

OUE COMMERCIAL REAL ESTATE INVESTMENT TRUST

**Unaudited Financial Statements Announcement for the Fourth Quarter 2018 and
Financial Year ended 31 December 2018**

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OUE COMMERCIAL REAL ESTATE INVESTMENT TRUST
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Introduction

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

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

OUE C-REIT’s portfolio currently comprises four prime commercial properties located in Singapore and Shanghai:

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

The financial results of OUE C-REIT Group for the Fourth Quarter 2018 and the Financial Year ended 31 December 2018 included contribution from OUE Downtown Office with effect from the acquisition completion date on 1 November 2018.

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Summary of OUE C-REIT Group Results

	4Q 2018⁽¹⁾ (S\$'000)	4Q 2017⁽²⁾ (S\$'000)	Change (%)	FY 2018⁽¹⁾ (S\$'000)	FY 2017⁽²⁾ (S\$'000)	Change (%)
Revenue	48,036	43,994	9.2	176,396	176,297	0.1
Net property income	36,635	34,699	5.6	138,187	138,186	0.0
Amount available for distribution to Unitholders	21,500	17,680	21.6	71,290	69,950	1.9
Distribution per Unit ("DPU") (cents)	0.75	0.62 ⁽⁴⁾	21.0	3.48 ⁽³⁾	3.62 ⁽⁴⁾	(3.9)

Footnotes:

- (1) The current period results of OUE C-REIT's foreign subsidiaries are translated using the SGD:CNY rate of 1:5.030 for 4Q 2018 and 1:4.895 for FY 2018.
- (2) The prior period results of OUE C-REIT's foreign subsidiaries are translated using the SGD:CNY rate of 1:4.888 for 4Q 2017 and 1:4.895 for FY 2017.
- (3) The 1,288,438,981 new Units issued on 30 October 2018 at an issue price of S\$0.456 per Unit (the "Rights Units") pursuant to the rights issue ("Rights Issue") rank pari passu in all respects with the existing Units in issue and to be issued as at 31 December 2018, including the right to any distributions which may accrue for the financial period from 1 July 2018 to 31 December 2018. FY 2018 DPU is calculated based on actual 1H 2018 DPU, with 2H 2018 DPU adjusted for the Rights Units.
- (4) For purpose of comparison, 4Q 2017 DPU has been restated to include the 1,288,438,981 Rights Units issued. FY 2017 DPU is calculated based on actual 1H 2017 DPU, with 2H 2017 DPU adjusted for the Rights Units.

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1(a) Consolidated Statement of Total Return and Distribution Statement

Statement of Total Return	Note	4Q 2018⁽¹⁾ (S\$'000)	4Q 2017⁽²⁾ (S\$'000)	Change (%)	FY 2018⁽¹⁾ (S\$'000)	FY 2017⁽²⁾ (S\$'000)	Change (%)
Revenue		48,036	43,994	9.2	176,396	176,297	0.1
Property operating expenses		(11,401)	(9,295)	22.7	(38,209)	(38,111)	0.3
Net property income		36,635	34,699	5.6	138,187	138,186	0.0
Other income	1	3,962	1,003	N/M	7,189	3,312	N/M
Amortisation of intangible assets		(1,947)	(1,113)	74.9	(5,286)	(4,452)	18.7
Manager's management fees	2	(3,227)	(2,478)	30.2	(10,565)	(9,593)	10.1
Trustee's fee		(175)	(142)	23.2	(602)	(557)	8.1
Other expenses		(538)	(276)	94.9	(1,877)	(1,692)	10.9
Finance income		948	2,848	(66.7)	3,669	5,997	(38.8)
Finance costs		(15,179)	(11,651)	30.3	(51,679)	(48,763)	6.0
Net finance costs	3	(14,231)	(8,803)	61.7	(48,010)	(42,766)	12.3
Foreign exchange differences		(9)	(79)	(88.6)	12	(314)	N/M
Net Income		20,470	22,811	(10.3)	79,048	82,124	(3.7)
Net change in fair value of investment properties	4	71,399	101,617	(29.7)	71,399	101,617	(29.7)
Total return for the period/year before tax		91,869	124,428	(26.2)	150,447	183,741	(18.1)
Tax expense	5	(6,393)	(23,014)	(72.2)	(19,734)	(36,058)	(45.3)
Total return for the period/year		85,476	101,414	(15.7)	130,713	147,683	(11.5)
Attributable to:							
Unitholders and Convertible Perpetual Preferred Units ("CPPU") holder		77,653	95,816	(19.0)	117,493	136,310	(13.8)
Non-controlling interests		7,823	5,598	39.7	13,220	11,373	16.2
Total return for the period/year		85,476	101,414	(15.7)	130,713	147,683	(11.5)

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<u>Distribution Statement</u>	Note	4Q 2018⁽¹⁾ (S\$'000)	4Q 2017⁽²⁾ (S\$'000)	Change (%)	FY 2018⁽¹⁾ (S\$'000)	FY 2017⁽²⁾ (S\$'000)	Change (%)
Total return for the period/year attributable to Unitholders and CPPU holder		77,653	95,816	(19.0)	117,493	136,310	(13.8)
Less: Amount reserved for distribution to CPPU holder		(945)	(1,197)	(21.1)	(3,750)	(5,311)	(29.4)
Distribution adjustments	6	(55,208)	(76,939)	(28.2)	(42,453)	(61,049)	(30.5)
Amount available for distribution for the period/year		21,500	17,680	21.6	71,290	69,950	1.9
Comprising:							
Taxable income		11,586	7,119	62.7	31,676	27,999	13.1
Tax exempt income		6,321	6,260	1.0	23,744	26,580	(10.7)
Unitholders' contributions		3,593	4,301	(16.5)	15,870	15,371	3.2
		21,500	17,680	21.6	71,290	69,950	1.9

N/M: Not meaningful

Footnotes:

- (1) The current period results of OUE C-REIT's foreign subsidiaries are translated using the SGD:CNY rate of 1:5.030 for 4Q 2018 and 1:4.895 for FY 2018.
- (2) The prior period results of OUE C-REIT's foreign subsidiaries are translated using the SGD:CNY rate of 1:4.888 for 4Q 2017 and 1:4.895 for FY 2017.

Notes to Consolidated Statement of Total Return and Distribution Statement:

(1) Other income

Other income comprises income support relating to the top-up payments from OUE Limited and its subsidiary (the "Sponsor Group") pursuant to the Deed of Income Support dated 9 January 2014 and 1 November 2018 (the "Deeds of Income Support").

(2) Manager's management fees

Manager's base management fee is calculated as 0.3% p.a. of the value of the deposited properties of OUE C-REIT Group. The Manager has elected to pay 20% of the base management fee in cash, with the balance 80% in the form of new Units for both FY 2018 and FY 2017.

