OUE COMMERCIAL REIT

ANNUAL REPORT 2022

Despite an increasingly complex economic landscape in 2022, the Manager remained agile and adaptable in implementing timely strategies, with a goal to deliver sustainable value to Unitholders. Taking a proactive approach to capital and asset management, we forged ahead to strengthen the capital structure and operational performance. Backed by our resilient quality portfolio, an experienced management team and a supportive Sponsor, OUE C-REIT is well-positioned to capitalise on future opportunities to optimise returns and drive long-term growth.

CONTENTS

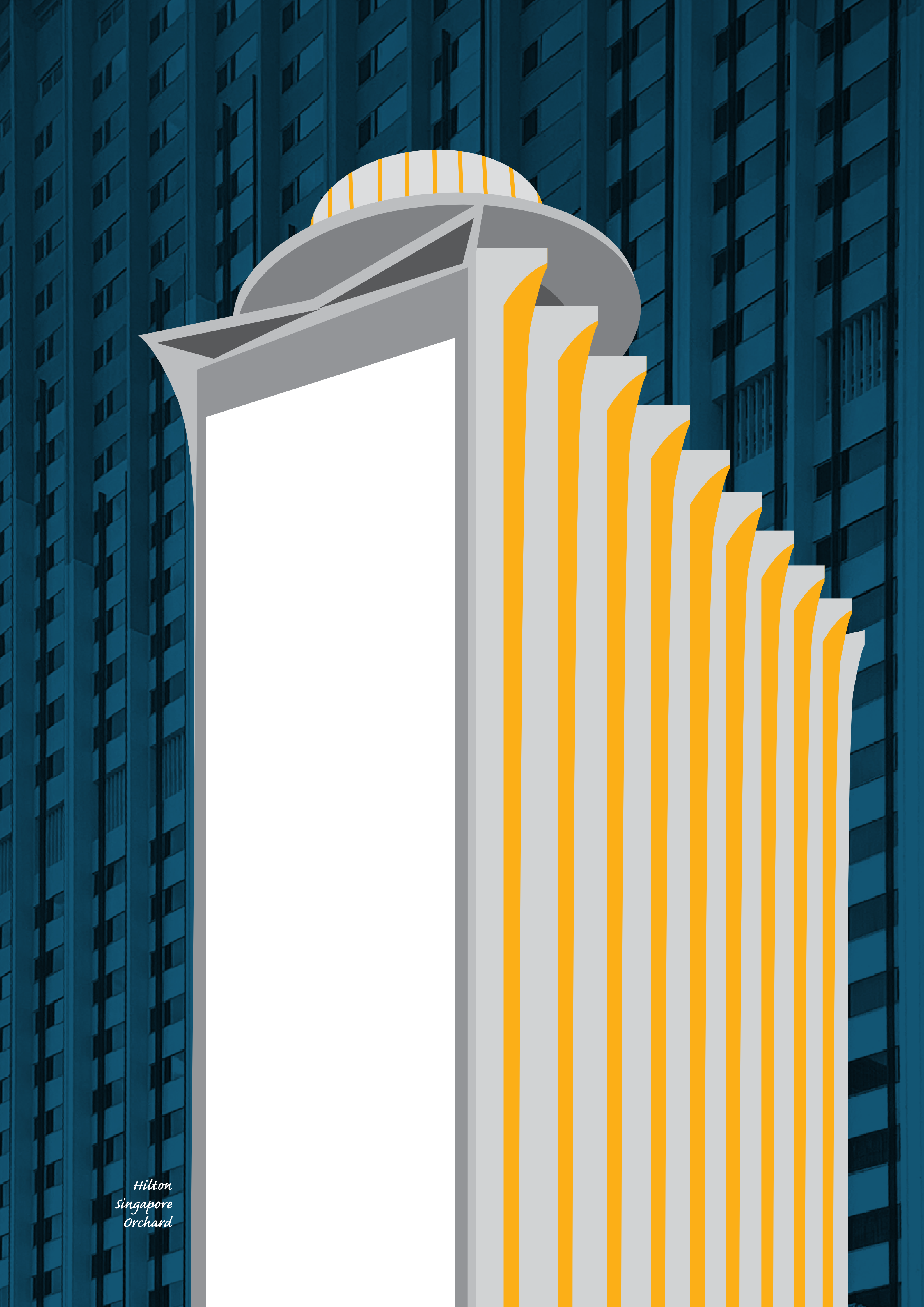

OUE Bayfront

STRENGTHEN

Guided by our keen understanding of the macroeconomic environment and prudent capital management strategy, OUE C-REIT's capital structure was further strengthened amidst refinancing and rising interest rate risks. The successful issuance of an innovative fixed rate note with a coupon step-down as well as obtaining the largest-ever sustainability-linked loan amongst S-REITs, have enabled OUE C-REIT to diversify the funding pool and access more competitive financing sources, setting the stage for future growth.

CAPITALISE

The re-branding to Hilton Singapore Orchard enabled OUE C-REIT to capitalise on the resurgence in MICE activities and the return of tourist demand. With this successful asset enhancement initiative, the hotel achieved significant improvements in both room rates and occupancy, and is poised to further benefit from the continued recovery in the tourism sector in the year ahead.


Hilton
Singapore
Orchard


One Raffles Place

OPTIMISE

The Manager's proactive asset management has been a key driver for optimising the portfolio value and performance. The Singapore office segment's stable performance continued to be the main contributor to the portfolio's resilience. As the Manager remains focused on delivering operational excellence while exercising cost discipline, OUE C-REIT is ready to act on opportunities to drive organic growth.

CORPORATE PROFILE

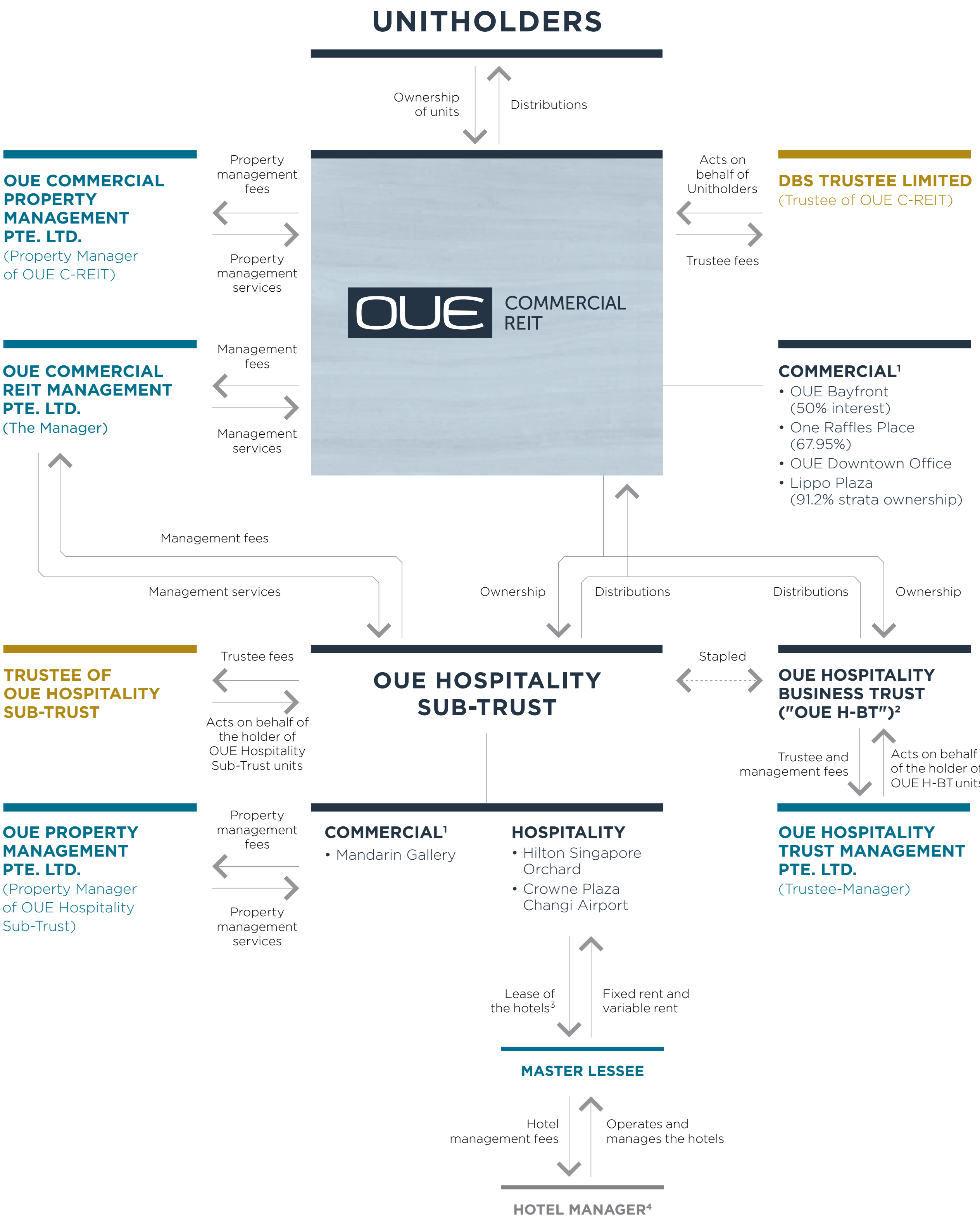
OUE Commercial Real Estate Investment Trust ("OUE C-REIT") is one of the largest diversified Singapore REITs ("S-REITs") with total assets of S$6.0 billion as at 31 December 2022. With seven properties across the commercial and hospitality segments in Singapore and Shanghai, the property portfolio comprises more than 2.1 million square feet ("sq ft") of prime office and retail space, and 1,643 upper upscale hotel rooms.

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

Listed on the Singapore Exchange Securities Trading Limited ("SGX-ST") since 27 January 2014, OUE C-REIT is managed by OUE Commercial REIT Management Pte. Ltd. (the "Manager"), a wholly-owned subsidiary of OUE Limited (the "Sponsor"). The Sponsor is a leading pan-Asian, full service real estate development, investment and management company with assets across the commercial, hospitality, retail, residential and healthcare sectors.

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

REIT STRUCTURE



Notes:

1 Includes office and/or retail

2 OUE H-BT is currently dormant

3 The OUE Hospitality Sub-Trust will lease the hotel to the Master Lessee and in return the Master Lessee will pay rent in accordance with the master lease agreement to the OUE Hospitality Sub-Trust

4 The Master Lessee will appoint the Hotel Manager to manage the day-to-day operations and marketing of the hotel leased from OUE Hospitality Sub-Trust. The Hotel Manager will typically be entitled to a payment computed as a percentage of the revenue and a percentage of the gross operating profit of the hotel comprising gross operating revenue less operating expenses under management

STRATEGY

OBJECTIVE

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

OUR COMPETITIVE STRENGTHS

PRIME, DIVERSIFIED PORTFOLIO

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

EXPERIENCED MANAGER

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

STRONG SPONSOR SUPPORT

A diversified real estate owner, developer and operator in Asia, the Sponsor's 48.3% stake in OUE C-REIT demonstrates alignment of interest with Unitholders

STABLE FINANCIAL POSITION

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

OUR KEY STRATEGIES

MAXIMISING OPERATIONAL PERFORMANCE

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

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

VALUE-ENHANCING PORTFOLIO MANAGEMENT

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

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

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

PROACTIVE CAPITAL AND RISK MANAGEMENT

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

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

ACHIEVEMENTS AND PROGRESS IN FY 2022

High committed occupancy of
95.5%
for Singapore offices

Singapore offices recorded **positive rental reversions** in FY 2022

Green leases accounted for
21.1%
of Singapore commercial NLA

Achieved tenant satisfaction rate of
89.4%
for commercial properties

MAXIMISING OPERATIONAL PERFORMANCE

VALUE-ENHANCING PORTFOLIO MANAGEMENT

Hilton Singapore Orchard achieved the **highest-ever RevPAR of**
S$318 in FY 2022
underpinned by the property's successful re-branding and refurbishment.
Full inventory of
1,080 rooms
available since January 2023

Higher portfolio valuation of
S$6,173.4m
driven by Singapore offices and hotels

88% of portfolio are certified green buildings

PROACTIVE CAPITAL AND RISK MANAGEMENT

Issued 4.20% fixed rate notes of
S$150m
with a coupon step-down of 25 basis points

Sustainability-linked loan of
S$978m
is largest-ever amongst S-REITs

Sustainability-linked loans comprise
57.7%
of total debt

Increased unsecured debt to
69.4%
thus improving financial flexibility

KEY HIGHLIGHTS

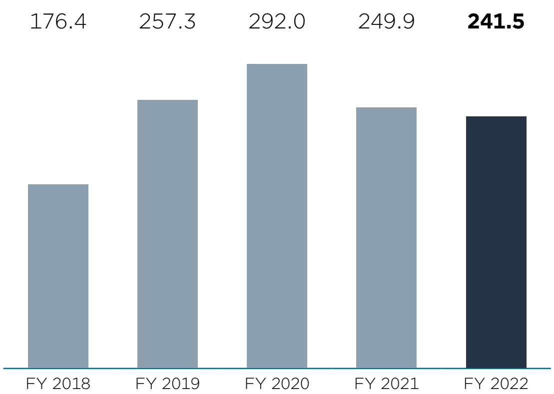
2.12 cents
DISTRIBUTION PER UNIT ("DPU")
(FY 2022)

S$0.59
NET ASSET VALUE ("NAV") PER UNIT
(As at 31 December 2022)

S$6,173.4m
PORTFOLIO VALUATION
(As at 31 December 2022)

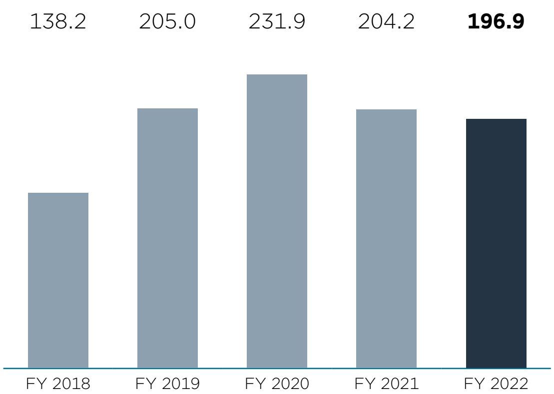
REVENUE
(S$ million)

15.4%
CAGR SINCE IPO



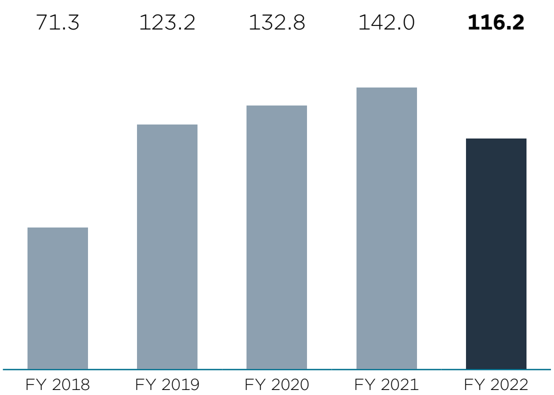
NET PROPERTY INCOME
(S$ million)

16.5%
CAGR SINCE IPO



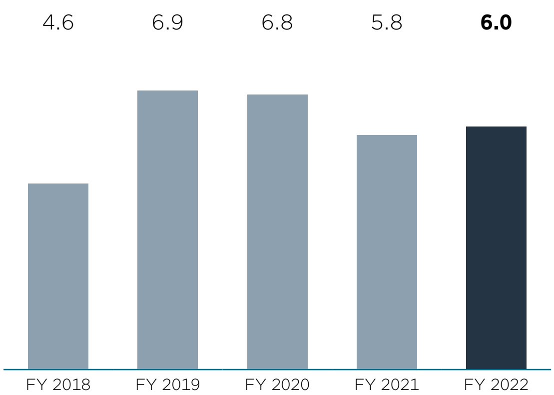
AMOUNT TO BE DISTRIBUTED
(S$ million)

11.3%
CAGR SINCE IPO



TOTAL ASSETS
(S$ billion)

17.2%
CAGR SINCE IPO



38.8%
AGGREGATE LEVERAGE
(As at 31 December 2022)

3.4% p.a.
WEIGHTED AVERAGE COST OF DEBT
(As at 31 December 2022)

71.5%
PROPORTION OF FIXED RATE DEBT
(As at 31 December 2022)

FINANCIAL HIGHLIGHTS

	2022 (S$'000)	2021 (S$'000)	CHANGE (%)
Revenue	**241,507**	249,884	(3.4)
Net Property Income	**196,915**	204,205	(3.6)
Share of Joint Venture Results[1]	**37,108**	13,236	180.4
Amount to be Distributed[2]	**116,226[3]**	142,032[4]	(18.2)
DPU (cents)	**2.12**	2.60	(18.5)

BALANCE SHEET HIGHLIGHTS

	As at 31 December 2022
Total Assets (S$'000)	5,989,105
Total Borrowings[5] (S$'000)	2,320,733
Unitholders' Funds (S$'000)	3,240,073
Market Capitalisation (S$'000)	1,830,776
Number of Units in Issue and to be Issued ('000)	5,470,950

FINANCIAL RATIOS

	As at 31 December 2022
Aggregate Leverage (%)	38.8
Proportion of Unsecured Debt (%)	69.4
Weighted Average Term of Debt (years)	2.9
Interest Coverage Ratio[6] ("ICR") (times)	2.6
Adjusted ICR[6] (times)	2.5
NAV per Unit (S$)	0.59
Total Operating Expenses[7] to NAV (%)	2.4

Notes:

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

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

3 Including S$4.6 million capital distribution from divestment of OUE Bayfront in March 2021

4 Including release of S$5.0 million of distribution retained in FY 2020 and S$5.4 million capital distribution from divestment of OUE Bayfront in March 2021

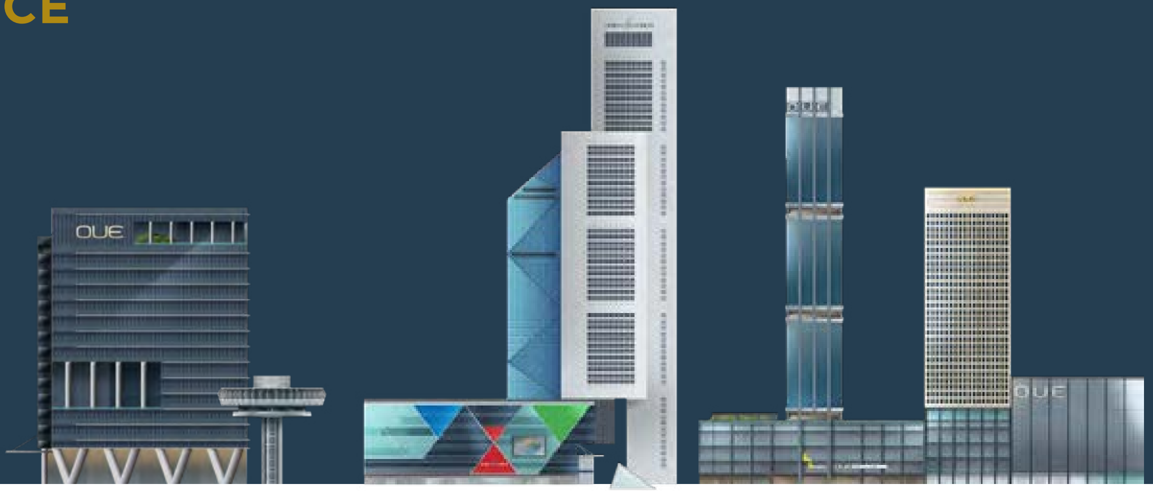
5 Includes OUE C-REIT's share of OUB Centre Limited's loan and OUE Allianz Bayfront LLP's loan. OUE C-REIT's interest in One Raffles Place and OUE Bayfront are held via its indirect interest in OUB Centre Limited and direct interest in OUE Allianz Bayfront LLP, respectively

6 Including the write-off of upfront fees from early refinancing, ICR and adjusted ICR are both 2.4x as at 31 December 2022

7 The total operating expenses incurred by OUE C-REIT Group and OUE C-REIT's proportionate share of operating expenses incurred by its joint venture amount to approximately S$79.3 million. The amount included all fees and charges paid/payable to the Manager and interested parties

PROPERTIES AT A GLANCE

As at 31 December 2022



● Commercial[1]
● Hospitality

	OUE BAYFRONT	ONE RAFFLES PLACE	OUE DOWNTOWN OFFICE
Property Description	Located at Collyer Quay in Singapore's central business district ("CBD"), OUE Bayfront is a premium Grade A office building which occupies a vantage position between the Marina Bay downtown and established financial hub of Raffles Place.	One of the tallest buildings in the Singapore CBD, One Raffles Place is an iconic commercial development comprising two Grade A office towers and a retail mall, strategically located in the heart of main financial district Raffles Place.	OUE Downtown Office is part of the OUE Downtown mixed-use development, a refurbished landmark property comprising Grade A offices, a retail podium as well as serviced residences, strategically located in Shenton Way.
Ownership Interest	50%	83.33% interest in OUB Centre Limited, which owns 81.54% beneficial interest in One Raffles Place	100% of the office components of OUE Downtown
Leasehold Tenure	**OUE Bayfront and OUE Tower:** 99-year lease from 12 November 2007 **OUE Link:** 15-year lease from 26 March 2010 **Underpass:** 99-year lease from 7 January 2002	**One Raffles Place Tower 1:** 841-year lease from 1 November 1985 **One Raffles Place Tower 2:** 99-year lease from 26 May 1983 **One Raffles Place Shopping Mall:** • approximately 75% of the NLA of the retail podium is on a 99-year lease from 1 November 1985 • the balance 25% of the NLA is on a 841-year lease from 1 November 1985	99-year lease from 19 July 1967
Property Valuation	S$1,321.0 million[2]	S$1,909.0 million[3]	S$930.0 million
FY 2022 Revenue	S$59.9 million[2]	S$75.6 million[3]	S$43.1 million
Committed Occupancy/ RevPAR[4]	Overall: 98.4% Office: 98.7% Retail: 92.2%	Overall: 94.1% Office: 95.2% Retail: 88.8%	93.4%
Net Lettable Area ("NLA")	37,109.5 sq m	65,459.4 sq m	49,224.8 sq m

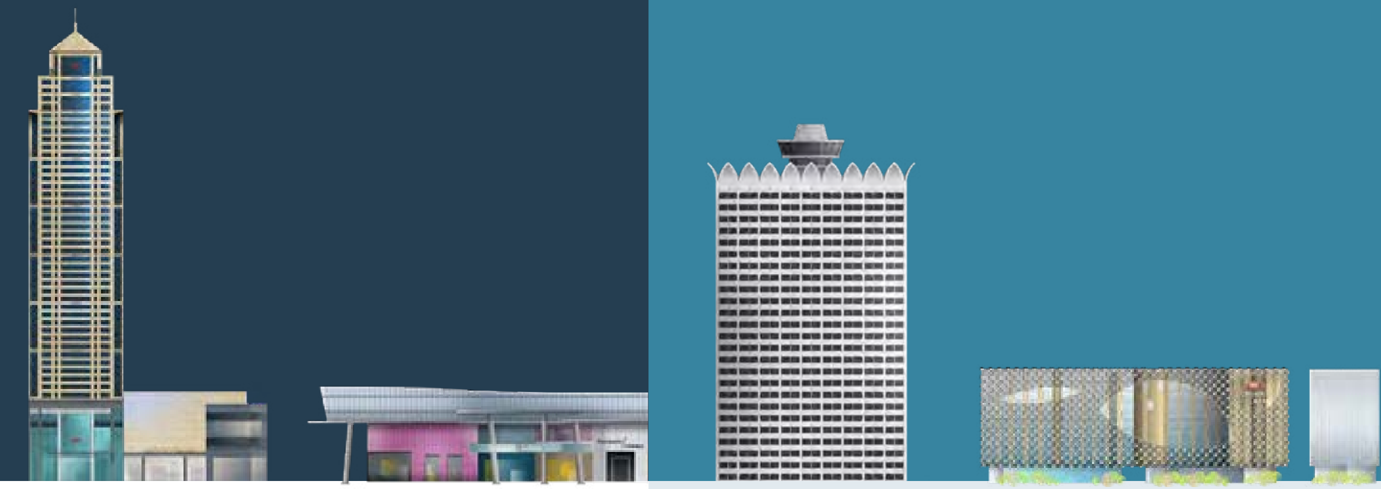
Notes:

1 Commercial segment comprises OUE Bayfront (50% interest), One Raffles Place (67.95% effective interest), OUE Downtown Office, Lippo Plaza (91.2% strata interest) and Mandarin Gallery

2 Based on OUE Allianz Bayfront LLP's 100% interest in OUE Bayfront

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

4 RevPAR refers to revenue per available room



LIPPO PLAZA	MANDARIN GALLERY	HILTON SINGAPORE ORCHARD	CROWNE PLAZA CHANGI AIRPORT
Lippo Plaza is a Grade A commercial building located on Huaihai Zhong Road, within the Huangpu business district, one of Shanghai's established core CBD locations in the Puxi area of downtown Shanghai, China.	Mandarin Gallery is a high-end retail mall situated along Orchard Road, in the heart of Singapore's shopping precinct. The mall boasts a wide 152-metre frontage, according it a high degree of prominence, and serves as a preferred flagship location for international brands.	Hilton Singapore Orchard (formerly known as Mandarin Orchard Singapore) is Hilton's flagship hotel in Singapore and the largest in Asia Pacific. With 1,080 rooms, the hotel is also the largest in the heart of Orchard Road, Singapore's shopping and entertainment district, providing top accommodation choices for both leisure and business travellers globally.	Crowne Plaza Changi Airport, managed by InterContinental Hotels Group, is a 563-room hotel situated within the vicinity of the passenger terminals of Changi Airport. The hotel is connected directly to Changi Airport Terminal 3 and enjoys seamless connectivity to Jewel Changi Airport via a pedestrian bridge from Terminal 3.
91.2% share of strata ownership	100%	100%	100%
50-year land use right commencing from 2 July 1994	99-year lease from 1 July 1957	99-year lease from 1 July 1957	66-year lease from 9 June 2017
RMB2,640.0 million (S$509.8 million)	S$453.9 million	S$1,250.0 million	S$460.2 million
S$27.1 million	S$27.4 million	S$45.9 million	S$22.5 million
Overall: 82.6% Office: 79.9% Retail: 97.8%	91.9%	FY 2022 RevPAR: S$318	FY 2022 RevPAR: S$165
39,188.1 sq m	11,732 sq m	Gross Floor Area: 91,999.8 sq m	Gross Floor Area: 40,913.5 sq m

LETTER TO UNITHOLDERS

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

MR HAN KHIM SIEW
Chief Executive Officer and Executive Director

Dear Unitholders,

In 2022, global economic activity experienced a broad-based and faster-than-expected slowdown. Inflation, fiscal and monetary tightening in most regions, as well as heightened geopolitical tensions formed a trifecta of challenges on the economy already weakened by the pandemic. Despite macroeconomic uncertainties, Singapore's well-orchestrated reopening strategies and resilient domestic economic conditions have ensured it remains the key international business hub and a preferred travel destination in Asia Pacific.

Starting from March 2022, Singapore has gradually returned to a large degree of normalcy. For the first time in two years, social distancing measures were finally removed, face-to-face meetings resumed, crowds gathered again in the business and shopping districts, and international corporate and leisure travellers returned to Singapore.

A combination of OUE C-REIT's portfolio of prime assets in Singapore, our sharp focus on asset and capital management, as well as our agility in navigating the rapidly-changing operating environment enabled us to forge ahead in the post-pandemic world and deliver another set of stable results for the financial year ended 31 December 2022 ("FY 2022").

