about 20.0% as compared to 2020, while the unit price rose 14.3% during the year to close at S\$0.440 on 31 December 2021. Taking distributions into account, OUE C-REIT has delivered total returns of 22.0% in FY 2021.

RESHAPING THE PORTFOLIO

The Divestment at an agreed value of S\$1,267.5 million or S\$3,170 per square foot ("psf") for OUE Bayfront represented a premium of 26.1% over the property's purchase consideration at listing. The transaction is in line with the Manager's investment management strategy to capitalise on opportunities for portfolio reconstitution while maintaining significant exposure to the resilient office market in Singapore. Consequently, the net divestment proceeds of approximately S\$262.6 million has provided the opportunity to optimise OUE C-REIT's capital structure, leading to increased financial flexibility after paring down outstanding borrowings.

As a result of the Divestment, the value of OUE C-REIT's investment properties decreased to approximately S\$6.0 billion as at 31 December 2021. Excluding the Divestment, the valuation of OUE C-REIT's properties was stable YoY. While there were mild valuation declines for the hospitality and retail segments of the portfolio due to the sustained adverse impact of the pandemic, this was mitigated by

higher valuations for the Singapore office properties which saw fair value increases ranging from 0.2% to 7.5% YoY. Consequently, net asset value per Unit was S\$0.57.

Nonetheless, OUE C-REIT's portfolio performance in FY 2021 continues to be underpinned by its high-quality Grade A office assets with a diversified blue-chip tenant base. The hospitality segment's minimum rent component of S\$67.5 million has also provided significant downside protection to OUE C-REIT's earnings. Overall, the office segment remains the major contributor at 59.2% of revenue, while the hospitality segment contributed 26.0%, with retail making up the remaining 14.8% (based on OUE C-REIT's proportionate interest in the respective properties).

COMMERCIAL SEGMENT – FOCUS ON ACTIVE ASSET MANAGEMENT

The frequent recalibration of COVID-19 restrictions in Singapore amid uncertainty in the economic outlook weighed on leasing sentiment for both the office and prime retail segment, as occupiers maintained their focus on cost efficiency. As at 31 December 2021,

LETTER TO UNITHOLDERS



We have relaunched Mandarin Orchard Singapore as Hilton Singapore Orchard on 24 February 2022. It is Hilton's flagship hotel in Singapore and its largest in Asia Pacific, offering 1,080 guest rooms and suites, new MICE facilities and exciting F&B offerings. The property is well-positioned to capture the nascent recovery in the hospitality segment.

QUE C-REIT's Singapore office portfolio committed occupancy eased 2.9 percentage points ("ppt") YoY to 91.2%. Nevertheless, average passing rents for the Singapore office portfolio as of December 2021 were higher YoY due to positive rental reversions achieved in past consecutive quarters.

At Mandarin Gallery, the committed occupancy declined 4.4 ppt YoY to 86.7% as at 31 December 2021. Including short-term leases to support tenants' space requirements given the uncertain operating environment, committed occupancy was 94.3%. Part of the decrease in committed occupancy was due to the repositioning of certain spaces to enhance the tenant mix with more food & beverage ("F&B") options. This is expected to strengthen the appeal of the mall and support an occupancy uplift once works are completed. Due to the sustained challenges faced by the prime retail segment, the average passing rent of the property declined 6.9% YoY to S\$20.88 psf per month as of December 2021.

With progressively relaxed social restrictions on group sizes and dining-in, we were able to organise, in the second half of 2021, more promotional events both online

and offline. As a result, shopper traffic and sales at Mandarin Gallery recovered to approximately 75% and 65% of pre-COVID levels respectively in December. As Singapore continues on its path to COVID-resilience and progressively eases its border measures, a gradual return of tourists is expected to augment traffic and sales.

Supported by the Manager's focus on prioritising occupancy, Lippo Plaza's committed office occupancy improved 5.3 ppt YoY to 91.8% as at 31 December 2021 on the back of strong leasing demand in Shanghai's Central Business District ("CBD") Grade A office market. Amidst stiff leasing competition amongst landlords given the significant supply increase in the market, the average passing office rent declined 4.2% YoY to RMB 9.00 per square metre per day as of December 2021.

HOSPITALITY SEGMENT – POSITIONED FOR RECOVERY

Limited tourist arrivals impacted demand for QUE C-REIT's hotel properties in FY 2021. With the Orchard Wing of Mandarin Orchard Singapore closed for major refurbishment since February 2021, the Main Tower catered to local demand from staycations, workers affected by border shutdowns

as well as inbound travellers and returning residents serving out quarantine orders. At the airport, Crowne Plaza Changi Airport served the aviation segment. Overall, the revenue per available room ("RevPAR") achieved for the hospitality segment was S\$87, declining from S\$90 for FY 2020. Nonetheless, contribution from the hospitality segment was protected by the minimum rent under the hotel master lease agreements.

We have relaunched Mandarin Orchard Singapore as Hilton Singapore Orchard on 24 February 2022. It is Hilton's flagship hotel in Singapore and its largest in Asia Pacific, offering 1,080 guest rooms and suites, new meetings, incentives, conferences and exhibitions facilities as well as exciting F&B offerings. The property is well-positioned to capture the nascent recovery in the hospitality segment.

REINFORCING OUR CAPITAL STRUCTURE

During the year, the Manager undertook several initiatives to strengthen QUE C-REIT's capital structure, increase financial flexibility and diversify funding sources in keeping with its prudent and proactive approach to capital management.

The Manager utilised the net divestment proceeds from OUE Bayfront's partial divestment on 31 March 2021 to reduce the amount of outstanding convertible perpetual preferred units and pare down borrowings. As a result, the aggregate leverage as at 31 December 2021 stood at 38.7%, down from 41.2% a year ago.

In June 2021, the Manager announced the issuance of S\$150 million five-year 3.95% fixed rate notes. Further, in October 2021 we took an important first step towards sustainable financing with OUE C-REIT's maiden S\$540 million sustainability-linked loan. The proceeds from both the notes and loan facilities were used to refinance existing borrowings, which lengthened the weighted average term of debt to 3.0 years, leaving only S\$171 million or 7.6% of total debt due for refinancing in December 2022. These forward-looking activities have reduced OUE C-REIT's near-term refinancing risk while maintaining a stable weighted average cost of debt at 3.2% per annum as at 31 December 2021. The resultant well-spread out debt maturity, with no more than 24% of debt due in any year, further mitigates the concentration of refinancing risk.

The Manager in 2021 has elected to receive 50% of its management fees in cash with the balance in Units.

PROGRESSING OUR SUSTAINABILITY COMMITMENT

The Manager aspires to higher standards of sustainability and governance for OUE C-REIT. Thus, we have made further improvements in the past year to strengthen the management approach, refine our data collection system and align disclosures

with relevant international reporting frameworks to enhance transparency around our sustainability efforts and meet the various information needs of our stakeholders.

We are pleased to share that we have started to adopt the recommendations by the Task Force on Climate-related Financial Disclosures ("TCFD") in our latest sustainability report. TCFD is a well-regarded international sustainability framework which is also aligned with the requirements of the Guidelines on Environmental Risk Management for Asset Managers set out by the Monetary Authority of Singapore ("MAS"). We have conducted a comprehensive assessment of climate-related risks and opportunities, including the transition and physical risks using scenario analysis, and this is further elaborated in the sustainability report on page 78.

In 2022, OUE C-REIT will be participating in the Global Real Estate Sustainability Benchmark ("GRESB") Real Estate Assessment. With the increased focus on environmental, social and governance ("ESG") performance and disclosure, OUE C-REIT's participation in the leading global benchmark for the real estate sector will improve the ease of assessment by institutional investors and enhance our profile amongst industry peers. With the results of our assessment, we will also be able to identify future areas of improvement in our portfolio.

LOOKING AHEAD

The Ministry of Trade and Industry in Singapore has projected GDP growth of 3.0% to 5.0% in 2022, moderating from the 7.6% expansion in 2021. While significant

uncertainties remain, the general business outlook remains cautiously optimistic. Singapore's economic expansion is likely to remain uneven, driven by outward-oriented sectors while activity in the aviation, tourism and consumer-facing sectors would likely remain below pre-COVID levels.

While OUE C-REIT's Singapore office properties have consistently enjoyed positive rental reversions which have resulted in high average passing rents, reversions going forward may be constrained due to higher-than-market expiring rents in 2022. Nevertheless, we are optimistic that the ongoing recovery in the office market will progressively narrow the gap between expiring rents and market rents.

With the progressive easing of border restrictions amidst high vaccination rates in Singapore, the retail sector is expected to benefit from improvements in consumer sentiment and economic activity. However, the Manager expects tenants to remain cautious in their lease negotiations at least in the near term, in view of the uneven pace of recovery among the different retail trade sectors.

At Mandarin Gallery, the Manager will continue to implement flexible leasing strategies to boost occupancy, while working with tenants and other partners to offer new interactive experiences to support the industry's shift towards omni-channel retail, which will help drive footfall and sales. In view of persistent market uncertainty, proactive asset management to retain and attract new tenants to sustain occupancy remains an ongoing focus.

LETTER TO UNITHOLDERS

According to the latest United Nations World Tourism Organization Panel of Experts survey, most tourism professionals continue to expect a rebound driven by pent-up demand for international travel from the latter part of 2022. Additionally, a majority of experts expect international tourism to return to 2019 levels only in 2024 or later.

In Singapore, the MAS expects the recovery of the travel-related sector to be protracted. While the quarantine-free Vaccinated Travel Lane arrangements have provided a lift to visitor arrivals and hence hotel RevPARs in recent months, they constitute a relatively small fraction of pre-COVID arrivals. A stronger rebound may materialise over 2022 when border restrictions are relaxed more substantially. During this recovery period of the Singapore hospitality sector, the minimum rent component embedded in the master lease arrangements of OUE C-REIT's hotel portfolio will continue to provide downside protection while the new Hilton Singapore Orchard stabilises and ramps up its performance.

China recorded GDP growth of 8.1% in 2021, however this rebound was partly attributable to the steep slowdown in 2020. Flagging economic data in recent months has signalled that growth is expected to moderate in 2022, amidst strict COVID-19 measures which has led to sluggish consumer spending and the downturn in the property sector.

As a key gateway city of China, Shanghai office leasing demand is expected to remain healthy, especially amongst domestic companies in the high-growth sectors of technology, media & entertainment, and telecommunications. Nonetheless, amidst significant new supply in the pipeline, office rental growth is expected to be measured due to strong leasing competition.

Overall, we believe OUE C-REIT's high quality property portfolio will continue to yield a resilient performance supported by the Manager's strong track record of maximising operational performance. The stronger balance sheet, extended debt maturity profile and stable borrowing cost also places OUE C-REIT on a firmer footing to pursue future growth.

ACKNOWLEDGMENTS

During the year, Ms Tan Shu Lin relinquished her role as Chief Executive Officer ("CEO") and Executive Director of the Manager. On behalf of the Board and Manager, we would like to thank Shu Lin for her invaluable leadership and contributions since the listing of OUE C-REIT in 2014. Under her helm, OUE C-REIT has grown from two commercial properties totalling S\$1.6 billion, to a portfolio of seven commercial and hospitality properties with total assets of S\$5.8 billion. We wish Shu Lin the very best in her future endeavours.

On 7 February 2022, Mr Han Khim Siew was appointed as CEO and Executive Director of the Manager. We look forward to working closely with him as we tap his wealth of experience to create value for OUE C-REIT.

We also wish to express our appreciation to our Board of Directors for their guidance and insights, and the management team and employees for their continued hard work and dedication to OUE C-REIT. Finally, we wish to thank our tenants, business partners and above all, our Unitholders for their strong support over the years.

As we push ahead with our commitment to deliver sustainable long-term value and growth for Unitholders, with the continued trust of all our stakeholders, the Board remains confident of transforming OUE C-REIT for tomorrow.

Lee Yi Shyan

Chairman and Non-Independent Non-Executive Director

Han Khim Siew

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，

2021年，新加坡经济虽增长7.6%，但强劲的经济复苏势头却不均衡。制造业和出口业保持2020年的扩张动力，而零售业和酒店业的表现则仍然低迷。随着疫苗接种率的上升，新加坡政府已谨慎地逐步放宽各种国内限制和边境管制。调整生活方式与冠病共存的方针有助于提升商业信心、加强社交联系，并促使国际旅行适度恢复。

尽管处于不确定的环境，管理人庆幸能为2021财政年呈献优异的业绩。营运方面，我们专注于积极管理投资组合，并制定战略决策以保障资产的长期价值。我们勇往直前，推行了一系列计划使华联企业商业房地产投资信托（“本信托”）更灵活和坚韧，在时刻准备把握良机的同时，保持一贯审慎严谨的资本管理方式。

呈献稳定的回报

2021财政年的最终可派息金额和每单位派息额同比上升了6.9%和7.0%，分别为1.42亿和2.60分新元。

虽然本财政年的净物业收入因华联海湾大厦2021年3月31日的一半权益脱售导致比去年同期较低，该下滑由较低的租户回扣额和削减的物业运营费所部分缓解。

下降的净物业收入亦由华联海湾大厦的业绩自2021年4月1日起被视为合营企业和较低的利息费被进一步抵消，使可派息金额为1.316亿新元。包括1,040万新元的资本分派，最终可派息金额为

1.42亿新元。资本分派包括之前2020财政年为了保持财务灵活性所保留的500万新元，以及华联海湾大厦脱售收益的部分分派之540万新元。

我们有幸与大家分享，本信托自2021年9月20日起被纳入FTSE EPRA Nareit全球房地产指数系列（全球发达市场指数）。加入该指数提高了本信托在全球投资者中的知名度，并增加了交易流量。2021年的日均单位成交量同比2020年上涨了20.0%，而单位价格则在本年度截至2021年12月31日提升14.3%至0.44新元。纵观所有派息，本信托于2021财政年实现了22.0%的总回报率。

重塑投资组合

华联海湾大厦以买卖双方同意的价格，即12亿6,750万新元或每平方英尺3,170新元出售，比上市初始购买价超出26.1%。该交易符合管理人的投资管理策略，于抓紧重组投资组合的机会，同时在新加坡坚韧的办公楼市场继续占有一席之地。大约2.626亿新元的脱售净收益为本信托提供了优化资本结构的机会。在消减部分借款数额后，提高了本信托的财务灵活性。

有鉴于此，本信托的物业投资组合估值减少到大约60亿新元。排除脱售物业，本信托的投资组合估值同比保持平稳。虽然酒店和零售组合因疫情的持续影响估值轻度下跌，但新加坡办公楼估值整体呈上升趋势，公允价值对比上个财政年上调0.2%至7.5%。因此，每单位资产净值为0.57新元。

尽管如此，本信托2021财政年的投资组合表现继续以优质甲级办公楼资产为主，由多元化蓝筹租户群支撑。酒店业6,750万新元的最低租金条款也为本信托的收入提供了重要的下行保障。整体而言，办公楼业以59.2%持续成为投资组合收入的最大贡献者，酒店业则贡献26.0%，零售业占收入之14.8%（根据本信托在相应物业中的比例权益）。

办公零售业-专注于积极资产管理

新加坡冠病疫情管理措施的频繁调整以及经济前景不确定的情况下，租户继续关注成本效益，从而影响了办公楼和优质零售业的租赁信心。截至2021年12月31日，本信托的新加坡办公楼投资组合锁定出租率同比下降2.9个百分点至91.2%。尽管如此，由于过去连续几个季度实现了正面租金调正，截至2021年12月，新加坡办公楼投资组合的平均租金同比去年同期较高。

截至2021年12月31日，文华购物廊的锁定出租率同比下跌4.4个百分点至86.7%。包括在不确定营运环境中满足租户需求的短期租赁合约，锁定出租率为94.3%。锁定出租率下跌的部分原因是重新定位某些空间，以提供更多餐饮选项，增进租户组合。预计这将加强商场的吸引力，并在工程完成后有助于提高出租率。有鉴于高端零售业面临的持续挑战，截至2021年12月，该物业的平均租金同比下降了6.9%至每平方英尺每月20.88新元。

致信托单位持有人之信函

随着逐步放宽的社交与堂食人数限制，我们在2021年的下半年主办了更多线上和线下的促销活动。因此，文华购物廊12月的购物者流量和销售业绩分别恢复至接近疫情前水平之75%和65%。新加坡继续与冠病共存，并逐渐放宽边境管制，使旅客流量有所回弹，预计将有助增加购物者流量和销售业绩。

基于管理人着重关注出租率的原由，力宝广场凭借上海中央商业甲级办公楼的强劲租赁需求，截至2021年12月31日的锁定办公楼出租率上升5.3个百分点至91.8%。但市场上大量的新办公楼供应呈献激烈的租赁竞争，导致截至2021年12月的平均租金同比下跌4.2%至每平方米每日人民币9.00元。

酒店业-迎接复苏浪潮

有限的旅客人数影响了本信托酒店物业2021财政年的需求。自2021年2月，文华大酒店乌节翼楼关闭进行翻新。照常营业的主楼继续为度宅假的国人、受边境关闭影响的员工，以及入境旅客和执行隔离令的居民提供住宿服务。位于机场的樟宜机场皇冠假日酒店（“皇冠假日酒店”）则满足航空业人士的住宿需求。纵观整体，酒店业的可入住客房收入为87新元，低于2020财政年的90新元。尽管如此，酒店业的贡献仍被主租赁合同中的最低租金条款所保障。

文华大酒店完成品牌重塑升级并易名为新加坡乌节希尔顿酒店后，于2022年2月24日正式开业。该酒

店是希尔顿酒店集团在我国的旗舰酒店，以及亚太区域最大的希尔顿酒店。设有1,080间设备完善的客房，全新会议、展览设施，以及丰富的餐饮选项，该物业处于有利地位，可捕捉酒店业的复苏。

巩固资本结构

管理人秉持着一贯的积极谨慎的资本管理策略，于本财政年期间采取几项措施来加强本信托的资本结构、增加财务灵活性和多元化资金来源。

管理人利用华联海湾大厦于2021年3月31日一半权益脱售所得的净收益赎回部分可转换永久优先单位和削减借款数额。因此，本信托截至2021年12月31日的总杠杆比率为38.7%，低于一年前的41.2%。

管理人于2021年6月发行了1.5亿新元的五年期 3.95% 固定利率票据。除此之外，我们也于10月以本信托的首笔 5.40亿新元可持续挂钩贷款迈向可持续融资的方向。票据和贷款融资的收益将用于为现有借款再融资，从而把债务组合平均期限延长至3.0年，使2022年12月到期再融资款项仅剩1.71亿新元，债务总额之7.6%。这些前瞻性的再融资项目减少了本信托的近期再融资风险，并将截至2021年12月31日平均年利率维持在平稳的每年3.2%。由此产生的债务期限分布良好，任何一年到期的债务不超过24%，进一步降低了再融资的集中风险。

管理人于2021年选择以现金收取50%的管理费，而余额则以单位形式领取酬报。

推进可持续发展承诺

管理人立志为本信托制定更高的可持续发展和管制准则。因此，我们在过去一年里进一步改善，以强化管理方式、调整数据收集系统，以及确保披露与相关的国际报告框架保持一致，来提升可持续发展工作的透明度，以满足利益相关者的各种信息需求。

我们有幸分享，本信托已开始在最新的可持续发展报告中，采取气候相关财务信息披露工作组的建议。气候相关财务信息披露工作组是个备受推崇的国际可持续发展框架，亦与新加坡金融管理局所制定的资产管理人环境风险管理指南一致。我们使用情景分析对气候相关风险和机遇进行了全面评估，包括转型和实体风险。这在第78页的可持续发展报告中有进一步阐述。

本信托将于2022年参与全球房地产可持续标准的评估。随着对环境、社会、公司治理绩效和披露的日益关注，本信托参与全球领先房地产业基准将有助提高投资者评估的便利性，并提升我们在行业中的形象。我们也能根据评估结果，识别投资组合中未来需要改进的领域。

展望未来

新加坡贸工部预计2022年国内经济增长将介于3.0%至5.0%之间，有别于2021年7.6%的增长。虽然仍存在众多的不确定因素，整体业务前景将保持谨慎乐观。主要由外向型行业驱动，新加坡的经济增长可能处于不均衡状态，而航空、旅游和消费者相关行业则可能仍低于疫情前水平。

本信托的新加坡办公楼一直都享有正面的租金调整，使得平均租金有所上扬。虽然如此，未来的调整可能因2022年到期租金高于市场而受到限制。然而，我们仍对办公楼市场的持续复苏保持乐观，相信到期租金和市场租金之间的差距将会逐步缩小。

新加坡在接种疫苗率攀升的情况下逐步放宽边境管制。预计这有助于提高消费者信心和经济活动，使零售业受益。不过，鉴于不同零售贸易的复苏步伐参差不齐，管理人预计租户在近期的租赁商讨中将保持谨慎。

管理人在文华购物廊将继续实施灵活租赁策略，以提升出租率，并与租户和其他伙伴携手提供新的互动体验来支持行业转向全渠道零售。这将有助于增加客流量和销售额。鉴于市场的持续不确定性，我们将继续采取积极的资产管理手法来保留和吸引新租户，维持出租率是重中之重。

根据最新的联合国世界旅游组织专家小组调查显示，多数的旅游专业人士继续预测，2022年下半年，国际旅行被压抑的需求将推动反

弹。不仅如此，大多数专家也预计国际旅游在2024年或更迟才能够恢复到2019年的水平。

新加坡的金融管理局则预计旅游相关行业的复苏将被延迟。疫苗接种者旅游通道虽然提升了访客人数，使客房收入增加，可是数量与疫情前访客相比仍相对较小。强劲反弹可能在2022年显著放宽边境管制之际实现。在这段新加坡酒店业的复苏期间，最新的新加坡乌节希尔顿酒店可亦逐步稳定，并升级其表现。与此同时，本信托酒店组合的主租赁合约的最低租金条款将持续提供下行保障。

中国2021年国内生产总值增长8.1%。不过，这项反弹部分归于2020年的急剧放缓。近期疲弱的经济数据表明，在严格的冠病措施导致消费者支出减少和房地产行业低迷的情况下，预计2022年增长将放缓。

作为中国重要的门户城市，上海办公楼租赁需求依靠科技、媒体和娱乐，以及电信等高增长领域的国内公司的支持，预计将保持稳健。虽然如此，建设中的大量新办公楼、新供应正在筹备中，预计激烈的租赁竞争可导致办公室租金增长幅度偏弱。

纵观整体，我们相信本信托的优质物业投资组合将继续借助管理人优化营运表现，呈献坚韧的业绩。更强劲的资产负债表、延长的债务到期期限和稳定的借款成本，也让本信托能更稳固地追逐未来增长。

致谢感言

陈淑铃女士于本财政年卸下其总裁兼执行董事的职务。我们谨代表董事会和管理人感谢淑铃对本信托自2014年上市以来的宝贵领导与贡献。在她的领导下，本信托从两栋总值16亿新元的商业物业，发展至拥有7栋商业和酒店物业，总资产值58亿新元的投资组合。我们由衷祝福淑铃在未来能继续取得亮眼的成就。

2022年2月7日，韩锦畴先生被委任为管理人的总裁兼执行董事。我们期待借助他的丰富经验为本信托创造价值。

我们也要答谢董事会这一年来的指导，并感谢管理层和员工对本信托的努力与奉献。最后，我们要向租户和业务伙伴，以及单位持有人致谢，感激他们多年来对本信托的鼎力支持。

我们将继续致力于为单位持有人提供可持续的长期价值和增长。在所有利益相关者的持续信任下，董事会坚信能带领本信托成功迈向崭新未来。

李奕贤

主席兼非独立非执行董事

韩锦畴

总裁兼执行董事

BOARD OF DIRECTORS



MR LEE YI SHYAN, 60

**Chairman and Non-Independent
Non-Executive Director**

**Date of first appointment
as a Director:**

17 September 2019

**Length of service as a Director
(as at 31 December 2021):**

2 years 3 months

Board Committee(s) served on:
Nil

**Academic & Professional
Qualification(s):**

- Bachelor of Engineering (Chemical), National University of Singapore
- Program for Management Development, Harvard Business School

**Present directorships
(as at 1 January 2022):**

Listed companies

- OUE Lippo Healthcare Limited

Other principal directorships

- Business China (Chairman)
- ICE Clear Singapore Pte. Ltd. (Chairman)
- ICE Futures Singapore Pte. Ltd. (Chairman)
- ICE Singapore Holdings Pte. Ltd. (Chairman)
- Keppel Group Eco-City Investments Pte. Ltd.
- Sino-Singapore Tianjin Eco-City Investment and Development Co., Ltd.
- Singapore Tianjin Eco-City Investment Holdings Pte. Ltd.

- SPH Media Holdings Pte. Ltd. (Appointed on 1 March 2022)
- Substantial Enterprises Limited
- Vysion Star Pte. Ltd.

Major Appointments

(other than directorships):

- OUE Limited (Executive Adviser to the Chairman)
- Keppel Corporation Limited (Adviser)
- Luye Life Science Group Ltd (Adviser (non-executive))

**Past Principal Directorships
held over the preceding**

**5 years (from 1 January 2017
to 31 December 2021):**

- OUE Hospitality REIT Management Pte. Ltd.

Others:

- Former Member of Parliament of Singapore, East Coast GRC
- Senior Minister of State and Minister of State of several Government Ministries (from 2006 to 2015)
- Chief Executive Officer of International Enterprise Singapore (from 2001 to 2006)
- Deputy Chief Executive Officer of SPRING Singapore (from 2000 to 2001)



MR LOH LIAN HUAT, 59

Lead Independent Director

**Date of first appointment
as a Director:**

8 January 2014

**Length of service as a Director
(as at 31 December 2021):**

7 years 11 months

Board Committee(s) served on:

- Audit and Risk Committee (Member)
- Nominating and Remuneration Committee (Member)

**Academic & Professional
Qualification(s):**

- Bachelor of Science in Mechanical Engineering, National Defense Academy, Japan
- Master of Science degree in Defence Technology, Royal Military College of Science, United Kingdom

Present directorships

(as at 1 January 2022):

Listed companies

- Gemdale Properties and Investment Corporation Limited (listed on the Hong Kong Stock Exchange)

Other principal directorships

- Silkrouteasia Capital Partners Pte Ltd
- Sentinelasia Capital Partners Pte Ltd

Major Appointments

(other than directorships):

- Chief Executive Officer of Silkrouteasia Capital Partners Pte Ltd

**Past Principal Directorships
held over the preceding**

**5 years (from 1 January 2017
to 31 December 2021):**

- EFA RET Management Pte Ltd (trustee-manager of EFA Real Economy Trust)
- Silkrouteasia Asset Management Pte. Ltd.

Others:

- Senior Vice President, Asset Management, MEAG Pacific Star Asset Management Pte Ltd (from 2006 to 2011)
- Vice President, Asset Management, GIC Real Estate Pte Ltd (from 2000 to 2005)



MR LIU CHEE MING, 71
Independent Director

Date of first appointment as a Director:
17 September 2019

Length of service as a Director (as at 31 December 2021):
2 years 3 months

Board Committee(s) served on:

- Audit and Risk Committee (Chairman)

Academic & Professional Qualification(s):

- Bachelor of Business Administration, the former University of Singapore

Present directorships (as at 1 January 2022):
Listed companies
Nil

Other principal directorships

- MGM China Holdings Limited
- Platinum Holdings Company Limited
- The Singapore International School Foundation Limited
- Singapore Technologies Telemedia Pte Ltd
- Constellar Holdings Pte. Ltd. (f.k.a. SingEx-Sphere Holdings Pte. Ltd.)
- STT Communication Limited
- DBS Bank (Hong Kong) Limited

Major Appointments (other than directorships):

- Managing Director of Platinum Holdings Company Limited
- Singapore International School (Hong Kong) (Chairman of the Board of Governors)
- Hong Kong Securities and Investment Institute (Council Member of the Corporate Advisory Council)
- The Stock Exchange of Hong Kong Limited (Member of the Listing Review Committee)

Past Principal Directorships held over the preceding 5 years (from 1 January 2017 to 31 December 2021):

- StarHub Ltd.
- Haitong Securities Co., Ltd (listed on the Hong Kong and Shanghai stock exchanges)
- OUE Hospitality REIT Management Pte. Ltd.

Others:

- Member of the Takeovers Appeal Committee under the Hong Kong Securities and Futures Commission (from May 1995 to March 2020)
- Deputy Chairman of the Takeovers and Mergers Panel (from April 2008 to March 2020)
- Member of the President's Advancement Advisory Council of the National University of Singapore (from March 2010 to November 2017)



MR ONG KIAN MIN, 62
Independent Director

Date of first appointment as a Director:
17 September 2019

Length of service as a Director (as at 31 December 2021):
2 years 3 months

Board Committee(s) served on:

- Nominating and Remuneration Committee (Chairman)
- Audit and Risk Committee (Member)

Academic & Professional Qualification(s):

- Bachelor of Laws (Honours), University of London, England
- Bachelor of Science (Honours), Imperial College of Science & Technology, England
- Advocate and Solicitor, Singapore

Present directorships (as at 1 January 2022):
Listed companies

- Food Empire Holdings Limited
- Silverlake Axis Ltd
- YHI International Limited

Other principal directorships

- JEKKA-MOLLE Pte. Ltd.
- Kanesaka Sushi Private Limited
- QEnergy Pte Ltd
- One Eternity Foundation Company Limited

BOARD OF DIRECTORS

Major Appointments

(other than directorships):

- Drew & Napier LLC (Consultant)
- Founder of Kanesaka Sushi Private Limited
- Senior Adviser, Alpha Advisory Pte. Ltd.
- Chairman, Church Governance Committee and Member, Local Church Executive Committee, Wesley Methodist Church
- Board Member, Alpha Singapore

Past Principal Directorships held over the preceding 5 years (from 1 January 2017 to 31 December 2021):

- BreadTalk Group Limited
- Hupsteel Limited
- Jaya Holdings Limited
- Penguin International Limited
- GMG Global Ltd
- GPTW Institute (Singapore) Pte Ltd
- Katana Asset Management Pte. Ltd.
- OUE Hospitality REIT Management Pte. Ltd.

Others:

- Former Member of Parliament of Singapore
- President's Scholarship and the Singapore Police Force Scholarship (1979)



MS USHA RANEE CHANDRADAS, 42
Independent Director

Date of first appointment as a Director:

8 November 2017

Length of service as a Director (as at 31 December 2021)

4 years 2 months

Board Committee(s) served on:

- Audit and Risk Committee (Member)

Academic & Professional Qualification(s):

- Bachelor of Laws (Honours), King's College, University of London
- Graduate Diploma in Singapore Law, National University of Singapore
- Master of Professional Accounting degree, Singapore Management University
- Master's degree in Asian Art Histories, Goldsmith's College, University of London, awarded by LASALLE College of the Arts Singapore
- Advocate and Solicitor, Singapore
- Accredited Tax Specialist – Income Tax, Singapore Chartered Tax Professionals
- Chartered Accountant of Singapore

Present directorships (as at 1 January 2022)

Listed companies

- OUE Lippo Healthcare Limited

Other principal directorships

- NUR Investment and Trading Pte Ltd

Major Appointments (other than directorships):

- (Plu)ral Art LLP (Founder and Partner)
- Course Coordinator and Part-Time Lecturer at the Nanyang Technological University's Nanyang Business School (Centre of Excellence International Trading)
- Member of the International Monetary Fund's Panel of Experts (Tax-Legal)
- Singapore Red Cross Council Member
- Pro Bono Services Office – Law Society of Singapore, Finance Committee (Member), Project Law Help (Vice Chair), Content Management Committee (Chair)

Past Principal Directorships held over the preceding 5 years (from 1 January 2017 to 31 December 2021):

Nil

Others:

- Council member of the Law Society of Singapore (from 2014 to 2015)



MR BRIAN RIADY, 32

Non-Independent Non-Executive Director

Date of first appointment as a Director:

1 September 2020

Length of service as a Director (as at 31 December 2021)

1 year 3 months

Board Committee(s) served on:

- Nominating and Remuneration Committee (Member)

Academic & Professional Qualification(s):

- Bachelor of Science (Political Communication) and Bachelor of Arts (Economics), University of Texas at Austin
- Executive Education programmes, Harvard Business School

Present directorships (as at 1 January 2022)

Listed companies

- OUE Limited

Other principal directorships

Nil

Major Appointments (other than directorships):

- OUE Limited (Deputy Chief Executive Officer)
- Member of the Board of the Singapore Hotel Association
- Member of the Management Committee of the Real Estate Developers Association of Singapore

Past Principal Directorships held over the preceding 5 years (from 1 January 2017 to 31 December 2021):

Nil

Others:

- Chief Executive Officer of the Hospitality Division of OUE Limited (from October 2018 to December 2019)
- Executive Vice President of Lippo China Resources Limited (Hong Kong) (from January 2018 to December 2019)
- Vice President of Strategy of Lippo Group Indonesia (from September 2013 to September 2018)
- Chief Executive Officer of PT Cinemaxx Global Pasifik (from December 2013 to October 2017)



MR HAN KHIM SIEW, 48

Chief Executive Officer and Executive Director

Date of first appointment as a Director:

7 February 2022

Length of service as a Director (as at 31 December 2021)

Not applicable

Board Committee(s) served on:

Nil

Academic & Professional Qualification(s):

- Bachelor of Science in Economics, Major in Accounting and Finance, London School of Economics and Political Science, UK

Present directorships (as at 1 January 2022)

Listed companies

Nil

Other principal directorships

Nil

Major Appointments (other than directorships):

Nil

Past Principal Directorships held over the preceding 5 years (from 1 January 2017 to 31 December 2021):

- BNP Paribas Real Estate (Singapore) Pte. Ltd. (ceased with effect from 28 January 2022)

Others:

- Managing Director, Co-Head Asia Pacific, BNP Paribas Real Estate (from April 2019 to January 2022)

THE REIT MANAGER

MR HAN KHIM SIEW

Chief Executive Officer and Executive Director

Please refer to description under the section on Board of Directors on page 27.

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 25 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.

MR PHILIP MAH

Vice President, Asset and Investment Management

Mr Mah is responsible for the asset and investment management functions of the Manager. Working together with the various property managers, he is responsible for maximising the operational performance of the portfolio, as well as the sourcing and execution of investment opportunities.

He has more than 15 years of working experience in real estate asset and investment management and was formerly with the Sponsor as 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.

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 & 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, 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 statutory reporting, taxation and compliance. She has more than 10 years of working experience in audit, accounting, statutory reporting, tax and compliance.

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.

FINANCIAL REVIEW

For FY 2021, OUE C-REIT reported revenue of S\$249.9 million, a 14.4% decrease year-on-year ("YoY") mainly due to the deconsolidation of OUE Bayfront's performance post divestment of a 50% interest on 31 March 2021 (the "Divestment"). The revenue decrease was partially offset by lower property expenses and lower rental rebates of S\$8.5 million to retail tenants in FY 2021. Consequently, net property income was 11.9% lower YoY at S\$204.2 million.

Including the drawdown of income support at OUE Downtown Office, share of joint venture results of OUE Bayfront and lower interest expense, amount available for distribution in FY 2021 was S\$131.6 million, 4.5% lower YoY.

With the release of S\$5.0 million of distribution which was retained in FY 2020 to preserve financial flexibility given the uncertainties posed by COVID-19 and partial distribution of divestment gain from OUE Bayfront of S\$5.4 million, FY 2021 amount to be distributed was S\$142.0 million. This translated to FY 2021 DPU of 2.60 cents.

FY 2021 DPU would have been 2.35 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 2014¹ to FY 2021, OUE C-REIT has delivered a compound annual growth rate ("CAGR") of 16.3%² in its distributions to Unitholders.

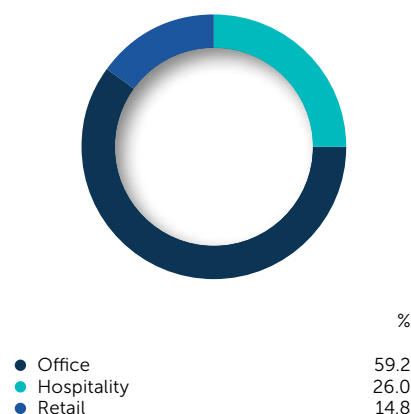
Financial Results

	FY 2021 (S\$'000)	FY 2020 (S\$'000)	Change (%)
Revenue	249,884	292,007	(14.4)
Net Property Income	204,205	231,890	(11.9)
Share of Joint Venture Results	13,236	-	NM
Amount Available for Distribution ³	131,632	137,822	(4.5)
Amount to be Distributed	142,032 ⁴	132,822 ⁵	6.9
DPU (Cents)	2.60	2.43	7.0

NM: Not meaningful

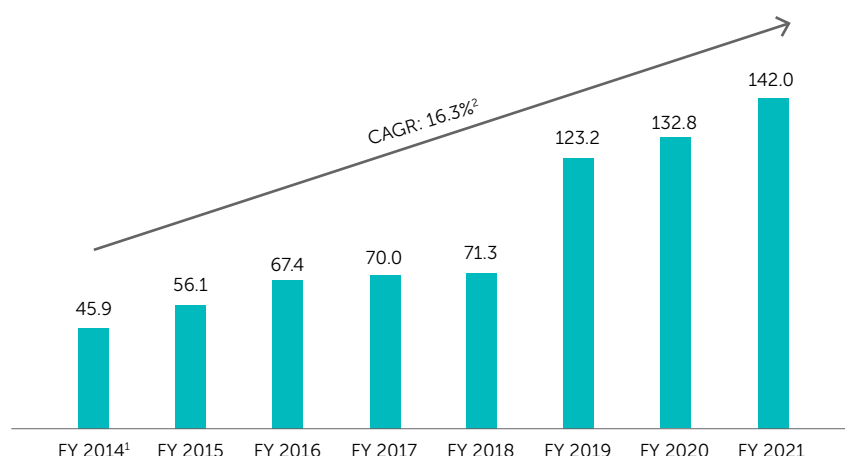
FY 2021 Revenue Contribution by Segment

(By proportionate interest)



Growth in Distributions from FY 2014 to FY 2021

(S\$ million)



Notes:

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

² 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

³ Net of retention for working capital requirements relating to the hospitality segment

⁴ Included the release of S\$5.0 million of distribution retained in FY 2020 and S\$5.4 million of capital gain distribution from the Divestment

⁵ To preserve financial flexibility due to the uncertainties posed by the COVID-19 pandemic, S\$5.0 million of distribution was retained in FY 2020

PORTFOLIO REVIEW

PORTFOLIO AND NET ASSET VALUE

As at 31 December 2021, the value of OUE C-REIT's investment properties was S\$6,018.3⁶ million, a decrease of 7.8% from S\$6,524.8 million as at 31 December 2020. The decrease was due mainly to the divestment of a 50% interest in OUE Bayfront completed on 31 March 2021. Excluding OUE Bayfront, the overall value of investment properties was stable YoY. The Singapore office properties saw a valuation uplift YoY due to tighter capitalisation rates, while the valuations for the hotel and prime retail segments edged lower amidst continued operating challenges posed by COVID-19, safe management protocols and border restrictions.

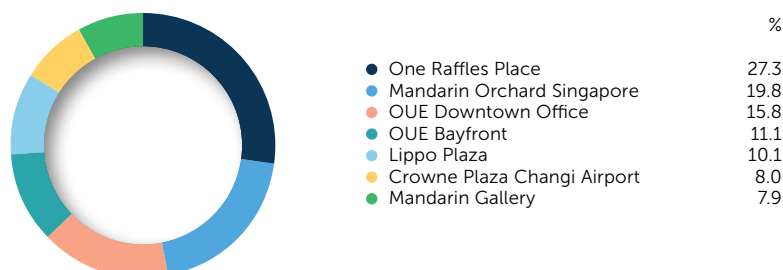
Net assets attributable to Unitholders as at 31 December 2021 was S\$3,128.0 million, translating to a net asset value per Unit of S\$0.57.

TENANT DIVERSIFICATION

The Manager maintains a diverse tenant trade sector profile for OUE C-REIT's portfolio so as to mitigate concentration risk from any one particular industry. Outside of the Hospitality segment which contributed 26.7%, the Banking, Insurance & Financial Services sector contributed 16.6%, while the Accounting & Consultancy Services and Retail sectors contributed 11.8% and 10.0%, respectively to OUE C-REIT's portfolio gross rental income as of December 2021.

The top ten tenants (including the two hotel master lessees) account for 44.9% of OUE C-REIT's monthly portfolio gross rental as of December 2021.

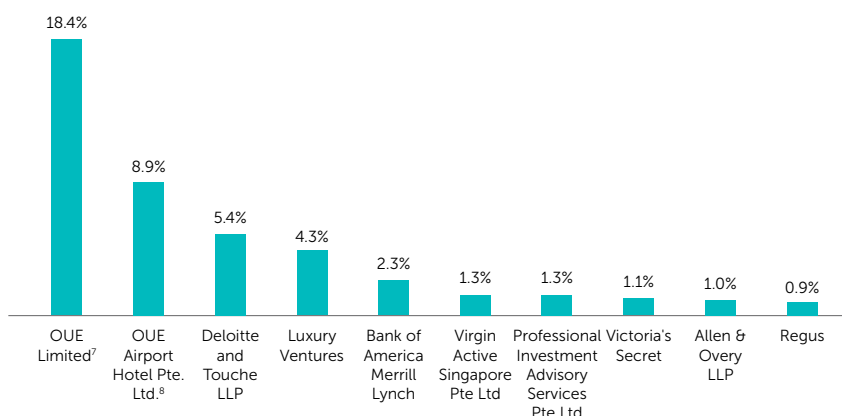
Portfolio Contribution by Asset Value (By proportionate interest)



Tenant Trade Sectors by Gross Rental Income (For December 2021 and excluding retail turnover rent)



Top 10 Tenants by Monthly Portfolio Gross Rental Income



Notes:

- ⁶ Based on independent valuation as at 31 December 2021
⁷ As master lessee of Mandarin Orchard Singapore and office tenant
⁸ As master lessee of Crowne Plaza Changi Airport

PORTFOLIO REVIEW

PORTFOLIO LEASE EXPIRY PROFILE

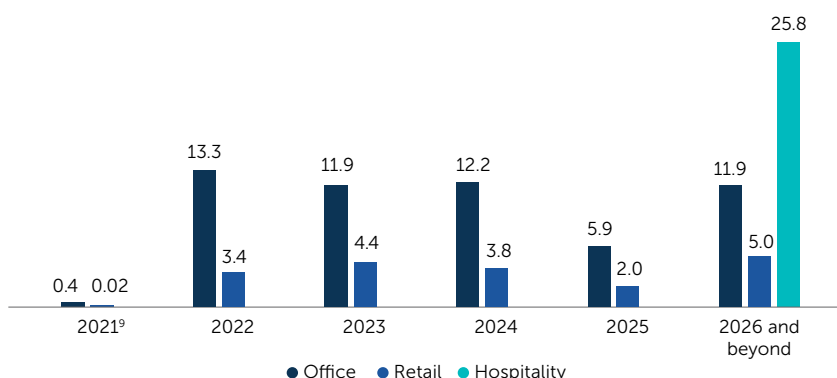
OUE C-REIT has a well-spread out portfolio lease expiry profile as at 31 December 2021. Only 13.3% of office and 3.4% of retail leases by gross rental income (excluding provision of rental rebates and turnover rent) are due for renewal in 2022. The weighted average lease term to expiry by gross rental income is 3.5 years as at 31 December 2021.

COMMERCIAL SEGMENT¹⁰

OUE C-REIT's portfolio of strategically located, high quality Grade A commercial assets, with an established tenant base from diverse sectors has underpinned a resilient performance through the COVID-19 pandemic. While the business environment remained uncertain overall which sharpened occupiers' focus on cost containment, the Manager continued to take proactive steps to manage the situation, prioritising occupancy as well as stream-lining costs, including deferment of non-essential capital and operating expenditure. To support tenants' return to the workplace, the Manager adopted measures to provide a safe and conducive work environment.

Through the Manager's proactive portfolio management efforts, approximately 680,961 square feet of new leases and renewals were committed in 2021. New leases comprised about 38.5% of the space committed, with the demand supported by tenants from diverse

Portfolio Lease Expiry Profile by Gross Rental Income (%)



trade sectors including Banking, Insurance & Financial Services; IT, Media & Telecommunications; Accounting & Consultancy Services; Energy & Commodities; Legal; Manufacturing & Distribution; Maritime & Logistics, as well as Pharmaceuticals & Healthcare. As at 31 December 2021, the committed occupancy for the commercial segment was 91.5%, 1.0 percentage points ("ppt") lower YoY.

OUE C-REIT's Singapore property portfolio recorded a softer committed office occupancy of 91.2% as at year-end, as the recalibration of safe management measures in response to rising COVID-19 case counts during the year dampened leasing momentum. Nevertheless, average passing office rents were higher YoY for the Singapore portfolio as of December

2021, due to previous quarters of positive rental reversion.

In Shanghai, office leasing demand surged in 2021 on the back of the economic recovery, driven by strong take-up from the financial services sector as well as the technology, media & entertainment, and telecommunications ("TMT") sector given the burgeoning growth in the content creation industry. At the same time, significant office supply in both established and new business districts also entered the market which intensified leasing competition. Consequently, Lippo Plaza achieved committed office occupancy of 91.8%, up 5.3 ppt YoY, while average passing rents were 4.2% lower. With committed retail occupancy of 98.6%, overall committed occupancy for Lippo Plaza was 92.9% as at 31 December 2021.

Notes:

⁹ As at 31 December 2021, office and retail leases expiring on 31 December 2021 contributing 0.4% and 0.02% of portfolio gross rental income respectively had not been renewed.

¹⁰ Commercial segment comprises the office and/or retail contribution from OUE Bayfront (50.0% interest), One Raffles Place (67.95% effective interest), OUE Downtown Office, Lippo Plaza (91.2% strata interest) and Mandarin Gallery

The Manager will continue to strike a balance between sustaining occupancy levels and maximising rents to optimise OUE C-REIT's portfolio performance.

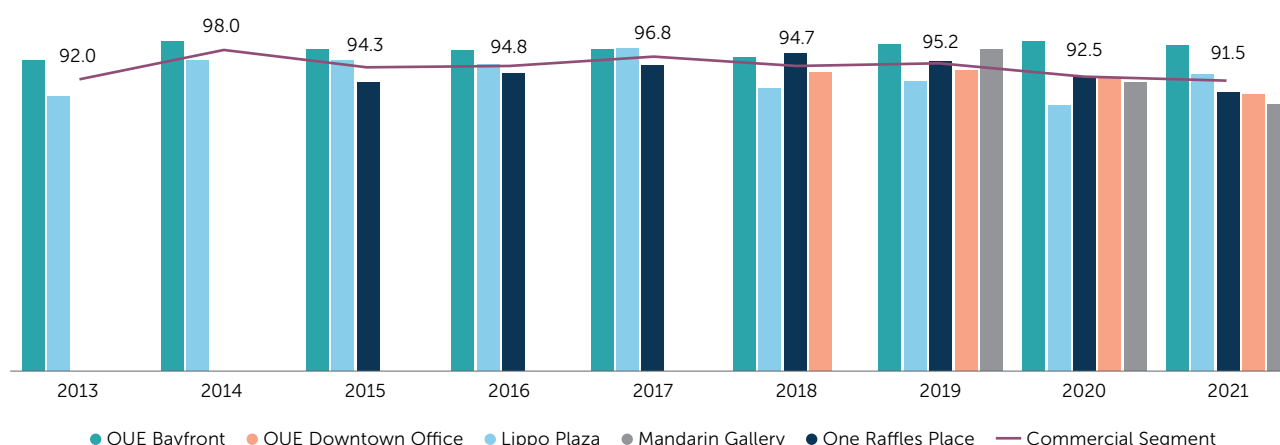
Due to safe management measures imposed by the authorities, borders remained substantially closed in Singapore and office workers continued to adopt remote working for most of the year. Hence, leasing demand at OUE C-REIT's Singapore retail portfolio (comprising Mandarin Gallery, One Raffles Place Shopping Mall as well as the retail components of OUE Bayfront)

which serves primarily the working population in the Singapore Central Business District ("CBD") and tourists, remained challenged in 2021.