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(3) Net finance costs

Net finance costs comprises the following:

	4Q 2018 (S\$'000)	4Q 2017 (S\$'000)	Change (%)	FY 2018 (S\$'000)	FY 2017 (S\$'000)	Change (%)
Finance income						
Interest income	189	236	(19.9)	795	687	15.7
Ineffective portion of changes in fair value of cash flow hedges	759	2,612	(70.9)	2,874	5,310	(45.9)
	948	2,848	(66.7)	3,669	5,997	(38.8)
Finance costs						
Borrowing costs	(13,174)	(10,193)	29.2	(45,604)	(38,954)	17.1
Amortisation of debt establishment costs	(1,032)	(1,270)	(18.7)	(4,857)	(6,769)	(28.2)
Change in fair value of financial derivatives	(852)	-	N/M	(565)	(2,326)	(75.7)
Hedging reserve transferred from unitholders' funds	(121)	(188)	(35.6)	(653)	(714)	(8.5)
	(15,179)	(11,651)	30.3	(51,679)	(48,763)	6.0
Net finance costs	(14,231)	(8,803)	61.7	(48,010)	(42,766)	12.3

N/M: Not meaningful

The above includes the following net fair value movements relating to financial derivatives:

	4Q 2018 (S\$'000)	4Q 2017 (S\$'000)	Change (%)	FY 2018 (S\$'000)	FY 2017 (S\$'000)	Change (%)
Ineffective portion of changes in fair value of cash flow hedges	759	2,612	(70.9)	2,874	5,310	(45.9)
Change in fair value of financial derivatives	(852)	-	N/M	(565)	(2,326)	(75.7)
Hedging reserve transferred from unitholders' funds	(121)	(188)	(35.6)	(653)	(714)	(8.5)
Net fair value gain/(loss)	(214)	2,424	N/M	1,656	2,270	(27.0)

N/M: Not meaningful

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(4) Net change in fair value of investment properties

As at 31 December 2018, independent valuations are carried out for all four properties of OUE C-REIT Group. Net change in fair value of investment properties for FY 2018 relates mainly to the revaluation gains between their respective valuations as at 31 December 2017 and the subsequent capital expenditure incurred, and their respective valuations as at 31 December 2018.

(5) Tax expense

Tax expense comprises of income tax, deferred tax and withholding tax relating to OUE C-REIT's subsidiaries.

	4Q 2018 (S\$'000)	4Q 2017 (S\$'000)	Change (%)	FY 2018 (S\$'000)	FY 2017 (S\$'000)	Change (%)
Current tax						
- Current period/year	2,489	3,936	(36.8)	13,703	14,403	(4.9)
- (Over)/Under provision in respect of prior period/year	(724)	203	N/M	(724)	1,472	N/M
Deferred tax						
- Current period/year	4,323	19,218	(77.5)	5,329	21,085	(74.7)
- Over provision in respect of prior period/year	-	(733)	N/M	-	(2,245)	N/M
Withholding tax	305	390	(21.8)	1,426	1,343	6.2
	6,393	23,014	(72.2)	19,734	36,058	(45.3)

N/M: Not meaningful

(6) Distribution adjustments

Distribution adjustments include non-tax deductible expenses relating to the Manager's fees payable in Units, fees paid to the Trustee, amortisation of intangible asset, amortisation of debt establishment costs, amortisation of rent-free incentives, fair value movement relating to financial derivatives and investment properties, and subsidiary's statutory reserves adjustments.

Please refer to Section 8 on Review of the Performance.

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1(b)(i) Statements of Financial Position

Note	Group			Trust		
	31 Dec 2018 ⁽¹⁾ (S\$'000)	31 Dec 2017 ⁽²⁾ (S\$'000)	Change (%)	31 Dec 2018 (S\$'000)	31 Dec 2017 (S\$'000)	Change (%)
Non-current assets						
	393	512	(23.2)	-	-	-
Plant and equipment						
Investment properties	4,494,535	3,515,148	27.9	2,093,100	1,153,000	81.5
Intangible assets	24,465	4,751	N/M	24,465	4,751	N/M
Investments in subsidiaries	-	-	-	1,368,506	1,376,992	(0.6)
Trade and other receivables	175	290	(39.7)	-	-	-
	4,519,568	3,520,701	28.4	3,486,071	2,534,743	37.5
Current assets						
Trade and other receivables	14,384	12,555	14.6	6,583	2,919	N/M
Cash and cash equivalents	37,074	40,314	(8.0)	12,725	19,948	(36.2)
Financial derivatives	116	-	N/M	95	-	N/M
	51,574	52,869	(2.4)	19,403	22,867	(15.1)
Total assets	4,571,142	3,573,570	27.9	3,505,474	2,557,610	37.1
Non-current liabilities						
Borrowings	1,711,330	748,319	N/M	1,221,467	571,521	N/M
Loan from a subsidiary	-	-	-	149,614	149,372	0.2
Trade and other payables	42,400	38,489	10.2	17,356	12,186	42.4
Financial derivatives	7,828	10,705	(26.9)	5,448	9,754	(44.1)
Deferred tax liabilities	87,726	84,152	4.2	-	-	-
	1,849,284	881,665	N/M	1,393,885	742,833	87.6
Current liabilities						
Borrowings	1,992	514,016	(99.6)	-	198,783	N/M
Trade and other payables	65,580	157,268	(58.3)	25,253	116,177	(78.3)
Financial derivatives	132	487	(72.9)	109	166	(34.3)
Current tax liabilities	13,429	16,052	(16.3)	-	-	-
	81,133	687,823	(88.2)	25,362	315,126	(92.0)
Total liabilities	1,930,417	1,569,488	23.0	1,419,247	1,057,959	34.1
Net assets	2,640,725	2,004,082	31.8	2,086,227	1,499,651	39.1
Represented by:						
Unitholders' funds	2,038,092	1,407,285	44.8	1,724,337	1,137,760	51.6
CPPU holder's funds	361,890	361,891	(0.0)	361,890	361,891	(0.0)
Non-controlling interests	240,743	234,906	2.5	-	-	-
	2,640,725	2,004,082	31.8	2,086,227	1,499,651	39.1

N/M: Not meaningful

Footnotes:

- (1) The statements of financial position of OUE C-REIT's foreign subsidiaries as at 31 December 2018 are translated using the SGD:CNY rate of 1:5.018.
- (2) The statements of financial position of OUE C-REIT's foreign subsidiaries as at 31 December 2017 are translated using the SGD:CNY rate of 1:4.902.

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Notes to Statements of Financial Position:

(1) Investment properties

Investment properties are carried at the latest fair market value based on independent valuations as at 31 December 2018. The increase was due largely to the acquisition of OUE Downtown Office and the increase in fair market value of the other existing Singapore properties.

(2) Intangible assets

Intangible assets represent the unamortised income support receivables by OUE C-REIT from the Sponsor Group pursuant to the Deeds of Income Support relating to OUE Bayfront and OUE Downtown Office.

(3) Trade and other receivables – Current

At the Group and Trust level, the increase in trade and other receivables was mainly due to inclusion of income support receivable on OUE Downtown Office.

(4) Financial derivatives

Financial derivatives represent the fair value of the interest rate swaps (“IRS”) entered to hedge the floating interest rate exposure of OUE C-REIT Group’s borrowings. The movement for the financial period from 31 December 2017 to 31 December 2018 was due to net favourable changes in the fair value of the IRS during the year.

(5) Borrowings – Non-current and Current

The Group’s and Trust’s total borrowings increased as compared to 31 December 2017 mainly due to loan drawdown to fund the partial CPPU redemption in January 2018 and the acquisition of OUE Downtown Office in November 2018.

During the year, loans due within a year has been re-financed resulting in the reclassification from current borrowings to non-current borrowings.

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

In December 2017, an irrevocable notice was issued to redeem 100.0 million CPPUs. Redemption was completed in January 2018, resulting in the decrease in the Group’s and Trust’s trade and other payables as compared to 31 December 2017. This is partially offset by inclusion of current and non-current payables from OUE Downtown Office comprising mainly rental deposits.