On the operational front, we upheld our commitment to optimise OUE C-REIT's asset performance and growth potential by managing the assets prudently and completing the asset enhancement initiative ("AEI") at Hilton Singapore Orchard. We also actively strengthened the capital structure to stay resilient against the backdrop of rising interest rates. The increased financial

A combination of OUE C-REIT's portfolio of prime assets in Singapore, our sharp focus on asset and capital management, as well as our agility in navigating the rapidly-changing operating environment enabled us to forge ahead in the post-pandemic world and deliver another set of stable results for FY 2022.

flexibility has laid a strong foundation for us to pursue strategic growth opportunities in targeted markets going forward.

Capitalising on our position as one of Singapore's largest diversified REITs, we are committed to providing Unitholders with resilient and long-term growth. To this end, we will continue to strengthen our asset and capital management position in addition to seeking new growth opportunities.

DELIVERING A STABLE PERFORMANCE

Gross revenue and net property income ("NPI") for FY 2022 were S$241.5 million and S$196.9 million respectively, representing a slight decline of 3.4% and 3.6% year-on-year ("YoY"). The decrease in gross revenue and NPI were mainly due to the deconsolidation of OUE Bayfront's performance post the divestment of a 50% interest in the property on 31 March 2021, partially offset by lower rental rebates and property expenses, as well as higher turnover rent.

The share of joint venture results from OUE Bayfront jumped to S$37.1 million mainly due to fair value gains. Taking into account lower income support for OUE Downtown Office as well as higher interest expense driven by macroeconomic factors, amount available for distribution was S$111.6 million. With the partial distribution of divestment gain from OUE Bayfront of S$4.6 million, the amount to be distributed was S$116.2 million, translating to a distribution per Unit ("DPU") of 2.12 cents.

Based on the unit closing price of S$0.335 on the last trading day in 2022, the FY 2022 distribution yield was 6.3%.

As of 31 December 2022, OUE C-REIT's portfolio of investment properties was valued at approximately S$6.2 billion, representing a 2.6% YoY increase as higher valuations were recorded for the Singapore office and hospitality properties. This translated to a net asset value per Unit of S$0.59.

STRENGTHENING THE CAPITAL STRUCTURE

In 2022, the Fed's hawkish monetary policy made it more crucial than ever for us to strengthen the capital base. The Manager undertook two major timely initiatives to strengthen OUE C-REIT's capital structure, increase financial flexibility and ensure access to a wider source of funds.

In April 2022, before the Federal Open Market Committee's meeting in May which resulted in an increase of 50 basis points ("bps") in the Federal Funds rate, we successfully issued S$150 million five-year 4.20% fixed rate notes with a coupon step-down of 25 bps on OUE C-REIT obtaining an investment grade rating – a first in Singapore's capital markets. Besides increasing the proportion of OUE C-REIT's fixed rate debt and optimising the cost of financing, the pool of funding sources was also diversified.

Subsequently in August 2022, we obtained an unsecured sustainability-linked loan ("SLL") totalling S$978 million for the refinancing of existing secured borrowings. Supported by 19 banks and oversubscribed at 1.26 times, this was the largest-ever SLL among S-REITs. Post refinancing, the proportion of unsecured debt increased significantly to 69.4% as of end December 2022 from 30.9% previously and has improved OUE C-REIT's financial flexibility. As a result of our proactive efforts,

LETTER TO UNITHOLDERS

there is no refinancing requirement until September 2023 where only 11.8% or S$273 million of total debt is due, and none in 2024.

As of 31 December 2022, OUE C-REIT's balance sheet remains healthy with an aggregate leverage of 38.8%, a similar level compared to a year ago. The weighted average cost of debt was stable at 3.4% per annum. Approximately 71.5% of total debt has been hedged into fixed rates which partially mitigates the impact of rising interest rates on distributions.

The Manager in 2022 has elected to receive 50% of its management fees in cash with the balance in Units.

COMMERCIAL SEGMENT – OPTIMISING PERFORMANCE

OUE C-REIT's portfolio performance continued to be underpinned by the Singapore office portfolio which contributed 48.0% of FY 2022 revenue based on OUE C-REIT's proportionate interest in the respective properties. Benefiting from the continued trend of "Flight to Quality" and tight supply in Singapore's central business district ("CBD"), OUE C-REIT's prime Grade A office assets continued to be well sought-after by tenants from a wide range of sectors in FY 2022. As of 31 December 2022, the Singapore office portfolio committed occupancy increased 4.3 percentage points ("ppt") YoY to 95.5%. Average passing rents as of December 2022 were stable YoY with positive FY 2022 rental reversions achieved for all three office properties. OUE Bayfront's average passing rent continued its upward climb to reach S$12.64 per square foot ("psf") per month.

Following the gradual relaxation of social distancing measures and reopening of international borders in 2022, Mandarin Gallery recorded improving operational metrics from the first quarter of 2022. The committed occupancy increased 5.2 ppt YoY to 91.9% as of 31 December 2022. Including short-term leases, the committed occupancy was 95.4% as of end December. Despite the marked absence of Chinese and Japanese tourists, shopper traffic at Mandarin Gallery recovered to approximately 95% of pre-COVID levels in the fourth quarter of 2022. Tenant sales further normalised to approximately 85% of pre-COVID levels for the quarter.

Faced with the two-month lockdown in Shanghai in April and May, as well as continued strict measures for the rest of 2022 to contain the spread of COVID-19 which affected business operations, leasing sentiment in Shanghai's CBD Grade A market was significantly impacted. Additionally, intense leasing competition amongst landlords caused by new office supply applied further pressure on the weakened market. As a result, Lippo Plaza's committed office occupancy decreased 11.9 ppt YoY to 79.9% as of 31 December 2022. The average passing office rent declined 2.4% YoY to RMB8.78 per square metre per day as of December 2022. The Manager's key priority will be on sustaining occupancy at Lippo Plaza as China relaxes its COVID-19 measures. The property accounted for 10.5% of FY 2022 revenue based on OUE C-REIT's proportionate interest in the respective properties.

Benefiting from the continued trend of "Flight to Quality" and tight supply in Singapore's CBD, OUE C-REIT's prime Grade A office assets continued to be well sought-after by tenants from a wide range of sectors in FY 2022. Our hospitality segment also achieved a stronger performance in 2022 following the reopening of borders across the world.

HOSPITALITY SEGMENT – TESTAMENT TO OUR ASSET ENHANCEMENT INITIATIVE

Following the reopening of borders across the world, OUE C-REIT's hospitality segment achieved a stronger performance in 2022 due to the return of tourism and recovery of the meetings, incentives, conventions and exhibitions ("MICE") sector in the second half.

The re-branding and opening of the Hilton Singapore Orchard in February 2022 was a success. Despite the limited inventory of 634 rooms available in the Mandarin Wing out of a total of 1,080 rooms in both hotel towers, the hotel exceeded the minimum rent of S$45.0 million under the hotel master lease agreement in FY 2022. With newly refurbished guest rooms and suites coupled with future-proofed MICE facilities and exciting F&B offerings, Hilton Singapore Orchard's FY 2022 revenue per available room ("RevPAR") of S$318 has also surpassed the previous RevPAR highs of the property before its re-branding.

In 2022, Crowne Plaza Changi Airport first served as a designated air crew accommodation before transitioning back to receiving corporate and leisure bookings after the introduction of the Vaccinated Travel Framework from April. On the back of an increase in passenger flights and corporate demand, the FY 2022 RevPAR of S$165 was a 50.2% YoY increase from FY 2021. Consequently, the hospitality portfolio's RevPAR in FY 2022 increased by approximately three times YoY to S$256.

GAINING MOMENTUM ON SUSTAINABILITY

While we focus on delivering returns for investors, it is also important that we leave a healthy planet for future generations.

Moving forwards on our sustainable financing journey, the Manager secured OUE C-REIT's second SLL in August which incorporates interest rate reductions linked to our sustainability performance targets. SLLs now account for 57.7% of total debt as of 31 December 2022.

We are also delighted to announce our inaugural submission to the Global Real Estate Sustainability Benchmark ("GRESB") Real Estate Assessment in 2022. With the increased focus on ESG performance and disclosure, OUE C-REIT's participation in the leading global benchmark for the real estate sector will improve the ease of assessment by institutional investors and enhance our profile amongst industry peers. With the results of our assessment, we have also identified areas of improvement in our portfolio. Further, in view of the growing influence and popularity of environmental, social and governance ("ESG") third party ratings agencies amongst investors, we have been voluntarily engaging with several to ensure that the investment community can access OUE C-REIT's most recent practices and disclosures.

In Singapore, we are pleased that our efforts in enhancing our corporate governance practices and disclosures have been recognised. In the 2022 Singapore Governance and Transparency Index, OUE C-REIT improved by six positions and was ranked 28 out of a total 44 REITs and Business Trusts. We were also recognised as one of the top ASEAN Asset Class publicly listed companies in the 2021 ASEAN Corporate Governance Scorecard.

Going forward, we will be working towards integrating climate-related risks into our Enterprise Risk Management Framework, in line with the Environmental Risk Management Guidelines by the Monetary Authority of Singapore, and develop appropriate internal controls to manage these risks.

LOOKING AHEAD

In view of softening external demand, the Ministry of Trade and Industry has projected that Singapore's GDP will grow by 0.5% to 2.5% in 2023, slowing from the 3.6% growth in 2022.

For the Singapore office segment, the weaker global economic outlook and slowdown in demand from large occupiers, particularly from technology firms, may weigh on leasing momentum in 2023. However, the limited CBD office supply and continued expansion of non-banking financial companies are expected to cushion some of the impact. Quality assets have proven to maintain their competitive advantage throughout economic cycles and OUE C-REIT's prime Singapore offices have yielded a resilient performance with the well-diversified tenant mix shielding the portfolio from any single-tenant concentration risk. We are confident that our Singapore office portfolio will achieve another year of strong occupancy with modest rental reversions.

Singapore's international visitor arrivals reached 6.3 million in 2022, and the Singapore Tourism Board expects 12 to 14 million visitors in 2023 on the back of China's gradual reopening as well as increasing international flight connectivity and capacity. Although the return of Chinese tourists would be gradual, we expect pent-up travel demand to drive the hospitality segment performance in the second half of 2023.

LETTER TO UNITHOLDERS

On 1 January 2023, we reopened the 446-room Orchard Wing at Hilton Singapore Orchard. The reopening marks the successful completion of the AEI which was announced in March 2020. We are also pleased to share that Crowne Plaza Changi Airport has again been recognised as the World's Best Airport Hotel for the eighth time at the 2023 World Airport Awards by Skytrax. With the full operation of 1,080 rooms and rejuvenated MICE facilities at Hilton Singapore Orchard, as well as Crowne Plaza Changi Airport's renowned hospitality and exceptional service excellence, we are confident that our hotel properties are well-positioned to capture the rebound in tourism and MICE demand.

The retail sector in Singapore is expected to benefit from the further easing of border restrictions from China. However, the muted GDP growth outlook will likely be a drag on consumer sentiment and we expect prime retail tenants to remain cautious in their lease negotiations in the near term.

As for Shanghai, we have already witnessed an improvement in market confidence and business sentiment following the relaxation of COVID-19 restrictions and a larger reopening of the country in early 2023. Although the pressure on occupancy is expected to ease slightly as leasing activity resumes, the substantial amount of new supply to the market will continue to weigh on rental growth. To mitigate the challenges, we are prioritising occupancy and engaging tenants proactively while exercising flexibility in lease terms and negotiations. In the long term, we remain confident that Shanghai's unrivalled position as China's international financial centre and key gateway city will support office leasing demand.

A STRONGER POSITION FOR GROWTH

In 2023, we expect that inorganic growth opportunities might be limited in the current high interest rate environment. Hence, we will focus on asset enhancements and capital recycling opportunities to drive value creation for the portfolio. At the same time, we will also continue to strengthen our balance sheet, extend the debt maturity profile and manage our cost of debt, to be in a stronger position to pursue DPU-accretive opportunities in our target markets including Australia and the United Kingdom.

Guided by our disciplined investment management approach, we will review and identify opportunities diligently to ensure that capital is deployed prudently to deliver long-term returns to Unitholders.

ACKNOWLEDGMENTS

On behalf of the Board, we would like to express our deepest gratitude to our tenants and guests, lenders, business partners and above all, our Unitholders for their continued trust and confidence.

We also wish to extend our heartfelt appreciation to the management team and employees for their support and dedication to OUE C-REIT, as well as our Board of Directors for their guidance and insights.

In particular, we would like to thank Mr Loh Lian Huat for his invaluable contributions to the Board and counsel to management since his appointment in 2014. He has stepped down as an Independent Non-Executive Director and relinquished his role as Lead Independent Director of the Manager with effect from 1 January 2023. Taking over as Lead Independent Director is Mr Liu Chee Ming, who has been appointed as an Independent Non-Executive Director since September 2019.

We welcome Mr Tan Huay Lim who was appointed as an Independent Director and succeeded Mr Liu as Chairman of the Audit and Risk Committee at the same time. Mr Tan brings deep industry expertise to the Board.

Backed by our resilient quality portfolio, an experienced management team and a supportive Sponsor, the Board is confident that OUE C-REIT can continue delivering value to Unitholders.

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

HAN KHIM SIEW
Chief Executive Officer and Executive Director

致信托单位持有人之信函

尊敬的信托单位持有人,

2022年,全球经济活动比预期加速放缓。大部分地区面临通货膨胀、货币政策不断受紧、地缘政治紧张局势升温,为早已因疫情陷入疲软的经济带来了多重挑战。尽管宏观经济存在不确定性,新加坡凭借着有条不紊的边境重启和疫情限制放宽地政策及具有韧性的国内经济优势,不但进一步巩固新加坡作为亚太地区主要的国际商业中心的地位,也使新加坡再次成为游客首选的旅游目的地。

从2022年3月开始,新加坡逐渐恢复到疫情前的常态。相隔2年,社交距离措施终于取消,面对面会议逐步恢复,商业区和购物区再次人群涌动,国际商务旅客和休闲度假旅客也再次到访新加坡。

华联企业商业房地产投资信托("本信托")拥有位于新加坡的优质资产组合,结合经理人资产和资本精细化管理以及灵活应对瞬息万变的环境的能力,让我们在后疫情时期继续砥砺前行,并在截至2022年12月31日的财政年("2022财政年")再次取得稳定的成果。

运营方面,我们恪守承诺,优化本信托的资产绩效和增长潜力,谨慎管理资产,完成了新加坡乌节希尔顿酒店资产增值计划。我们还积极强化本信托的资本结构,在利率持续上升的环境下保持韧性,并同时提高财务灵活性,为我们将来在目标市场寻求战略增长机会扎下更坚实的根基。

作为新加坡最大的多元化房地产投资信托之一,我们致力于利用这一优势为信托单位持有人创造强韧而持续的增长。为此,在时刻准备把握良机收购的同时, 我们保持并进一步优化审慎严谨的资产管理与资本管理方式。

稳定的业绩

2022财政年总收入和净物业收入分别为2.415亿新元和1.969亿新元,同比轻微下降3.4%和3.6%。虽然本财政年度的总收入和净物业收入因华联海湾大厦于2021年3月31日的一半权益脱售导致比去年同期较低,该下滑由较低的租户回扣额,削减的物业运营费以及较高的营业额租金所部分缓解。

华联海湾大厦的合营企业收入跃升至3,710万新元,主要原因是公允价值增加。受华联城办公楼减少的收入补贴及因宏观经济情况增加的利息支出的影响,本年可派息金额为1.116亿新元。包括华联海湾大厦脱售受益的部分分派之460万新元,最终可派息金额为1.162亿新元,相当于每单位派息额为2.12分新元。

根据2022年最后交易日的单位收盘价0.335新元计算,2022财政年的派息率为6.3%。

受益于新加坡办公楼和酒店物业的估值上升,截至2022年12月31日,本信托的物业投资组合估值约为62亿新元,比上财政年度增长2.6%。因此,每单位资产净值为0.59新元。

巩固资本结构

2022年,美联储实施强硬的货币政策使巩固资本基础变得前所未有的重要。管理人及时采取了两项重大举措来巩固本信托的资本结构,提高财务灵活性,确保资金来源更多元化。

2022年4月,我们在美国联邦公开市场委员会5月召开会议上调联邦基金利率50个基点之前,成功抢占先机,发行了1.5亿新元的五年期4.20%固定利率票据。该票据更是新加坡资本市场首创,在本信托获首个投资级评级后,票据息票将下调25个基点。该票据不但提高本信托的固定利率债务比例以及优化融资成本外,更助力本信托实现资金来源多元化。

接着,我们于2022年8月获得一笔9.78亿新元的无担保可持续挂钩贷款,用于现有担保贷款再融资。这笔贷款是新加坡房地产投资信托有史以来最大的一笔可持续挂钩贷款,得到19家银行的支持,并获超额认购1.26倍。再融资后,截至2022年12月31日的无担保债务比例从之前的30.9%大幅增至69.4%,极大地提高了本信托的财务灵活性。

本信托位于新加坡的优质资产组合,结合经理人资产和资本精细化管理以及灵活应对瞬息万变的环境的能力,让我们在后疫情时期继续砥砺前行,2022财政年再次取得稳定的成果。

致信托单位持有人之信函

随着"追求质量"的投资趋势继续,加上新加坡中央商务区办公楼供应有限,本信托的甲级办公楼资产于2022财政年继续深受各行各业租户的青睐。继世界各地重新开放边境后,旅游业回暖,会展也于下半年陆续升温,使本信托的酒店业务在2022年取得了良好的业绩。

这些前瞻性的再融资项目减少了本信托的近期再融资风险。本信托在2023年9月前没有到期债务而届时也只有11.8%(2.73亿新元)的总债务到期,2024年本信托亦没有到期债务。

截至2022年12月31日,本信托的资产负债表保持良好,总杠杆比率为38.8%,与上年水平相当。加权平均债务成本维持在平稳的每年3.4%。约71.5%的总债务已通过浮动对固定的利率掉期进行对冲,从而部分降低利率上升对可分派额的影响。

2022年,管理人选择以现金收取50%的管理费,而余额则以单位形式领取。

办公零售业——优化业绩

本信托的新加坡办公楼投资组合继续发挥中流砥柱的作用,为本信托的投资组合表现加持。根据本信托在各处物业的权益比例,新加坡办公楼贡献占2022财政年收入之48.0%。随着"追求质量"的投资趋势继续,加上新加坡中央商务区办公楼供应有限,本信托的甲级办公楼资产于2022财政年继续深受各行各业租户的青睐。截至2022年12月31日,新加坡办公楼投资组合的锁定出租率同比增长4.3个百分点,至95.5%。截至2022年12月,三处办公楼的平均租金保持同比稳定,并租金上调。华联海湾大厦的平均租金继续上涨,达到每月每平方英尺12.64新元。

2022年逐步放宽社交距离限制、国际边境重新开放后,文华购物廊的经营数据从2022年第一季度进一步改善。截至2022年12月31日,锁定出租率同比增长5.2个百分点,达91.9%。计入短租,截至12月底,锁定出租率为95.4%。尽管中日游客仍未回归,但文华购物廊的购物者流量在2022年第四季度已恢复至疫情前的约95%。此外,租户销售业绩进一步恢复到了该季度疫情前水平之85%。

上海在2022年4月和5月经历了两个月的封锁,后续的严格防疫措施不但影响了商业活动,也导致上海中央商务区甲级办公楼市场的租赁情况比较冷淡。此外,新办公楼的充裕供应给疲软的办公楼租赁市场带来了更多的压力。因此,截至2022年12月31日,力宝广场的锁定出租率同比下降11.9个百分点,至79.9%。截至2022年12月,写字楼的平均租金同比下降2.4%至每天每平方米人民币8.78元。随着中国放宽疫情防控,维持力宝广场办公楼的出租率将是我们的首要重点。根据本信托在各处物业的权益比例,该物业占2022财政年收入的10.5%。

酒店业——资产增值计划的成功

继世界各地重新开放边境后,旅游业回暖,会议、奖励旅游、大型企业会议和展览("会展")也于下半年陆续升温,使本信托的酒店业务在2022年取得了良好的业绩。

文华大酒店成功完成品牌重塑升级并易名为新加坡乌节希尔顿酒店后,于2022年2月24日正式开业。尽管2022财政年间该酒店两栋大楼共计1,080间客房中只有文华楼的634间客房可供入住,但酒店的收入仍超过该酒店主租赁合约中所列的4,500万新元最低租金。凭借全新装修的客房和套房,领先的会展设施,以及丰富的餐饮选项,新加坡乌节希尔顿酒店2022财政年的可入住客房收入为318新元,超过该酒店在品牌重塑前的最高纪录。

自2022年4月新加坡推出疫苗接种者旅游框架后,樟宜机场皇冠假日酒店("皇冠假日酒店")开始接受商务和休闲住宿预订。在那之前,皇冠假日酒店为空勤人员的指定住宿酒店。由于客运航班和商务住宿需求回弹,酒店2022财政年可入住客房收入为165新元,较2021财政年同比增长50.2%。由于本信托酒店业务的出色表现,2022财政年酒店投资组合的可入住客房同比增长约三倍,达256新元。

推进可持续发展承诺

为投资者带来回报固然重要,但为子孙后代留下宜居的地球的重要性也不容忽视。

本财政年我们坚持可持续发展融资道路,管理人在8月取得了本信托的第二笔可持续发展挂钩贷款,贷款利息与我们的可持续发展目标挂钩。截至2022年12月31日,可持续挂钩贷款占当前总债务的57.7%。

我们也欣然向大家宣布,本信托在2022年首次参与全球房地产业可持续标准评估。随着投资者对环境、社会、公司治理绩效和披露的日益关注,本信托

参与全球领先房地产业基准将有助提高投资者评估的便利性，并提升我们在同业中的企业形象。我们也能根据评估结果确定投资组合中未来需要改进的地方。此外，鉴于环境、社会、公司治理第三方评级机构在投资者中的影响力和知名度不断提高，我们主动与多家机构接触，确保投资界能够更了解本信托的最新实践和披露。

我们为本信托在加强公司治理实践和披露方面的努力获得认可而感到欣慰。本信托在2022年度新加坡公司治理和透明度指数中排名上升6位，在44家房地产投资信托和商业信托中排名第28位。我们还登上2021年东南亚国家联盟（“东盟”）公司治理排名榜，被评为东盟资产级的领军上市企业之一。

未来，我们将根据新加坡金融管理局的环境风险管理指南，努力将气候相关风险纳入我们的企业风险管理框架，制定合适的内部控制措施来管理环境相关风险。

展望未来

新加坡贸易和工业部预计，由于外部需求疲软，新加坡2023年经济增长将介于0.5%至2.5%之间，低于2022年的3.6%。

新加坡办公楼业方面，全球经济前景不明朗，大型租户特别是科技企业对办公室的需求放缓，将可能对2023年的租赁增长构成压力。虽然如此，中央商务区办公楼供应有限，以及非银行金融企业持续扩张，将有望缓解部分租赁压力。回顾过去，优质资产往往能够在整个经济周期中保持其竞争优势，而本信托在新加坡的甲级办公楼也表现出极强的韧性，并凭借多元化的租户结构，降低了投资组合租户类型过度集中的相关风险。我们相信，新加坡办公楼投资组合在新的一年将能再次实现高出租率和租金些许的上调。

2022年，新加坡的国际游客达到630万人次。新加坡旅游局预计，随着中国逐渐放开，国际航班班次和运力逐渐增加，2023年新加坡的国际旅客估计将达到1,200万至1,400万人次。尽管中国游客全面回归新加坡需要一段时间，但我们预计中国“报复性”出游需求将推动我们2023年下半年的酒店业业绩。

2023年1月1日，新加坡乌节希尔顿酒店开放位于乌节楼的446间客房，这标志着我们成功完成2020年3月宣布的资产增值计划。我们也很高兴与大家分享，在2023年SKYTRAX世界机场大奖中，皇冠假日酒店第八次被评为世界最佳机场酒店。随着新加坡乌节希尔顿酒店1,080间客房全部开放，会展设施焕然一新，再加上皇冠假日酒店的宾至如归的接待和卓越服务，我们有信心本信托的酒店物业能够很好地把握旅游业和会展需求的复苏机会。

虽然新加坡的零售业预计将受益于中国疫情防控的进一步放宽，然而经济增长前景低迷可能削弱消费者信心，我们预计短期内主要零售业租户会在租约谈判的过程中保持谨慎。

上海方面，随着防疫措施的放宽和2023年初中国更大范围的放开，我们喜见市场和商业信心逐渐回归。尽管出租率压力预计将随着租赁活动的恢复略有缓解，但市场上充裕的新供应将继续为租赁增长带来压力。为缓解挑战，我们现在以出租率为优先考虑，积极与租户接触，同时在租赁条款和谈判方面加强灵活性。长远来看，作为中国国际金融中心和重要门户城市，上海的卓然地位将支撑起上海办公楼租赁需求，因此我们对前景充满信心。

夯实增长立足点

当前利率居高不下，因此我们预计2023年通过并购实现价值增长的机会可能有限。因此，我们将专注于资产提升和优化物业投资组合，以创造投资组合价值。与此同时，我们还将继续巩固资产负债表的韧性，延长债务到期期限，切实管理债务成本，使本信托站稳脚跟，为日后在包括澳大利亚和英国在内的目标市场寻求单位分派增值机遇做好准备。

我们将秉承严格的投资管理原则，仔细审视每个机会，并谨慎部署资本，确保为信托单位持有人创造长期回报。

致谢感言

我们谨代表董事会，对我们的租户和客户、贷款人、商业伙伴，尤其是我们的信托单位持有人致以最衷心的谢意，感谢大家一直以来对我们的信任和信心。

我们也至诚感谢管理团队和员工对本信托的支持和付出，以及董事会的指导和灼见。

我们尤其感谢罗联发先生自2014年上任以来对董事会的宝贵贡献以及对管理层的咨询和建议。罗先生已卸任管理人独立非执行董事以及首席独立董事的职务，并于2023年1月1日生效。首席独立董事由刘志敏先生接任，刘先生于2019年9月被委任为独立非执行董事。

同时我们再此欢迎陈懷林先生被委任为董事会的独立董事，并接替刘先生担任审计和风险委员会主席。陈先生将为董事会带来深厚的行业专业知识。

凭借我们富有韧性的优质投资组合、经验丰富的管理团队以及发起人的全力支持，董事会对本信托能继续为信托单位持有人创造价值充满信心。

李奕贤
主席兼非独立非执行董事

韩锦畴
总裁兼执行董事

BOARD OF DIRECTORS

MR LEE YI SHYAN

MR LIU CHEE MING

MR LEE YI SHYAN

Chairman and Non-Independent Non-Executive Director

Date of first appointment as a Director:
17 September 2019

Length of service as a Director (as at 31 December 2022):
3 years 3 months

Board Committee(s) served on:
Nil

Academic & Professional Qualification(s):
- Bachelor of Engineering (Chemical), National University of Singapore
- Program for Management Development, Harvard Business School
- Tsinghua University Management Program

Present directorships (as at 1 January 2023):
Listed companies
- OUE Lippo Healthcare Limited

Other principal directorships
- Business China (Chairman)
- ICE Futures Singapore Pte. Ltd. (Chairman)
- Sino-Singapore Tianjin Eco-City Investment and Development Co., Ltd.
- SPH Media Holdings Pte. Ltd.

Major Appointments (other than directorships):
- OUE Limited (Executive Advisor to the Chairman)
- Keppel Corporation Limited (Advisor)
- Chinese Development Assistance Council (Member of the Board of Trustees)

Past Principal Directorships held over the preceding 5 years (from 1 January 2018 to 31 December 2022):
- OUE Hospitality REIT Management Pte. Ltd.