Mandarin Gallery's committed occupancy as at 31 December 2021 was 86.7%. Including short-term leases to support tenants' space requirements and evolving retail strategies, committed occupancy was 94.3%. With high vaccination rates achieved and the progressive easing of border restrictions, the retail sector is likely to benefit from the improvement in consumer

sentiment and economic activity going forward. We will continue to focus on exercising flexibility in lease management and terms as well as repositioning of spaces where feasible, for an enhanced and sustainable tenant mix to strengthen the property's appeal to shoppers. To drive shopper traffic and tenant sales, we will also seek opportunities for collaboration with various partners to host unique events and attractions at Mandarin Gallery, as well as tap on e-commerce platforms to support our tenants' omni-channel retailing strategies.

Resilient Committed Occupancy (%)



FY 2021 Committed and Average Office Rents

	Range of committed office rents ¹¹	Average office passing rents ¹²
OUE Bayfront	S\$10.98 - S\$15.00 psf per month	S\$12.49 psf per month
One Raffles Place	S\$9.00 - S\$11.50 psf per month	S\$9.98 psf per month
OUE Downtown Office	S\$7.50 - S\$8.50 psf per month	S\$8.04 psf per month
Lippo Plaza	RMB6.86 – RMB11.00 psm per day (S\$4.13 – S\$6.61 psf per month)	RMB9.00 psm per day (S\$5.41 psf per month)

Notes:

¹¹ Committed rents for renewals and new leases

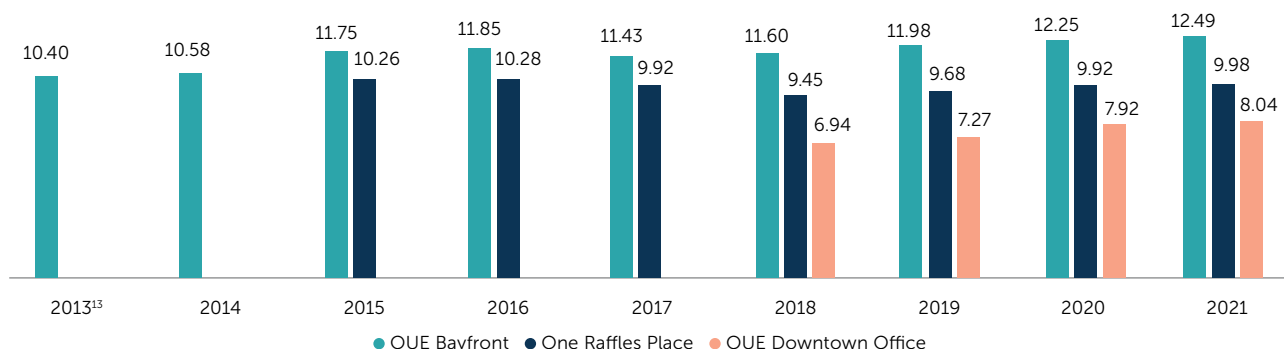
¹² For the month of December 2021

PORTFOLIO REVIEW

HISTORICAL AVERAGE PASSING RENTS

Singapore Office

(S\$ psf per month)



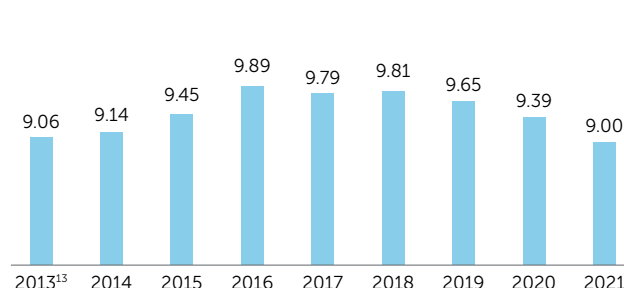
Mandarin Gallery

(S\$ psf per month)



Lippo Plaza Office

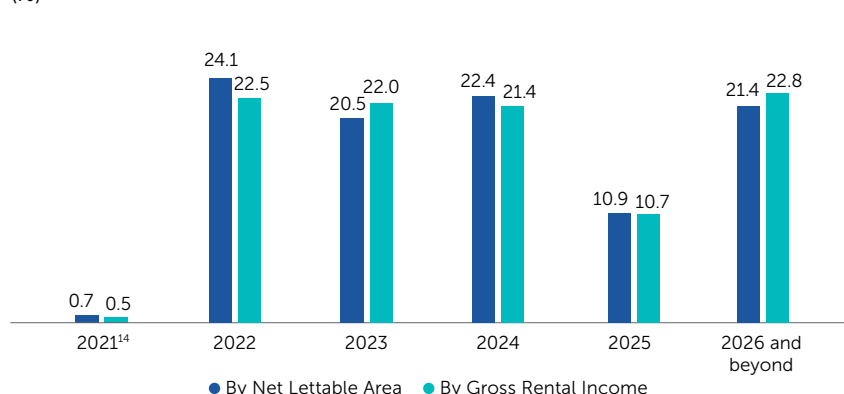
(RMB psm per day)



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 is 3.5 years, with the new leases contributing 12.0% to OUE C-REIT's committed commercial segment gross rental income as at 31 December 2021.

Commercial Segment Lease Expiry Profile (%)



Notes:

¹³ Pro forma average passing rents as at 30 September 2013 as disclosed in OUE C-REIT's prospectus dated 17 January 2014

¹⁴ As at 31 December 2021, leases expiring on 31 December 2021 contributing 0.7% of commercial segment net lettable area and 0.5% of gross rental income had not been renewed

For OUE C-REIT's commercial portfolio comprising office and retail leases, the weighted average lease term to expiry as at 31 December 2021 is 2.5 years.

Hospitality Segment

Accommodation demand in Singapore for 2021 continued to be impacted by border restrictions due to COVID-19. While refurbishment works progressed at the Orchard Wing of Mandarin Orchard Singapore, the Main Tower remained operational during the year. This allowed the property to capture demand from alternative sources such as workers affected by border shutdowns, inbound travellers and returning residents serving out quarantine requirements, as well as local residents for staycations. Crowne Plaza Changi Airport continued to benefit from demand from the aviation segment due to its strategic location in the airport vicinity.

Consequently, FY 2021 revenue per available room ("RevPAR") for Mandarin Orchard Singapore declined 16.4% YoY to S\$62¹⁵, while RevPAR for Crowne Plaza Changi Airport softened 6.7% YoY to S\$110. Overall, the hospitality segment FY 2021 RevPAR was S\$87, 2.5% lower YoY.

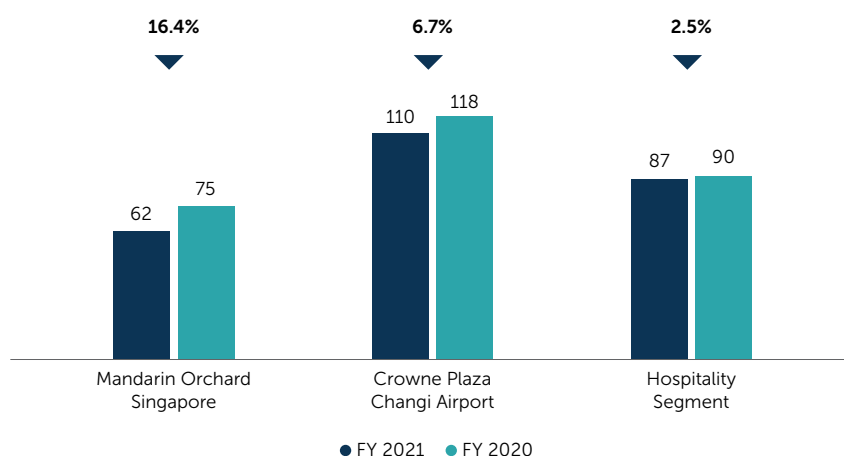
To support a gradual resumption in international travel as global vaccination rates improve, Singapore has in late 2021 progressively rolled out quarantine-free travel corridors for vaccinated travellers from countries with low to moderate infection rates. The authorities have also piloted new protocols to allow vaccinated individuals to do pre-event testing for participation in a list of expanded activities, starting with selected meetings, incentives, conferences and exhibitions ("MICE"), spectator sports and live performances where capacity limits will be eased in a calibrated manner. This was kicked off with the Milken Institute Asia Summit and the Bloomberg New Economy Forum in November 2021.

With the relaunch of Mandarin Orchard Singapore as Hilton Singapore Orchard in February 2022, the property is well-

positioned to capture the gradual recovery in the hospitality segment.

The recovery outlook for the hospitality segment depends on the magnitude of rebound in international tourism given Singapore's limited scope for domestic demand. With countries worldwide grappling with secondary waves of COVID-19 infections in their path to normalisation, the United Nations World Tourism Organisation expects a further two to three 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 lessees 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 which provides significant downside protection in respect of OUE C-REIT's hospitality contribution.

FY 2021 RevPAR Performance
(S\$)



Note:

¹⁵ Taking into account lower room inventory for Mandarin Orchard Singapore in FY 2021 due to renovation works for the re-branding to Hilton Singapore Orchard

PORTFOLIO REVIEW

Active Portfolio Enhancement

The Manager continually evaluates opportunities to enhance the quality and marketability of OUE C-REIT's property portfolio to ensure that assets remain relevant and competitive. We prioritised the completion of asset enhancement initiatives ("AEI") which would enhance OUE C-REIT's portfolio resilience as well as projects which improved operational efficiency and delivered cost savings.

After extensive refurbishment, the Mandarin Orchard Singapore was relaunched as the Hilton Singapore Orchard, the flagship hotel of the Hilton brand in Singapore and its largest in Asia Pacific. In addition to modern MICE facilities and newly refurbished rooms, Hilton Singapore Orchard is home to fresh dining concepts such as Osteria Mozza. It features a reinvigorated menu of winning Italian classics from famed American chef Nancy Silverton's original one Michelin-starred restaurant in Los Angeles.

The Manager capitalised on the challenging operating environment in the Singapore hospitality sector in 2021 to undertake the re-branding works, repositioning the property to benefit from the eventual recovery in the hospitality segment. Leveraging on Hilton's strong brand recognition as well as global sales and distribution network, the re-branding 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 nearly 128 million members worldwide, the property is well-placed to drive more direct booking business. Further, Hilton's established profile amongst global corporate accounts will also support a wider base of higher-yielding corporate business.

Other major projects completed during the year include the upgrading of OUE Downtown Office's lift lobbies and Lippo Plaza's building façade. The installation of ultraviolet light germicidal systems for the air-conditioning handling units at Mandarin Gallery and OUE Downtown Office were also completed which helped to further improve the indoor air quality for the safety and comfort of shoppers and tenants.

Other works in progress which commenced in 2021 include the interior renovation of Lippo Plaza's shopping podium and modernisation of lifts at One Raffles Place Tower 1. The AEI at One Raffles Place Tower 1 will continue into 2022 with the upgrading of lift lobbies and washrooms at each office floor. Further, plans are in place to convert all lighting fixtures at OUE Downtown Office to LED lighting to bring about improved energy efficiency and potential cost savings, in line with OUE C-REIT's sustainability commitment to energy-efficient buildings.

As part of the Manager's active portfolio management to enhance value for Unitholders, the Manager completed 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. on 31 March 2021. The agreed value of the property of S\$1,267.5 million or S\$3,170 per square foot, represented a premium of 26.1% above the purchase consideration for the property at listing and 7.3% over the independent valuation of S\$1,181.0 million as at 31 December 2020 which was based on the discounted cash flow, capitalisation and direct comparison methods.

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.

CAPITAL MANAGEMENT

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.

With the completion of the partial divestment of OUE Bayfront on 31 March 2021, the Manager utilised the net divestment proceeds of approximately S\$262.6 million to redeem convertible perpetual preferred units ("CPPUs") and pare down borrowings. Consequently, the amount of outstanding CPPUs has reduced from S\$375.0 million to S\$220.0 million.

MANAGING CAPITAL FOR STABILITY AND SUSTAINABILITY

In June 2021, S\$150.0 million of five-year 3.95% fixed rate notes were issued to refinance existing borrowings. Further, the Manager secured its maiden sustainability-linked loan of S\$540.0 million in October 2021. The loan incorporates interest rate reductions linked to predetermined sustainability performance targets pertaining to energy and water efficiency, in line with OUE C-REIT's commitment to reduce the environmental impact of its portfolio. Beyond addressing 2021 refinancing requirements, part of the loan facilities were used to refinance debt due in 2023 and 2024. The resultant debt maturity

profile is well-spread out, with an average term of 3.0 years as at 31 December 2021. For FY 2022, only S\$171 million of borrowings are due for refinancing in December.

As at 31 December 2021, OUE C-REIT's total debt was S\$2,256.6 million, inclusive of the proportionate share of loans at OUB Centre Limited and BPH PropCo LLP¹⁶. Aggregate leverage of 38.7% as at 31 December 2021

was lower YoY, and within the regulatory limit of 50%.

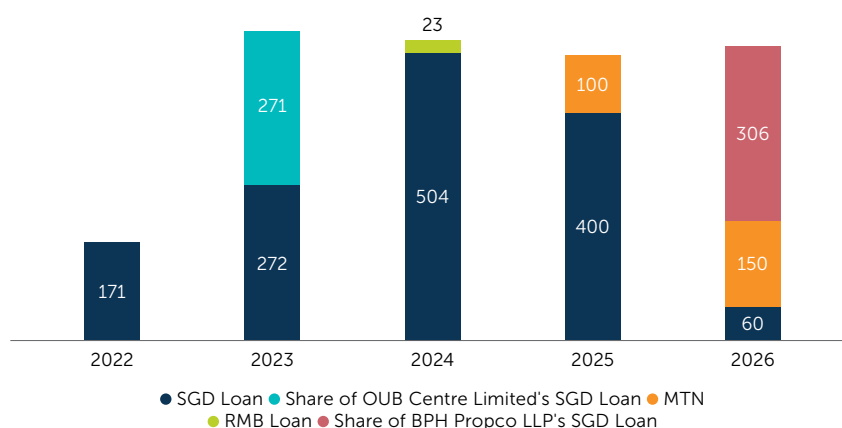
The Manager will continue to actively explore refinancing of loans ahead of their maturity to further extend OUE C-REIT's debt maturity profile and mitigate refinancing risks, while keeping borrowing costs stable. The weighted average cost of debt stood at 3.2% per annum as at 31 December 2021.

Capital Management Indicators

	As at 31 December 2021
Aggregate Leverage (%)	38.7
Total Debt ¹⁷ (S\$ million)	2,256.6
Weighted Average Cost of Debt (% per annum)	3.2
Weighted Average Term of Debt (years)	3.0
Proportion of Fixed Rate Debt (%)	72.4
Weighted Average Term of Fixed Rate Debt (years)	2.0
Interest Coverage Ratio ("ICR") ¹⁸ (times)	2.8
Adjusted ICR ¹⁹ (times)	2.7

Debt Maturity Profile (As at 31 December 2021)

(S\$ million)



Notes:

¹⁶ OUE C-REIT's interests in One Raffles Place and OUE Bayfront are held via its indirect interest in OUB Centre Limited and direct interest in BPH PropCo LLP, respectively

¹⁷ Based on SGD:CNY exchange rate of 1:4.666 and includes OUE C-REIT's share of OUB Centre Limited's loan and BPH PropCo LLP's loan. OUE C-REIT's interests in One Raffles Place and OUE Bayfront are held via its indirect interest in OUB Centre Limited and direct interest in BPH PropCo LLP, respectively

¹⁸ As prescribed under Appendix 6 of the Monetary Authority of Singapore's Code on Collective Investment Schemes (last revised on 3 March 2022). Based on earnings before interest, tax, depreciation and amortisation (excluding effects of any fair value changes of derivatives and investment properties, and foreign exchange translation) over interest expense and borrowing-related fees, on a trailing 12-month basis

¹⁹ As above in note 18 and including distributions on hybrid securities in the denominator

PORTFOLIO OVERVIEW



OUE BAYFRONT

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



FY 2021 Revenue¹

S\$60.1m



Valuation²

S\$1,270.0m



Purchase Consideration in 2014

S\$1,005.0m



Weighted Average Lease Expiry³

2.4 years



Committed Occupancy⁴

Overall	Office	Retail
99.1%	99.3%	96.6%



Divestment Consideration in 2021⁵

S\$1,267.5m



OUE Bayfront is a landmark commercial development completed in 2011. An 18-storey premium Grade A office building commanding panoramic views of Marina Bay, it is strategically located at Collyer Quay in Singapore's CBD, between the established financial hub of Raffles Place and Marina Bay downtown.

OUE Bayfront enjoys superb connectivity and accessibility to major transport networks. Other than easy access to Raffles Place and Telok Ayer Mass Rapid Transit ("MRT") Stations, the Downtown MRT Station is also within walking distance via an underground pedestrian linkway. OUE Bayfront is certified with the Green Mark Gold Award by the Building and Construction Authority ("BCA") in Singapore.

On 31 March 2021, OUE C-REIT divested OUE Bayfront to BPH PropCo LLP, a joint venture between OUE C-REIT and ACRE Angsana Pte. Ltd., a special purpose vehicle managed by Allianz Real Estate Asia Pacific Pte. Ltd.. OUE C-REIT has a 50% interest in BPH PropCo LLP.

TRADE SECTOR BY GROSS RENTAL INCOME

(For December 2021 and excluding retail turnover rent)



Notes:

- ¹ Based on OUE C-REIT's 100% interest from 1 January 2021 to 31 March 2021 and BPH PropCo LLP's 100% interest from 1 April 2021 to 31 December 2021
- ² Based on BPH PropCo LLP's 100% interest in OUE Bayfront and valuation carried out by Savills Valuation and Professional Services (S) Pte Ltd as at 31 December 2021. Valuation was determined by Income Capitalisation Method, Discounted Cash Flow Analysis and Direct Comparison Method
- ³ By monthly gross rental income for December 2021
- ⁴ As at 31 December 2021
- ⁵ A premium of 7.3% over the book value of S\$1,181.0 million as at 31 December 2020

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 AREA⁴

Overall: 37,154.6 sq m (399,933 sq ft)

Office: 35,191.5 sq m (378,801 sq ft)

Retail: 1,963.1 sq m (21,132 sq ft)

MAJOR TENANTS

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

NUMBER OF TENANTS⁴

48

NUMBER OF CARPARK LOTS

245

PORTFOLIO OVERVIEW



ONE RAFFLES PLACE

1 Raffles Place, Singapore 048616



FY 2021 Revenue¹

S\$75.3m



Valuation²

S\$1,867.7m



Purchase Consideration in 2015³

S\$1,148.3m



Weighted Average Lease Expiry⁴

2.1 years



Committed Occupancy⁵

Overall	Office	Retail
89.3%	88.3%	94.2%

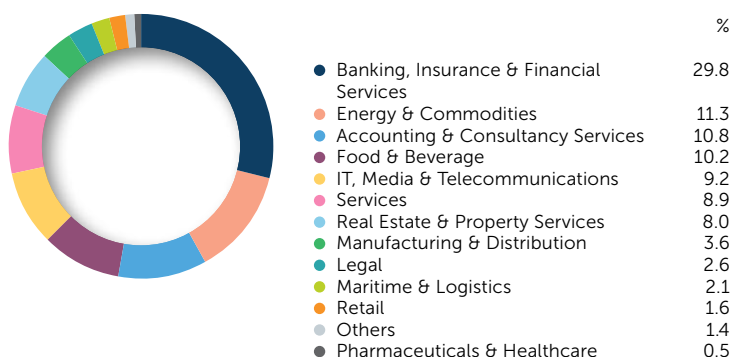


One Raffles Place, comprising One Raffles Place Tower 1, One Raffles Place Tower 2, and One Raffles Place Shopping Mall, is an iconic integrated commercial development with Grade A building specifications, strategically located in the heart of Singapore's CBD at Raffles Place. One Raffles Place Shopping Mall is the largest purpose-built shopping mall in Raffles Place.

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

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

TRADE SECTOR BY GROSS RENTAL INCOME (For December 2021 and excluding retail turnover rent)



Notes:

¹ Based on OUB Centre Limited's 81.54% interest in One Raffles Place

² Based on OUB Centre Limited's 81.54% interest in One Raffles Place and valuation carried out by Cushman & Wakefield VHS Pte Ltd as at 31 December 2021. Valuation was determined by Discounted Cash Flow Method, Capitalisation Approach and Comparable Sales Method. OUE C-REIT owns 83.33% of OUB Centre Limited

³ 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

⁴ By monthly gross rental income for December 2021

⁵ As at 31 December 2021

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 AREA⁵

Overall: 65,487.3 sq m (704,899 sq ft)

Office: 56,255.6 sq m (605,529 sq ft)

Retail: 9,231.8 sq m (99,370 sq ft)]

MAJOR TENANTS

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

NUMBER OF TENANTS⁵

199

NUMBER OF CARPARK LOTS

324

PORTFOLIO OVERVIEW



OUE DOWNTOWN OFFICE

6 Shenton Way, Singapore 068809



FY 2021 Revenue

S\$45.4m



Valuation¹

S\$902.0m



Purchase Consideration in 2018

S\$908.0m



Weighted Average Lease Expiry²

3.2 years



Committed Occupancy³

88.6%



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

Home to an established blue-chip tenant base, tenants at OUE Downtown Office include 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.

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.

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 AREA³

49,172.9 sq m (529,297 sq ft)

MAJOR TENANTS

- Deloitte & Touche LLP
- Professional Investment Advisory Services Pte Ltd
- Moody's Analytics Singapore Pte. Ltd.

NUMBER OF TENANTS³

75

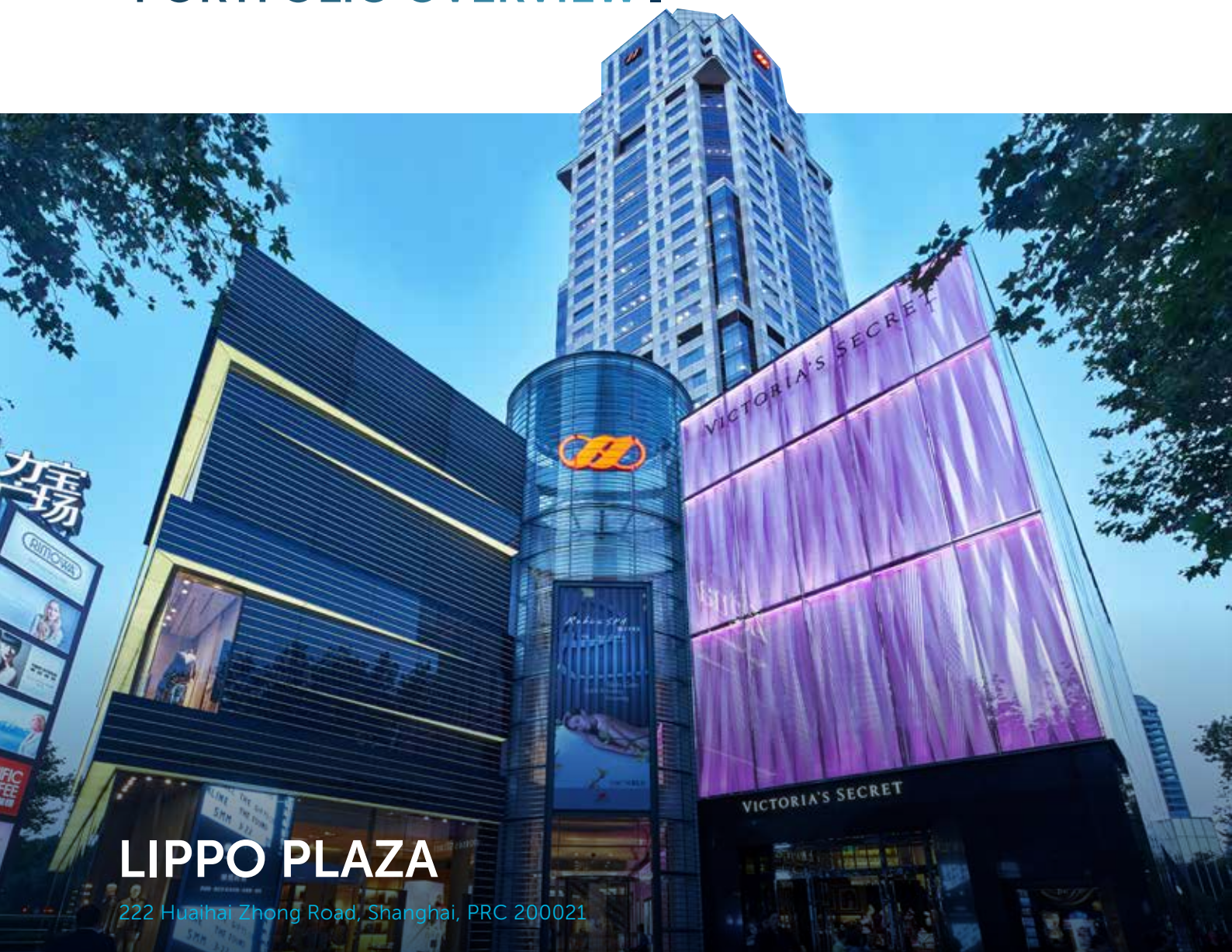
TRADE SECTOR BY GROSS RENTAL INCOME (For December 2021 and excluding retail turnover rent)



Notes:

- ¹ Based on valuation carried out by Cushman & Wakefield VHS Pte Ltd as at 31 December 2021. Valuation was determined by Discounted Cash Flow Method, Capitalisation Approach and Comparison Method
- ² By monthly gross rental income for December 2021
- ³ As at 31 December 2021

PORTFOLIO OVERVIEW



LIPPO PLAZA

222 Huaihai Zhong Road, Shanghai, PRC 200021



FY 2021 Revenue

S\$25.1m



Valuation¹

RMB2,681.0m
S\$574.5m



Purchase Consideration in 2014²

S\$335.3m



Weighted Average Lease Expiry³

2.3 years



Committed Occupancy⁴

Overall	Office	Retail
92.9%	91.8%	98.6%



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

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

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

TRADE SECTOR BY GROSS RENTAL INCOME (For December 2021 and excluding retail turnover rent)



Notes:

- ¹ Based on OUE C-REIT's 91.2% share of strata ownership in Lippo Plaza and valuation carried out by Savills Real Estate Valuation (Guangzhou) Ltd-Shanghai Branch as at 31 December 2021. Valuation was determined by Direct Comparison Approach 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 2021
- ⁴ As at 31 December 2021

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 AREA⁴

Overall: 39,259.2 sq m (422,582 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
- Q-Med International Trading (Shanghai)

NUMBER OF TENANTS⁴

82

NUMBER OF CARPARK LOTS

168

PORTFOLIO OVERVIEW



MANDARIN GALLERY

333A Orchard Road, Singapore 238897



FY 2021 Revenue

S\$21.2m



Valuation¹

S\$453.9m



Purchase Consideration in 2019²

S\$494.0m



Weighted Average Lease Expiry³

2.5 years



Committed Occupancy⁴

86.7%



Situated along Orchard Road, Mandarin Gallery has a wide 152-metre prime Orchard Road frontage featuring four duplexes and six street-front shop units which provide a high degree of visibility, and is a choice flagship location for international brands.

Mandarin Gallery officially opened in January 2010 after a S\$200 million renovation to transform into a high-end shopping and lifestyle destination. Situated within four levels of Hilton Singapore Orchard (formerly known as Mandarin Orchard Singapore), the mall features upscale international fashion, lifestyle, services and food and beverage tenants, and has established itself with its differentiated mall offering in the heart of Singapore's shopping and entertainment district.

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

PROPERTY DESCRIPTION

Located in the heart of Singapore's premier 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 sq m (196,336 sq ft)

NET LETTABLE AREA³

11,732 sq m (126,283 sq ft)

MAJOR TENANTS

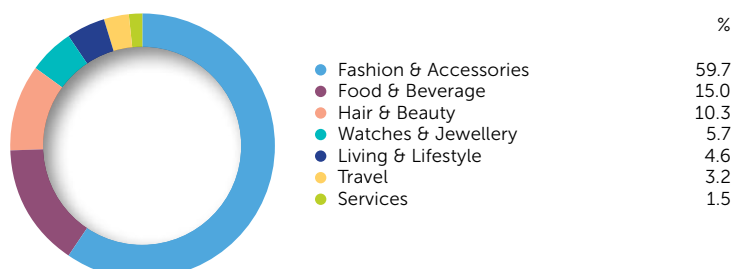
- Victoria's Secret
- Michael Kors
- Max Mara

NUMBER OF TENANTS⁴

68

TRADE SECTOR BY GROSS RENTAL INCOME

(For December 2021 and excluding retail turnover rent)



Notes:

¹ Based on valuation carried out by Savills Valuation and Professional Services (S) Pte Ltd as at 31 December 2021. Valuation was determined by Income Capitalisation Method, Discounted Cash Flow Analysis and Direct Comparison Method

² Based on valuation as of the merger with OUE Hospitality Trust effective from 4 September 2019

³ By monthly gross rental income for December 2021

⁴ As at 31 December 2021

PORTFOLIO OVERVIEW



HILTON SINGAPORE ORCHARD

333 Orchard Road, Singapore 238867



FY 2021 Revenue

S\$45.0m



Valuation¹

S\$1,130.0m



Purchase Consideration in 2019²

S\$1,227.0m



FY 2021 RevPAR

S\$62



Awards & Accolades in 2021

**TWO STARS, THE MICHELIN
GUIDE SINGAPORE 2021**
Shisen Hanten by
Chen Kentaro



Formerly known as Mandarin Orchard Singapore, the new Hilton Singapore Orchard is Hilton's flagship hotel in Singapore and its largest in Asia Pacific. Following an extensive refurbishment, the re-branded property features 1,080 guestrooms and suites offering views of the city skyline, complemented by versatile meeting facilities and exciting dining concepts comprising both new and renowned favourites.

Hilton Singapore Orchard further elevates the city's culinary scene with five curated dining concepts including the award-winning Chatterbox, the two Michelin-starred Shisen Hanten by Chen Kentaro, and a fresh Italian dining experience at Osteria Mozza by famed American chef Nancy Silverton.

Offering one of the largest event spaces in the city, Hilton Singapore Orchard features two uniquely designed and pillarless ballrooms fitted with state-of-the-art LED walls, lighting and sound technologies that can cater up to 1,000 guests and a dedicated pre-function area.

Situated in the heart of Orchard Road and just under a half hour drive from Singapore Changi Airport, the hotel enjoys a strong flow of international tourists, business travellers and locals in its long history of operations in Singapore since 1971. The hotel offers easy accessibility, being within walking distance of both Somerset and Orchard MRT Stations, in addition to being well-served by a network of major roads. Guests travelling for medical purposes also appreciate the close proximity to a major medical cluster and specialist medical centres.

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

PROPERTY DESCRIPTION

Located in the heart of Singapore's premier shopping and entertainment district Orchard Road, comprising 1,080 guest rooms distributed across two towers, five dining outlets and 2,400 sq m of event space

TITLE

99-year leasehold title from 1 July 1957

GROSS FLOOR AREA³

91,999.8 sq m (990,228 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 annum⁴

Notes:

¹ Based on valuation carried out by Savills Valuation and Professional Services (S) Pte Ltd as at 31 December 2021. Valuation was determined by Income Capitalisation Method, Discounted Cash Flow Analysis and Direct Comparison Method

² Based on valuation as of the merger with OUE Hospitality Trust effective from 4 September 2019

³ Out of the 91,999.8 sq m of gross floor area at Hilton Singapore Orchard, 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



CROWNE PLAZA CHANGI AIRPORT

75 Airport Boulevard, Singapore 819664



FY 2021 Revenue

S\$22.5m



Valuation¹

S\$455.2m



Purchase Consideration in 2019²

S\$497.0m



FY 2021 RevPAR

S\$110



Awards & Accolades in 2021

**BEST AIRPORT HOTEL IN
ASIA-PACIFIC**
2021 Business Traveller Awards



Crowne Plaza Changi Airport is an award-winning hotel that was conferred the title of World's Best Airport Hotel by Skytrax for six consecutive years since 2015. Managed by the InterContinental Hotels Group, the 563-room hotel 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.

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 annum³

Notes:

¹ Based on valuation carried out by Savills Valuation and Professional Services (S) Pte Ltd as at 31 December 2021. Valuation was determined by Income Capitalisation Method, Discounted Cash Flow Analysis and Direct Comparison Method

² Based on valuation as of the merger with OUE Hospitality Trust effective from 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

Global economic growth surged in 2021 as the relaxation of COVID-19 pandemic-related measures in many countries helped boost demand. The Singapore economy, with its heavy reliance on global trade, benefitted from this recovery.

According to the Ministry of Trade and Industry ("MTI"), the Singapore economy grew by 7.6% year-on-year ("YoY") in 2021, rebounding from the 4.1% contraction in 2020, and is the fastest growth pace in over 10 years. In absolute terms, 2021 GDP has exceeded pre-COVID levels in 2019.

All three main sectors of the economy, namely the manufacturing, construction and services industries, recorded output growth for 2021.

The construction sector recorded the strongest growth of 20.1% YoY in 2021 due to the low base set in 2020 when construction activities were severely curtailed by COVID-19 safe management measures and outbreaks in the workers' dormitories.

The manufacturing sector grew by a robust 13.2% YoY in 2021, extending

the 7.5% YoY growth in 2020 while the services sector rose 5.6% YoY in 2021, reversing the 5.1% YoY contraction in 2020.

Recovery in the services sector was led by the information & communications, finance & insurance, and professional services segments, which collectively grew by 7.7% YoY. The information & communications segment continued to benefit from strong demand for information technology ("IT") and digital solutions as well as robust games and software publishing activities. The finance & insurance sector was bolstered, in part, by increased fund management activities.

The labour market tightened in 2021 alongside Singapore's economic recovery with the progressive resumption of more business activities. The overall seasonally adjusted unemployment rate fell from its peak of 3.5% in September 2020 to 2.4% in December 2021, based on preliminary estimates.

Overall inflation climbed 2.3% in 2021, the highest level in eight years, amid high energy prices, global recovery of demand for commodities and persistent supply chain disruptions.

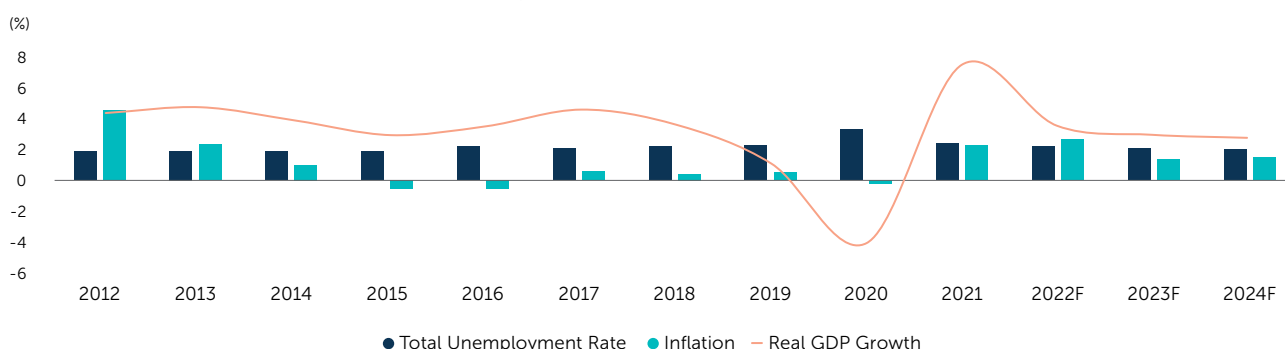
Economic Outlook

Singapore's economic prospects in 2022 remain largely intact despite the emergence of the Omicron variant in late 2021. The economic recovery is expected to extend to the domestic-oriented and travel-related sectors this year as safe management measures and border restrictions are progressively eased. But downside risks such as new COVID-19 variants and geopolitical uncertainties involving major economies could overshadow the recovery of the global economy. Barring fresh disruptions, the MTI expects Singapore's GDP to continue to grow at a more moderate pace of 3.0% to 5.0% in 2022.

On the back of the healthy economic growth, Singapore's labour market is also projected to continue its recovery trajectory in 2022. Recovery is likely to remain uneven, with growth continued to be led by sectors such as the information & communications, professional services, and financial services sectors.

For 2022, the Monetary Authority of Singapore expects overall inflation to average between 2.5% and 3.5%. Upside risks driving inflation include further pandemic-related or geopolitical shocks to global supply chain activities and strengthening wage pressure. ⁰¹

01 Real GDP Growth, Inflation and Unemployment Rate



Source: Department of Statistics, Oxford Economics, JLL Research, 4Q 2021

SINGAPORE CBD OFFICE MARKET

Stock

As of end-2021, 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 64.1% of the island-wide investment grade stock of 50.1 million sq ft. New completions in 2021 include Afro-Asia in 2Q 2021 and the office component of CapitaSpring in 3Q 2021. Refurbishment works at 21 Collyer Quay were also completed in 3Q 2021. However, these additions to the stock were largely offset by the withdrawal of Fuji Xerox Towers and AXA Tower for their impending redevelopment.

Net Supply, Demand and Occupancy

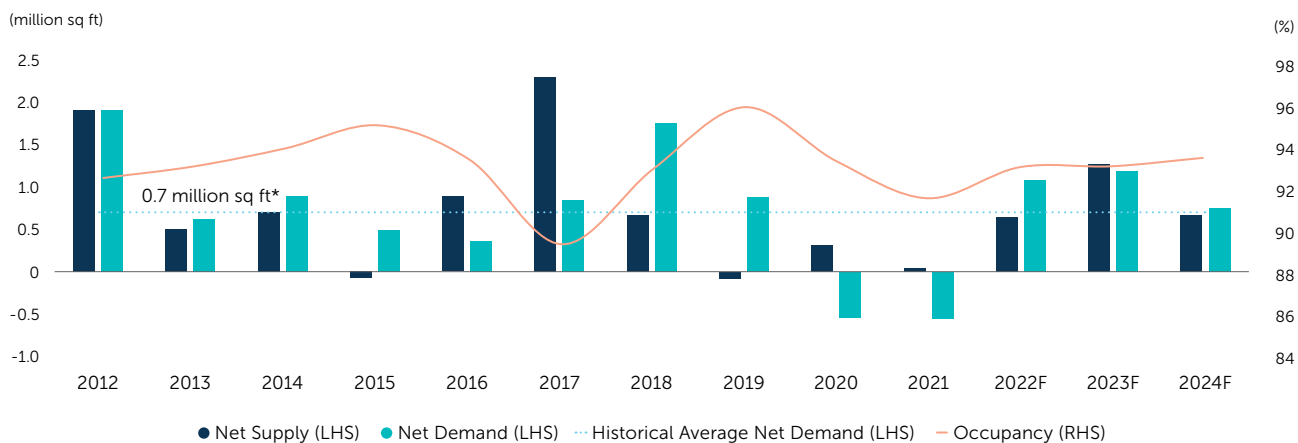
The recovering economy, the smooth roll-out of the national vaccination programme and Singapore's transition to living with endemic COVID-19 bolstered occupier confidence in 2021 and encouraged an increasing number of companies to plan ahead for business growth.

Office leasing activities were however uneven, with the newer, greener and better-quality assets more sought after than others given the heightened importance of sustainable workplaces and employees' wellness and health. Accordingly, healthy take-up rates were achieved for newly completed projects and good-

quality developments where space had been given up by tenants as they relocated or rationalised their requirements.

Overall, full-year 2021 physical net absorption in the CBD was weighed down by the ongoing COVID-19 related challenges in the construction industry that hampered numerous occupiers' plans to move into their new premises in 2021. The impending redevelopment of Fuji Xerox Towers and AXA Tower also saw some tenants relocating out of the CBD due to a lack of replacement premises at suitable price points. As a result, occupancy rate in the CBD fell by 1.8 percentage points ("ppt") YoY to 91.4% as of end-2021 despite healthy leasing activity. ⁰²

02 CBD Office Net Supply, Demand and Occupancy



Source: JLL Research, 4Q 2021

*The historical average net new demand is based on data from 2012 to 2021

INDEPENDENT MARKET REVIEW

SINGAPORE

Potential Supply

Island-wide, new office supply totalling 5.4 million sq ft is expected to come on stream between 2022 and 2026, of which an estimated 72% is located in the CBD.

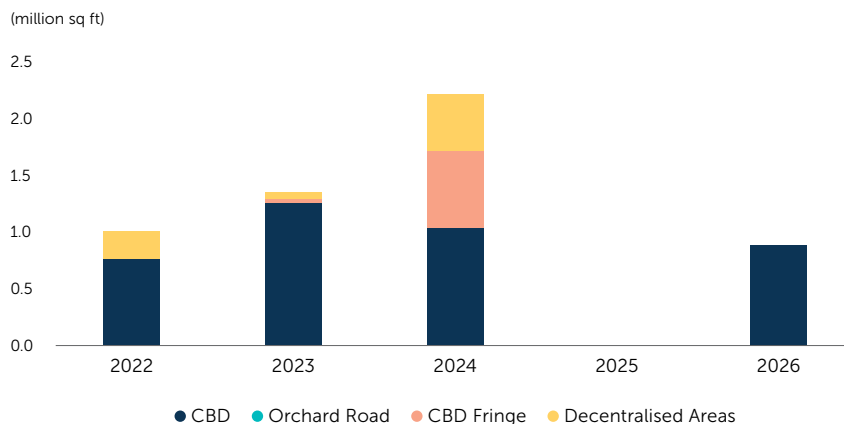
In 2022, two projects are expected to complete in the CBD. They are Guoco Midtown (0.6 million sq ft) and the redeveloped Hub Synergy Point (0.1 million sq ft). New supply in the CBD will rise to almost 1.3 million sq ft in 2023 due to the expected completion of IOI Central Boulevard Towers. Thereafter, new CBD office supply will moderate to around 1.0 million sq ft in 2024 with the projected completions of the redeveloped Keppel Towers (0.6 million sq ft) and Shaw Tower (0.4 million sq ft). No new project completions are expected in 2025 but new CBD office supply is expected to rebound in 2026 with the completions of the redeveloped Fuji Xerox Towers (0.2 million sq ft) and AXA Tower (0.7 million sq ft). ⁰³

Rents

Overall CBD Grade A office rents posted a better-than-expected full year growth of 4.2% in 2021. This is a turnaround from the 9.2% contraction in 2020.

Rental growth in 2021 was supported by strengthening leasing activity in the office market and was largely led by the better-quality and newer office assets, in line with leasing demand.

⁰³ Potential Island-wide Office Supply



Source: JLL Research, 4Q 2021

At the same time, delays in project completions due to COVID-19 related disruptions, coupled with stock withdrawals for redevelopment kept supply tight.

Within the CBD, rent recovery was led by the Shenton Way/ Tanjong Pagar sub-market, which soared 7.3% YoY to S\$9.29 per sq ft ("psf") per month by end-2021, largely on the back of the ongoing rejuvenation of the sub-market. Meanwhile, the average gross rent of Grade A office space in the Marina Bay and Raffles Place sub-markets rose 2.9% YoY and 2.3% YoY to S\$11.77 psf per month and S\$9.77 psf per month, respectively. ⁰⁴

CBD Office Market Outlook

Underpinned by the sustained global economic recovery as well as Singapore's increasingly competitive offerings as a global office hub, more corporates are expected to set

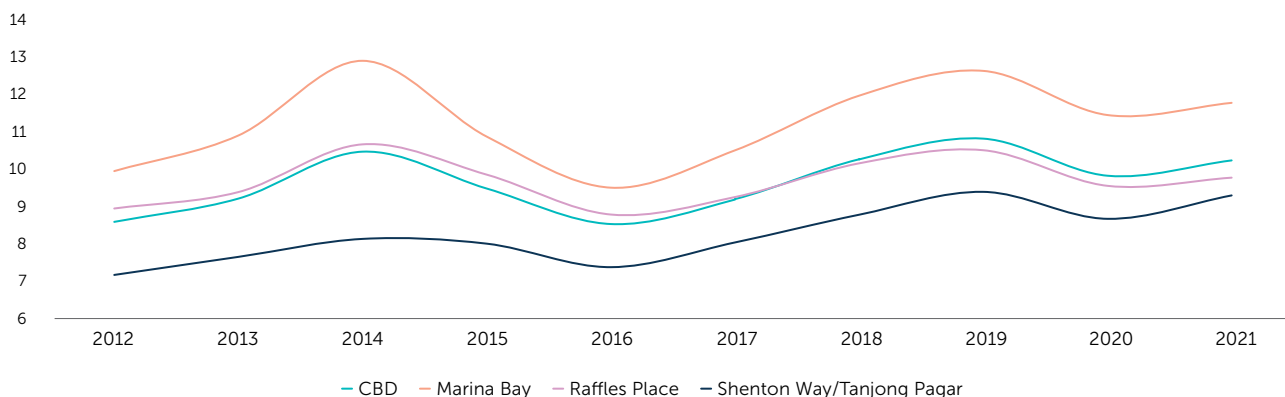
up operations or strengthen their presence in the city-state.

Technology and fintech companies, as well as investment management firms and family offices looking to expand or set up new bases in Singapore are expected to remain amongst the key demand drivers in 2022. Aside from these, anecdotal evidence points to an increase in enquiries by companies looking to expand their real estate footprint in Singapore to accommodate the re-allocation of some headcounts from Hong Kong to Singapore as they position themselves for growth in Southeast Asia. These include investment banks, fund managers and some firms in the consumer goods sector.

Barring adverse external shocks, office demand could outpace supply in 2022 and fuel rental growth that is at least twice as fast as that recorded for 2021.

04 Average Gross Rents of Grade A Offices

(S\$ psf per month)



Source: JLL Research, 4Q 2021

SINGAPORE RETAIL MARKET

Overview

Over the course of 2021, business confidence regarding the retail market gradually picked up.

Singapore's successful rollout of the vaccination programme, coupled with the government's commitment to transition towards endemicity with fewer restrictions and the gradual reopening of the economy, led to restored business and consumer confidence. The path to reopening, however, remained bumpy as intermittent, temporary COVID-related measures were introduced to contain sharp rises in the spread of community cases due to new variants so as to avoid overwhelming the healthcare system.

Overall, retail sales remained resilient despite the repeated recalibration of COVID-related restrictions. In 2021, the retail sales index (excluding motor vehicles) rose an encouraging 10.8% YoY, following a sharp 14.4% YoY decline in 2020. The growth was bolstered primarily by domestic consumption growth. The tourism dollar inflow following the launch of quarantine-free Vaccinated Travel Lanes ("VTLs") since September 2021 also contributed to the growth, albeit modestly. Domestic and

tourism consumption growth has helped to push total retail sales value (excluding motor vehicles) in 2021 to only about 5% below pre-COVID levels in 2019.

