

**OUE COMMERCIAL REAL ESTATE INVESTMENT TRUST**

**Unaudited Financial Statements and Distribution Announcement for the Second Quarter  
2020 and Financial Period from 1 January 2020 to 30 June 2020**

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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 (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.

On 4 September 2019, OUE C-REIT completed the merger with OUE Hospitality Trust (“OUE H-Trust”) (comprising OUE Hospitality Real Estate Investment Trust (“OUE H-REIT”) and OUE Hospitality Business Trust) (the “Merger”) by way of a trust scheme of arrangement (the “Trust Scheme”).

Following the completion of the Merger, OUE H-Trust was delisted from SGX-ST and is now an unlisted sub-trust of OUE C-REIT. OUE H-REIT was renamed OUE Hospitality Sub-Trust (“OUE H-Sub-Trust”). The OUE C-REIT Manager has replaced OUE Hospitality REIT Management Pte. Ltd. as manager of OUE H-Sub-Trust.

OUE C-REIT’s portfolio currently comprises 7 high quality prime properties located in Singapore and Shanghai:

- One Raffles Place: Integrated commercial development comprising two Grade-A office towers and a retail mall strategically located in the heart of Singapore’s central business district in Raffles Place. OUE C-REIT holds One Raffles Place (“ORP”) through its 83.33% interest in OUB Centre Limited (“OUBC”). As OUBC owns 81.54% of the beneficial interest in ORP, OUE C-REIT has an effective interest of 67.95% in ORP.
- OUE Bayfront: Premium Grade-A office building with ancillary retail facilities located between the new Marina Bay downtown and Raffles Place, within Singapore’s central business district.
- 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 Grade A offices, a retail podium and serviced residences located at Shenton Way in Singapore.
- Mandarin Gallery: High-end retail mall with 152-metre frontage situated along Orchard Road, Singapore and is the preferred location for flagship stores of international brands.
- Mandarin Orchard Singapore: A renowned upscale hotel with strong brand recognition and has won numerous internationally recognised awards and accolades. With 1,077 rooms, Mandarin Orchard Singapore is the largest hotel located in the heart of Orchard Road.

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- Crowne Plaza Changi Airport: An airport hotel situated within the vicinity of passenger terminals of Singapore Changi Airport and is connected to Jewel Changi Airport via a pedestrian bridge from Terminal 3. The 563-room hotel is managed by Intercontinental Hotels Group and has been named the World's Best Airport Hotel for 5 consecutive years.

OUE C-REIT's distribution policy is to distribute at least 90% of its taxable income, on a semi-annual basis, with the actual level of distribution to be determined at the Manager's discretion.

**Summary of OUE C-REIT Group Results**

	<b>2Q 2020 <sup>(1)</sup></b> <b>(S\$'000)</b>	<b>2Q 2019 <sup>(2)</sup></b> <b>(S\$'000)</b>	<b>Change</b> <b>(%)</b>	<b>1H 2020 <sup>(1)</sup></b> <b>(S\$'000)</b>	<b>1H 2019 <sup>(2)</sup></b> <b>(S\$'000)</b>	<b>Change</b> <b>(%)</b>
Revenue	64,275	51,885	23.9	142,009	107,220	32.4
Net property income	50,424	40,750	23.7	112,500	84,318	33.4
Amount available for distribution to Unitholders	30,653	22,535	36.0	68,283	48,572	40.6
Less: Tax-exempt income and capital distribution	-	-	-	(13,831) <sup>(3)</sup>	-	NM
Amount to be distributed to Unitholders	-	22,535	NM	54,452	48,572	12.1
Distribution per Unit ("DPU") (cents)	-	0.78	NM	1.00	1.68	(40.5)

Footnotes:

- (1) The current period results of OUE C-REIT's foreign subsidiaries are translated using the SGD:CNY rate of 1:5.027 for 2Q 2020 and 1:5.010 for 1H 2020.
- (2) The prior period results of OUE C-REIT's foreign subsidiaries are translated using the SGD:CNY rate of 1:5.013 for 2Q 2019 and 1:4.993 for 1H 2019.
- (3) OUE C-REIT's distribution policy is to distribute at least 90% of its taxable income, on a semi-annual basis, with the actual level of distribution to be determined at the Manager's discretion. In view of the uncertainty posed by the COVID-19 situation and to conserve cash, OUE C-REIT had retained S\$13.8 million of tax-exempt income and capital distribution, of which S\$3.0 million is retained for ongoing working capital requirements.

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

<b>Statement of Total Return</b>	<b>Note</b>	<b>2Q 2020 <sup>(1)</sup> (S\$'000)</b>	<b>2Q 2019 <sup>(2)</sup> (S\$'000)</b>	<b>Change (%)</b>	<b>1H 2020 <sup>(1)</sup> (S\$'000)</b>	<b>1H 2019 <sup>(2)</sup> (S\$'000)</b>	<b>Change (%)</b>
Revenue		64,275	51,885	23.9	142,009	107,220	32.4
Property operating expenses		(13,851)	(11,135)	24.4	(29,509)	(22,902)	28.8
<b>Net property income</b>		<b>50,424</b>	<b>40,750</b>	<b>23.7</b>	<b>112,500</b>	<b>84,318</b>	<b>33.4</b>
Other income	1	5,430	4,227	28.5	9,410	9,220	2.1
Amortisation of intangible asset		(1,250)	(1,250)	-	(2,500)	(2,798)	(10.7)
Manager's management fees	2	(4,923)	(3,192)	54.2	(9,846)	(6,356)	54.9
Trustee's fee		(370)	(180)	NM	(740)	(358)	NM
Other expenses		(842)	(522)	61.3	(1,647)	(988)	66.7
Finance income		1,679	585	NM	3,101	2,125	45.9
Finance costs		(21,111)	(15,838)	33.3	(45,162)	(31,416)	43.8
Net finance costs	3	(19,432)	(15,253)	27.4	(42,061)	(29,291)	43.6
Foreign exchange differences		(214)	(237)	(9.7)	389	(178)	NM
<b>Total return for the period before tax</b>		<b>28,823</b>	<b>24,343</b>	<b>18.4</b>	<b>65,505</b>	<b>53,569</b>	<b>22.3</b>
Tax expense	4	(2,921)	(3,873)	(24.6)	(6,710)	(8,445)	(20.5)
<b>Total return for the period</b>		<b>25,902</b>	<b>20,470</b>	<b>26.5</b>	<b>58,795</b>	<b>45,124</b>	<b>30.3</b>
<b>Attributable to:</b>							
Unitholders and Convertible Perpetual Preferred Units ("CPPU") holder		24,980	18,582	34.4	56,065	41,266	35.9
Non-controlling interests		922	1,888	(51.2)	2,730	3,858	(29.2)
<b>Total return for the period</b>		<b>25,902</b>	<b>20,470</b>	<b>26.5</b>	<b>58,795</b>	<b>45,124</b>	<b>30.3</b>

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**1(a) Consolidated Statement of Total Return and Distribution Statement (cont'd)**