Others:
- Member of Parliament of Singapore, East Coast GRC (2006 - 2020)
- Senior Minister of State and Minister of State of several Government Ministries (from 2006 to 2015)

MR LIU CHEE MING

Lead Independent Director

Date of first appointment as a Director:
17 September 2019

Length of service as a Director (as at 31 December 2022):
3 years 3 months

Board Committee(s) served on:
- Audit and Risk Committee (Member)

Academic & Professional Qualification(s):
- Bachelor of Business Administration, the former University of Singapore

Present directorships (as at 1 January 2023):
Listed companies
- MGM China Holdings Limited (listed on the Hong Kong Stock Exchange)

Other principal directorships
- Platinum Holdings Company Limited
- The Singapore International School Foundation Limited
- Singapore Technologies Telemedia Pte Limited
- Constellar Holdings Pte. Ltd.
- STT Communication Limited
- DBS Bank (Hong Kong) Limited

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

Past Principal Directorships held over the preceding 5 years (from 1 January 2018 to 31 December 2022):
- StarHub Ltd.
- Haitong Securities Co., Ltd (listed on the Hong Kong and Shanghai stock exchanges)
- OUE Hospitality REIT Management Pte. Ltd.

Others:
- Member of the Takeovers Appeal Committee under the Hong Kong Securities and Futures Commission (from May 1995 to March 2020)
- Deputy Chairman of the Takeovers and Mergers Panel (from April 2008 to March 2020)

MR TAN HUAY LIM

MR ONG KIAN MIN

- Member of the President's Advancement Advisory Council of the National University of Singapore (from March 2010 to November 2017)

MR TAN HUAY LIM

Independent Director

Date of first appointment as a Director:
1 January 2023

Length of service as a Director (as at 31 December 2022)
Not applicable

Board Committee(s) served on:
- Audit and Risk Committee (Chairman)

Academic & Professional Qualification(s):
- Bachelor of Commerce (Accountancy), Nanyang University Singapore
- Fellow Chartered Accountant of Singapore, the Institute of Singapore Chartered Accountants
- Fellow Chartered Certified Accountant (FCCA), the Association of Chartered Certified Accountants (United Kingdom)
- Fellow Certified Practising Accountant (FCPA), the Certified Practising Accountants (Australia)

Present directorships (as at 1 January 2023)

Listed companies
- Elite Commercial REIT Management Pte. Ltd. (the Manager of Elite Commercial REIT)
- Dasin Retail Trust Management Pte. Ltd. (the Trustee-Manager of Dasin Retail Trust)
- Linklogis Inc. (listed on the Hong Kong Stock Exchange)
- SF REIT Asset Management Limited (the Manager of SF Real Estate Investment Trust) (listed on the Hong Kong Stock Exchange)
- Sheng Siong Group Ltd.

Other principal directorships
- Nil

Major Appointments (other than directorships):
- Suzhou Guyu Dingruo Equity Investment Partnership (Limited Partnership) (Member of Investment Committee) 苏州古玉鼎若股权投资合伙企业(有限合伙)(投资委员会成员)

Past Principal Directorships held over the preceding 5 years (from 1 January 2018 to 31 December 2022):
- ASL Marine Holdings Ltd.
- Green Link Digital Bank Pte. Ltd.
- Hong Leong Asia Ltd.
- Koufu Group Pte. Ltd. (formerly known as Koufu Group Limited)
- Ren Ci Hospital
- Singapore Hokkien Huay Kuan
- Xihe Capital (Pte.) Ltd. (in liquidation pursuant to a members' voluntary winding up since 22 October 2020 and in liquidation pursuant to a creditors' voluntary winding up since 19 November 2021)
- Xihe Holdings (Pte) Ltd (under judicial management since 13 November 2020 and in liquidation pursuant to a compulsory winding up since 24 March 2022)
- Zheneng Jinjiang Environment Holding Company Limited

Others:
- Partner, KPMG LLP (from September 1994 to September 2015)

MR ONG KIAN MIN

Independent Director

Date of first appointment as a Director:
17 September 2019

Length of service as a Director (as at 31 December 2022)
3 years 3 months

Board Committee(s) served on:
- Nominating and Remuneration Committee (Chairman)
- Audit and Risk Committee (Member)

BOARD OF DIRECTORS

MS USHA RANEE CHANDRADAS

MR BRIAN RIADY

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

Present directorships (as at 1 January 2023):
Listed companies
- Food Empire Holdings Limited
- Silverlake Axis Ltd
- YHI International Limited

Other principal directorships
- JEKKA-MOLLE Pte. Ltd.
- Kanesaka Sushi Private Limited
- QEnergy Pte Ltd

Major Appointments (other than directorships):
- Drew & Napier LLC (Consultant)
- Founder of Kanesaka Sushi Private Limited
- Senior Adviser, Alpha Advisory Pte. Ltd.
- Board Member, Alpha Singapore

Past Principal Directorships held over the preceding 5 years (from 1 January 2018 to 31 December 2022):
- BreadTalk Group Limited
- Jaya Holdings Limited
- Penguin International Limited
- GPTW Institute (Singapore) Pte Ltd
- Katana Asset Management Pte. Ltd.
- One Eternity Foundation Company Limited
- OUE Hospitality REIT Management Pte. Ltd.

Others:
- Former Member of Parliament of Singapore (1997 – 2011)
- President's Scholarship and the Singapore Police Force Scholarship (1979)

MS USHA RANEE CHANDRADAS

Independent Director

Date of first appointment as a Director:
8 November 2017

Length of service as a Director (as at 31 December 2022)
5 years 2 months

Board Committee(s) served on:
- Audit and Risk Committee (Member)
- Nominating and Remuneration Committee (Member)

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

Present directorships (as at 1 January 2023)
Listed companies
- OUE Lippo Healthcare Limited

Other principal directorships
- NUR Investment and Trading Pte Ltd

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

MR HAN KHIM SIEW

Past Principal Directorships held over the preceding 5 years (from 1 January 2018 to 31 December 2022):
Nil

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

MR BRIAN RIADY
Non-Independent Non-Executive Director

Date of first appointment as a Director:
1 September 2020

Length of service as a Director (as at 31 December 2022)
2 years 4 months

Board Committee(s) served on:
- Nominating and Remuneration Committee (Member)

Academic & Professional Qualification(s):
- Bachelor of Science (Political Communication) and Bachelor of Arts (Economics), University of Texas at Austin
- Executive Education programmes, Harvard Business School

Present directorships (as at 1 January 2023)
Listed companies
- OUE Limited
- OUE Lippo Healthcare Limited

Other principal directorships
Nil

Major Appointments (other than directorships):
- OUE Limited (Deputy Chief Executive Officer)
- Member of the Board of the Singapore Hotel Association
- Member of the Management Committee of the Real Estate Developers Association of Singapore
- Member of the Executive Committee of the Orchard Road Business Association

Past Principal Directorships held over the preceding 5 years (from 1 January 2018 to 31 December 2022):
Nil

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

MR HAN KHIM SIEW
Chief Executive Officer and Executive Director

Date of first appointment as a Director:
7 February 2022

Length of service as a Director (as at 31 December 2022)
11 months

Board Committee(s) served on:
Nil

Academic & Professional Qualification(s):
- Bachelor of Science in Economics, Major in Accounting and Finance, London School of Economics and Political Science, United Kingdom

Present directorships (as at 1 January 2023)
Listed companies
Nil

Other principal directorships
Nil

Major Appointments (other than directorships):
Nil

Past Principal Directorships held over the preceding 5 years (from 1 January 2018 to 31 December 2022):
- BNP Paribas Real Estate (Singapore) Pte. Ltd.

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

THE REIT MANAGER

MR HAN KHIM SIEW
Chief Executive Officer and Executive Director

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

MR LIONEL CHUA
Chief Financial Officer

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

He has more than 25 years of working experience and has previously held positions in various listed companies in Singapore. Prior to joining the Manager, Mr Chua was the Chief Financial Officer of OUE Hospitality REIT Management Pte. Ltd. ("OUEHRM"). He also has extensive finance and treasury experience at the Keppel Group and the CapitaLand Group handling financial reporting, financing, cash management, tax and other finance-related matters.

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

MR WONG CHO WAI
Senior Vice President, Asset Management

Mr Wong is responsible for the asset management functions of the Manager. Working together with the various property managers, he is responsible for maximising the operational performance of OUE C-REIT's property portfolio.

He has more than 22 years of real estate experience in Asia Pacific including Singapore, Australia, Japan and South Korea, and has held asset management and investment roles in various real estate companies. Prior to joining the Manager, Mr Wong was with Wing Tai Holdings as Head of Investments. He was also previously the Head of Investments at Keppel REIT from 2015 to 2018, and formerly Vice President at Credit Suisse Asset Management from 2011 to 2015.

Mr Wong holds a Bachelor of Engineering (Civil Engineering) from the National University of Singapore, and a Masters in Applied Finance from Macquarie University.

MS SARAH LEI
Vice President, Capital Markets and Investment

Ms Lei assists the Chief Executive Officer and Chief Financial Officer in the treasury, corporate finance, capital markets and investment function of OUE C-REIT, and is responsible for matters relating to capital management, hedging, structuring and corporate finance.

She has more than 10 years of experience in corporate finance, mergers and acquisitions in the real estate industry. Prior to joining the Manager, Ms Lei was with Sasseur Asset Management where she focused on investments, mergers and acquisitions, as well as financing and treasury activities. She has also spent seven years in DBS corporate and investment banking, specialising in the real estate sector.

Ms Lei holds a Bachelor of Science degree from the National University of Singapore with a major in Applied Mathematics and a minor in Business Management.

MS TANG SAL LEE
Vice President, Finance

Ms Tang assists the Chief Financial Officer in the financial and accounting matters of OUE C-REIT including statutory reporting, taxation and compliance. She has more than 10 years of working experience in audit, accounting, statutory reporting, tax and compliance.

Prior to joining the Manager, she was with OUEHRM and Keppel Infrastructure Fund Management Pte Ltd. Before that, she was an external auditor with Ernst & Young LLP.

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

MS MARY NG
Vice President, Investor Relations

Ms Ng leads the development and implementation of the investor relations and corporate communications programmes, as well as engagement with multiple stakeholders.

Ms Ng has over 12 years of experience advising Singapore and Hong Kong listed companies and private clients on financial and corporate communications, strategy media relations, reputation management and stakeholder communications. Prior to joining the Manager, she was a Director at an international PR firm where she developed and implemented communications programmes for clients from the REIT, finance and technology sectors.

Ms Ng holds a BSocSc (Hons) in Communications from Hong Kong Baptist University and a M.A. in International and Public Affairs from the University of Hong Kong.

FINANCIAL REVIEW

For FY 2022, revenue was 3.4% lower year-on-year ("YoY") at S$241.5 million mainly due to the deconsolidation of OUE Bayfront's performance post the divestment of a 50% interest in the property on 31 March 2021. The decrease was partially offset by lower rental rebates of S$5.2 million, lower property expenses and higher turnover rent. Consequently, net property income declined 3.6% YoY to S$196.9 million.

Share of joint venture results from OUE Bayfront jumped to S$37.1 million mainly due to fair value gains. Taking into account lower income support for OUE Downtown Office and higher interest expense driven by macroeconomic factors, the FY 2022 amount available for distribution (after retention for ongoing working capital for the hospitality segment) was 15.2% lower YoY at S$111.6 million.

Including the partial distribution of divestment gain from OUE Bayfront of S$4.6 million, FY 2022 amount to be distributed was S$116.2 million. This translated to FY 2022 distribution per Unit ("DPU") of 2.12 cents. Excluding income support received by OUE C-REIT in relation to OUE Downtown Office, FY 2022 DPU would have been 1.96 cents.

OUE C-REIT's distribution policy is to distribute at least 90% of its taxable income to its Unitholders on a semi-annual basis, with the actual level of distribution to be determined at the Manager's discretion. For the period from FY 2014[1] to FY 2022, OUE C-REIT has delivered a compound annual growth rate ("CAGR") of 11.3%[2] in its distributions to Unitholders.

FINANCIAL RESULTS

	FY 2022 (S$'000)	FY 2021 (S$'000)	CHANGE (%)
Revenue	**241,507**	249,884	(3.4)
Net Property Income	**196,915**	204,205	(3.6)
Share of Joint Venture Results	**37,108**	13,236	180.4
Amount Available for Distribution[3]	**111,626**	131,632	(15.2)
Amount to be Distributed	**116,226**[4]	142,032[5]	(18.2)
DPU (Cents)	**2.12**	2.60	(18.5)

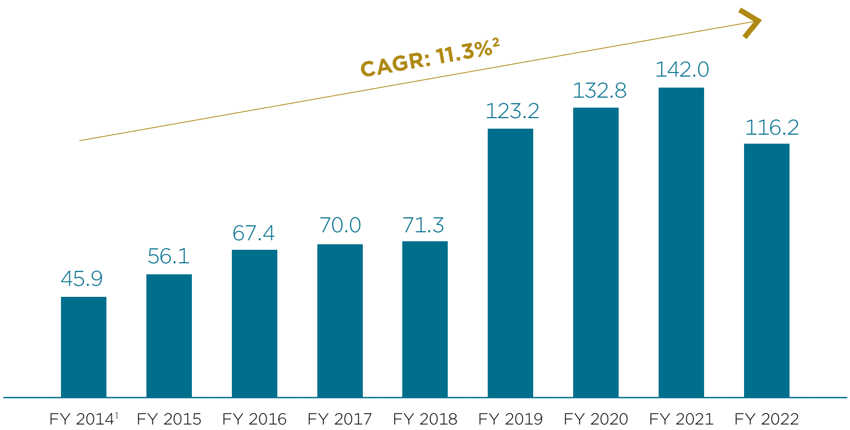
FY 2022 REVENUE CONTRIBUTION BY SEGMENT

(By proportionate interest)

	(%)
Office	54.8
Hospitality	26.4
Retail	18.8

GROWTH IN DISTRIBUTIONS FROM FY 2014 TO FY 2022

(S$ million)



Notes:

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

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

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

4 Including S$4.6 million capital distribution from divestment of OUE Bayfront in March 2021

5 Including release of S$5.0 million of distribution retained in FY 2020 and S$5.4 million capital distribution from divestment of OUE Bayfront in March 2021

PORTFOLIO REVIEW

PORTFOLIO AND NET ASSET VALUE

As at 31 December 2022, the value of OUE C-REIT's investment properties increased 2.6% YoY to S$6,173.4[1] million. The increase was mainly driven by the higher YoY valuation for the Singapore office properties which saw increases ranging from 2.2% to 4.0%, as well as a 10.6% increase for Hilton Singapore Orchard. The appreciation in the investment property value was a reflection of rental growths and better operating performance, which offset the decrease at Lippo Plaza mainly due to the depreciation of the Chinese Renminbi against the Singapore Dollar. In local currency terms, Lippo Plaza's valuation recorded a slight decline of 1.5% YoY.

Consequently, net assets attributable to Unitholders as of 31 December 2022 was 3.6% higher YoY at S$3,240.1 million, translating to a net asset value per unit of S$0.59, an increase of 3.5% YoY.

By geography, 91.3% of OUE C-REIT's portfolio comprises assets located in the Central Business District ("CBD") and prime areas of Singapore.

TENANT DIVERSIFICATION

OUE C-REIT has a well-diversified tenant base which mitigates concentration risk from any particular sector and provides income diversity to the portfolio.

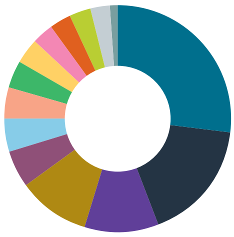
PORTFOLIO CONTRIBUTION BY ASSET VALUE

(By proportionate interest)

	(%)
One Raffles Place	**27.2**
Hilton Singapore Orchard	**21.3**
OUE Downtown Office	**15.9**
OUE Bayfront	**11.3**
Lippo Plaza	**8.7**
Crowne Plaza Changi Airport	**7.8**
Mandarin Gallery	**7.8**

TENANT TRADE SECTOR BY GROSS RENTAL INCOME

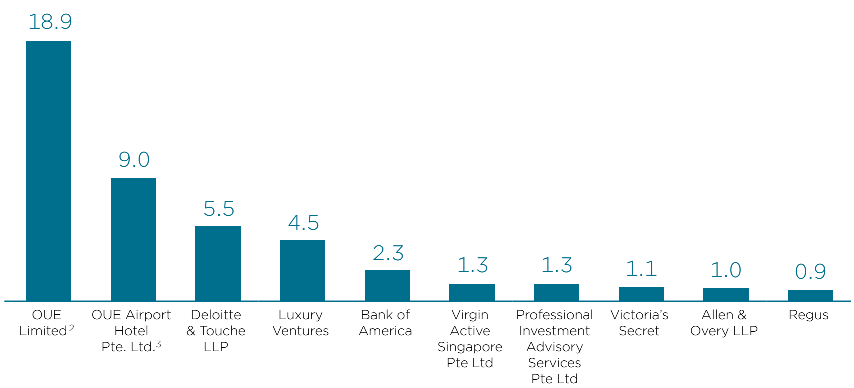
(For December 2022 and excluding retail turnover rent)



	(%)
Hospitality	**27.0**
Banking, Insurance & Financial Services	**17.3**
Accounting & Consultancy Services	**10.6**
Retail	**10.3**
Food & Beverage	**5.1**
Manufacturing & Distribution	**4.8**
IT, Media & Telecommunications	**4.5**
Energy & Commodities	**3.9**
Services	**3.5**
Real Estate & Property Services	**3.2**
Legal	**3.1**
Others	**2.9**
Maritime & Logistics	**2.7**
Pharmaceuticals & Healthcare	**1.1**

TOP 10 TENANTS BY MONTHLY PORTFOLIO GROSS RENTAL INCOME

(%)



Notes:

[1] Based on independent valuation carried out as at 31 December 2022

[2] As master lessee of Hilton Singapore Orchard and office tenant

[3] As master lessee of Crowne Plaza Changi Airport

Outside of the Hospitality segment which contributed 27.0%, the Banking, Insurance & Financial Services sector remained the largest contributor at 17.3% of portfolio gross rental income ("GRI") as of December 2022. This was followed by the Accounting & Consultancy Services as well as Retail sectors which contributed 10.6% and 10.3%, respectively. The contribution from IT, Media & Telecommunications only accounted for 4.5% of the portfolio GRI.

The top ten tenants (by OUE C-REIT's monthly portfolio GRI as of December 2022) are established companies from Banking, Insurance & Financial Services, Accounting & Consultancy Services, Real Estate & Property Services, as well as Retail.

WELL-STAGGERED PORTFOLIO LEASE EXPIRY PROFILE

As at 31 December 2022, OUE C-REIT maintained a well-staggered portfolio lease expiry profile with only 9.4% of office and 4.2% of retail leases by GRI (excluding provision of rental rebates and turnover rent) due for renewal in 2023. The weighted average lease term to expiry ("WALE") by GRI is 3.3 years as at 31 December 2022.

COMMERCIAL SEGMENT[4]

OUE C-REIT's portfolio of core Grade A commercial assets are strategically located in prime business and entertainment districts, and has attracted reputable tenants from diverse sectors, enabling OUE-CREIT to deliver a stable recovery post pandemic.

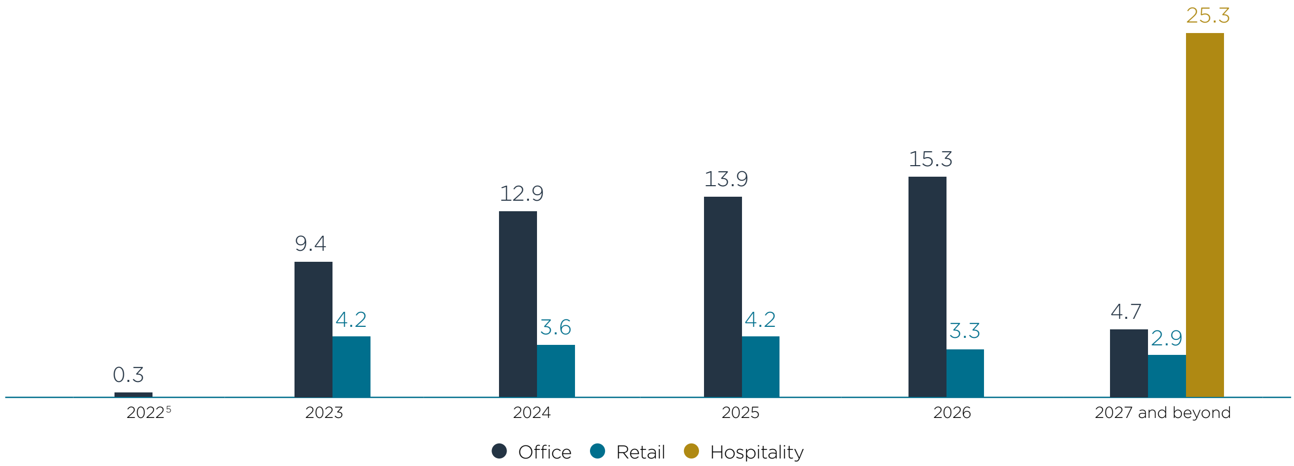
Approximately 648,303 square feet of new leases and renewals were committed in 2022. New leases comprised about 46.9% of the space committed, with the demand supported by tenants from diverse trade sectors including Banking, Insurance & Financial Services, Accounting & Consultancy Services, Manufacturing & Distribution, IT, Media & Telecommunications, Energy & Commodities, Legal, as well as Pharmaceuticals & Healthcare.

As of 31 December 2022, OUE C-REIT's commercial segment achieved a committed occupancy of 92.4%, 0.9 percentage points ("ppt") higher YoY.

In Singapore, the broad-based recovery of the CBD Grade A market in 2022 was attributable to improved business confidence from the significant easing of COVID-19 measures, "Flight to Quality" trend and limited office supply which boosted demand and supported rental growth while occupancy remained tight. Consequently, OUE C-REIT's Singapore office properties recorded a stronger committed occupancy of 95.5% as at end December 2022 compared to 91.2% a year ago, backed by the Manager's consistent and proactive leasing strategy to optimise rents and occupancy while supported by market tailwinds. With positive rental reversions achieved during the year, average passing rents remained stable as of end December.

PORTFOLIO LEASE EXPIRY PROFILE BY GROSS RENTAL INCOME

(%)



Notes:

[4] Commercial segment comprises the office and/or retail contribution from OUE Bayfront (50% interest), One Raffles Place (67.95% effective interest), OUE Downtown Office, Lippo Plaza (91.2% strata interest) and Mandarin Gallery

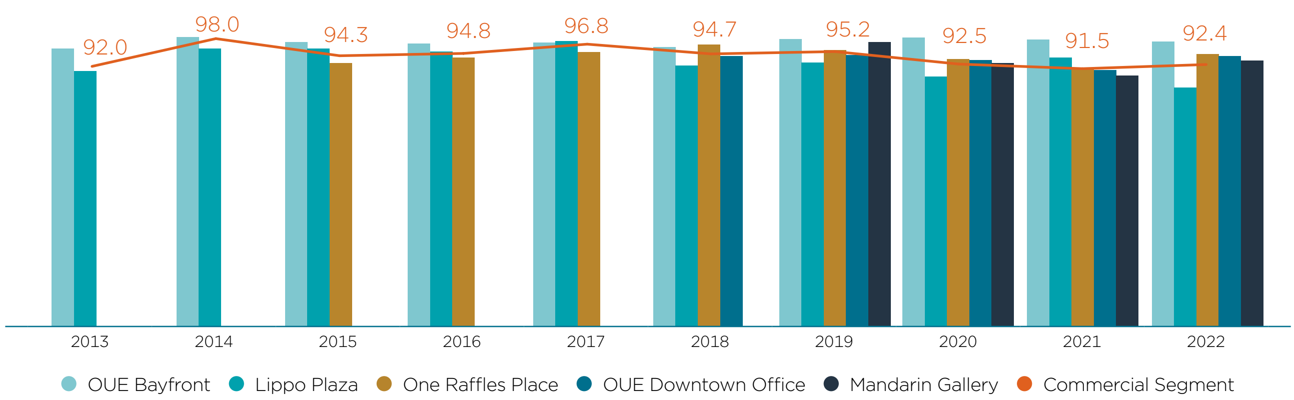
[5] As at 31 December 2022, office leases expiring on 31 December 2022 contributing 0.3% of portfolio GRI had not been renewed.

PORTFOLIO REVIEW

Against the backdrop of stringent COVID-19 response measures in Shanghai, the business operating environment and leasing sentiment were severely impacted for the most of 2022 as occupiers and retailers were focused on streamlining operating costs due to the uncertainties. The situation was compounded by significant new supply in both established and new business districts which left landlords little room in rent negotiations amidst strong leasing competition. Consequently, Lippo Plaza's committed office occupancy declined 11.9 ppt YoY to 79.9% as of 31 December 2022, while the committed retail occupancy decreased slightly to 97.8% from 98.6% a year ago. Business sentiment has gradually recovered following China's relaxation of COVID-19 measures from late 2022, the Manager will remain steadfast in sustaining occupancy levels at Lippo Plaza to enhance the asset performance.

Benefiting from Singapore's phased reopening and improving prime retail market sentiment alongside the gradual return of international travellers, Mandarin Gallery's committed occupancy increased 5.2 ppt YoY to 91.9% as at 31 December 2022. Including short-term leases to support tenants' space requirements and evolving retail strategies, committed occupancy was 95.4%. With the Manager's focus on optimising rents in tandem with the nascent recovery of the prime retail market, rental reversions turned positive from the third quarter of 2022. Two consecutive quarters of 9.2% and 10.4% rental reversions were achieved in the third and fourth quarters, respectively. Despite the continued absence of Chinese and Japanese tourists in 2022, shopper traffic and sales normalised to approximately 95% and 85% of pre-COVID levels for the fourth quarter of 2022.