As part of the government's plan to live endemically with COVID-19, the relaxation of borders for international leisure travel which was implemented via the VTLs progressively lifted the tourism market in Singapore. In December 2021, Singapore received 92,788 visitors, a sharp month-on-month increase of 125.5% and the fourth consecutive monthly rise from the trough set in August 2021. Although this reflected pent-up demand for travel, tourist traffic remained low. There was a cumulative total of 329,971 visitors in 2021, representing a 88.0% decline YoY. The decline was seen across all source markets due to sweeping domestic and international travel restrictions implemented to curb foreign-import cases of COVID-19.

Towards the end of 2021, as community infections declined, safe management measures were gradually relaxed. From 22 November 2021 onwards, some of the key measures relaxed include permitting a five-person limit, up

from the previous two-person limit, for dining-in at food & beverage ("F&B") establishments for fully vaccinated people, including those from different households. The group-size limit for social gatherings was also raised from a two-person to a five-person limit. Effective 1 January 2022, Singapore eased the default work-from-home ("WFH") policy to allow 50% of employees who can WFH to return to the workplace, subject to vaccination measures.

Singapore's progressive move towards reopening the economy and the relaxation of safe management measures further lifted business and consumer confidence towards end-2021, boding well for the retail market.

Retail Trends

Shifts in shopping habits

The COVID-19 pandemic led to shifts in shopping habits and preferences. More consumers became accustomed to purchasing goods via online platforms, following the initial shift to online purchasing to reduce physical contact. The contribution of online sales to overall retail sales (excluding motor vehicles) rose between 5%

INDEPENDENT MARKET REVIEW

SINGAPORE

and 9% pre-COVID to a peak of 26% in May 2020 (during the period of lockdown in Singapore) before tapering off and hovering in the range of 12% to 19% in 2021.

Consumers are also increasingly accustomed to higher menu pricing for F&B delivery services and the imposition of delivery charges in exchange for convenience. The contribution of online sales to overall F&B sales rose from pre-COVID levels of between 7% and 11% in 2019 to 47.5% in May 2020 and has remained at relatively high levels, ranging from 22% to 29% in 2021, even during periods where dining-in restrictions were relaxed.

Digitalisation

Amid rapid structural changes, both retailers and landlords adopted e-commerce strategies to address consumer preferences.

Retailers and F&B players with financial means built their own websites and e-commerce platforms, while using social media 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 that offer integrated services.

A few key landlords built their own e-commerce platforms to complement offline sales at their malls, creating a virtual shopping mall as they brought many of their tenants online. Other landlords partnered leading e-commerce platforms such as Lazada and Shopee.

Growing Emphasis on Experiential Retail

In addition to developing online storefronts, retailers are also enhancing the physical shopping experience to increase footfall to

brick-and-mortar stores. Some retailers adopted technologies such as augmented-reality and technology-enabled product personalisation, to provide shoppers with a sensorial experience. Others offered a seamless shopping experience with the implementation of radio frequency identification ("RFID") tags on products which allow shoppers to obtain more product information, view customer reviews, scan and add items to their carts and pay via the application or the RFID screens in-store. Some created in-store trial platforms to increase customer interaction by giving them the opportunity to test products before making a purchase.

Tenant Mix

To stay competitive, many landlords continued to fine-tune their tenant mix and mall configurations to align with shifting market trends. Trades offering essential services, such as supermarkets, specialty food retailers and convenience stores, continued to gain prominence in malls. There was also a growing emphasis on personal health, fitness and wellness as a result of the pandemic, which could further drive growth of boutique fitness centres and sports-related retail and services.

Pre-pandemic, the F&B industry was buoyed by rising affluence and a shift in lifestyle choices, which included dining out more often. A growing number of F&B operations have sprung up in malls to capitalise on this trend as restrictions are gradually relaxed in Singapore.

With the increase in online shopping, the presence of non-conventional retailers such as postal services and click-and-collect centres will also gain prominence in malls. Additionally, some of these click-and-collect stores maintain a small selection of products, offering

shoppers another opportunity to browse and purchase additional items when they pick up their online shopping orders.

Amongst landlords, pop-ups will continue to gain popularity as a platform to increase the variety of mall offerings and prop up occupancy. Pop-ups also offer various trade types a low-risk operational platform for road-testing products and locations before committing to long-term leases.

Stock

In 2021, total retail stock remained unchanged from 2020 at an estimated 25.3 million sq ft of investment-grade retail space as there were no new additions. 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 includes retail properties along the established Orchard-Somerset shopping belt as well as the Marina Bay vicinity. Dominating the tenant mix are numerous international luxury brands retailing fashion apparel, handbags, shoes, jewellery and watches, as well as F&B operators.

Retail amenities in the secondary sub-market are largely found in the CBD and the CBD-fringe areas of Bugis and Dhoby Ghaut, supporting the working population in the vicinity with daily necessities and, increasingly, lifestyle needs. Retail business hours are typically confined to working days due to the nature of their locations in the CBD. Selected amenities that support a wider catchment, however, operate longer business hours, including weekends. This sub-market features a variety of F&B operators ranging from cafés to quick-bites, fast food and restaurants. Fashion boutiques,

pharmacies, fitness centres and medical & dental clinics also provide lifestyle and fitness-related offerings, catering to the workforce catchment. Co-working operations are also prevalent, improving mall traffic during non-peak retail operating hours.

Net Supply, Demand and Occupancy

Encouraged by the potential rise in shopper traffic as the economy progressively reopened, retailers with strong balance sheets

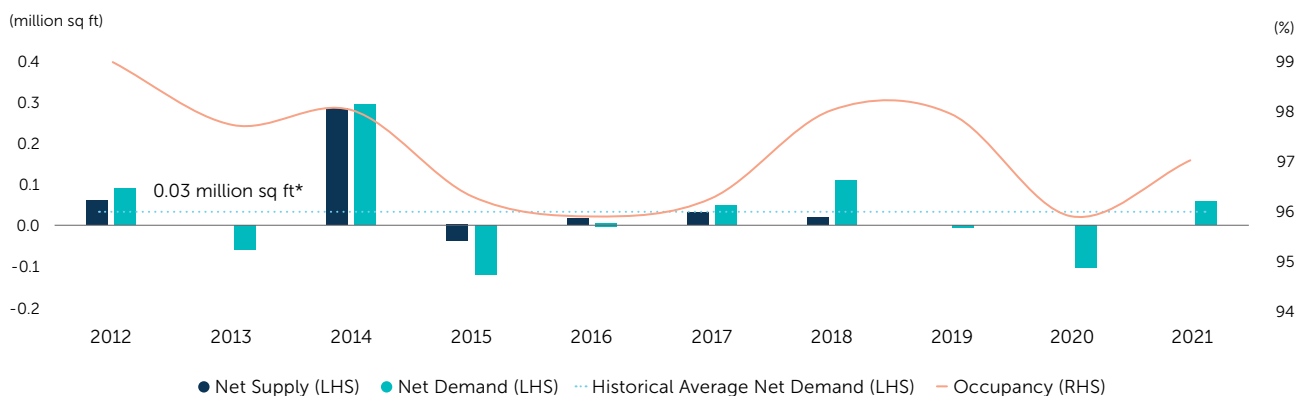
expanded, albeit cautiously. This lifted occupier demand for retail space in 2021, which supported occupancies when coupled with the lack of new supply.

In the prime sub-market, the potential increase in tourism demand with the establishment of VTLs, domestic consumption growth, attractive rents and the availability of choice retail locations spurred expansion. This led to a positive net absorption which lifted occupancy in the prime sub-market

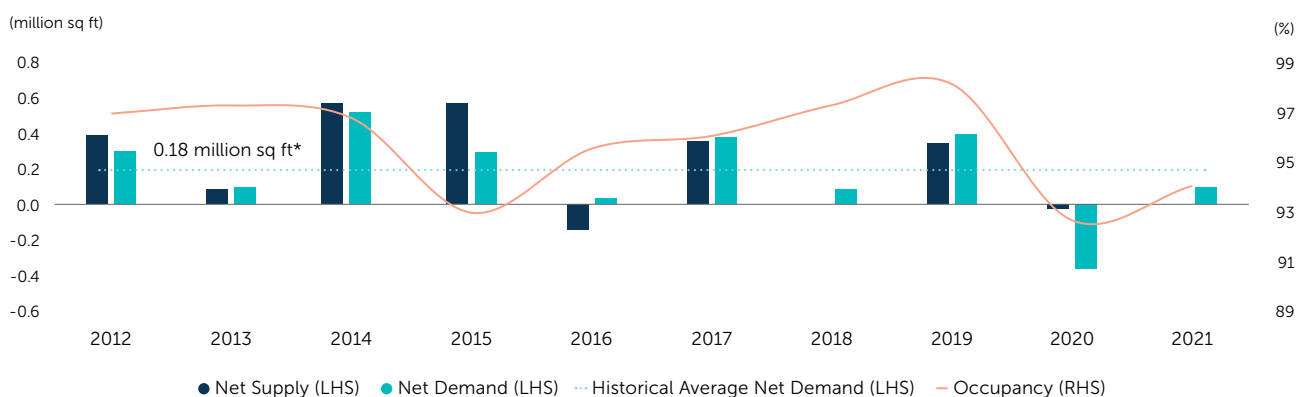
by 1.1 ppt YoY to 96.9% as at 4Q 2021.

The secondary sub-market benefitted from healthier occupier demand from amenities that cater to a wider domestic catchment beyond the workforce, which cushioned lacklustre occupier demand from office-centric amenities due to WFH measures. The resultant additional demand lifted secondary sub-market occupancy by 1.4 ppt YoY to 94.0% in 4Q 2021. 05 06

05 Prime Sub-market Net Supply, Demand and Occupancy



06 Secondary Sub-market Net Supply, Demand and Occupancy



Source: JLL Research, 4Q 2021

* The historical average net demand is based on data from 2012 to 2021

INDEPENDENT MARKET REVIEW

SINGAPORE

Potential Supply

Future retail supply remains tight and concentrated in the suburban sub-market. Between 2022 and 2026, an estimated 810,000 sq ft of investment-grade retail space is scheduled to open — modest considering the 10-year historical average annual net absorption of about 570,000 sq ft.

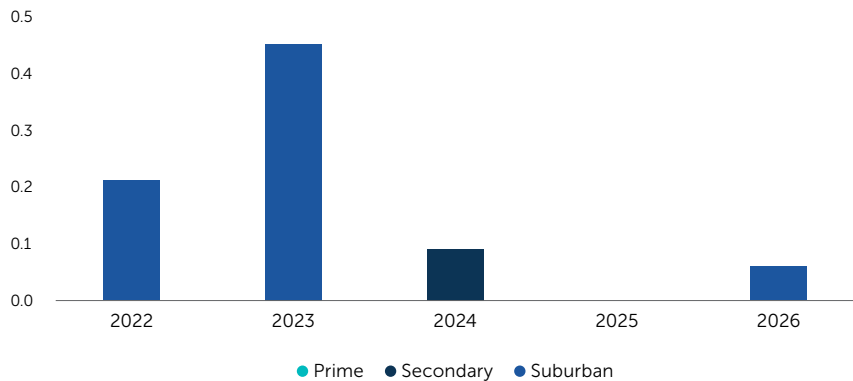
Notwithstanding the pandemic's disruption to the retail market, plans to rejuvenate the Orchard Road area remain on track. The revitalisation of Grange Road carpark into a multifunctional event space featuring a cinema, unique food concepts, as well as a venue to host concerts, films and events all year round, should inject vibrancy into the sub-market by end-2022.

The redevelopment of Faber House under the Urban Redevelopment Authority's ("URA") Strategic Development Initiative Scheme is underway. In-principal approval has been received for the rezoning of the site for hotel use and the redevelopment into an 18-storey building, featuring a 250-key hotel, a bank, F&B outlets and an urban veranda. This will kick-start rejuvenation efforts on this particular stretch of Orchard Road, where some older buildings are located, and could potentially introduce new F&B offerings in the prime sub-market where long-term pipeline supply is lacking.

In October 2021, the government launched a tender for a new attraction concept that could offer differentiated and immersive experiences at a vacant site between Somerset Skate Park

07 Potential Island-wide Retail Supply

(million sq ft)



Source: JLL Research, 4Q 2021

and Killiney Road. Retail outlets that complement the proposed attraction and F&B offerings will be permitted onsite. This initiative is part of a plan to test-bed new concepts while rejuvenating the Orchard Road shopping belt.

In the secondary sub-market, no new supply is expected between 2022 and 2023. The phased opening of a mixed-use complex comprising residential, hotel, serviced apartments and retail components following the redevelopment of Liang Court will introduce new retail space in this sub-market in 2024. ⁰⁷

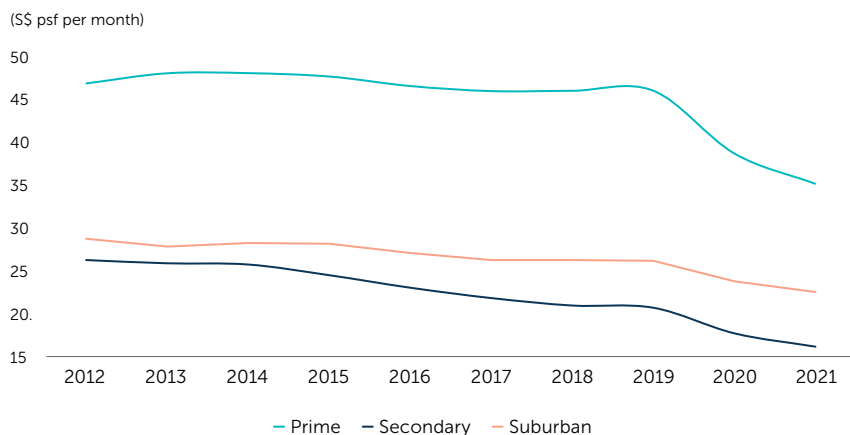
Rents

In response to rising occupancy rates, the decline in retail rents moderated in 2021. Rents were also underpinned by cautious but growing optimism regarding Singapore's commitment to gradually reopen the economy.

As of end-2021, the average gross rent of prime floor retail space in the prime sub-market fell 9.1% YoY to S\$35.30 psf per month, moderating from the steeper decline of 15.8% YoY in 2020. Improving retailer sentiment from the establishment of VTLs with multiple countries since September 2021 and the potential rise in tourism demand encouraged expansion and underpinned rents.

In the secondary sub-market, average gross rents of prime floor space of malls fell 8.6% YoY to S\$16.44 per sq ft per month as at end 2021, following a sharper 14.2% YoY decline in 2020. The continuous support of domestic demand in the less office-centric malls that cater to a wider domestic catchment, and the potential rise in retail sales with the workforce gradually returning to the office in 2022 cushioned the rent decline in this sub-market. ⁰⁸

08 Average Gross Rents of Prime Floor Retail Space



Source: JLL Research, 4Q 2021

Retail Market Outlook

Singapore's commitment to gradually reopen the economy offers brighter prospects for the retail market in 2022.

The successful vaccination and booster programmes and Singapore's endemic COVID-19 strategy, combined with the authorities' further lifting of safe management measures as well as the establishment of more VTLs should position retailers' focus on the eventual sustained reopening of the economy. The recent seven-year deal to host the Formula One race in Singapore will also catalyse the return of tourists, stimulate tourism spending as well as invigorate the nation's global branding and positioning. These developments should further boost retailer confidence and encourage business expansion that could continue to drive vacancy rates lower in 2022, amid tightening supply. Coupled with consumption growth underpinned by rising wages and tourism growth, rents of investment-grade retail amenities should recover in 2022.

The prime sub-market remains a choice destination for new-to-market entrants to Singapore, as well as existing retailers pursuing expansion opportunities. Retailer demand for malls that offer high-end shopping and convenience in the heart of Singapore's popular Orchard Road shopping destination will remain healthy under the "new norm" of a post-COVID retail environment. This could underpin a recovery of rents in 2022.

Within the secondary sub-market, Singapore's commitment to progressively reopen the economy is expected to result in a further easing of WFH 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 benefit from increased traffic flow which is supportive of rent recovery in 2022.

SINGAPORE HOTEL MARKET

Tourism Market Overview

Singapore borders remained substantially closed in 2021 due to tightened safe management measures in response to the outbreak of the Delta variant in the first half of the year. Having achieved higher vaccination rates, Singapore has gradually reopened its borders with selected countries from September 2021, enabling a notable increase in visitor arrivals towards the year-end. However, the positive year-end trend was not able to offset the general decline. According to the Singapore Tourism Board ("STB"), Singapore recorded 329,971 international visitor arrivals for 2021, the lowest level of international visitor arrivals in recent history, representing a 88.0% YoY decline.

Changi Airport handled 3.1 million passengers in 2021, representing a decline of 74.1% YoY, in contrast to the record 68.3 million passengers welcomed in 2019. Nevertheless, with the gradual introduction of travel agreements with selected countries, flight capacities continue to gradually increase. As at end-2021, Singapore has implemented quarantine-free VTLs with 24 countries across Europe, North America and Southeast Asia. This development is expected to boost inbound tourism.

Tourist spending continued to decline in tandem with lower international visitor arrivals and passenger traffic. Based on the latest available data from STB, tourism receipts fell by 73.0% YoY to approximately S\$1.2 billion in the first three quarters of 2021, due to a decline in expenditure across all major tourism receipt components amid the pandemic.

INDEPENDENT MARKET REVIEW

SINGAPORE

Existing Hotel Supply

As at the end of 2021, Singapore registered 69,261 existing accommodation rooms according to the STB's revised numbers, a marginal 0.4% decrease YoY.

The Duxton Reserve, Autograph Collection (49 rooms), Oasia Resort Sentosa (191 rooms), and The Clan Hotel (324 rooms) completed in 2021, adding a total of 564 rooms ranging from the mid-scale to the luxury segments.

Re-brandings and renovations in Singapore have been active amid the pandemic. The Mandarin Orchard Singapore has been re-branded into the flagship Hilton Singapore Orchard with 1,080 rooms, while the previous Hilton property has been re-branded as voco Orchard Singapore under IHG Hotels & Resorts as the first voco hotel in Southeast Asia. The 300-room property previously known as Park Hotel Farrer Park was re-branded to Holiday Inn Singapore Little India in September 2021, ahead of a renovation for its relaunch. Pullman

announced that the 308-room Grand Park Orchard will undergo property improvement, to be relaunched as Pullman Singapore Orchard. ⁰⁹

Future Hotel Supply

Several hotel openings initially planned in 2021 were delayed to 2022 amidst the global pandemic due to low demand or enhanced safe distancing measures on construction sites. In 2022, new supply including the relaunch of re-branded properties is expected to exceed 3,000 rooms. Overall, Singapore's hotel room inventory will grow by approximately 3.4% between end-2021 and 2024.

Major upscale and luxury openings in 2022 include the 423-room voco Orchard Singapore which reopened in January 2022, The Maxwell Reserve Hotel, Autograph Collection (138 rooms), the Hilton Singapore Orchard (1,080 rooms) in February 2022, and the Pullman Singapore Orchard (308 rooms) in early 2022. The 300-room Mondrian Singapore Duxton, the Singapore EDITION

(204 rooms) and Pullman Singapore (342 rooms) have been announced to open by 2023. ¹⁰

The majority of the new supply between 2022 and 2024 will be located in the Orchard area, comprising mainly the redeveloped 350-room Pan Pacific Orchard, The Singapore EDITION, 169-room Citadines Connect City Centre, 142-room Artyzen Cuscaden Singapore, and 143-room The Standard Singapore. Other notable openings during the period include the Pullman Singapore in the Civic District, Mandai Resort (an eco-resort comprising 338 rooms operated by Banyan Tree Holdings) in the North, and Raffles Sentosa Resort & Spa Singapore in Sentosa.

Of the upcoming supply, nearly 90% are classified as luxury and upscale, among which are brands such as The Maxwell Reserve, Pan Pacific, Raffles, EDITION and Mandai (Banyan Tree).

09 Hotel Supply

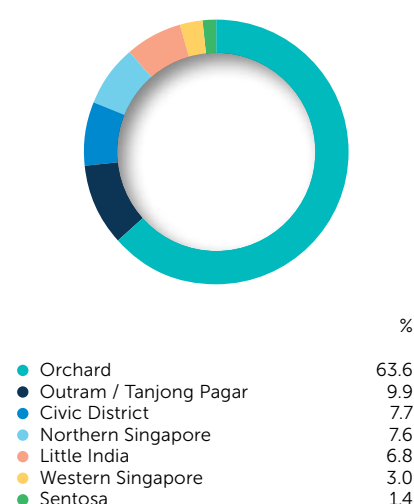
(Number of Hotel Rooms)



Source: STB, JLL, Industry Sources

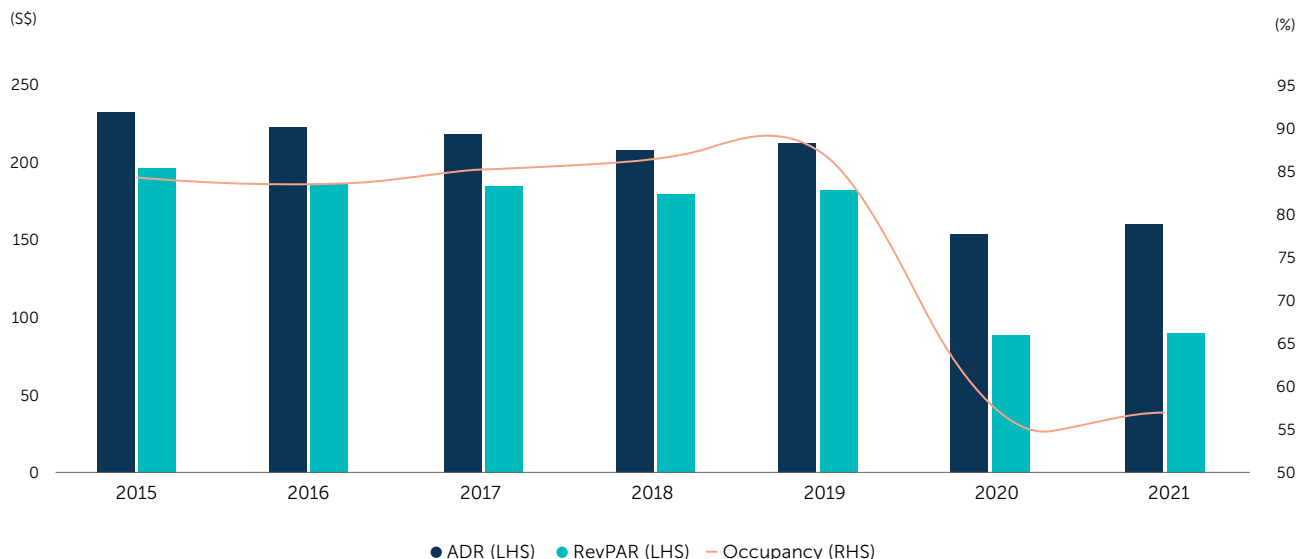
Notes: Includes gazetted and non-gazetted hotels

10 Future Hotel Room Supply (2022 to 2024)



Source: JLL

11 Hotel Trading Performance



Source: STB
Note: For gazetted hotels only

Hotel Trading Performance

With travel restrictions remaining substantially unchanged in 2021 with the onset of new COVID-19 variants, market-wide revenue per available room ("RevPAR") in Singapore stabilised to S\$89, an increase of 0.7% YoY but still significantly below 2019 RevPAR of S\$192. The YoY RevPAR increase in 2021 was due to a 2.7% improvement in average daily rate ("ADR"), albeit offset by a 1.1 ppt decline in occupancy.

Singapore continued to register one of the highest occupancy rates as compared with 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")).

Additionally, staycations have also largely driven the performance of the market in 2021 as movement restrictions within the country were eased, contributing to higher levels of ADR. As of 4 January 2022, the STB has approved 280 hotels for staycation business. ¹¹

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.

In 2021, Singapore recorded six arm's length hotel transactions, all within the budget segment, for a total volume of S\$120.1 million at an average price per key of approximately S\$534,000.

Gradual easing of border restrictions coupled with hotel performance on the recovery trend should raise even more interest from foreign and domestic buyers eager to invest in safe-haven locations such as Singapore. As such, the hotel investment volume is expected to double YoY in 2022.

INDEPENDENT MARKET REVIEW

SINGAPORE

Hotel Market Outlook

Most tourism professionals surveyed by the United Nations World Tourism Organization Panel of Experts expect a rebound driven by pent-up demand for international travel from the latter part of 2022. Additionally, a majority of these experts expect international tourism to return to 2019 levels only in 2024 or later. In Singapore, a stronger rebound may materialise over 2022 with the establishment of more VTLs and higher daily visitor quotas. Hence, staycations and domestic demand are expected to continue driving the Singapore hospitality sector in the short term.

Despite the continued challenging operating environment, the upcoming launches of several new-to-market brands reinforces the confidence of international hotel chains in the Singapore hotel sector in the longer-term. Furthermore, Singapore's commendable performance in containing the spread of COVID-19 has strengthened the city-state's appeal as a safe-haven destination and its strong reputation as both a leisure and meetings, incentives, conferences and exhibitions ("MICE") destination.

Several opportunities for future MICE events in the city-state have opened up since the second half of 2021. The Bloomberg New Economy Forum held in November 2021 was one of the first pilot schemes to safely bring back international events, giving reference and confidence for the sector's recovery. Going forward, the MICE industry is expected to rebound

to pre-pandemic levels by 2023, according to Singapore Association of Convention & Exhibition Organisers & Suppliers. Its renewed confidence comes on the back of the industry's enhanced capabilities for staging hybrid meetings and the planned pipeline of events.

The announcement in January 2022 of the seven-year extension to the Formula One contract and Marina Bay Sands' US\$1 billion (~S\$1.4 billion) reinvestment plan in February 2022 to upgrade its existing property, in addition to its multibillion-dollar expansion announced in April 2019, are clear indications of global confidence in Singapore's reopening strategy, underscoring the recovery trend which started in late-2021. Under the integrated resort's reinvestment plan, all rooms and suites in towers one and two will be renovated in phases over 2022 and 2023, while new luxury lifestyle amenities will be added. The expansion of Marina Bay Sands is expected to be completed in 2026 and will feature a performance arena, a fourth tower featuring about 1,000 hotel rooms, and new MICE facilities. Together with Resorts World Sentosa's new attractions at Universal Studios Singapore as well as an expanded aquarium, a new waterfront lifestyle complex and two new hotels, the expansion of Singapore's two integrated resorts is worth a combined S\$9 billion.

Additionally, the Singapore government continues to be supportive of initiatives to boost tourism recovery in the city-state.

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 ("SRV") to be used on attractions, hotels and tours. The redemption of SRV has been extended twice to 31 March 2022.

The SingapoReimagine campaign, was announced to reintroduce travel to Singapore and around the world. It comprises two underlying initiatives, Reimagine Travel – Global Conversations, and ReimagineTravel in Singapore. Reimagine Travel – Global Conversations is a series of forums around the world which seeks to catalyse discussions among STB and its global partners on how to reshape global travel. ReimagineTravel in Singapore is a series of engagements with locals and tourism partners to co-create ideas and spur the renewal of Singapore tourism.

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.

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INDEPENDENT MARKET REVIEW

By Savills Research, China

SHANGHAI

CHINA ECONOMY

China's economy grew by 8.1% YoY in real terms to RMB114.4 trillion in 2021, up from a growth rate of 2.2% in 2020. Economists expect growth to slow in 2022 to a more moderate pace as a result of headwinds caused by ongoing lockdowns to stem the spread of COVID-19, default risks amongst real estate developers and a return of financial conservatism. Focus Economics consensus forecasts expect the economy to grow 5.3% in 2022. ¹²

China's economy has gradually shifted away from one dominated by the secondary sector (manufacturing & industry), to one driven by the tertiary sector (services). The tertiary sector contributed just 40.5% to the economy in 2001, but by 2021 this had increased to 53.3%. China's services sector remains relatively underdeveloped compared to many western peers, such as the European Union (2020: 65.9%)

and the United States (2019: 77.3%). While unlikely to reach the same levels given the lower urbanisation rate and emphasis placed on supply chains and advanced manufacturing, there is still tremendous scope for further growth of the services sector.

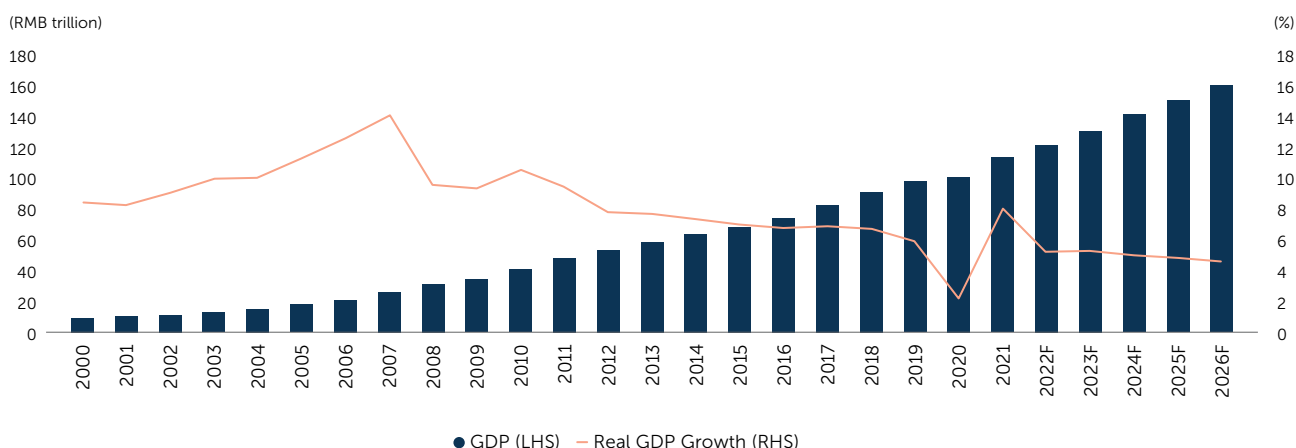
China's utilised foreign direct investment ("FDI") increased 16.2% in 2021 to a total of US\$173.5 billion. FDI investment had largely plateaued from 2011 to 2020 as domestic companies continued to increase market share. 2021 however saw a significant acceleration of investment as China lead the global economic recovery while continuing to open the financial sector to foreign participation as well as investing heavily into high-tech and new economy industries as well as the services sector. The government has continued to shorten the negative list for foreign investments, looking to guide capital into the advanced

manufacturing, modern services, high-tech, energy conservation, environmental protection, and the digital economy.

China's urban households have seen a steady rise in both incomes and expenditure over the last decade. The pace of growth has slowed in recent years however, as the base of comparison has continued to grow, and as slower economic growth feeds through into lower wage inflation.

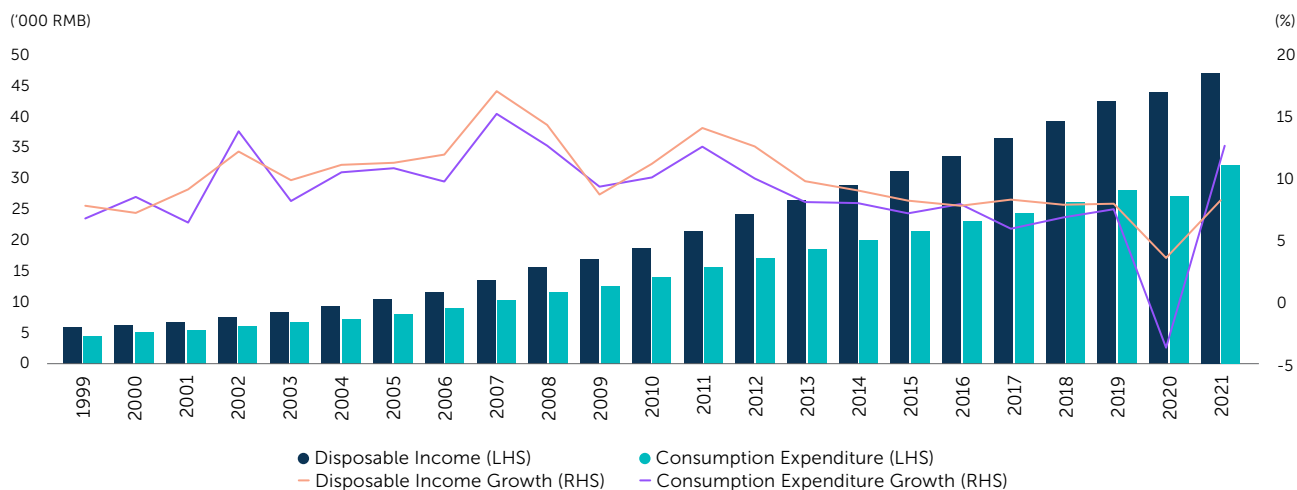
Disposable incomes per capita for urban households rose at a compound annual growth rate ("CAGR") of 7.1% between 2016 and 2021 to RMB47,412, while consumer expenditure per capita for urban households rose at a CAGR of 5.6% over the same period to RMB30,307. The difference in income and expenditure equates to a savings rate of approximately 36.1%, up 2.3 ppt compared to pre-COVID levels in 2019. ¹³

12 China GDP and Real GDP Growth



Source: National Bureau of Statistics, Focus Economics

13 China Urban Disposable Income and Consumption



Source: National Bureau of Statistics

SHANGHAI ECONOMY

Shanghai's GDP increased 8.1% YoY in 2021 to RMB4.3 trillion, in line with the national growth rate. As mainland China's largest city in terms of GDP and the leading commercial and financial centre of China, Shanghai plays a significant role in national economic and social development and is at the forefront of the country's new policy initiatives. Whilst the pace of growth has moderated in recent years, the city's economy continues to be supported by its burgeoning financial services sector, robust consumer market, advanced manufacturing industry and research & development ("R&D") facilities, as well as new economy sectors such as big data and artificial intelligence ("AI"). ¹⁴

Shanghai has the second-largest tertiary sector after Beijing. At RMB3.2 trillion in 2021 and accounting for 73.3% of Shanghai's economy, this is up from 51.2% in 2004. While the tertiary sector grew by a slower 7.6% in 2021 versus 9.4% for the secondary sector, the importance of services in the

city cannot be understated. The financial services sector continues to be one of the most important sectors, accounting for 18.5% of the economy, up from just 10.8% in 2010. Three sectors recorded double digit growth in 2021, namely transportation, hotel & catering, and IT. While the first two sectors rebounded from a low base in 2020, the IT sector grew by 15.2% in 2020 and a further 12.4% in 2021, accounting for 7.9% of the economic output of Shanghai.

Shanghai is a key gateway for many international businesses looking to enter the China market as well as domestic businesses looking to expand internationally, attracted to the city's cosmopolitan talent pool as well as superior liveability and connectivity. As a result, Shanghai's utilised FDI continued to rise, increasing 11.5% in 2021 to US\$22.6 billion, equivalent to 13.0% of China's FDI in 2021.

The tertiary sector accounted for 95.5% of Shanghai's total actual utilised FDI in 2021. Financial services and information services are two significant priorities for

Shanghai and should see increased interest as China opens these markets to international businesses.

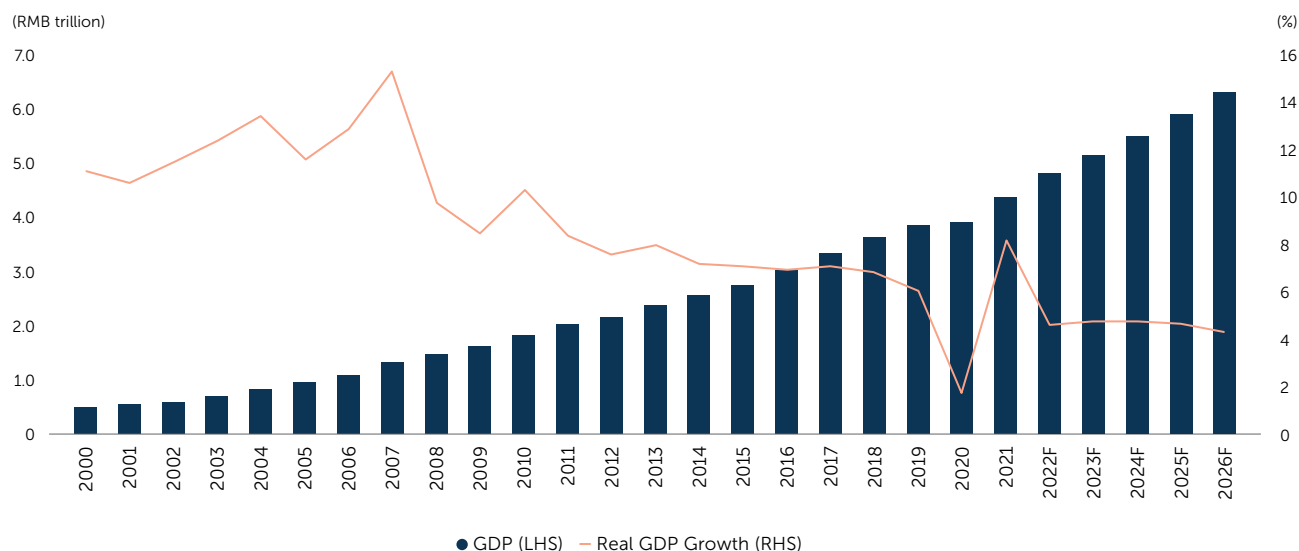
Average disposable income per capita for urban households in Shanghai increased 7.8% in 2021 to RMB82,429, 73.9% above the 2021 national average and the highest amongst urban households in China. Consumer expenditure per capita for urban households increased 14.4% in 2021 to RMB51,295, rebounding from a fall in consumption of 7.1% in 2020. Shanghai's savings rate of 37.8% in 2021 was slightly higher than the five-year average but down from last year.

Shanghai residents command some of the highest salaries in the country given the higher cost of living. Shanghai is also one of China's key tourist destinations and is an important business hub, with tourists and business travellers contributing significantly to retail sales. Retail sales in Shanghai reached RMB1.8 trillion in 2021, up 13.5% YoY after having grown just 0.5% in 2020. ¹⁵

INDEPENDENT MARKET REVIEW

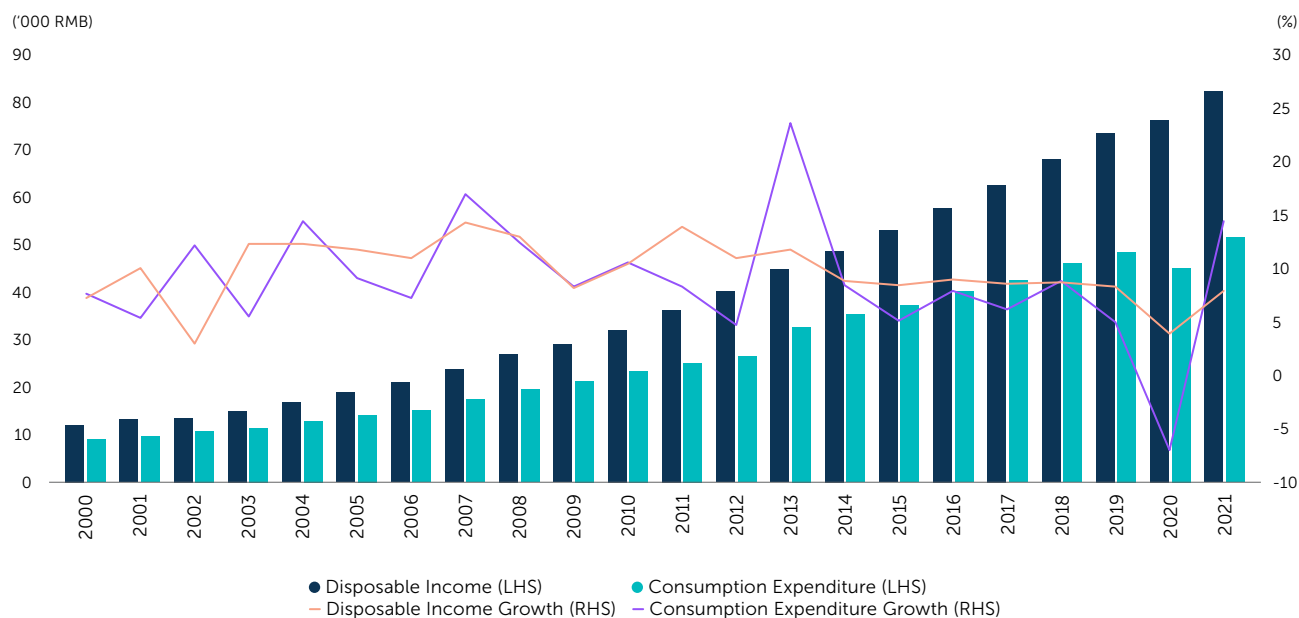
SHANGHAI

14 Shanghai GDP and Real GDP Growth



Source: Shanghai Statistics Bureau, Oxford Economics

15 Shanghai Urban Disposable Income and Consumption



Source: Shanghai Statistics Bureau

SHANGHAI GRADE A OFFICE MARKET

Major Business Districts

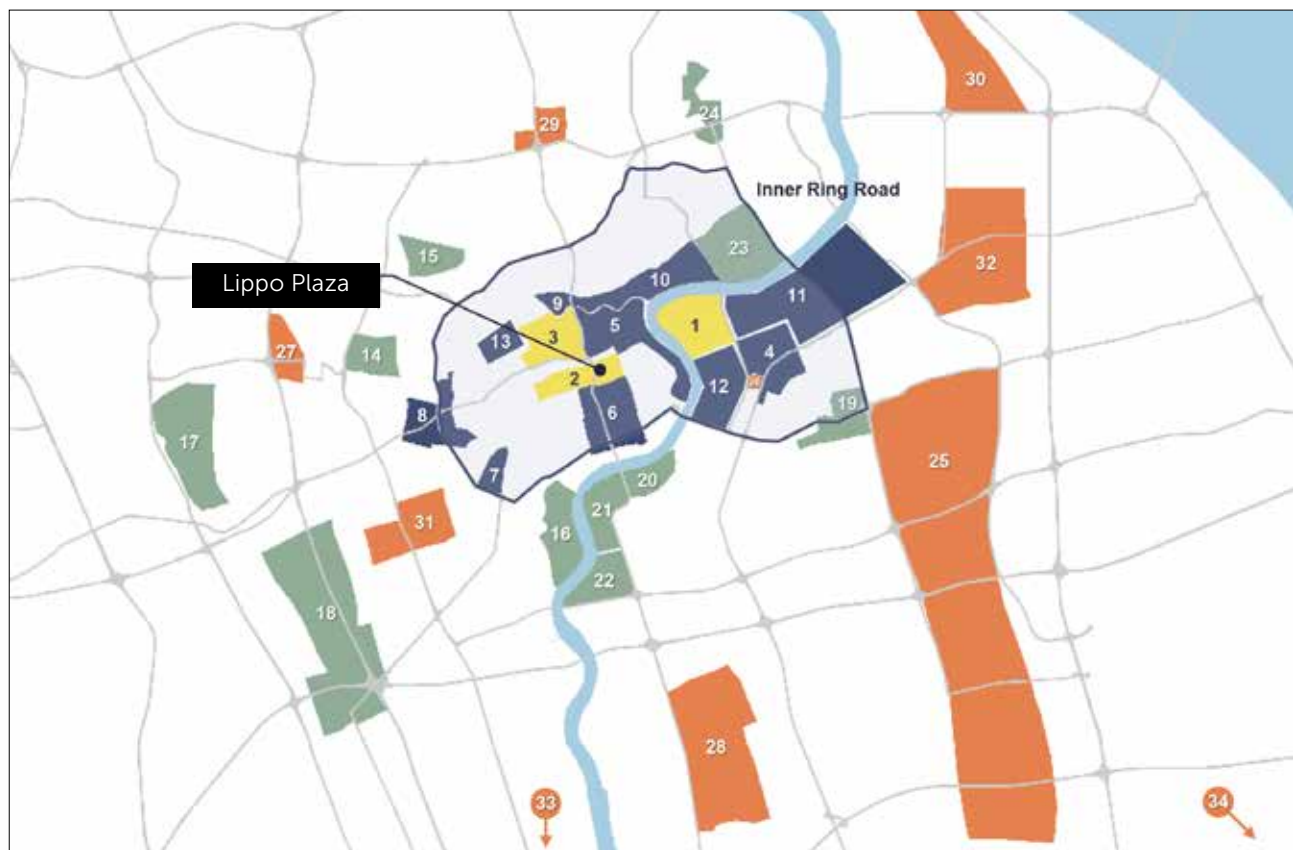
Shanghai's office sub-markets are classified by Savills into four distinct groups – prime and non-prime sub-markets which together make up the core market (roughly within the Inner Ring Road), the decentralised market and the

business park market (properties that fall outside of the other groups).

For the purposes of this report, the analysis will focus on the core market (both prime and non-prime) unless otherwise stated. There are 13 major core sub-markets in Shanghai: nine in Puxi (west of the Huangpu River) and four in Pudong

(east of the Huangpu River). Prime markets include Nanjing West Road, Huaihai Middle Road and Lujiazui, areas characterised by their geographically central location, excellent accessibility, mature business environment and premium quality office stock. As a consequence, they also tend to command the highest rents in the city. ¹⁶

16 Shanghai Office Map



- | ● Prime areas | ● Non-prime areas | ● Decentralised areas | ● Business Parks |
|------------------------|-------------------|-----------------------|---------------------------|
| 1. Lujiazui | 4. Zhuyuan | 14. Changfeng | 25. Zhangjiang |
| 2. Huaihai Middle Road | 5. Old Huangpu | 15. Zhenru | 26. LJZ Software Park |
| 3. Nanjing West Road | 6. South Huangpu | 16. Xuhui Riverside | 27. Linkong |
| | 7. Xujiahui | 17. HTH | 28. Caohejing Pujiang |
| | 8. Hongqiao | 18. Minhang | 29. Shibei |
| | 9. North Station | 19. Huamu | 30. Waigaoqiao |
| | 10. North Bund | 20. Expo | 31. Caohejing |
| | 11. Yangjing | 21. Houtan | 32. Jinqiao |
| | 12. Tangqiao | 22. Qiantan | 33. Zizhu (outside map) |
| | 13. Caojiadu | 23. East Bund | 34. Lingang (outside map) |
| | | 24. Wujiaochang | |

Source: Savills Research

INDEPENDENT MARKET REVIEW

By Savills Research, China

SHANGHAI

Stock

Shanghai's core Grade A office stock totalled 10.3 million square metres ("sq m") of gross floor area ("GFA") by the end of 2021, split approximately 44:56 between prime and non-prime locations. This was an increase of 4.3% YoY, and represents a 47.5% increase in stock from five years ago. ¹⁷

Supply, Demand and Vacancy

Six new projects were completed in the core Grade A office market in 2021, adding nearly 429,100 sq m of new office space.

New supply in prime areas remains limited, accounting for only 8.3% of the total core office supply between 2019 and 2021. Only one project was launched in the prime sub-market in 2021, namely JC Plaza located in Nanjing West Road with 35,800 sq m of new supply, which was taken up by several high profile companies.