(7) Unitholders’ funds

The increase in unitholders’ funds is mainly due to issuance of Units pursuant to Rights Issue, manager’s acquisition and base fees payable in Units, profits for the financial year and net favourable movement in the fair value reserve of IRS as at 31 December 2018. This is offset partially by distributions paid to Unitholders in March 2018 and September 2018, and the depreciation of the CNY against the SGD from 31 December 2017 to 31 December 2018.

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(8) CPPU holder's funds

On 8 October 2015, 550.0 million CPPUs amounting to S\$550.0 million were issued to Clifford Development Pte. Ltd. (a wholly-owned subsidiary of OUE Limited), as partial satisfaction of the purchase consideration for the acquisition of ORP. The CPPU holder is entitled to a coupon distribution of 1.0% per annum.

To-date, 175.0 million CPPUs were redeemed, with a remaining balance of 375.0 million CPPUs remain outstanding as at 31 December 2018.

(9) Non-controlling interests

OUE C-REIT holds an 83.33% indirect interest in OUBC. Non-controlling interests represent the equity in OUBC that is not attributable to OUE C-REIT Group.

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

The Group's borrowings comprises secured and unsecured loans of up to eight years tenors, and a three-year unsecured notes.

	31 Dec 2018⁽¹⁾ (S\$'000)	31 Dec 2017⁽²⁾ (S\$'000)
Secured borrowings		
Amount repayable within one year, or on demand	1,992	494,516
Amount repayable after one year	642,911	598,947
Total secured borrowings	644,903	1,093,463
Unsecured borrowings		
Amount repayable within one year, or on demand	-	19,500
Amount repayable after one year	1,068,419	149,372
Total unsecured borrowings	1,068,419	168,872
Total borrowings ⁽³⁾	1,713,322	1,262,335

Footnotes:

- (1) The borrowings of OUE C-REIT's foreign subsidiaries as at 31 December 2018 are translated using the SGD:CNY rate of 1:5.018.
- (2) The borrowings of OUE C-REIT's foreign subsidiaries as at 31 December 2017 are translated using the SGD:CNY rate of 1:4.902.
- (3) The borrowings are net of unamortised balance of transaction costs.

Details of any collaterals

The Group secured borrowings as at 31 December 2018 are collateralised by:-

- investment properties with a total carrying amount of S\$1,761.0 million;
- assignment of insurance policies on the above investment properties;
- assignment of all rights, titles, benefits and interests in connection with the sale and tenancy agreements, tenancy deposits/proceeds, sales deposits/proceeds, property management agreements and the receivables of certain properties;
- assignment of all rights, titles, benefits and interests in connection with the Deed of Income Support over OUE Bayfront;
- a debenture incorporating a fixed charge over book debt, charged accounts, goodwill, intellectual property and plant and machinery in connection with OUE Bayfront and floating charge over generally all of the present and future assets of the Trust in connection with OUE Bayfront; and
- the account control or charge over certain bank accounts of the Trust and certain subsidiary.

Unsecured Medium Term Notes

In August 2015, OUE C-REIT, through its wholly-owned subsidiary, established a S\$1.5 billion Multicurrency Debt Issuance Programme (the "Programme"). Under the Programme, OUE C-REIT may from time to time issue notes ("Notes") and/or perpetual securities ("Perpetual") in series or tranches. On 5 September 2017, unsecured three-year notes of S\$150.0 million have been issued under the Programme.

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1(c) Consolidated Statement of Cash Flows

Note	4Q 2018 (S\$'000)	4Q 2017 (S\$'000)	FY 2018 (S\$'000)	FY 2017 (S\$'000)
Cash flows from operating activities				
Total return for the period/year	85,476	101,414	130,713	147,683
Adjustments for:				
Amortisation of intangible asset	1,947	1,113	5,286	4,452
Depreciation of plant and equipment	46	53	180	209
Manager's fees paid/payable in Units	2,582	1,982	8,452	7,674
Finance costs	15,179	11,651	51,679	48,763
Finance income	(948)	(2,848)	(3,669)	(5,997)
Net change in fair value of investment properties	(71,399)	(101,617)	(71,399)	(101,617)
Loss on disposal of plant and equipment	-	2	-	16
Tax expense	6,393	23,014	19,734	36,058
Operating income before working capital changes	39,276	34,764	140,976	137,241
Changes in working capital:				
Trade and other receivables	(2,716)	7,995	(137)	(1,241)
Trade and other payables	18,260	(1,935)	8,741	3,055
Cash generated from operating activities	54,820	40,824	149,580	139,055
Tax paid	(1,285)	(2,794)	(16,924)	(17,033)
Net cash from operating activities	53,535	38,030	132,656	122,022
Cash flow from investing activities				
Additions to plant and equipment	(32)	(9)	(74)	(245)
Acquisition of investment property, intangible asset and its related acquisition costs	1 (935,979)	-	(935,979)	-
Payment for capital expenditure on investment properties	(2,410)	(12,755)	(3,549)	(19,873)
Interest received	181	236	787	687
Net cash used in investing activities	(938,240)	(12,528)	(938,815)	(19,431)
Cash flows from financing activities				
Distributions paid to Unitholders	(57)	(39)	(69,262)	(66,860)
Distributions paid to CPPU holder	-	(189)	(4,255)	(5,681)
Distribution paid to non-controlling interest	-	-	(7,200)	(7,600)
Interest paid	(16,585)	(8,605)	(43,274)	(37,478)
Proceeds from issue of Units	2 587,528	-	587,528	150,000
Proceeds from issue of Notes	3 -	-	-	150,000
Payment of transaction costs related to the issue of Units	2 (7,033)	-	(7,033)	(906)
Proceeds from borrowings	457,735	82,000	1,139,735	788,200
Payment of transaction costs related to borrowings	(3,378)	(734)	(8,245)	(11,139)
Redemption of CPPUs	4 -	(75,000)	(100,000)	(75,000)
Repayment of borrowings	(128,900)	(31,500)	(684,538)	(974,700)
Net cash from/(used in) financing activities	889,310	(34,067)	803,456	(91,164)
Net increase/(decrease) in cash and cash equivalents				
Cash and cash equivalents at beginning of the period/year	32,569	48,961	40,314	29,278
Effect of exchange rate fluctuations on cash held	(100)	(82)	(537)	(391)
Cash and cash equivalents at end of the period/year	37,074	40,314	37,074	40,314

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Notes to Consolidated Statement of Cash Flows:

- (1) This relates to the purchase consideration paid for the acquisition of OUE Downtown Office completed on 1 November 2018, and its related acquisition costs.
- (2) Gross proceeds of S\$587.5 million was pursuant to the Rights Issue completed in October 2018. Net proceeds of approximately \$580.6 million were utilised to part finance the acquisition of OUE Downtown Office, including stamp duty and transaction costs. The balance proceeds had been utilised to pay transaction costs relating to the Rights Issue.

Gross proceeds of S\$150.0 million was pursuant to the private placement completed in March 2017. Transaction costs relating to the issue were paid from the gross proceeds received. The balance proceeds had been utilised to partially prepay OUE C-REIT's loan facilities.