<b>Distribution Statement</b>	<b>Note</b>	<b>2Q 2020 <sup>(1)</sup></b>	<b>2Q 2019 <sup>(2)</sup></b>	<b>Change</b>	<b>1H 2020 <sup>(1)</sup></b>	<b>1H 2019 <sup>(2)</sup></b>	<b>Change</b>
		<b>(\$'000)</b>	<b>(\$'000)</b>	<b>(%)</b>	<b>(\$'000)</b>	<b>(\$'000)</b>	<b>(%)</b>
Total return for the period attributable to Unitholders and CPPU holder		24,980	18,582	34.4	56,065	41,266	35.9
Less: Amount reserved for distribution to CPPU holder		(933)	(935)	(0.2)	(1,865)	(1,860)	0.3
Distribution adjustments	5	6,606	4,888	35.1	14,083	9,166	53.6
Amount available for distribution for the period		30,653	22,535	36.0	68,283	48,572	40.6
Less: Tax-exempt income and capital distribution		-	-	-	(13,831) <sup>(3)</sup>	-	NM
Amount to be distributed to Unitholders		-	22,535	NM	54,452	48,572	12.1
Comprising:							
Taxable income		-	13,037	NM	54,452	29,468	84.8
Tax exempt income		-	5,350	NM	-	11,260	NM
Unitholders' contributions		-	4,148	NM	-	7,844	NM
		-	22,535	NM	54,452	48,572	12.1

NM: Not meaningful

Footnotes:

- (1) The current period results of OUE C-REIT's foreign subsidiaries are translated using the SGD:CNY rate of 1:5.027 for 2Q 2020 and 1:5.010 for 1H 2020.
- (2) The prior period results of OUE C-REIT's foreign subsidiaries are translated using the SGD:CNY rate of 1:5.013 for 2Q 2019 and 1:4.993 for 1H 2019.
- (3) OUE C-REIT's distribution policy is to distribute at least 90% of its taxable income, on a semi-annual basis, with the actual level of distribution to be determined at the Manager's discretion. In view of the uncertainty posed by the COVID-19 situation and to conserve cash, OUE C-REIT had retained S\$13.8 million of tax-exempt income and capital distribution, of which S\$3.0 million is retained for ongoing working capital requirements.

**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 (expired in January 2019) and 1 November 2018 (the "Deeds of Income Support"). The income support for OUE Bayfront expired on 26 January 2019.

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**(2) Manager's management fees**

Manager's base management fee is calculated as 0.3% p.a. of the value of the deposited property 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 1H 2020 and 1H 2019.

**(3) Net finance costs**

Net finance costs comprises the following:

	<b>2Q 2020</b> <b>(\$'000)</b>	<b>2Q 2019</b> <b>(\$'000)</b>	<b>Change</b> <b>(%)</b>	<b>1H 2020</b> <b>(\$'000)</b>	<b>1H 2019</b> <b>(\$'000)</b>	<b>Change</b> <b>(%)</b>
<b>Finance income</b>						
Interest income	268	213	25.8	579	487	18.9
Ineffective portion of changes in fair value of cash flow hedges	1,350	372	NM	2,522	1,638	54.0
Hedging reserve transferred from unitholders' funds	61	-	NM	-	-	-
	<b>1,679</b>	<b>585</b>	<b>NM</b>	<b>3,101</b>	<b>2,125</b>	<b>45.9</b>
<b>Finance costs</b>						
Borrowing costs	(19,103)	(14,309)	33.5	(38,925)	(28,478)	36.7
Amortisation of debt establishment costs	(1,789)	(1,095)	63.4	(3,567)	(2,180)	63.6
Change in fair value of financial derivatives	-	(325)	NM	(2,183)	(529)	NM
Hedging reserve transferred from unitholders' funds	-	(109)	NM	(48)	(229)	(79.0)
Finance expense – lease liabilities	(219)	-	NM	(439)	-	NM
	<b>(21,111)</b>	<b>(15,838)</b>	<b>33.3</b>	<b>(45,162)</b>	<b>(31,416)</b>	<b>43.8</b>
<b>Net finance costs</b>	<b>(19,432)</b>	<b>(15,253)</b>	<b>27.4</b>	<b>(42,061)</b>	<b>(29,291)</b>	<b>43.6</b>

NM: Not meaningful

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**(4) Tax expense**

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

	<b>2Q 2020</b> <b>(S\$'000)</b>	<b>2Q 2019</b> <b>(S\$'000)</b>	<b>Change</b> <b>(%)</b>	<b>1H 2020</b> <b>(S\$'000)</b>	<b>1H 2019</b> <b>(S\$'000)</b>	<b>Change</b> <b>(%)</b>
Current tax						
- Current period	2,286	3,301	(30.7)	5,526	6,794	(18.7)
- Under provision in respect of prior period	144	-	NM	144	428	(66.4)
Deferred tax						
- Current period	192	248	(22.6)	449	578	(22.3)
Withholding tax	299	324	(7.7)	591	645	(8.4)
	<b>2,921</b>	<b>3,873</b>	<b>(24.6)</b>	<b>6,710</b>	<b>8,445</b>	<b>(20.5)</b>

NM: Not meaningful

**(5) Distribution adjustments**

Distribution adjustments include non-tax deductible expenses relating to the Manager's management 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, finance expense – lease liabilities and subsidiary's statutory reserves adjustments.

Please refer to Section 8 on Review of the Performance.

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**(b)(i) Statements of Financial Position**

	Note	Group			Trust		
		30 Jun 2020 <sup>(1)</sup> (S\$'000)	31 Dec 2019 <sup>(2)</sup> (S\$'000)	Change (%)	30 Jun 2020 (S\$'000)	31 Dec 2019 (S\$'000)	Change (%)
<b>Non-current assets</b>							
Plant and equipment		224	270	(17.0)	-	-	-
Investment properties	1	6,782,151	6,770,187	0.2	2,094,216	2,093,000	0.1
Intangible asset	2	16,667	19,167	(13.0)	16,667	19,167	(13.0)
Investments in subsidiaries		-	-	-	2,727,742	2,727,742	-
Trade and other receivables		4,170	4,139	0.7	-	-	-
		6,803,212	6,793,763	0.1	4,838,625	4,839,909	(0.0)
<b>Current assets</b>							
Trade and other receivables	3	45,283	35,020	29.3	13,967	9,331	49.7
Cash and cash equivalents		64,876	59,410	9.2	3,288	7,297	(54.9)
		110,159	94,430	16.7	17,255	16,628	3.8
<b>Total assets</b>		6,913,371	6,888,193	0.4	4,855,880	4,856,537	(0.0)
<b>Non-current liabilities</b>							
Borrowings		2,105,138	2,111,638	(0.3)	1,236,864	1,323,261	(6.5)
Loan from a subsidiary	4	-	-	-	97,564	-	NM
Trade and other payables		45,196	48,258	(6.3)	18,498	18,280	1.2
Financial derivatives	5	46,196	14,560	NM	17,656	6,780	NM
Deferred tax liabilities		89,504	87,928	1.8	-	-	-
Lease liabilities		25,096	24,657	1.8	-	-	-
		2,311,130	2,287,041	1.1	1,370,582	1,348,321	1.7
<b>Current liabilities</b>							
Borrowings		576,301	575,489	0.1	-	-	-
Loan from a subsidiary		-	-	-	149,958	149,844	0.1
Trade and other payables	6	100,044	77,299	29.4	37,582	29,176	28.8
Financial derivatives	5	4,088	2,751	48.6	2,955	2,404	22.9
Current tax liabilities	7	19,998	16,411	21.9	-	-	-
Lease liabilities		1,000	1,000	-	-	-	-
		701,431	672,950	4.2	190,495	181,424	5.0
<b>Total liabilities</b>		3,012,561	2,959,991	1.8	1,561,077	1,529,745	2.0
<b>Net assets</b>		3,900,810	3,928,202	(0.7)	3,294,803	3,326,792	(1.0)
<b>Represented by:</b>							
Unitholders' funds	8	3,296,194	3,318,417	(0.7)	2,932,938	2,964,902	(1.1)
CPPU holder's funds	9	361,865	361,890	(0.0)	361,865	361,890	(0.0)
Non-controlling interests	10	242,751	247,895	(2.1)	-	-	-
		3,900,810	3,928,202	(0.7)	3,294,803	3,326,792	(1.0)

NM: Not meaningful

Footnotes:

- (1) The statements of financial position of OUE C-REIT's foreign subsidiaries as at 30 June 2020 are translated using the SGD:CNY rate of 1:5.092.
- (2) The statements of financial position of OUE C-REIT's foreign subsidiaries as at 31 December 2019 are translated using the SGD:CNY rate of 1:5.171.