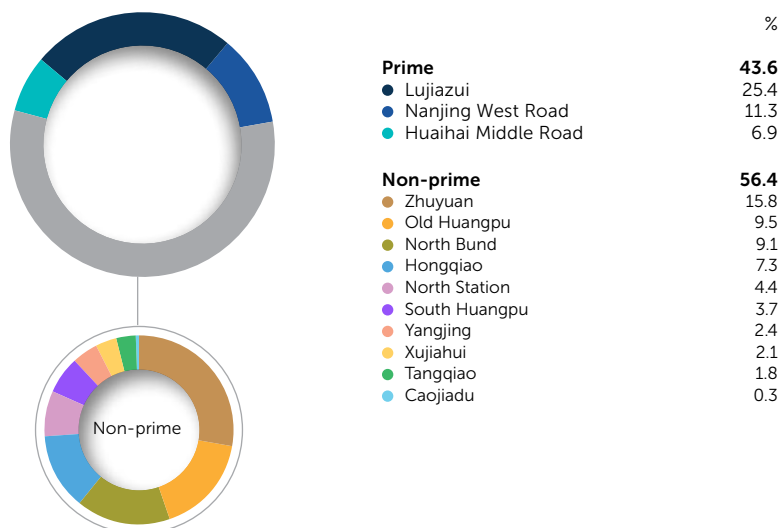
Net take-up rebounded to 676,100 sq m in 2021, back to levels seen in 2017/2018 and equivalent to the combined net absorption of 2019 and 2020 when demand was impacted by financial de-risking and the COVID-19 outbreak.

Demand was mainly driven by finance, retail & trade, media & entertainment ("M&E"), as well as healthcare companies.

The Old Huangpu sub-market recorded the largest net take-up in 2021, accounting for 22.3% of net take-up in core areas. This was followed by North Bund (21.0%), South Huangpu (13.7%) and Nanjing West Road (12.1%).

The financial sector continued to dominate demand for core Grade A office space in 2021, accounting for over a third of leasing transactions. While many transactions were seen in the Pudong submarkets of

17 Core Grade A Office Stock by Sub-market



Source: Savills Research

Lujiazui and Zhuyuan, the largest deals were in emerging markets with newer buildings and affordable rents, including North Bund and Tangqiao.

The M&E sector was one of the fastest growing sectors in 2021, accounting for 13% of leasing transactions, up from 4% in 2020. Demand was driven by a thriving content creation industry and accelerating digitalisation.

The professional services (11.4%) and retail & trade (11.2%) sectors remained key demand drivers. Law firms and consumer companies were still active in core locations, with the former focusing on existing landmark projects, and the latter eyeing recently completed or renovated projects.

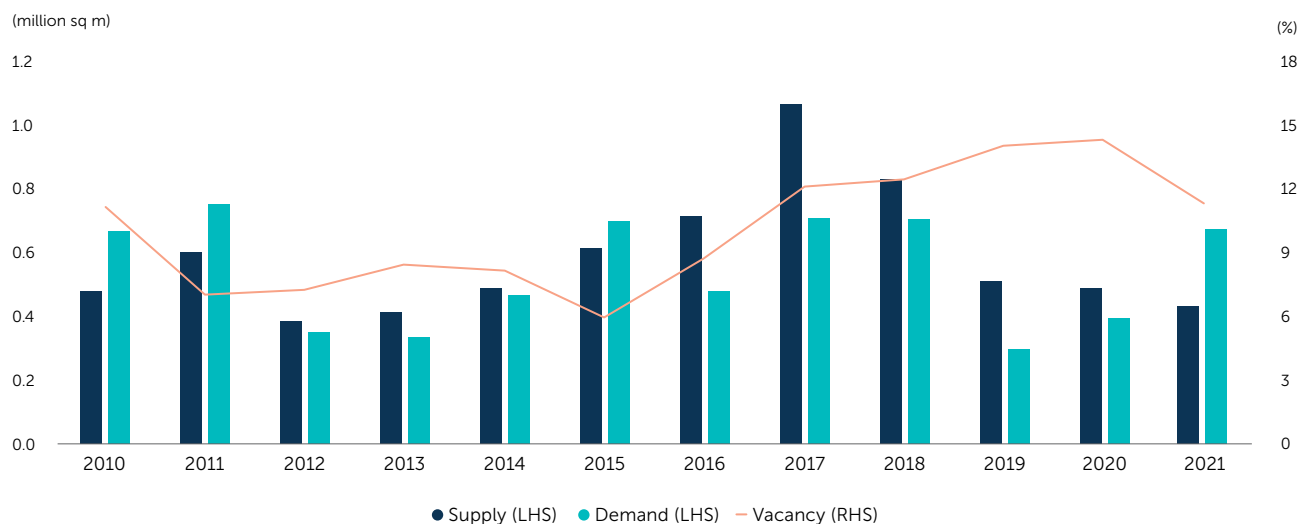
Flexible office operators increased their footprint, with more domestic players entering the market. Welcomed by landlords of projects with higher vacancy rates, operators have been focusing on differentiating their offering to attract customers in this competitive environment.

Domestic firms accounted for 79.8% of leasing transactions within the core Grade A markets in 2021, up from 41.3% in 2020. In decentralised locations, domestic firms accounted for 89.8% of leasing transactions, up from 70.1% in 2020. This was not a result of weakening demand from multinational corporations, but the aggressive expansion of domestic firms.

With demand outstripping supply, the core Grade A vacancy rate fell 3.0 ppt in 2021 to 11.3%, the lowest in five years. Vacancy for non-prime Grade A areas declined 4.3 ppt to 13.6%, underperforming the vacancy for prime Grade A areas which continues to be lower, down 1.6 ppt in 2021 to 8.3%.

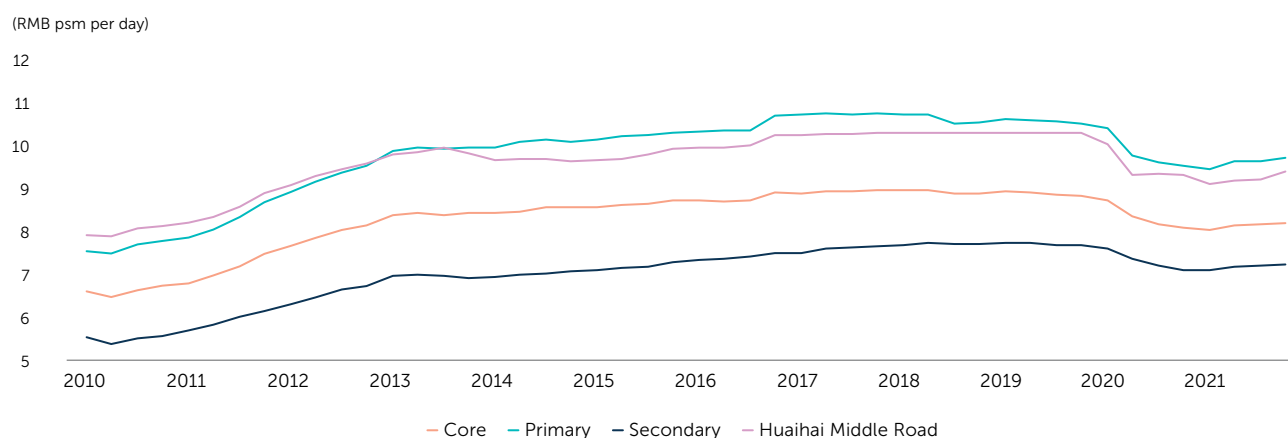
Shanghai's core Grade A office market has remained largely a tenants' market in recent years. This situation will likely continue over the next three years (2022 - 2024) as another 1.9 million sq m of supply is in the pipeline. ¹⁸

18 Core Grade A Office Supply, Demand and Vacancy



Source: Savills Research

19 Core Grade A Office Average Effective Rents



Source: Savills Research

Grade A Office Rents

Improving occupancy rates have led landlords to reduce incentives and increase rents. Core Grade A office rents increased 1.4% in 2021, averaging RMB8.2¹ per sq m ("psm") per day as at 4Q 2021, representing a 46.3% premium over decentralised areas. The increase was most notable in non-prime markets (+1.6%). Prime Grade A

office rents stood at RMB9.7 psm per day, with non-prime at RMB7.2 psm per day in 4Q 2021.

The Nanjing West Road sub-market recorded one of the largest rental increases (6.6%) within the prime areas, supported by robust demand from retail consumers, as well as healthcare and professional services companies. Huaihai

Middle Road successfully leased up space vacated by larger tenants which had moved to decentralised locations, allowing a moderate 1.4% increase in rents to RMB9.4 psm per day. Lujiazui rents fell 2.5% YoY as landlords competed to retain tenants that were drawn to emerging markets such as North Bund and Qiantan. ¹⁹

¹ Rents are estimated effective achievable rents on a GFA basis for a whole-floor unit in mid zone for a three-year lease, and do not include management fees which are charged separately.

INDEPENDENT MARKET REVIEW

SHANGHAI

Investment Market

Shanghai's office market continues to attract investors, given the degree of market transparency, depth and liquidity, as well as strong and diversified occupier demand base. 30 office projects were transacted in Shanghai in 2021, totalling approximately RMB42.4 billion. End-user buyers accounted for about 90.2% of office transactions, driven by cash-rich corporates looking for headquarter locations. Net operating income yields stood at roughly 4.0% to 4.5%, having increased 50 basis points over the last two years.

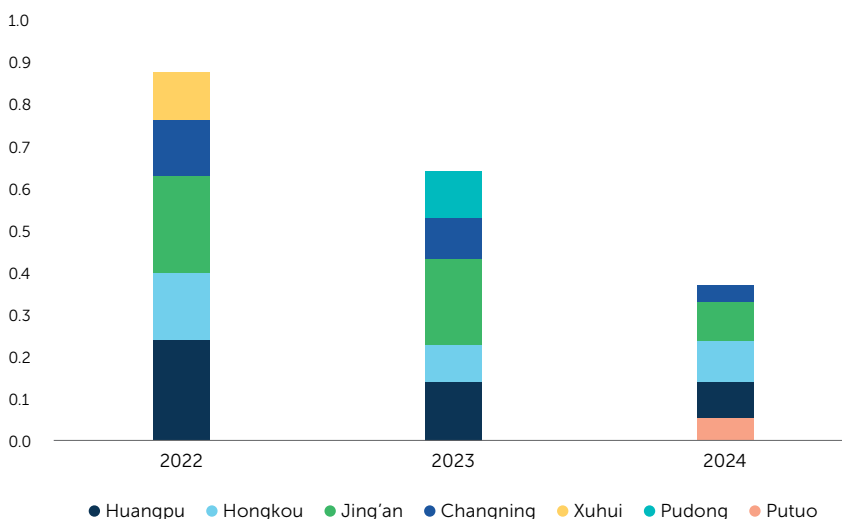
Future Supply

Shanghai's core Grade A office market is expected to see an additional 28 projects coming on stream over the next three years, which will add close to 1.9 million sq m of new office space by end of 2024. Most of the new supply will be in Puxi with 26 projects (1.8 million sq m), and the remaining two projects (113,000 sq m) located in Pudong. Consequently, core Grade A office stock is forecast to reach 12.2 million sq m by the end of 2024, up 18.3% from 2021.

Decentralised markets are also expected to receive 2.9 million sq m of new supply over the same period, bringing the stock to 7.7 million sq m. Whilst decentralised markets are not in direct competition with core locations, the improved infrastructure and supporting amenities as well as business atmosphere have made several decentralised locations more attractive to cost-conscious firms. This has increased pressure on the occupancy rates and rental growth of core areas. Given the rising competition, aged developments must adopt flexible

20 Future Core² Office Supply

(million sq m)



Source: Savills Research

or differentiated strategies and professionalise services to maintain their edge. ²⁰

Office Market Outlook

The outlook for China's economic growth remains uncertain given closed borders amidst recurrent COVID-19 outbreaks, financial stress in the real estate developer space, and regulatory crackdown. Nevertheless, other sectors of the economy continue to outperform. Most notably, the financial services, professional services, IT and retail sectors are expected to continue to dominate, while the M&E, consumer services and healthcare industries are likely to be key growth markets in the next few years.

Shanghai remains an important business location for both private and state-owned firms. Further integration of the Yangtze River Delta economic cluster will make the city an essential destination

for companies looking to establish regional headquarters. Supported by further liberalisation and opening up to foreign investment under the city's 14th Five-Year Plan (2021-2025) to promote the city as an international financial centre, the financial industry will remain a key office demand source. The burgeoning technology sector is expected to see some consolidation however take-up should remain relatively steady.

Shanghai is expected to record significant supply over the next three years, with 59.8% located within decentralised locations. However, with continued strength in demand for well-located high quality office space, core Grade A vacancy is forecast to decrease to 8.0% – 8.5% by 2024, with core Grade A office rents expected to see measured growth of 2.0% - 3.0% per annum.

Note:

² Includes projects in the core sub-markets of the administrative districts only

SHANGHAI RETAIL MARKET

Major Retail Markets

Shanghai's retail market can be divided into two key segments: prime and secondary retail markets. The prime retail market includes Lujiazui, Nanjing West Road, Nanjing East Road, Huaihai Middle Road and Xujiahui, where foot traffic is the heaviest and most of the mid- to high-end shopping malls are located. The secondary retail market includes 18 precincts within the Outer Ring Road.

Shanghai retail sales grew 13.5% YoY in 2021. The wholesale and retail sectors saw a 12.7% increase YoY, while the accommodation and F&B sectors grew 22.7% YoY, from a significantly lower base of comparison. Despite the economic slowdown and the impact of COVID-19, domestic consumption, especially in the high-end market, continues to prosper as limited international travel has driven consumers' overseas expenditure inward. Going forward, increasing job opportunities and rising incomes will continue to drive growth in the Shanghai retail market. ²¹

Stock

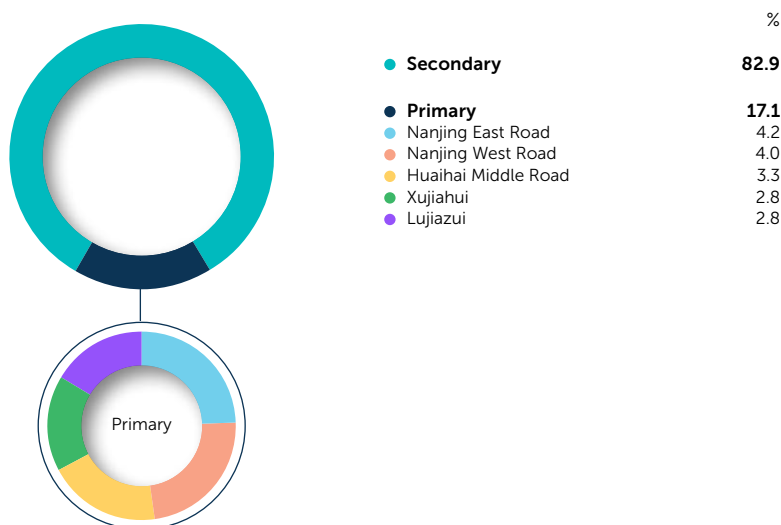
Shanghai's total shopping mall and department store stock within the Outer Ring Road totalled 14.8 million sq m as at end-2021, with the five prime retail sub-markets accounting for just 2.5 million sq m of that total. Huaihai Road is the third-largest prime retail sub-market with a total stock of 496,600 sq m, accounting for 20.1% of total prime retail stock (or 3.3% of total stock). ²²

21 Shanghai Prime and Secondary Retail Markets



Source: Savills Research

22 Retail Stock Distribution



Source: Savills Research

INDEPENDENT MARKET REVIEW

SHANGHAI

Supply and Vacancy

16 new retail projects were launched in Shanghai in 2021, adding 1.4 million sq m to the market and creating a supply peak. All of the new projects were located in secondary areas, with the majority situated close to metro stations, large residential areas or in business parks. The quality of the developments is comparable to projects located in traditional prime retail areas. Over half of the 16 projects are located in emerging retail areas, such as Qiantan, North Bund, Xuhui Riverside and Zhenru, and are expected to perform well once the offices and apartments in the vicinity start to fill out.

Development opportunities in prime retail areas are limited with no new projects completed in 2021. More stringent requirements for bidders of the remaining prime land plots imply that only leading developers with a strong financial background and track record are able to secure development opportunities. In order to remain relevant, existing projects in prime areas are being renovated, with landlords introducing flagship or concept stores, digitalised interiors, as well as creating more thematic public spaces. Examples include CITIC Plaza on Nanjing West Road which reopened in 4Q 2021 and has introduced several new-to-market

luxury brand stores and flagship stores. Xintiandi Style on Huaihai Middle Road is temporarily closed for upgrading and is expected to reopen as Xintiandi Style II in 2H 2022.

Leisure & entertainment, automotive, sports & outdoor retail categories all recorded strong growth in 2021, accounting for the largest increase in net occupied area compared to 2020. The leisure and entertainment sector grew 1.7 ppt YoY to 15.9% of net lettable area in Savills-tracked³ malls. Immersive entertainment, sports and fitness locations, as well as live house music and other leisure and social activities are important tenant categories that help drive footfall. Electric vehicle sales and service stores expanded aggressively on the back of policy support as well as an increasingly environmentally conscious consumer base, with new brands emerging. Additionally, an increasingly health-conscious citizenry, proactive government support, and the Winter Olympics have supported the expansion of sports brands.

Malls are increasingly experimenting with new tenant categories and brands not normally associated with traditional malls, in an attempt to enliven retail centres and attract a new generation of consumers.

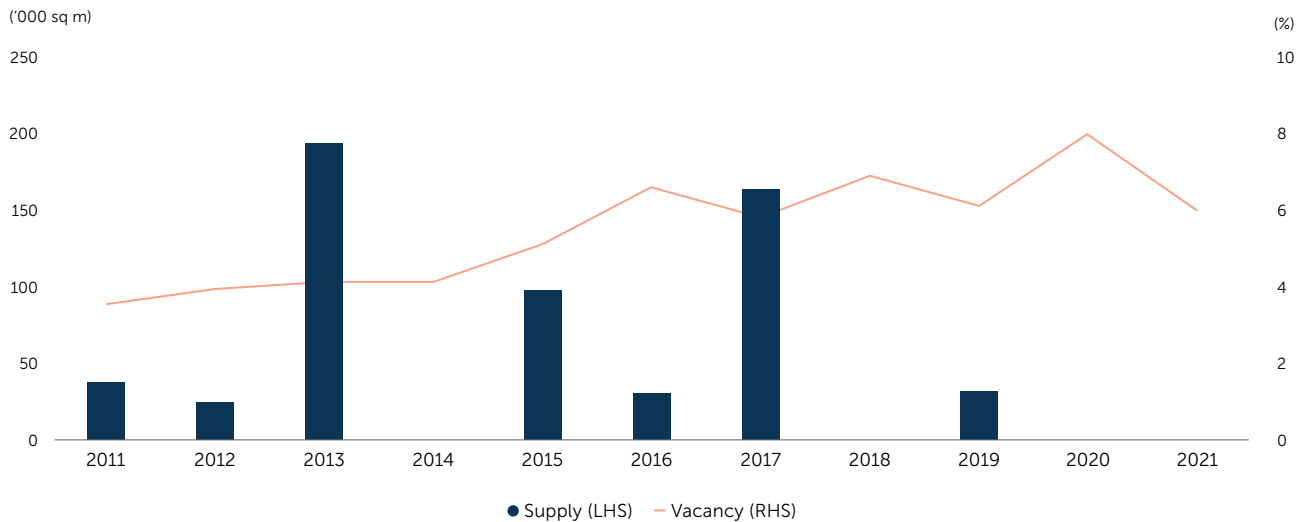
Whilst this is partly to compete with existing projects, it is also tapping into new consumer behaviour and consumption patterns to forge a position in an increasingly competitive environment. For example, Tx Huaihai Mall on Huaihai Middle Road boasts a diversified rental income not only from traditional rent categories but also from marketing, exhibition planning and event tickets. Meanwhile, One East in Huangpu district has introduced several bars and a night club to attract consumers outside of normal retail opening hours.

Despite high supply levels, vacancy rates have been able to return to pre-COVID levels on the back of strong retailer demand, with the city-wide shopping mall vacancy rate falling 1.7 ppt YoY to 8.5%. While prime retail vacancy rates fell 2.0 ppt YoY to 6.0% by end-2021, vacancy rates at Huaihai Middle Road fell 3.2 ppt YoY to 4.9%, due to strong demand and the temporary closure of Xintiandi Style for renovation. Several brands opened their first flagship stores along Huaihai Middle Road in 2021 including Swarovski, Gentle Monster's Haus Shanghai and Li Ning, while Helly Hansen plans to open on Huaihai Middle Road in 2022. ²³

Note

³ 92 shopping malls in basket of Savills Research

23 Prime Retail Markets⁴ Supply and Vacancy

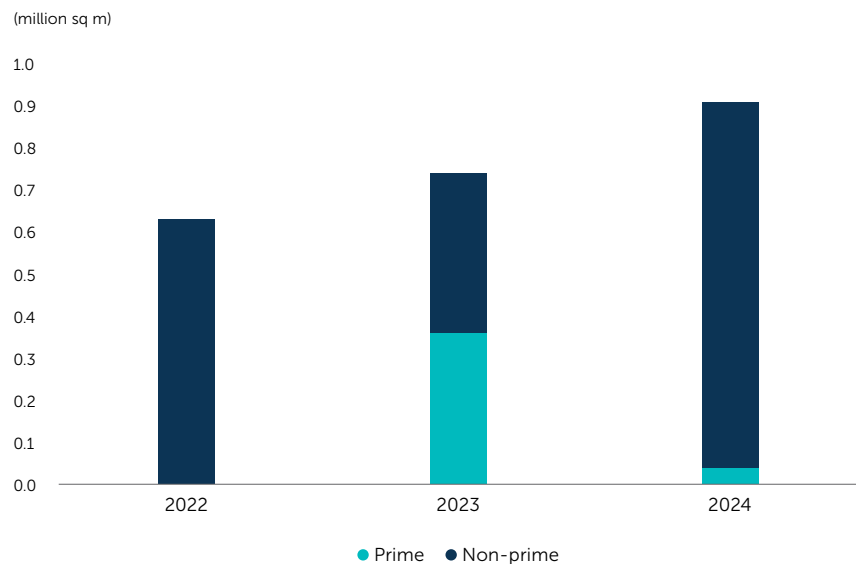


Source: Savills Research

Future Supply

Seven projects are expected to launch in 2022, bringing 726,000 sq m of new supply to the market. All seven projects are located in non-prime areas and comprise of predominantly small- to mid-sized shopping malls. With less supply pressure in 2022, retail demand can focus on existing projects, allowing occupancy rates and rents to continue their recovery. ²⁴

24 Future Retail Supply



Source: Savills Research

Note:

⁴ Does not include reopening dates for renovated projects

INDEPENDENT MARKET REVIEW

SHANGHAI

Rents

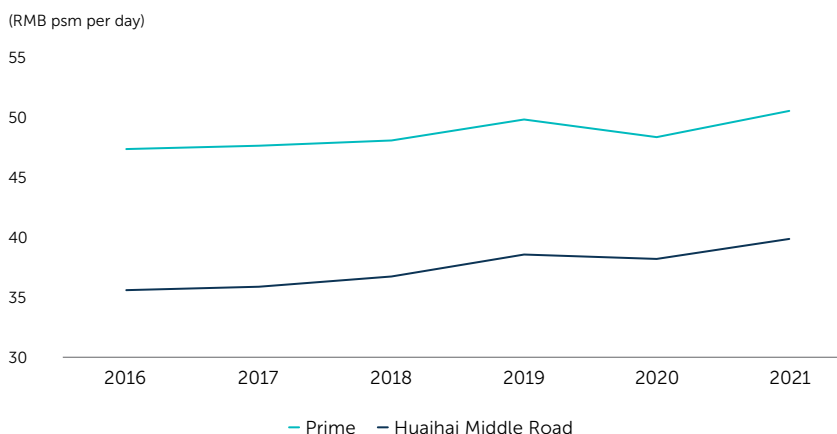
First-floor shopping mall rents increased 1.3% in 2021 to an average of RMB26.5 psm per day. Prime retail area rents increased 1.4% YoY to an average of RMB50.7 psm per day, while non-prime area rents increased 1.2% YoY to an average of RMB16.4 psm per day. The highest rents were achieved along Nanjing West Road at RMB67.1 psm per day, whilst Huaihai Middle Road rents increased 1.1% in 2021 to RMB40.0 psm per day. ²⁵

Retail Market Outlook

Shanghai was one of the five cities identified by China's Ministry of Commerce to take the lead in developing international consumption in China, with the other cities being Beijing, Guangzhou, Tianjin and Chongqing. The authorities plan to pool quality international market entities, goods and services, as well as to accelerate the cultivation of local brands.

Consequently, Chinese brands have gained more attention in recent years from young consumers due to their rapidly improving quality, traditional elements combined with localised tastes and their familiarity with both online and offline marketing. International brands, including luxury brands, are looking to localise products by collaborating with Chinese brands and designers, while also using more innovative marketing

²⁵ Prime Retail and Huaihai Middle Road Sub-market First Floor Rents



Source: Savills Research

strategies and interactive store designs. At the same time, more emerging brands are expected to continue to enter the market.

New supply is expected to average 759,000 sq m per annum between 2022 to 2024, roughly half that of 2021 levels. Benchmark projects in prime areas such as Shanghai ITC Phase 3 (2023) and CPIC Xintiandi Commercial Centre (2023) will greatly improve Shanghai's high-end market.

As fewer retail land plots are launched, the pace of market consolidation is expected to accelerate with leading developers and operators seen to dominate the development market. More

boutique firms on the other hand are likely to focus on small and mid-scale projects in need of repositioning and refurbishment.

While supply levels may be moderating over the next five years, they still remain high. With rebound momentum waning given ongoing COVID-19 disruptions and a slowing economy, vacancy rates are expected to stay at close-to-current levels or rise slightly in response to increased competition. Improving building standards and services will continue to distinguish successful projects, with retailers willing to pay higher rents to secure a location in high quality, leading developments.

Limitations

This report and the content herein are prepared with information that is available to the public before the date of this report. No representation, warranty or covenant, express or implied, is given and no undertaking as to the accuracy or completeness of the information contained in this report. In producing this report, Savills has relied upon external third party information to generate the forward-looking statements. It should be noted and it is expressly stated that there is no independent verification of any of the external third 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.

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INVESTOR RELATIONS

Guided by our Investor Relations Policy, 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.

Restrictions on physical meetings and business travel continue to be in place due to the COVID-19 pandemic in 2021. Nonetheless, the Manager maintained 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 2021, 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 all outreach activities conducted online.

To engage further with retail investors, the Manager participated in the second online edition of the annual REITs Symposium in May, organised by ShareInvestor and REITAS, which attracted approximately 3,700 registrants. In August, the Manager conducted an online webinar with Phillip Securities which was attended by approximately 160 trade representatives and retail investors. The Manager also participated in the inaugural SGX-Tiger Brokers Virtual Corporate Access in October, reaching out to more than 500 retail investors.

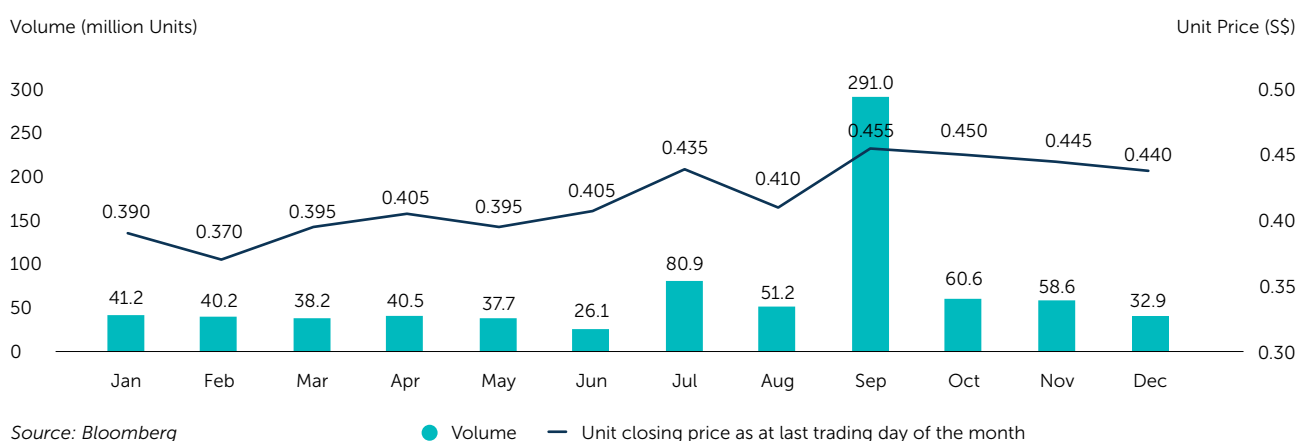
UNIT PRICE PERFORMANCE

S\$	2021	2020
Opening Price on First Trading Day of Year	0.385	0.570
Closing Price on Last Trading Day of Year	0.440	0.385
Highest Closing Price	0.460	0.570
Lowest Closing Price	0.360	0.290
Average Closing Price	0.414	0.402

TRADING VOLUME

Number of Units	2021	2020
Total Volume Traded	799,097,100	657,824,300
Average Daily Trading Volume	3,158,487	2,610,414

2021 TRADING PERFORMANCE



INVESTOR RELATIONS ACTIVITIES IN 2021

1ST QUARTER

Analyst Briefing for Divestment of 50% of OUE Bayfront	19 January 2021
Analyst Briefing for FY 2020 Financial Results	29 January 2021
FY 2020 Post-results investor conference call	29 January 2021
SGX-REITAS Webinar	24 February 2021
SGX S-REIT Corporate Day 2021	31 March 2021

2ND QUARTER

Seventh Annual General Meeting	28 April 2021
Analyst Briefing for 1Q 2021 Business Update	5 May 2021
1Q 2021 Business Update investor conference call	5 May 2021
REITs Symposium 2021, ShareInvestor and REITAS	15 May 2021
BNP Paribas Singapore REIT Day	18 May 2021
DBS-SGX-REITAS Virtual Conference	14 June 2021
Citi Asia Pacific Property Conference	23 June 2021

3RD QUARTER

Analyst Briefing for 1H 2021 Financial Results	30 July 2021
1H 2021 Post-results investor conference call	30 July 2021
Webinar for Phillip Securities Trade Representatives & Clients	18 August 2021
Citi-REITAS-SGX C-Suite REITS and Sponsors Forum 2021	25 August 2021

4TH QUARTER

SGX-Tiger Brokers Virtual Corporate Access	20 & 22 October 2021
Analyst Briefing for 3Q 2021 Business Update	3 November 2021
3Q 2021 Business Update investor conference call	3 November 2021

FINANCIAL CALENDAR	FY 2021	FY 2022 (TENTATIVE)
First Quarter Business Update Announcement	4 May 2021	May 2022
Half Year Financial Results Announcement	29 July 2021	July 2022
Payment of Distribution to Unitholders	10 September 2021	By September 2022
Third Quarter Business Update Announcement	2 November 2021	November 2022
Full Year Financial Results Announcement	16 February 2022	January 2023
Payment of Distribution to Unitholders	30 March 2022	By March 2023
Annual General Meeting	26 April 2022	April 2023

ANALYST COVERAGE

As at 31 December 2021

- CIMB Securities
- DBS Bank
- OCBC Investment Research
- iFast

CONSTITUENT OF KEY INDICES

- FTSE EPRA Nareit Global Developed Index
- iEdge S-REIT Index
- iEdge S-REIT Leaders Index SGD
- iEdge ESG Transparency Index

UNITHOLDERS' ENQUIRIES

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

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Ms Andrea Ng

Senior Manager

Investor Relations

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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”) FY 2021 Sustainability Report.

The Board assumes the overall responsibility for managing OUE C-REIT’s environmental, social and governance (“ESG”) risks and opportunities, and the integration of sustainability considerations into OUE C-REIT’s strategic decisions. With support from the Sustainability Steering Committee (“SSC”), the Board will continue to work closely with the management team, OUE C-REIT’s sponsor OUE Limited (the “Sponsor”), and alongside the Sponsor’s subsidiaries (collectively the “OUE Group” or “Group”) to oversee the management and monitoring of the ESG factors material to OUE C-REIT’s business, to enhance sustainable value creation for all stakeholders.

According to the 2022 Global Risks Report¹, climate action failure and extreme weather has been identified as the top risks that are likely to occur over the next 10 years. The Board is cognisant of the importance of developing climate resilience around OUE C-REIT’s business to ensure long-term operability and value creation. In FY 2021, the Manager embarked on OUE C-REIT’s first climate-related reporting based on the recommended disclosures

by the Taskforce on Climate-related Financial Disclosures (“TCFD”) framework to articulate the management approach and governance around climate risks and opportunities. Scenario analysis was also conducted to simulate the 2°C and 4°C global warming scenarios to identify potential climate-related risks that could physically- or in transitioning to a low carbon economy, impede OUE C-REIT’s operations across the short- to long-term time horizon. These are included in this report. As this is the first time OUE C-REIT is adopting such a framework, the Manager will continue to work with the relevant stakeholders to strengthen the governance and management of climate-related risks, as well as the quality of climate-related disclosures.

Last but not least, with the support of the Board, OUE C-REIT will be participating in the Global Real Estate Sustainability Benchmark (“GRESB”) assessment, an internationally recognised ESG performance rating system for the real estate and built environment industry. By participating in the assessment, OUE C-REIT’s ESG performance will be benchmarked against peers, improving the ease of assessment by institutional investors and enhancing our profile amongst industry peers. With the results, the Manager can also take feasible action towards improving the sustainability performance of OUE C-REIT.

ABOUT OUE C-REIT

Who We Are

OUE C-REIT is a diversified real estate investment trust which invests in income-producing real estate primarily used for commercial (including office and/or retail) and hospitality-related purposes. Our portfolio comprises more than two million square feet of prime commercial (office and retail) space, as well as 1,643 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.

OUE C-REIT’s supply chain mainly comprises suppliers appointed by the property managers to provide cleaning, security, operations and maintenance services. Due to the renovation works undertaken at Mandarin Orchard Singapore (“MOS”) in FY 2021 for its re-branding to Hilton Singapore Orchard, we have included building and renovation contractors in our supply chain as well.

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\$5.8 billion as at 31 December 2021.

Note:

¹ World Economic Forum Global Risks Report 2022, <https://www.bloomberg.com/news/articles/2022-01-11/confidence-in-faster-global-recovery-in-short-supply-wef-finds>

ABOUT THIS REPORT

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. More details can be found in the Strategy section on pages 12 and 13.

In addition to serving Unitholders, OUE C-REIT is passionate about creating social ecosystems to enrich and benefit our other stakeholders, while serving 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. We are guided by our sustainability framework which defines three key areas of focus – Stewarding the Environment, Strengthening Social Fabric and Building Trust, which is outlined in further detail on pages 82 to 84.

This report is the fifth 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. OUE C-REIT has adopted the GRI Standards due to its suitability to our business and high relevance to many stakeholders. In addition, it is one of the most commonly used sustainability reporting frameworks globally and thus allows for better comparability with peers' performance.

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 2021 to 31 December 2021. The Sponsor's internal audit team was involved in the data verification process.

Environmental performance data from OUE Bayfront (including OUE Tower and OUE Link), One Raffles Place, OUE Downtown Office, Mandarin Gallery, MOS and Crowne Plaza Changi Airport ("CPCA") in Singapore, as well as Lippo Plaza in Shanghai were covered in the FY 2021 reporting scope. While OUE C-REIT divested a 50% interest in OUE Bayfront in March 2021, the Manager continues to retain full operational control of the property and hence has reported its environmental performance data on a 100% basis. For social topics, the data includes only the Manager and the 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 strives to enhance the internal data collection process and expand the scope of disclosure where feasible. From FY 2021, we have expanded the reporting scope to cover both landlord- and

tenant-controlled areas for some of our environmental performance indicators. This expansion in reporting scope brings about greater data completeness and will help the Manager to have better oversight of OUE C-REIT's environmental performance. To ensure the new data submitted were accurate and relevant, the Manager conducted online training for staff involved in the data collection process.

We continue to collect additional environmental data, including emissions from refrigerants, and fuel usage from onsite generators and company-owned vehicles from our properties, wherever applicable, for more comprehensive scope 1 GHG emissions reporting. In FY 2021, fuel usage from onsite generators is applicable to One Raffles Place, OUE Downtown Office, Lippo Plaza and CPCA, while fuel consumption from company-owned vehicles pertain only to Lippo Plaza.

In view of the expanded scope to include tenant-controlled areas from all our properties within the FY 2021 reporting period, we have restated some of our environmental performance figures from FY 2017 to FY 2020 to include contribution from tenant-controlled areas under OUE C-REIT's portfolio as at 31 December 2021, as well as new information provided by our property managers. Please see relevant sections under "Stewarding the Environment" from page 84 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.

SUSTAINABILITY REPORT

SUSTAINABILITY GOVERNANCE

A formal sustainability governance structure is in place 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 Asset Management lead and the Investor Relations 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

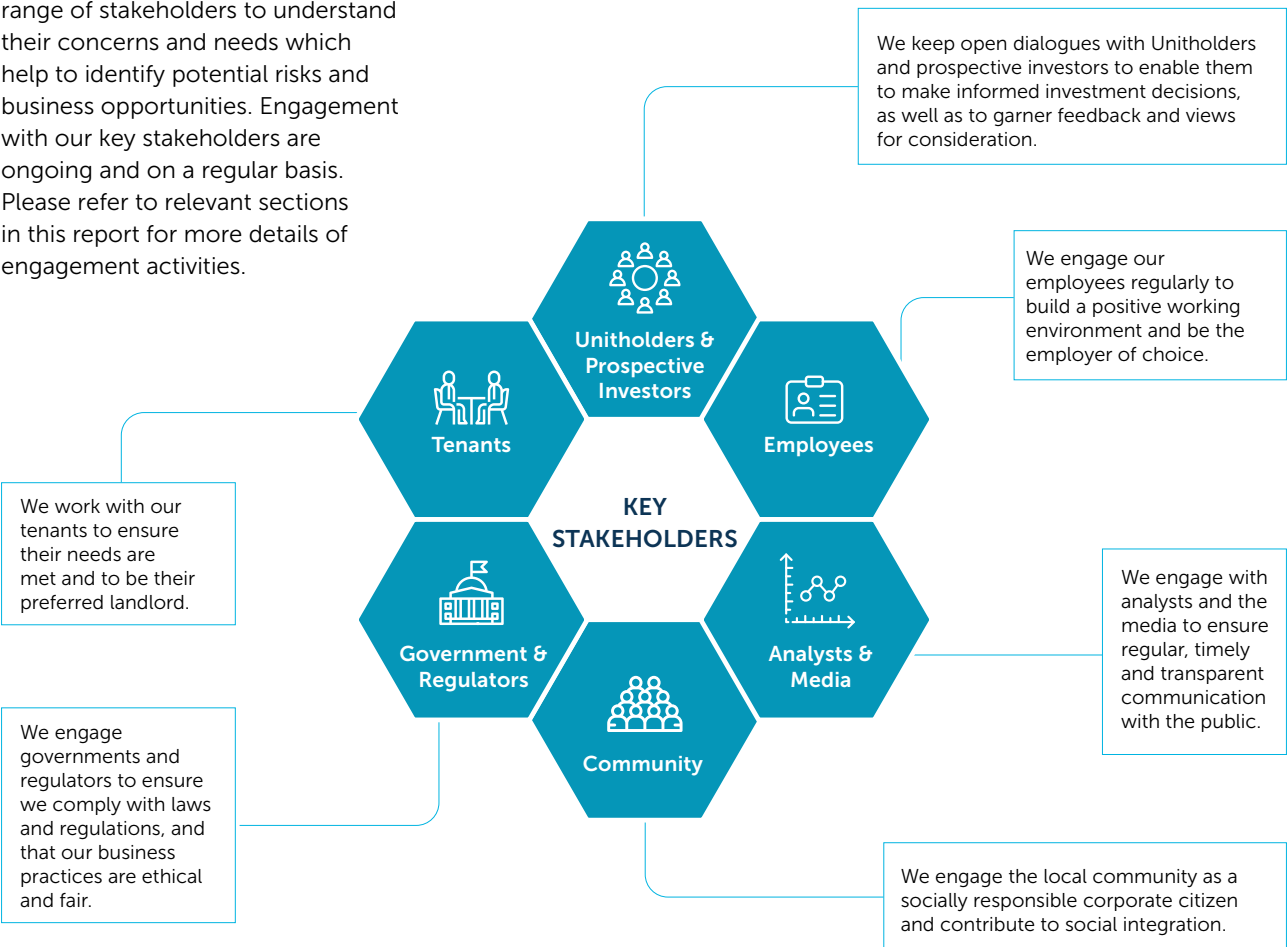
and reviewing relevant sustainability policies, practices and initiatives. The Sustainability Task Force ("STF"), made up of representatives from various business units, facilitates the implementation of sustainability policies and initiatives, and develops action plans in response to sustainability 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	<ul style="list-style-type: none"> • Sustainable and long-term value creation • Ethical business operations • Market trends and changing customer demands • ESG integration into operations 	<ul style="list-style-type: none"> • Earnings calls, announcements, press releases and other disclosures through SGXNet, Annual Reports and OUE C-REIT's corporate website • Email alert subscription • Annual General Meeting and Extraordinary General Meeting, where necessary • One-on-one updates, group meetings and investor conferences • Property tours for institutional investors
Employees	<ul style="list-style-type: none"> • Safe, healthy, and productive working environment • Opportunities for career development and growth • Competitive compensation and benefits • Equal opportunities for promotion and reward • Non-discrimination 	<ul style="list-style-type: none"> • Training and development programmes • Annual performance reviews • Recreational and team building activities • Grievance and feedback channels • Employee townhall sessions
Analysts & the Media	<ul style="list-style-type: none"> • Sustainable and market comparable financial returns • ESG integration into operations 	<ul style="list-style-type: none"> • Quarterly briefings for analysts conducted by senior management • Updates through one-on-one and group meetings • Property tours for analysts
Community	<ul style="list-style-type: none"> • Economic growth • Local partnership and job opportunities • Investment in the community 	<ul style="list-style-type: none"> • Community activities
Government & Regulators	<ul style="list-style-type: none"> • Regulatory compliance • Ethical corporate business practices 	<ul style="list-style-type: none"> • Industry networking functions • Annual regulatory audits • Mandatory reporting
Tenants & Guests	<ul style="list-style-type: none"> • Modern, high quality and cost-efficient buildings and facilities • Safety in the buildings 	<ul style="list-style-type: none"> • Tenant engagement activities including informal gathering and networking sessions • Management circulars and notices • Green Guide for tenants • Tenant satisfaction survey

SUSTAINABILITY REPORT

SUSTAINABILITY FRAMEWORK

The Manager conducted a comprehensive review of OUE C-REIT's material topics in FY 2020, 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 OUE 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. In FY 2021, the Board and SSC determined that the 11 material ESG topics selected in FY 2020 remain relevant to OUE C-REIT's sustainability priorities.

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. 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.



Stewarding the Environment



Strengthening Social Fabric












Building Trust

Goal
Reducing environmental impact of our buildings
Climate Resilience <ul style="list-style-type: none"> Energy use Energy efficiency Greenhouse gas emissions Water Efficiency (sources, consumption) Waste Minimisation (consumption and recycling)

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

Goal
Maintaining a strong culture of ethics and compliance
Compliance (with environmental and socio-economic laws & regulations) Ethical Business Practices <ul style="list-style-type: none"> Anti-corruption Cyber Security

Focus Areas and Relevant UN SDGs	Material Topics	Risks & Opportunities	Targets & Aspirations
Stewarding the Environment Contributing to UN SDGs: <div>     </div>	<ul style="list-style-type: none"> Climate Resilience Water Efficiency Waste Minimisation 	<p>The real estate sector is susceptible to physical risks such as droughts, floods, heatwaves or rising sea levels brought on by climate change. OUE C-REIT may also face transition risks such as more stringent regulatory compliance to manage environmental risks in its operations.</p> <p>Efforts to mitigate and adapt to climate change may present opportunities for the Manager. Shifting consumer preferences and improvements to operational efficiency are potential areas OUE C-REIT can capitalise on, amid the transition towards a low-carbon economy.</p>	<ul style="list-style-type: none"> Reduce commercial segment energy intensity per m² by 25%* by FY 2030 Reduce hospitality segment energy intensity per occupied room by 25%* by FY 2030 Reduce scope 2 GHG emissions intensity per m² by 25%* by FY 2030 Actively pursue opportunities in renewable energy use Reduce commercial segment water intensity per m² by 25%* by FY 2030 Reduce hospitality segment water intensity per occupied room by 25%* by FY 2030 Reduce hospitality segment paper and plastic waste by 50%* by FY 2030 Reduce commercial segment non-hazardous waste intensity per m² by 15%* by FY 2030 Increase commercial segment recycling rate to 12.5% by FY 2030
Strengthening Social Fabric Contributing to UN SDGs: <div>      </div>	<ul style="list-style-type: none"> Health & Safety Fair Employment Practices Creating Social Ecosystems Innovation Service Quality 	<p>Our stakeholders have always been key drivers of our success and it is paramount that the Manager continues to adapt to their changing needs. These include rising expectations on health & safety practices and service quality from tenants, guests and visitors. Through constant engagement, we are able to foster strong relationships and build trust with our stakeholders.</p> <p>For employees, the Manager has implemented Human Resource ("HR") policies to create an inclusive, safe and conducive environment for our employees to thrive. By safeguarding their interests, the Manager can continue to recruit and retain top talents that will continue to help OUE C-REIT to grow.</p>	<ul style="list-style-type: none"> Maintain zero incidents resulting in employee fatality or permanent disability** Maintain the proportion of women in senior management at 40% or above** Maintain the employee turnover rate below the national industry average** Maintain zero incidents of discrimination** Achieve 25 training hours per employee per year** As a long-standing partner of our community, OUE C-REIT is committed to bringing 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 All new investment properties to be accessible to persons with disabilities and feature child-friendly facilities Actively seek opportunities to adopt new innovations and green building technologies 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[#] Achieve at least 80% tenant satisfaction rate in relation to commercial properties

* Compared to base year FY 2017

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

[#] Excluding hospitality properties

SUSTAINABILITY REPORT

Focus Areas and Relevant UN SDGs	Material Topics	Risks & Opportunities	Targets & Aspirations
Building Trust Contributing to UN SDGs: 	<ul style="list-style-type: none"> Ethical Business Practices Compliance Cyber Security 	<p>Non-compliance with evolving regulations may result in serious financial, operational and reputational consequences for OUE C-REIT and the Manager.</p> <p>Upholding ethical standards in our business strengthens stakeholders' trust and OUE C-REIT's reputation.</p>	<ul style="list-style-type: none"> Maintain zero incidents of non-compliance with laws and/or regulations (including competition laws) resulting in significant fines and non-monetary sanctions[#] Maintain zero incidents of non-compliance with environmental laws and/or regulations resulting in significant fines and non-monetary sanctions[#] Achieve 100% employee annual acknowledgement of all company policies, including Code of Business Conduct and Ethics^{**} Maintain zero confirmed incidents of corruption[#] Maintain zero cyber incidents and data breaches[#]

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

[#] Excluding hospitality properties

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 not excluded from the perils that climate change brings about and is highly susceptible to extreme weather events, including floods, heatwaves or rising sea levels, which can result in financial and operational implications. One of the immediate threats from climate change that Singapore is likely to face is rising sea levels. As a low-lying city state, Singapore is particularly vulnerable and it is predicted that the sea level

around Singapore would rise by more than 1 metre by 2100².

Taskforce on Climate-related Financial Disclosures

Recognising the business risks of climate change, OUE C-REIT has been reporting on climate-related risks in its Sustainability Report. To better articulate the Manager's commitment to future-proof OUE C-REIT's business against climate-related risks, we have taken steps towards integrating the TCFD recommendations into OUE C-REIT's FY 2021 Sustainability Report.

In FY 2021, the Manager conducted OUE C-REIT's first climate-related scenario analysis, in line with the recommendations of TCFD, to identify potential climate-related risks around OUE C-REIT's operations that have financial and operational implications on the business. The aim of this exercise is to build climate resilience around OUE C-REIT's business and to strengthen the Manager's approach in order to create sustainable long-term value for all stakeholders.