RESILIENT COMMITTED OCCUPANCY
(%)



FY 2022 COMMITTED AND AVERAGE OFFICE RENTS

	Range of committed office rents[6]	Average office passing rents[7]
OUE Bayfront	S$12.20 - S$15.50 psf per month	S$12.64 psf per month
One Raffles Place	S$8.00 - S$13.00 psf per month	S$10.05 psf per month
OUE Downtown Office	S$7.80 - S$9.20 psf per month	S$7.98 psf per month
Lippo Plaza	RMB7.20 – RMB11.10 psm per day (S$4.22 – S$6.50 psf per month)	RMB8.78 psm per day (S$5.14 psf per month)

Notes:

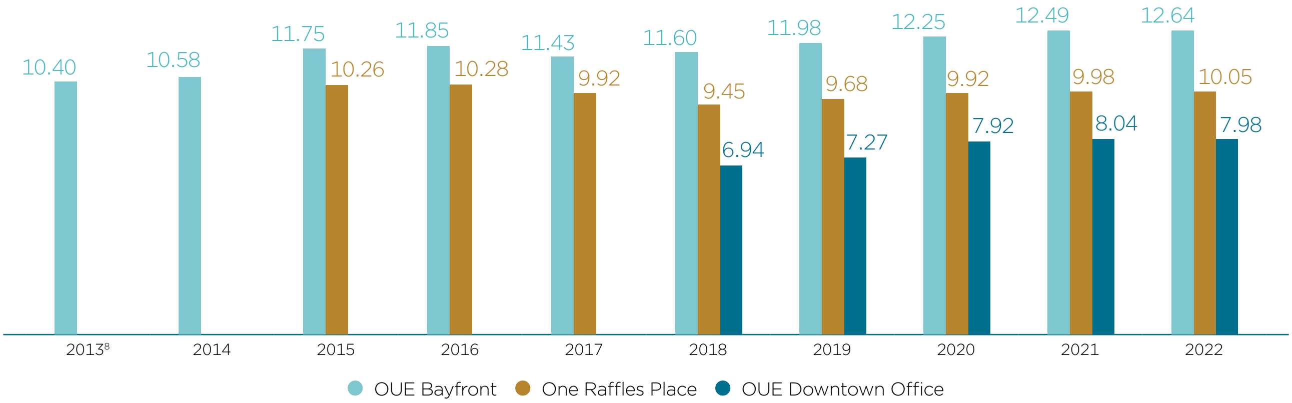
[6] Committed rents for renewals and new leases

[7] For the month of December 2022

HISTORICAL AVERAGE PASSING RENTS

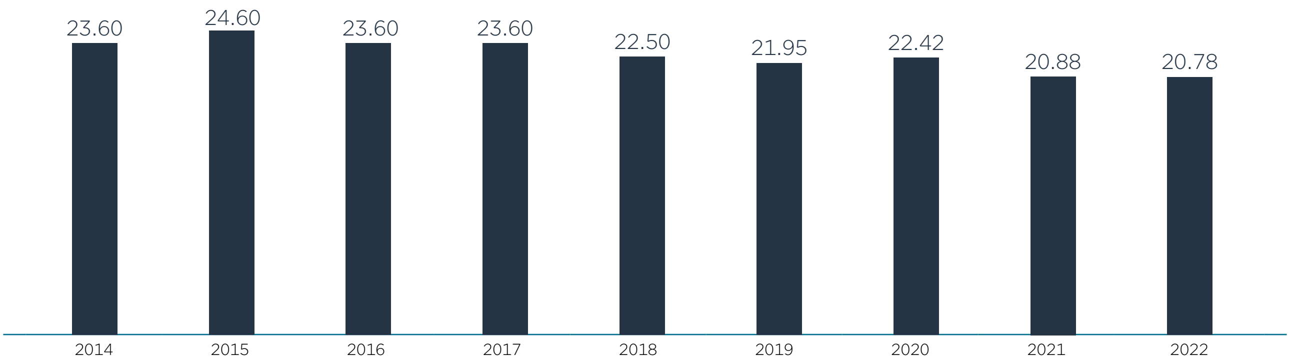
Singapore Office

(S$ psf per month)



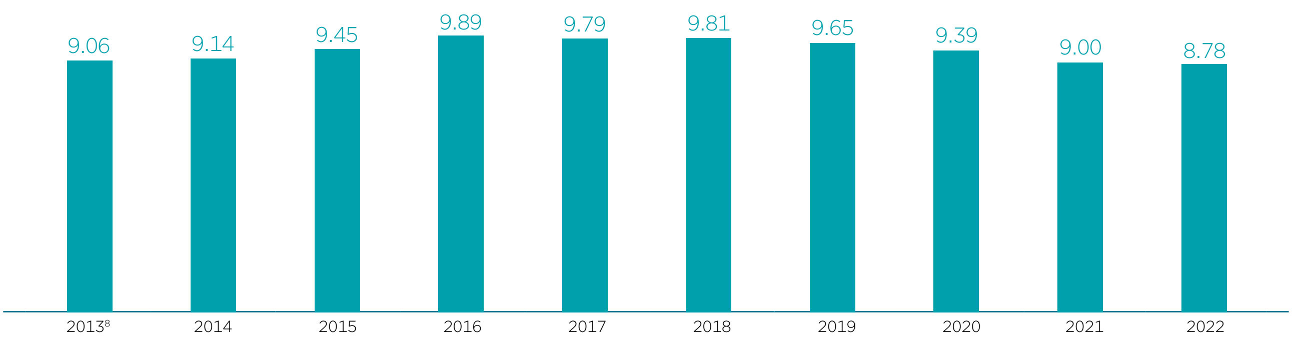
Mandarin Gallery

(S$ psf per month)



Lippo Plaza Office

(RMB psm per day)



Note:

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

PORTFOLIO REVIEW

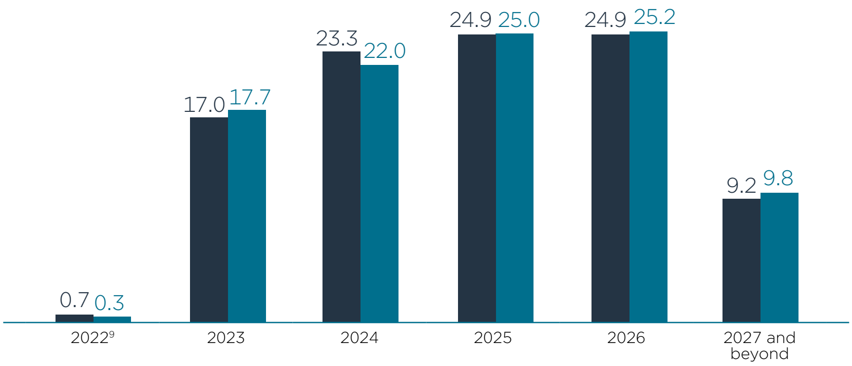
BALANCED LEASE EXPIRY PROFILE

To ensure stable and sustainable gross rental revenue, the Manager actively manages the lease expiry profile of each of OUE C-REIT's commercial properties to mitigate the concentration of lease expiries in any given year. The average term of commercial leases in Singapore is three years. The WALE of new leases entered into during the year is 3.8 years based on the date of commencement of the leases, and these leases contributed 18.2% of OUE C-REIT's commercial segment GRI as of December 2022.

For OUE C-REIT's commercial portfolio comprising office and retail leases, the WALE as at 31 December 2022 is 2.5 years. Only 17.7% of OUE C-REIT's commercial segment GRI is due for renewal in 2023.

COMMERCIAL SEGMENT LEASE EXPIRY PROFILE

(%)

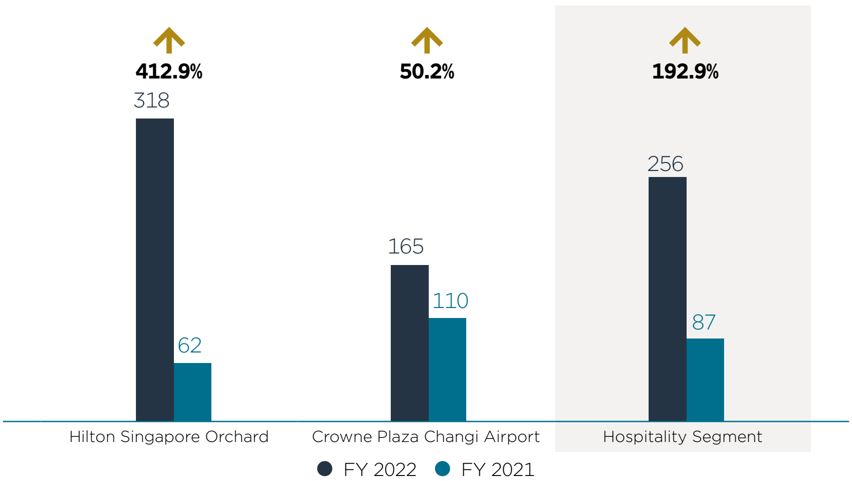


HOSPITALITY SEGMENT

Following the relaxation of border restrictions in Singapore in March 2022, the tourism sector gradually recovered especially with the return of meetings, incentives, conferences and exhibitions ("MICE"). A number of high-profile events including the Singapore Grand Prix, Milken Institute Asia Summit, Bloomberg New Economic Forum, TOKEN2049 and Singapore Fintech Festival were held in the second half of 2022 which accelerated the recovery of the hospitality sector.

FY 2022 REVPAR PERFORMANCE

(S$)



The timely reopening of the Hilton Singapore Orchard in February 2022 after the successful asset enhancement initiative ("AEI"), enabled the hotel to capture surging demand from international tourists and business travellers. Despite the limited inventory available of 634 refurbished rooms at Mandarin Wing out of a total 1,080 in both towers, revenue from Hilton Singapore Orchard exceeded the minimum rent under the master lease agreement. The FY 2022 revenue per available room ("RevPAR") of S$318 also surpassed the previous RevPAR highs of the hotel before the re-branding.

Crowne Plaza Changi Airport, which started to receive corporate and leisure bookings from the second quarter of 2022, achieved a 50.2% YoY increase in the FY 2022

Note:

[9] As of 31 December 2022, leases expiring on 31 December 2022 comprising 0.7% of commercial segment net lettable area and 0.3% of commercial segment GRI had not been renewed

RevPAR to S$165. The hotel's performance continued to be supported by the minimum rent of S$22.5 million in FY 2022 under the master lease agreement.

Consequently, the overall hospitality RevPAR almost tripled to S$256 for FY 2022.

With the re-branding to Hilton Singapore Orchard, the property has tapped on Hilton's strong brand recognition and global distribution network to diversify the business mix and shifted towards the higher yielding luxury market for both leisure and corporate segments. Apart from drawing locals and visitors from Southeast Asia, the hotel also witnessed a significant increase in guests from North America.

In the fourth quarter of 2022, Southeast Asia, North America and Europe were the three largest contributors to the hospitality portfolio's customer profile, comprising 72% of the total number of room nights occupied. Compared to the same period in 2019, this was an increase of 12 ppt.

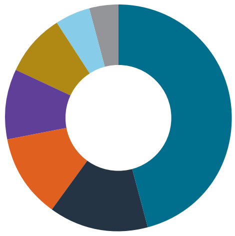
While the transient segment continued to be the main driver of room revenue at 69% in the fourth quarter of 2022 compared to 57% in the same period in 2019, the contribution of the lower yielding wholesale segment had decreased significantly to 9% versus 20% previously.

ACTIVE PORTFOLIO ENHANCEMENT

The Manager recognises the importance of strengthening portfolio fundamentals and driving organic growth. To this end, OUE C-REIT constantly explores opportunities to ensure the assets remain competitive in the market.

HOSPITALITY SEGMENT CUSTOMER PROFILE BY GEOGRAPHY

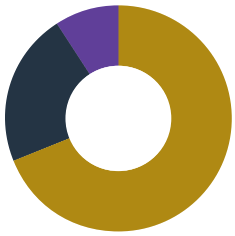
(Based on room nights occupied in 4Q 2022)



	(%)
Southeast Asia	**46**
North America	**14**
Europe	**12**
Oceania	**10**
North Asia	**9**
South Asia	**5**
Others	**4**

HOSPITALITY SEGMENT CUSTOMER PROFILE BY TYPE

(Based on room revenue in 4Q 2022)



	(%)
Transient	**69**
Corporate	**22**
Wholesale	**9**

Our priority in FY 2022 was to complete the AEI at Hilton Singapore Orchard to leverage on the property's prime location along Orchard Road and to unlock greater value by repositioning it as one of the top high-end hotels in Singapore. The 446-room Orchard Wing at Hilton Singapore Orchard reopened on 1 January 2023, marking the successful completion of the final phase of the AEI. Hilton Singapore Orchard is now operating the full inventory of 1,080 rooms and is well positioned to capture increasing demand from international business and leisure travellers as well as local Singapore residents.

International visitor arrivals have been growing and are expected to increase in 2023 with the potential return of Chinese and Japanese visitors. The ongoing recovery in the hospitality sector will also be supported by a healthy pipeline of MICE events in 2023 and benefit Hilton Singapore Orchard which has been recognised as one of the best new meeting venues in Asia in 2022. New tourism offerings planned over the medium to long term will reinforce Singapore's top global destination and commercial hub status which is expected to translate to increased tourism and accommodation demand.

PORTFOLIO REVIEW

During the year, the Manager also proactively managed operating expenditures and rising costs through various means. This included the adoption of energy-efficient equipment and technology, as well as deployment of technology to mitigate labour and material cost. By improving operational efficiency, this could potentially result in direct cost savings. From January 2023, the service charge across the Singapore commercial portfolio has been raised to mitigate increases in utilities, manpower and other maintenance costs. Going forward, we will continue to manage the operating cost prudently and drive returns for Unitholders.

INTEGRATING SUSTAINABILITY INTO ASSET MANAGEMENT STRATEGY

Apart from portfolio enhancement to enhance the quality and marketability of OUE C-REIT's property portfolio, the Manager has worked together with the property management teams to actively step up our sustainability efforts.

At OUE C-REIT's selected properties, sensor technology is incorporated to control lighting and temperature for energy efficiency. We have also continued to install energy-saving LED lighting and lamps within tenants' office premises and in the common areas at OUE Downtown Office, One Raffles Place and Lippo Plaza. Our continual effort in improving our sustainability performance through enhanced operational planning was recognised, with all our Singapore commercial properties and Hilton Singapore Orchard attaining the BCA Green Mark Gold certification or higher. Lippo Plaza in Shanghai is certified under LEED (Leadership in Energy and Environmental Design) Gold by the United States Green Building Council for Building Operations and Maintenance. We will continue to review the BCA Green Mark 2021 certification requirements and Crowne Plaza Changi Airport's current environmental performance with the aim of achieving a Green Mark rating for the property in 2023.

Safety at our properties is of the utmost importance for various stakeholders. Thus, the property management teams conduct regular risk assessments to identify potential hazards as well as areas of improvement for better workplace safety and reports them to the Manager at monthly meetings. The recommended safety measures and works will be implemented to provide a safe and secure environment at our office and retail properties. The Manager is pleased to report that there were no high-consequence work-related injuries in FY 2022.

For the retail segment, we have collaborated with various partners and associations including Raffles Place Alliance, Marina Bay Alliance and the Orchard Road Business Association to launch attractive events and promotions at our assets to support shopper traffic and tenant sales. To support our retail tenants on the road to recovery, we have also leveraged on the assets' various digital platforms to profile the tenants and their product offerings.

In view of the risk of global recession in 2023, the Manager and the property management teams of OUE C-REIT, will continue to exercise proactiveness and flexibility in managing the assets' performance to sustain occupancy and drive organic growth while maintaining service quality to optimise returns for Unitholders.

CAPITAL MANAGEMENT

PROACTIVE AND PRUDENT CAPITAL MANAGEMENT

In FY 2022, the Manager took proactive steps to optimise OUE C-REIT's capital structure to achieve greater flexibility and navigate through current macroeconomic uncertainties and interest rate risks, while maintaining a favourable position to capitalise on DPU-accretive opportunities as they arise.

ACHIEVING GREATER FINANCIAL FLEXIBILITY AND SUSTAINABILITY

In May 2022, S$150 million 4.20% five-year fixed rate notes with a coupon step-down of 25 basis points upon OUE C-REIT obtaining an investment grade rating were issued – a first in Singapore's capital markets. The bond issue met with strong demand from investors with the final orderbook closing at S$250 million with orders from across 30 accounts, and the proceeds were used to refinance existing borrowings. The landmark transaction was in line with the Manager's continued efforts to widen the pool of funding sources while managing the cost of debt prudently.

Subsequently in August 2022, the Manager successfully completed an unsecured sustainability-linked loan ("SLL") totalling S$978 million, the largest-ever SLL among S-REITs which was 1.26x oversubscribed and supported by 19 banks. The proceeds were used for the early refinancing of existing secured borrowings and improved OUE C-REIT's financial flexibility by significantly increasing the proportion of unsecured debt, which stands at 69.4% as at end December 2022. Refinancing risk has been significantly mitigated with only 11.8% (S$273 million) of debt due in 2023, and none due in 2024.

This is OUE C-REIT's second SLL and a strong testament to our continued commitment to reduce the portfolio's environmental impact. The SLLs incorporate interest rate reductions linked to predetermined sustainability performance targets and account for 57.7% of OUE C-REIT's total debt as of 31 December 2022.

As at 31 December 2022, OUE C-REIT's total debt was S$2,320.7 million, inclusive of the proportionate share of loans at OUB Centre Limited and OUE Allianz Bayfront LLP[1]. Aggregate leverage was 38.8% as at 31 December 2022, well below the regulatory limits. Approximately 71.5% of total debt has been hedged into fixed rates which partially mitigates the impact of rising interest rates on distributions. The weighted average cost of debt remained stable at 3.4% per annum ("p.a.") with an average term to maturity of 2.9 years as at 31 December 2022.

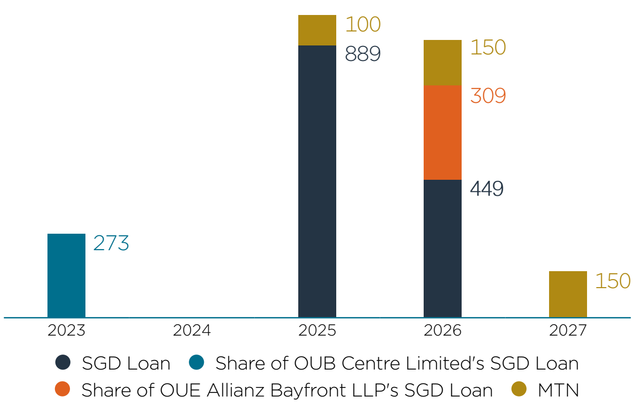
The Manager will continue to adopt a disciplined and forward-looking capital management approach to deliver sustainable returns to Unitholders.

CAPITAL MANAGEMENT INDICATORS

	As at 31 December 2022
Aggregate Leverage (%)	38.8
Total Debt[2] (S$ million)	2,320.7
Weighted Average Cost of Debt[3] (% p.a.)	3.4
Weighted Average Term of Debt (years)	2.9
Proportion of Fixed Rate Debt (%)	71.5
Proportion of Unsecured Debt (%)	69.4
Weighted Average Term of Fixed Rate Debt (years)	1.7
Interest Coverage Ratio ("ICR")[4] (times)	2.6[3]
Adjusted ICR[5] (times)	2.5[3]

DEBT MATURITY PROFILE AS AT 31 DECEMBER 2022

(S$ million)



Notes:

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

2 Includes OUE C-REIT's share of OUB Centre Limited's loan and OUE Allianz Bayfront LLP's loan

3 Including the write-off of upfront fees from early refinancing, weighted average cost of debt is 3.7% p.a., ICR and adjusted ICR are both 2.4x as at 31 December 2022

4 As prescribed under Appendix 6 of the Monetary Authority of Singapore's Code on Collective Investment Schemes (last revised on 9 March 2023). Based on earnings before interest, tax, depreciation and amortisation (excluding effects of any fair value changes of derivatives and investment properties, and foreign exchange translation) over interest expense and borrowing-related fees, on a trailing 12-month basis

5 As above in (4) and including distributions on hybrid securities in the denominator

PORTFOLIO OVERVIEW

OUE BAYFRONT

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

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

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

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

FY 2022 REVENUE[1]
S$59.9m

VALUATION[2]
S$1,321.0m

PURCHASE CONSIDERATION IN 2014
S$1,005.0m

WEIGHTED AVERAGE LEASE EXPIRY[3]
2.6 years

COMMITTED OCCUPANCY[4]

Overall	Office	Retail
98.4%	98.7%	92.2%

DIVESTMENT CONSIDERATION IN 2021
S$1,267.5m

PROPERTY DESCRIPTION

OUE Bayfront comprises:

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

TITLE

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

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

Underpass:
99-year leasehold title commencing 7 January 2002

GROSS FLOOR AREA

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

NET LETTABLE AREA[4]

Overall:
37,109.5 sq m (399,447 sq ft)

Office:
35,133.4 sq m (378,176 sq ft)

Retail:
1,976.1 sq m (21,271 sq ft)

MAJOR TENANTS

- Bank of America
- Allen & Overy LLP
- Aramco Asia Singapore Pte. Ltd.
- Hogan Lovells Lee & Lee
- OUE Limited

NUMBER OF TENANTS[4]

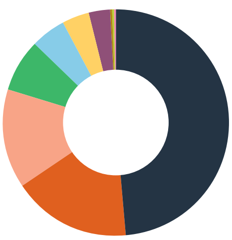
48

NUMBER OF CARPARK LOTS

245

TENANT TRADE SECTOR BY GROSS RENTAL INCOME

(For December 2022 and excluding retail turnover rent)



	(%)
Banking, Insurance & Financial Services	48.7
Legal	17.1
Energy & Commodities	14.1
Real Estate & Property Services	7.6
IT, Media & Telecommunications	5.0
Manufacturing & Distribution	3.9
Food & Beverage	3.0
Maritime & Logistics	0.4
Retail	0.1
Services	0.1

Notes:

1. Based on OUE Allianz Bayfront LLP's 100% interest
2. Based on OUE Allianz Bayfront LLP's 100% interest in OUE Bayfront and valuation carried out by Savills Valuation and Professional Services (S) Pte Ltd as at 31 December 2022. Valuation was determined by Income Capitalisation Method, Discounted Cash Flow Analysis and Direct Comparison Method
3. By monthly gross rental income for December 2022
4. As at 31 December 2022

PORTFOLIO OVERVIEW

ONE RAFFLES PLACE

1 Raffles Place,
Singapore 048616

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

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

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

FY 2022 REVENUE[1]

S$75.6m

VALUATION[2]

S$1,909.0m

PURCHASE CONSIDERATION IN 2015[3]

S$1,148.3m

WEIGHTED AVERAGE LEASE EXPIRY[4]

2.2 years

COMMITTED OCCUPANCY[5]

Overall	Office	Retail
94.1%	95.2%	88.8%

PROPERTY DESCRIPTION

One Raffles Place comprises:

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

TITLE

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

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

One Raffles Place Shopping Mall:

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

GROSS FLOOR AREA

119,656 sq m (1,287,966 sq ft)

NET LETTABLE AREA[5]

Overall:
65,459.4 sq m (704,598 sq ft)

Office:
56,227.6 sq m (605,228 sq ft)

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

MAJOR TENANTS

- Virgin Active Singapore Pte. Ltd.
- Regus
- Spaces
- China Life Insurance (Singapore) Pte Ltd
- JERA Global Markets Pte. Ltd.

NUMBER OF TENANTS[5]

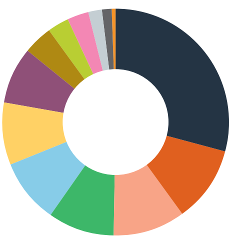
197

NUMBER OF CARPARK LOTS

317

TENANT TRADE SECTOR BY GROSS RENTAL INCOME

(For December 2022 and excluding retail turnover rent)



	(%)
Banking, Insurance & Financial Services	29.2
Accounting & Consultancy Services	10.9
IT, Media & Telecommunications	10.3
Food & Beverage	9.5
Energy & Commodities	9.2
Services	8.7
Real Estate & Property Services	8.3
Manufacturing & Distribution	4.0
Legal	3.1
Others	3.0
Maritime & Logistics	2.1
Retail	1.2
Pharmaceuticals & Healthcare	0.5

Notes:

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

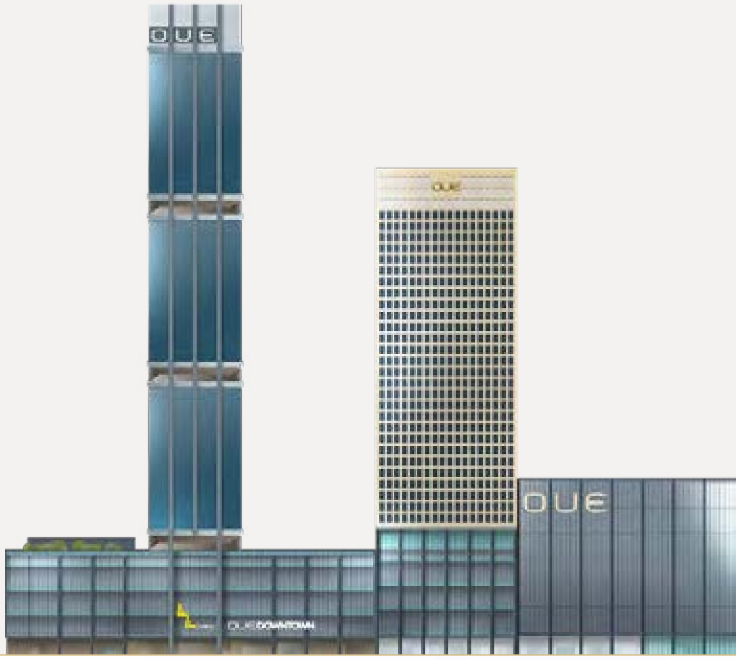
2 Based on OUB Centre Limited's 81.54% interest in One Raffles Place and valuation carried out by Cushman & Wakefield VHS Pte Ltd as at 31 December 2022. Valuation was determined by Discounted Cash Flow Method, Capitalisation Approach and Comparable Sales Method

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

4 By monthly gross rental income for December 2022

5 As at 31 December 2022

PORTFOLIO OVERVIEW



OUE DOWNTOWN OFFICE

6 Shenton Way,
Singapore 068809

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

Home to an established blue-chip tenant base, tenants at OUE Downtown Office include reputable insurance, financial, information & technology and multinational corporations. The Shenton Way, Tanjong Pagar and Downtown MRT Stations are within a short walking distance, providing easy accessibility and connectivity.

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

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

FY 2022 REVENUE
S$43.1m

VALUATION[1]
S$930.0m

PURCHASE CONSIDERATION IN 2018
S$908.0m

WEIGHTED AVERAGE LEASE EXPIRY[2]
3.1 years

COMMITTED OCCUPANCY[3]
93.4%

PROPERTY DESCRIPTION

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

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

TITLE

99-year leasehold title commencing 19 July 1967

GROSS FLOOR AREA

69,922.0 sq m (752,633 sq ft)

NET LETTABLE AREA[3]

49,224.8 sq m (529,850 sq ft)

MAJOR TENANTS

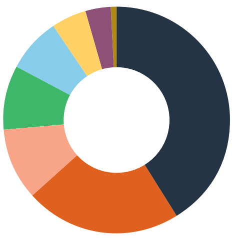
- Deloitte & Touche LLP
- Professional Investment Advisory Services Pte Ltd
- Moody's Analytics Singapore Pte. Ltd.
- Grace Ocean Private Limited
- Barry Callebaut Cocoa Asia Pacific Pte Ltd.