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**Notes to Statements of Financial Position:**

**(1) Investment properties**

OUE C-REIT conducts property valuations on an annual basis. As such, there may be uncertainty relating to the carrying amounts of OUE C-REIT's investment properties as at 30 June 2020 as the carrying amounts are based on the independent valuations as at 31 December 2019, and have not taken into account the impact of the COVID-19 pandemic. The increase in investment properties was due largely to appreciation of the CNY against the SGD between 31 December 2019 and 30 June 2020 and capital expenditure during the period.

**(2) Intangible asset**

Intangible asset represents the unamortised income support receivable by OUE C-REIT from the Sponsor Group pursuant to the Deeds of Income Support relating to OUE Downtown Office.

**(3) Trade and other receivables – Current**

At the Group and Trust level, trade and other receivables increased compared to 31 December 2019. This was mainly due to recognition of grant receivable relating to property tax rebate and higher income support receivable for OUE Downtown Office.

**(4) Loan from a subsidiary**

At the Trust level, the loan from subsidiary as at 30 June 2020 relates to the S\$100.0 million notes issued in June 2020 through the Trust's wholly owned subsidiary, OUE CT Treasury Pte. Ltd., which were on-lent to the Trust.

**(5) Financial derivatives**

Financial derivatives represent the fair value of the interest rate swaps ("IRS") entered to hedge the floating interest rate exposure of OUE C-REIT Group's borrowings. The movement for the financial period from 31 December 2019 to 30 June 2020 was due to new IRS entered and net changes in the fair value of the IRS during the period.

**(6) Trade and other payables – current**

At Group level, trade and other payables increased compared to December 2019 mainly due to provision of rental rebates and grant payable relating to property tax rebate recognised. There was also dividend payable to non-controlling interest of S\$6.8 million as at 30 June 2020.

At Trust level, the increase of trade and other payables was mainly due to provision of rental rebates and grant payable relating to property tax rebate recognised.

**(7) Current tax liabilities**

The increase in current tax liabilities is mainly due to tax provision for 1H 2020.

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#### **(8) Unitholders' funds**

The decrease in unitholders' funds is mainly due to distribution paid to Unitholders in March 2020 and net movement in the fair value reserve of IRS as at 30 June 2020. This is offset partially by profits for the financial period, new Units issued for base fees payable in Units, and the appreciation of the CNY against the SGD from 31 December 2019 to 30 June 2020.

#### **(9) 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), the vendor of OUE C-REIT's wholly-owned subsidiary, Beacon Property Holdings Pte. Ltd., 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 had been redeemed, with a balance of 375.0 million CPPUs remain outstanding as at 30 June 2020.

#### **(10) 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, a three-year unsecured notes and a five-year unsecured notes.

	<b>30 Jun 2020 <sup>(1)</sup></b> <b>(S\$'000)</b>	<b>31 Dec 2019 <sup>(2)</sup></b> <b>(S\$'000)</b>
<b>Secured borrowings</b>		
Amount repayable within one year, or on demand	426,343	425,645
Amount repayable after one year	1,110,665	1,139,563
Total secured borrowings	1,537,008	1,565,208
<b>Unsecured borrowings</b>		
Amount repayable within one year, or on demand	149,958	149,844
Amount repayable after one year	994,473	972,075
Total unsecured borrowings	1,144,431	1,121,919
Total borrowings <sup>(3)</sup>	2,681,439	2,687,127

OUE C-REIT Group's aggregate leverage was 40.1% as at 30 June 2020. The interest coverage ratio stood at 2.8 times<sup>(4)</sup> as of 30 June 2020.

Footnotes:

- (1) The borrowings of OUE C-REIT's foreign subsidiaries as at 30 June 2020 are translated using the SGD:CNY rate of 1:5.092.
- (2) The borrowings of OUE C-REIT's foreign subsidiaries as at 31 December 2019 are translated using the SGD:CNY rate of 1:5.171.
- (3) The borrowings are net of unamortised balance of transaction costs.
- (4) Interest coverage ratio is calculated based on guidance under Monetary Authority of Singapore's Code on Collective Investment Schemes, Property Funds Appendix 6 (last revised on 16 April 2020).

Details of any collaterals

The Group secured borrowings are collateralised by:-

- investment properties with a total carrying amount of S\$3,483.3 million;
- 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 H-Sub-Trust and lease or tenancy deposits/proceeds in connection with such master lease in respect of Mandarin Orchard Singapore;
- a debenture incorporating a fixed charge over book debts, charged accounts, goodwill, intellectual property and plant and machinery in connection with OUE Bayfront and floating charge over generally all of the present and future assets of the Trust in connection with OUE Bayfront, Mandarin Orchard Singapore and Mandarin Gallery; and
- the account control or charge over certain bank accounts of the Trust and certain subsidiary.

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Unsecured Medium Term Notes

In April 2014, OUE H-Sub-Trust, through its wholly-owned subsidiary, established a US\$1.0 billion Guaranteed Euro Medium Term Note Programme (“EMTN Programme”). Under the EMTN Programme, OUE H-Sub-Trust, through its subsidiary, may from time to time issue the notes in series or tranches. As at 30 June 2020, no notes have been issued under the EMTN Programme.

In August 2015, OUE C-REIT, through its wholly-owned subsidiary, established a S\$1.5 billion Multicurrency Debt Issuance Programme (the “2015 Programme”). Under the 2015 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 2015 Programme.

In March 2020, OUE C-REIT, through its wholly-owned subsidiary, established a S\$2.0 billion Multicurrency Debt Issuance Programme (the “2020 Programme”). Under the 2020 Programme, OUE C-REIT may from time to time issue notes and perpetual securities in series or tranches. On 24 June 2020, unsecured five-year notes of S\$100.0 million have been issued under the 2020 Programme.