- (3) On 5 September 2017, the Group issued S\$150.0 million notes due 5 September 2020 pursuant to the S\$1.5 billion Multicurrency Debt Issuance Programme. The net proceeds has largely been utilised for prepayment of OUE C-REIT's loan facilities.
- (4) The Group redeemed 75.0 million CPPUs (amounting to S\$75.0 million) and 100.0 million CPPUs (amounting to S\$100.0 million) on 2 November 2017 and 2 January 2018, respectively.
- (5) For purpose of the Consolidated Statement of Cash Flows, the Group's cash and cash equivalents comprise the following:

	31 Dec 2018 (S\$'000)	31 Dec 2017 (S\$'000)
Bank and cash balances	7,781	10,134
Short-term deposits	29,293	30,180
Cash and cash equivalents	37,074	40,314

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1(d)(i) Statements of Changes in Unitholders' Funds

Group	Unitholders	CPPU	Total	Non-	Total
4Q 2018	(S\$'000)	holder	(S\$'000)	controlling	(S\$'000)
		(S\$'000)		interests	
			(S\$'000)	(S\$'000)	(S\$'000)
Net assets attributable to owners at 1 October 2018	1,376,874	360,945	1,737,819	233,162	1,970,981
Operations					
Total return for the period	77,653	-	77,653	7,823	85,476
Less: Amount reserved for distribution to CPPU holder	(945)	945	-	-	-
Net increase in net assets resulting from operations	76,708	945	77,653	7,823	85,476
Transactions with owners					
Contributions by and distributions to owners					
Issue of new Units					
- Rights Issue	587,528	-	587,528	-	587,528
- Acquisition fee paid to Manager in Units	6,810	-	6,810	-	6,810
- Manager's base management fees paid/payable in Units	2,582	-	2,582	-	2,582
Issue costs	(7,098)	-	(7,098)	-	(7,098)
Total contributions by and distributions to owners	589,822	-	589,822	-	589,822
Movement in foreign currency translation reserve	(451)	-	(451)	-	(451)
Hedging transactions					
Effective portion of change in fair value of cash flow hedges	(4,931)	-	(4,931)	(215)	(5,146)
Hedging reserve transferred to statement of total return	70	-	70	(27)	43
Net movement in hedging transactions	(4,861)	-	(4,861)	(242)	(5,103)
Net assets attributable to owners at 31 December 2018	2,038,092	361,890	2,399,982	240,743	2,640,725

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1(d)(i) Statements of Changes in Unitholders' Funds (cont'd)

Group	Unitholders	CPPU	Total	Non-	Total
FY 2018	(S\$'000)	holder	(S\$'000)	controlling	(S\$'000)
		(S\$'000)		interests	
			(S\$'000)	(S\$'000)	(S\$'000)
Net assets attributable to owners at 1 January 2018	1,407,285	361,891	1,769,176	234,906	2,004,082
Operations					
Total return for the year	117,493	-	117,493	13,220	130,713
Less: Amount reserved for distribution to CPPU holder	(3,750)	3,750	-	-	-
Net increase in net assets resulting from operations	113,743	3,750	117,493	13,220	130,713
Transactions with owners					
Issue of new Units					
- Rights Issue	587,528	-	587,528	-	587,528
- Acquisition fee paid to Manager in Units	6,810	-	6,810	-	6,810
- Manager's base management fees paid/payable in Units	8,452	-	8,452	-	8,452
Issue costs	(7,098)	-	(7,098)	-	(7,098)
Distributions paid to Unitholders	(69,262)	-	(69,262)	-	(69,262)
Distributions paid to CPPU holder	-	(3,751)	(3,751)	-	(3,751)
Dividends paid	-	-	-	(7,200)	(7,200)
Total contributions by and distributions to owners	526,430	(3,751)	522,679	(7,200)	515,479
Movement in foreign currency translation reserve	(11,241)	-	(11,241)	-	(11,241)
Hedging transactions					
Effective portion of change in fair value of cash flow hedges	139	-	139	(152)	(13)
Hedging reserve transferred to statement of total return	1,736	-	1,736	(31)	1,705
Net movement in hedging transactions	1,875	-	1,875	(183)	1,692
Net assets attributable to owners at 31 December 2018	2,038,092	361,890	2,399,982	240,743	2,640,725

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1(d)(i) Statements of Changes in Unitholders' Funds (cont'd)

Trust 4Q 2018	Unitholders (S\$'000)	CPPU holder (S\$'000)	Total (S\$'000)
Net assets attributable to owners at 1 October 2018	1,114,014	360,945	1,474,959
Operations			
Total return for the period	25,092	-	25,092
Less: Amount reserved for distribution to CPPU holder	(945)	945	-
Net increase in net assets resulting from operations	24,147	945	25,092
Transactions with owners			
<i>Contributions by and distributions to owners</i>			
Issue of new Units			
- Rights Issue	587,528	-	587,528
- Acquisition fee paid to Manager in Units	6,810	-	6,810
- Manager's base management fees paid/payable in Units	2,582	-	2,582
Issue costs	(7,098)	-	(7,098)
Total contributions by and distributions to owners	589,822	-	589,822
Hedging transactions			
Effective portion of change in fair value of cash flow hedges	(3,831)	-	(3,831)
Hedging reserve transferred to statement of total return	185	-	185
Net movement in hedging transactions	(3,646)	-	(3,646)
Net assets attributable to owners at 31 December 2018	1,724,337	361,890	2,086,227

Trust FY 2018	Unitholders (S\$'000)	CPPU holder (S\$'000)	Total (S\$'000)
Net assets attributable to owners at 1 January 2018	1,137,760	361,891	1,499,651
Operations			
Total return for the year	61,100	-	61,100
Less: Amount reserved for distribution to CPPU holder	(3,750)	3,750	-
Net increase in net assets resulting from operations	57,350	3,750	61,100
Transactions with owners			
<i>Contributions by and distributions to owners</i>			
Issue of new Units			
- Rights Issue	587,528	-	587,528
- Acquisition fee paid to Manager in Units	6,810	-	6,810
- Manager's base management fees paid/payable in Units	8,452	-	8,452
Issue costs	(7,098)	-	(7,098)
Distributions paid to Unitholders	(69,262)	-	(69,262)
Distributions paid to CPPU Holder	-	(3,751)	(3,751)
Total contributions by and distributions to owners	526,430	(3,751)	522,679
Hedging transactions			
Effective portion of change in fair value of cash flow hedges	908	-	908
Hedging reserve transferred to statement of total return	1,889	-	1,889
Net movement in hedging transactions	2,797	-	2,797
Net assets attributable to owners at 31 December 2018	1,724,337	361,890	2,086,227

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1(d)(i) Statements of Changes in Unitholders' Funds (cont'd)

Group 4Q 2017	Unitholders (S\$'000)	CPPU holder (S\$'000)	Total (S\$'000)	Non- controlling interests (S\$'000)	Total (S\$'000)
Net assets attributable to owners at 1 October 2017	1,319,256	529,387	1,848,643	229,288	2,077,931
Operations					
Total return for the period	95,816	-	95,816	5,598	101,414
Less: Amount reserved for distribution to CPPU holder	(1,197)	1,197	-	-	-
Net increase in net assets resulting from operations	94,619	1,197	95,816	5,598	101,414
Transactions with owners					
Contributions by and distributions to owners:					
Issue of new Units					
- Manager's fees paid/payable in Units	1,982	-	1,982	-	1,982
CPPUs redeemed/to be redeemed	-	(168,000)	(168,000)	-	(168,000)
Difference on redemption of CPPUs	(7,000)	-	(7,000)	-	(7,000)
Distribution paid to CPPU holder	-	(693)	(693)	-	(693)
Total contributions by and distributions to owners	(5,018)	(168,693)	(173,711)	-	(173,711)
Changes in ownership interests in subsidiary					
Liquidation of a subsidiary with non-controlling interests	-	-	-	(28)	(28)
Total changes in ownership interests in subsidiary	-	-	-	(28)	(28)
Movement in foreign currency translation reserve	(1,879)	-	(1,879)	-	(1,879)
Hedging transactions					
Effective portion of change in fair value of cash flow hedges	(1,012)	-	(1,012)	22	(990)
Hedging reserve transferred to statement of total return	1,319	-	1,319	26	1,345
Net movement in hedging transactions	307	-	307	48	355
Net assets attributable to owners at 31 December 2017	1,407,285	361,891	1,769,176	234,906	2,004,082