Note:

² Impact of Climate Change and Adaptation Measures. (2021, November 9). Retrieved from National Climate Change Secretariat: Impact of Climate Change and Adaptation Measures. <https://www.nccs.gov.sg/faqs/impact-of-climate-change-and-adaptation-measures/>

GOVERNANCE

The Board's oversight of climate-related risks and opportunities

The Board assumes the overall responsibility for integrating sustainability considerations into OUE C-REIT's business planning. The sustainability governance structure established at OUE C-REIT ensures that the Board is supported by the Manager's SSC, which comprises of C-suite, the Asset Management lead and Investor Relations lead.

In FY 2021, the Manager embarked on its TCFD reporting journey and conducted the first climate-related scenario analysis to identify potential climate-related risks and opportunities pertinent to OUE C-REIT's operations (more details from page 88). The key findings from the scenario analysis were articulated to the Board and the Board will take into consideration these findings when reviewing business strategies and planning.

The Manager will continue to work closely with the STF, SSC and the OUE Group's SSC to monitor OUE C-REIT's performance against climate-related risks and targets and report to the Board during bi-annual meetings.

Management's role in assessing and managing climate-related risks and opportunities

The STF develops action plans in response to sustainability targets. It is made up of representatives from various business units to facilitate the implementation of sustainability policies and initiatives.

The Manager's SSC works in tandem with the OUE Group's SSC and is responsible for monitoring, developing, and reviewing climate-related policies, initiatives and practices.

The SSC, STF and the OUE Group's SSC meet on a regular basis to monitor sustainability progress against climate-related targets and evaluate the effectiveness of these initiatives.

The Manager's SSC reports directly to the Board.

Refer to page 80 on OUE C-REIT's Sustainability Governance Structure.

SUSTAINABILITY REPORT

STRATEGY

The climate-related risks and opportunities OUE C-REIT has identified over the short, medium, and long term

In the scenario analysis, the Manager identified short-, medium-, and long-term climate-related risks (physical and transition) and opportunities based on the 2°C and 4°C climate scenarios recommended by the Intergovernmental Panel on Climate Change ("IPCC"), the guidance provided by TCFD, as well as consulting relevant internal stakeholders and department heads. For this exercise, physical and transition risks have been identified across OUE C-REIT's Singapore and Shanghai properties.

The impact of climate-related risks and opportunities on OUE C-REIT's businesses, strategy, and financial planning

Climate-related risks can have legal and operational implications that may impact OUE C-REIT's financial performance³ and position⁴. Hence, the Manager has identified potential financial indicators⁵ that climate-related risks and opportunities could have an impact on, across OUE C-REIT's commercial and hospitality operations. These indicators will guide us in the prioritising of key risks and reviewing of business strategies.

The resilience of OUE C-REIT's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario

Physical and transition risks identified from the scenario analysis have provided the Manager with insights into the resilience of OUE C-REIT's strategies. This includes pre-empting potential and upcoming climate-related risks and adjusting our business strategies to mitigate these risks to OUE C-REIT's operations based on the 2°C and 4°C climate scenarios.

RISK MANAGEMENT

OUE C-REIT's processes for identifying and assessing climate-related risks

In FY 2021, the Manager conducted OUE C-REIT's first scenario analysis and identified climate-related risks relevant to the commercial and hospitality operations. The impacts of these risks were categorised based on their explicit financial impacts on OUE C-REIT's financial performance as defined by TCFD.

OUE C-REIT's processes for managing climate-related risks

The Manager has in place an enterprise risk assessment and management framework (the "ERM Framework") for OUE C-REIT, which has been approved by the Board. Currently, the ERM Framework is used by the Manager to determine the nature and extent of the significant financial, operational, compliance and information technology ("IT") risks in order to achieve strategic objectives and value creation.

How OUE C-REIT's processes for identifying, assessing, and managing climate-related risks are integrated into risk management

Under the ERM Framework, the Manager identifies key risks, assessed their likelihood and impact on OUE C-REIT's business, and established specific internal controls in place to manage or mitigate those risks. The information is maintained in a risk register, which 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.

The Manager will be working closely with the Audit Risk Committee ("ARC") to include climate-related risks in the ERM Framework and develop appropriate internal controls to manage those risks.

Notes:

³ Financial performance refers to an organisation's income and expenses as reflected on its income and cash flow statements (actual) or potential income and expenses under different climate-related scenarios

⁴ Financial position refers to an organisation's assets, liabilities, and equity as reflected on its balance sheet (actual) or potential assets, liabilities, and equity under different climate-related scenarios

⁵ Based on TCFD's guidance, the four financial indicators are Revenue, Expenditures, Assets & Liabilities, and Capital & Financing

METRICS AND TARGETS

The metrics used by OUE C-REIT to assess climate-related risks and opportunities in line with its strategy and risk management process

The key metrics OUE C-REIT uses to assess and monitor climate-related risks are carbon emissions, energy consumption, water consumption and waste generation. Long-term targets have been set for these metrics.

The environmental data is reviewed annually to enable the Manager to review the performance against OUE C-REIT's long-term targets to ascertain the effectiveness of existing policies and initiatives in mitigating climate-related risks. These metrics are also reported annually in OUE C-REIT's sustainability report for transparency.

For more details, please refer to the Climate Resilience, Water Efficiency and Waste Minimisation sections on pages 91, 95 and 96.

Considerations such as the target asset's key environmental performance metrics and existing green building certification are incorporated into the Manager's investment due diligence to gain an understanding of environmental risks prior to acquisitions. We would also consider target assets which do not have green building certifications, to identify opportunities for asset enhancement to achieve a green building certification as part of the Manager's proactive asset management strategy.

OUE C-REIT's Scope 1, Scope 2, and, if appropriate, Scope 3 greenhouse gas ("GHG") emissions, and the related risks.

OUE C-REIT currently discloses only Scope 1 and 2 GHG emissions for our properties in Singapore and Shanghai.

Scope 3 GHG emissions are the result of activities from assets not owned or controlled by the reporting organisation, but that the organisation indirectly impacts in its value chain. As our value chain is limited to contractors assigned by our property managers to carry out day-to-day activities, Scope 3 GHG emissions are not material to OUE C-REIT presently. However, the Manager will continue to monitor the value chain and consider to disclose Scope 3 GHG emissions in future, should it become material to OUE C-REIT's operations.

The accounting methodology used was based on the GHG Protocol Corporate Accounting and Reporting Standard, an internationally recognised framework, to ensure that the emission figures reported were consistent and accurate.

For more details, please refer to the Climate Resilience section on page 91.

The targets used by OUE C-REIT to manage climate-related risks and opportunities and the performance against targets.

The Manager, working with the Sponsor, has set long-term environmental targets for energy consumption, water consumption, waste generation and Scope 2 GHG emissions across OUE C-REIT's operations. These targets help the Manager to track OUE C-REIT's progress, monitor exposure to climate-related risks, and evaluate the efficacy of existing initiatives towards meeting the 2030 targets.

For more details, please refer to the Climate Resilience section on page 91.

SUSTAINABILITY REPORT

Scenario Analysis

OUE C-REIT's 2021 scenario analysis exercise was conducted across all OUE C-REIT's business units and assets located in Singapore and Shanghai. The scenario analysis, in

line with TCFD's recommendations, identified potential climate-related risks and opportunities associated with 2°C and 4°C warming scenarios based on the vulnerabilities of each business unit's exposure to climate

change. The projections of these possible future scenarios were the basis for the identification of physical and transition risks pertinent to OUE C-REIT's operations.

4°C Scenario: Business-as-usual

Based on the definition provided by the IPCC, the business-as-usual scenario is described as "without additional mitigation efforts beyond those in place today". Global warming by the end of the century will lead to increased frequency, severity and geographical distribution of acute and chronic weather conditions such as tropical cyclones, increased precipitation, heat waves and rising sea levels.

The impact of physical risk as a result of climate change are already slowly manifesting as seen globally and is likely to increase exponentially over the next few decades as global emissions continue to peak. Hence, OUE C-REIT has categorised the physical risks identified as long-term risks, whereby the impact is likely to peak beyond the time horizon of seven to ten years. This provides sufficient time for OUE C-REIT to identify and develop mitigation strategies that will help build long-term business resilience around our operations.

Category	Physical risks	Country	Impact level	Financial impact indicators
Acute	Tropical cyclones Coastal regions are particularly vulnerable to damage caused by tropical cyclones as compared to inland regions. In a study under the 4°C Scenario, the relative frequency of tropical cyclone occurring will be expected to increase due to ocean warming. Lippo Plaza is located in Shanghai, one of the coastal cities in China, and may be exposed to such risk for being in close proximity to the coast.	Singapore	●	Revenue; Expenditure; and Assets & Liabilities
		Shanghai	●	
Chronic	Rising sea levels Under the 4°C Scenario, both Singapore and Shanghai are coastal cities that are extremely vulnerable to rising sea levels and floods. With Lippo Plaza located less than 5 kilometres from the Huangpu River, the risk of riverine flood is even higher from overbank flooding and flash flooding.	Singapore	●	Revenue; Expenditure; and Assets & Liabilities
		Shanghai	●	
Chronic	Rising global temperature and heatwaves A 4°C increase in global mean temperature is likely to bring about the onset of frequent heatwaves, leading to heat-related injuries, decreased productivity of employees and/or tenants, damage to physical assets and affecting daily operations.	Singapore	●	Revenue; Expenditure; and Assets & Liabilities
		Shanghai	●	
Chronic	Water stress Despite being coastal cities, both Singapore and Shanghai are expected to face issues of water stress by 2030 for both the 2°C and 4°C Scenarios.	Singapore	●	Revenue; and Expenditure
		Shanghai	●	
Chronic	Precipitation For the 4°C Scenario, both Singapore and Shanghai will experience increases in the frequency and intensity of precipitation, with Singapore experiencing more pronounced contrast between wet and dry months.	Singapore	●	Revenue; Expenditure; and Assets & Liabilities
		Shanghai	●	

Estimated impact level ● Low ● Medium ● High

2°C Scenario: Aggressive mitigation

The 2°C Scenario is developed based on the accelerated transition to a low-carbon economy which is required to limit global warming below the 2°C threshold by the end of the century. The transition towards a low-carbon economy may limit the severity of physical risks brought about by climate change. However, it is expected that stringent policies will be implemented globally which may entail extensive policy, legal, technology and market changes which may pose varying levels of financial and reputational risks. The extent and severity of transition risks can be difficult to ascertain given its dependency on both climate and economic factors that could emerge between the short (one to three years) to medium (four to six years) term. Given the nature of transition risks (usually policies) which can emerge in the short- to medium-term, the impact of transition risks is likely to outweigh the impact of physical risks, which are likely to become material beyond the medium term.

Category	Transition risks	Country	Impact level	Financial impact indicators
Policy and legal	Carbon tax	Singapore	●	Expenditure
	Implementation of carbon tax enacts a financial cost on GHG emissions	Shanghai	●	
	Low-carbon operations	Singapore	●	Expenditure
	To transit to a low-carbon economy, a range of measures such as the following would have to be implemented:			
	<ul style="list-style-type: none"> Responsible procurement (highly relevant for the hospitality segment) Responsible waste management Higher rate of recycling Large-scale adoption of renewable energy 	Shanghai	●	
	Mandates and regulations of existing products and services	Singapore	●	
Technology	Cost of transition to lower emissions technology To achieve low-emissions targets, deployment of emerging low-emissions technologies will slowly displace old systems	Shanghai	●	Expenditure
Reputation	Increased stakeholder concerns Unsustainable operational practices may lead to stakeholders' negative perception of OUE C-REIT's contribution to a low-carbon economy	Singapore	●	Revenue; and Capital & Financing
		Shanghai	●	
Market	Change in consumer behaviour A shift in demand for sustainable goods and services as climate-related risks are increasingly taken into account by consumers	Singapore	●	Revenue
		Shanghai	●	

Estimated impact level ● Low ● Medium ● High

SUSTAINABILITY REPORT

Opportunities

Despite the challenges posed by climate change, efforts to mitigate transition risks arising from climate change can create opportunities for OUE C-REIT. The transition to a low-carbon economy unlocks potential cost-savings from improved operational efficiency and provides access to new business opportunities. Increase in demand for low-emissions products and services also spur innovations that OUE C-REIT can leverage on to help maintain its competitive edge in the industry.

Category	Opportunity	Country	Impact level	Financial impact indicators
Resource efficiency	Resource efficiency Improving operational efficiency across energy, water and waste management can result in direct cost savings over time	Singapore	●	Expenditures; and Assets & Liabilities
		Shanghai	●	
Market	Access to new opportunities OUE C-REIT's effort to mitigate climate risks opens up more opportunities for collaboration and partnership in the sustainability space	Singapore	●	Revenue; and Capital & Financing
		Shanghai	●	
Energy source	Energy source According to the International Renewable Energy Agency, energy production and use accounts for about two-thirds of global GHG emissions, and low-carbon energy will mitigate the effects of climate change. It is expected that investments in renewable energy will continue to grow, and the use of low-emissions energy sources could potentially help OUE C-REIT save on energy costs	Singapore	●	Expenditures; and Capital & Financing
		Shanghai	●	
Products and services	Sustainable products and services Providing low-emissions properties increase OUE C-REIT's competitiveness and capitalises on shifting consumers' preferences	Singapore	●	Revenue
		Shanghai	●	

Estimated impact level ● Low ● Medium ● High

CLIMATE RESILIENCE

Targets & Aspirations	FY 2021 Performance
Commercial: Reduce energy intensity ⁶ by 25%* by FY 2030	Commercial: Energy intensity reduced by 25.5%
Hospitality: Reduce energy intensity ⁷ by 25%* by FY 2030	Hospitality: Energy intensity increased by 62.6% as ongoing renovation works at MOS resulted in a significant decrease in occupied rooms
Reduce scope 2 GHG emissions intensity ⁶ by 25%* by FY 2030	Scope 2 GHG emissions intensity reduced by 21.6%
Actively pursue opportunities in renewable energy use	<ul style="list-style-type: none"> Conducted feasibility studies for installation of rooftop solar panels Together with the Group, OUE C-REIT is considering purchasing renewable energy certificates to affirm our commitment to renewable energy

* Compared to base year FY 2017

The Manager is cognisant of the environmental impact of OUE C-REIT's operations given that commercial and hospitality properties account for approximately 12% of global emissions⁸. With global energy generation accounting for about 30% of total GHG emissions⁹, OUE C-REIT has taken an active stance in reducing 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 continually explore new ways to reduce the energy use at OUE C-REIT's properties.

Working closely with the property managers and tenants, the Manager is committed to improving the energy efficiency of OUE C-REIT's portfolio to align with Singapore's low carbon emissions strategy¹⁰, as well as exploring renewable energy options to support the global effort to transform into a net-zero economy. The Manager focuses on several key areas to achieve better energy performance, including leveraging on technology, improving operational planning and changing user behaviors. On top of energy efficiency measures, the Manager also focuses on other environmental indicators such

as water efficiency and proper 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, set long-term environmental targets in FY 2020 using FY 2017 as a baseline. FY 2021 is the second year of reporting our annual performance against our long-term targets and we will continue to do so to ensure OUE C-REIT is on track towards the targets.

Notes:

⁶ Based on per unit gross floor area in square metres

⁷ Based on per occupied room

⁸ 2019 Global Status Report for Buildings and Construction, Towards a zero-emissions, efficient and resilient buildings and construction sector, <https://wedocs.unep.org/bitstream/handle/20.500.11822/30950/2019GSR.pdf?sequence=1&isAllowed=y>

⁹ Mengpin, G., & Friedrich, J. (February 6, 2020). 4 Charts Explain Greenhouse Gas Emissions by Countries and Sectors. World Resources Institute. <https://www.wri.org/blog/2020/02/greenhouse-gas-emissions-by-country-sector>

¹⁰ National Climate Change Secretariat (2020), Charting Singapore's low-carbon and climate resilient future, <https://www.nccs.gov.sg/docs/default-source/publications/nccsleads.pdf>

SUSTAINABILITY REPORT

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 the 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 a reduction in energy consumption at OUE C-REIT's properties in the last few years. In Singapore, energy-efficient lightings have been 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 in place to reduce unnecessary energy consumption.

At Lippo Plaza in Shanghai, the retail podium's metal halide lamps were replaced with energy-efficient LED ones in FY 2021. At MOS, motion sensor lightings were installed in guestrooms to prevent unnecessary energy consumption, and a monitoring system for the cooling tower was implemented to optimise performance.

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 properties. Variable speed drives for the air-handling units ("AHUs") in several properties including OUE Bayfront, OUE Downtown Office, and Mandarin Gallery were installed for better energy performance.

At CPCA, daily Earth Hours are implemented where non-essential lights are switched off from 9:30 pm

to 10:30 pm. 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. In FY 2021, green lease agreements were incorporated at OUE Bayfront and will be progressively rolled out to other properties where possible, to align the interests of tenants and OUE C-REIT on energy and environmental initiatives. Green leases account for approximately 27.3% of OUE Bayfront's net lettable area as at 31 December 2021.

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. Currently, solar panels are installed on the roof of One Raffles Place Tower 2. We have conducted studies at OUE C-REIT's other 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.

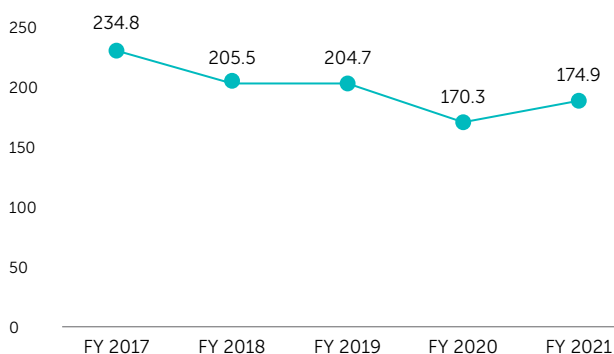
As the renewable energy landscape remains at the nascent stage of

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.

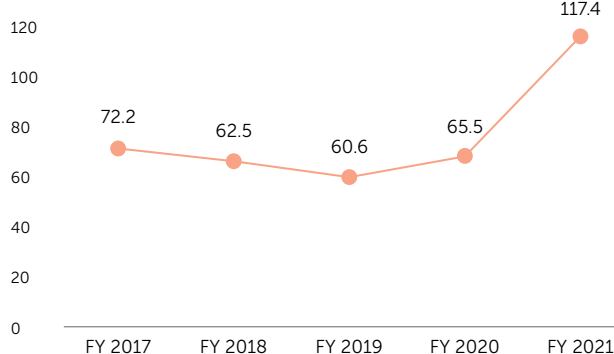
Portfolio energy consumption by type

	Total energy (MWh)	Total energy (GJ)
Diesel	10	35
Motor gasoline	3	13
Cooking gas	1,535	5,524
Electricity (includes cooling)	78,763	283,545
Renewable	21	77
Total	80,332	289,194

Energy intensity¹¹ - Commercial (kWh/m²)



Energy intensity¹¹ - Hospitality (kWh/occupied room)



Note:

¹¹ The FY 2017 to FY 2020 energy consumption and intensity figures have been restated to include tenant-controlled areas from all properties in OUE C-REIT's portfolio as at 31 December 2021. Energy intensity was calculated based on diesel, motor gasoline, cooking gas, electricity and renewable energy consumption.

SUSTAINABILITY REPORT

All energy consumption and intensity figures in this report have been restated to include energy consumption from tenant-controlled areas, which was previously excluded. As such, the data in this report is not directly comparable to that disclosed in the FY 2020 Sustainability Report.

The total energy consumption across OUE C-REIT's property portfolio for FY 2021 was 80,332 megawatt hours ("MWh"). The commercial segment recorded an energy intensity of 174.9 kilowatt hour per square metre ("kWh/m²"), a reduction of 25.5% compared to base year FY 2017.

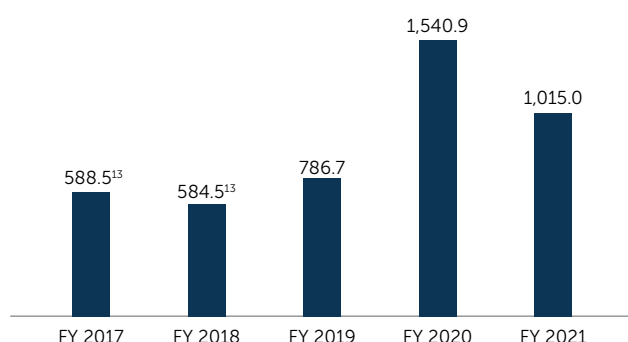
Meanwhile, OUE C-REIT's hospitality segment reported an energy

intensity of 117.4 kilowatt hour per occupied room (kWh/occupied room) in FY 2021, a notable 62.6% increase compared to base year FY 2017. This was due to the renovation works at MOS which resulted in a 51.1% reduction in the overall number of occupied rooms in FY 2021 compared to FY 2020. Consequently, the energy intensity for the hospitality segment increased significantly. However, the total energy consumption at CPCA and MOS both recorded a noticeable year-on-year ("YoY") reduction of 10.2% and 13.3%, respectively.

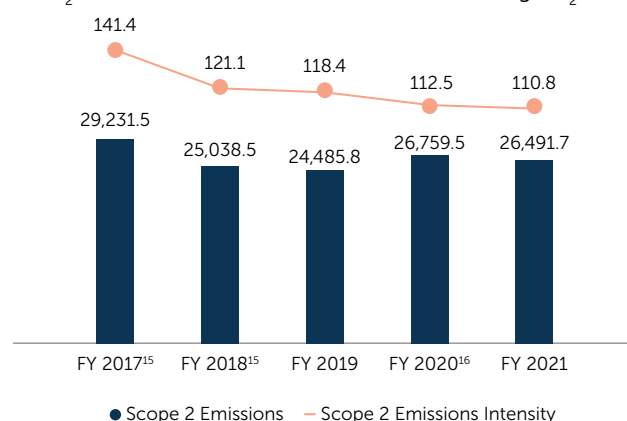
Business activities in FY 2021 continued to be impacted by ongoing measures to contain the spread of COVID-19. Consequently,

total absolute Scope 2 emissions from OUE C-REIT's property portfolio decreased to 26,491.7 tonnes of carbon dioxide equivalent ("tCO₂e") in FY 2021. Compared to base year FY 2017, Scope 2 emissions intensity for FY 2021 declined by 21.6% to 110.8 kilograms of carbon dioxide equivalent per square metre ("kgCO₂e/m²"). We expect to see a potential increase in Scope 2 emissions intensity with the 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 Emissions¹² (tCO₂e)



Scope 2 Emissions¹⁴ and Emissions Intensity (tCO₂e) (kgCO₂e/m²)



Notes:

¹² Includes CO₂ from the combustion of fossil fuels and hydro fluorocarbon ("HFC") or HFC-based refrigerants. Quantities of fugitive HFC-based refrigerants were converted to CO₂-equivalent using 100-year global warming potentials ("GWPs") provided in IPCC Fifth Assessment Report ("AR5").

¹³ FY 2017 and FY 2018 figures have been restated due to the inclusion of cooking gas data from CPCA and MOS, which was previously unavailable

¹⁴ Singapore grid emission factors are taken from Singapore Energy Statistics 2020 published by the Energy Market Authority and 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)

¹⁵ FY 2017 and FY 2018 figures have been restated due to inclusion of energy consumption data that was previously unavailable

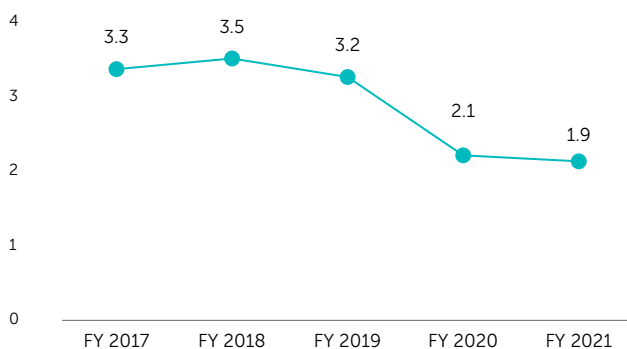
¹⁶ FY 2020 figure has been restated due to changes in grid emission factor provided by the Energy Market Authority and inclusion of energy consumption data that was previously unavailable

WATER EFFICIENCY

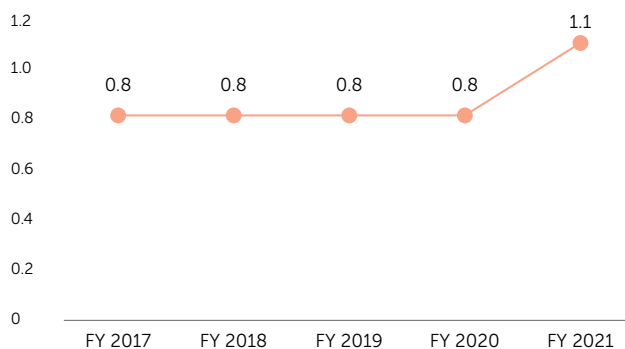
Targets & Aspirations	FY 2021 Performance
Commercial: Reduce water intensity ¹⁷ by 25%* by FY 2030	Commercial: Water intensity reduced by 42.6%
Hospitality: Reduce water intensity ¹⁸ by 25%* by FY 2030	Hospitality: Water intensity increased by 32.3% as ongoing renovation works at MOS resulted in a significant decrease in occupied rooms

* Compared to base year FY 2017

Water Intensity – Commercial
(m³/m²)



Water Intensity – Hospitality
(m³/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. Singapore has been identified as one of the most water-stressed countries in the world and the effects of climate change will only put further strain on our scarce resources. Water is OUE C-REIT's second most consumed natural resource after energy, and hence the Manager has placed heavy 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.

The majority of 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.

At the commercial properties, utility submeters have been installed to better track and monitor water consumption which helps us to develop more targeted water management approaches. To manage our hospitality properties'

Notes:

¹⁷ Based on per unit gross floor area in square metres

¹⁸ Based on per occupied room

SUSTAINABILITY REPORT

water consumption, water flow regulators have been installed at handbasins and shower areas to regulate water flow, at four litres per minute and seven litres per minute, respectively. Asset enhancement initiatives were also carried out to replace the cooling towers' infill to improve cooling efficiency and reduce water consumption.

In FY 2021, OUE C-REIT's properties reported a total of 428,990 cubic metres ("m³") of water withdrawal¹⁹.

Due to the reduced level of activity during the pandemic, the commercial segment reported an improved water intensity of 1.9 m³ per square metre ("m³/m²"), a reduction of 42.6% compared to base year FY 2017. Water intensity from OUE C-REIT's hospitality segment increased by 32.3% to 1.1 m³ per occupied room ("m³/occupied room") compared to base year FY 2017. The increase in water intensity was due to the ongoing renovation work at MOS which

resulted in a 51.1% reduction in the overall number of occupied rooms in FY 2021. Consequently, the overall water intensity for the hospitality segment increased significantly. However, total water consumption at both CPCA and MOS observed a notable YoY reduction of 18.4% and 42.5%, respectively.

WASTE MINIMISATION

Targets & Aspirations	FY 2021 Performance
Commercial: <ul style="list-style-type: none"> Reduce non-hazardous waste intensity²⁰ by 15%* by FY 2030 Increase recycling rate to 12.5% by FY 2030 	Commercial: <ul style="list-style-type: none"> Non-hazardous waste intensity reduced by 34.2% Recycling rate was 2.5% in FY 2021
Hospitality: <ul style="list-style-type: none"> Reduce paper waste by 50%* by FY 2030 Reduce plastic waste by 50%* by FY 2030 	Hospitality: <ul style="list-style-type: none"> Reduced paper waste by 51.5% Reduced plastic waste by 39.3%²¹

* Compared to base year FY 2017

The amount of waste generated in Singapore has increased seven-fold over the last 40 years with a peak of 8,559 tonnes a day in 2016²². At the current rate of waste generation, Singapore's only landfill on Pulau Semakau is expected to be filled by 2035. An increase in the amount of waste generated corresponds to a greater volume of solid waste that needs to be incinerated, resulting in the release of a larger amount of carbon emissions in the process. Therefore, it is pertinent to practise effective resource management and adopt a circular economy approach to waste.

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. To this end, the Manager has been working towards more effective waste management at OUE C-REIT's properties.

As with other environmental initiatives, active tenant engagement is key to successful implementation. Tenants are encouraged to adopt

recycling measures and minimise usage. Recycling bins for different types of recyclable materials, including glass, metal, plastic, food, and electronic waste are placed along common areas to encourage recycling. Collected waste from recycling bins is then sorted and quantified before transportation to the contracted external vendor's recycling facilities. At MOS, eco-waste collection equipment was used to compress and break down waste into smaller pieces to reduce the volume of waste generated, thereby reducing the number of trips required for the transportation

Notes:

¹⁹ All water withdrawal is fresh water and from municipal supply

²⁰ Based on per unit gross floor area in square metres

²¹ Plastic waste figures have been estimated based on procurement records

²² 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>

of waste to incineration facility. Our recycling plans and waste disposal consumption are submitted to the National Environment Agency ("NEA") for review and site checks.

As part of the re-branding of MOS to Hilton Singapore Orchard in FY 2021, several initiatives were put in place to reduce single-use plastic and waste, including the installation of full-size bath dispensers, replacement of plastic key cards with wooden or digital ones and the provision of eco-friendly pens made from recycled paper in guestrooms. At CPCA, similar initiatives are already in place, including the replacement of miniature disposable bathroom amenities with the larger refillable 500ml bottles as well as replacement of plastic key cards with wooden key cards.

Apart from managing our recyclable and solid waste, the Manager also actively explores opportunities with the property managers to manage food waste at the hotels. At MOS and CPCA, automatic food waste recycling systems to bio-convert

solid food waste into liquid for discharge as greywater or other uses are in place.

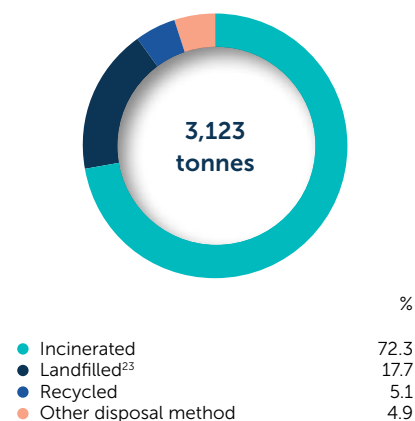
Further, Lippo Plaza in Shanghai continues to locate wet waste bins and battery recycling bins at prominent areas of the property to encourage waste segregation and recycling. Dedicated bins for collection of used face masks were also installed on each floor.

The majority of waste generated at OUE C-REIT's properties is non-hazardous waste. In FY 2021, the total non-hazardous and hazardous waste generated amounted to 3,123 tonnes and 2.2 tonnes respectively.

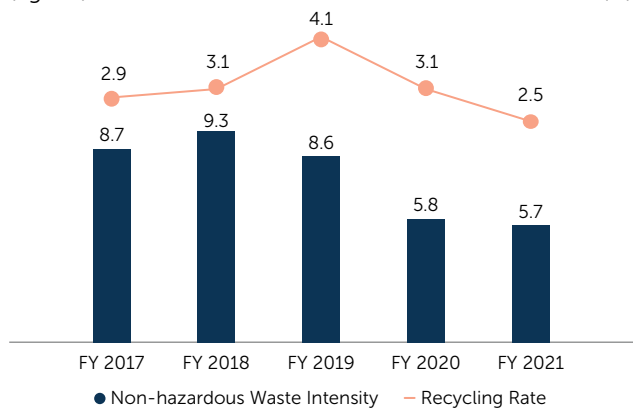
As with the other environmental metrics, OUE C-REIT's commercial segment recorded a 34.2% decrease in non-hazardous waste intensity from 8.7 kilograms per square metre ("kg/m²") in FY 2017 to 5.7 kg/m² in FY 2021 partly due to the effects of COVID-19. The recycling rate of the commercial segment decreased from 3.1% in FY 2020 to 2.5% in FY 2021.

In FY 2021, paper waste generated at the hotels declined by 51.5% against base year FY 2017. Plastic waste generated at the hotels decreased significantly by 39.3% in FY 2021 against base year FY 2017. The Manager is aware that the continued curtailment 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.

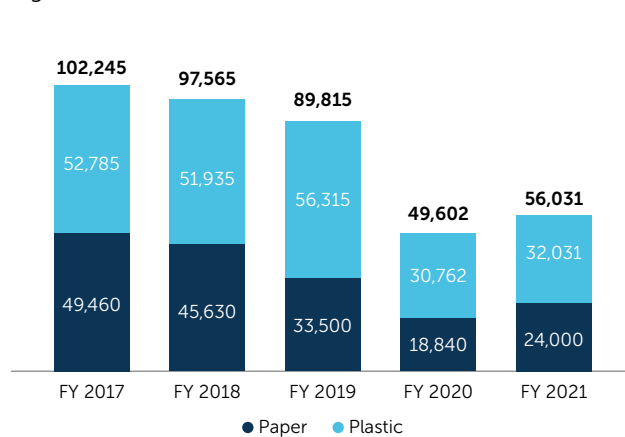
Disposal Method for Non-hazardous Waste



Non-hazardous Waste Intensity and Recycling Rate – Commercial²⁴



Plastic and Paper Waste Generated - Hospitality



Notes:

²³ An indeterminate portion of landfilled non-hazardous waste may have been incinerated

²⁴ FY 2017 to FY 2020 waste intensity figures have been restated to include the whole building waste generation from all properties in OUE C-REIT's commercial portfolio as at 31 December 2021

SUSTAINABILITY REPORT

STRENGTHENING SOCIAL FABRIC

HEALTH & SAFETY

Targets & Aspirations	FY 2021 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 the One Raffles Place and Lippo Plaza property managers

The health and safety of our stakeholders is of utmost importance. The Manager strives to create a working environment that is safe, conducive and healthy which helps to enhance productivity, morale and well-being.

Risk identification and management are essential steps we take in creating a safe and conducive working environment. 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 event that an incident does occur, the Manager reports work-related injuries in compliance with the Workplace Safety and Health (Incident Reporting) Regulations.

The Manager subscribes to the bizSAFE programme administered by the Singapore Workplace Safety and Health ("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 WSH auditors approved by the Ministry of Manpower ("MOM") 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 dangers in the workplace.

Employees

We hold firm the belief that our people are our most important asset, and the key driving force behind our success. Thus, we have incorporated health and safety considerations into our HR policy, and all employees are responsible for following safe work procedures and practices. We also welcome feedback from our employees on areas we can improve on to make the working environment safer and more conducive. We periodically communicate relevant information on occupational health and safety to our employees.

Regular safety trainings are provided for all existing and new employees to keep them updated on the latest safety protocols. 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. While most of these activities were temporarily put on hold due to the continued COVID-19 safe management measures in Singapore in FY 2021, we continued to support the well-being of our employees. For FY 2021, complimentary weekly online health and wellness programmes were offered to OUE employees by the group's

health insurance provider. These programmes include workout classes ranging from yoga to mixed martial arts inspired classes, as well as wellness talks on topics such as mindfulness and nutrition.

COVID-19 Precautionary Measures

The health and safety of our employees, tenants and guests remain a key priority and the Manager has continued the necessary COVID-19 precautionary measures in line with guidelines from the relevant authorities in FY 2021.

To safeguard employees' health and well-being, safe management measures such as twice-daily temperature screening for onsite staff, compulsory mask wearing, and other safe distancing requirements continue to be in place at the workplace. Safe Management Officers were also nominated to implement and oversee safe operations during the pandemic period in Singapore. During the periods of mandated WFH arrangements, all employees were allowed to do so with the support of virtual communication technology while employees required to work onsite (such as the operational staff at OUE C-REIT's properties) were on "split-team, alternate-week" schedules.

Ensuring a safe and hygienic environment for all stakeholders remains a key priority. The property management team has continued with the enhanced cleaning and safety measures across all properties since the start of the pandemic. This includes the frequent cleaning of common premises, high-touch areas, air-conditioning systems and washrooms, as well as the replacement of filters and air purifying agents in the AHUs. To further enhance the cleanliness of our properties' air handling units, ultraviolet light germicidal systems were installed to remove viral, bacterial, and fungal organisms present in the air. Complementing the increased cleaning frequency, antimicrobial coatings have been re-applied on high-touch surfaces as and when required to reduce the transmission risk of COVID-19 and other diseases. Manual water taps and soap dispensers at most properties have also been replaced with automatic ones while hand sanitisers continue to be provided at public areas.

Contractors and Service Providers

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 2021, 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	136,296	108,186

SUSTAINABILITY REPORT

FAIR EMPLOYMENT PRACTICES

Targets & Aspirations	FY 2021 Performance
Maintain the proportion of women in senior management at 40% or above*	63.6% of employees in senior management are women
Maintain the employee turnover rate ²⁵ below the national industry average*	Employee turnover rate was 50.7% (2021 national industry average: 27.6% ²⁶)
Maintain zero incidents of discrimination*	Zero incidents of discrimination
Achieve 25 training hours per employee per year*	45.9 average training hours per employee <ul style="list-style-type: none"> The Manager: 62.1 hours One Raffles Place: 44.8 hours Lippo Plaza: 32.8 hours

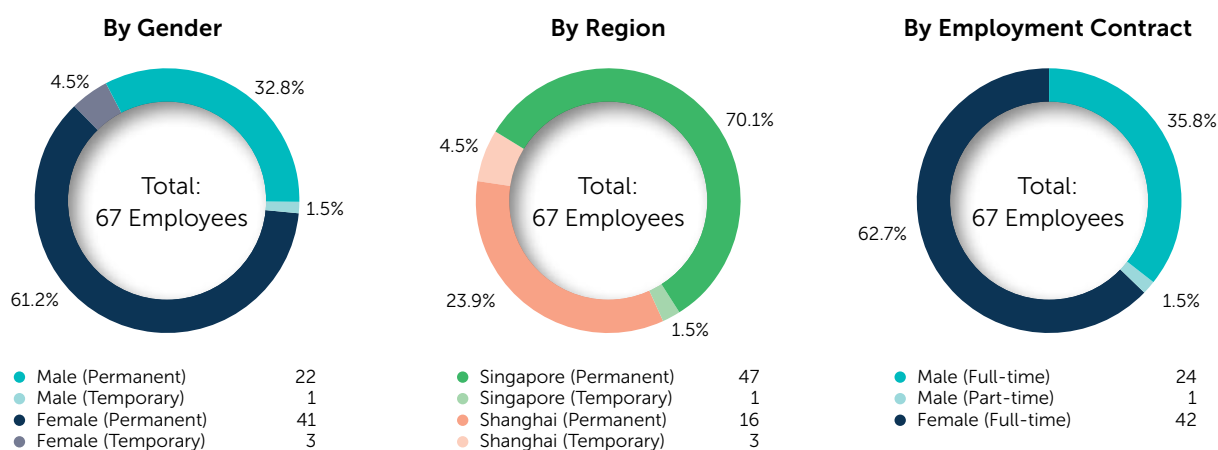
* Applicable only to employees of the Manager, and the One Raffles Place and Lippo Plaza property managers

It is our priority to maintain a fair and inclusive workplace where our people can thrive, through embracing diversity. 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 67 employees in Singapore and Shanghai, none of which are part of any workers' union.

We are pleased to report that 63.6% of our employees at senior management level are women. Our employee turnover rate was 50.7% in FY 2021, which was above the national industry average of 27.6% for 2021 in the real estate services sector.

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



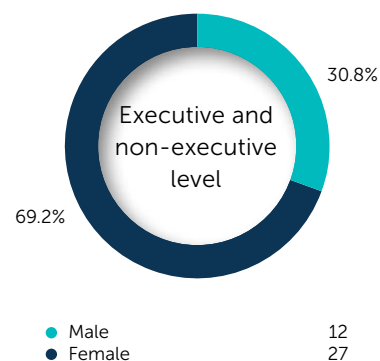
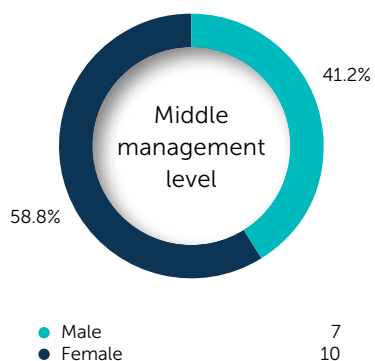
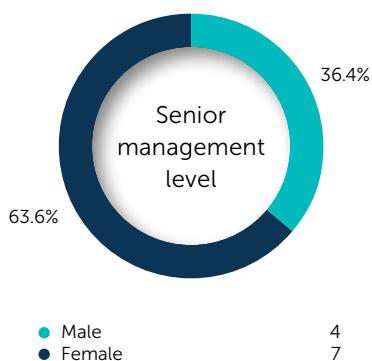
Notes:

²⁵ Includes only voluntary resignations during the reporting period

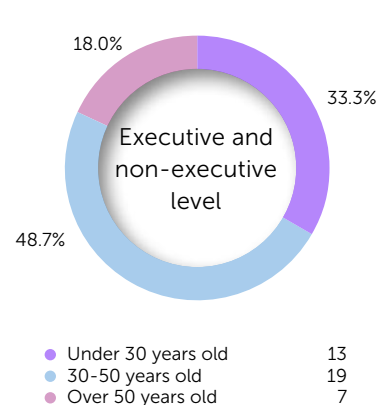
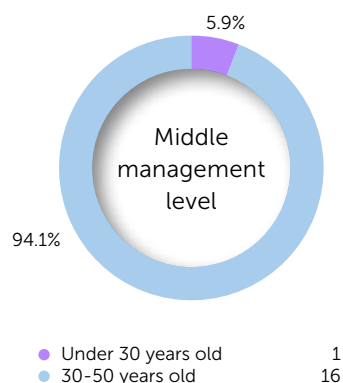
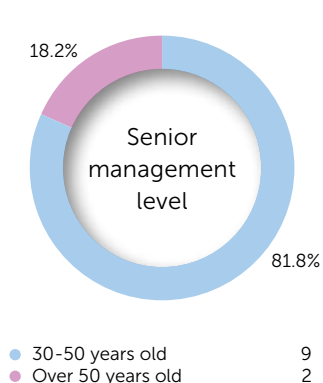
²⁶ Based on 1Q 2021 to 3Q 2021 data for real estate services as published by MOM in Singapore

Percentage of Individuals by Employee Category, Gender and Age Group

By Gender

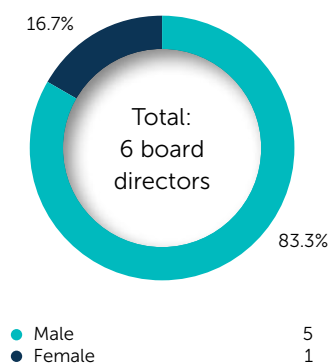


By Age Group

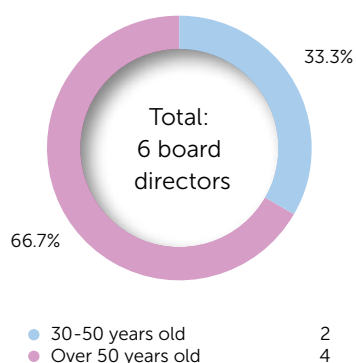


Board of Directors by Gender and Age Group

By Gender

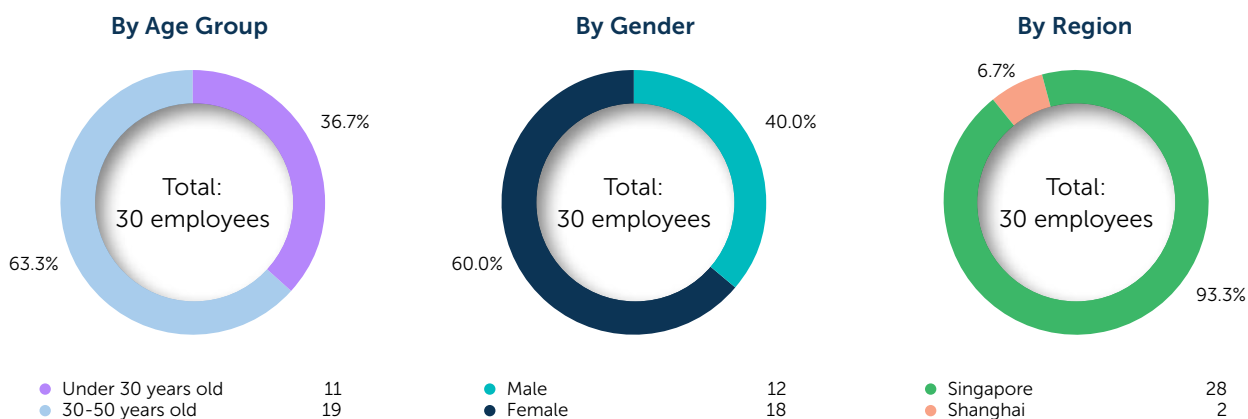


By Age Group

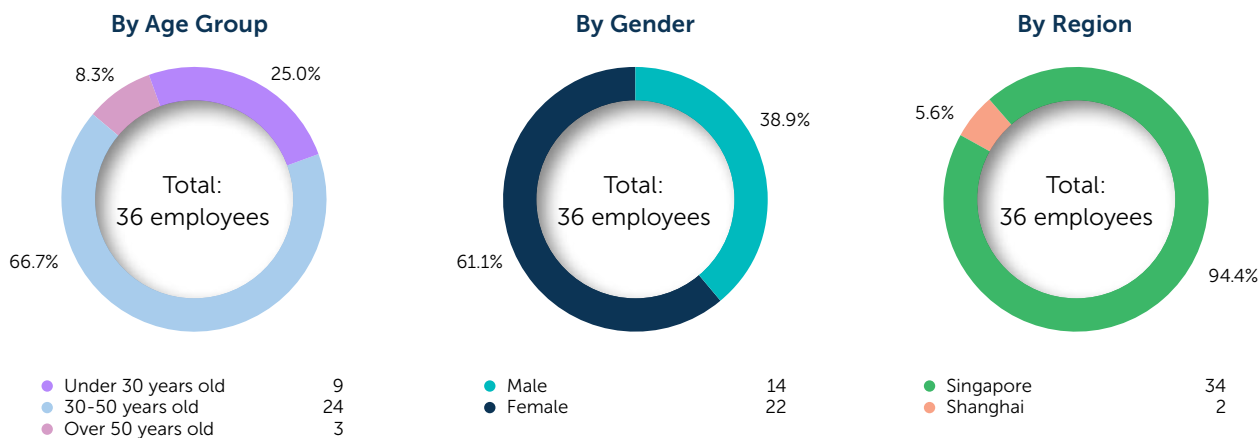


SUSTAINABILITY REPORT

Total Number and Rate of New Employee Hires in FY 2021, by Age Group, Gender and Region



Total Number and Rate of Employee Turnover in FY 2021, by Age Group, Gender and Region



Recruitment

OUE C-REIT adheres strictly to the Tripartite Alliance for Fair and Progressive Employment Practices ("TAFEP") guidelines in Singapore and other relevant 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 and Harassment

Following the Manager's Code of Business Conduct and Ethics, OUE C-REIT has zero tolerance towards 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. Similarly, this principle of impartiality is also applied 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 2021, we received zero complaints of discrimination observed in our businesses.