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**1 (c) Consolidated Statement of Cash Flows**

Note	2Q 2020 (S\$'000)	2Q 2019 (S\$'000)	1H 2020 (S\$'000)	1H 2019 (S\$'000)
<b>Cash flows from operating activities</b>				
Total return for the period	25,902	20,470	58,795	45,124
Adjustments for:				
Amortisation of intangible asset	1,250	1,250	2,500	2,798
Depreciation of plant and equipment	22	47	49	93
Manager's fees paid/payable in Units	3,938	2,554	7,877	5,085
Finance costs	21,111	15,838	45,162	31,416
Finance income	(1,679)	(585)	(3,101)	(2,125)
Gain on disposal of plant and equipment	-	(1)	-	(1)
Tax expense	2,921	3,873	6,710	8,445
Operating income before working capital changes	53,465	43,446	117,992	90,835
Changes in working capital:				
Trade and other receivables	(16,142)	(4,941)	(10,166)	(6,030)
Trade and other payables	6,656	(2,630)	11,895	2,652
<b>Cash generated from operating activities</b>	<b>43,979</b>	<b>35,875</b>	<b>119,721</b>	<b>87,457</b>
Tax paid	(1,425)	(5,557)	(2,823)	(6,728)
<b>Net cash from operating activities</b>	<b>42,554</b>	<b>30,318</b>	<b>116,898</b>	<b>80,729</b>
<b>Cash flow from investing activities</b>				
Additions to plant and equipment	-	(19)	(1)	(21)
Payment for capital expenditure on investment properties	(3)	(857)	(3,057)	(5,939)
Interest received	268	213	579	479
Proceeds from sale of plant and equipment	-	1	-	1
<b>Net cash generated from/(used in) investing activities</b>	<b>265</b>	<b>(662)</b>	<b>(2,479)</b>	<b>(5,480)</b>
<b>Cash flows from financing activities</b>				
Distributions paid to Unitholders	(654)	-	(59,317)	(37,081)
Distributions paid to CPPU holder	-	-	(1,890)	(1,890)
Distribution paid to non-controlling interest	-	(6,800)	-	(6,800)
Finance costs paid	(17,171)	(13,098)	(38,618)	(27,810)
Proceeds from borrowings	-	10,000	27,000	42,480
Proceeds from issuance of Notes	100,000	-	100,000	-
Repayment of borrowings	(112,000)	(18,101)	(134,202)	(42,106)
Payment of transaction costs related to borrowings	(2,446)	-	(2,446)	-
<b>Net cash used in financing activities</b>	<b>(32,271)</b>	<b>(27,999)</b>	<b>(109,473)</b>	<b>(73,207)</b>
<b>Net increase in cash and cash equivalents</b>	<b>10,548</b>	<b>1,657</b>	<b>4,946</b>	<b>2,042</b>
Cash and cash equivalents at beginning of the period	56,126	37,744	59,410	37,074
Effect of exchange rate fluctuations on cash held	(1,798)	(694)	520	(409)
<b>Cash and cash equivalents at end of the period</b>	<b>64,876</b>	<b>38,707</b>	<b>64,876</b>	<b>38,707</b>

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**Notes to Consolidated Statement of Cash Flows:**

- (1) On 24 June 2020, the Group issued S\$100.0 million notes due on 24 June 2025 under the 2020 Programme. The net proceeds have been utilised for payment of the OUE C-REIT's revolving loan facilities.
- (2) For purpose of the Consolidated Statement of Cash Flows, the Group's cash and cash equivalents comprise the following:

	<b>30 Jun 2020 (S\$'000)</b>	<b>30 Jun 2019 (S\$'000)</b>
Bank and cash balances	19,496	8,665
Short-term deposits	45,380	30,042
Cash and cash equivalents	64,876	38,707

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

<b>Group</b> <b>2Q 2020</b>	<b>Unitholders</b> <b>(S\$'000)</b>	<b>CPPU</b> <b>holder</b> <b>(S\$'000)</b>	<b>Total</b> <b>(S\$'000)</b>	<b>Non-</b> <b>controlling</b> <b>interests</b> <b>(S\$'000)</b>	<b>Total</b> <b>(S\$'000)</b>
<b>Net assets attributable to owners</b> <b>at 1 April 2020</b>	3,302,151	360,932	3,663,083	249,042	3,912,125
<b>Operations</b>					
Total return for the period	24,980	-	24,980	922	25,902
Less: Amount reserved for distribution to CPPU holder	(933)	933	-	-	-
<b>Net increase in net assets</b> <b>resulting from operations</b>	24,047	933	24,980	922	25,902
<b>Transactions with owners</b> <b>Contributions by and</b> <b>distributions to owners</b>					
Issue of new Units					
- Manager's fees paid/payable in Units	3,938	-	3,938	-	3,938
Dividends declared	-	-	-	(6,800)	(6,800)
<b>Total contributions by and</b> <b>distributions to owners</b>	3,938	-	3,938	(6,800)	(2,862)
<b>Movement in foreign currency</b> <b>translation reserve</b>	(20,605)	-	(20,605)	-	(20,605)
<b>Hedging transactions</b>					
Effective portion of change in fair value of cash flow hedges	(13,276)	-	(13,276)	(413)	(13,689)
Hedging reserve transferred to statement of total return	(61)	-	(61)	-	(61)
<b>Net movement in hedging</b> <b>transactions</b>	(13,337)	-	(13,337)	(413)	(13,750)
<b>Net assets attributable to owners</b> <b>at 30 June 2020</b>	3,296,194	361,865	3,658,059	242,751	3,900,810

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

<b>Group</b>	<b>Unitholders</b>	<b>CPPU</b>	<b>Total</b>	<b>Non-</b>	<b>Total</b>
<b>1H 2020</b>	<b>(S\$'000)</b>	<b>holder</b>	<b>(S\$'000)</b>	<b>controlling</b>	<b>(S\$'000)</b>
<b>Net assets attributable to owners</b>		<b>(S\$'000)</b>	<b>(S\$'000)</b>	<b>interests</b>	<b>(S\$'000)</b>
<b>at 1 January 2020</b>				<b>(S\$'000)</b>	
<b>Operations</b>					
Total return for the period	3,318,417	361,890	3,680,307	247,895	3,928,202
Less: Amount reserved for distribution to CPPU holder	56,065	-	56,065	2,730	58,795
<b>Net increase in net assets resulting from operations</b>	(1,865)	1,865	-	-	-
	54,200	1,865	56,065	2,730	58,795
<b>Transactions with owners</b>					
<b>Contributions by and distributions to owners</b>					
Issue of new Units					
- Manager's fees paid/payable in Units	7,877	-	7,877	-	7,877
Distribution paid to Unitholders	(59,317)	-	(59,317)	-	(59,317)
Distribution paid to CPPU holder	-	(1,890)	(1,890)	-	(1,890)
Dividends declared	-	-	-	(6,800)	(6,800)
<b>Total contributions by and distributions to owners</b>	(51,440)	(1,890)	(53,330)	(6,800)	(60,130)
<b>Movement in foreign currency translation reserve</b>	<b>7,209</b>	-	<b>7,209</b>	-	<b>7,209</b>
<b>Hedging transactions</b>					
Effective portion of change in fair value of cash flow hedges	(32,240)	-	(32,240)	(1,074)	(33,314)
Hedging reserve transferred to statement of total return	48	-	48	-	48
<b>Net movement in hedging transactions</b>	(32,192)	-	(32,192)	(1,074)	(33,266)
<b>Net assets attributable to owners at 30 June 2020</b>	<b>3,296,194</b>	<b>361,865</b>	<b>3,658,059</b>	<b>242,751</b>	<b>3,900,810</b>