NUMBER OF TENANTS[3]

67

TENANT TRADE SECTOR BY GROSS RENTAL INCOME

(For December 2022 and excluding retail turnover rent)

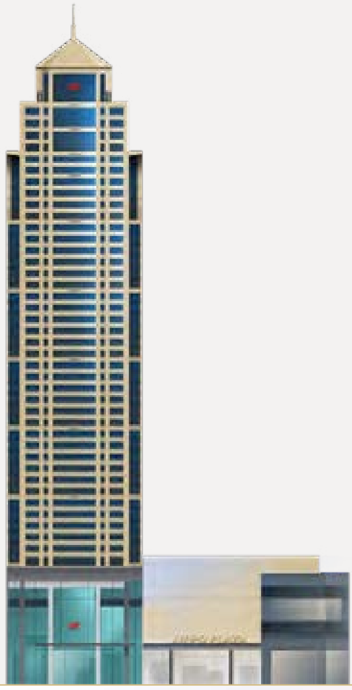


	(%)
Accounting & Consultancy Services	41.3
Banking, Insurance & Financial Services	22.3
Maritime & Logistics	10.2
Others	9.1
Manufacturing & Distribution	7.7
Pharmaceuticals & Healthcare	5.0
IT, Media & Telecommunications	3.6
Legal	0.8

Notes:

1. Based on valuation carried out by Cushman & Wakefield VHS Pte Ltd as at 31 December 2022. Valuation was determined by Discounted Cash Flow Method, Capitalisation Approach and Comparison Method
2. By monthly gross rental income for December 2022
3. As at 31 December 2022

PORTFOLIO OVERVIEW



LIPPO PLAZA

222 Huaihai Zhong Road,
Shanghai, PRC 200021

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

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

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

FY 2022 REVENUE
S$27.1m

VALUATION[1]
RMB2,640.0m
S$509.8m

PURCHASE CONSIDERATION IN 2014[2]
S$335.3m

WEIGHTED AVERAGE LEASE EXPIRY[3]
2.2 years

COMMITTED OCCUPANCY[4]

Overall	Office	Retail
82.6%	79.9%	97.8%

PROPERTY DESCRIPTION

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

LAND USE RIGHT EXPIRY

50 years commencing 2 July 1994

GROSS FLOOR AREA

58,521.5 sq m (629,920 sq ft)

NET LETTABLE AREA[4]

Overall:
39,188.1 sq m (421,817 sq ft)

Office:
33,538.7 sq m (361,007 sq ft)

Retail:
5,649.4 sq m (60,810 sq ft)

MAJOR TENANTS

- Victoria's Secret
- Arc'teryx
- Bole Associates
- Ralph Lauren
- Shanghai Hsin Yih Real Estate

NUMBER OF TENANTS[4]

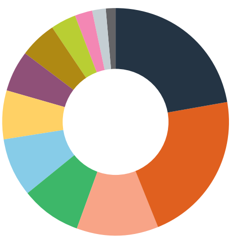
79

NUMBER OF CARPARK LOTS

168

TENANT TRADE SECTOR BY GROSS RENTAL INCOME

(For December 2022 and excluding retail turnover rent)



	(%)
Manufacturing & Distribution	22.4
Retail	21.5
Accounting & Consultancy Services	11.8
Banking, Insurance & Financial Services	8.7
IT, Media & Telecommunications	8.3
Others	6.8
Food & Beverage	5.9
Maritime & Logistics	5.3
Real Estate & Property Services	3.7
Legal	2.4
Pharmaceuticals & Healthcare	2.0
Services	1.2

Notes:

1 Based on OUE C-REIT's 91.2% share of strata ownership in Lippo Plaza and valuation carried out by CBRE (Shanghai) Management Limited as at 31 December 2022. Valuation was determined by Income Capitalisation Analysis and Discounted Cash Flow Analysis

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

3 By monthly gross rental income for December 2022

4 As at 31 December 2022

PORTFOLIO OVERVIEW

MANDARIN GALLERY

333A Orchard Road,
Singapore 238897

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

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

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

FY 2022 REVENUE
S$27.4m

VALUATION[1]
S$453.9m

PURCHASE CONSIDERATION IN 2019[2]
S$494.0m

WEIGHTED AVERAGE LEASE EXPIRY[3]
2.3 years

COMMITTED OCCUPANCY[4]
91.9%

PROPERTY DESCRIPTION

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

TITLE

99-year leasehold title commencing 1 July 1957

GROSS FLOOR AREA

18,240 sq m (196,336 sq ft)

NET LETTABLE AREA[4]

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

MAJOR TENANTS

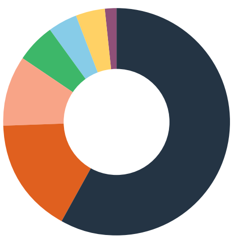
- Victoria's Secret
- Michael Kors
- Max Mara
- Rimowa Singapore
- Lawry's The Prime Rib Singapore

NUMBER OF TENANTS[4]

68

TENANT TRADE SECTOR BY GROSS RENTAL INCOME

(For December 2022 and excluding retail turnover rent)



	(%)
Fashion & Accessories	58.1
Food & Beverage	16.6
Hair & Beauty	9.9
Watches & Jewellery	5.5
Travel	4.2
Living & Lifestyle	4.1
Services	1.6

Notes:

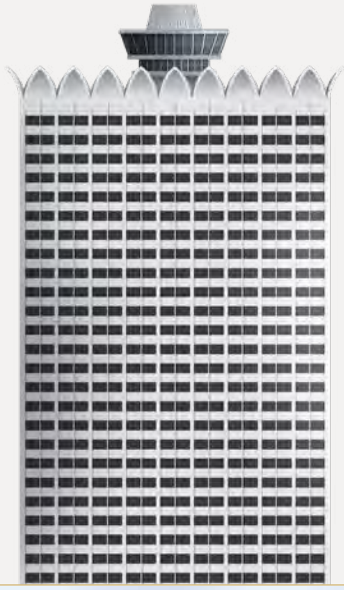
1 Based on valuation carried out by Savills Valuation and Professional Services (S) Pte Ltd as at 31 December 2022. Valuation was determined by Income Capitalisation Method, Discounted Cash Flow Analysis and Direct Comparison Method

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

3 By monthly gross rental income for December 2022

4 As at 31 December 2022

PORTFOLIO OVERVIEW



HILTON SINGAPORE ORCHARD

333 Orchard Road,
Singapore 238867

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

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

FY 2022 REVENUE
S$45.9m

VALUATION[1]
S$1,250.0m

PURCHASE CONSIDERATION IN 2019[2]
S$1,227.0m

FY 2022 REVPAR
S$318

AWARDS & ACCOLADES IN 2022

Best New Meetings Hotel (Asia)
M&C Asia Stella Awards 2022

Asia Suite Design Winner (Presidential Suite)
2022 AHEAD Awards

PROPERTY DESCRIPTION

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

TITLE

99-year leasehold title from 1 July 1957

GROSS FLOOR AREA

91,999.8 sq m (990,278 sq ft)

MASTER LEASE DETAILS

Master Lessee:
OUE Limited

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

Lease rental:
Variable rent comprising sum of:

i. 33.0% of gross operating revenue; and

ii. 27.5% of gross operating profit; subject to minimum rent of S$45.0 million per annum[3]

Offering one of the largest event spaces in the city, Hilton Singapore Orchard's 16 award-winning and highly versatile event spaces cater up to 900 guests and provide dedicated pre-function areas, on-site catering, state-of-the-art LED walls, lighting and sound technologies.

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

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

Notes:

1 Based on valuation carried out by Savills Valuation and Professional Services (S) Pte Ltd as at 31 December 2022. Valuation was determined by Income Capitalisation Method, Discounted Cash Flow Analysis and Direct Comparison Method

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

3 The rental under the master lease will be the minimum rent if the amount of variable rent for that operating year is less than the amount of minimum rent

PORTFOLIO OVERVIEW

CROWNE PLAZA CHANGI AIRPORT

75 Airport Boulevard,
Singapore 819664

Crowne Plaza Changi Airport is an award-winning hotel that has been conferred the title of World's Best Airport Hotel by Skytrax for eight years since 2015. Managed by the InterContinental Hotels Group, the 563-room hotel is situated in the vicinity of the passenger terminals of Changi Airport.

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

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

FY 2022 REVENUE
S$22.5m

VALUATION[1]
S$460.2m

PURCHASE CONSIDERATION IN 2019[2]
S$497.0m

FY 2022 REVPAR
S$165

AWARDS & ACCOLADES IN 2022

Best Airport Hotel in Asia Pacific
2022 Business Traveller Asia-Pacific Awards

World's Best Airport Hotel
Skytrax World Airport Awards 2023

PROPERTY DESCRIPTION
Situated in the vicinity of the passenger terminals of Changi Airport, comprising 563 guest rooms, three dining outlets and six meeting rooms

LAND USE RIGHT EXPIRY
66-year lease from 9 June 2017

GROSS FLOOR AREA
40,913.5 sq m (440,389 sq ft)

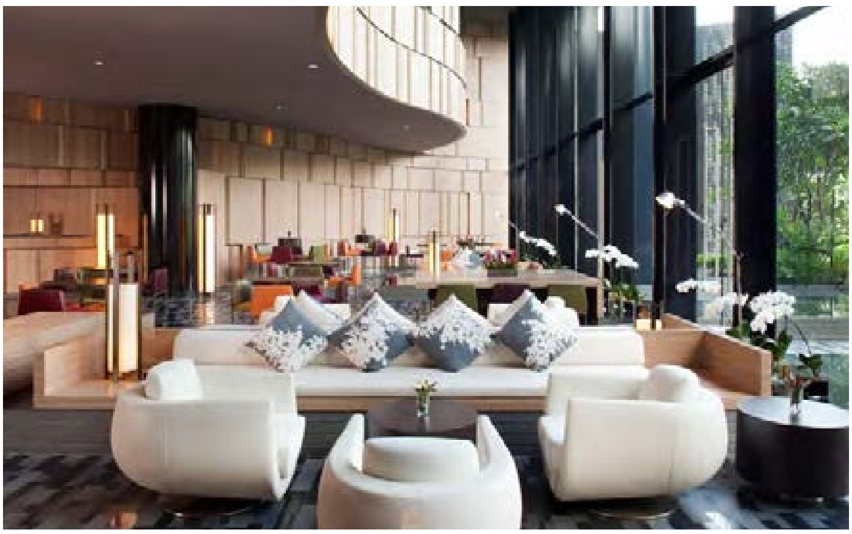
MASTER LEASE DETAILS
Master Lessee:
OUE Airport Hotel Pte. Ltd.

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

Lease rental:
Variable rent comprising sum of:

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

subject to minimum rent of S$22.5 million per annum[3]



Notes:
1 Based on valuation carried out by Savills Valuation and Professional Services (S) Pte Ltd as at 31 December 2022. Valuation was determined by Income Capitalisation Method, Discounted Cash Flow Analysis and Direct Comparison Method
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INDEPENDENT MARKET REVIEW

SINGAPORE

BY CBRE

SINGAPORE ECONOMIC OVERVIEW

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

2022 began with a global economic recovery from the COVID-19 pandemic, which had been prevalent over the past two years. The recovery was driven by the reopening of international borders and the growing global adoption of the vaccination programme. However, the onset and extended nature of the Russia-Ukraine conflict, coupled with China's Zero-COVID policy had collectively impacted global supply chains, disrupted global energy supply and drove up commodity prices as well as utility costs. The ensuing inflation has resulted in steep interest rate hikes by many central banks globally, including Singapore.

Against the backdrop of these global factors affecting Singapore, the Ministry of Trade and Industry ("MTI") announced that Singapore's GDP grew by 3.6% for the whole of 2022, moderating from the 8.9% growth in 2021.

For the full year 2022, the services and goods producing industries posted growths of 4.8% and 2.9%, respectively. All sectors within the services producing industry registered full year expansions, with food and beverage services being the best performing sector with an 18.2% growth, accelerating from the 1.8% growth in 2021. Growth within the sector was attributed to the strong expansions in sales volumes in food caterers, restaurants and fast food outlets, supported by the reopening of international borders and easing of COVID-19 restrictions. In the same period, some of the better performers included the real estate, information & communications and retail trade sectors which saw growths of 14.1%, 8.6% and 8.4%, respectively.

Additionally, the administrative & support services and accommodation sectors saw a turnaround from the contraction in 2021, and grew 6.6% and 0.5% in 2022, respectively. The growth in each sector was contributed by the robust recovery in tourism-related sub-segments and international visitors respectively. Similarly, the transportation & storage sector also benefitted from the tourism recovery and expanded 4.0% in 2022.

Amongst the goods producing industry, the construction sector grew 6.7% for the full year 2022, moderating from the strong growth of 20.5% in 2021. Output in the sector was supported by an increase in both public and private sector construction works. On the other hand, the manufacturing sector expanded 2.5% for the full year 2022, slower than the 13.3% growth in 2021. Growth was buoyed by output expansion across most manufacturing clusters but was slowed down by the contractions in the chemicals and biomedical manufacturing clusters.

The labour market tightened in 2022, with manpower demand rising in consumer-facing industries with the easing of COVID-19 restrictions. Singapore's overall seasonally adjusted unemployment rate remained low at 2.0%[1] as at December 2022, decreasing by 0.4 percentage points ("ppt") on a year-on-year ("YoY") basis based on preliminary estimates.

In 2022, all items inflation rose to 6.1%[2] amid supply chain disruptions, as well as the effects of the COVID-19 pandemic. Transport, food and household & utilities were major drivers of inflation, representing increases of 16.4%, 5.3% and 5.2%, respectively in 2022.

To increase support for public expenditure, the government has started raising the Goods and Services Tax ("GST") progressively from 7% to 9% over 2023 and 2024[3]. In order to help Singaporeans cushion the impact of the progressive GST hikes, a S$6.6 billion Assurance Package was also announced in Budget 2022. Additionally, in response to the continued challenging economic environment, the government unveiled another support package of S$1.5 billion to provide immediate and targeted relief for the lower-income and more vulnerable groups. As of 13 February 2023, Singapore lowered its Dorscon (Disease Outbreak Response System Condition) level from yellow to green, signalling the stabilising of the COVID-19 situation.

Economic Outlook

Looking ahead, uncertainties around the pandemic and major economies could continue to weigh on the global economy but some tailwinds are expected to soften the impact. Tighter monetary policies in the US

Notes:

[1] Labour Market Advance Release 2022, Ministry of Manpower, 31 Jan 2023 (https://www.mom.gov.sg/newsroom/press-releases/2023/0131-labour-market-advance-release-2022)

[2] Singapore Consumer Price Index, Department of Statistics Singapore, 25 January 2023 (https://www.singstat.gov.sg/-/media/files/news/cpidec2022.ashx)

[3] GST will be raised to 8% on 1 January 2023 and 9% on 1 January 2024

and Eurozone due to elevated levels of inflation could potentially impact consumption. In addition, while global supply has recently stabilised amidst softening global demand conditions, any further escalation of geopolitical tension between Ukraine and Russia could further exacerbate supply chain disruptions, disrupt global trade as well as dampen business and consumer confidence. The potential slowdown of the broader global economy could also have an impact on the growth of outward-oriented sectors within Singapore's economy, such as semiconductors, wholesale trade and water transport.

On a brighter note, tailwinds could extend some support to the global economy. Despite weakened global demand and uncertainties in its property market, the faster-than-expected relaxation of China's borders and its potential economic recovery could have a positive spillover effect on Singapore. In addition to China, the potential growth in key Southeast Asian economies could contribute to the growth of Singapore's aviation sector as well as service sectors related to tourism. On the balance of the global and domestic economic environment, MTI has forecasted Singapore's economy to grow by 0.5% to 2.5% in 2023.

In 2023, hiring optimism in Singapore's labour market could be slightly dampened due to concerns of an economic slowdown. However, employers are still prepared to gear up for growth with hiring demand likely to be potentially driven by sectors such as finance, real estate, energy & utilities, and consumer goods & services.

Meanwhile, inflation is expected to remain high for at least the first half of 2023 due to the GST hike, with the Monetary Authority of Singapore ("MAS") projecting overall inflation in 2023 to reach between 5.5% and 6.5%. Inflation may taper in the latter half of the year as supply chain disruptions and the surge of energy prices are expected to ease. 01

OFFICE MARKET OVERVIEW

Existing Supply

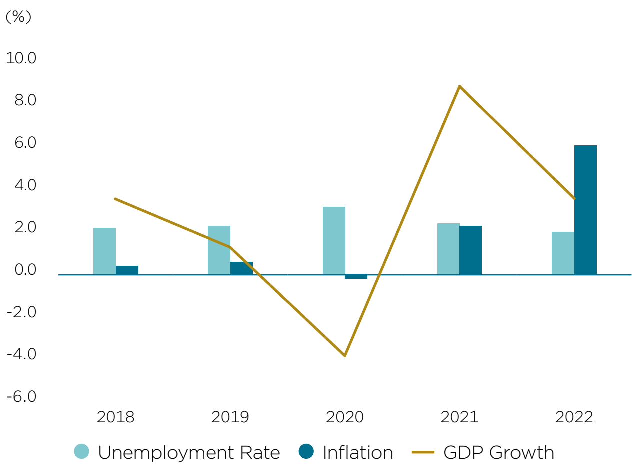
As of 4Q 2022, island-wide office stock totalled 62.5 million square feet ("sq ft"). The Central Business District ("CBD") Core accounts for 32.0 million sq ft (51.2%) of island-wide office stock, out of which 14.8 million sq ft is Grade A CBD Core office space. CBD Fringe office stock stood at 15.9 million sq ft (25.4%).

In 2022, an estimated 1.0 million sq ft of office stock was completed. Significant completions included Guoco Midtown (0.7 million sq ft) and the redevelopment of Hub Synergy Point (0.1 million sq ft) in the CBD Fringe. However, additions to the office stock were largely offset by the withdrawal of AXA Tower for its impending redevelopment this year.

Future Supply

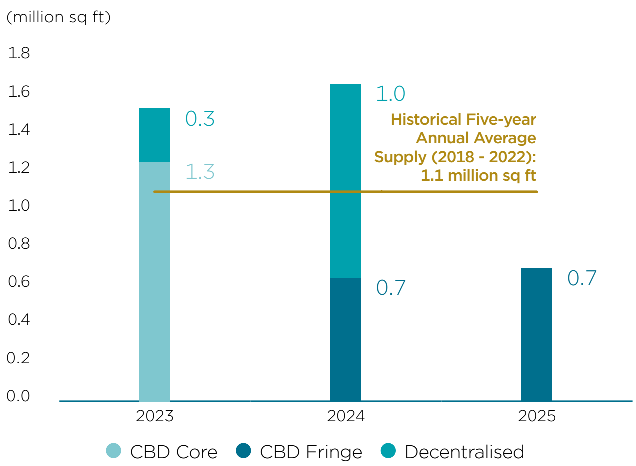
From 2023 to 2025, island-wide new office supply is projected at 3.9 million sq ft. By submarket, the CBD Core accounts for 32.2% of the pipeline, while the CBD Fringe accounts for 34.6%. Average annual office supply from 2023 to 2025 is approximately 1.3 million sq ft, slightly higher than the five-year historical average annual supply (2018 to 2022) of 1.1 million sq ft.

01 GDP GROWTH, UNEMPLOYMENT RATE, INFLATION



Source: Singstat, MTI, MOM, 4Q 2022

02 ISLAND-WIDE FUTURE OFFICE SUPPLY (2023 – 2025)



Source: CBRE Singapore, 4Q 2022

INDEPENDENT MARKET REVIEW

SINGAPORE

In 2023, approximately 1.5 million sq ft of supply is expected to come on stream. This includes the completion of IOI Central Boulevard Towers (1.3 million sq ft), the only new supply coming into the CBD Core in the next three years. Approximately 0.7 million sq ft of office space is scheduled to enter the CBD Fringe market in 2024, with 333 North Bridge Road (<0.1 million sq ft) and Keppel South Central which is the redevelopment of Keppel Towers and Keppel Towers 2 (0.6 million sq ft). For 2025, an estimated 0.7 million sq ft of office space is expected to come on market in the CBD Fringe, mainly from the redevelopments of Shaw Tower (0.4 million sq ft) and Fuji Xerox Towers which will be renamed Newport Tower (0.3 million sq ft). 02

The requirements for office spaces are gradually changing as more occupiers are adopting the hybrid workplace model. Recognising this shift, developers may look to leverage on the CBD Incentive ("CBDI") and Strategic Development Incentive ("SDI") Schemes aimed at redeveloping and rejuvenating older assets, which will contribute to the tightening of office supply in the CBD. Further, there are no new Government Land Sales ("GLS") sites with a major office component in the CBD under the 1H and 2H 2022, as well as the 1H 2023 GLS Programme.

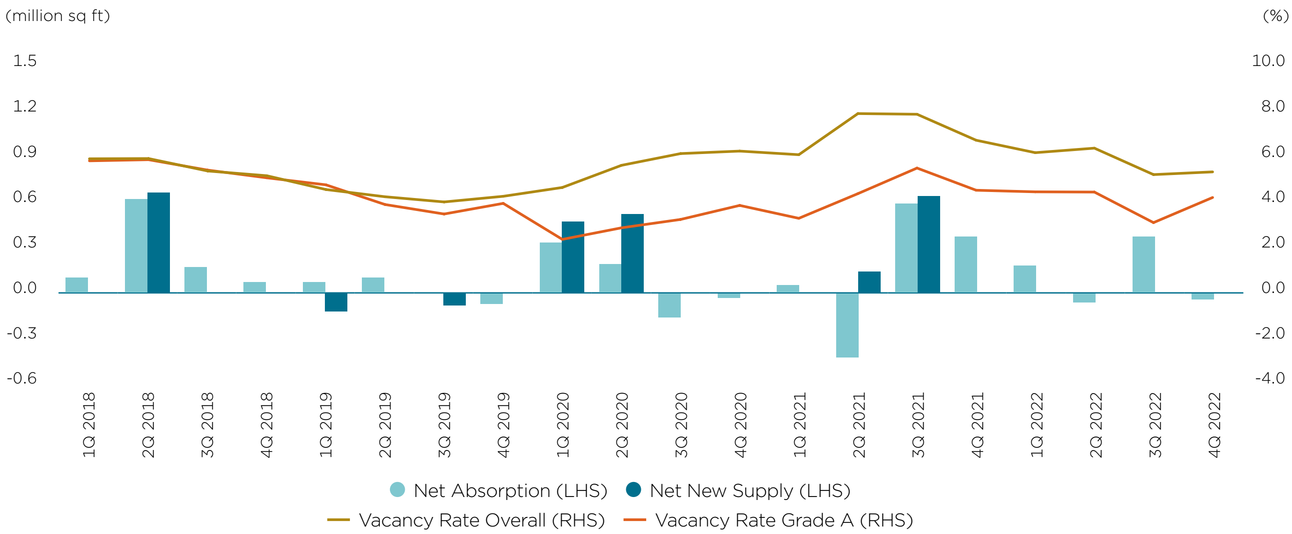
Demand and Vacancy

The positive momentum of office demand towards the end of 2021 carried over into 2022, especially as Singapore lifted workplace restrictions, allowing 100% of employees to return to the office from 26 April 2022. Flight-to-quality persisted amidst the adoption of hybrid work arrangements and the recalibration of office space requirements. While there was some rightsizing and consolidation across various sectors, renewal and expansion activities have been robust. Key demand drivers for most of 2022 were the technology, flexible workspace and non-bank financial sectors.

However, recent consolidations in the technology sector following mass layoffs and hiring freezes, and the increased caution amongst flexible workspace operators due to rising business costs and economic uncertainty, have led to a slowdown in leasing activities amongst these sectors. Leasing activities in 4Q 2022 were primarily driven by the legal sector, Fast-Moving Consumer Goods ("FMCG") and non-bank financial companies. Meanwhile, the traditional banking sector continued to contract in 2022.

The CBD Core recorded positive net absorption of 0.4 million sq ft for the whole of 2022. This was mainly attributable to expansions and new set-ups in growth sectors as well as limited availability of space, especially in the Grade A CBD Core submarket. Against the strong positive net absorption, the CBD Core vacancy rate fell 1.4 ppt YoY to 5.3% in 4Q 2022. 03

03 **CBD CORE OFFICE SUPPLY AND DEMAND**



Source: CBRE Singapore, 4Q 2022

While hybrid work arrangements are likely to stay, leasing demand in 2022 has been resilient, a testament that the physical office still plays an integral role in the workplace ecosystem. In anticipation of global economic uncertainties, occupiers could grow more cautious in their expansion plans. However, the longer-term outlook for the Singapore office sector continues to be optimistic, considering its strong fundamentals and relatively tight future supply.

In addition, with the shift towards sustainability, green leases are increasingly being adopted. While this is already a trend with landlords of new developments looking to maintain their green certifications, landlords of older buildings are increasingly striving to incorporate such leases on a longer-term basis. Among matured markets globally, CBRE observes a possible 2% to 8% premium for green commercial buildings.

Rental Values

Prime rents continued to increase on the back of return-to-office demand and healthy building occupancies. Grade A CBD Core rents grew for the seventh consecutive quarter to $11.70 per sq ft ("psf") per month in 4Q 2022, rising 0.9% quarter-on-quarter ("QoQ") and 8.3% YoY. It has surpassed the pre-pandemic peak of $11.55 psf per month in 4Q 2019. However, the accelerated pace of rental increases observed in the first three quarters of 2022 had slowed in 4Q 2022 due to rising global macroeconomic headwinds and a slowdown in the technology sector. As a result, barring service charge increases to mitigate rising utility costs and inflationary pressures, rents are generally projected to hold firm in 2023. 04

Capital Values

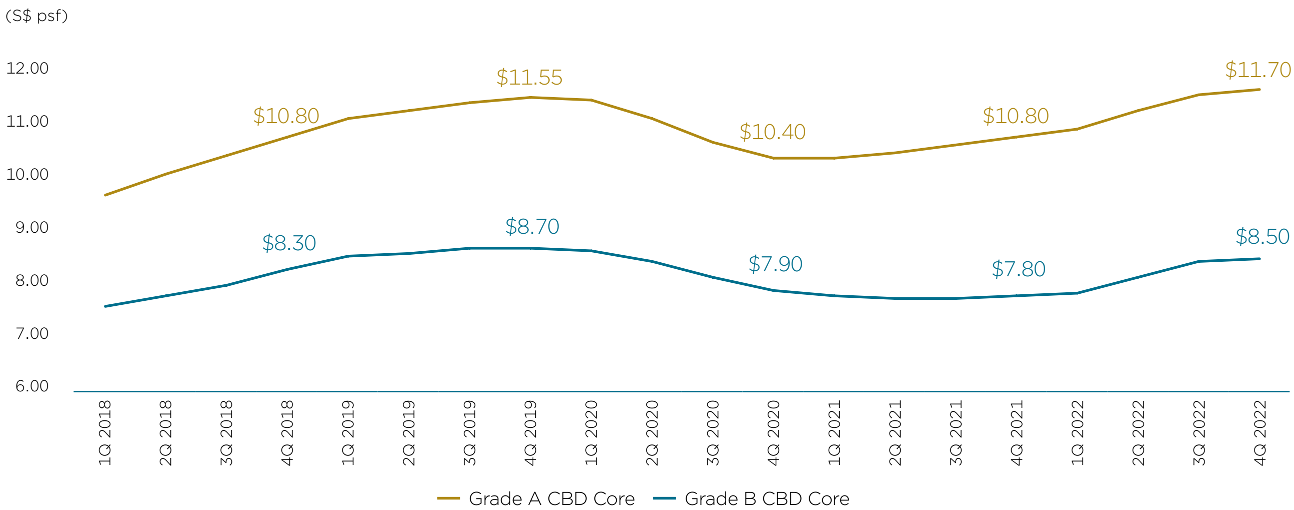
Office investments totalled S$7.3 billion in 2022, representing a 53.6% YoY increase, underpinned by improved investor sentiment, particularly in 1H 2022.

Grade A CBD Core capital values expanded by 3.4% YoY to S$3,050 psf in 4Q 2022, though this growth was mainly observed in 1H 2022. In the same period, Grade A CBD Core net spot yields also rose 11 basis points ("bps") YoY to 3.6%. Going forward, capital values are anticipated to remain resilient even as investors adopt a wait-and-see approach amidst the faster-than-expected interest rate hikes and global economic uncertainties. With ample liquidity and strong market fundamentals, the mid- to long-term outlook for office assets remains positive. 05

Office Market Outlook

The office sector saw a strong performance in 2022, but market sentiment started to turn cautionary towards the end of the year. The slowdown in demand from larger occupiers, especially in the technology sector, is expected to carry forward into 2023. While the technology sector has traditionally been a dominant force and accounted for approximately 35% of leasing demand among the top 10 sectors in 2022, expansion

04 GRADE A CBD CORE AND GRADE B CBD CORE MONTHLY RENTAL VALUES



Source: CBRE Singapore, 4Q 2022

INDEPENDENT MARKET REVIEW

SINGAPORE

activity is likely to ease due to cost cutting measures. The amount of shadow space is also expected to increase notably in the short term, given that some technology companies have offered their office spaces on an early surrender basis.

Leasing demand in 2023 is likely to be more broad-based. Given Singapore's status as a key financial and wealth management hub, foreign non-bank financial companies are increasingly interested in locating their headquarters in Singapore, and sectors such as private wealth and asset managers have been expanding. This has also created higher demand for supporting industries such as legal & tax advisory, real estate and insurance sectors. While these represent potential demand, their requirements are usually mid-sized and therefore, may not be sufficient to address the shortfall from the technology sector's weakening demand. However, with improved consumption levels driven by the tourism sector recovery, the FMCG sector is expected to continue seeing good traction. Office demand will also continue to be supported by tenant displacement from planned redevelopments.