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1(d)(i) Statements of Changes in Unitholders' Funds (cont'd)

Group	Unitholders	CPPU	Total	Non-	Total
FY 2017	(S\$'000)	holder	(S\$'000)	controlling	(S\$'000)
				interests	
				(S\$'000)	(S\$'000)
Net assets attributable to owners at 1 January 2017	1,206,751	530,765	1,737,516	231,362	1,968,878
Operations					
Total return for the year	136,310	-	136,310	11,373	147,683
Less: Amount reserved for distribution to CPPU holder	(5,311)	5,311	-	-	-
Net increase in net assets resulting from operations	130,999	5,311	136,310	11,373	147,683
Transactions with owners					
Contributions by and distributions to owners:					
Issue of new Units					
- Private placement	150,000	-	150,000	-	150,000
- Manager's fees paid/payable in Units	7,674	-	7,674	-	7,674
Issue costs	(906)	-	(906)	-	(906)
CPPUs redeemed/to be redeemed	-	(168,000)	(168,000)	-	(168,000)
Difference on redemption of CPPUs	(7,000)	-	(7,000)	-	(7,000)
Distributions paid to Unitholders	(66,860)	-	(66,860)	-	(66,860)
Distribution paid to CPPU holder	-	(6,185)	(6,185)	-	(6,185)
Dividends paid	-	-	-	(7,600)	(7,600)
Total contributions by and distributions to owners	82,908	(174,185)	(91,277)	(7,600)	(98,877)
Changes in ownership interests in subsidiary					
Liquidation of a subsidiary with non-controlling interests	-	-	-	(28)	(28)
Total changes in ownership interests in subsidiary	-	-	-	(28)	(28)
Movement in foreign currency translation reserve	(7,589)	-	(7,589)	-	(7,589)
Hedging transactions					
Effective portion of change in fair value of cash flow hedges	(11,703)	-	(11,703)	(334)	(12,037)
Hedging reserve transferred to statement of total return	5,919	-	5,919	133	6,052
Net movement in hedging transactions	(5,784)	-	(5,784)	(201)	(5,985)
Net assets attributable to owners at 31 December 2017	1,407,285	361,891	1,769,176	234,906	2,004,082

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1(d)(i) Statements of Changes in Unitholders' Funds (cont'd)

Trust 4Q 2017	Unitholders (S\$'000)	CPPU holder (S\$'000)	Total (S\$'000)
Net assets attributable to owners at 1 October 2017	1,097,897	529,387	1,627,284
Operations			
Total return for the period	46,008	-	46,008
Less: Amount reserved for distribution to CPPU holder	(1,197)	1,197	-
Net increase in net assets resulting from operations	44,811	1,197	46,008
Transactions with owners			
<i>Contributions by and distributions to owners</i>			
Issue of new Units			
- Manager's fees paid/payable in Units	1,982	-	1,982
CPPUs redeemed/to be redeemed	-	(168,000)	(168,000)
Difference on redemption of CPPUs	(7,000)	-	(7,000)
Distribution paid/payable to CPPU holder	-	(693)	(693)
Total contributions by and distributions to owners	(5,018)	(168,693)	(173,711)
Hedging transactions			
Effective portion of change in fair value of cash flow hedges	(1,123)	-	(1,123)
Hedging reserve transferred to statement of total return	1,193	-	1,193
Net movement in hedging transactions	70	-	70
Net assets attributable to owners at 31 December 2017	1,137,760	361,891	1,499,651

Trust FY 2017	Unitholders (S\$'000)	CPPU holder (S\$'000)	Total (S\$'000)
Net assets attributable to owners at 1 January 2017	1,018,353	530,765	1,549,118
Operations			
Total return for the year	46,588	-	46,588
Less: Amount reserved for distribution to CPPU holder	(5,311)	5,311	-
Net increase in net assets resulting from operations	41,277	5,311	46,588
Transactions with owners			
<i>Contributions by and distributions to owners</i>			
Issue of new Units			
- Private placement	150,000	-	150,000
- Manager's fees paid/payable in Units	7,674	-	7,674
Issue costs	(906)	-	(906)
CPPUs redeemed/to be redeemed	-	(168,000)	(168,000)
Difference on redemption of CPPUs	(7,000)	-	(7,000)
Distributions paid to Unitholders	(66,860)	-	(66,860)
Distributions paid/payable to CPPU holder	-	(6,185)	(6,185)
Total contributions by and distributions to owners	82,908	(174,185)	(91,277)
Hedging transactions			
Effective portion of change in fair value of cash flow hedges	(10,034)	-	(10,034)
Hedging reserve transferred to statement of total return	5,256	-	5,256
Net movement in hedging transactions	(4,778)	-	(4,778)
Net assets attributable to owners at 31 December 2017	1,137,760	361,891	1,499,651

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1(d)(ii) Details of Any Changes in Units (Group and Trust)

	4Q 2018 ('000)	4Q 2017 ('000)	FY 2018 ('000)	FY 2017 ('000)
Units in issue:				
At the beginning of the period/year	1,552,336	1,541,257	1,544,013	1,297,832
Issue of new Units relating to:				
- Rights Issue Units	1,288,439	-	1,288,439	-
- Manager's fees paid in Units	15,203	2,756	23,526	12,899
- Private placement	-	-	-	233,282
At the end of the period/year	2,855,978	1,544,013	2,855,978	1,544,013
Units to be issued:				
Manager's fee payable in Units	5,611	2,756	5,611	2,756
At the end of the period/year	2,861,589	1,546,769	2,861,589	1,546,769

The Manager's fees paid in Units during 4Q 2018 and FY 2018 include 11,947,368 new Units issued on 1 November 2018 as payment for the acquisition fees of S\$6.8 million in relation to the acquisition of OUE Downtown Office. The acquisition fee was paid in Units as the acquisition of OUE Downtown Office constituted an interested party transaction. These Units shall not be sold by the Manager within one year from their date of issue. The remaining Units issued to the Manager relate to payment for the Manager's management fee.

2 Whether the figures have been audited or reviewed, and in accordance with which auditing standard or practice

The figures have not been audited or reviewed by OUE C-REIT's auditors.

3 Where the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of matter)

Not applicable.

4 Whether the same accounting policies and methods of computation as in the issuer's most recently audited annual financial statements have been applied

Except as disclosed in item 5 below, the accounting policies and methods of computation adopted in the preparation of the financial statements for the current report financial period are consistent with those described in the audited financial statements for the financial year ended 31 December 2017.

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5 If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change

The Group has adopted new Financial Reporting Standards in Singapore (“FRS”) and interpretation effective for the financial period from 1 January 2018 as follows:

- i. FRS 115 *Revenue from Contracts with Customers*
- ii. FRS 109 *Financial Instruments*

FRS 115 establishes a comprehensive framework for determining whether how much and when revenue is recognised. It also introduces new cost guidance which requires certain costs of obtaining and fulfilling contracts to be recognised as separate assets when specific criteria are met. FRS 109 contains new requirements for classification and measurement of financial instruments, a new expected credit loss model for calculating impairment of financial assets and new general hedge accounting requirements.