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

<b>Trust</b>	<b>Unitholders</b>	<b>CPPU</b>	<b>Total</b>
<b>2Q 2020</b>	<b>(S\$'000)</b>	<b>holder</b>	<b>(S\$'000)</b>
		<b>(S\$'000)</b>	
<b>Net assets attributable to owners at 1 April 2020</b>	2,929,256	360,932	3,290,188
<b>Operations</b>			
Total return for the period	4,073	-	4,073
Less: Amount reserved for distribution to CPPU holder	(933)	933	-
<b>Net increase in net assets resulting from operations</b>	<b>3,140</b>	<b>933</b>	<b>4,073</b>
<b>Transactions with owners</b>			
<b><i>Contributions by and distributions to owners</i></b>			
Issue of new Units			
- Manager's fees paid/payable in Units	3,938	-	3,938
<b>Total contributions by and distributions to owners</b>	<b>3,938</b>	<b>-</b>	<b>3,938</b>
<b>Hedging transactions</b>			
Effective portion of change in fair value of cash flow hedges	(3,507)	-	(3,507)
Hedging reserve transferred to statement of total return	111	-	111
<b>Net movement in hedging transactions</b>	<b>(3,396)</b>	<b>-</b>	<b>(3,396)</b>
<b>Net assets attributable to owners at 30 June 2020</b>	<b>2,932,938</b>	<b>361,865</b>	<b>3,294,803</b>

<b>Trust</b>	<b>Unitholders</b>	<b>CPPU</b>	<b>Total</b>
<b>1H 2020</b>	<b>(S\$'000)</b>	<b>holder</b>	<b>(S\$'000)</b>
		<b>(S\$'000)</b>	
<b>Net assets attributable to owners at 1 January 2020</b>	2,964,902	361,890	3,326,792
<b>Operations</b>			
Total return for the period	33,773	-	33,773
Less: Amount reserved for distribution to CPPU holder	(1,865)	1,865	-
<b>Net increase in net assets resulting from operations</b>	<b>31,908</b>	<b>1,865</b>	<b>33,773</b>
<b>Transactions with owners</b>			
<b><i>Contributions by and distributions to owners</i></b>			
Issue of new Units			
- Manager's fees paid/payable in Units	7,877	-	7,877
Distribution paid to Unitholders	(59,317)	-	(59,317)
Distribution paid to CPPU Holder	-	(1,890)	(1,890)
<b>Total contributions by and distributions to owners</b>	<b>(51,440)</b>	<b>(1,890)</b>	<b>(53,330)</b>
<b>Hedging transactions</b>			
Effective portion of change in fair value of cash flow hedges	(12,652)	-	(12,652)
Hedging reserve transferred to statement of total return	220	-	220
<b>Net movement in hedging transactions</b>	<b>(12,432)</b>	<b>-</b>	<b>(12,432)</b>
<b>Net assets attributable to owners at 30 June 2020</b>	<b>2,932,938</b>	<b>361,865</b>	<b>3,294,803</b>

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

<b>Group</b>	<b>Unitholders</b>	<b>CPPU</b>	<b>Total</b>	<b>Non-</b>	<b>Total</b>
<b>2Q 2019</b>	<b>(S\$'000)</b>	<b>holder</b>	<b>(S\$'000)</b>	<b>controlling</b>	<b>(S\$'000)</b>
		<b>(S\$'000)</b>	<b>(S\$'000)</b>	<b>interests</b>	
				<b>(S\$'000)</b>	
<b>Net assets attributable to owners at 1 April 2019</b>	2,031,969	360,925	2,392,894	242,715	2,635,609
<b>Operations</b>					
Total return for the period	18,582	-	18,582	1,888	20,470
Less: Amount reserved for distribution to CPPU holder	(935)	935	-	-	-
<b>Net increase in net assets resulting from operations</b>	<b>17,647</b>	<b>935</b>	<b>18,582</b>	<b>1,888</b>	<b>20,470</b>
<b>Transactions with owners</b>					
<b>Contributions by and distributions to owners</b>					
Issue of new Units					
- Manager's fees paid/payable in Units	2,554	-	2,554	-	2,554
Withholding tax on distribution paid to Unitholders	(120)	-	(120)	-	(120)
Dividends paid	-	-	-	(6,800)	(6,800)
<b>Total contributions by and distributions to owners</b>	<b>2,434</b>	<b>-</b>	<b>2,434</b>	<b>(6,800)</b>	<b>(4,366)</b>
<b>Movement in foreign currency translation reserve</b>	<b>(11,473)</b>	<b>-</b>	<b>(11,473)</b>	<b>-</b>	<b>(11,473)</b>
<b>Hedging transactions</b>					
Effective portion of change in fair value of cash flow hedges	(4,892)	-	(4,892)	(329)	(5,221)
Hedging reserve transferred to statement of total return	(82)	-	(82)	-	(82)
<b>Net movement in hedging transactions</b>	<b>(4,974)</b>	<b>-</b>	<b>(4,974)</b>	<b>(329)</b>	<b>(5,303)</b>
<b>Net assets attributable to owners at 30 June 2019</b>	<b>2,035,603</b>	<b>361,860</b>	<b>2,397,463</b>	<b>237,474</b>	<b>2,634,937</b>

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

<b>Group</b>	<b>Unitholders</b>	<b>CPPU</b>	<b>Total</b>	<b>Non-</b>	<b>Total</b>
<b>1H 2019</b>	<b>(S\$'000)</b>	<b>holder</b>	<b>(S\$'000)</b>	<b>controlling</b>	<b>(S\$'000)</b>
		<b>(S\$'000)</b>	<b>(S\$'000)</b>	<b>interests</b>	<b>(S\$'000)</b>
				<b>(S\$'000)</b>	
<b>Net assets attributable to owners at 1 January 2019</b>	2,038,092	361,890	2,399,982	240,743	2,640,725
<b>Operations</b>					
Total return for the period	41,266	-	41,266	3,858	45,124
Less: Amount reserved for distribution to CPPU holder	(1,860)	1,860	-	-	-
<b>Net increase in net assets resulting from operations</b>	<b>39,406</b>	<b>1,860</b>	<b>41,266</b>	<b>3,858</b>	<b>45,124</b>
<b>Transactions with owners</b>					
<b>Contributions by and distributions to owners</b>					
Issue of new Units					
- Manager's fees paid/payable in Units	5,085	-	5,085	-	5,085
Distribution paid to Unitholders	(37,201)	-	(37,201)	-	(37,201)
Distribution paid to CPPU holder	-	(1,890)	(1,890)	-	(1,890)
Dividends paid	-	-	-	(6,800)	(6,800)
<b>Total contributions by and distributions to owners</b>	<b>(32,116)</b>	<b>(1,890)</b>	<b>(34,006)</b>	<b>(6,800)</b>	<b>(40,806)</b>
<b>Movement in foreign currency translation reserve</b>	<b>(5,800)</b>	<b>-</b>	<b>(5,800)</b>	<b>-</b>	<b>(5,800)</b>
<b>Hedging transactions</b>					
Effective portion of change in fair value of cash flow hedges	(3,621)	-	(3,621)	(308)	(3,929)
Hedging reserve transferred to statement of total return	(358)	-	(358)	(19)	(377)
<b>Net movement in hedging transactions</b>	<b>(3,979)</b>	<b>-</b>	<b>(3,979)</b>	<b>(327)</b>	<b>(4,306)</b>
<b>Net assets attributable to owners at 30 June 2019</b>	<b>2,035,603</b>	<b>361,860</b>	<b>2,397,463</b>	<b>237,474</b>	<b>2,634,937</b>