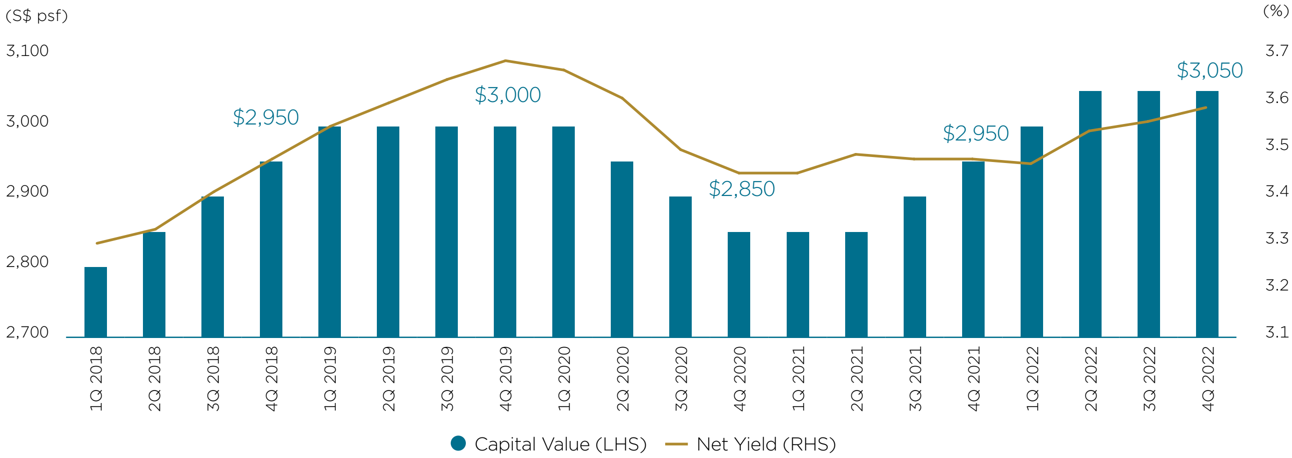
Looking ahead, the softer market conditions in 2023 could be an opportune time for occupiers to reset and reassess their office requirements, in light of the recovery from the pandemic, inflationary pressures and higher business costs. In particular, flight-to-quality will persist as companies continue to be more aware of employees' health and wellness post-pandemic. Additionally, some occupiers who were inclined to lower their footprint may take the opportunity to upgrade to smaller but better quality offices. These occupiers may consider alternatives such as shadow spaces that have been given up by technology companies. As the two-tier market emerges, it could encourage more landlords to undertake Asset Enhancement Initiatives ("AEIs") to unlock the value of their assets in the longer term, which will enhance the overall quality of office buildings in the CBD.

Given the extensive adoption of hybrid work arrangements, office utilisation has stabilised between 70% and 80%. Although many occupiers are adopting hot-desking and other forms of flexible seating to maximise efficiency, there is no one-size fits all approach. The challenge that lies ahead would be accommodating to the needs of employees to cater to productivity, engagement and the culture of various companies.

Moving forward, CBRE expects a slight increase in Grade A CBD Core rents in 2023, largely contributed by the service charge increases that landlords will effectively price in from the start of the year. Meanwhile, vacancy rates could likely rise on the back of potentially weaker demand conditions in 2023.

Despite the short-term uncertainties, the technology sector is anticipated to grow over time as Singapore remains a regional technology hub. In the longer term, the office outlook and rental growth prospects continue to be positive, as future supply is relatively low and vacancy rates remain relatively tight. Even as the office market recalibrates with the shifts in demand and changing trends, Singapore will remain as one of Asia Pacific's ("APAC") key business hubs of choice.

05 **GRADE A CBD CORE OFFICE CAPITAL VALUE AND NET YIELD**



Source: CBRE Singapore, 4Q 2022

RETAIL MARKET

Overview

While the retail sector continued to face headwinds caused by the uncertainties surrounding the global economy and nature of the COVID-19 pandemic, there was a pickup in retail activities and shopper traffic, as well as the return of tourist spending, which supported the gradual recovery of the retail market in 2022.

As Singapore continued to transition towards endemic living and had eased most of its COVID-19 restrictions in 2022, the total Retail Sales Index[4] (excluding motor vehicles) expanded by 5.8% YoY in December 2022. This was also on the back of the return in tourist spending and front-loading of big ticket purchases ahead of the GST hike from 1 January 2023. Optimism from the previous quarter as a result of the Formula One Singapore Grand Prix and Meetings, Incentives, Conventions and Exhibitions ("MICE") events had spilled over into 4Q 2022, coupled with the expected increase in sales during the year-end festive season.

Boosted by stronger demand, certain retail trade types recorded YoY increases in sales in December 2022. These included food & alcohol (27.8%), watches & jewellery (19.2%), wearing apparel & footwear (16.5%), and cosmetics, toiletries & medical goods (11.5%). In contrast, sales in supermarkets & hypermarkets (-5.6%) and mini-marts & convenience stores (-4.4%) declined YoY over the same period.

The Food & Beverage ("F&B") Index[5] grew by 5.9% YoY in December 2022, moderating from the 16.2% YoY growth in the previous month. Most sectors within the F&B industry registered a positive YoY growth except for restaurants. The strongest growth was seen in food caterers (102.2%), largely due to the higher demand for both in-flight and event catering spurred by the easing of restrictions on large-scale events and international travel. Conversely, restaurants contracted by 2.7% YoY in December 2022.

As consumer shopping habits shifted toward the online space post-pandemic, the overall proportion of online retail sales (excluding motor vehicles) remained elevated. While both online retail sales (excluding motor vehicles) and F&B sales declined slightly by 1.9 ppt and 5.6 ppt YoY to 14.2% and 22.8% respectively in December 2022, they remained above the pre-COVID level of 7.6% and 10.2% in December 2019.

Retail Trends

Omnichannel and Digital Wallets

Brick and mortar stores saw a pickup in shopper traffic, following the relaxation of Safe Management Measures ("SMMs"). However, e-commerce continues to be an indispensable element of retail and a complement to offline channels, providing consumers with a seamless shopping experience.

Digital wallets, bank transfers and "Buy Now, Pay Later" ("BNPL") payment methods have been growing rapidly in Singapore, with their growth expected to continue through 2025. Many e-commerce platforms have started introducing their own digital wallets and are growing their partnerships with BNPL providers like Atome, Pace and PayLater by Grab, to create an integrated and vibrant e-commerce ecosystem.

Experiential Retail

Throughout the pandemic, consumers' expectations of the retail experience have risen. In response, many landlords have introduced placemaking events and programmes to attract shoppers. For example, Mandarin Gallery, in collaboration with Victoria's Secret and the Breast Cancer Foundation, hosted a talk to educate and raise awareness on breast cancer. One Raffles Place organises weekly exercise classes like Zumba and Trampoline Fitness, in which the public can sign up for free through the Healthy 365 platform.

Pop-up concept stores continued to be one of the key retail trends in 2022 and its popularity is expected to spill over into 2023. They serve as a testbed for retailers to experiment with new concepts, and are beneficial for those who are hesitant to commit to large investments amid the current volatile and uncertain economic environment. Some examples include Jentle Garden, Le Matin and Miracle Coffee.

Notes:

4 Retail Sales Index (2017=100), in Chained Volume Terms (seasonally adjusted), Monthly, SA (SSIC 2015 Version 2018) https://tablebuilder.singstat.gov.sg/table/TS/M601872

5 Food & Beverage Services Index (2017=100), in Chained Volume Terms, Monthly, Seasonally Adjusted (https://tablebuilder.singstat.gov.sg/table/TS/M601882)

INDEPENDENT MARKET REVIEW

SINGAPORE

Sustainability

With growing consciousness about the environment, shoppers' consumption behaviour and their purchase decisions are increasingly influenced by their sustainability footprint. For instance, CBRE's Global Consumer Survey 2022 revealed that over half of consumers in Singapore have chosen to support local businesses by buying locally produced products or shopping at independent retailers.

New initiatives such as "Naked Shopping", where shoppers bring their own containers to reduce the use of disposable packaging, are growing in popularity. "Fashion Rental Revolution" is another sustainable and cost-efficient initiative where shoppers rent instead of buying, with a goal to reduce fashion waste and one's carbon footprint.

Tenants and landlords are increasingly working together to fulfil their respective commitments towards the reduction of energy, water and waste through the adoption of green leases. Buildings with green or sustainability credentials are generally preferred by tenants and can possibly command a premium over buildings without it. Looking ahead, evolving lifestyle habits, coupled with the increasing awareness and importance of sustainability, will continue to affect the consumption patterns and behavioural trends of shoppers.

Tenant Mix

Leasing activity remained stable in the first half and picked up in the latter half of 2022, on the back of the recovery of the retail sector. With the return of tourism and the recovery of the hospitality industry, retail spaces near and within hotels saw an uptick in interest from tenants, particularly from the F&B sector, as they sought to capitalise on the increased footfall from tourists. Examples of new establishments include Nobu Restaurant at Four Seasons Hotel, Sol & Ora at The Outpost Hotel, Las Palmas at Courtyard by Marriott Singapore Novena and Café Natsu at Clemenceau Citadines Connect Hotel. Supermarkets, gyms and athleisure retailers have increased their presence as well to capitalise on the economic recovery.

Existing Supply

As of 4Q 2022, total island-wide retail stock increased 0.6% YoY to 67.1 million sq ft, of which private retail stock represented 74.4% or 49.9 million sq ft of total retail stock. In 2022, construction of new projects faced delays due to supply chain disruptions and manpower shortages. As a result, projects that were initially scheduled to complete in 2022, including Shaw Plaza Balestier, Sengkang Grand Mall, 8 Club Street and iMall, were delayed to 2023. The total new completions for 2022 was estimated at 0.1 million sq ft, contributed by the completion of Grantral Mall @ Macpherson and addition and alteration works ("A&A") at Wilkie Edge.

Orchard Road[6] maintained its position as Singapore's pre-eminent shopping belt, flanked by a large number of high-end shopping centres housing flagship stores from international brands. In 4Q 2022, private retail stock in Orchard Road rose marginally by 0.4% YoY to 7.3 million sq ft and accounted for 10.9% of the total island-wide retail stock. Contrarily, the Downtown Core[7] region saw a decline in private retail stock by 1.3% YoY to 7.4 million sq ft and accounted for approximately 11.1% of island-wide retail stock.

Future Supply

The total retail supply coming on stream between 2023 and 2025 is approximately 1.7 million sq ft, an average of 551,100 sq ft per annum. This remains slightly lower than the historical five-year annual average completion (2018 to 2022) of 616,700 sq ft. With continued challenges from the construction sector such as labour shortages and rising construction costs, several projects have been delayed from 2022 to 2023.

The redevelopment of Grange Road carpark is expected to complete in 2023, elevating the overall experience and vibrancy of Orchard Road, and strengthening its position as the pre-eminent shopping belt. In addition, an integrated board sports facility called Trifecta, the first facility in Asia to house three action sports arenas – surf, ski and skate, is also expected to open in the area. Going forward, the government's

Notes:

[6] The Orchard Road submarket is located within the Central Area. It is bounded by Claymore Road and Scotts Road to the north, the Central Expressway and Oxley Road to the east, Eber Road and Orchard Boulevard Road to the south, and Grange Road and Tanglin Road to the west

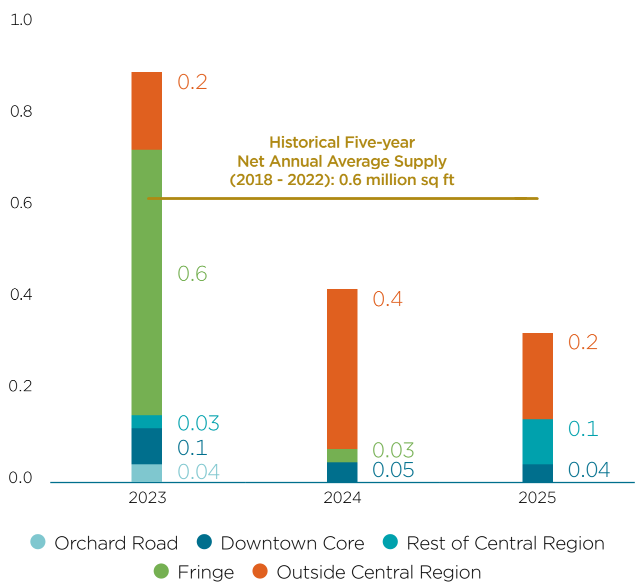
[7] The Downtown Core comprises the following subzones: Anson, Tanjong Pagar, Phillip, Raffles Place, Maxwell, Cecil, Central Subzone, Clifford Pier, Bayfront Subzone, City Hall, Bugis, Marina Centre and Nicoll

Somerset Belt Masterplan will further contribute to enhancing the programming and infrastructure in the precinct, supporting the rejuvenation of the Orchard Road submarket.

In the Downtown Core region, the future supply of retail space is limited and includes IOI Central Boulevard Towers, Guoco Midtown, Odeon Towers (A&A) and Keppel South Central. As these new developments serve different submarkets in relation to OUE C-REIT's existing assets, OUE C-REIT's One Raffles Place Shopping Mall will likely continue to be one of the largest retail developments within Raffles Place in the Downtown Core.

By submarket, the largest contributors of future supply from 2023 to 2025 are the Outside Central Region and Fringe submarkets, which will account for 42.8% and 36.6% of total future supply respectively. The Downtown Core, Rest of Central Region and Orchard Road submarkets will collectively account for the remaining 20.5% of future supply in the same period. 06

06 **ISLAND-WIDE FUTURE RETAIL SUPPLY (2023 – 2025)**



Source: CBRE Singapore, 4Q 2022

MAJOR FUTURE RETAIL SUPPLY (2023 – 2025)

	2023: (0.9 million sq ft)	2024: (0.4 million sq ft)	2025: (0.3 million sq ft)
Orchard Road	• Grange Road Carpark: 42,000 sq ft	• NIL	• NIL
Downtown Core	• Guoco Midtown: 50,000 sq ft • IOI Central: 30,000 sq ft	• Odeon Towers: 25,000 sq ft • Keppel South Central: 27,300 sq ft	• TMW Maxwell: 35,200 sq ft
Rest of Central Region	• 8 Club Street: 33,300 sq ft	• NIL	• CanningHill Square: 96,900 sq ft
Fringe	• iMall: 60,000 sq ft • Shaw Plaza: 67,500 sq ft • One Holland Village: 117,000 sq ft • The Linq: 25,100 sq ft • The Woodleigh Mall: 208,000 sq ft • Marine Parade Underground Mall: 99,800 sq ft	• Labrador Tower: 28,300 sq ft	• NIL
Outside Central Region	• Sengkang Grand Mall: 109,000 sq ft • Dairy Farm Mall: 32,300 sq ft • Komo Shoppes: 27,000 sq ft	• Pasir Ris Mall: 289,900 sq ft • T2 Airport: 64,600 sq ft	• Punggol Digital District: 185,000 sq ft

Source: CBRE Singapore, 4Q 2022

INDEPENDENT MARKET REVIEW

SINGAPORE

Demand and Vacancy

With the resumption of economic activities and the reopening of international borders, retailers are cautiously optimistic of the eventual return of tourist spending. The pandemic has significantly raised the retail expectations of consumers and landlords are likely to seek ways to inject freshness and strong placemaking elements to attract footfall. These include activity-based tenants, pop-up stores, supermarkets with niche concepts and omnichannel fashion retailers.

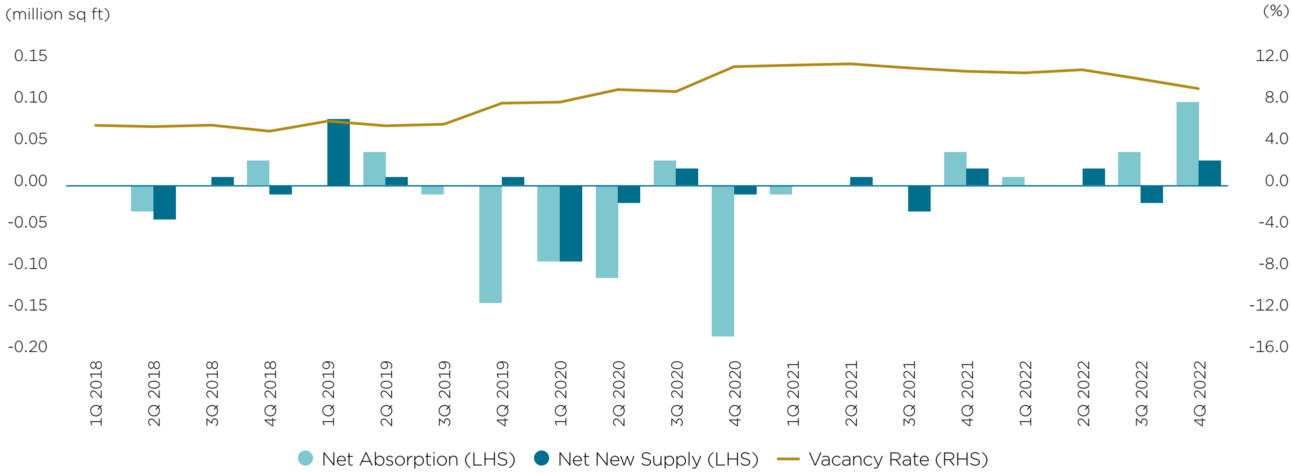
The number of new openings and expansions, mainly by the F&B, athleisure and fashion sectors, had led to a positive net absorption. The return of tourists is likely to spur further demand for retail spaces, especially within tourist-dependent submarkets like Orchard Road. Meanwhile, with office workers returning to their workplaces, retail malls located within the vicinity of office submarkets have since seen an increase in footfall, incentivising retailers to commit to Downtown Core retail spaces. The vacancy rate in Orchard Road declined 1.7 ppt YoY to 9.3% in 4Q 2022, while the Downtown Core market recorded a decline in vacancy rate by 0.9 ppt YoY to 10.1%, a third consecutive quarter of contraction. 07 08

Singapore was ranked as the second top destination in APAC for cross-border expansion, up from third place last year. According to CBRE's 2023 APAC Retail Flash Survey, 71% of respondents aim to open more stores in 2023, displaying a strong appetite for expansion going forward.

Rental Values

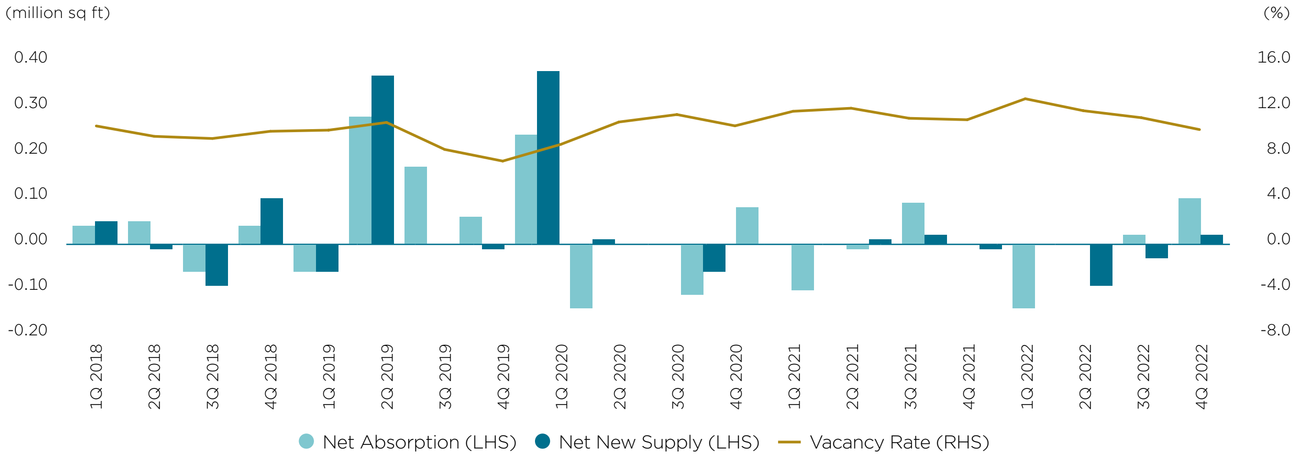
While the retail market continued to improve in 2022, the momentum was hindered by ongoing inflation and

07 **ORCHARD ROAD SUPPLY AND DEMAND**



Source: CBRE Singapore, 4Q 2022

08 **DOWNTOWN CORE SUPPLY AND DEMAND**



Source: CBRE Singapore, 4Q 2022

manpower shortages. The rise in service charges had also led to incremental increases in rental values in 4Q 2022. On the balance of these various factors, coupled with recovering visitor arrivals, Orchard Road rents began to rise in 3Q 2022, following four consecutive quarters of unchanged rents. Rents along Orchard Road grew 0.3% QoQ and 1.0% YoY to S$34.55 psf per month in 4Q 2022. Retailers remained cautiously optimistic amidst the return of tourism spending as well as the ongoing global economic uncertainties.

Meanwhile, the increase in footfall in the Fringe areas supported the recovery of retail spaces within the submarket. Other City/City Fringe rents expanded for two consecutive quarters, recording a 0.9% QoQ growth and 1.5% YoY growth to S$16.75 psf per month in 4Q 2022, following a 0.9% YoY contraction in 2021.

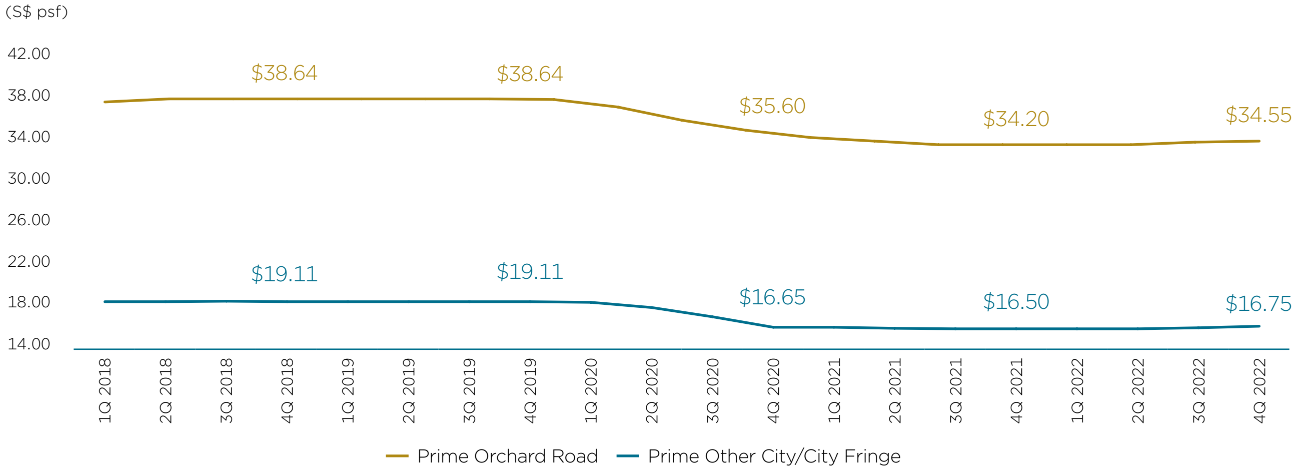
In light of the ongoing global economic difficulties, an improvement in global and domestic mobility combined with a below-historical average new retail supply in the coming years are expected to support the overall recovery of retail rents in 2023. 09

Capital Values

Following the road to recovery in 2021, investment transactions in 2022 grew five-fold to S$5.1 billion, primarily due to the previous year's low base. Orchard Road capital values increased by 0.7% YoY to S$7,350 psf in 4Q 2022, while net yields decreased by 3 bps to 4.8% in the same period.

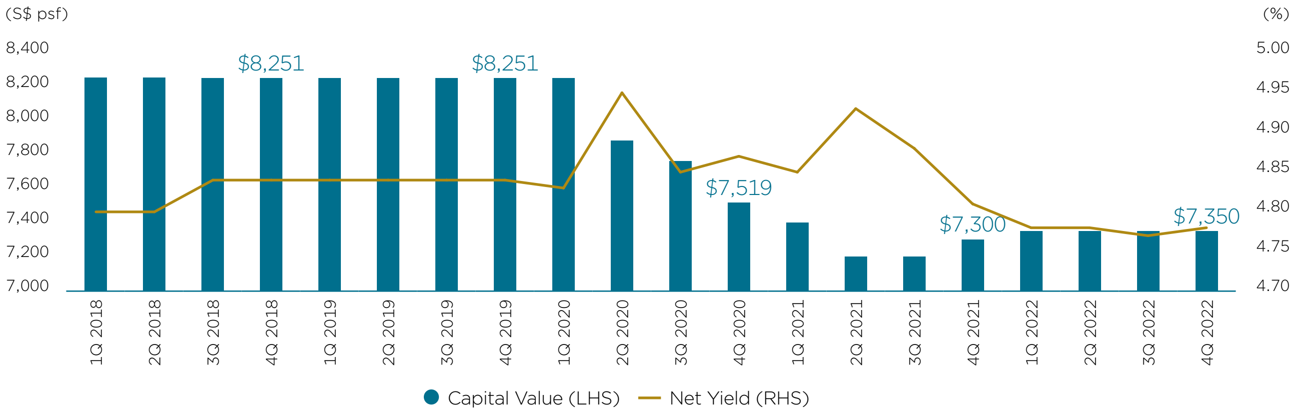
Going forward, while investors are expected to recalibrate their pricing expectations, CBRE expects capital values to remain resilient. However, yields are anticipated to experience a slight uptick in the meantime, in response to the short-term uncertainties amongst heightened interest rates and financing costs. 10

09 PRIME ORCHARD ROAD AND PRIME OTHER CITY/CITY FRINGE MONTHLY RENTAL VALUES



Source: CBRE Singapore, 4Q 2022

10 ORCHARD ROAD CAPITAL VALUE AND NET YIELD



Source: CBRE Singapore, 4Q 2022

INDEPENDENT MARKET REVIEW

SINGAPORE

Retail Market Outlook

With the growing emphasis on experiential retail, the Singapore Retailers Association and Enterprise Singapore have developed plans to support retailers in creating personalised retail experiences, with a focus on fostering new experiential concepts and developing talent. Landlords are also encouraged to comply with the Code of Conduct, which will give retailers more confidence in lease agreements. These are expected to boost the appeal of the retail industry in the years to come.

While landlords have continued to raise rents amid improved shopper traffic and retail sales, key challenges continue to loom in the economy. In the near term, retailers may continue to face challenges such as manpower shortages, higher operating costs, ongoing competition from e-commerce, an economic slowdown and a GST hike. Persistent inflation and rising interest rates would also continue to weigh on market sentiment. In addition, the possible emergence of new COVID-19 variants, geopolitical tensions, and the resulting supply chain disruption could pose additional challenges to Singapore and the retail market. Nonetheless, retailers remain cautiously optimistic about the retail outlook on the back of improved mobility and the return of tourist and office crowds.

Going forward, the recovery in tourism spending is likely to extend some support to the retail sector. The reopening of China's borders, the largest source of overseas visitors in 2019 before the pandemic, is expected to boost retail sales in tourist-dependent submarkets like Orchard Road. Similarly, malls in the Downtown Core area will continue to benefit from the increase in footfall on the back of return-to-office arrangements. Overall, CBRE anticipates retail rents in 2023 to experience a sustained recovery, on the back of improved mobility and a below-historical average new retail supply over the next few years.

HOTEL MARKET

Tourism Market Overview

With the reopening of borders to vaccinated travellers since 1 April 2022 and the easing of most SMMs by October 2022, total visitor arrivals for 2022 reached 6.3 million, an 18.1-fold increase over 2021. Although 2022 visitor arrivals remained significantly lower than 2019 (about 67.0% lower than 2019 levels), it surpassed the Singapore Tourism Board's ("STB") forecast of between four and six million visitors. In turn, Changi Airport handled 32.2 million passengers in 2022, recording a 9.6-fold increase over 2021. Tourism receipts from January to September 2022 had also increased by 6.5 times over the same period in 2021, standing at S$9.0 billion.

The increase in arrivals reflects the strong efforts by STB to boost tourism growth. STB continues to market and keep Singapore in the minds of travellers and rebuild demand with various initiatives, including organising major events in 2022 such as Food and Hotel Asia, ITB Asia, Singapore Fintech Festival, Formula One Singapore Grand Prix, Tour de France, Christmas Wonderland, Christmas Lights at Orchard, Marina Bay Countdown and ZoukOut Singapore.