The Group does not expect a significant impact on the financial statements. Accordingly, comparative financial information presented in this announcement has not been restated.

6 Earnings per Unit and Distribution per Unit

Earnings per Unit attributable to Unitholders (“EPU”)

	4Q 2018 ⁽¹⁾	4Q 2017	
		As restated ⁽¹⁾	As previously reported
Weighted average number of Units	2,656,657,816	1,753,260,536	1,544,042,744
Basic EPU (cents)	2.89	5.40	6.13
Weighted average number of Units ⁽²⁾	3,186,389,920	2,374,359,513	2,072,475,981
Diluted EPU (cents)	2.44	4.04	4.62

	FY 2018 ⁽¹⁾	FY 2017	
		As restated ⁽¹⁾	As previously reported
Weighted average number of Units	1,985,674,408	1,694,231,267	1,492,057,479
Basic EPU (cents)	5.73	7.73	8.78
Weighted average number of Units ⁽²⁾	2,520,552,469	2,432,718,016	2,120,485,149
Diluted EPU (cents)	4.66	5.60	6.43

Footnotes:

- (1) The weighted average number of Units and EPU have been adjusted to reflect the bonus element in the new Units issued pursuant to the Rights Issue on 30 October 2018.
- (2) The weighted average number of Units includes the weighted average potential Units to be issued assuming all the remaining CPPUs were converted at S\$0.7154 per Unit, being the adjusted conversion price pursuant to the Rights Issue (“Adjusted Conversion Price”).

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550.0 million CPPUs were issued in October 2015 as partial satisfaction of the purchase consideration for the acquisition of ORP. The CPPUs cannot be converted for a period of four years commencing from the date of issue ("Restriction Period") save in certain limited circumstances and thereafter, not more than one-third of the CPPUs initially issued can be converted in any one year. After the Restriction Period, the CPPUs can be converted into Units at S\$0.7154¹ per Unit and will impact the EPU upon conversion.

As at 31 December 2018 and 31 December 2017, a total of 375.0 million CPPUs remain convertible. Assuming that the remaining 375.0 million CPPUs are fully converted at the Adjusted Conversion Price, 524,182,276 Units will be issued.

Footnote:

- (1) The conversion price has been adjusted to S\$0.7154 for each CPPU on 30 October 2018, upon the issue of Rights Units on the same date. Prior to 30 October 2018, the conversion price was S\$0.841 per Unit.

Distribution per Unit attributable to Unitholders ("DPU")

	4Q 2017	
	As restated	As previously reported
4Q 2018		
No of Units entitled to distribution	2,861,589,059 ⁽¹⁾	2,835,207,988 ⁽²⁾
Distribution per Unit (cents)	0.75	0.62 ⁽⁵⁾
		1,546,769,007 ⁽³⁾
		1.14

	FY 2017	
	As restated	As previously reported
FY 2018		
No of Units entitled to distribution	2,861,589,059 ⁽¹⁾	2,835,207,988 ⁽²⁾
Distribution per Unit (cents)	3.48 ⁽⁴⁾	3.62 ⁽⁵⁾
		1,546,769,007 ⁽³⁾
		4.67

Footnotes:

- (1) Comprises the Units in issue as at 31 December 2018 of 2,855,978,245 and Units to be issued to the Manager as satisfaction of Manager's base fee payable for 4Q 2018 of 5,610,814.
- (2) The number of Units entitled for distribution have been restated to include the 1,288,438,981 new Units issued pursuant to the Rights Issue on 30 October 2018.
- (3) Comprises the Units in issue as at 31 December 2017 of 1,544,012,785 and Units to be issued to the Manager as satisfaction of Manager's base fee payable for 4Q 2017 of 2,756,222.
- (4) FY 2018 DPU is calculated based on actual 1H 2018 DPU, with 2H 2018 DPU adjusted for the Rights Units. Should 1H 2018 DPU be adjusted for the bonus element in the Rights Units, FY 2018 DPU would be 3.22 cents.
- (5) For purpose of comparison, the restated FY 2017 DPU is calculated based on 1H 2017 DPU with 2H 2017 DPU adjusted for the Rights Units. The DPU for 4Q 2017 and FY 2017 based on the number of Units entitled to distribution, adjusted for the bonus element in the Rights Units, as of those dates are 1.00 cents and 4.10 cents respectively.

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

	Group		Trust	
	31 Dec 2018	31 Dec 2017	31 Dec 2018	31 Dec 2017
No of Units in issue and to be issued at end of year	2,861,589,059	1,546,769,007	2,861,589,059	1,546,769,007
Net asset value ("NAV") per Unit (S\$)	0.71	0.91	0.60	0.74
Net tangible asset ("NTA") per Unit (S\$)	0.70	0.91	0.59	0.73

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

8 Review of the Performance

Statement of Total Return	4Q 2018⁽¹⁾ (S\$'000)	4Q 2017⁽²⁾ (S\$'000)	Change (%)	FY 2018⁽¹⁾ (S\$'000)	FY 2017⁽²⁾ (S\$'000)	Change (%)
Revenue	48,036	43,994	9.2	176,396	176,297	0.1
Property operating expenses	(11,401)	(9,295)	22.7	(38,209)	(38,111)	0.3
Net property income	36,635	34,699	5.6	138,187	138,186	0.0
Other income	3,962	1,003	N/M	7,189	3,312	N/M
Amortisation of intangible assets	(1,947)	(1,113)	74.9	(5,286)	(4,452)	18.7
Manager's management fees	(3,227)	(2,478)	30.2	(10,565)	(9,593)	10.1
Trustee's fee	(175)	(142)	23.2	(602)	(557)	8.1
Other expenses	(538)	(276)	94.9	(1,877)	(1,692)	10.9
Finance income	948	2,848	(66.7)	3,669	5,997	(38.8)
Finance costs	(15,179)	(11,651)	30.3	(51,679)	(48,763)	6.0
Net finance costs	(14,231)	(8,803)	61.7	(48,010)	(42,766)	12.3
Foreign exchange differences	(9)	(79)	(88.6)	12	(314)	N/M
Net Income	20,470	22,811	(10.3)	79,048	82,124	(3.7)
Net change in fair value of investment properties	71,399	101,617	(29.7)	71,399	101,617	(29.7)
Total return for the period/year before tax	91,869	124,428	(26.2)	150,447	183,741	(18.1)
Tax expense	(6,393)	(23,014)	(72.2)	(19,734)	(36,058)	(45.3)
Total return for the period/year	85,476	101,414	(15.7)	130,713	147,683	(11.5)

N/M: Not meaningful
Footnotes:

(1) The current period results of OUE C-REIT's foreign subsidiaries are translated using the SGD:CNY rate of 1:5.030 for 4Q 2018 and 1:4.895 for FY 2018.

(2) The prior period results of OUE C-REIT's foreign subsidiaries are translated using the SGD:CNY rate of 1:4.888 for 4Q 2017 and 1:4.895 for FY 2017.

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Review of OUE C-REIT Group's performance 4Q 2018 vs 4Q 2017

4Q 2018 revenue of S\$48.0 million and property operating expenses of S\$11.4 million were respectively 9.2% and 22.7% higher compared to that achieved in 4Q 2017 due mainly to the consolidation of OUE Downtown Office's income since November 2018. As a result, net property income for 4Q 2018 increased by 5.6% to S\$36.6 million.

Other income for current quarter increased to \$4.0 million with the inclusion of income support in relation to OUE Downtown Office from the Sponsor Group.