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

<b>Trust</b> <b>2Q 2019</b>	<b>Unitholders</b> <b>(\$'000)</b>	<b>CPPU</b> <b>holder</b> <b>(\$'000)</b>	<b>Total</b> <b>(\$'000)</b>
<b>Net assets attributable to owners at 1 April 2019</b>	1,698,950	360,925	2,059,875
<b>Operations</b>			
Total return for the period	4,880	-	4,880
Less: Amount reserved for distribution to CPPU holder	(935)	935	-
<b>Net increase in net assets resulting from operations</b>	<b>3,945</b>	<b>935</b>	<b>4,880</b>
<b>Transactions with owners</b>			
<b><i>Contributions by and distributions to owners</i></b>			
Issue of new Units			
- Manager's fees paid/payable in Units	2,554	-	2,554
Withholding tax on distribution paid to Unitholders	(120)	-	(120)
<b>Total contributions by and distributions to owners</b>	<b>2,434</b>	<b>-</b>	<b>2,434</b>
<b>Hedging transactions</b>			
Effective portion of change in fair value of cash flow hedges	(3,247)	-	(3,247)
Hedging reserve transferred to statement of total return	(86)	-	(86)
<b>Net movement in hedging transactions</b>	<b>(3,333)</b>	<b>-</b>	<b>(3,333)</b>
<b>Net assets attributable to owners at 30 June 2019</b>	<b>1,701,996</b>	<b>361,860</b>	<b>2,063,856</b>

<b>Trust</b> <b>1H 2019</b>	<b>Unitholders</b> <b>(\$'000)</b>	<b>CPPU</b> <b>holder</b> <b>(\$'000)</b>	<b>Total</b> <b>(\$'000)</b>
<b>Net assets attributable to owners at 1 January 2019</b>	1,724,337	361,890	2,086,227
<b>Operations</b>			
Total return for the period	13,980	-	13,980
Less: Amount reserved for distribution to CPPU holder	(1,860)	1,860	-
<b>Net increase in net assets resulting from operations</b>	<b>12,120</b>	<b>1,860</b>	<b>13,980</b>
<b>Transactions with owners</b>			
<b><i>Contributions by and distributions to owners</i></b>			
Issue of new Units			
- Manager's fees paid/payable in Units	5,085	-	5,085
Distribution paid to Unitholders	(37,201)	-	(37,201)
Distribution paid to CPPU Holder	-	(1,890)	(1,890)
<b>Total contributions by and distributions to owners</b>	<b>(32,116)</b>	<b>(1,890)</b>	<b>(34,006)</b>
<b>Hedging transactions</b>			
Effective portion of change in fair value of cash flow hedges	(2,079)	-	(2,079)
Hedging reserve transferred to statement of total return	(266)	-	(266)
<b>Net movement in hedging transactions</b>	<b>(2,345)</b>	<b>-</b>	<b>(2,345)</b>
<b>Net assets attributable to owners at 30 June 2019</b>	<b>1,701,996</b>	<b>361,860</b>	<b>2,063,856</b>

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

	<b>2Q 2020 ('000)</b>	<b>2Q 2019 ('000)</b>	<b>1H 2020 ('000)</b>	<b>1H 2019 ('000)</b>
<b>Units in issue:</b>				
At the beginning of the period	5,392,459	2,861,589	5,385,398	2,855,978
Issue of new Units relating to:				
- Manager's fees paid in Units	12,425	4,996	19,486	10,607
At the end of the period	5,404,884	2,866,585	5,404,884	2,866,585
<b>Units to be issued:</b>				
Manager's fee payable in Units	9,831	5,021	9,831	5,021
At the end of the period	5,414,715	2,871,606	5,414,715	2,871,606

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

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

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

Not applicable.

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

The accounting policies and methods of computation adopted in the preparation of the financial statements for the current financial period are consistent with those described in the audited financial statements for the financial year ended 31 December 2019.

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

Not applicable.

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**6 Earnings per Unit and Distribution per Unit**

**Earnings per Unit attributable to Unitholders (“EPU”)**

	<b>2Q 2020</b>	<b>2Q 2019</b>
Weighted average number of Units	5,404,992,467	2,866,640,581
Basic EPU (cents)	0.44	0.62
Weighted average number of Units <sup>(1)</sup>	5,938,897,397	3,395,788,713
Diluted EPU (cents)	0.42	0.55

  

	<b>1H 2020</b>	<b>1H 2019</b>
Weighted average number of Units	5,398,794,185	2,864,156,379
Basic EPU (cents)	1.00	1.38
Weighted average number of Units <sup>(1)</sup>	5,938,897,397	3,395,788,713
Diluted EPU (cents)	0.94	1.22

Footnote:

(1) 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.

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

As at 30 June 2020, a total of 375.0 million CPPUs remain convertible. Assuming that these CPPUs are fully converted, 524,182,276 new Units will be issued.

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**Distribution per Unit attributable to Unitholders ("DPU")**

	<b>2Q 2020</b>	<b>2Q 2019</b>
No of Units entitled to distribution	5,414,715,121 <sup>(1)</sup>	2,871,606,437 <sup>(2)</sup>
Distribution per Unit (cents)	-	0.78

  

	<b>1H 2020</b>	<b>1H 2019</b>
No of Units entitled to distribution	5,414,715,121 <sup>(1)</sup>	2,871,606,437 <sup>(2)</sup>
Distribution per Unit (cents)	1.00 <sup>(3)</sup>	1.68

Footnotes:

- (1) Comprises the Units in issue as at 30 June 2020 of 5,404,884,438 and Units to be issued to the Manager as satisfaction of Manager's base fee payable for 2Q 2020 of 9,830,683.
- (2) Comprises the Units in issue as at 30 June 2019 of 2,866,585,405 and Units to be issued to the Manager as satisfaction of Manager's base fee payable for 2Q 2019 of 5,021,032.
- (3) OUE C-REIT's distribution policy is to distribute at least 90% of its taxable income, on a semi-annual basis, with the actual level of distribution to be determined at the Manager's discretion. In view of the uncertainty posed by the COVID-19 situation and to conserve cash, OUE C-REIT had retained S\$13.8 million of tax-exempt income and capital distribution, of which S\$3.0 million is retained for ongoing working capital requirements.