Learning and Development

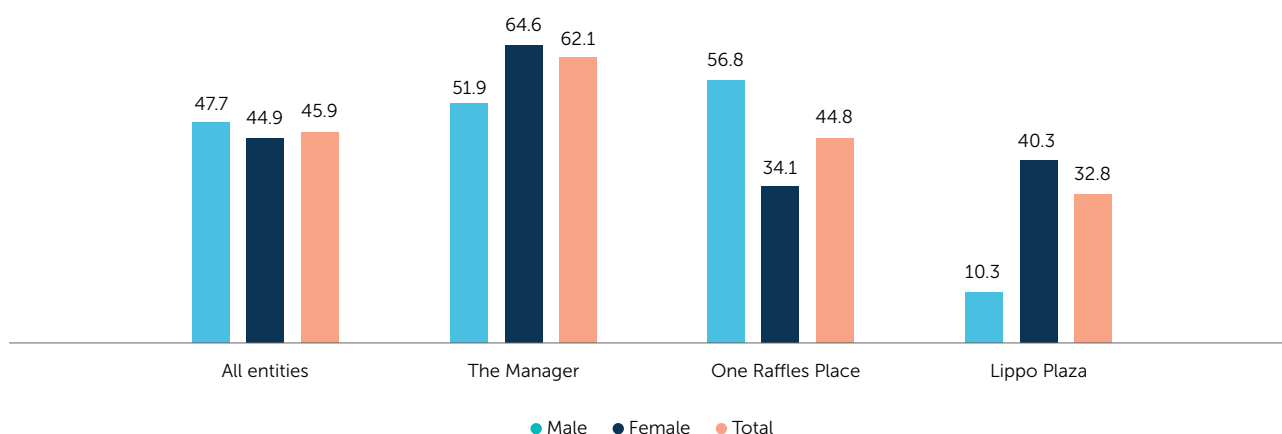
At OUE C-REIT, we strive to equip all our employees with the necessary knowledge and skills to carry out their duties. We recognise that a workforce that values continual learning is crucial for elevating our services and performance. In line with the OUE Group, the Manager has implemented the Learning 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.

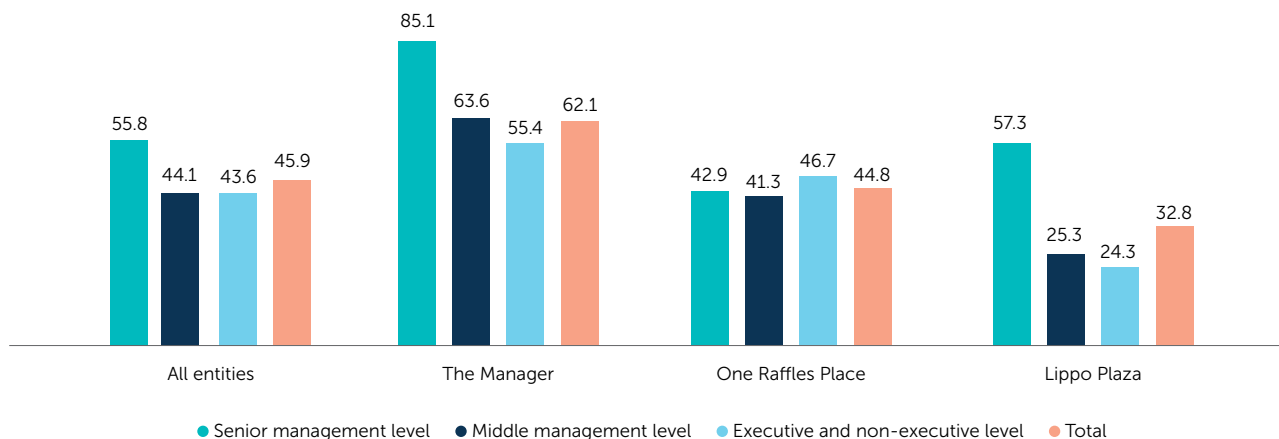
In FY 2021, the Manager reported an average of 45.9 training hours per permanent employee, including the property managers of One Raffles Place and Lippo Plaza.

Average Hours of Training by Gender



SUSTAINABILITY REPORT

Average Hours of Training by Employee Category



CREATING SOCIAL ECOSYSTEMS

Targets & Aspirations	FY 2021 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 2021. The Manager is committed to providing barrier-free accessibility and child-friendly facilities at our existing properties where feasible. In FY 2021, we completed two enhancement projects at OUE Downtown Office and Mandarin Gallery
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 Sponsor, property managers and master lessees, has participated and organised several community outreach initiatives despite the constraints in place due to COVID-19, including the Community Chest Fú Dài distribution of food essentials to needy seniors and families, as well as Stars of Christmas 2021

Building Accessibility and Family-Friendly Amenities

OUE C-REIT's real estate portfolio comprises quality buildings in prime locations in Singapore and Shanghai. The Manager recognises that modern buildings are part of the social fabric of a city, impacting not only their occupants but also the wider community around them. Hence, we are committed to ensuring OUE C-REIT's buildings are accessible to all members of our local communities and provide a space for communities to connect. Universal design and accessibility to all is a critical consideration in the Manager's investment decisions.

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. Furthermore, 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.

In FY 2021, the nursing room facilities at Mandarin Gallery were enhanced to include automatic sliding doors, hot and cold water dispensers, sensor taps and soap dispensers, as well as socket outlets, for the convenience of families with infants and young children. A ramp has also been retrofitted between the lift lobby and carpark at OUE Downtown Office Tower 2 to improve accessibility for persons with disabilities.

Community Engagement

The Manager is dedicated to becoming a long-standing partner in the 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 to meet the community's needs. 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.

For some years, we have been partnering the Health Promotion Board ("HPB") to bring the "Healthy

Workplace Ecosystem" programme to the tenant communities at OUE Bayfront, One Raffles Place and OUE Downtown Office. These three properties are also a part of their respective Business Improvement District ("BID") programmes, introduced by the Urban Redevelopment Authority, which aims to enhance the attractiveness of a precinct.

Through these partnerships, unique events and activities to inject even more vibrancy into the precinct and cater for the communities' social and recreational needs have been organised. While these activities were put on hold in FY 2020 due to the pandemic, they moved online in FY 2021. A wide variety of activities were offered, including fitness classes, health and mental wellness workshops, as well as

cooking demonstrations. Selected events were also held in-person at OUE C-REIT's properties, subject to safe distancing requirements, such as trampoline fitness sessions, glow stick dance party workouts, art workshops, as well as yoga and dance events amongst many others.

Under normal circumstances, the Manager organises a variety of community engagement events each year. However, most of our in-person community engagement efforts continue to be suspended in 2021 due to the COVID-19 pandemic. Nevertheless, we continued to contribute to social initiatives by organising activities which do not contravene the safe distancing requirements imposed by the local authorities.

Community Chest Fú Dài 2021

As the name "Fú Dài" (bags of blessings) suggests, Community Chest Fú Dài 2021 aimed to bring a smile to seniors who might be living alone and to less fortunate families. In support of the nation-wide event to spread some Lunar New Year joy, some of the Manager's employees volunteered in the mass distribution to deliver food essentials to disadvantaged groups in the community.

Supporting Community Causes

As one of Singapore's tallest buildings and forming an integral part of the central business district skyline, One Raffles Place regularly supports local agencies and non-profit organisations to help raise awareness for their various causes by lighting up in the respective colours collectively with other prominent landmarks in the city. Some of these include World Water Day by the Public Utilities Board, DrugFree SG by the Central Narcotics Bureau and World Mental Health Day by the Institute of Mental Health.

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Learn for Life

CPCA has joined IHG hotels in Singapore to support IHG Hotels & Resorts' strategic partnership with APSN, a social service agency dedicated to developing individuals with special needs. This partnership, which was announced in September 2021, is aimed at providing APSN students and trainees with employment and training opportunities to help realise their potential. CPCA cares about making a positive contribution to the community and looks forward to empowering the students with valuable life skills and providing an inclusive work environment that supports and embraces differences.

Linens and Love

CPCA has partnered with Linens N Love to support its mission to reduce linen waste, while also providing the hotel with a meaningful way to make a positive difference to the community and the environment. Used linens donated by CPCA were sanitised and repurposed into high-quality second-hand linen for charities and communities in need or upcycled into tote bags, stuffed animals and even coasters.

China Social Welfare and Shanghai United Foundation

Supporting Shanghai's Children Charities

In FY 2021, Lippo Plaza's property manager partnered with two charities – China Social Welfare Foundation and Shanghai United Foundation to aid in their community outreach activities. Complimentary event space and marketing support was rendered by Lippo Plaza to promote their fundraising activities for children on the autism spectrum as well as the children of lower-income rural migrant workers.

Stars of Christmas 2021

OUE C-REIT's properties 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. In the twelfth edition of the Christmas gift donation drive, guests, tenants, members of the public, event partners and staff could select a beneficiary either physically at OUE Group's various properties or online via a QR code. OUE Group employees and community volunteers were involved in the collection, wrapping and delivery of Christmas presents to close to 1,500 beneficiaries from 27 organisations under Community Chest.

Design for Distancing

Brightly coloured stickers featuring light-hearted messages to remind the Raffles Place community of safe distancing measures have been placed around Raffles Place Park, the heart of the precinct. Safe distancing messages were also played throughout the day, on the outdoor mega LED screen on the façade of One Raffles Place.

An initiative by the Raffles Place Alliance, of which OUE C-REIT and One Raffles Place are stakeholders, the aim is to remind the community of safe distancing guidelines to help mitigate the spread of COVID-19. The Design for Distancing stickers will be refreshed periodically, and this initiative will continue at Raffles Place in 2022.

INNOVATION

Targets & Aspirations	FY 2021 Performance
Actively seek opportunities to adopt new innovations and green building technologies	<p>Installation of motion sensing lights at refurbished guestrooms as well as cooling tower monitoring system at MOS</p> <p>Installation of ultraviolet light germicidal systems for the AHUs at OUE Bayfront, OUE Downtown Office and Mandarin Gallery</p> <p>Lippo Plaza in Shanghai has installed an automated entry system with temperature screening for the office building</p>

Technology has transformed the way we work, communicate and collaborate. It is essential that the Manager stays up to date on industry trends and continually explores new ways to enhance service quality to improve the experience of tenants and guests for OUE C-REIT's long-term success. Leveraging on the latest technology, we are constantly devising new solutions to improve our buildings' environmental performance and drive returns for Unitholders.

In FY 2021, MOS underwent major renovation works as part of the re-branding to Hilton Singapore Orchard. This includes the installation of motion sensing lights in guestrooms. A system for monitoring the performance of the cooling towers, which alerts

the hotel staff to any abnormalities in operations or usage, has also been installed. In the long run, such initiatives will enable the hotel manager to better manage the hotel's energy consumption and drive OUE C-REIT towards meeting our environmental targets.

The Manager has also initiated the use of smart technology to improve the user experience for OUE C-REIT's tenants and visitors. OUE Downtown Office is equipped with in-motion facial recognition for easy turnstile access. In addition, the self-help kiosk which allows for self-registration with facial recognition has reduced the waiting time for visitors and reduced manpower costs associated with manual registrations at the property. The CCTV system at One Raffles

Place has internet protocol cameras with video analytics and built-in protection against cyber threats. In FY 2021, an automated entry system with temperature screening feature was installed at Lippo Plaza in Shanghai. In Singapore, the installation of ultraviolet light germicidal systems for the AHUs at OUE Bayfront, OUE Downtown Office and Mandarin Gallery were completed. With this enhancement, all of OUE C-REIT's Singapore properties have such systems in place to provide improved indoor air quality for tenants and shoppers.

We will continue to capitalise on new innovations and emerging technologies to serve our tenants better.

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
Mandarin Orchard Singapore	BCA Green Mark Gold
Lippo Plaza	LEED O+M v4.0 - Gold

SUSTAINABILITY REPORT

SERVICE QUALITY

Targets & Aspirations	FY 2021 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 incidents of non-compliance
Achieve at least 80% tenant satisfaction rate in relation to commercial properties	86.1% tenant satisfaction rate was achieved for all five commercial properties

[#] 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 each property 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. The property managers are also required

to adequately signpost any identified hazards to prevent accidents or injuries. Aside from facility 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.

In the spirit of good corporate governance and transparency, the Manager would like to disclose two COVID-19 related investigations launched by the Singapore Tourism Board ("STB") on CPCA concerning the health and safety of building users. On 11 July 2021 and 25 July 2021, STB issued two Notice of Offences under COVID-19 (Temporary Measures) (Control Order) Regulations 2020 to the hotel manager of CPCA for the infringement of safe management measures at workplaces. The two fines amounted to S\$4,000 and the composition sum was paid on 2 November 2021 by the hotel manager.

Tenant Engagement and Satisfaction

Upholding the highest standard of services for all our tenants so as to increase satisfaction and retention has always been a key impetus for OUE C-REIT. Our 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 the constraints of COVID-19 requirements for safe distancing 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.

Pre-pandemic, the Manager, together with the respective property managers, would host annual tenant get-togethers at each property in appreciation of their continued support. These sessions served as a platform for us to gather feedback from tenants directly and provided an opportunity to share about events and activities at OUE C-REIT's properties, as well as provided a forum for tenants to meet informally to network. We will resume such tenant engagement

activities in accordance with guidelines from the authorities as pandemic measures are gradually eased. Meanwhile, our property managers continue to engage our tenants on a regular basis to ensure timely response to any issues on the ground.

OUE C-REIT has also voluntarily committed to the Code of Conduct for Leasing of Retail Premises in Singapore by the Fair Tenancy

Industry Committee as we are committed to work together with tenants to be a preferred landlord.

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 2021, the tenant satisfaction survey was implemented at Mandarin Gallery as well. We are pleased to report that we achieved an average 86.1% satisfaction rate for OUE C-REIT's five commercial properties.

BUILDING TRUST

COMPLIANCE

Targets & Aspirations	FY 2021 Performance
Maintain zero incidents of non-compliance with laws and/or regulations (including competition laws) resulting in significant fines 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 licence to operate. As a listed real estate investment trust, 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").

The Manager is kept abreast of changes to applicable laws and regulations with the support of the OUE Group Legal and Internal Audit teams. They monitor such changes through various channels, including media scans, press releases, professional advice and publications from legal counsels. In FY 2021, several OUE Group-wide and Manager-specific policies and frameworks were reviewed and updated to ensure that these policies remain relevant and comply with regulatory requirements. The Personal Data Protection Compliance Manual and Policy Guidelines, Outsourcing Policy for REIT Managers, as well as Legal and

Regulatory Compliance Manual were all recently reviewed and updated.

In FY 2021, the Manager, in consultation with the OUE Group Legal team, has also reviewed the existing anti-money laundering ("AML") framework and updated due diligence measures for tenants in relation to money laundering and countering the financing of terrorism. 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

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financing, as well as the internal policies, procedures and controls adopted by the Manager in the AML Manual. To further enhance the framework, 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.

The Individual Accountability and Conduct Framework was a new addition to the Manager’s existing policies and frameworks, taking reference from the MAS Guidelines on Individual Accountability and Conduct²⁷. This framework serves as a guideline on the five accountability and conduct outcomes that the Manager should achieve, to promote the accountability of senior managers, strengthen oversight over material risk personnel and

reinforce conduct standards among employees.

As a result of our prudent risk management, we are pleased to report that there were zero incidents of non-compliance with laws and/or regulations, including competition and environmental regulations, that resulted in fines or non-monetary sanctions in FY 2021.

ETHICAL BUSINESS PRACTICES

Targets & Aspirations	FY 2021 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, as well as the One Raffles Place and Lippo Plaza property managers in FY 2021.
Zero confirmed incidents of corruption [#]	Zero confirmed incidents

[#] Excluding hospitality properties

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

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 acknowledge the Certificate of Compliance. We expect our employees to abide by the Code and refrain from participating in any form of fraudulent and dishonest conduct. In FY 2021, all company policies including the Code were acknowledged by all employees of the Manager, as well as the employees of the property managers of One Raffles Place and Lippo Plaza.

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

Confidentiality and transparency are also key qualities highly valued by the OUE Group to safeguard the interests of our stakeholders. In FY 2021, the Sponsor implemented a Group-wide policy on the handling

Note:

²⁷ Singapore, M. A. (2020, September <https://www.mas.gov.sg/-/media/MAS/MPI/Guidelines/Guidelines-on-Individual-Accountability-and-Conduct.pdf>). Guidelines on Individual Accountability and Conduct. Retrieved from Monetary Authority of Singapore.

of confidential information and dealings in securities. All employees of the Sponsor, the Manager and its subsidiaries are required to comply with appropriate pre-dealing and post-dealing procedures when trading in any of the applicable securities. Employees, including directors and officers, are required to handle, protect and disclose confidential information cautiously by adopting best practices specified in the policy.

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 ARC. Please refer to the Corporate Governance section on page 136 for more details. In FY 2021, we had zero confirmed incidents of corruption.

CYBER SECURITY

Targets & Aspirations	FY 2021 Performance
Maintain zero cyber incidents and data breaches [#]	Zero cyber incidents and data breaches

[#] Excluding hospitality properties

The increased digitalisation of OUE C-REIT's operations brings new opportunities, but it also calls for a robust defence system against potential cyber attacks. The Manager is committed to identifying and understanding cyber security risks in our operations to safeguard ourselves from potential attacks which may result in significant negative impact to customer experience, financial performance and/or regulatory compliance. We leverage on the expertise of the OUE 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.

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 ARC of the Manager are responsible for technology risk management. Working together with the Manager, the Board also oversees the establishment of cyber

security policies and procedures. The OUE 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.

Best Practice Measures

With the current hybrid work arrangement, employees exchange and access confidential information via email regularly outside of the office network using private internet connections on their mobile devices. This creates opportunities

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for malicious cyber attacks, which jeopardises the interests of OUE C-REIT and its stakeholders. In FY 2021, the OUE Group has implemented multi-factor authentication for email, email impersonation control and advanced threat protection to ensure that the information exchanged are protected at all times. To ensure the security of corporate data, Mobile Device Management has also been deployed to monitor, manage and secure the mobile devices used by employees to access their work accounts.

Vulnerability Assessment and Penetration Testing ("VAPT") with simulated hacker attacks are conducted annually by a certified external party. The purpose is to identify security vulnerabilities within the IT infrastructure and applications. The annual VAPT scheduled for FY 2021 was delayed to FY 2022 due to a changeover in IT systems. Moving forward, the Manager will continue to conduct the VAPT annually.

OUE C-REIT has also purchased cyber insurance to protect our business assets against risks relating to IT infrastructure, information privacy, information governance liability and other related activities.

Information Security Awareness Training

Mandatory training on cyber security policies, standards and procedures is conducted annually for all

employees to raise their awareness of the critical role they play in relation to IT security, as well as the appropriate measures needed to safeguard information and defend against cyber threats. Employees are also educated on the relevant laws, regulations and guidelines as required. To remind employees to be on their guard against cyber threats, newsletters are circulated regularly by the OUE Group IT department.

Personal Data Protection

The Manager adheres to the Personal Data Protection Act (the "PDPA") and implements various measures to ensure compliance. As significant amendments were made to the PDPA in 2020, most of which took effect from 1 February 2021, the OUE Group-wide Personal Data Protection Compliance Manual ("PDPC Manual") and Personal Data Protection Policy Guideline were also amended to reflect the latest developments and ensure that OUE C-REIT's data protection measures remained relevant and updated. As an added security measure, automatic email encryption has been implemented in FY 2021, where emails containing sensitive information, especially relating to Personal Data, are automatically encrypted when sent to external parties.

The Personal Data Protection Policy Guideline is a condensed version of the PDPC Manual which staff can easily refer to, in order to obtain a

quick primer on the dos and don'ts in handling personal data, while the PDPC Manual sets out and provides tools such as guidelines, templates and standard operating procedures. Our employees are contractually required to comply with the PDPC Manual and report any suspected data breach to the Data Protection Officer.

Cyber Security Incident Reporting Framework and Zero Trust Framework

In the event of a major cyber security incident, the Manager is required to report and notify the security incident to MAS within 60 minutes upon discovery, and submit a root cause and impact analysis report within 14 days of the incident as required by MAS for all financial institutions.

To minimise the risk of potential cyber attacks, the Group has implemented the Zero Trust Architecture Framework in the corporate network, where all employees have to access the corporate system through corporate secured VPN with two-factor authentication control.

In FY 2021, we are pleased to report that there were zero incidents of data breaches.

GRI CONTENT INDEX

Disclosure Number	Disclosure Title	Page Number and Reasons for Omissions, if applicable
GENERAL DISCLOSURES		
GRI 102: General Disclosures 2016		
Organisational Profile		
102-1	Name of the organisation	Board Statement, Page 78
102-2	Activities, brands, products, and services	About OUE C-REIT > Who We Are, Page 78
102-3	Location of headquarters	Singapore
102-4	Location of operations	About OUE C-REIT > Who We Are, Page 78
102-5	Ownership and legal form	About OUE C-REIT > Who We Are, Page 78
102-6	Markets served	About OUE C-REIT > Who We Are, Page 78
102-7	Scale of the organisation	Strengthening Social Fabric > Fair Employment Practices, Page 100 Refer to OUE C-REIT Annual Report 2021, Page 147-155 for information on net sales and total capitalisation
102-8	Information on employees and other workers	Strengthening Social Fabric > Fair Employment Practices, Page 100-102
102-9	Supply chain	About OUE C-REIT > Who We Are, Page 78
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 Framework, Page 82 Stewarding the Environment > Climate Resilience, Page 91
102-12	External initiatives	Sustainability Framework, Page 82 Stewarding the Environment > Water Efficiency, Page 95-96 Strengthening Social Fabric > Health & Safety, Page 98-99 Strengthening Social Fabric > Fair Employment Practices, Page 100-104 Strengthening Social Fabric > Service Quality, Page 108-109
102-13	Membership of associations	REIT Association of Singapore; Investor Relations Professionals Association (Singapore)
Strategy		
102-14	Statement from senior decision-maker	Board Statement, Page 78

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Disclosure Number	Disclosure Title	Page Number and Reasons for Omissions, if applicable
GENERAL DISCLOSURES		
GRI 102: General Disclosures 2016		
Ethics and Integrity		
102-16	Values, principles, standards, and norms of behaviour	About OUE C-REIT > Who We Want to Be, Page 79 Building Trust > Ethical Business Practices, Page 110-111
Governance		
102-18	Governance structure	Sustainability Governance, Page 80
Stakeholder Engagement		
102-40	List of stakeholder groups	Stakeholder Engagement, Page 80
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	Stakeholder Engagement, Page 80
102-44	Key topics and concerns raised	Stakeholder Engagement, Page 80
Reporting Practice		
102-45	Entities included in the consolidated financial statements	About this Report, Page 79
102-46	Defining report content and topic Boundaries	About this Report, Page 79 Sustainability Framework, Page 82
102-47	List of material topics	Sustainability Framework, Page 82
102-48	Restatements of information	About this Report, Page 79
102-49	Changes in reporting	About this Report, Page 79
102-50	Reporting period	About this Report, Page 79
102-51	Date of most recent report	6 April 2021
102-52	Reporting cycle	About this Report, Page 79
102-53	Contact point for questions regarding the report	About this Report, Page 79
102-54	Claims of reporting in accordance with the GRI Standards	About this Report, Page 79
102-55	GRI content index	GRI Content Index, Page 113-121
102-56	External assurance	About this Report, Page 79

Disclosure Number	Disclosure Title	Page Number and Reasons for Omissions, if applicable
SPECIFIC DISCLOSURES		
Economic		
Economic Performance		
GRI 103: Management Approach 2016		
103-1	Explanation of the material topic and its Boundary	OUE C-REIT Annual Report 2021, Page 12-13 Refer to OUE C-REIT Annual Report 2021, Page 76-77 for information on investors
103-2	The management approach and its components	OUE C-REIT Annual Report 2021, Page 30-37
103-3	Evaluation of the management approach	OUE C-REIT Annual Report 2021, Page 30-37
GRI 201: Economic Performance 2016		
201-1	Direct economic value generated and distributed	OUE C-REIT Annual Report 2021, Page 147-155
Economic Anti-corruption		
GRI 103: Management Approach 2016		
103-1	Explanation of the material topic and its Boundary	Building Trust > Ethical Business Practices, Page 110-111
103-2	The management approach and its components	Building Trust > Ethical Business Practices, Page 110-111
103-3	Evaluation of the management approach	Building Trust > Ethical Business Practices, Page 110-111 Sustainability Governance, Page 80
GRI 205: Anti-corruption 2016		
205-3	Confirmed incidents of corruption and actions taken	Building Trust > Ethical Business Practices, Page 110-111
Environmental		
Energy		
GRI 103: Management Approach 2016		
103-1	Explanation of the material topic and its Boundary	Stewarding the Environment > Climate Resilience, Page 91-94
103-2	The management approach and its components	Stewarding the Environment > Climate Resilience, Page 91-94
103-3	Evaluation of the management approach	Sustainability Governance, Page 80
GRI 302: Energy 2016		
302-1	Energy consumption within the organisation	Stewarding the Environment > Climate Resilience, Page 93-94
302-3	Energy intensity	Stewarding the Environment > Climate Resilience, Page 93-94

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Disclosure Number	Disclosure Title	Page Number and Reasons for Omissions, if applicable
SPECIFIC DISCLOSURES		
Environmental		
Water and Effluents		
GRI 103: Management Approach 2016		
103-1	Explanation of the material topic and its Boundary	Stewarding the Environment > Water Efficiency, Page 95-96
103-2	The management approach and its components	Stewarding the Environment > Water Efficiency, Page 95-96
103-3	Evaluation of the management approach	Sustainability Governance, Page 80
GRI 303: Water and Effluents 2018		
303-1	Interactions with water as a shared resource	Stewarding the Environment > Water Efficiency, Page 95-96
303-2	Management of water discharge-related impacts	Stewarding the Environment > Water Efficiency, Page 95-96
303-3	Water withdrawal	Stewarding the Environment > Water Efficiency, Page 95-96
		Water withdrawn in Singapore and Shanghai are freshwater and from the municipal supply.
		Based on WRI's Aqueduct Water Risk Atlas tool, Shanghai is currently located in 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 94
103-2	The management approach and its components	Stewarding the Environment > Climate Resilience, Page 94
103-3	Evaluation of the management approach	Sustainability Governance, Page 80
GRI 305: Emissions 2016		
305-1	Direct (Scope 1) GHG emissions	Stewarding the Environment > Climate Resilience, Page 94
305-2	Energy indirect (Scope 2) GHG emissions	Stewarding the Environment > Climate Resilience, Page 94
305-4	GHG emissions intensity	Stewarding the Environment > Climate Resilience, Page 94
Waste		
GRI 103: Management Approach 2016		
103-1	Explanation of the material topic and its Boundary	Stewarding the Environment > Waste Minimisation, Page 96-97
103-2	The management approach and its components	Stewarding the Environment > Waste Minimisation, Page 96-97
103-3	Evaluation of the management approach	Sustainability Governance, Page 80

Disclosure Number	Disclosure Title	Page Number and Reasons for Omissions, if applicable
SPECIFIC DISCLOSURES		
Environmental		
Waste		
GRI 306: Waste 2020		
306-1	Waste generation and significant waste-related impacts	Stewarding the Environment > Waste Minimisation, Page 96-97
306-2	Management of significant waste-related impacts	Stewarding the Environment > Waste Minimisation, Page 96-97
306-3	Waste generated	Stewarding the Environment > Waste Minimisation, Page 97
306-4	Waste diverted from disposal	Stewarding the Environment > Waste Minimisation, Page 97
306-5	Waste directed to disposal	Stewarding the Environment > Waste Minimisation, Page 97
Environmental Compliance		
GRI 103: Management Approach 2016		
103-1	Explanation of the material topic and its Boundary	Building Trust > Compliance, Page 109-110
103-2	The management approach and its components	Building Trust > Compliance, Page 109-110
103-3	Evaluation of the management approach	Building Trust > Compliance, Page 109-110 Sustainability Governance, Page 80
GRI 307: Environmental Compliance 2016		
307-1	Non-compliance with environmental laws and regulations	Building Trust > Compliance, Page 109-110
Social		
Employment		
GRI 103: Management Approach 2016		
103-1	Explanation of the material topic and its Boundary	Strengthening Social Fabric > Fair Employment Practices, Page 100-104
103-2	The management approach and its components	Strengthening Social Fabric > Fair Employment Practices, Page 100-104
103-3	Evaluation of the management approach	Sustainability Governance, Page 80
GRI 401: Employment 2016		
401-1	New employee hires and employee turnover	Strengthening Social Fabric > Fair Employment Practices, Page 102

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Disclosure Number	Disclosure Title	Page Number and Reasons for Omissions, if applicable
SPECIFIC DISCLOSURES		
Social		
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 98-99
103-2	The management approach and its components	Strengthening Social Fabric > Health & Safety, Page 98-99
103-3	Evaluation of the management approach	Sustainability Governance, Page 80
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 98-99
403-3	Occupational health services	Strengthening Social Fabric > Health & Safety, Page 98-99
403-4	Worker participation, consultation, and communication on occupational health and safety	Strengthening Social Fabric > Health & Safety, Page 98-99
403-5	Worker training on occupational health and safety	Strengthening Social Fabric > Health & Safety, Page 98-99
403-6	Promotion of worker health	Strengthening Social Fabric > Health & Safety, Page 98-99
403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	Strengthening Social Fabric > Health & Safety, Page 99
403-9	Work-related injuries	Strengthening Social Fabric > Health & Safety, Page 99
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 103-104
103-2	The management approach and its components	Strengthening Social Fabric > Fair Employment Practices, Page 103-104
103-3	Evaluation of the management approach	Sustainability Governance, Page 80
GRI 404: Training and Education 2016		
404-1	Average hours of training per year per employee	Strengthening Social Fabric > Fair Employment Practices, Page 103-104

Disclosure Number	Disclosure Title	Page Number and Reasons for Omissions, if applicable
SPECIFIC DISCLOSURES		
Social		
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 100-104
103-2	The management approach and its components	Strengthening Social Fabric > Fair Employment Practices, Page 100-104
103-3	Evaluation of the management approach	Sustainability Governance, Page 80
GRI 405: Diversity and Equal Opportunity 2016		
405-1	Diversity of governance bodies and employees	Strengthening Social Fabric > Fair Employment Practices, Page 100-102
Non-Discrimination		
GRI 103: Management Approach 2016		
103-1	Explanation of the material topic and its Boundary	Strengthening Social Fabric > Fair Employment Practices, Page 100-104
103-2	The management approach and its components	Strengthening Social Fabric > Fair Employment Practices, Page 100-104
103-3	Evaluation of the management approach	Sustainability Governance, Page 80
GRI 406: Non-Discrimination 2016		
406-1	Incidents of discrimination and corrective actions taken	Strengthening Social Fabric > Fair Employment Practices, Page 103
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 108-109
103-2	The management approach and its components	Strengthening Social Fabric > Service Quality, Page 108-109
103-3	Evaluation of the management approach	Strengthening Social Fabric > Service Quality, Page 108-109 Sustainability Governance, Page 80
416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	Strengthening Social Fabric > Service Quality, Page 108

SUSTAINABILITY REPORT

Disclosure Number	Disclosure Title	Page Number and Reasons for Omissions, if applicable
SPECIFIC DISCLOSURES		
Social		
Customer Privacy		
GRI 103: Management Approach 2016		
103-1	Explanation of the material topic and its Boundary	Building Trust > Cyber Security, Page 111-112
103-2	The management approach and its components	Building Trust > Cyber Security, Page 111-112
103-3	Evaluation of the management approach	Building Trust > Cyber Security, Page 111-112 Sustainability Governance, Page 80
GRI 418: Customer Privacy 2016		
418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	Building Trust > Cyber Security, Page 111-112
Socioeconomic Compliance		
GRI 103: Management Approach 2016		
103-1	Explanation of the material topic and its Boundary	Building Trust > Compliance, Page 109-110
103-2	The management approach and its components	Building Trust > Compliance, Page 109-110
103-3	Evaluation of the management approach	Sustainability Governance, Page 80
GRI 419: Socioeconomic Compliance 2016		
419-1	Non-compliance with laws and regulations in the social and economic area	Building Trust > Compliance, Page 109-110
Innovation		
GRI 103: Management Approach 2016		
103-1	Explanation of the material topic and its Boundary	Strengthening Social Fabric > Innovation, Page 107
103-2	The management approach and its components	Strengthening Social Fabric > Innovation, Page 107
103-3	Evaluation of the management approach	Sustainability Governance, Page 80
GRI Sector Disclosures: Construction and Real Estate		
CRE8	Type and number of sustainability certification, rating and labelling schemes for new construction, management, occupation and redevelopment	Strengthening Social Fabric > Innovation, Page 107

Disclosure Number	Disclosure Title	Page Number and Reasons for Omissions, if applicable
SPECIFIC DISCLOSURES		
Social		
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 104-106
103-2	The management approach and its components	Strengthening Social Fabric > Creating Social Ecosystems, Page 104-106
103-3	Evaluation of the management approach	Sustainability Governance, Page 80
Non-GRI		
	Community engagement	Strengthening Social Fabric > Creating Social Ecosystems, Page 105-106

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 2021 ("FY 2021") 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 2001 ("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 hours¹ for so long as OUE C-REIT continues to be in existence.

Note:

¹ Due to the current COVID-19 situation in Singapore, inspection shall be further subject to any 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, which is collectively responsible and works with Management for the long-term success of OUE C-REIT. 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 128 and 133, 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 2021.

The attendance of the Directors for Board and Board committee meetings, as well as the frequency of such meetings during FY 2021, is disclosed on page 124. 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

Name of Director ²	Number of meetings attended in FY 2021			
	Board	ARC	NRC	AGM ³
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	4	-	1	1
Tan Shu Lin ⁴	4	-	-	1
Number of meetings held in FY 2021	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. Mr Han Khim Siew was appointed as CEO and Executive Director of the Manager on 7 February 2022 and will attend training on the roles and responsibilities of a director of a listed issuer as prescribed by the SGX-ST before 7 February 2023, being one year from the date of his appointment to the Board.

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, 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 1967 (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.

Notes:

² This table excludes Mr Han Khim Siew, who was appointed as Chief Executive Officer ("CEO") and Executive Director of the Manager on 7 February 2022.

³ Annual General Meeting ("AGM") held via electronic means on 28 April 2021.

⁴ Ms Tan Shu Lin resigned as CEO and Executive Director of the Manager on 30 November 2021.

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 and to develop and maintain their skills and knowledge, 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 ("SID"). During FY 2021, the Directors were briefed on the relevant regulatory and legislative changes including topics related to environment, social and governance ("ESG"), green financing and an update on geo-political and macroeconomic developments.

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 2021, the NRC has endorsed in its recommendation to the Board that the following Directors are independent for FY 2021:

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 ⁵	Lee Yi Shyan ⁶	Loh Lian Huat ⁷	Liu Chee Ming	Ong Kian Min	Usha Ranee Chandradas ⁸	Brian Riady ⁹	Tan Shu Lin ¹⁰
(i) had been independent from the Management and OUE C-REIT during FY 2021	✓	✓	✓	✓	✓	✓	
(ii) had been independent from any business relationship with the Manager and OUE C-REIT during FY 2021		✓	✓	✓	✓		✓
(iii) had been independent from every substantial shareholder of the Manager and every substantial Unitholder during FY 2021			✓	✓			
(iv) had not been a substantial shareholder of the Manager or a substantial Unitholder during FY 2021	✓	✓	✓	✓	✓	✓	✓
(v) has not served as a Director for a continuous period of 9 years or longer as at the last day of FY 2021	✓	✓	✓	✓	✓	✓	✓

Notes:

⁵ This table excludes Mr Han Khim Siew, who was appointed as CEO and Executive Director of the Manager on 7 February 2022.

⁶ 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 2021, 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 2021, Mr Lee was able to act in the best interests of all the Unitholders as a whole.

⁷ 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 2021, 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 24.0% 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 2021. The Board is satisfied that, as at 31 December 2021, Mr Loh was able to act in the best interests of all the Unitholders as a whole.

⁸ Ms Usha Ranee Chandradas is a director of OUE Lippo Healthcare Limited ("OUELH") which is a subsidiary of the Sponsor. The Sponsor wholly-owns the Manager and is a substantial Unitholder. As such, during FY 2021 and since her appointment as a director of OUELH on 15 November 2021, pursuant to the SFLCB Regulations, Ms Chandradas is deemed connected with a substantial shareholder of the Manager and a substantial Unitholder.

Nonetheless, the Board has in its review taken the following into consideration:

- Ms Chandradas serves in her personal capacity as an independent non-executive director of OUELH.
- Ms Chandradas is not in any employment relationship with the Sponsor group and is not under any obligation to act in accordance with the directions, instructions or wishes of the Sponsor group.

Based on the above, the Board is of the view that Ms Chandradas' appointment as a director of OUELH should not interfere with her ability to exercise independent judgment and Ms Chandradas should be treated as an independent Director. The Board is satisfied that, as at 31 December 2021, Ms Chandradas was able to act in the best interests of all the Unitholders as a whole.

⁹ 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 2021, 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 2021, Mr Riady was able to act in the best interests of all the Unitholders as a whole.

¹⁰ Ms Tan Shu Lin resigned as CEO and Executive Director of the Manager, which is wholly-owned by the Sponsor, on 30 November 2021. As such, during FY 2021, until 30 November 2021, being the effective date of Ms Tan's resignation, 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 30 November 2021, 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 2021, Mr Lee Yi Shyan, Mr Loh Lian Huat, Ms Usha Ranee Chandradas and Mr Brian Riady 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.

The Manager recognises and embraces the importance and benefits of having a diverse Board to enhance the quality of the Board's performance, and in supporting OUE C-REIT's strategic objectives and sustainable development. The Board has implemented a board diversity policy which takes into account relevant measurable objectives such as skills, experience and knowledge, gender, age, ethnicity, nationality, cultural background, educational background, independence and length of service. In recognition of the merits of gender diversity, the NRC has committed to ensuring female candidates are included for consideration when identifying suitable candidates for new appointment to the Board. In this regard, as at the date of this Annual Report, one out of the seven Directors is female¹¹. The current Board composition also reflects a diversity of skills, experience and knowledge, comprising business leaders and professionals from varied backgrounds, and other aspects of diversity such as age (32 to 71 years), length of tenure (less than 1 year to approximately 8 years), nationality (5 Singaporeans and 2 foreigners) and gender (1 female), so as to avoid groupthink and foster constructive debate, contributing to improved risk management and more robust decision making for the strategic future of OUE C-REIT. The NRC remains committed to implementing the board diversity policy and any progress made towards the implementation of the board diversity policy will be reported to the Board on an annual basis and disclosed in future annual reports, as appropriate.

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
Han Khim Siew ¹²	CEO and Executive Director
Tan Shu Lin ¹³	CEO and Executive Director

Key information on the Directors' particulars and background, including their listed company directorships and principal commitments, can be found on pages 24-27 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. In addition, Mr Loh 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.

Notes:

¹¹ Ms Tan Shu Lin resigned as CEO and Executive Director of the Manager on 30 November 2021. Mr Han Khim Siew was appointed as CEO and Executive Director of the Manager on 7 February 2022.

¹² Mr Han Khim Siew was appointed as CEO and Executive Director of the Manager on 7 February 2022.

¹³ Ms Tan Shu Lin resigned as CEO and Executive Director of the Manager on 30 November 2021.

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.

There is a clear segregation of responsibilities between the leadership of the Board and Management, and no one individual has unfettered powers of decision-making.

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 2021.

The principal responsibilities of the NRC in performing the functions of a nominating committee include succession planning for Directors through an annual review of the Board's composition which takes into account the need for progressive renewal of the Board, 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 also takes into consideration whether a candidate had previously served on the board of companies with adverse track records or a history of irregularities, and assesses whether a candidate's resignation from the board of any such company would cast any doubt on the ability to act as a Director of the Manager.

Additionally, in the recruitment of Directors, the NRC is mindful of the importance of ensuring that the Board is well-balanced and diverse. As part of its board diversity policy, the Board continues to be open and vigilant in identifying the appropriate female candidate(s) who may possess the competency level and skill sets necessary to bring greater value to OUE C-REIT and its various stakeholder constituencies. Whenever it seeks to identify a new Director for appointment to the Board, the Board ensures that female candidates are included for consideration by the NRC. From there, the final selection will be made in a fair and undiscriminating manner.

The selection and nomination process involves the following:

- a. in carrying out its review, the NRC will take into account that the Board composition should reflect balance in matters such as skills, knowledge and experience, and other aspects of diversity such as gender and age;
- b. the NRC will identify suitable candidates for appointment to the Board having regard to the skills required and the skills represented on the Board;
- c. external consultants may be used from time to time to access a wide base of potential non-executive Directors. Those considered will be assessed against a range of criteria, including the nominee's track record, background, experience, professional skills, financial literacy, core competencies and personal qualities. The NRC and the Board will also consider whether a candidate's skills and experience will complement the existing Board and whether the candidate has sufficient time available to commit to his responsibilities as a Director; and
- d. the NRC will make recommendations to the Board on candidates it considers appropriate for appointment.

Where Directors step down from the Board, cessation announcements providing detailed reason(s) for the cessation are released on SGXNet in compliance with the requirements of the Listing Manual.

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 is conducted annually to assess the effectiveness of the Board and Board committees. The Board performance evaluation process includes a questionnaire designed to assess the performance of the Board and enhance the overall effectiveness of the Directors. The evaluation categories covered in the questionnaire include Board composition and competency, Board information, Board process, Board accountability, performance benchmarking, Management communications, standard of conduct, risk management and internal controls. In addition, there is a self-performance assessment to be undertaken by each Director. The evaluation categories covered in the individual assessment

include independence and integrity, preparedness, participation, commitment and competence. 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. In determining whether a Director has been adequately carrying out his or her duties as a Director, the NRC takes into account the assessments of the individual Director's effectiveness and his or her actual conduct on the Board. 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. Instead, a qualitative and holistic approach is taken. The number of directorships each Director holds should be considered on a case-by-case basis, as a person's available time and attention may be affected by many different factors, such as his or her individual capacity, whether he or she is in full-time employment, the nature of his or her other responsibilities and his or her near term plan regarding some of the other appointments.

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.

CORPORATE GOVERNANCE

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 takes 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.

To further attract and retain highly qualified persons, the Manager has established the succession planning framework as a strategy for identifying and developing future leaders for critical roles. This helps the Manager to prepare for contingencies by closing the gap of a departure and grooming high-potential persons for advancement.

The framework comprises the following which allows the Manager to systematically manage the process and reduce any risk of gaps:

- a. Identify the critical roles, recognise capabilities required of the critical roles and select the talent pool;
- b. Develop and implement succession and knowledge transfer plans; and
- c. Evaluate effectiveness.

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.

A breakdown of the Directors' fees payable to each Director for FY 2021 is shown below:

Name of Director	Directors' Fees (S\$) ¹⁴
Lee Yi Shyan	100,000 ¹⁵
Loh Lian Huat	101,250 ¹⁶
Liu Chee Ming	106,250 ¹⁷
Ong Kian Min	106,250 ¹⁸
Usha Ranee Chandradas	68,750 ¹⁹
Brian Riady	62,500 ²⁰
Tan Shu Lin	Nil ²¹

The current remuneration framework for the non-executive Directors remains unchanged from that of FY 2021.

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 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 include measures such as corporate governance and compliance goals, as well as people development.

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 former CEO, Ms Tan Shu Lin, and the current CEO, Mr Han Khim Siew, were not involved in the decision of the Board on their own remuneration.

Notes:

¹⁴ The framework for determining the Directors' fees in FY 2021 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.

¹⁵ 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 2021.

¹⁶ 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 2021.

¹⁷ 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 2021.

¹⁸ 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 2021.

¹⁹ 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 2021.

²⁰ The fees received by Mr Brian Riady comprise S\$50,000 for being a member of the Board and S\$12,500 for being a member of the NRC for FY 2021.

²¹ Ms Tan Shu Lin did not receive directors' fees in respect of her position as CEO and Executive Director for the period from 1 January 2021 to 30 November 2021.

CORPORATE GOVERNANCE

The Code and the Notice to All Holders of a Capital Markets Services Licence for Real Estate Investment Trust Management [Notice No. SFA04-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 personnel²²/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 2021. 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 2021.

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.

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 ownership of these risks lies with the CEO and the function heads of the Manager, with stewardship residing with the Board.

Note:

²² 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.

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 has identified key risks, assessed their likelihood and impact on OUE C-REIT's business and established specific internal controls in place to manage or mitigate those risks. The information is maintained in a risk register which 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.

As part of its operations risk management, the Manager has in place a Business Continuity Plan which is updated and tested regularly to ensure that OUE C-REIT and the Manager is able to respond effectively to disruptions resulting from internal and external events, while continuing its critical business functions and minimising impact on its people, assets and building operations.

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 2021 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 2021 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 2021, 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 non-executive 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 objectively. A total of four ARC meetings were held in FY 2021.

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.

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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 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.

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's 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 whistle-blowing 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 2021.

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 2021.

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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 2021 was S\$86,000. 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 26 April 2022. 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.

The details of the remuneration of the auditors of OUE C-REIT during FY 2021 are as follows:

Breakdown of Audit and Non-Audit Services	Amount (\$S)
Audit Services	349,000
Non-Audit Services	86,000

The Manager has in place a whistle-blowing policy 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 cooperation 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, staffed with persons with the relevant qualifications and experience and effective in performing its functions, and had appropriate standing within the Manager. OUE IA is a corporate member of The Institute of Internal Auditors Inc. ("IIA"), Singapore, which is an affiliate of the IIA with its headquarters in the United States of America. OUE IA subscribes to, and is guided by, the International Standards for the Professional Practice of Internal Auditing ("Standards") developed by IIA and has incorporated these Standards into its audit practices.

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 <https://www.ouect.com>. Investors can also subscribe to email alerts of all announcements and press releases issued by OUE C-REIT or submit questions at their convenience via an enquiry form on the website.

As part of the Manager's investor relations policy, the Manager maintains regular engagement with Unitholders and also conducts regular briefings for other stakeholders from the wider investment community, such as analysts and media representatives, in conjunction with the release of OUE C-REIT's results 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 76-77 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 124 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 AGM held on 28 April 2021 was convened and held 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 put in place included attendance at the AGM via electronic means such as 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). Minutes of the AGM and responses to relevant and substantial questions from Unitholders were subsequently published on SGXNet and made available on OUE C-REIT's website.

In view of the ongoing COVID-19 situation in Singapore, the forthcoming AGM to be held on 26 April 2022 will again be convened and held by way of electronic means pursuant to the COVID-19 Order. Alternative arrangements relating to attendance at the AGM (including arrangements by which the AGM can be electronically assessed via live audio-visual webcast or live audio-only stream, submission of questions in advance of, or "live" at, the AGM, addressing of substantial and relevant questions before, and 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 4 April 2022. 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,

CORPORATE GOVERNANCE

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 or her behalf at the general meeting. Further, Unitholders such as nominee companies which provide custodial services for securities are not constrained by the two proxy limitation and are able to appoint more than two proxies to attend, speak and vote at general meetings. This will enable indirect investors, including CPF investors, to be appointed as proxies to participate at general meetings. 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 Board adopts an inclusive approach by considering and balancing the needs and interests of material stakeholders, as part of its overall responsibility to ensure that the best interests of OUE C-REIT are served. The Sustainability Report from pages 78-121 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 2021.

OUE C-REIT’s distribution policy is to distribute at least 90% of its taxable income to Unitholders, with the actual level of distribution to be determined at the Manager’s discretion.

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.