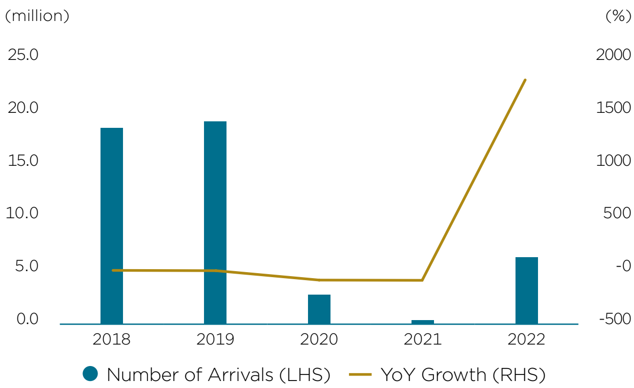
It is expected that as China pivots away from zero-COVID policies, its much anticipated reopening would benefit the broader Asia region in 2023 and possibly soften the impact of a global recession on major economies in Asia including Singapore. With a steady pipeline of major events and Singapore's status as a top leisure and business destination in the region, we envisage the tourism sector to continue its path to recovery in the year ahead. 11

Existing Supply

Upscale and Luxury hotels are predominantly located within the Downtown Core, Orchard Road shopping belt and Sentosa Island, while Midscale and Economy hotels are distributed across Rochor, the Singapore River and the East Region. There are fewer hotels in the West Region compared to the East.

In 2019, URA introduced the CBDI Scheme aimed at encouraging the conversion of existing and older office buildings into mixed-use developments to rejuvenate the CBD and this involved the conversion to hotels where applicable. With the changing dynamics of the hospitality industry and rise of new age travellers, there

11 **VISITOR ARRIVALS TO SINGAPORE**



Source: STB, CBRE Hotels, 4Q 2022

has been a growing trend of hotel owners and operators moving away from traditional cookie cutter hotels to incorporate more communal spaces for interaction between guests.

The hotel market has seen limited new supply in the last two years due to the pandemic. As at 2022, there were approximately 70,595 rooms in the market, an increase of approximately 2,575 rooms from 2021. New openings in 2022 included the two Citadines branded properties from Ascott, Citadines Connect City Centre and Citadines Connect Rochester, both of which have hotel licenses. Garden Pod @ Gardens by the Bay also opened in 2022, giving tourists a new and creative alternative to a typical hotel. Other openings seen in the market were mostly rebranded hotels, such as Hotel Telegraph (formerly Sofitel So Singapore), Vibe Singapore Orchard (formerly Elizabeth Hotel), Pullman Singapore Orchard (formerly Park Hotel Orchard), Paradox Singapore Merchant Court (formerly Swissotel Merchant Court), voco Orchard Singapore (formerly Hilton Singapore) and Momentus Hotel Alexandra (formerly Park Hotel Alexandra). The majority of new room openings were in the Orchard and Central (excluding Orchard) areas, contributing 28.4% and 43.9% respectively. The remaining comprised new rooms in the Downtown Core and Fringe areas at 5.4% and 22.4%, respectively.

With the pandemic having exerted significant pressure on hotel cashflows, CBRE observed that owners and investors had considered alternative uses. For example, the recent transactions of properties such as the 29-key Malacca Hotel, the 46-key Amber Hotel and Amber Hotel Katong as well as the 27-key Gay World Hotel were all acquired with a view to being redeveloped into co-living facilities.

Future Supply

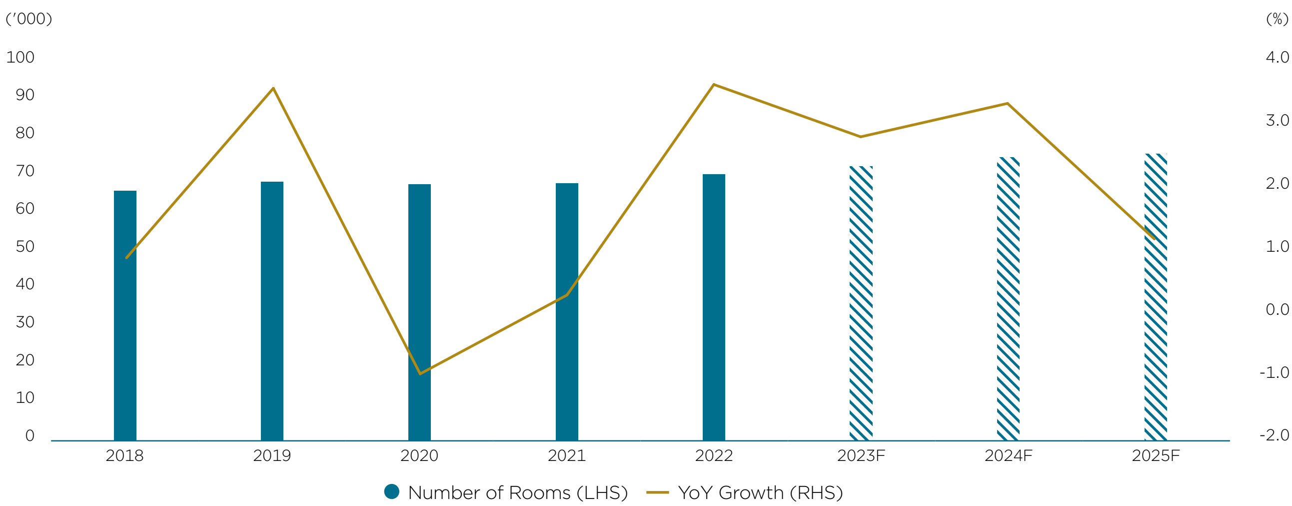
The new room supply pipeline is expected to remain muted with a compound annual growth rate ("CAGR") of 2.6% between 2023 and 2025, compared to a pre-pandemic historical five-year CAGR of 4.4% between 2014 to 2019. We project approximately 6,000 keys to open between 2023 and 2025.

Identified key openings until 2025 include the 204-key The EDITION by Marriott, 62-key Raffles Sentosa Resort & Spa, 338-key Banyan Tree Mandai Park, 900-key Club Street Hotel, 142-key Artyzen Cuscaden, 143-key The Standard Singapore, 303-key Mondrian Singapore and the reopening of 677-key Grand Hyatt, among others. The bulk of future supply are in Orchard and Central (excluding Orchard) areas at 28.5% and 33.3%, respectively. The Downtown Core will contribute 28.5% of future room openings while the remaining 9.8% are in Fringe and Other areas.

Approximately 28.3% of the supply will be contributed by the Upscale and Upper Upscale segments, followed by Luxury at 26.2% and the Midscale and Upper Midscale at 18.5%. The rest of the pipeline consists of those in the Economy tier and those that have not engaged a hotel brand. This statistic is in line with what CBRE has observed in the APAC region where developers are looking to capitalise on the growing demand for upscale to high-end hospitality.

Increased construction costs due to supply chain issues and the increase in material and labour costs will weigh on the hotel supply in the medium term. 12

12 **NUMBER OF HOTEL ROOMS AND CHANGE**



Source: STB, CBRE Hotels, 4Q 2022

INDEPENDENT MARKET REVIEW

SINGAPORE

Hotel Market Performance

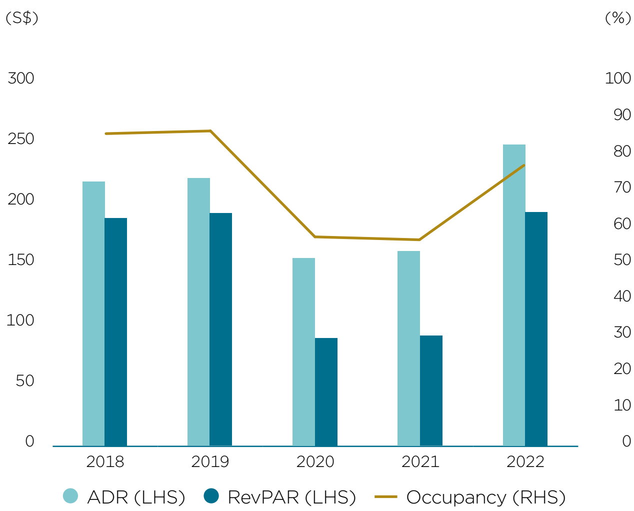
Over the past three years, the Singapore government had helped to support the hotel market performance, especially occupancy levels, as hotels participating in the Government Quarantine Facilities Programme were assured of 100% occupancy, albeit at a lower average daily rate ("ADR"). With the progressive reopening of Singapore's borders and the easing of SMMs over the course of 2022, as well as pent-up demand from the past three years, the overall hotel market achieved an ADR of S$249 in 2022, an increase of 12.8% YoY and 13.2% higher than in 2019. Similarly, occupancy was 77.4% in 2022, representing an increase of 20.5 ppt YoY. While occupancy of Singapore hotels is still below 2019 levels by approximately 9.5 ppt, it outperformed the occupancy of the overall APAC market (52.6% in 2022), reflecting the progressive reopening of Singapore's borders, strong marketing efforts from STB, and the effects of pent-up demand.

The growth momentum is expected to continue into 2023 on the back of increasing flight connectivity and capacity, as well as China's gradual reopening. The demand fundamentals remain strong, with the Luxury and Upscale hotel tiers seeing elevated activity and remaining popular among luxury travellers. 13

Hotel Investment Market

After a relatively quiet 2020 during which just one property changed hands, hotel investment activity picked up in 2021 and continued strongly into 2022 as investor sentiment towards hotels improved.

13 **HOTEL MARKET PERFORMANCE**



Source: STB, CBRE Hotels, 4Q 2022

Investment activity in 2022 totalled 16 hotel and serviced apartment transactions with an aggregate volume of S$1.5 billion. This is 27.5% higher than the combined investment volumes in 2020 and 2021, which recorded only five transactions, for a total investment value of S$78.4 million. Some of the largest transactions in 2022 were Orchard Hills (a mixed-use development which comprises a 168-key serviced residence, medical, office and retail components) for S$515.0 million and the Sofitel SO Singapore for S$240.0 million or S$1.8 million per room.

The investment activities had been primarily driven by conversion opportunities into mixed-use developments or co-living facilities. In addition to the potential redevelopments of Malacca Hotel, Amber Hotel/Amber Hotel Katong and Gay World Hotel, City Developments Limited also announced a major redevelopment of the Central Square site, which was acquired for S$315.0 million, into an integrated mixed-use project that will feature commercial, hospitality and serviced apartment components.

Hotel Market Outlook

Despite the global economic uncertainties, Singapore's economy had made a significant recovery, especially in the first half of 2022. This was mainly through the government's effective handling of the COVID-19 pandemic and the subsequent reopening of international borders. As a result, international tourism returned strongly on the back of pent-up demand and Singapore remained an attractive destination for leisure and business travels as well as new foreign direct investments. In 2023, Singapore continues to be well positioned to receive more business and leisure travellers, with between 12 and 14 million tourist arrivals expected for the year. STB also expects tourism receipts to increase to between S$18 and S$21 billion in 2023, which would be approximately two-thirds to three-quarters of 2019 levels. The medium-term growth outlook remains favourable and this further reinforces Singapore's attractiveness as a regional hub.

According to the latest forecast by the International Air Transport Association ("IATA") in December 2022, global passenger volume is expected to return to 2019 levels in 2024 and to expand significantly over the next twenty years. Further, the IATA expects the APAC region to be the fastest growing over the next twenty years, adding approximately 2.5 billion passenger trips by 2040, equating to an average annual growth rate of 4.5%. In addition, China's easing of COVID restrictions and reopening of borders should result in a positive impact on multiple fronts including increased leisure and business activities in Singapore.

Embracing Singapore for this recovery, STB continues to work actively with its tourism and MICE partners to market Singapore and reinforce its positioning as a destination of choice for travellers. The government will also be injecting S$100 million out of the S$500 million announced in April 2022 over the next two years to create and attract new product offerings and events. A compelling pipeline of infrastructure and tourism offerings includes the Mandai Makeover, rejuvenation of Sentosa and Pulau Brani, Changi Airport Terminal 5 and the expansion of both Integrated Resorts – Marina Bay Sands and Resorts World Sentosa.

However, CBRE does note that the future top line performance of hotels depend on a variety of factors including global economic conditions, the development of the COVID-19 pandemic and its variants, as well as the significant increase in operating expenses for hotel operators, particularly for labour and utilities. These will consequently affect the income stream and profitability for operators and owners. Increased construction costs due to supply chain disruptions, as well as the increase in material and labour costs will weigh on hotel supply in the medium term. Notwithstanding these uncertainties, the overall forward-looking market expectation is that of moderate long-term growth in a fundamentally sound economic environment.

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Heightened Market Volatility

We draw your attention to the fact that a combination of global inflationary pressures (leading to higher interest rates) and the recent geopolitical events in Ukraine, in addition to the on-going effects of the global COVID-19 pandemic in some markets, has heightened the potential for greater volatility in property markets over the short-to-medium term. Experience has shown that consumer and investor behaviour can quickly change during periods of such heightened volatility. Investment decisions should reflect this heightened level of volatility and caution is advised in this regard.

You should note that the conclusions set out in this report are current as at the date outlined only. Where appropriate, we recommend that market conditions are monitored closely, as we continue to track how market participants respond to current events.

INDEPENDENT MARKET REVIEW
SHANGHAI
BY CBRE

CHINA ECONOMIC OVERVIEW

GDP

Weakening external demand and strict measures to contain the spread of COVID-19 domestically overshadowed China's economic recovery in 1H 2022. During 3Q 2022, the State Council announced 19 new policies to stabilise economic growth. Measures included the provision of additional fiscal stimulus, business aid, and city-specific property policies. In addition, the five-year loan prime rate ("LPR") was cut continually over the year from 4.65% to 4.30%. Consequently, the full year annual GDP growth rate was just 3.0% YoY in 2022, one of the lowest annual growth rates in decades.

China's economy is mainly driven by the tertiary sector which comprises wholesale and retail trades, transportation, storage & post, financial institutions, real estate, accommodation and catering services. In terms of contributions to GDP, the tertiary sector accounted for 52.8% in 2022. The secondary sector, which includes mining, manufacturing, electricity, gas & water production and supply, as well as construction, collectively accounted for 39.9% of total GDP with the primary sector of agriculture, forestry, animal husbandry and fishery accounting for the remaining 7.3%.

CBRE expects economic growth to gain momentum in the coming months, supported by policies to stabilise the economy and the refinement of pandemic-control measures. This should ensure the further expansion of infrastructure investment and domestic consumption. 01

Disposable Income and Expenditure

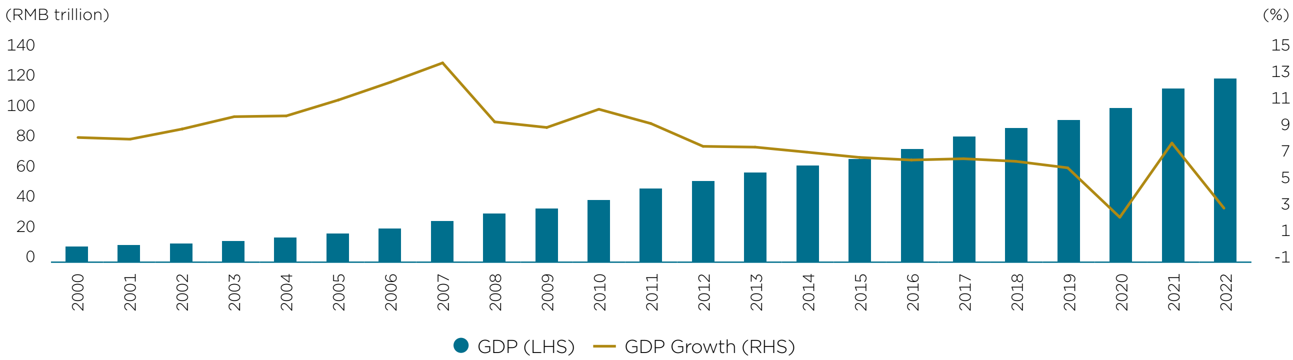
In 2022, the per capita disposable income of national residents was RMB36,883, a nominal increase of 5.0% YoY, and a real increase of 2.9% YoY after adjusting for inflation. For urban residents, the per capita disposable income was RMB49,283, a YoY increase of 3.9% in nominal terms and a real YoY increase of 1.9%. The increment in the per capita disposable income was generally in parallel with that of economic growth in 2022.

The national per capita consumption expenditure of residents was RMB24,538, a nominal increase of 1.8% over the previous year, and a real decrease of 0.2% after adjusting for inflation. Specifically, the per capita consumption expenditure of urban residents was RMB30,391, a nominal increase of just 0.3% over the previous year, and a real decrease of 1.7% after adjusting for inflation, demonstrating that consumption expenditure was relatively stagnant due to uncertainties in the face of the pandemic. 02 03

Retail Sales

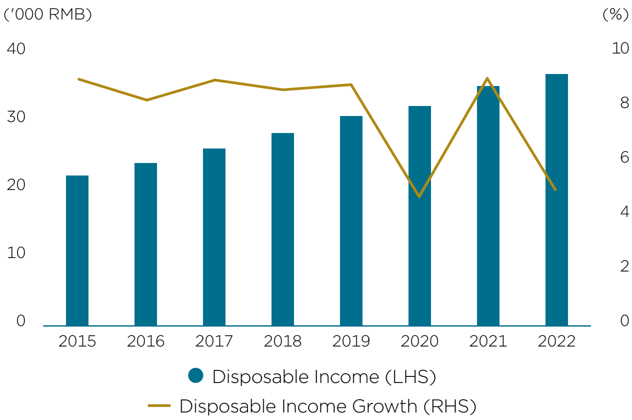
Domestic consumption slowed marginally in 2022 with total retail sales of social consumer goods decreasing 0.2% YoY to RMB44.0 trillion. By consumption type, commodity retail sales grew 0.5% YoY to RMB39.6 trillion while catering revenue decreased 6.3% YoY to RMB4.4 trillion. However, sales of basic daily necessities (above designated size) were on the rise, with retail sales of grain/oil/food and beverages increasing by 8.7% and 5.3% YoY, respectively. The value of national online retail sales reached RMB13.8 trillion, an increase of 4.0% YoY. Specifically, the online retail sales of physical goods was RMB12.0 trillion, an increase of 6.2% YoY, and accounted for 27.2% of the total retail sales of social consumer goods. As the second largest consumption market and the largest online retail market worldwide, domestic demand showed great resilience through the recurring pandemic. 04

01 **CHINA GDP & GDP GROWTH**

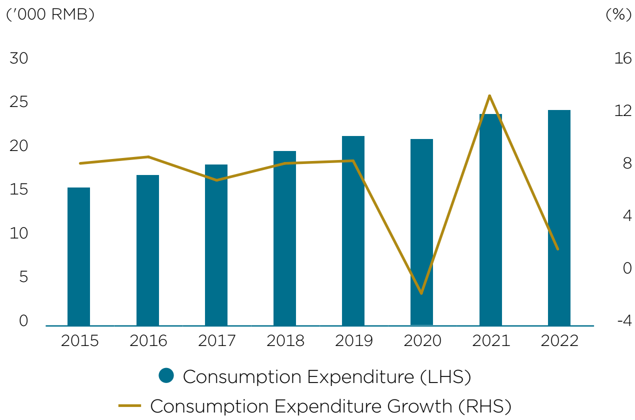


Source: Oxford Economics, National Bureau Statistics of China

02 **CHINA DISPOSABLE INCOME PER CAPITA**

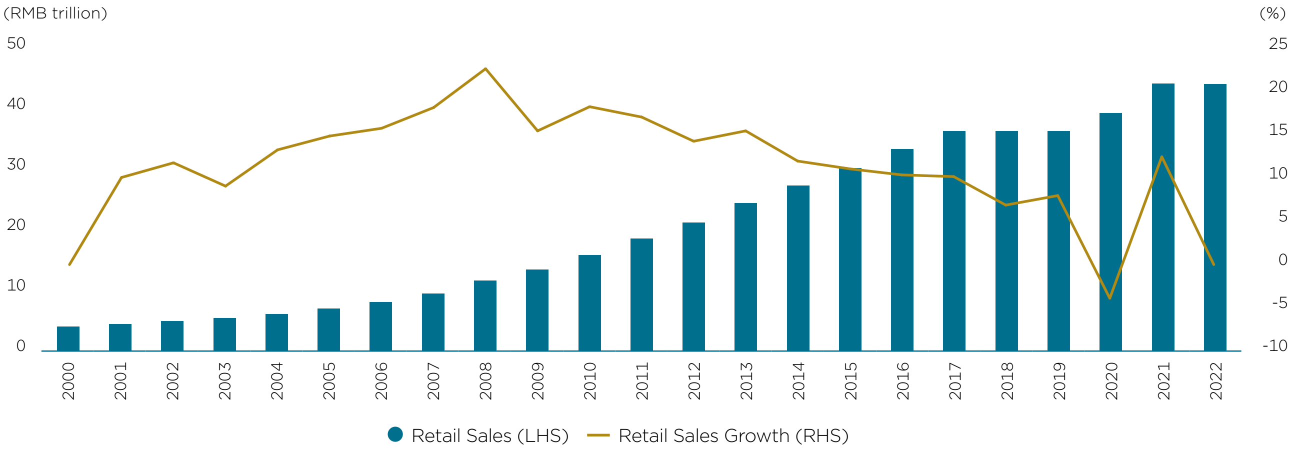


03 **CHINA CONSUMPTION EXPENDITURE PER CAPITA**



Source: National Bureau Statistics of China

04 **CHINA RETAIL SALES GROWTH**



Source: Oxford Economics, National Bureau of Statistics of China

SHANGHAI ECONOMIC OVERVIEW

Situated in the Yangtze River Delta core, Shanghai is China's leading commercial, financial, shipping and innovation centre as well as the nation's largest economic centre. The Tier 1 city is also a major centre for education, manufacturing, tourism, culture, dining, art, fashion, sports and transportation. The Port of Shanghai is the world's busiest container port, while the Pudong International Airport is one of the world's top 10 busiest airports by passenger traffic and the Shanghai Metro is the longest urban rail transit system in the world. Shanghai has a resident population of nearly 25 million.

GDP

Although Shanghai experienced recurring pandemic lockdowns in 2022, the city's economy gradually recovered from the spread of the COVID-19 Omicron variant and GDP recorded a slight decrease of 0.2% YoY to RMB4.5 trillion for 2022.

The tertiary sector dominates in Shanghai, contributing 74.2% of total GDP output in 2022 while the secondary and primary sectors accounted for 25.6% and less than 1%, respectively. Despite the uncertainties in the macroeconomic environment, the tertiary sector grew 0.3% YoY to RMB3.3 trillion in 2022. In contrast, the secondary and primary sectors recorded YoY decreases of 1.6% and 3.5%, respectively.

Economic reopening, coupled with the various government policy initiatives and support measures to stabilise economic growth such as encouraging foreign direct investment by improving the business environment, and the focus on technology as an

INDEPENDENT MARKET REVIEW
SHANGHAI

accelerator of growth should lift the economic outlook in 2023. 05 06

Disposable Income and Expenditure

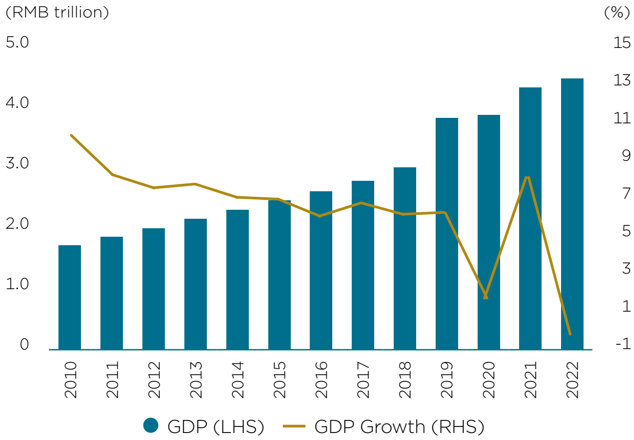
The disposable income per capita of Shanghai's permanent residents in 2022 was RMB79,610, an increase of 2.0% YoY while the per capita disposable income of urban residents grew 1.9% YoY to RMB84,034. However, the per capita consumption expenditure of permanent residents was down 5.8% YoY to RMB46,045 while that of urban residents decreased 6.2% YoY to RMB48,111. While most business, manufacturing and consumption activities were largely held back due to the recurring pandemic restrictions, the city's resident income per capita still ranks first in China. 07 08

Retail Sales and Fixed Asset Investment

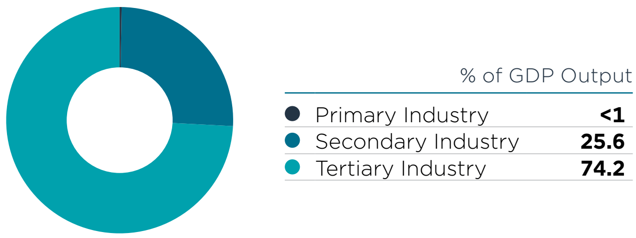
In 2022, Shanghai's consumer goods retail sales decreased 9.1% YoY to RMB1.6 trillion. Similarly, sales of the wholesale and retail industry decreased by 7.9% YoY to RMB1.5 trillion while sales of the accommodation and catering industry slumped 22.4% YoY to RMB1.1 trillion. While retail sales of various consumer discretionary products and services had fallen YoY, online retail sales of several grocery e-commerce platforms, including Dingdong Maicai, Fresh Hema and Meituan Maicai, surged by 25.9% YoY in 2022.