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

	<b>Group</b>		<b>Trust</b>	
	<b>30 Jun 2020</b>	<b>31 Dec 2019</b>	<b>30 Jun 2020</b>	<b>31 Dec 2019</b>
No of Units in issue and to be issued at end of period/year	5,414,715,121	5,392,459,363	5,414,715,121	5,392,459,363
Net asset value ("NAV") per Unit (S\$)	0.61	0.62	0.54	0.55
Net tangible asset ("NTA") per Unit (S\$)	0.61	0.61	0.54	0.55

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

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**8 Review of the Performance**

<b>Statement of Total Return</b>	<b>2Q 2020 <sup>(1)</sup> (S\$'000)</b>	<b>2Q 2019 <sup>(2)</sup> (S\$'000)</b>	<b>Change (%)</b>	<b>1H 2020 <sup>(1)</sup> (S\$'000)</b>	<b>1H 2019 <sup>(2)</sup> (S\$'000)</b>	<b>Change (%)</b>
Revenue	64,275	51,885	23.9	142,009	107,220	32.4
- Commercial <sup>(3)</sup>	47,400	51,885	(8.6)	108,259	107,220	1.0
- Hospitality <sup>(4)</sup>	16,875	-	NM	33,750	-	NM
Property operating expenses	(13,851)	(11,135)	24.4	(29,509)	(22,902)	28.8
- Commercial <sup>(3)</sup>	(12,394)	(11,135)	11.3	(26,151)	(22,902)	14.2
- Hospitality <sup>(4)</sup>	(1,457)	-	NM	(3,358)	-	NM
<b>Net property income</b>	<b>50,424</b>	<b>40,750</b>	<b>23.7</b>	<b>112,500</b>	<b>84,318</b>	<b>33.4</b>
- Commercial <sup>(3)</sup>	35,006	40,750	(14.1)	82,108	84,318	(2.6)
- Hospitality <sup>(4)</sup>	15,418	-	NM	30,392	-	NM
Other income	5,430	4,227	28.5	9,410	9,220	2.1
Amortisation of intangible asset	(1,250)	(1,250)	-	(2,500)	(2,798)	(10.7)
Manager's management fees	(4,923)	(3,192)	54.2	(9,846)	(6,356)	54.9
Trustee's fee	(370)	(180)	NM	(740)	(358)	NM
Other expenses	(842)	(522)	61.3	(1,647)	(988)	66.7
Finance income	1,679	585	NM	3,101	2,125	45.9
Finance costs	(21,111)	(15,838)	33.3	(45,162)	(31,416)	43.8
Net finance costs	(19,432)	(15,253)	27.4	(42,061)	(29,291)	43.6
Foreign exchange differences	(214)	(237)	(9.7)	389	(178)	NM
<b>Total return for the period before tax</b>	<b>28,823</b>	<b>24,343</b>	<b>18.4</b>	<b>65,505</b>	<b>53,569</b>	<b>22.3</b>
Tax expense	(2,921)	(3,873)	(24.6)	(6,710)	(8,445)	(20.5)
<b>Total return for the period</b>	<b>25,902</b>	<b>20,470</b>	<b>26.5</b>	<b>58,795</b>	<b>45,124</b>	<b>30.3</b>

NM: Not meaningful

Footnotes:

- (1) The current period results of OUE C-REIT's foreign subsidiaries are translated using the SGD:CNY rate of 1:5.027 for 2Q 2020 and 1:5.010 for 1H 2020.
- (2) The prior period results of OUE C-REIT's foreign subsidiaries are translated using the SGD:CNY rate of 1:5.013 for 2Q 2019 and 1:4.993 for 1H 2019.
- (3) Commercial comprised One Raffles Place, OUE Bayfront, Lippo Plaza, OUE Downtown Office and Mandarin Gallery.
- (4) Hospitality comprised Mandarin Orchard Singapore and Crowne Plaza Changi Airport.



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**Review of OUE C-REIT Group's performance 2Q 2020 vs 2Q 2019**

2Q 2020 revenue of S\$64.3 million and net property income of S\$50.4 million were 23.9% and 23.7% respectively higher compared to that achieved in 2Q 2019. The Commercial segment recorded lower revenue and net property income mainly due to rental rebates granted to tenants in 2Q 2020 under the New Rental Relief Framework for Small and Medium Enterprises ("SME") announced on 5 June 2020 as part of the Fortitude Budget by the Singapore Government. This was partially offset by the inclusion of income from Mandarin Gallery upon completion of the Merger in September 2019.

Revenue and net property income from the Hospitality segment was contributed by Mandarin Orchard Singapore and Crowne Plaza Changi Airport upon completion of the Merger in September 2019.

Other income for current quarter increased to S\$5.4 million as there was an increase in income support in relation to OUE Downtown Office. This was mainly due to lower rental income from OUE Downtown Office as a result of provision of rental relief to SME tenants as part of the Fortitude Budget.

The larger portfolio also resulted in higher manager's management fees, trustee fee and other expenses.

Net finance cost increased S\$4.2 million year-on-year mainly attributable to higher interest cost of S\$4.8 million, resulting from inclusion of OUE H-Trust's finance costs and higher level of borrowings (including loan drawdown to fund the cash consideration for the Merger).

Total return recorded for 2Q 2020 was S\$25.9 million, compared to total return of S\$20.5 million in 2Q 2019.

**Review of OUE C-REIT Group's performance 1H 2020 vs 1H 2019**

1H 2020 net property income of S\$112.5 million was S\$28.2 million higher than 1H 2019. The Commercial segment recorded higher revenue mainly due to the inclusion of income from Mandarin Gallery upon completion of the Merger in September 2019. This was partially offset by rental rebates granted to tenants under the New Rental Relief Framework for SME as part of the Fortitude Budget in 1H 2020. As a result of the rental rebate, net property income was lower compared to last year.

Revenue and net property income from the Hospitality segment was contributed by Mandarin Orchard Singapore and Crowne Plaza Changi Airport upon completion of the Merger in September 2019.

The larger portfolio also resulted in higher manager's management fees, trustee fee and other expenses.

Net finance cost increased S\$12.8 million year-on-year mainly attributable to higher interest cost of S\$10.4 million, resulting from inclusion of OUE H-Trust's finance costs and higher level of borrowings (including loan drawdown to fund the cash consideration for the Merger).

Consequently, total return for 1H 2020 increased 30.3% to S\$58.8 million, as compared to S\$45.1 million in 1H 2019.

**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

Based on advance estimates by the Ministry of Trade and Industry (“MTI”), Singapore’s economic growth contracted by 12.6% on a year-on-year (“YoY”) basis in 2Q 2020 weighed by the circuit breaker measures implemented from 7 April to 1 June to slow the spread of COVID-19 as well as weak external demand amidst a global economic downturn caused by the COVID-19 pandemic<sup>(1)</sup>. On a quarter-on-quarter (“QoQ”) seasonally-adjusted annualised basis, the economy declined by 41.2% in 2Q 2020. While the manufacturing sector grew by 2.5% YoY in 2Q 2020, primarily due to a surge in output in the biomedical manufacturing cluster, this was slower than the 8.2% growth in 1Q 2020 as weak external demand and workplace disruptions during the circuit breaker weighed on output in the chemicals, transport engineering and general manufacturing clusters. The services producing industries contracted 13.6% YoY, furthering the 2.4% contraction in 1Q 2020. The escalation of the COVID-19 pandemic worldwide and more severe than expected disruption to external and domestic economic activity resulted in a third downgrade to official GDP growth forecasts in May. MTI projects 2020 GDP growth to be between -7.0% and -4.0%, with significant uncertainty over the duration and severity of the pandemic, as well as the trajectory of economic recovery<sup>(2)</sup>.

In 2Q 2020, Singapore office leasing demand was dampened by the weak economic outlook, compounded by the restriction on leasing activities due to the circuit breaker measures. According to CBRE, core CBD Grade A occupancy edged down 0.5 percentage points (“ppt”) QoQ to 97.1% in 2Q 2020 on negative net absorption of 293,040 sq ft. Core CBD Grade A office rents slipped for the second consecutive quarter, down 3.0% QoQ to S\$11.15 per square foot (“psf”) per month in 2Q 2020<sup>(3)</sup>. As occupiers look to streamline operating costs, office occupancy and rents are expected to remain under pressure, although the situation is partially mitigated by the limited supply of new Grade A office in the medium term. OUE C-REIT’s portfolio of high-quality and strategically located Singapore office properties, which contributed approximately 55.4% to 2Q 2020 revenue, are expected to continue to achieve rents which are in line with or above market rents. As current expiring rents are below market rents, operating performance is expected to remain resilient.