The acquisition of OUE Downtown Office also resulted in higher current period base fees, trustee fee and amortisation of intangible assets.

Net finance cost increased by S\$5.4 million year-on-year mainly attributable to higher interest cost of S\$3.0 million, resulting from higher level of borrowings (including loan drawdown for acquisition of OUE Downtown Office), and unfavorable net IRS's fair value movement (S\$0.2 million fair value loss for 4Q 2018 versus S\$2.4 million fair value gain in 4Q 2017). IRS fair value movement has no DPU impact.

Fair value gain on investment properties for 4Q 2018 was S\$71.4 million as compared to S\$101.6 million in the prior period. Lippo Plaza reflected a year-on-year lower fair value gain while all the Singapore properties in OUE C-REIT's portfolio achieved higher fair value gains. The lower fair value gain at Lippo Plaza also resulted in a lower deferred tax provision made on the gains. Both fair value gains and deferred tax provisions have no DPU impact.

Consequently, total return for 4Q 2018 decreased 15.7% to S\$85.5 million, compared to S\$101.4 million in 4Q 2017.

Review of OUE C-REIT Group's performance FY 2018 vs FY 2017

Net property income for FY 2018 was stable at S\$138.2 million. The lower results achieved by the existing portfolio was mitigated by the inclusion of OUE Downtown Office's income from November 2018.

Other income for current year increased by S\$3.9 million to \$7.2 million with the inclusion of income support from the Sponsor Group in relation to OUE Downtown Office, and higher income support drawdown for OUE Bayfront.

FY 2018 base fees, trustee fee and amortisation of intangible assets also increased year-on-year following the acquisition of OUE Downtown Office.

Net finance cost increased S\$5.2 million year-on-year mainly attributable to higher interest cost of S\$6.7 million, resulting from higher level of borrowings and lower current year net IRS's fair value gain. IRS fair value movement has no DPU impact.

Fair value gain on investment properties for FY 2018 was S\$71.4 million as compared to S\$101.6 million in FY 2017. Lippo Plaza reflected a year-on-year lower fair value gain while all the Singapore properties under OUE C-REIT's portfolio achieved higher fair value gains. The lower fair value gain at Lippo Plaza also resulted in a lower deferred tax provision made on the gains. Both fair value gains and deferred tax provisions have no DPU impact.

Consequently, total return for FY 2018 decreased 11.5% to S\$130.7 million, compared to S\$147.7 million in FY 2017.

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9 Variance between Actual and Forecast Results

OUE C-REIT has not made any forecast.

10 Commentary on the competitive conditions of the industry in which the Group operates and any known factors or events that may affect the Group in the next reporting period and the next 12 months

Singapore

Singapore's 4Q 2018 GDP growth slowed slightly to 2.2%⁽¹⁾ in 4Q 2018, based on advance estimates by the Ministry of Trade and Industry ("MTI"), from 2.3% growth in the previous quarter. For 2018, the economy grew 3.3%, easing from 3.6% in 2017. The manufacturing sector expanded 5.5% YoY in 4Q 2018, ahead of 3Q 2018's growth of 3.7% YoY, driven mainly by strong output expansion in the biomedical manufacturing and electronics clusters which offset the decline in the precision engineering cluster. The services sector, which makes up two-thirds of the economy, grew a slower 1.9% YoY in 4Q 2018, compared to 2.6% YoY expansion in 3Q 2018. The pace of expansion is expected to continue to moderate in 2019, against the backdrop of an uncertain global economy amid trade conflict, a slowdown in demand and tighter financial market conditions. The 2019 GDP growth forecast is between 1.5% and 3.5%.

According to CBRE, Grade A CBD core office rents rose 3.3%⁽²⁾ QoQ in 4Q 2018 for the sixth consecutive quarter to S\$10.80 psf/mth, a cumulative 20.7% uplift from the trough. While 4Q 2018 net absorption of approximately 330,000 sq ft was significantly lower YoY, full year net absorption of 1.59 million sq ft outweighed net supply of 1.51 million sq ft, leading to tighter occupancy of 94.8% as at 4Q 2018, up 0.2 percentage points ("ppt") QoQ. Co-working operators continued to be the main driver of demand, with technology companies contributing to demand expansion.

While Singapore office market rents have yet to surpass the last peak of S\$11.40 psf/mth achieved in 2015, the gap between market rents and expiring rents has narrowed significantly. As a result, OUE C-REIT's Singapore properties, including OUE Downtown Office which was acquired on 1 November 2018, achieved positive rental reversions for the lease renewals and rent reviews committed in 4Q 2018. Given the benign medium term supply outlook, we continue to expect positive operational performance in 2019.

China

China's 4Q 2018 GDP growth was 6.4%⁽³⁾, bringing full-year growth down to 6.6% from the previous year's growth of 6.8%, the slowest annual pace since 1990. Growth was impacted by weaker retail and investment sales, as consumer and business demand was affected by the trade conflict with the US. Fixed asset investment rose 5.9% in 2018, the slowest in 22 years as a result of the authorities' crackdown on riskier financing on the back of economic reform. Given the overall slowdown in demand, the government has eased monetary policy by guiding lower corporate borrowing costs, and is expected to increase fiscal stimulus to mitigate the risks to growth.

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According to Colliers International, Shanghai CBD Grade A office occupancy edged up 0.3 ppt QoQ to 90.0%⁽⁴⁾ as at 4Q 2018. Net absorption was a record 635,000 sq m for 2018, a 6.0% increase YoY despite weaker demand in the later half of the year due to a slowdown in the economy. Demand growth was supported by expansion in the flexible workspace, finance and technology sectors. With increased competition for tenants amid a supply influx, Shanghai CBD Grade A office rents remained stable at RMB10.35 psm per day as at 4Q 2018. In Puxi, Grade A office occupancy rose 1.0 ppt QoQ to 92.5% as at 4Q 2018, with rents 0.3% higher QoQ at RMB 9.54 psm per day.

With the significant amount of new office supply scheduled to enter the Shanghai market in 2019, coupled with softer demand from a slower economy, rental growth is expected to be subdued in the near-term. As supply abates in the longer term from 2020, stable demand is expected to underpin steady rental growth.

⁽¹⁾ Singapore Ministry of Trade and Industry Press Release, 2 January 2019

⁽²⁾ CBRE, Singapore MarketView 4Q 2018

⁽³⁾ National Bureau of Statistics of China Press Release, 21 January 2019

⁽⁴⁾ Colliers International, Shanghai Office Property Market Overview 4Q 2018, 22 January 2019

11 Distribution

(a) Current financial period

Any distribution declared for the current financial period? Yes.