Pursuant to Rule 1207(19)(c) of the Listing Manual, the Manager and its officers should not deal in OUE C-REIT's securities during the period commencing two weeks before the announcement of OUE C-REIT's financial statements for each of the first three quarters of its financial year and one month before the announcement of OUE C-REIT's full year financial statements (if OUE C-REIT announces its quarterly financial statements), or one month before the announcement of OUE C-REIT's half year and full year financial statements (if OUE C-REIT does not announce its quarterly financial statements).

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 ■

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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 147 to 241, 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
4 March 2022

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 147 to 241 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 2021, 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 2021, 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.**

Han Khim Siew
Executive Director

Singapore
4 March 2022

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 2021, 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 147 to 241.

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 2021 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 2021. 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 external valuers for certain properties highlighted that the real estate market has been impacted by the uncertainty that the COVID-19 pandemic has caused, and thus, less certainty and a higher degree of caution should be attached to their valuations than would normally be the case.

INDEPENDENT AUDITORS' REPORT

Our response

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

We considered the valuation methods used, which included the discounted cash flow method, capitalisation method and direct comparison method, against those applied for similar property types.

We involved 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 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.

We also considered the adequacy of the disclosures in the financial statements in respect of estimation uncertainty and judgement applied.

Our findings

The valuers are members of 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.

INDEPENDENT AUDITORS' REPORT

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
4 March 2022

STATEMENTS OF FINANCIAL POSITION

As at 31 December 2021

		Group		Trust	
	Note	2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000
Non-current assets					
Plant and equipment		146	234	–	–
Investment properties	4	5,409,748	5,370,383	902,000	900,000
Intangible assets	5	9,167	14,167	9,167	14,167
Investments in subsidiaries	6	–	–	2,459,090	2,594,230
Investment in joint venture	7	322,056	–	316,878	–
Financial derivatives	8	960	–	960	–
Trade and other receivables	9	3,867	4,046	–	–
		5,745,944	5,388,830	3,688,095	3,508,397
Current assets					
Trade and other receivables	9	27,028	30,548	10,513	9,245
Cash and cash equivalents	10	59,549	88,508	3,986	17,987
Property held for sale	11	–	1,258,512	–	1,258,512
		86,577	1,377,568	14,499	1,285,744
Total assets		5,832,521	6,766,398	3,702,594	4,794,141
Non-current liabilities					
Borrowings	12	1,813,196	2,325,093	702,543	1,104,008
Trade and other payables	13	38,860	31,749	13,224	6,548
Financial derivatives	8	7,077	31,895	3,432	14,074
Deferred tax liabilities	14	83,993	79,239	–	–
Lease liability		24,410	24,535	–	–
		1,967,536	2,492,511	719,199	1,124,630
Current liabilities					
Borrowings	12	172,199	371,290	8,000	369,254
Trade and other payables	13	87,132	83,741	29,606	32,414
Financial derivatives	8	1,545	9,085	869	2,296
Current tax liabilities		14,594	17,358	–	–
Lease liability		1,000	1,000	–	–
Liabilities directly associated with the property held for sale	11	–	15,751	–	15,751
		276,470	498,225	38,475	419,715
Total liabilities		2,244,006	2,990,736	757,674	1,544,345
Net assets		3,588,515	3,775,662	2,944,920	3,249,796

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

STATEMENTS OF FINANCIAL POSITION

As at 31 December 2021

	Note	Group		Trust	
		2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000
Represented by:					
Unitholders' funds		3,127,996	3,177,972	2,732,611	2,887,911
Convertible Perpetual Preferred Units ("CPPU") holder's funds	15	212,309	361,885	212,309	361,885
		3,340,305	3,539,857	2,944,920	3,249,796
Non-controlling interests		248,210	235,805	–	–
		3,588,515	3,775,662	2,944,920	3,249,796
Units in issue and to be issued ('000)	16	5,449,685	5,427,850	5,449,685	5,427,850
Net asset value per Unit (\$)	17	0.57	0.59	0.50	0.53

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

STATEMENTS OF TOTAL RETURN

Year ended 31 December 2021

		Group		Trust	
	Note	2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000
Revenue	18	249,884	292,007	150,438	188,664
Property operating expenses	19	(45,679)	(60,117)	(13,365)	(21,756)
Net property income		204,205	231,890	137,073	166,908
Other income	20	15,194	16,517	14,995	16,517
Amortisation of intangible assets	5	(5,000)	(5,000)	(5,000)	(5,000)
Manager's management fees	21	(18,249)	(19,708)	(18,249)	(19,708)
Divestment costs		(7,363)	–	(7,363)	–
Trustee's fee		(1,304)	(1,487)	(903)	(1,070)
Other expenses		(2,674)	(2,279)	(1,238)	(1,758)
Finance income		4,394	4,652	3,597	2,380
Finance costs		(76,187)	(85,330)	(35,575)	(47,242)
Net finance costs	22	(71,793)	(80,678)	(31,978)	(44,862)
Net income		113,016	139,255	87,337	111,027
Net change in fair value of investment properties	4	(56,284)	(179,655)	(2,362)	58,587
Impairment loss on investment in subsidiaries	6	–	–	(109,006)	(133,512)
Share of results from joint venture	7	13,236	–	–	–
Total return/(loss) for the year before tax	23	69,968	(40,400)	(24,031)	36,102
Tax expense	24	(14,061)	(345)	–	–
Total return/(loss) for the year		55,907	(40,745)	(24,031)	36,102
Total return/(loss) attributable to:					
Unitholders and CPPU holder		38,876	(36,265)	(24,031)	36,102
Non-controlling interests		17,031	(4,480)	–	–
		55,907	(40,745)	(24,031)	36,102
Earnings per Unit (cents)					
Basic	25	0.67	(0.74)		
Diluted	25	0.67	(0.74)		

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

DISTRIBUTION STATEMENTS

Year ended 31 December 2021

	Group		Trust	
	2021	2020	2021	2020
	\$'000	\$'000	\$'000	\$'000
Amount available for distribution to Unitholders at beginning of the year	79,810	60,452	79,810	60,452
Total return/(loss) for the year attributable to Unitholders and CPPU holder	38,876	(36,265)	(24,031)	36,102
Less: Amount reserved for distribution to CPPU holder	(2,582)	(3,750)	(2,582)	(3,750)
Less: Amount retained for working capital requirements	(6,000)	(6,000)	(6,000)	(6,000)
Distribution adjustments (Note A)	101,338	183,837	164,245	111,470
Amount available for distribution for the year	131,632	137,822	131,632	137,822
Add/(Less): Amount released/(retained)*	10,400	(5,000)	10,400	(5,000)
Amount to be distributed to Unitholders (Note B)	142,032	132,822	142,032	132,822
Distributions to Unitholders:				
- 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)
- Distribution of 1.43 cents per Unit for the period from 1/7/2020 to 31/12/2020	(77,618)	–	(77,618)	–
- Distribution of 1.23 cents per Unit for the period from 1/1/2021 to 30/06/2021	(66,890)	–	(66,890)	–
	(144,508)	(113,464)	(144,508)	(113,464)
Amount available for distribution to Unitholders at the end of the year	77,334	79,810	77,334	79,810
Distribution per Unit ("DPU") (cents)	2.60	2.43	2.60	2.43

* In 2021, the Group released \$5.4 million of capital gain from divestment of OUE Bayfront and \$5.0 million (2020: \$5.8 million) from the \$10.8 million of tax-exempt income and capital distribution retained in 2020 to preserve financial flexibility in view of the uncertainty posed by the COVID-19 situation.

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

Note A – Distribution adjustments

	Group		Trust	
	2021	2020	2021	2020
	\$'000	\$'000	\$'000	\$'000
Net change in fair value of investment properties	56,284	179,655	2,362	(58,587)
Amortisation of intangible assets	5,000	5,000	5,000	5,000
Amortisation of debt establishment costs	10,339	8,959	5,744	4,316
Net change in fair value of financial derivatives	(1,756)	929	(2,470)	218
Ineffective portion of changes in fair value of cash flow hedges	(1,364)	(3,161)	(867)	(2,058)
Hedging reserve transferred from unitholders' funds due to discontinuation of hedge accounting	1,892	341	3,204	341
Manager's management fees paid/payable in Units	9,124	12,808	9,124	12,808
Trustee's fee	1,304	1,487	903	1,070
Foreign exchange differences	(230)	(698)	(253)	(293)
Deferred tax expense/(credit)	1,375	(12,347)	–	–
Straight-lining of lease incentives	2,044	2,341	15	13
Transfer to statutory reserve	(1,236)	(1,324)	–	–
Net income of subsidiaries and joint venture not distributed to the Trust	–	–	24,967	14,585
Impairment loss on investment in subsidiaries	–	–	109,006	133,512
Other items	18,562	(10,153)	7,510	545
Distribution adjustments	101,338	183,837	164,245	111,470

Note B – Amount to be distributed to Unitholders

	Group and Trust	
	2021	2020
	\$'000	\$'000
Comprises:		
- From operations	95,213	109,257
- From tax exempt income	27,913	20,875
- From Unitholders' contribution	18,906	2,690
	142,032	132,822

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

STATEMENTS OF MOVEMENTS IN UNITHOLDERS' FUNDS ■

Year ended 31 December 2021

	← Attributable to →				
	Unitholders \$'000	CPPU holder \$'000	Total \$'000	Non- controlling interests \$'000	Total \$'000
Group					
Net assets attributable to owners at 1 January 2021	3,177,972	361,885	3,539,857	235,805	3,775,662
Operations					
Total return for the year	38,876	–	38,876	17,031	55,907
Less: Amount reserved for distribution to CPPU holder	(2,582)	2,582	–	–	–
Net increase in net assets resulting from operations	36,294	2,582	38,876	17,031	55,907
Transactions with owners					
Issue of new Units:					
- Manager's management fees paid/ payable in Units	9,124	–	9,124	–	9,124
CPPU redeemed	–	(148,800)	(148,800)	–	(148,800)
Difference on redemption of CPPUs	(6,200)	–	(6,200)	–	(6,200)
Distributions paid to Unitholders	(144,508)	–	(144,508)	–	(144,508)
Distributions paid to CPPU Holder	–	(3,358)	(3,358)	–	(3,358)
Distributions paid to non-controlling interests	–	–	–	(5,600)	(5,600)
Net decrease in net assets resulting from transactions with owners	(141,584)	(152,158)	(293,742)	(5,600)	(299,342)
Movement in foreign currency translation reserve	24,196	–	24,196	–	24,196
Hedging transactions					
Effective portion of change in fair value of cash flow hedges	11,157	–	11,157	195	11,352
Hedging reserve transferred to statement of total return	19,961	–	19,961	779	20,740
Net movement in hedging transactions	31,118	–	31,118	974	32,092
At 31 December 2021	3,127,996	212,309	3,340,305	248,210	3,588,515

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 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.

STATEMENTS OF MOVEMENTS IN UNITHOLDERS' FUNDS ■■

Year ended 31 December 2021

	← Attributable to →		
	Unitholders	CPPU holder	Total
	\$'000	\$'000	\$'000
Trust			
Net assets attributable to owners at 1 January 2021	2,887,911	361,885	3,249,796
Operations			
Total loss for the year	(24,031)	–	(24,031)
Less: Amount reserved for distribution to CPPU holder	(2,582)	2,582	–
Net (decrease)/increase in net assets resulting from operations	(26,613)	2,582	(24,031)
Transactions with owners			
Issue of new Units:			
- Manager's management fees paid/payable in Units	9,124	–	9,124
CPPUs redeemed	–	(148,800)	(148,800)
Difference on redemption of CPPUs	(6,200)	–	(6,200)
Distributions paid to Unitholders	(144,508)	–	(144,508)
Distributions paid to CPPU holder	–	(3,358)	(3,358)
Net decrease in net assets resulting from transactions with owners	(141,584)	(152,158)	(293,742)
Hedging transactions			
Effective portion of change in fair value of cash flow hedges	4,585	–	4,585
Hedging reserve transferred to statement of total return	8,312	–	8,312
Net movement in hedging transactions	12,897	–	12,897
At 31 December 2021	2,732,611	212,309	2,944,920

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

	← Attributable to →		
	Unitholders	CPPU holder	Total
	\$'000	\$'000	\$'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.

PORTFOLIO STATEMENTS

As at 31 December 2021

Description of property

Leasehold tenure

Singapore

OUE Downtown Office

OUE Downtown is a mixed-use development comprising a 50-storey building (OUE Downtown 1) and a 37-storey building (OUE Downtown 2), a retail podium and a multi-storey car park

OUE Downtown 1 and OUE Downtown 2:
99-year lease from 19 July 1967

The Group owns the office components of OUE Downtown (OUE Downtown Office), comprising OUE Downtown 1 (Strata Lot U4628V) and OUE Downtown 2 (Strata Lot U4629P)

One Raffles Place

An integrated commercial development comprising One Raffles Place Tower 1, One Raffles Place Tower 2 and One Raffles Place Shopping Mall

One Raffles Place Tower 1:
841-year lease from 1 November 1985

One Raffles Place Tower 2:
99-year lease from 26 May 1983

The Group has an effective interest of 67.95% in One Raffles Place

One Raffles Place Shopping Mall:
the retail podium straddles two land plots:

- approximately 75% of the net lettable area ("NLA") of the retail podium is on a 99-year lease from 1 November 1985
- the balance 25% of the NLA of the retail podium is on a 841-year lease from 1 November 1985

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

Location	Existing use	Group			
		Carrying value at 31/12/2021 \$'000	Percentage of Unitholders' funds at 31/12/2021 %	Carrying value at 31/12/2020 \$'000	Percentage of Unitholders' funds at 31/12/2020 %
6 Shenton Way, Singapore 068809 and 6A Shenton Way, Singapore 068815	Commercial	902,000	29	900,000	28
1 Raffles Place, One Raffles Place, Singapore 048616	Commercial	1,867,700	60	1,799,700	57

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

PORTFOLIO STATEMENTS

As at 31 December 2021

Description of property

Leasehold tenure

Crowne Plaza Changi Airport

An airport hotel situated within the vicinity of passenger terminals of Singapore Changi Airport and is connected to Jewel Changi Airport via a pedestrian bridge from Terminal 3.

The 563-room hotel is managed by Intercontinental Hotels Group.

74-year lease from 1 July 2009

Mandarin Orchard Singapore

A hotel with 1,077 rooms located in Orchard Road.

99-year lease from 1 July 1957

Mandarin Gallery

High-end retail mall with 152-metre frontage situated along Orchard Road.

99-year lease from 1 July 1957

Shanghai

Lippo Plaza

A 36-storey commercial building with retail podium at Shanghai, China excluding:

- (i) Unit 2 in Basement 1,
- (ii) the 12th, 13th, 15th and 16th floors and
- (iii) 4 car park lots

50-year land use right commencing from 2 July 1994

Investment properties, at valuation (Note 4)

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

Location	Existing use	Group			
		Carrying value at 31/12/2021 \$'000	Percentage of Unitholders' funds at 31/12/2021 %	Carrying value at 31/12/2020 \$'000	Percentage of Unitholders' funds at 31/12/2020 %
75 Airport Boulevard, Singapore 819664	Hotel	455,200	15	468,500	15
333 Orchard Road, Singapore 238867	Hotel	1,130,000	36	1,157,000	36
333A Orchard Road, Singapore 238897	Retail	453,900	14	473,000	15
222 Huaihai Zhong Road, Huangpu District, Shanghai, PRC 200021	Commercial	574,538	18	545,648	17
		5,383,338	172	5,343,848	168

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

PORTFOLIO STATEMENTS

As at 31 December 2021

Description of property

Leasehold tenure

Property held for sale

OUE Bayfront (and adjoining properties comprising OUE Tower and OUE Link)

OUE Bayfront and OUE Tower:
99-year lease from 12 November 2007

An integrated commercial development comprising an 18-storey office building, a conserved tower building and a retail link bridge at Collyer Quay, Singapore

OUE Link:
15-year lease from 26 March 2010

Underpass:
99-year lease from 7 January 2002

Total investment properties and investment property held for sale

Investment in joint venture (Note 7)

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) OUE Bayfront was divested on 31 March 2021 (Note 11)

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

The properties are leased to third parties except as otherwise stated in Note 18. Generally, the leases contain an initial non-cancellable period of 1 to 10 years (2020: 1 to 10 years). Subsequent renewals are negotiated with the respective lessees.

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

Location	Existing use	Group			
		Carrying value at 31/12/2021 \$'000	Percentage of Unitholders' funds at 31/12/2021 %	Carrying value at 31/12/2020 \$'000	Percentage of Unitholders' funds at 31/12/2020 %
50 Collyer Quay, OUE Bayfront, Singapore 049321	Commercial	–	–	1,258,512 ^(a)	40
60 Collyer Quay, OUE Tower, Singapore 049322					
62 Collyer Quay, OUE Link, Singapore 049325					
		5,383,338	172	6,602,360	208
		322,056	10	–	–
		(2,116,879)	(67)	(2,826,698)	(89)
		3,588,515	115	3,775,662	119
		(212,309)	(7)	(361,885)	(11)
		(248,210)	(8)	(235,805)	(8)
		3,127,996	100	3,177,972	100

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

PORTFOLIO STATEMENTS

As at 31 December 2021

Description of property

Leasehold tenure

Singapore

OUE Downtown Office

OUE Downtown is a mixed-use development comprising a 50-storey building (OUE Downtown 1) and a 37-storey building (OUE Downtown 2), a retail podium and a multi-storey car park

The Trust owns the office components of OUE Downtown (OUE Downtown Office), comprising OUE Downtown 1 (Strata Lot U4628V) and OUE Downtown 2 (Strata Lot U4629P)

OUE Downtown 1 and OUE Downtown 2:
99-year lease from 19 July 1967

Investment properties, at valuation (Note 4)

Property held for sale

OUE Bayfront (and adjoining properties comprising OUE Tower and OUE Link)

An integrated commercial development comprising an 18-storey office building, a conserved tower building and a retail link bridge at Collyer Quay, Singapore

OUE Bayfront and OUE Tower:
99-year lease from 12 November 2007

OUE Link:
15-year lease from 26 March 2010

Underpass:
99-year lease from 7 January 2002

Total investment properties and investment property held for sale

Investment in joint venture (Note 7)

Other assets and liabilities (net)

Net assets of the Trust

Net assets attributable to CPPU holder

Unitholders' funds

(a) OUE Bayfront was divested on 31 March 2021 (Note 11)

The properties are leased to third parties except as otherwise stated in Note 18. Generally, the leases contain an initial non-cancellable period of 1 to 10 years (2020: 1 to 10 years). Subsequent renewals are negotiated with the respective lessees.

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

Location	Existing use	Trust			
		Carrying value at 31/12/2021 \$'000	Percentage of Unitholders' funds at 31/12/2021 %	Carrying value at 31/12/2020 \$'000	Percentage of Unitholders' funds at 31/12/2020 %
6 Shenton Way, Singapore 068809 and 6A Shenton Way, Singapore 068815	Commercial	902,000	33	900,000	31
		902,000	33	900,000	31
50 Collyer Quay, OUE Bayfront, Singapore 049321	Commercial	–	–	1,258,512 ^(a)	44
60 Collyer Quay, OUE Tower, Singapore 049322					
62 Collyer Quay, OUE Link, Singapore 049325					
		902,000	33	2,158,512	75
		316,878	12	–	–
		1,726,042	63	1,091,284	38
		2,944,920	108	3,249,796	113
		(212,309)	(8)	(361,885)	(13)
		2,732,611	100	2,887,911	100

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

CONSOLIDATED STATEMENT OF CASH FLOWS

Year ended 31 December 2021

	Group	
	2021	2020
	\$'000	\$'000
Cash flows from operating activities		
Total return/(loss) for the year	55,907	(40,745)
Adjustments for:		
Amortisation of intangible assets	5,000	5,000
Depreciation of plant and equipment	82	99
Finance costs	76,187	85,330
Finance income	(4,164)	(3,954)
Manager's fees paid/payable in Units	9,124	12,808
Net change in fair value of investment properties	56,284	179,655
Share of results from joint venture	(13,236)	–
Plant and equipment written-off	1	2
Loss on disposal of plant and equipment	10	–
(Write back)/Allowance for doubtful receivables	(1,118)	1,752
Tax expense	14,061	345
Operating income before working capital changes	198,138	240,292
Changes in working capital:		
Trade and other receivables	(3,086)	5,307
Trade and other payables	(12,502)	910
Cash generated from operating activities	182,550	246,509
Tax paid	(15,749)	(12,150)
Net cash from operating activities	166,801	234,359
Cash flows from investing activities		
Additions to plant and equipment	(3)	(59)
Payment for capital expenditure on investment properties	(56,896)	(7,737)
Dividends received from joint venture	8,058	–
Interest received	729	793
Proceeds from divestment of investment property	950,634	–
Proceed from sale of plant and equipment	1	–
Net cash from/(used in) investing activities	902,523	(7,003)
Cash flows from financing activities		
Distributions paid to Unitholders	(144,508)	(113,464)
Distributions paid to CPPU holder	(3,358)	(3,755)
Distributions paid to non-controlling interests	(5,600)	(6,800)
Interest paid	(66,487)	(76,698)
Payment of transaction costs related to borrowings	(9,636)	(14,364)
Payment of lease liability	(1,000)	(1,000)
Proceeds from bank loans	764,973	1,181,685
Proceeds from issuance of Notes	150,000	100,000
Redemption of CPPUs	(155,000)	–
Repayment of bank loans	(1,630,035)	(1,116,099)
Repayment of Notes	–	(150,000)
Net cash used in financing activities	(1,100,651)	(200,495)

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

	Note	Group 2021 \$'000	2020 \$'000
Net (decrease)/increase in cash and cash equivalents		(31,327)	26,861
Cash and cash equivalents at beginning of the year		88,508	59,410
Effect of exchange rate fluctuations on cash held		2,368	2,237
Cash and cash equivalents at end of the year	10	59,549	88,508

Significant non-cash transactions

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

Financial year ended 31 December 2021

- a total of 21,834,172 Units, amounting to \$9,124,000, 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 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.

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

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2021

These notes form an integral part of the financial statements.

The financial statements were authorised for issue by the Manager and the Trustee on 4 March 2022.

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.

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;
- (iv) a divestment fee of 0.5% of the sale price of an investment property on all future disposals of properties; and
- (v) a development management fee of 3.0% of the total project costs incurred in a development project undertaken by the Manager on behalf of the Trust.

1 GENERAL (CONT'D)

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

Any portion of the base fee payable in the form of Units is payable quarterly in arrears and any portion of the base fee payable in cash is payable monthly in arrears. The performance fee is paid annually in arrears, regardless of whether it is paid in the form of cash and/or Units. For the financial year ended 2021, 50% of the management base fee and 50% of the management performance fee payable were in the form of 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.

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

On 31 March 2021, the Group and Trust completed the divestment of OUE Bayfront to BPH Propco LLP ("the JV"). Prior to the divestment, 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.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2021

1 GENERAL (CONT'D)

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

The Commercial Property Manager is also entitled to a project management fee at a scale of between 1.35% to 3.0% of the construction cost or a fee to be mutually agreed in writing between the Manager, the Trustee and the Commercial Property Manager. During the financial year, no project management services were provided by the Commercial Property Manager. Where development management fees are payable to the Manager, there will not be any project management fees payable to the Commercial Property Manager and vice versa.

Pursuant to the property management agreement between OUE Hospitality Sub-Trust and the Retail Property Manager in respect of Mandarin Gallery and the certain commercial areas of Mandarin Orchard Singapore, the following fees are payable:

- A property management fee of (a) 2% per annum of the gross revenue of Mandarin Gallery and certain commercial areas of Mandarin Orchard Singapore; and (b) 2% per annum of the Net Property Income of Mandarin Gallery and certain commercial areas of Mandarin Orchard Singapore (calculated before accounting for the property management fee in that financial period); and
- A lease management fee of 0.5% per annum of the Net Property Income of Mandarin Gallery (calculated before accounting for the property management fee in that financial period), in respect of lease management services.

The property and lease management fees are payable monthly in arrears.

(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.

2.3 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.

NOTES TO THE FINANCIAL STATEMENTS ■■

Year ended 31 December 2021

2 BASIS OF PREPARATION (CONT'D)

2.4 Use of estimates and judgments (cont'd)

Measurement of fair values (cont'd)

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 11 – property held for sale and liabilities directly associated with the property
- Note 27 – financial instruments

2.5 Changes in significant accounting policies

New standards and amendments

The Group has applied the following FRSs, amendments to and interpretations of FRS for the first time for the annual period beginning on 1 January 2021:

- *Covid-19-Related Rent Concessions beyond 30 June 2021 (Amendment to FRS 116)*
- *Interest Rate Benchmark Reform – Phase 2 (Amendments to FRS 109, FRS 39 and FRS 107, FRS 104 and FRS 116)*

Other than the amendments relating to the interest rate benchmark reform – Phase 2 Amendments, the application of these amendments to standards and interpretations does not have a material effect on the financial statements.

The Group applied the Phase 2 amendments retrospectively. However, in accordance with the exceptions permitted in the Phase 2 amendments, the Group has elected not to restate comparatives for the prior periods to reflect the application of these amendments. Since the Group had no transactions for which the benchmark rate had been replaced with an alternative benchmark rate as at 31 December 2020, there is no impact on opening equity balances as a result of retrospective application.

2 BASIS OF PREPARATION (CONT'D)

2.5 Changes in significant accounting policies (cont'd)

Specific policies applicable from 1 January 2021 for interest rate benchmark reform

The Phase 2 amendments provide practical relief from certain requirements in FRS Standards. These reliefs relate to modifications of financial instruments and lease contracts or hedging relationships triggered by a replacement of a benchmark interest rate in a contract with a new alternative benchmark rate.

If the basis for determining the contractual cash flows of a financial asset or financial liability measured at amortised cost changes as a result of interest rate benchmark reform, then the Group updates the effective interest rate of the financial asset or financial liability to reflect the change that is required by the reform. A change in the basis for determining the contractual cash flows is required by interest rate benchmark reform if the following conditions are met:

- the change is necessary as a direct consequence of the reform; and
- the new basis for determining the contractual cash flows is economically equivalent to the previous basis – i.e. the basis immediately before the change.

If changes are made to a financial asset or financial liability in addition to changes to the basis for determining the contractual cash flows required by interest rate benchmark reform, then the Group first updates the effective interest rate of the financial asset or financial liability to reflect the change that is required by interest rate benchmark reform. Subsequently, the Group applies the policies on accounting for modifications to the additional changes.

The amendments also provide an exception to use a revised discount rate that reflects the change in interest rate when remeasuring a lease liability because of a lease modification that is required by interest rate benchmark reform.

Finally, the Phase 2 amendments provide a series of temporary exceptions from certain hedge accounting requirements when a change required by interest rate benchmark reform occurs to a hedged item and/or hedging instrument that permit the hedge relationship to be continued without interruption. The Group applies the following reliefs as and when uncertainty arising from interest rate benchmark reform is no longer present with respect to the timing and the amount of the interest rate benchmark-based cash flows of the hedged item or hedging instrument:

- the Group amends the designation of a hedging relationship to reflect changes that are required by the reform without discontinuing the hedging relationship; and
- when a hedged item in a cash flow hedge is amended to reflect the changes that are required by the reform, the amount accumulated in the cash flow hedge reserve is deemed to be based on the alternative benchmark rate on which the hedged future cash flows are determined.

Where uncertainty persists in the timing or amount of the interest rate benchmark-based cash flows of the hedged item or hedging instrument, the Group continues to apply the existing accounting policies disclosed in Note 3.6. See also Note 27 for related disclosures about risks, financial assets and financial liabilities indexed to inter-bank lending rates (IBOR) and hedge accounting.

The Group has early adopted *Covid-19-Related Rent Concessions beyond 30 June 2021 (Amendment to FRS 116)* issued on March 2021. 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 2021. The details of accounting policies are set out in Note 3.8.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2021

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.

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.

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.1 Basis of consolidation (cont'd)

(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) Investment in joint venture

A joint venture is an arrangement in which the Group has joint control, whereby the Group has rights to the net assets of the arrangement, rather than the rights to its assets and obligations for its liabilities.

Investment in joint venture is accounted for using the equity method. It is initially recognised at cost, which includes transaction costs. Subsequent to initial recognition, the consolidated financial statements include the Group's share of the profit or loss of equity-accounted investee, from the date that joint control commences until the date that joint control ceases.

(v) 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.

(vi) Subsidiaries and joint ventures in the financial statements of the Trust

Investments in subsidiaries and joint ventures 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 2021

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 asset

The intangible assets represent the income support receivable by the Group and the Trust under the Deed of Income Support in relation to 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 2021

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 2021

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.

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

Phase 1 amendments: Prior to interest rate benchmark reform – when there is uncertainty arising from 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.

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 profit or loss. In determining whether a previously designated forecast transaction in a discontinued cash flow hedge is still expected to occur, the Group assumes that the interest rate benchmark cash flows designated as a hedge will not be altered as a result of interest rate benchmark reform.

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 contractual 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.

Phase 2 amendments: Replacement of benchmark interest rates – when there is no longer uncertainty arising from interest rate benchmark reform

The Group has adopted the Phase 2 amendments and retrospectively applied them from 1 January 2021.

When the basis for determining the contractual cash flows of the hedged item or the hedging instrument changes as a result of interest rate benchmark reform and therefore there is no longer uncertainty arising about the cash flows of the hedged item or the hedging instrument, the Group amends the hedge documentation of that hedging relationship to reflect the change(s) required by interest rate benchmark reform. A change in the basis for determining the contractual cash flows is required by interest rate benchmark reform if the following conditions are met:

- the change is necessary as a direct consequence of the reform; and
- the new basis for determining the contractual cash flows is economically equivalent to the previous basis – i.e. the basis immediately before the change.

For this purpose, the hedge designation is amended only to make one or more of the following changes:

- designating an alternative benchmark rate as the hedged risk;
- updating the description of hedged item, including the description of the designated portion of the cash flows or fair value being hedged; or
- updating the description of the hedging instrument.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2021

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)

Phase 2 amendments: Replacement of benchmark interest rates – when there is no longer uncertainty arising from interest rate benchmark reform (cont'd)

The Group amends the description of the hedging instrument only if the following conditions are met:

- it makes a change required by interest rate benchmark reform by changing the basis for determining the contractual cash flows of the hedging instrument or using another approach that is economically equivalent to changing the basis for determining the contractual cash flows of the original hedging instrument; and
- the original hedging instrument is not derecognised.

The Group amends the formal hedge documentation by the end of the reporting period during which a change required by interest rate benchmark reform is made to the hedged risk, hedged item or hedging instrument. These amendments in the formal hedge documentation do not constitute the discontinuation of the hedging relationship or the designation of a new hedging relationship.

If changes are made in addition to those changes required by interest rate benchmark reform described above, then the Group first considers whether those additional changes result in the discontinuation of the hedge accounting relationship. If the additional changes do not result in discontinuation of the hedge accounting relationship, then the Group amends the formal hedge documentation for changes required by interest rate benchmark reform as mentioned above.

When the interest rate benchmark on which the hedged future cash flows had been based is changed as required by interest rate benchmark reform, for the purpose of determining whether the hedged future cash flows are expected to occur, the Group deems that the hedging reserve recognised in OCI for that hedging relationship is based on the alternative benchmark rate on which the hedged future cash flows will be based.

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 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.7 Impairment

(i) Non-derivative financial assets

The Group recognises loss allowances for expected credit losses ("ECLs") on financial assets measured at amortised costs.

Loss allowances of the Group are measured on either of the following bases:

- 12-month ECLs: these are ECLs that result from default events that are possible within the 12 months after the reporting date (or for a shorter period if the expected life of the instrument is less than 12 months); or
- Lifetime ECLs: these are ECLs that result from all possible default events over the expected life of a financial instrument.

Simplified approach

The Group applies the simplified approach to provide for ECLs for all trade receivables. The simplified approach requires the loss allowance to be measured at an amount equal to lifetime ECLs.

General approach

The Group applies the general approach to provide for ECLs on all other financial instruments. Under the general approach, the loss allowance is measured at an amount equal to 12-month ECLs at initial recognition.

At each reporting date, the Group assesses whether the credit risk of a financial instrument has increased significantly since initial recognition. When credit risk has increased significantly since initial recognition, loss allowance is measured at an amount equal to lifetime ECLs.

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.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2021

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.7 Impairment (cont'd)

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

Credit-impaired financial assets

At each reporting date, the Group assesses whether financial assets carried at amortised cost are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes a breach of contract such as a default.

Presentation of allowance for ECLs in the statement of financial position.

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of these assets.

Write-off

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Group determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's procedures for recovery of amounts due.

(ii) Non-financial assets

The carrying amounts of the Group's non-financial assets, other than investment property, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the assets' recoverable amounts are estimated. 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 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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.

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.

NOTES TO THE FINANCIAL STATEMENTS . ■

Year ended 31 December 2021

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.8 Leases (cont'd)

(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.

3.10 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 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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.

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.

NOTES TO THE FINANCIAL STATEMENTS ■■

Year ended 31 December 2021

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.16 Finance income and finance costs (cont'd)

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*.

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.

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.17 Tax (cont'd)

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.
- (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.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2021

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.17 Tax (cont'd)

Tax Transparency Ruling (cont'd)

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 1994 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 1979; or
 - (v) a trade union registered under the Trade Unions Act 1940;
- 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 1948; 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 13D, 13U or 13V of the Income Tax Act 1947 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 1947. 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	
	2021	2020	2021	2020
	\$'000	\$'000	\$'000	\$'000
At 1 January	5,370,383	6,770,187	900,000	2,093,000
Capital expenditure capitalised	68,875	11,625	4,377	6,938
Lease incentives	(2,029)	(2,393)	(15)	(13)
Fair value changes recognised in the statement of total return (unrealised)	(56,284)	(179,655)	(2,362)	58,587
Reclassification to property held for sale (Note 11)	–	(1,258,512)	–	(1,258,512)
Translation differences	28,803	29,131	–	–
At 31 December	5,409,748	5,370,383	902,000	900,000

As at 31 December 2021, investment properties with a carrying amount of \$3,060,438,000 (2020: \$3,356,648,000 (including OUE Bayfront which is classified as property held for sale)) are pledged as security to secure bank loans (see Note 12).

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2021

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 2021	
OUE Downtown Office	Cushman & Wakefield VHS Pte Ltd
One Raffles Place	Cushman & Wakefield VHS Pte Ltd
Crowne Plaza Changi Airport	Savills Valuation and Professional Services (S) Pte Ltd
Mandarin Orchard Singapore	Savills Valuation and Professional Services (S) Pte Ltd
Mandarin Gallery	Savills Valuation and Professional Services (S) Pte Ltd
Lippo Plaza	Savills Real Estate Valuation (Guangzhou) Ltd- Shanghai Branch
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

^(a) Classified as "Property held for sale" (Note 11)

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. Certain 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.

4 INVESTMENT PROPERTIES (CONT'D)

Measurement of fair value (cont'd)

(i) Fair value hierarchy (cont'd)

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).

	2021 \$'000	2020 \$'000
Fair value of investment property (based on valuation report)	5,383,338	5,343,848
Add: Carrying amount of lease liability	25,410	25,535
Add: Prepayment of lease	1,000	1,000
Carrying amount of investment property	5,409,748	5,370,383

(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
<i>Discounted cash flow method</i>	Discount rate				The estimated fair value would increase/ (decrease) if: • discount rate was lower (higher); • terminal yield rate was lower (higher).
	2021	6.8% - 7.0%	6.5%	6.8%	
	2020	6.5% - 7.0%	6.5%	7.0%	
	Terminal yield rate				
	2021	3.5% - 5.8%	3.5%	5.0% - 5.8%	
	2020	3.8% - 5.3%	3.5%	4.8% - 5.5%	
<i>Capitalisation method</i>	Capitalisation rate				The estimated fair value would increase/ (decrease) if the capitalisation rate was lower (higher).
	2021	3.4% - 5.3%	—	—	
	2020	3.5% - 4.3%	—	—	
<i>Direct comparison method</i>	Price per square foot (psf)				The estimated fair value would increase/ (decrease) if the price psf or per room was higher (lower).
	2021	\$1,704 - \$3,594	\$1,360	—	
	2020	\$1,696 - \$3,746	\$1,291	—	
	Price per room				
	2021	—	—	\$0.9 million - \$1.0 million	
	2020	—	—	\$0.9 million - \$1.2 million	

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2021

5 INTANGIBLE ASSETS

	Group and Trust \$'000
Cost	
At 1 January 2020, 31 December 2020 and 31 December 2021	58,000
Amortisation and impairment loss	
At 1 January 2020	38,833
Amortisation for the year	5,000
At 31 December 2020	43,833
Amortisation for the year	5,000
At 31 December 2021	48,833
Carrying amount	
At 1 January 2020	19,167
At 31 December 2020	14,167
At 31 December 2021	9,167

Intangible assets represent the unamortised income support receivable by the Group and the Trust under the Deed of Income Support entered into with Alkas Realty Pte. Ltd. ("Alkas"), related party of the Trust, in relation to OUE Downtown Office.

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 Deed of Income Support on OUE Downtown Office, the Group and the Trust drew down \$14,995,000 (2020: \$16,517,000) during the financial year (Note 20).

As at 31 December 2021, the Group and the Trust has drawn down \$51,234,000 (2020: \$36,240,000) under the Deed of Income Support on OUE Downtown Office.

6 INVESTMENTS IN SUBSIDIARIES

	Trust 2021 \$'000	2020 \$'000
Equity investments at cost	2,701,608	2,727,742
Less: Allowance for impairment loss	(242,518)	(133,512)
	2,459,090	2,594,230

6 INVESTMENTS IN SUBSIDIARIES (CONT'D)

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

	Trust	
	2021 \$'000	2020 \$'000
At 1 January	133,512	–
Impairment loss recognised	109,006	133,512
At 31 December	242,518	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 were 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 2021, the carrying amount of the investment cost of the subsidiary exceeded its recoverable amount. Accordingly, impairment loss of \$109,006,000 (2020: \$133,512,000) 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	
			2021 %	2020 %
Direct subsidiaries				
OUE Eastern Pte. Ltd. ⁽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. ⁽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 2021

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	
		2021 %	2020 %
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	
	2021 \$'000	2020 \$'000
Revenue	75,322	73,600
Profit/(Loss) and total comprehensive income	102,185	(26,881)
Profit/(Loss) and total comprehensive income attributable to NCI	17,031	(4,480)
Non-current assets	1,867,825	1,799,931
Current assets	10,697	12,489
Non-current liabilities	(358,184)	(363,704)
Current liabilities	(31,078)	(33,884)
Net assets	1,489,260	1,414,832
Net assets attributable to NCI	248,210	235,805
Cash flows from operating activities	45,403	49,111
Cash flows used in investing activities	(1,357)	(2,026)
Cash flows used in financing activities	(44,106)	(47,598)
Net decrease in cash and cash equivalents	(60)	(513)

7 INVESTMENT IN JOINT VENTURE

	Group		Trust	
	2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000
Investment in joint venture	322,056	—	316,878	—

7 INVESTMENT IN JOINT VENTURE (CONT'D)

Details of the joint venture are as follows:

Name of joint venture	Place of constitution/ business	Principal activities	Effective equity interest held by the Trust	
			2021 %	2020 %
BPH Propco LLP ⁽¹⁾	Singapore	Property owner and investment holding	50	–

⁽¹⁾ Audited by KPMG LLP, Singapore.

Joint venture

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

Subsequent to the divestment, the Property continued to be managed by the Commercial Property Manager and there is no change to the fee structure stated in Note 1(b).

BPH LLP is structured as a separate vehicle and the Group has a residual interest in its net assets. Accordingly, the Group has classified its interest in BPH LLP as a joint venture, which is equity-accounted.

The following table summarises the financial information of BPH LLP, based on its financial statements prepared in accordance with FRS, modified for fair value adjustments on acquisition.

	2021 \$'000
Revenue	44,861
Profit from continuing operations ^a	7,461
Group's share of profit (50%)	3,731
Non-current assets	1,270,000
Current assets ^b	5,315
Non-current liabilities ^c	(617,743)
Current liabilities ^d	(13,461)
Net assets (100%)	644,111
Group's 50% interest in net assets of investee at acquisition	316,878
Share of total comprehensive income ^e	13,236
Dividends received during the year	(8,058)
Carrying amount of interest in investee at end of the year	322,056

^a Includes interest expense of \$7,447,000

^b Includes cash and cash equivalents of \$3,824,000

^c Includes non-current financial liabilities (excluding trade and other payables) of \$10,509,000

^d Includes current financial liabilities (excluding trade and other payables and provisions) of \$5,007,000

^e Includes effect of stamp duty borne by Allianz Investor of \$19,010,000, which has been capitalised under cost of investment properties

NOTES TO THE FINANCIAL STATEMENTS

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7 INVESTMENT IN JOINT VENTURE (CONT'D)

Joint venture (cont'd)

In accordance with the Deed of Guarantee and Undertaking, the Trustee, in its capacity as trustee of the Group guarantees to Allianz Investor the Net Property Income on OUE Bayfront of up to \$6 million. The Group and the Trust has recognised \$6 million provision for income guarantee. In 2021, \$528,000 has been utilised.

8 FINANCIAL DERIVATIVES

	Group		Trust	
	2021	2020	2021	2020
	\$'000	\$'000	\$'000	\$'000
Derivative assets				
Interest rate swaps used for hedging				
- Non-current	960	–	960	–
Derivative liabilities				
Interest rate swaps used for hedging				
- Current	(1,545)	(9,085)	(869)	(2,296)
- Non-current	(7,077)	(31,895)	(3,432)	(14,074)
	(8,622)	(40,980)	(4,301)	(16,370)
Financial derivatives as a percentage of net assets	(0.2%)	(1.1%)	(0.1%)	(0.5%)

The Group uses interest rate swaps to manage its exposure to interest rate movements on its floating rate interest-bearing bank loans by swapping the interest expense of bank loans from floating rates to fixed rates.

Master netting or similar agreements

The Group enters into derivative transactions under International Swaps and Derivatives Association ("ISDA") master netting agreements. In general, under such agreements the amounts owed by each counterparty on a single day in respect of all transactions outstanding in the same currency are aggregated into a single net amount that is payable by one party to the other. In certain circumstances – e.g. when a credit event such as a default occurs, all outstanding transactions under the agreement are terminated, the termination value is assessed and only a single net amount is payable in settlement of all transactions.

The above ISDA agreements do not meet the criteria for offsetting in the statement of financial position. This is because they create a right of set-off of recognised amounts that is enforceable only following an event of default, insolvency or bankruptcy of the Group or the counterparties. In addition, the Group and its counterparties do not intend to settle on a net basis or to realise the assets and settle the liabilities simultaneously.

8 FINANCIAL DERIVATIVES (CONT'D)

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 2021					
Derivatives assets					
Interest rate swaps used for hedging	960	–	960	(960)	–
Derivatives liabilities					
Interest rate swaps used for hedging	(8,622)	–	(8,622)	960	(7,662)
31 December 2020					
Derivatives liabilities					
Interest rate swaps used for hedging	(40,980)	–	(40,980)	–	(40,980)
Trust					
31 December 2021					
Derivatives assets					
Interest rate swaps used for hedging	960	–	960	(960)	–
Derivatives liabilities					
Interest rate swaps used for hedging	(4,301)	–	(4,301)	960	(3,341)
31 December 2020					
Derivatives liabilities					
Interest rate swaps used for hedging	(16,370)	–	(16,370)	–	(16,370)

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2021

9 TRADE AND OTHER RECEIVABLES

	Group		Trust	
	2021	2020	2021	2020
	\$'000	\$'000	\$'000	\$'000
Current				
Trade receivables from:				
- other related parties	5,634	5,634	9	8
- third parties	4,533	9,586	1,149	968
	10,167	15,220	1,158	976
Less: Allowance for doubtful receivables	(506)	(1,792)	(4)	(172)
	9,661	13,428	1,154	804
Other receivables from:				
- subsidiaries	–	–	621	578
- other related parties	8,127	7,107	8,127	7,107
- joint venture	331	–	331	–
- third parties*	7,198	7,154	110	424
	15,656	14,261	9,189	8,109
Deposits	27	322	3	288
	25,344	28,011	10,346	9,201
Prepayments	1,684	2,537	167	44
	27,028	30,548	10,513	9,245
Non-current				
Deposits	3,826	3,826	–	–
Prepayments	41	220	–	–
	3,867	4,046	–	–

* As at 31 December 2021, included grant receivables of \$nil (2020: \$333,000) and \$nil (2020: \$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 \$8,127,000 (2020: \$7,107,000) (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.

9 TRADE AND OTHER RECEIVABLES (CONT'D)

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 27.

The ageing of trade receivables that were not impaired at the reporting date is:

	Group		Trust	
	2021	2020	2021	2020
	\$'000	\$'000	\$'000	\$'000
Not past due	7,499	8,331	953	356
Past due 0 – 30 days	1,022	1,776	11	251
Past due 31 – 90 days	240	1,901	2	152
Past due over 90 days	900	1,420	188	45
	9,661	13,428	1,154	804

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

	Group		Trust	
	2021	2020	2021	2020
	\$'000	\$'000	\$'000	\$'000
At 1 January	1,792	40	172	–
Allowance made	362	1,752	33	172
Amount written off	(169)	–	(176)	–
Write-back of allowance	(1,480)	–	(25)	–
Translation differences	1	–	–	–
At 31 December	506	1,792	4	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 \$362,000 and \$33,000 (2020: \$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.

10 CASH AND CASH EQUIVALENTS

	Group		Trust	
	2021	2020	2021	2020
	\$'000	\$'000	\$'000	\$'000
Cash at bank	25,261	41,680	3,986	17,987
Short-term deposits with financial institutions	34,288	46,828	–	–
	59,549	88,508	3,986	17,987

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2021

11 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).

	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

During the financial year, the Group and Trust had divested OUE Bayfront to BPH Propco LLP at \$1,267.5 million with details of the divestment in Note 7.

Accordingly, the Group and Trust recognised an increase in fair value of investment properties of \$77.5 million in 2020. The net proceeds from divestment of investment properties is \$262.6 million.

12 BORROWINGS

	Group		Trust	
	2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000
Bank loans				
- Secured	1,421,390	1,593,309	460,000	680,000
- Unsecured	333,000	1,025,000	8,000	700,000
Unsecured notes	250,000	100,000	–	–
Loan from a subsidiary	–	–	250,000	100,000
Less: Unamortised transaction costs	(18,995)	(21,926)	(7,457)	(6,738)
	1,985,395	2,696,383	710,543	1,473,262
Classified as:				
Current	172,199	371,290	8,000	369,254
Non-current	1,813,196	2,325,093	702,543	1,104,008
	1,985,395	2,696,383	710,543	1,473,262

12 BORROWINGS (CONT'D)

Terms and debt repayment schedule

Terms and conditions of outstanding borrowings are as follows:

	Nominal interest rate %	Year of maturity	Group		Trust	
			Face value \$'000	Carrying amount \$'000	Face value \$'000	Carrying amount \$'000
2021						
Bank loans						
- SGD	1.50 - 2.04	2022 - 2026	1,732,000	1,716,381	468,000	463,916
- Chinese Renminbi	4.75	2024	22,390	22,387	–	–
Unsecured notes	3.95 - 4.00	2025 - 2026	250,000	246,627	–	–
Loan from a subsidiary	3.95 - 4.00	2025 - 2026	–	–	250,000	246,627
			<u>2,004,390</u>	<u>1,985,395</u>	<u>718,000</u>	<u>710,543</u>
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
			<u>2,718,309</u>	<u>2,696,383</u>	<u>1,480,000</u>	<u>1,473,262</u>

(a) Secured bank loans

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

- investment properties with a total carrying amount of \$3,060,438,000 (2020: \$3,356,648,000) (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 any master lease, entered into by OUE Hospitality Sub-Trust and lease or tenancy deposits/proceeds in connection with such master lease in respect of Mandarin Orchard Singapore;
- a debenture incorporating a fixed charge over book debt, charged accounts, goodwill, intellectual property and plant and machinery and floating charge over generally all of the present and future assets of the Trust in connection with OUE Downtown; Mandarin Orchard Singapore and Mandarin Gallery; and
- the account control or charge over certain bank accounts of the Trust and certain subsidiary.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2021

12 BORROWINGS (CONT'D)

(b) Unsecured bank loans

The Group has in place the following unsecured bank loans:

- a total of \$370.0 million (2020: \$1,050.0 million) committed bank loans and revolving credit facilities with banks. At the reporting date, \$325.0 million (2020: \$1,005.0 million) was drawn down; and
- \$35.0 million (2020: \$30.0 million) uncommitted revolving credit facility with a bank. At the reporting date, \$8.0 million (2020: \$20.0 million) was drawn down. The uncommitted revolving credit facility is repayable on demand.