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Due to continued restrictions on inbound short-term visitors, visitor arrivals to Singapore from January to May 2020 decreased by 65.7% YoY to approximately 2.7 million<sup>(4)</sup>. OUE C-REIT's hotel properties will continue to seek alternative sources of demand, including eldercare workers, inbound travellers serving out Stay-Home Notices, and workers affected by border shutdowns. Staycation bookings by locals, once approved by the authorities, will also augment hotel demand. Under the master lease arrangements of OUE C-REIT's hotel portfolio, the minimum rent component of S\$67.5 million per annum continues to provide downside protection. The hospitality segment contributed 26.3% to total revenue in 2Q 2020.

In 2Q 2020, prime retail rents in Orchard Road corrected 1.9% QoQ to S\$31.05 psf per month<sup>(3)</sup>. OUE C-REIT's Singapore retail portfolio, contributing approximately 8.4% to 2Q 2020 revenue, was affected by the circuit breaker measures. With a phased approach to reopening the economy post circuit breaker, most retailers have resumed operations and shopper traffic has rebounded to approximately 70% of pre-COVID-19 levels at Mandarin Gallery. Nonetheless, with continued business uncertainties, the operating environment for OUE C-REIT's retail segment is expected to remain challenging.

#### China

With the gradual reopening of the economy from end March after the end of lockdown measures and supported by policy stimulus, China has seen an uptick in economic activity. GDP growth rebounded to 3.2% YoY for 2Q 2020 from the contraction in the previous quarter. While retail sales was down 1.8% YoY in June, the contraction was lower than the 2.8% YoY decline in the previous month. For the first six months of 2020, fixed asset investments fell by 3.1% YoY, narrowing from the 6.3% YoY decline for the January to May period. June industrial production rose 4.8% YoY, following 4.4% YoY increase in the previous month<sup>(5)</sup>. While key economic indicators have trended positively, prospects remain murky due to the global economic slowdown as well as the risk of secondary outbreaks which may hinder a recovery.

While business activity has resumed in Shanghai, office leasing momentum continued to be slow due to economic uncertainty, exacerbated by the pandemic. According to Colliers International, Shanghai CBD Grade A office occupancy remained stable in 2Q 2020 at 85.4%, while rents declined 4.3% QoQ to RMB9.28 psm per day amidst intense leasing competition<sup>(6)</sup>. The rental outlook is expected to be subdued given the significant office supply in the medium term. The Manager will continue to prioritise tenant retention and active lease management to sustain occupancy at Lippo Plaza, which contributed 9.9% to OUE C-REIT's 2Q 2020 revenue, of which the office component makes up about 72.8% of the property's revenue.

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Tenant Support

OUE C-REIT has provided relief measures to eligible tenants across its portfolio during this challenging period. This includes various rental rebates, passing on in full the property tax rebates provided by the Singapore Government, as well as assistance schemes such as flexible payment and rental reduction to eligible tenants.

On 5 June 2020, the Singapore Government announced additional support measures for Small and Medium Enterprises (“SME”) including rental waiver of four months and two months for qualifying SME retail and office tenants respectively, to be co-shared between the Singapore Government and landlords. The rental waivers OUE C-REIT has granted to date will form part of this additional government-mandated support. Currently, the eligibility of tenants and implementation details from the Singapore Government on the mandated relief are still pending.

OUE C-REIT has committed approximately S\$13.8 million of rental rebates to date, excluding an estimated S\$19.9 million of support from the Singapore Government, comprising property tax rebates and mandated share of SME relief.

Overall

In 1H 2020, the Manager has elected to retain approximately S\$13.8 million of distribution comprising tax-exempt income and capital distribution, in view of the on-going uncertainties caused by the COVID-19 pandemic globally. The prudent measure to conserve cash while balancing returns to Unitholders will provide financial flexibility for OUE C-REIT to better address the challenges ahead.

While the COVID-19 pandemic has largely stabilised in Singapore and China at this juncture, the Manager will continue to monitor the situation closely, and is prepared to introduce further initiatives to support OUE C-REIT’s tenants as required. In view of protracted containment measures and weaker global conditions, the Manager will continue to prioritise its efforts on tenant retention through proactive asset management, and manage our capital prudently to maintain financial flexibility, so as to preserve sustainable long term returns for Unitholders.

(1) Singapore Ministry of Trade and Industry Press Release, 14 July 2020

(2) Singapore Ministry of Trade and Industry Press Release, 26 May 2020

(3) CBRE, Singapore MarketView 2Q 2020

(4) Singapore Tourism Board, International Visitor Arrivals Statistics, 3 July 2020

(5) National Bureau of Statistics of China Press Release, 16 July 2020

(6) Colliers International, Shanghai Office Property Market Overview, 2Q 2020

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**11 Distribution**

**(a) Current financial period**

Any distribution declared for the current financial period? Yes

Unitholders

Name of distribution: Distribution for the financial period from 1 January 2020 to 30 June 2020

Distribution type: Taxable income distribution

Distribution rate: Taxable income distribution: 1.00 cents per Unit

CPPU Holder

Name of distribution: Distribution for the financial period from 1 January 2020 to 30 June 2020

Distribution rate/ type: S\$1,864,754.10 which represents 1% p.a. of CPPU based on the issue price of S\$1.00 per CPPU comprising taxable income distribution, tax exempt income distribution and capital distribution.

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

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

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

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

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

Book closure date: 3 August 2020

Date payable: 11 September 2020

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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 January 2019 to 30 June 2019

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

Distribution rate: 1.68 cents per Unit comprises:-  
(i) Taxable income distribution: 1.03 cents per Unit  
(ii) Tax exempt income distribution: 0.39 cents per Unit  
(iii) Capital distribution: 0.26 cents per Unit

CPPU Holder

Name of distribution: Distribution for the financial period from 1 January 2019 to 30 June 2019

Distribution rate/ type: S\$1,859,589.04 which represents 1% p.a. of CPPU based on the issue price of S\$1.00 per CPPU comprising taxable income distribution, tax exempt income distribution and capital distribution.

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

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

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

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

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

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Tax-exempt income distribution

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

Capital distribution

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

Book closure date: 19 August 2019

Date payable: 12 September 2019

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

Not applicable.

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

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

**14 Confirmation pursuant to Rule 705(5) of the Listing Manual**

We, on behalf of the Directors of OUE Commercial REIT Management Pte. Ltd. (as Manager of OUE C-REIT), hereby confirm that, to the best of our knowledge, nothing has come to the attention of the board of directors of the Manager which may render the unaudited financial results of OUE C-REIT Group for the period from 1 January 2020 to 30 June 2020 to be false or misleading in any material respect.

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**15 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

Lee Yi Shyan

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

Tan Shu Lin

Chief Executive Officer and Executive Director

**OUE Commercial REIT Management Pte. Ltd.**

(as Manager of OUE Commercial Real Estate Investment Trust)

(Company registration no. 201327018E)

23 July 2020