Unitholders

Name of distribution: Distribution for the financial period from 1 July 2018 to 31 December 2018

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

Distribution rate: 1.30 cents per Unit comprises:-
(i) Taxable income distribution: 0.64 cents per Unit
(ii) Tax exempt income distribution: 0.41 cents per Unit
(iii) Capital distribution: 0.25 cents per Unit

CPPU Holder

Name of distribution: Distribution for the financial period from 1 July 2018 to 31 December 2018

Distribution rate/ type: S\$1,890,410.96 which represents 1% p.a. of CPPU based on the issue price of S\$1.00 per CPPU comprising taxable income distribution, tax exempt income distribution and capital distribution

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Tax rate:	<p><u>Taxable income distribution</u> Individuals who receive such distribution as investment income (excluding income received through partnership in Singapore or from the carrying on of a trade, business or profession) will be exempted from tax. Qualifying corporate investors will receive pre-tax distributions and pay tax on the distributions at their respective tax rates unless otherwise exempt.</p> <p>Investors using CPF funds and SRS funds will also receive pre-tax distributions. These distributions are tax exempt where the distributions received are returned to their respective CPF and SRS accounts.</p> <p>Qualifying foreign non-individual investors will receive their distribution after deduction of tax at the rate of 10%.</p> <p>All other investors will receive their distribution after deduction of tax at the rate of 17%.</p> <p><u>Tax-exempt income distribution</u> Tax-exempt income distribution is exempt from tax in the hands of all Unitholders, regardless of their nationality, corporate identity or tax residence status. Tax-exempt income relates to the one-tier dividend income received by OUE C-REIT.</p> <p><u>Capital distribution</u> The capital distribution is treated as return of capital to Unitholders for Singapore income tax purpose and is therefore not subject to Singapore income tax. For Unitholders who are liable to Singapore income tax on profits from sales of Units, the amount of capital distribution will be applied to reduce the cost base of their Units for Singapore income tax purposes.</p>
Book closure date:	11 February 2019
Date payable:	5 March 2019

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(b) Corresponding period of the immediately preceding financial year

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

Unitholders

Name of distribution: Distribution for the financial period from 1 July 2017 to 31 December 2017

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

Distribution rate: 2.29 cents per Unit comprises:-
(i) Taxable income distribution: 0.93 cents per Unit
(ii) Tax exempt income distribution: 0.83 cents per Unit
(iii) Capital distribution: 0.53 cents per Unit

CPPU Holder

Name of distribution: Distribution for the financial period from 1 July 2017 to 31 December 2017

Distribution rate/ type: S\$1,890,410.95¹ which represents 1% p.a. of CPPU based on the issue price of S\$1.00 per CPPU comprising taxable income distribution, tax exempt income distribution and capital distribution

¹ The CPPU Distribution excludes the special preferred distributions paid to the CPPU Holder on 2 November 2017 and 2 January 2018 pursuant to redemptions of the CPPUs made on these respective dates. Please refer to OUE C-REIT's announcements on 2 November 2017 and 2 January 2018 for more details.

Tax rate: Taxable income distribution
Individuals who receive such distribution as investment income (excluding income received through partnership in Singapore or from the carrying on of a trade, business or profession) will be exempted from tax.

Qualifying corporate investors will receive pre-tax distributions and pay tax on the distributions at their respective tax rates unless otherwise exempt.

Investors using CPF funds and SRS funds will also receive pre-tax distributions. These distributions are tax exempt where the distributions received are returned to their respective CPF and SRS accounts.

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Qualifying foreign non-individual investors will receive their distribution after deduction of tax at the rate of 10%.

All other investors will receive their distribution after deduction of tax at the rate of 17%.

Tax-exempt income distribution

Tax-exempt income distribution is exempt from tax in the hands of all Unitholders, regardless of their nationality, corporate identity or tax residence status. Tax-exempt income relates to the one-tier dividend income received by OUE C-REIT.

Capital distribution

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

Book closure date: 8 February 2018

Date payable: 9 March 2018

12 If no distribution has been declared / recommended, a statement to that effect

Not applicable.

13 If OUE C-REIT has obtained a general mandate from Unitholders for interested person transactions, the aggregate value of such transactions are required under Rule 920(1)(a)(ii). If no interested person transactions mandate has been obtained, a statement to that effect.

OUE C-REIT did not obtain a general mandate from Unitholders for interested person transactions.

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14 Segment Information by Geographical Segment

	Singapore			China		
	FY 2018 (S\$'000)	FY 2017 (S\$'000)	Change (%)	FY 2018 ⁽¹⁾ (S\$'000)	FY 2017 ⁽²⁾ (S\$'000)	Change (%)
Revenue	144,478	143,279	0.8	31,918	33,018	(3.3)
Property operating expenses	(32,288)	(31,605)	2.2	(5,921)	(6,506)	(9.0)
Segment net property income	112,190	111,674	0.5	25,997	26,512	(1.9)

Footnotes:

- (1) The results of OUE C-REIT's foreign subsidiaries are translated using the SGD:CNY rate of 1:4.895 for FY 2018.
- (2) The results of OUE C-REIT's foreign subsidiaries are translated using the SGD:CNY rate of 1:4.895 for FY 2017.

15 In the review of the performance, the factors leading to any material changes in contribution to turnover and earnings by the business or geographical segments

Please refer to paragraph 8 for the review of the actual performance.

16 Breakdown of Revenue

	FY 2018 (S\$'000)	FY 2017 (S\$'000)	Change (%)
Revenue for first half year	87,155	89,030	(2.1)
Total return for first half year	31,425	29,889	5.1
Revenue for second half year	89,241	87,267	2.3
Total return for second half year	99,288	117,794	(15.7)

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17 Breakdown of Total Annual Distribution

	FY 2018 (S\$'000)	FY 2017 (S\$'000)
1 July 2016 to 31 December 2016	-	32,565
1 January 2017 to 16 March 2017	-	13,026
17 March 2017 to 30 June 2017	-	21,269
1 July 2017 to 31 December 2017 ⁽¹⁾	35,421	-
1 January 2018 to 30 June 2018	33,841	-
1 July 2018 to 31 December 2018 ⁽¹⁾	-	-

Footnote:

(1) Refer to Section 11 for details of the distribution.

18 Confirmation pursuant to Rule 704(13) of the Listing Manual

Pursuant to Rule 704(13) of the Listing Manual of the Singapore Exchange Securities Trading Limited, the Manager confirm that there is no person occupying a managerial position in Manager, who is related to a director or the chief executive officer or a substantial shareholder of the Manager or a substantial of unitholder of OUE C-REIT.

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

We, on behalf of the Directors of OUE Commercial REIT Management Pte. Ltd. (as Manager of OUE C-REIT), hereby confirm that the undertakings from all its directors and executive officer as required in the format as set out in Appendix 7.7 under Rule 720(1) of the Listing Manual were procured.

On behalf of the Board of the Manager

Christopher Williams
 Chairman and Non-Executive Director

Tan Shu Lin
 Chief Executive Officer and Executive Director

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This release may contain forward-looking statements that involve risks and uncertainties. Actual future performance, outcomes and results may differ materially from those expressed in forward-looking statements as a result of a number of risks, uncertainties and assumptions. Representative examples of these factors include (without limitation) general industry and economic conditions, interest rate trends, cost of capital and capital availability, competition from similar developments, shifts in expected levels of property rental income, changes in operating expenses (including employee wages, benefits and training costs), property expenses and governmental and public policy changes. You are cautioned not to place undue reliance on these forward-looking statements, which are based on the Manager's current view of future events.

The value of units in OUE C-REIT ("Units") and the income derived from them, if any, may fall or rise. Units are not obligations of, deposits in, or guaranteed by, the Manager or any of its affiliates. An investment in Units is subject to investment risks, including the possible loss of the principal amount invested. The past performance of OUE C-REIT is not necessarily indicative of the future performance of OUE C-REIT.

Investors should note that they will have no right to request the Manager to redeem or purchase their Units for so long as the Units are listed on the SGX-ST. It is intended that holders of Units may only deal in their Units through trading on the SGX-ST. The listing of the Units on the SGX-ST does not guarantee a liquid market for the Units.

By Order of the Board

Ng Ngai

Company Secretary

OUE Commercial REIT Management Pte. Ltd.

(as Manager of OUE Commercial Real Estate Investment Trust)

(Company registration no. 201327018E)

30 January 2019