(c) Unsecured notes

The Trust, through its wholly-owned subsidiary, OUE CT Treasury Pte. Ltd., established a \$1.5 billion Multicurrency Debt Issuance Programme (the "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 2015 Programme was terminated on 12 May 2021.

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.

During the year, OUE CT Treasury Pte. Ltd. issued notes amounting to \$150 million under the 2020 Programme.

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

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

OUE Hospitality 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 Hospitality Sub-Trust, through its subsidiary, may from time to time issue the notes in series or tranches. The EMTN Programme was terminated on 22 April 2021.

12 BORROWINGS (CONT'D)

(d) Loan from a subsidiary

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

Reconciliation of movements of liabilities to cash flows arising from financing activities

	Liabilities			Derivative (assets)/liabilities held to hedge long-term borrowings		Total \$'000
	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	
Balance at 1 January 2021	2,696,383	8,398	25,535	–	40,980	2,771,296
Changes from financing cash flows						
Proceeds from bank loans	764,973	–	–	–	–	764,973
Proceeds from issuance of Notes	150,000	–	–	–	–	150,000
Repayment of bank loans	(1,630,035)	–	–	–	–	(1,630,035)
Payment of transaction costs related to borrowings	(9,636)	–	–	–	–	(9,636)
Payment of lease liability – principal	–	–	(125)	–	–	(125)
Payment of lease liability – interest	–	–	(875)	–	–	(875)
Interest paid	–	(66,487)	–	–	–	(66,487)
Total changes from financing cash flows	(724,698)	(66,487)	(1,000)	–	–	(792,185)
The effect of changes in foreign exchange rates	1,143	2	–	–	–	1,145
Change in fair value	–	–	–	(960)	(32,358)	(33,318)
Other changes						
Liability-related						
Amortisation of debt establishment costs	10,339	–	–	–	–	10,339
Interest expense	–	63,081	875	–	–	63,956
Accrued transaction costs related to borrowings	2,228	–	–	–	–	2,228
Total liability-related other changes	12,567	63,081	875	–	–	76,523
Balance at 31 December 2021	1,985,395	4,994	25,410	(960)	8,622	2,023,461

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2021

12 BORROWINGS (CONT'D)

Reconciliation of movements of liabilities to cash flows arising from financing activities (cont'd)

	Liabilities			Derivative liabilities held to hedge long-term borrowings	
	Borrowings	Accrued interest payable	Lease liability	Interest rate swap used for hedging – liabilities	Total
	\$'000	\$'000	\$'000	\$'000	\$'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

13 TRADE AND OTHER PAYABLES

	Group		Trust	
	2021	2020	2021	2020
	\$'000	\$'000	\$'000	\$'000
Current				
Trade payables	4,111	6,536	1,842	2,032
Other payables due to:				
- the Manager	3,053	2,439	3,053	2,439
- subsidiaries	–	–	763	250
- related parties	7,260	683	91	395
- joint venture	470	–	470	–
- third parties*	8,204	12,310	656	2,889
Advance rental received	3,206	3,367	519	1,271
Accrued expenses	35,420	31,010	14,116	13,810
Provisions^	1,268	–	1,268	–
Interest payable to:				
- a subsidiary	–	–	575	88
- third parties	4,994	8,398	1,789	6,111
Rental deposits				
- third parties	17,543	17,443	4,153	2,845
Other deposits				
- related parties	4	4	4	4
- third parties	1,599	1,551	307	280
	87,132	83,741	29,606	32,414
Non-current				
Rental deposits				
- related parties	316	267	316	267
- third parties	31,340	31,482	5,704	6,281
Provisions^	7,204	–	7,204	–
	38,860	31,749	13,224	6,548

* As at 31 December 2021, included grant payables of \$523,000 and \$nil (2020: \$1,361,000 and \$356,000) at the Group and the Trust respectively.

^ As at 31 December 2021, included provision for income guarantee of \$5.5 million at the Group and the Trust.

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.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2021

14 DEFERRED TAX LIABILITIES

Deferred tax liabilities are attributable to the following:

	Group		Trust	
	2021	2020	2021	2020
	\$'000	\$'000	\$'000	\$'000
Investment properties	70,493	67,324	–	–
Plant and equipment	12,265	10,629	–	–
Other items	1,235	1,286	–	–
	83,993	79,239	–	–

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
2021				
At 1 January 2021	67,324	10,629	1,286	79,239
Recognised in statement of total return (Note 24)	446	1,050	(121)	1,375
Exchange differences	2,723	586	70	3,379
At 31 December 2021	70,493	12,265	1,235	83,993
2020				
At 1 January 2020	77,451	9,220	1,257	87,928
Recognised in statement of total return (Note 24)	(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

15 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;

15 CONVERTIBLE PERPETUAL PREFERRED UNITS (CONT'D)

- the CPPU holder has the sole right to convert the CPPUs into Units, provided that the number of CPPUs converted in each financial year shall not exceed one-third of the total number of CPPUs initially issued to the CPPU holder, at a conversion price of \$0.7154 per CPPU, being the adjusted conversion price pursuant to the rights issue undertaken by the Trust in October 2018. The CPPUs may not be converted into Units for a period of four years commencing from the date of issuance of the CPPUs on 8 October 2015;
- the Manager shall have the sole right to redeem any number of CPPUs for the time being issued and outstanding on a pro-rata basis at the issue price at all times;
- the Manager shall not declare distributions or pay any distributions to the Unitholders, or make any redemption, unless the Manager declares or pays distributions to the CPPU holder; and
- the CPPU holder does not have the right to attend and vote at the meetings of Unitholders except during such period as the preferred or special preferred distribution remains in arrears and unpaid for at least 12 months, or upon any resolution which varies or abrogates any right, preference or privilege of the CPPUs, or upon any resolution for the dissolution or winding up of the Trust.

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

On 1 June 2021, there was a partial redemption of 155.0 million CPPUs at \$1.00 per Unit totalling \$155 million.

The \$212,309,000 (2020: \$361,885,000) presented in the statement of financial position represents the carrying value of the remaining 220.0 million (2020: 375.0 million) CPPUs and the total return attributable to the CPPU holder from the last distribution date.

16 UNITS IN ISSUE AND TO BE ISSUED

	Group and Trust	
	2021	2020
	'000	'000
Units in issue		
At 1 January	5,421,506	5,385,398
Creation of Units:		
- Manager's management fees paid in Units	21,102	36,108
At 31 December	5,442,608	5,421,506
Units to be issued		
Manager's management fees payable in Units	7,077	6,344
Units in issue and to be issued	5,449,685	5,427,850

Financial year ended 31 December 2021

During the financial year, the following Units were issued:

- 21,101,384 Units were issued at issue prices ranging from \$0.38 to \$0.45 per Unit, amounting to \$8,509,000 as satisfaction of the Manager's management fees payable in Units.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2021

16 UNITS IN ISSUE AND TO BE ISSUED (CONT'D)

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.

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.

17 NET ASSET VALUE PER UNIT

	Note	Group		Trust	
		2021	2020	2021	2020
Net asset value per Unit is based on:					
- Net assets attributable to Unitholders (\$'000)		3,127,996	3,177,972	2,732,611	2,887,911
- Units in issue and to be issued at 31 December ('000)	16	5,449,685	5,427,850	5,449,685	5,427,850

18 REVENUE

	Group		Trust	
	2021	2020	2021	2020
	\$'000	\$'000	\$'000	\$'000
Rental income	225,822	259,694	52,166	86,887
Service fee income	16,435	21,571	6,819	11,680
Carpark income	1,872	2,342	268	758
Dividend income	–	–	89,739	86,517
Others	5,912	8,549	1,446	2,822
Less: Business and other taxes	(157)	(149)	–	–
	249,884	292,007	150,438	188,664

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.

18 REVENUE (CONT'D)

Included in rental income is variable rent of \$1,234,000 (2020: \$762,000) and \$55,000 (2020: \$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 \$69,815,000 (2020: \$73,906,000) and \$2,315,000 (2020: \$6,406,000), respectively. Due to the COVID-19 impact, the Group has provided a total of \$8,470,000 (2020: \$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.

19 PROPERTY OPERATING EXPENSES

	Group		Trust	
	2021	2020	2021	2020
	\$'000	\$'000	\$'000	\$'000
Property maintenance expenses	10,923	13,470	3,760	5,701
Property management fees	2,438	4,148	1,554	3,292
Property-related taxes	21,238	27,899	6,984	10,615
Insurance	558	571	67	112
Utilities	2,248	2,687	869	1,521
Land rent expenses	2,113	2,100	–	–
Centre management costs	3,878	4,059	–	–
Others*	2,283	5,183	131	515
	45,679	60,117	13,365	21,756

* Included grant income and grant expense of \$285,000 (2020: \$19,232,000) presented on net basis and write-back of doubtful receivables of \$1,118,000 (2020: allowance for doubtful receivables \$1,752,000).

	Group		Trust	
	2021	2020	2021	2020
	\$'000	\$'000	\$'000	\$'000
Centre management costs comprise:				
Salaries, bonuses and other costs [^]	3,391	3,623	–	–
Contributions to defined contribution plans	487	436	–	–
	3,878	4,059	–	–

[^] Included Jobs Support Scheme of \$201,000 (2020: \$411,000).

20 OTHER INCOME

	Group		Trust	
	2021	2020	2021	2020
	\$'000	\$'000	\$'000	\$'000
Income support on OUE Downtown Office	14,995	16,517	14,995	16,517
Insurance claim received	199	–	–	–
	15,194	16,517	14,995	16,517

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Year ended 31 December 2021

21 MANAGER'S MANAGEMENT FEES

	Group and Trust	
	2021	2020
	\$'000	\$'000
Base fee	16,075	19,708
Performance fee	2,174	–
	18,249	19,708

The Manager's management fees comprise an aggregate of 21,834,172 (2020: 35,391,003) Units, amounting to approximately \$9,124,000 (2020: \$12,808,000), 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 \$0.39 to \$0.45 (2020: \$0.32 to \$0.40) per Unit.

22 NET FINANCE COSTS

	Group		Trust	
	2021	2020	2021	2020
	\$'000	\$'000	\$'000	\$'000
Finance income				
Interest income	1,044	793	7	29
Ineffective portion of changes in fair value of cash flow hedges	1,364	3,161	867	2,058
Net change in fair value of derivatives	1,756	–	2,470	–
Net foreign exchange gains	230	698	253	293
	4,394	4,652	3,597	2,380
Finance costs				
Amortisation of debt-related transaction costs	(10,339)	(8,959)	(5,744)	(4,316)
Interest paid/payable to a subsidiary	–	–	(5,181)	(5,181)
Interest paid/payable to banks	(63,081)	(74,223)	(21,446)	(37,186)
Net change in fair value of derivatives	–	(929)	–	(218)
Hedging reserve transferred from unitholders' funds due to discontinuation of hedge accounting	(1,892)	(341)	(3,204)	(341)
Financial liability measured at amortised cost – interest expense	(875)	(878)	–	–
	(76,187)	(85,330)	(35,575)	(47,242)
Net finance costs	(71,793)	(80,678)	(31,978)	(44,862)

22 NET FINANCE COSTS (CONT'D)

The above finance income and expenses include the following interest income and expense and debt-related transaction costs in respect of assets and liabilities not at fair value through statement of total return:

	Group		Trust	
	2021	2020	2021	2020
	\$'000	\$'000	\$'000	\$'000
Total interest income on financial assets	1,044	793	7	29
Total interest expense on financial liabilities and debt-related transaction costs	(52,577)	(61,654)	(23,333)	(35,392)

23 TOTAL RETURN/(LOSS) FOR THE YEAR BEFORE TAX

Included in total return/(loss) for the year before tax are the following:

	Group		Trust	
	2021	2020	2021	2020
	\$'000	\$'000	\$'000	\$'000
Audit fees paid/payable to:				
- Auditors of the Trust	299	376	110	187
- Other auditors	50	46	-	-
Non-audit fees paid to:				
- Auditors of the Trust	80	147	45	75
- Other auditors	6	6	-	-
Valuation fees	132	124	32	45

24 TAX EXPENSE

	Group		Trust	
	2021	2020	2021	2020
	\$'000	\$'000	\$'000	\$'000
Current tax expense				
Current year	11,834	11,614	-	-
Changes in estimates relating to prior years	(260)	(113)	-	-
	11,574	11,501	-	-
Withholding tax	1,112	1,191	-	-
Deferred tax expense/(credit)				
Origination and reversal of temporary differences	1,375	(12,347)	-	-
	14,061	345	-	-

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2021

24 TAX EXPENSE (CONT'D)

Reconciliation of effective tax rate

	Group		Trust	
	2021	2020	2021	2020
	\$'000	\$'000	\$'000	\$'000
Total return/(loss) for the year before tax	69,968	(40,400)	(24,031)	36,102
Tax calculated using Singapore tax rate of 17% (2020: 17%)	11,894	(6,868)	(4,085)	6,137
Effect of tax rates in foreign jurisdictions	1,618	(2,665)	–	–
Non-tax deductible items	27,756	38,583	25,057	28,544
Non-taxable items	(11,097)	(11,154)	(247)	(10,517)
Tax exempt income	–	(17)	(15,256)	(14,708)
Tax incentives	–	(15)	–	–
Changes in estimates relating to prior years	(260)	(113)	–	–
Tax losses not available to carry forward	7	–	–	–
Tax transparency (Note 3.17)	(16,969)	(18,597)	(5,469)	(9,456)
Withholding tax	1,112	1,191	–	–
	14,061	345	–	–

25 EARNINGS PER UNIT

(i) Basic earnings per Unit

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

Total return/(loss) attributable to Unitholders

	Group	
	2021	2020
	\$'000	\$'000
Total return/(loss) for the year attributable to Unitholders and CPPU holder	38,876	(36,265)
Less: Amount reserved for distribution to CPPU holder	(2,582)	(3,750)
Total return/(loss) attributable to Unitholders	36,294	(40,015)

Weighted average number of Units

	Group	
	2021	2020
	'000	'000
Units issued or to be issued at beginning of the year	5,427,850	5,392,459
Effect of Units issued during the year	7,728	16,065
Effect of Units to be issued as payment of the Manager's management fees payable in Units	19	17
Weighted average number of Units during the year	5,435,597	5,408,541

25 EARNINGS PER UNIT (CONT'D)

(ii) Diluted earnings per Unit

The calculation of diluted earnings per Unit was based on the total return/(loss) 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/(loss) attributable to Unitholders (diluted)

	Group	
	2021	2020
	\$'000	\$'000
Total return/(loss) attributable to Unitholders (basic)	36,294	(40,015)
Add: Amount reserved for distribution to CPPU holder	2,582	3,750
Total return/(loss) attributable to Unitholders and CPPU holder (diluted)	38,876	(36,265)

Weighted average number of Units (diluted)

	Group	
	2021	2020
	'000	'000
Weighted average number of Units (basic)	5,435,597	5,408,541
Effect of the Manager's fees paid/payable in Units	14,088	–
Effect of conversion of CPPUs into Units ⁽¹⁾	360,944	–
Weighted average number of Units (diluted)	5,810,629	5,408,541

(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 2021, nil (2020: 524,182,276) Units were excluded from the diluted weighted average number of Units calculation as their effect would have been anti-dilutive.

26 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.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2021

26 OPERATING SEGMENTS (CONT'D)

Information about reportable segments

	Commercial \$'000	Hospitality \$'000	Total \$'000
Year ended 31 December 2021			
Revenue	182,384	67,500	249,884
Property operating expenses	(41,489)	(4,190)	(45,679)
Reportable segment net property income	140,895	63,310	204,205
Other income	14,995	199	15,194
Depreciation and amortisation	(5,082)	–	(5,082)
Finance income	3,601	793	4,394
Finance costs	(52,880)	(23,307)	(76,187)
Divestment costs	(7,363)	–	(7,363)
Unallocated items			
- Expenses			(22,145)
Net income			113,016
Net change in fair value of investment properties			(56,284)
Share of joint venture results			13,236
Tax expense			(14,061)
Total return for the year			55,907
31 December 2021			
Non-current assets ⁽¹⁾	4,129,548	1,611,610	5,741,158
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

⁽¹⁾ Excluding financial instruments

26 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 2021			
Revenue	224,741	25,143	249,884
Property operating expenses	(41,899)	(3,780)	(45,679)
Reportable segment net property income	182,842	21,363	204,205
Other income	15,194	–	15,194
Depreciation and amortisation	(5,040)	(42)	(5,082)
Other expenses	(518)	–	(518)
Finance income	3,325	1,069	4,394
Finance costs	(75,089)	(1,098)	(76,187)
Divestment costs	(7,363)	–	(7,363)
Unallocated items			
- Expenses			(21,627)
Net income			113,016
Net change in fair value of investment properties			(56,284)
Share of joint venture results			13,236
Tax expense			(14,061)
Total return for the year			55,907
31 December 2021			
Non-current assets ⁽¹⁾	5,166,558	574,600	5,741,158
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

⁽¹⁾ Excluding financial instruments

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2021

27 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.

27 FINANCIAL INSTRUMENTS (CONT'D)

Credit risk (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 \$59,549,000 and \$3,986,000 respectively at 31 December 2021 (2020: \$88,508,000 and \$17,987,000 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 \$1,405.0 million (2020: \$1,735.0 million). The Trust has interest rate swap contracts with a total notional amount of \$490.0 million (2020: \$770.0 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 2021, the Group maintains term loans and revolving credit facilities of \$1,954.4 million (2020: \$2,673.3 million) with banks. At the reporting date, \$1,754.4 million (2020: \$2,618.3 million) of the facilities was utilised.

As at 31 December 2021, the Group has issued unsecured notes of \$250.0 million (2020: \$100.0 million) through OUE CT Treasury Pte. Ltd. as part of its \$2.0 billion Multicurrency Debt Issuance Programme.

The Group is actively engaging potential lenders to refinance the borrowings which are maturing within the next 12 months and expects to complete this refinancing exercise in 2022.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2021

27 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		
			Within 1 year \$'000	Within 2 to 5 years \$'000	More than 5 years \$'000
Group					
2021					
Non-derivative financial liabilities					
Trade and other payables*	(122,786)	(122,786)	(83,926)	(37,882)	(978)
Borrowings	(1,985,395)	(2,124,353)	(272,769)	(1,851,584)	–
Lease liability	(25,410)	(60,667)	(1,000)	(4,000)	(55,667)
	(2,133,591)	(2,307,806)	(357,695)	(1,893,466)	(56,645)
Derivative financial instruments					
Interest rate swaps used for hedging (net-settled)	960	972	(34)	1,006	–
Interest rate swaps used for hedging (net-settled)	(8,622)	(8,506)	(9,372)	866	–
	(7,662)	(7,534)	(9,406)	1,872	–
	(2,141,253)	(2,315,340)	(367,101)	(1,891,594)	(56,645)
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)

* Excluding lease liability (shown separately) and advance rental received

27 FINANCIAL INSTRUMENTS (CONT'D)

Liquidity risk (cont'd)

	Carrying amount \$'000	Contractual cash flows \$'000	Cash flows		
			Within 1 year \$'000	Within 2 to 5 years \$'000	More than 5 years \$'000
Trust					
2021					
Non-derivative financial liabilities					
Trade and other payables*	(42,311)	(42,311)	(29,087)	(13,224)	–
Borrowings	(710,543)	(765,139)	(79,575)	(685,564)	–
	(752,854)	(807,450)	(108,662)	(698,788)	–
Derivative financial instruments					
Interest rate swaps used for hedging (net-settled)	960	972	(34)	1,006	–
Interest rate swaps used for hedging (net-settled)	(4,301)	(4,080)	(3,589)	(491)	–
	(3,341)	(3,108)	(3,623)	515	–
	(756,195)	(810,558)	(112,285)	(698,273)	–
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)

* 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.

NOTES TO THE FINANCIAL STATEMENTS . ■

Year ended 31 December 2021

27 FINANCIAL INSTRUMENTS (CONT'D)

Market risk

Market risk is the risk that changes in market prices, such as interest rates and foreign exchange rates, will affect the Group's total return or the value of its holding of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

Interest rate 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 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 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.

In these hedge relationships, the main sources of ineffectiveness are the differences in the repricing dates between the swaps and the borrowings.

For further details, see 'Managing interest rate benchmark reform and associated risks' below.

There were no other sources of ineffectiveness in these hedging relationships.

27 FINANCIAL INSTRUMENTS (CONT'D)

Market risk (cont'd)

Interest rate risk (cont'd)

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.

The Manager monitors and manages the Group's transition to alternative rates.

Non-derivative financial liabilities

The Group's IBOR exposures to non-derivative financial liabilities as at 31 December 2021 included secured bank loans indexed to SOR. The Group is still in the process of communication with the counterparties for the remaining SOR indexed exposures and specific changes have yet been agreed.

Derivatives

The Group holds interest rate swaps for risk management purposes that 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. The Group is still in the process of communication with the counterparties for the remaining SOR indexed exposures and specific changes have yet been agreed.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2021

27 FINANCIAL INSTRUMENTS (CONT'D)

Interest rate risk (cont'd)

A. Managing interest rate benchmark reform and associated risks (cont'd)

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 2021. The Group's certain 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. The Group is still in the process of communication with the counterparties for the remaining SOR indexed exposures and the relevant hedging instruments and hedged items have not been amended to transition from SOR. The Group continues to apply the amendments to FRS 109 issued in December 2020 (Phase 1) 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.

Total amounts of unreformed contracts, including those with an appropriate fallback clause

The Group monitors the progress of transition from IBORs to new benchmark rates by reviewing the total amounts of contracts that have yet to transition to an alternative benchmark rate and the amounts of such contracts that include an appropriate fallback clause. The Group considers that a contract is not yet transitioned to an alternative benchmark rate when interest under the contract is indexed to a benchmark rate that is still subject to interest rate benchmark reform, even if it includes a fallback clause that deals with the cessation of the existing IBOR (referred to as an 'unreformed contract').

27 FINANCIAL INSTRUMENTS (CONT'D)

Interest rate risk (cont'd)

Total amounts of unreformed contracts, including those with an appropriate fallback clause (cont'd)

The following table shows the total amounts of unreformed contracts and those with appropriate fallback language as at 31 December 2021. The amounts of financial assets and financial liabilities are shown at their carrying amounts and derivatives are shown at their nominal amounts.

	SOR	
	Total amount of unreformed contracts \$'000	Amount with appropriate fallback clause \$'000
Group		
31 December 2021		
Financial liabilities		
Borrowings	325,000	939,000
Derivatives		
Interest rate swaps	265,000	800,000
Trust		
31 December 2021		
Derivatives		
Interest rate swaps	–	150,000

The Group's exposure to Singapore-dollar SOR designated in hedging relationships is \$1,065.0 million (2020: \$1,735.0 million) nominal amount at 31 December 2021, 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 2022 to 2026 (2020: 2021 to 2024).

The Trust's exposure to Singapore-dollar SOR designated in hedging relationships is \$150.0 million (2020: \$770.0 million) nominal amount at 31 December 2021, 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 2025 to 2026 (2020: 2021 to 2024).

The Group is actively engaging with lenders to include appropriate fall-back provisions in its floating-rate liabilities with maturities after 2022 and expects that the hedging instrument will be modified as outlined under 'Derivatives' above.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2021

27 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:

	Group		Trust	
	2021	2020	2021	2020
	\$'000	\$'000	\$'000	\$'000
Fixed rate instruments				
Short-term deposits with financial institutions	34,288	46,828	–	–
Borrowings	(250,000)	(100,000)	(250,000)	(100,000)
Interest rate swaps	(1,405,000)	(1,735,000)	(490,000)	(770,000)
	(1,620,712)	(1,788,172)	(740,000)	(870,000)
Variable rate instruments				
Borrowings	(1,754,390)	(2,618,309)	(468,000)	(1,380,000)
Interest rate swaps	1,405,000	1,735,000	490,000	770,000
	(349,390)	(883,309)	22,000	(610,000)

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.

27 FINANCIAL INSTRUMENTS (CONT'D)

Interest rate risk (cont'd)

Sensitivity analysis for variable instruments

For the variable rate instruments, a change in 50 (2020: 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	Decrease in interest rate	Increase in interest rate	Decrease in interest rate
	\$'000	\$'000	\$'000	\$'000
Group				
2021				
Variable rate instruments				
Borrowings (50 bp)	(10,022)	10,022	–	–
Interest rate swaps (50 bp)	7,025	(7,025)	1,095	(1,103)
	(2,997)	2,997	1,095	(1,103)
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)
Trust				
2021				
Variable rate instruments				
Borrowings (50 bp)	(3,590)	3,590	–	–
Interest rate swaps (50 bp)	2,450	(2,450)	208	(216)
	(1,140)	1,140	208	(216)
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)

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2021

27. 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 2021		
Group		
Interest rate risk		
Interest rate swaps		
Net exposure (\$'000)	290,000	1,115,000
Fixed interest rate	1.45% - 2.17%	0.51% - 2.13%
Trust		
Interest rate risk		
Interest rate swaps		
Net exposure (\$'000)	190,000	300,000
Fixed interest rate	1.46% - 1.93%	0.64% - 1.90%
31 December 2020		
Group		
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%
Trust		
Interest rate risk		
Interest rate swaps		
Net exposure (\$'000)	280,000	490,000
Fixed interest rate	1.88% - 2.13%	0.64% - 1.93%

27 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 2021		
Interest rate risk		
Variable-rate instruments	(15,786)	(5,464)
31 December 2020		
Interest rate risk		
Variable-rate instruments	9,786	(36,582)
Trust		
31 December 2021		
Interest rate risk		
Variable-rate instruments	(9,057)	(2,702)
31 December 2020		
Interest rate risk		
Variable-rate instruments	4,956	(15,598)

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 2021

27 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			Line item in the statement of financial position where the hedging instrument is included
	Nominal amount \$'000	Carrying amount – assets \$'000	Carrying amount – liabilities \$'000	
Group				
2021				
Interest rate risk				
Interest rate swaps	1,405,000	960	(8,622)	Financial derivatives
2020				
Interest rate risk				
Interest rate swaps	1,735,000	–	(40,980)	Financial derivatives
Trust				
2021				
Interest rate risk				
Interest rate swaps	490,000	960	(4,301)	Financial derivatives
2020				
Interest rate risk				
Interest rate swaps	770,000	–	(16,370)	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
11,352	1,364	Finance income	20,740	Finance cost
(46,004)	3,161	Finance income	20,441	Finance cost
4,585	867	Finance income	8,312	Finance cost
(18,241)	2,058	Finance income	9,554	Finance cost

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2021

27 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 2021	(36,582)	(15,598)
Cash flow hedges		
Change in fair value:		
Interest rate risk	11,157	4,585
Amount reclassified to statement of total return:		
Interest rate risk	19,961	8,312
Balance at 31 December 2021	(5,464)	(2,701)
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)

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.

27 FINANCIAL INSTRUMENTS (CONT'D)

Hedge accounting (cont'd)

Currency risk (cont'd)

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			
2021			
Cash and cash equivalents	–	73	1
2020			
Cash and cash equivalents	2	71	2

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.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2021

27 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 11). Their carrying amount is a reasonable approximation of fair value.

	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 2021									
Financial assets measured at fair value									
Financial derivatives	8	–	960	–	960	–	960	–	960
Financial assets not measured at fair value									
Trade and other receivables ^	9	29,170	–	–	29,170				
Cash and cash equivalents	10	59,549	–	–	59,549				
		88,719	–	–	88,719				
Financial liabilities measured at fair value									
Financial derivatives	8	–	(8,622)	–	(8,622)	–	(8,622)	–	(8,622)
Financial liabilities not measured at fair value									
Borrowings:									
- Bank loans	12	–	–	(1,738,768)	(1,738,768)				
- Unsecured notes	12	–	–	(246,627)	(246,627)				
Trade and other payables#	13	–	–	(122,786)	(122,786)				
		–	–	(2,108,181)	(2,108,181)				

^ Excluding prepayments

Excluding advance rental received

27 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	
Group									
2020									
Financial assets not measured at fair value									
Trade and other receivables ^	9	31,837	–	–	31,837				
Cash and cash equivalents	10	88,508	–	–	88,508				
		120,345	–	–	120,345				
Financial liabilities measured at fair value									
Financial derivatives	8	–	(40,980)	–	(40,980)	–	(40,980)	–	
Financial liabilities not measured at fair value									
Borrowings:									
- Bank loans	12	–	–	(2,598,594)	(2,598,594)				
- Unsecured notes	12	–	–	(97,789)	(97,789)				
Trade and other payables#	13	–	–	(112,123)	(112,123)				
		–	–	(2,808,506)	(2,808,506)				

^ Excluding prepayments

Excluding advance rental received

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2021

27 FINANCIAL INSTRUMENTS (CONT'D)

Accounting classifications and fair values (cont'd)

	Note	Carrying amount			Total \$'000	Fair value			
		Amortised cost \$'000	Fair value –hedging instruments \$'000	Other financial liabilities \$'000		Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
Trust									
2021									
Financial assets measured at fair value									
Financial derivatives	8	–	960	–	960	–	960	–	960
Financial assets not measured at fair value									
Trade and other receivables ^	9	10,346	–	–	10,346				
Cash and cash equivalents	10	3,986	–	–	3,986				
		14,332	–	–	14,332				
Financial liabilities measured at fair value									
Financial derivatives	8	–	(4,301)	–	(4,301)	–	(4,301)	–	(4,301)
Financial liabilities not measured at fair value									
Borrowings:									
- Bank loans	12	–	–	(463,916)	(463,916)				
- Loan from a subsidiary	12	–	–	(246,627)	(246,627)				
Trade and other payables#	13	–	–	(42,311)	(42,311)				
		–	–	(752,854)	(752,854)				

^ Excluding prepayments

Excluding advance rental received

27 FINANCIAL INSTRUMENTS (CONT'D)

Accounting classifications and fair values (cont'd)

	Note	Carrying amount			Total	Fair value			
		Amortised cost	Fair value – hedging instruments	Other financial liabilities		Level 1	Level 2	Level 3	Total
		\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Trust									
2020									
Financial assets not measured at fair value									
Trade and other receivables ^	9	9,201	–	–	9,201				
Cash and cash equivalents	10	17,987	–	–	17,987				
		<u>27,188</u>	<u>–</u>	<u>–</u>	<u>27,188</u>				
Financial liabilities measured at fair value									
Financial derivatives	8	–	(16,370)	–	(16,370)	–	(16,370)	–	(16,370)
Financial liabilities not measured at fair value									
Borrowings:									
- Bank loans	12	–	–	(1,375,473)	(1,375,473)				
- Loan from a subsidiary	12	–	–	(97,789)	(97,789)				
Trade and other payables#	13	–	–	(37,691)	(37,691)				
		<u>–</u>	<u>–</u>	<u>(1,510,953)</u>	<u>(1,510,953)</u>				

^ Excluding prepayments

Excluding advance rental received

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2021

27 FINANCIAL INSTRUMENTS (CONT'D)

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	<i>Market comparison technique:</i> 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.

Financial instruments not measured at fair value

Type	Valuation technique
Group	
Trade and other receivables	<i>Discounted cash flows</i>
Trade and other payables	<i>Discounted cash flows</i>
Unsecured notes	<i>The fair value of the unsecured notes is based on the quoted price at reporting date.</i>
Trust	
Trade and other payables	<i>Discounted cash flows</i>
Loan from subsidiary	<i>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.</i>

There were no transfers between Level 2 and 3 during the year.

27 FINANCIAL INSTRUMENTS (CONT'D)

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 2021 was 38.7% (2020: 41.2%) of its Deposited Property with an ICR of 2.8 times¹ (2020: 2.7 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 3 March 2022).

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2021

28 COMMITMENTS

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

Capital commitments

	Group		Trust	
	2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000
Contracted but not provided for in the financial statements:				
- Expenditure in respect of investment properties	39,978	98,906	666	3,013

29 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

	2021 \$'000	2020 \$'000
Leases under FRS 116		
Interest on lease liability	875	878

Amounts recognised in statement of cash flows

	2021 \$'000	2020 \$'000
Total cash outflow for leases	1,000	1,000

29 LEASES (CONT'D)

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 2021 was \$242,257,000 (2020: \$281,265,000) and Trust was \$58,985,000 (2020: \$98,567,000).

The following table sets out a maturity analysis of lease payments, showing the undiscounted lease payments to be received after the reporting date.

	Group \$'000	Trust \$'000
2021		
Less than one year	221,855	44,461
One to two years	182,277	37,172
Two to three years	142,526	27,578
Three to four years	113,622	20,697
Four to five years	97,365	15,932
More than five years	106,017	–
Total	863,662	145,840
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

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2021

30 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	
	2021	2020	2021	2020
	\$'000	\$'000	\$'000	\$'000
Divestment fees paid to Manager	3,169	–	3,169	–
Hotel service expenses and professional fees paid/ payable to related parties	1,294	1,166	30	25
Settlement of liabilities by related parties of the Manager on behalf of the Group and the Trust	44	165	22	22

31 FINANCIAL RATIOS

	Group		Trust	
	2021	2020	2021	2020
	\$'000	\$'000	\$'000	\$'000
Expenses to weighted average net assets ¹				
- including performance component of the Manager's fees	0.85	0.86	0.88	0.94
- excluding performance component of the Manager's fees	0.78	0.86	0.81	0.94
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.

32 SUBSEQUENT EVENTS

There were the following events subsequent to the reporting date:

- On 16 February 2022, the Manager declared a distribution of \$1,109,000 to the CPPU holder in respect of the period from 1 July 2021 to 31 December 2021.
- On 16 January 2022, the Manager declared a distribution of 1.37 cents per Unit, amounting to \$74,820,000, in respect of the period from 1 July 2021 to 31 December 2021.
- On 21 February 2022, the Trust issued 7,076,798 Units at \$0.4314 per Unit, amounting to \$3,053,000, to the Manager as payment of the management base fee for the period from 1 October 2021 to 31 December 2021 and management performance fee for 2021.

33 NEW STANDARDS NOT ADOPTED

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

- *FRS 117 Insurance Contracts and Amendments to FRS 117 Insurance Contracts*
- *Reference to the Conceptual Framework (Amendments to FRS 103)*
- *Property, Plant and Equipment – Proceeds before Intended Use (Amendments to FRS 16)*
- *Onerous Contracts – Costs of Fulfilling a Contract (Amendments to FRS 37)*
- *Classification of Liabilities as Current or Non-current (Amendments to FRS 1)*
- *Annual Improvements to FRSs 2018 – 2020*

INTERESTED PERSON AND INTERESTED PARTY TRANSACTIONS.

INTERESTED PERSON AND INTERESTED PARTY TRANSACTIONS

Name of interested person/party	Aggregate value of all interested person/party transactions during FY2021 (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
Gross rental income	68,505	–	Manager and controlling
Carpark income	124	–	Unitholder of OUE C-REIT
Manager's management fee ¹	18,249	–	
Divestment fee ²	3,169	–	
Property management fee ¹	2,438	–	Subsidiaries of OUE Limited:
Income support arrangements ³	14,995	–	Associates of the controlling
Shared services ¹	355	–	shareholder of the
Shared electricity services ¹	801	–	Manager and controlling
			Unitholder of OUE C-REIT
DBS Trustee Limited (trustee of OUE C-REIT)			Trustee of OUE C-REIT ("DBS Trustee")
Trustee's fee ¹	903	–	
RBC Investor Services Trust Singapore Limited (trustee of OUE Hospitality Sub-Trust)			Trustee of OUE Hospitality Sub-Trust ("RBC Trustee")
Trustee's fee ¹	401	–	
Moolahgo Pte. Ltd.			Associate of a controlling
Gross rental income	221	–	shareholder of the
			Manager and controlling
			Unitholder of OUE C-REIT

Please also see Significant Related Party Transactions in Note 30 to the Financial Statements.

Saved as disclosed above, during the financial year ended 31 December 2021, 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 ("OUE H-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 Divestment fee at 0.5% of the sales consideration paid to the Manager in connection with the divestment of OUE Bayfront on 31 March 2021.

³ Income support arrangement of approximately S\$15.0 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 2021 to 31 December 2021.

For Period	Issue Date	Units issued	*Issue Price (\$\$)
1 January 2021 to 31 March 2021	7 May 2021	5,472,835	0.3906
1 April 2021 to 30 June 2021	3 August 2021	4,852,688	0.4034
1 July 2021 to 30 September 2021	8 November 2021	4,431,851	0.4459
1 October 2021 to 31 December 2021	21 February 2022	7,076,798	0.4314

* 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 7 March 2022

5,449,684,538 Units (one vote per Unit) in issue.

Market capitalisation of \$2,152,625,392.51 based on the market closing Unit price of S\$0.395 on 7 March 2022.

DISTRIBUTION OF UNITHOLDINGS

Size of Unitholdings	Number of Unitholders	%	Number of Units	%
1 - 99	836	2.73	39,530	0.00
100 - 1,000	1,933	6.30	1,072,055	0.02
1,001 - 10,000	16,983	55.36	70,642,947	1.30
10,001 - 1,000,000	10,843	35.35	616,437,846	11.31
1,000,001 and above	81	0.26	4,761,492,160	87.37
TOTAL	30,676	100.00	5,449,684,538	100.00

TWENTY LARGEST UNITHOLDERS

No.	Name of Unitholder	Number of Units	%
1	CITIBANK NOMINEES SINGAPORE PTE LTD	2,228,730,207	40.90
2	RAFFLES NOMINEES (PTE.) LIMITED	1,457,266,574	26.74
3	DBS NOMINEES (PRIVATE) LIMITED	364,640,142	6.69
4	UNITED OVERSEAS BANK NOMINEES (PRIVATE) LIMITED	164,662,016	3.02
5	HSBC (SINGAPORE) NOMINEES PTE LTD	110,187,212	2.02
6	DBSN SERVICES PTE. LTD.	85,682,343	1.57
7	OCBC SECURITIES PRIVATE LIMITED	73,303,223	1.35
8	UOB KAY HIAN PRIVATE LIMITED	35,626,524	0.65
9	DB NOMINEES (SINGAPORE) PTE LTD	21,912,910	0.40
10	CGS-CIMB SECURITIES (SINGAPORE) PTE. LTD.	17,241,854	0.32
11	PHILLIP SECURITIES PTE LTD	13,678,341	0.25
12	HENG SIEW ENG	12,243,553	0.22
13	BNP PARIBAS NOMINEES SINGAPORE PTE. LTD.	11,203,409	0.21
14	OCBC NOMINEES SINGAPORE PRIVATE LIMITED	11,035,073	0.20
15	SOON LEE HENG TRADING & TRANSPORTATION PTE LTD	8,500,000	0.16
16	ABN AMRO CLEARING BANK N.V.	7,489,597	0.14
17	LEE SEE CHUAN @LEE CHEE CHUAN	7,145,880	0.13
18	JACK INVESTMENT PTE LTD	6,181,353	0.11
19	IFAST FINANCIAL PTE. LTD.	6,102,315	0.11
20	MAYBANK SECURITIES PTE. LTD.	5,220,988	0.10
TOTAL		4,648,053,514	85.29

DIRECTORS' INTERESTS IN UNITS AS AT 21 JANUARY 2022

Directors	Direct Interest		Deemed Interest	
	No. of Units held	%	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	-	-

SUBSTANTIAL UNITHOLDERS' INTERESTS AS AT 7 MARCH 2022

Name of Substantial Unitholder	Direct Interest		Deemed Interest		Total No. of	
	No. of Units held	%	No. of Units held	%	Units held	%
Clifford Development Pte. Ltd. ("Clifford")	1,471,601,271	27.00 ⁽²⁹⁾	—	—	1,471,601,271	27.00 ⁽²⁹⁾
OUE Limited	1,156,481,814	21.22 ⁽²⁹⁾	1,471,601,271 ⁽¹⁾	27.00 ⁽²⁹⁾	2,628,083,085	48.22 ⁽²⁹⁾
OUE Realty Pte. Ltd. ("OUER")	25,807,700	0.48 ⁽²⁹⁾	2,628,083,085 ⁽²⁾	48.22 ⁽²⁹⁾	2,653,890,785	48.70 ⁽²⁹⁾
Golden Concord Asia Limited ("GCAL")	26,351,777	0.48 ⁽²⁹⁾	2,653,890,785 ⁽³⁾	48.70 ⁽²⁹⁾	2,680,242,562	49.18 ⁽²⁹⁾
Fortune Crane Limited ("FCL")	—	—	2,680,242,562 ⁽⁴⁾	49.18 ⁽²⁹⁾	2,680,242,562	49.18 ⁽²⁹⁾
Lippo ASM Asia Property Limited ("LAAPL")	—	—	2,680,242,562 ⁽⁵⁾	49.18 ⁽²⁹⁾	2,680,242,562	49.18 ⁽²⁹⁾
HKC Property Investment Holdings Limited ("HKC Property")	—	—	2,680,242,562 ⁽⁶⁾	49.18 ⁽²⁹⁾	2,680,242,562	49.18 ⁽²⁹⁾
Hongkong Chinese Limited ("HCL")	3,967,940	0.07 ⁽²⁹⁾	2,680,242,562 ⁽⁷⁾	49.18 ⁽²⁹⁾	2,684,210,502	49.25 ⁽²⁹⁾
Hennessy Holdings Limited ("HHL")	—	—	2,684,210,502 ⁽⁸⁾	49.25 ⁽²⁹⁾	2,684,210,502	49.25 ⁽²⁹⁾
Prime Success Limited ("PSL")	—	—	2,684,210,502 ⁽⁹⁾	49.25 ⁽²⁹⁾	2,684,210,502	49.25 ⁽²⁹⁾
Lippo Limited ("LL")	—	—	2,689,522,234 ⁽¹⁰⁾	49.35 ⁽²⁹⁾	2,689,522,234	49.35 ⁽²⁹⁾
Lippo Capital Limited ("LCL")	—	—	2,689,522,234 ⁽¹¹⁾	49.35 ⁽²⁹⁾	2,689,522,234	49.35 ⁽²⁹⁾
Lippo Capital Holdings Company Limited ("LCH")	—	—	2,689,522,234 ⁽¹²⁾	49.35 ⁽²⁹⁾	2,689,522,234	49.35 ⁽²⁹⁾
Lippo Capital Group Limited ("LCG")	—	—	2,689,522,234 ⁽¹³⁾	49.35 ⁽²⁹⁾	2,689,522,234	49.35 ⁽²⁹⁾
Dr Stephen Riady	—	—	2,689,522,234 ⁽¹⁴⁾	49.35 ⁽²⁹⁾	2,689,522,234	49.35 ⁽²⁹⁾
PT Trijaya Utama Mandiri ("PT Trijaya")	—	—	2,689,522,234 ⁽¹⁵⁾	49.35 ⁽²⁹⁾	2,689,522,234	49.35 ⁽²⁹⁾
Mr James Tjahaja Riady	—	—	2,689,522,234 ⁽¹⁶⁾	49.35 ⁽²⁹⁾	2,689,522,234	49.35 ⁽²⁹⁾
Admiralty Station Management Limited ("Admiralty")	—	—	2,680,242,562 ⁽¹⁷⁾	49.18 ⁽²⁹⁾	2,680,242,562	49.18 ⁽²⁹⁾
Argyle Street Management Limited ("ASML")	—	—	2,680,242,562 ⁽¹⁸⁾	49.18 ⁽²⁹⁾	2,680,242,562	49.18 ⁽²⁹⁾
Argyle Street Management Holdings Limited ("ASMHL")	—	—	2,680,242,562 ⁽¹⁹⁾	49.18 ⁽²⁹⁾	2,680,242,562	49.18 ⁽²⁹⁾
Kin Chan ("KC")	—	—	2,680,242,562 ⁽²⁰⁾	49.18 ⁽²⁹⁾	2,680,242,562	49.18 ⁽²⁹⁾
V-Nee Yeh ("VY")	—	—	2,680,242,562 ⁽²¹⁾	49.18 ⁽²⁹⁾	2,680,242,562	49.18 ⁽²⁹⁾
Tang Gordon @ Tang Yigang @ Tang Gordon ("GT")	397,213,888 ⁽²²⁾	7.29 ⁽²⁹⁾	55,570,352 ⁽²³⁾	1.02 ⁽²⁹⁾	452,784,240	8.31 ⁽²⁹⁾
Celine Tang @ Chen Huaidan @ Celine Tang ("CT")	353,121,062 ⁽²⁴⁾	6.48 ⁽²⁹⁾	—	—	353,121,062	6.48 ⁽²⁶⁾
Tang Jialin ("TJL")	268,100,000 ⁽²⁵⁾	4.92 ⁽²⁹⁾	8,687,351 ⁽²⁶⁾	0.16 ⁽²⁹⁾	276,787,351	5.08 ⁽²⁹⁾
Yang Chanzhen @ Janet Yeo ("JY")	268,100,000 ⁽²⁷⁾	4.92 ⁽²⁹⁾	64,257,703 ⁽²⁸⁾	1.18 ⁽²⁹⁾	332,357,703	6.10 ⁽²⁹⁾

STATISTICS OF UNITHOLDINGS

As at 7 March 2022

Notes:

- ⁽¹⁾ OUE Limited is deemed to have an interest in the Units held by Clifford. Clifford is a wholly-owned subsidiary of OUE Limited.
- ⁽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 and HCL and the immediate holding company of 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 and HCL and the immediate holding company of 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 55,570,352 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⁾ TJL has a direct interest in the 268,100,000 Units held by the joint accounts of TJL and JY.
- ⁽²⁶⁾ TJL holds not less than 20% interest in Senz Holdings Limited. Accordingly, TJL has a deemed interest in the 8,687,351 Units held by Senz Holdings Limited.
- ⁽²⁷⁾ JY has a direct interest in the 268,100,000 Units held by the joint accounts of TJL and JY.
- ⁽²⁸⁾ 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 55,570,352 Units held by Gold Pot Developments Limited, as well as a deemed interest in the 8,687,351 Units held by Senz Holdings Limited.
- ⁽²⁹⁾ The unitholding percentage is calculated based on 5,449,684,538 issued Units as at 7 March 2022.

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 7 March 2022, approximately 35.98% of OUE C-REIT's Units were held in the hands of the public.

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CORPORATE INFORMATION

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Email: enquiry@ouect.com
SGX Code: TS0U
Bloomberg: OUECT SP

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BOARD OF DIRECTORS

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

Mr 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

Mr Han Khim Siew
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

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Partner-in-charge: Mr Koh Wei Peng
(Appointed since the financial year ended 31 December 2017)



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