The overall fixed asset investment in Shanghai decreased by 1.0% in 2022 due to the uncertainties brought on by COVID. While industrial investment expanded by 0.6% YoY, investment in real estate

05 **SHANGHAI GDP AND GDP GROWTH**

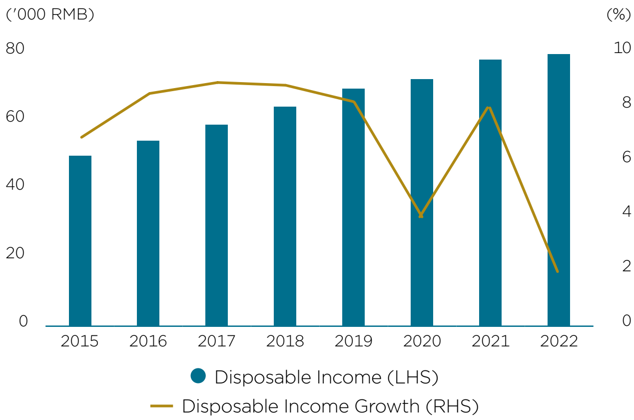


06 **SHANGHAI GDP STRUCTURE**

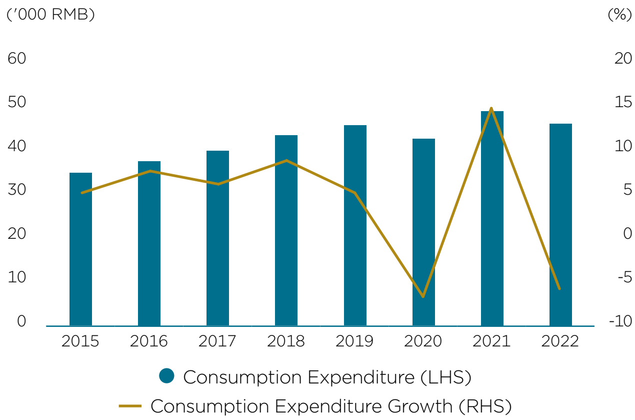


Source: Shanghai Statistics Bureau

07 **SHANGHAI DISPOSABLE INCOME PER CAPITA**



08 **SHANGHAI CONSUMPTION EXPENDITURE PER CAPITA**



Source: Shanghai Statistics Bureau

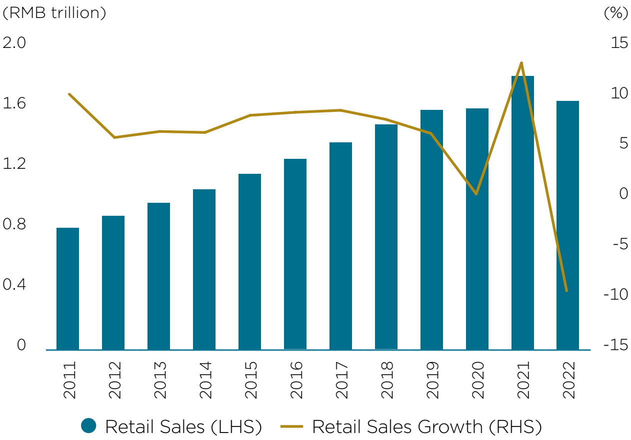
development and infrastructure decreased by 1.1% and 7.9% YoY, respectively. As the economy gradually recovers, fixed asset investment is expected to grow starting from mid-2023. 09 10

SHANGHAI GRADE A OFFICE MARKET

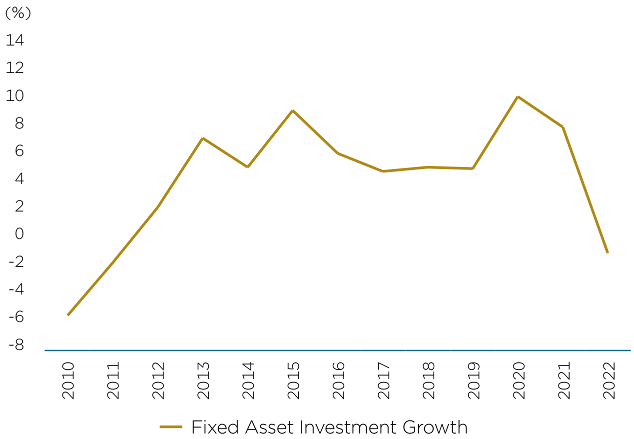
Major Office Submarkets

A number of business districts and submarkets has formed in Shanghai over the past decade, with the office market experiencing phenomenal growth. During this period, the overall quality of the office stock has improved substantially along with development of office projects with high specifications. As the regional headquarters for many multinational companies as well as large domestic companies, Shanghai has one of the most dynamic office markets in China. CBRE Research classifies the 20 major office submarkets in Shanghai into three distinct clusters – Core CBD, Greater CBD and Emerging Market. The Core CBD cluster includes Lujiazui, Nanjing West Road and Huaihai Middle Road which Lippo Plaza is located in. These and the 17 other submarkets are shown in the map below. 11

09 **SHANGHAI RETAIL SALES**



10 **SHANGHAI FIXED ASSET INVESTMENT**



Source: Shanghai Statistics Bureau

11 **OFFICE SUBMARKETS**

Core CBD
1. Lujiazui
2. Nanjing West Road
3. Huaihai Middle Road

Greater CBD
4. Xujiahui
5. Century Avenue
6. Hongqiao
7. Railway Station
8. The Bund
9. People Square
10. Sichuan North Road
11. North Bund
12. Huamu
13. Huangpu Riverside

Emerging Market
14. New Bund
15. Wujiaochang
16. Expo Houtan
17. Hongqiao CBD
18. Xuhui Riverside
19. Daning
20. Zhenru

Source: CBRE Research

INDEPENDENT MARKET REVIEW

SHANGHAI

By end 2022, total Grade A office stock grew to 13.3 million square metres ("sq m") with the Core CBD accounting for approximately 33.0% of total stock. [12]

Supply, Demand and Vacancy

In 2022, the office market welcomed 11 new Grade A projects, with an estimated total gross floor area ("GFA") of 844,000 sq m. Among them, the Core CBD had only one new project, MOHO Shanghai in Nanjing West Road which accounted for 5.7% of the total new supply. More than half of the new supply was in the Greater CBD as well as the riverside business districts of Xuhui Riverside and New Bund in the Emerging Market cluster.

Weighed by recurring COVID-19 outbreaks and lockdowns, occupiers were cautious on leasing activities. Consequently, total net absorption fell 58.0% YoY to 545,000 sq m in 2022 due to the weaker demand, although it was still 10.3% higher than in 2020. With new supply exceeding overall demand, the vacancy rate for Grade A offices was on an upward trend for three consecutive quarters from 2Q 2022, reaching 17.5% in 4Q 2022, an increase of 0.8 ppt YoY. [13]

Relocations and expansions were the main drivers of new demand, contributing 83.6% of total net absorption while new set-ups accounted for the remaining 16.4%. Lease renewals made up 21.0% of total transaction volumes and was 14.0 percentage points ("ppt") higher than that in 2021.

Grade A office leasing demand in 2022 was led by the finance sector, specifically insurance companies, asset management firms and non-banking financial institutions, reflecting Shanghai's status as China's leading financial centre. The technology, media and telecommunications ("TMT") sector, represented by artificial intelligence companies, big data-related new technologies and corporate information services was second. Expansionary demand was also seen from the consumer goods manufacturing sector specifically electric vehicles, luxury textiles and cosmetics, as well as from shared office space and co-working space providers. [14]

By location, the riverside business districts of Xuhui Riverside and New Bund in the Emerging Market cluster, as well as Lujiazui in the Core CBD, attracted the largest number of enterprises, accounting for over 51.0% of total relocation demand in Shanghai. TMT tenants mainly congregated in the Xuhui Riverside and New Bund submarkets given the abundant new supply and flexible large-scale leasing options at competitive rents. [15]

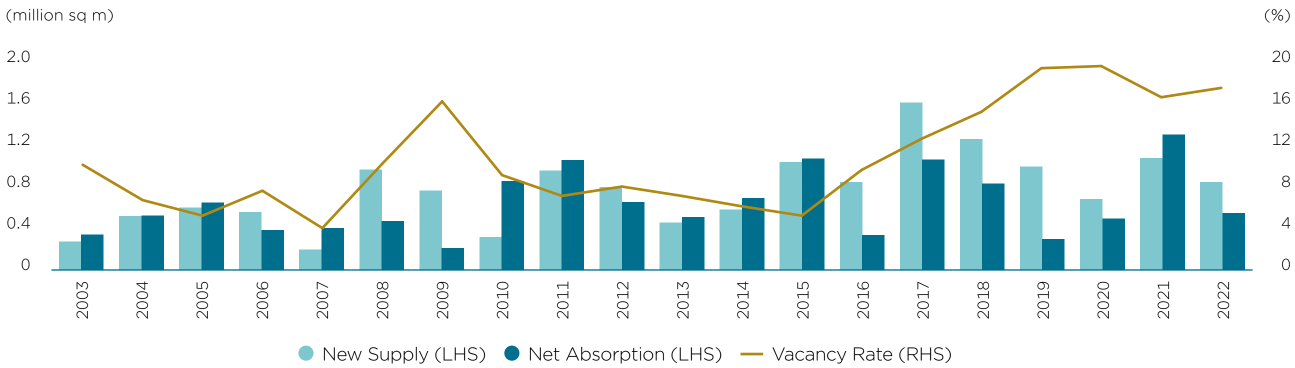
Grade A Office Rents

As office rents in 2022 stood at a relatively lower level than in previous years, occupiers took the opportunity to review their real estate footprint and business strategies, and locked in favourable rents in the current environment. Newly completed office projects with high specifications in the Emerging Market

[12] GRADE A OFFICE STOCK BY SUBMARKET

	%
Core CBD	**33.1**
Lujiazui	**17.2**
Nanjing West Road	**9.2**
Huaihai Middle Road	**6.7**
Greater CBD	**34.3**
Emerging Market	**32.6**

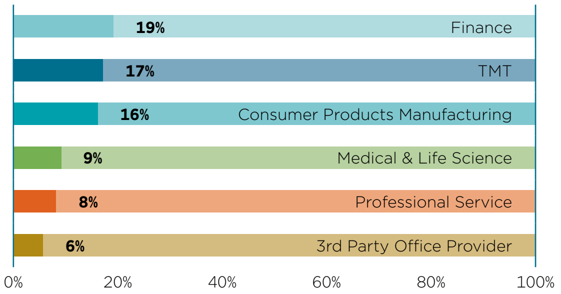
[13] OFFICE MARKET SUPPLY, DEMAND & VACANCY



Source: CBRE Research

14 **OFFICE DEMAND BY INDUSTRY**

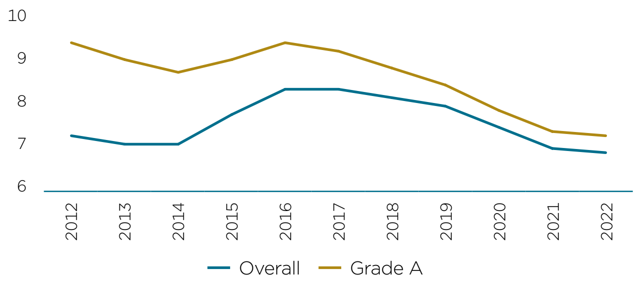
(by Leased Area)



Source: CBRE Research

16 **OFFICE EFFECTIVE RENTS**

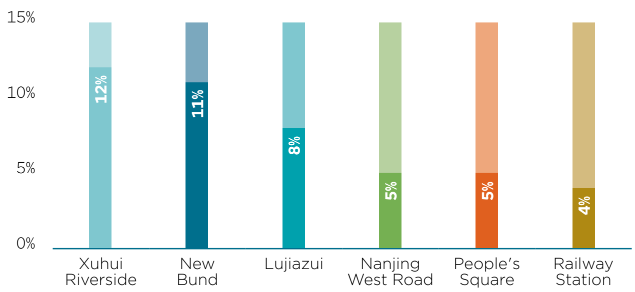
(RMB psm per day)



Source: CBRE Research

15 **OFFICE DEMAND BY SUBMARKET**

(by Leased Area)



Source: CBRE Research

cluster also offered a competitive and cost-efficient alternative, which drove the expansion and relocation demand from tenants seeking better quality options. Consequently, Grade A office effective rents fell by 0.8% YoY to RMB7.3 per sq m ("psm") per day.

Due to the significant new supply in the Greater CBD and Emerging Market clusters which resulted in intense leasing competition amongst landlords to retain cost-conscious tenants drawn to new completions, Core CBD and Greater CBD effective rents fell by 2.2% and 1.5% to RMB9.0 psm per day and RMB6.6 psm per day, respectively. 16

Investment Market

Offices continued to be the most actively-traded asset class in 2022 with 33 transactions, totalling RMB71.1 billion in transaction value. This represented over 80.0% of the city-wide total investment volume and 58.0% of the total number of transactions in 2022.

While domestic buyers dominated office transactions, the proportion of foreign investment has increased over the past two years, from 11.0% in 2020 to 27.0% in 2022. Investments by foreign institutional investors and property funds played an important role, accounting for approximately 93.0% of total foreign investment. Their preferred property types were mainly office buildings in the Greater CBD and business parks in the Core CBD clusters. Notable office transactions in 2022 included The Springs F3 (an office project in Wujiaochang) acquired by CapitaLand, as well as the commercial complex SIIC Center in the North Bund (Greater CBD). SIIC Center was acquired by AIA for a total consideration of RMB8.7 billion at an indicative yield of approximately 4.0%, illustrating institutional investors' confidence towards the office class. The overall net operating income yield of Grade A offices in Shanghai stood at approximately 4.25% to 4.50% in 4Q 2022.

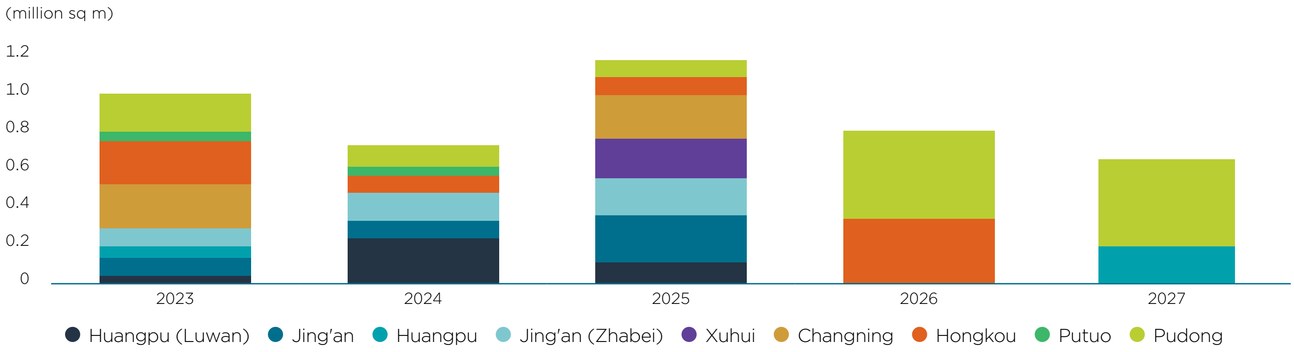
Future Supply and Outlook

From 2023 to 2027, over 6.3 million sq m of Grade A office space (47.4% of existing office stock) is expected to come on stream. Most of the new supply will be in the Greater CBD (58.0%) and the Emerging Market (34.0%) clusters, particularly in the riverside submarkets such as New Bund and Xuhui Riverside, while Core CBD supply makes up the remaining 8.0%. Rental growth and occupancy are thus expected to remain under pressure due to the significant new supply and the growing popularity of high quality office projects in the Emerging Market cluster amongst cost-conscious occupiers with their improved infrastructure and connectivity. 17

While China continues to face economic challenges, the outlook has brightened significantly with the relaxation of its Zero-COVID policy. The looser fiscal and monetary policy environment in Shanghai, combined with policies implemented to help promote economic growth and attract foreign direct

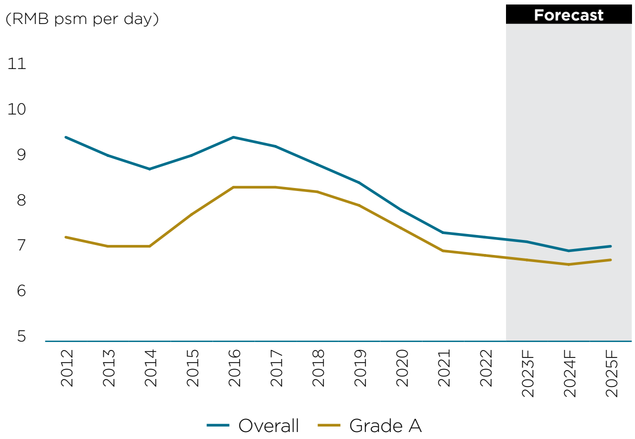
INDEPENDENT MARKET REVIEW
SHANGHAI

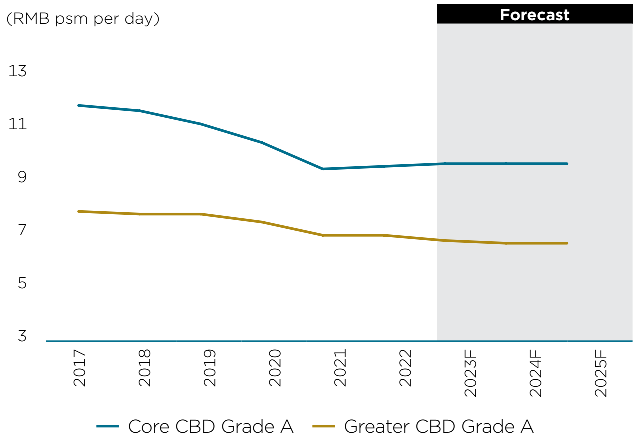
17 **CORE CBD & GREATER CBD FUTURE SUPPLY**



Source: CBRE Research

18 **OFFICE RENTAL LEVEL FORECAST**





Source: CBRE Research

investment will aid the recovery of the office market by stimulating leasing demand, especially from the traditional sectors of finance and professional services. Effective rents are thus expected to go through a slight dip in the near term due to supply-demand pressures. However, the falling trend could reverse and nudge upwards gently as demand gradually recovers in the second half of 2023. 18

SHANGHAI RETAIL MARKET

Major Retail Submarkets

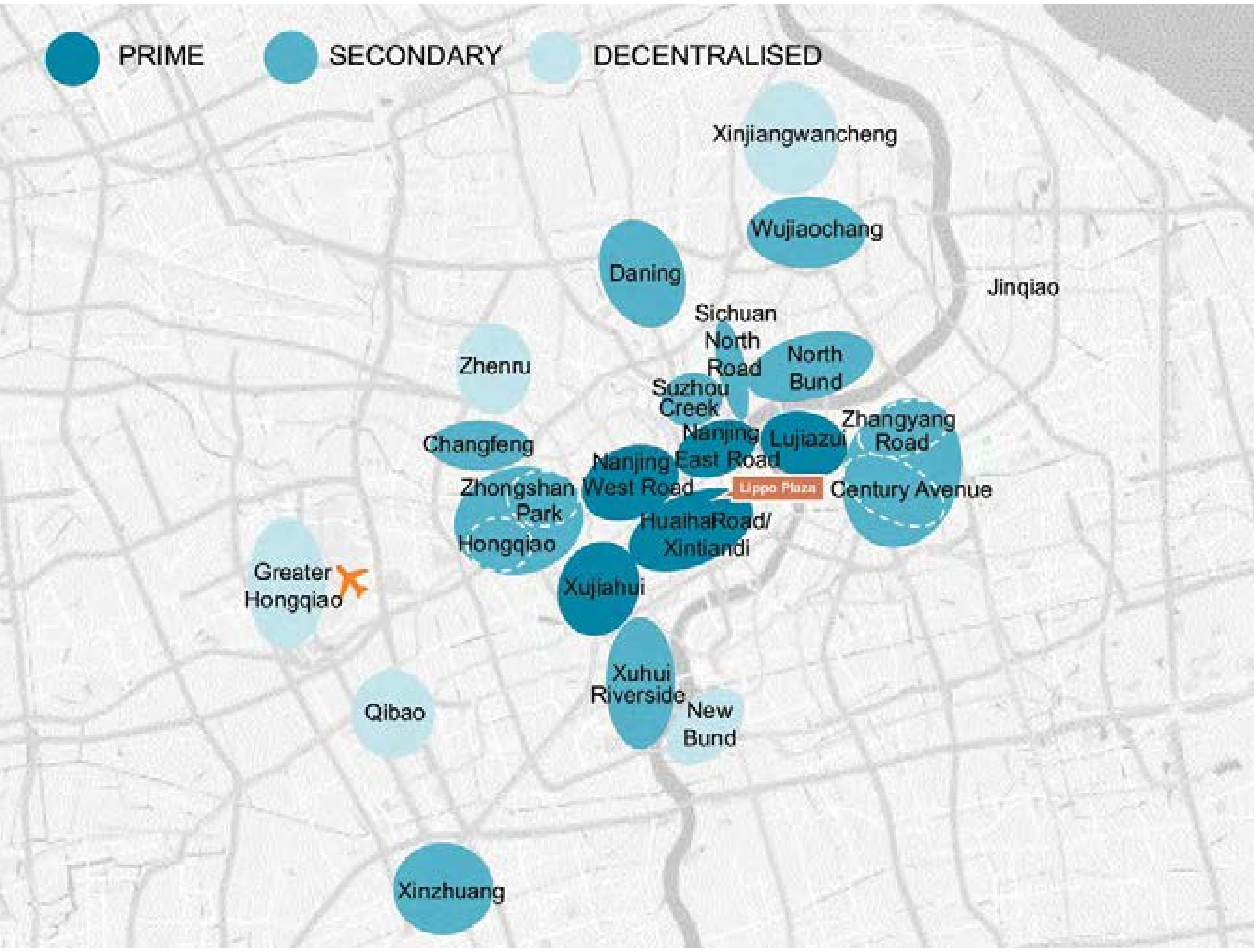
Shanghai is the top city in China in terms of global retailer penetration with international brands regarding the Tier 1 city as the best location for global standard flagship stores. The large population and corresponding market demand provides an attractive entry point into the mainland market with potential for further expansion into the surrounding cities. 19

The prime retail submarkets in Shanghai are clustered across five commercial areas, namely Lujiazui, Nanjing East Road, Huaihai Road/Xintiandi, Nanjing West Road and Xujiahui. The secondary and decentralised areas consist of another 15 submarkets which have greatly enriched the retail market in recent years. As of end 2022, the city's total retail stock surpassed 12.6 million sq m, of which 23.5% are in the prime areas. 20

Supply, Demand and Vacancy

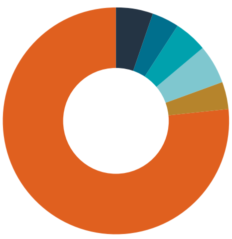
In 2022, four new high quality developments with a total GFA of over 180,000 sq m were completed. The majority (73.9%) were in the prime West Nanjing Road area, namely JC Plaza, Zhangyuan West Zone and MOHO Shanghai with a total GFA of 133,000 sq m and introduced several new-to-market and premium international brands while enhancing the retail atmosphere. JC Plaza is a hotel-turned luxury

19 **RETAIL SUBMARKETS**



Source: CBRE Research

20 **RETAIL STOCK DISTRIBUTION**



	%
Prime	**23.5**
Huaihai Road/Xintiandi	5.5
Lujiazui	3.8
Nanjing East Road	4.8
Nanjing West Road	5.5
Xujiahui	3.9
Non-prime	76.5

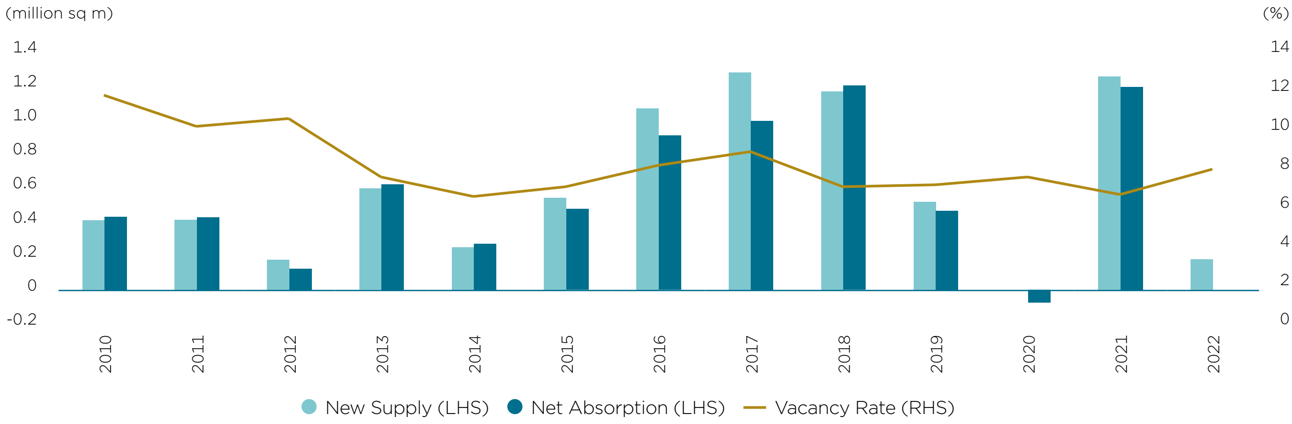
shopping mall project, while Zhangyuan presents a new experiential consumption destination for the city reflecting deep ties to traditional Shanghai culture. MOHO Shanghai was the latest mixed-use flagship development of its developer.

Retailers faced temporary operational pressures due to the forced closure of nearly all retail premises in April and May 2022. Even after the lockdown ended, restrictions on dining in and in-person activities coupled with sporadic outbreaks of COVID-19 prevented some tenants, especially those in F&B and services, from normal business operations. This led to withdrawals and postponements of expansion plans. Despite a rebound in demand after the relaxation of epidemic controls, it continued to be outpaced by new supply, resulting in a significant drop in net absorption. Consequently, the city-wide vacancy rate rose by 1.3 ppt YoY to 8.0% while the overall prime area vacancy rate stayed flat at 6.1% in 4Q 2022. 21

Despite the challenging market conditions, leasing activity gradually picked up over the second half of 2022 as retailers tentatively restarted their expansion plans. While leasing activity was dominated by F&B, accounting for 40.0% of total demand, brands were mainly active in the secondary and decentralised

INDEPENDENT MARKET REVIEW
SHANGHAI

21 RETAIL SUPPLY, DEMAND & VACANCY



Source: CBRE Research

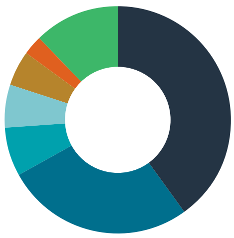
areas. The coffee & beverage and Chinese cuisine categories were the main drivers of demand as new-style tea and health-related retailers expanded actively amidst a surge in the focus on health and well-being, as well as a greater willingness to spend on innovative F&B options incorporating wellness and Chinese cultural elements. Sustainability-conscious retailers which incorporated greener solutions in their design, construction and operations, for instance Starbucks which opened its 1,000th store in Shanghai at Lippo Plaza, also continued to grow their footprint. 22

Fashion accounted for 27.0% of total demand with the top two categories being women's wear and sports wear. Since the pandemic, consumers have become more health conscious and interest has picked up for outdoor activities such as camping as well as sports and fitness. The preference for sports brands appealing to both aesthetics and function has led to expansions for outdoor brands such as Salomon, Kolon Sport and Chums. Entertainment and fitness brands with a focus on niche indoor sports and experiential entertainment also kickstarted their growth plans. Recently, the jewellery sector has also accounted for increasing demand in prime areas, with traditional gold jewellery brands, including Laomiao Gold, CHJ Jewellery and Chow Tai Fook, being popular among youngsters.

Rents

Due to the lingering effects of the recurrent lockdowns on consumer behaviour and spending patterns, retailers reviewed their long-term plans and strategies accordingly to remain competitive. In view of rising vacancy rates, landlords also adjusted their rental expectations. Consequently, city-wide ground-floor

22 RETAIL DEMAND BY SECTOR



	%
F&B	**40.0**
Fashion	**27.0**
Accessories & Jewelry	**7.0**
Gifts, Toys & Grocery	**6.0**
Beauty, Health & Medical Service	**5.0**
Recreation & Sports	**3.0**
Others	**12.0**

Source: CBRE Research

rents declined by 3.1% YoY to RMB34.0 psm per day. Despite the headwinds, prime area retail rents showed greater resilience in comparison to the secondary and decentralised areas. The prime area rental index remained at the same level in 2022 while the secondary and decentralised areas recorded YoY decreases of 3.4% and 9.6%, respectively. 23

Investment Market

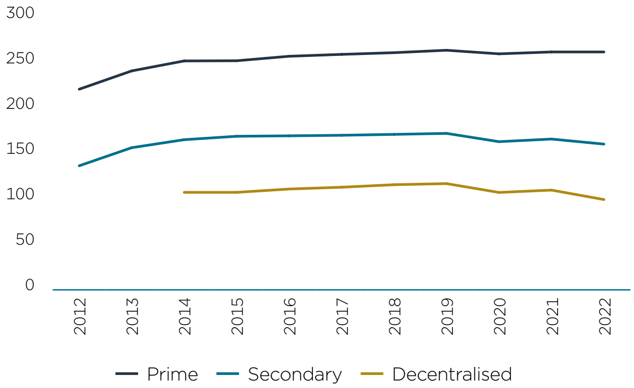
As the retail sector was most affected by the lockdowns and disruptions to business activity, investors remained on the sidelines and retail property transactions contributed only 4.0% of Shanghai's total investment volume in 2022. Notable en-bloc transactions were mostly in the decentralised areas. The net operating income yields of quality retail properties remained at approximately 4.0% to 4.5% and are expected to remain at these levels in 2023.

Future Supply and Outlook

From 2023 to 2026, 31 projects are expected to complete, bringing over three million sq m of new retail space. The majority is located in the secondary and decentralised areas with prime area supply comprising just 12.9% of total new supply.

23 GROUND FLOOR SHOPPING MALL RENTAL INDEX

Prime submarkets rental index (1Q 2003=100)
Secondary submarkets rental index (2Q 2009=100)
Decentralised submarkets rental index (1Q 2014=100)



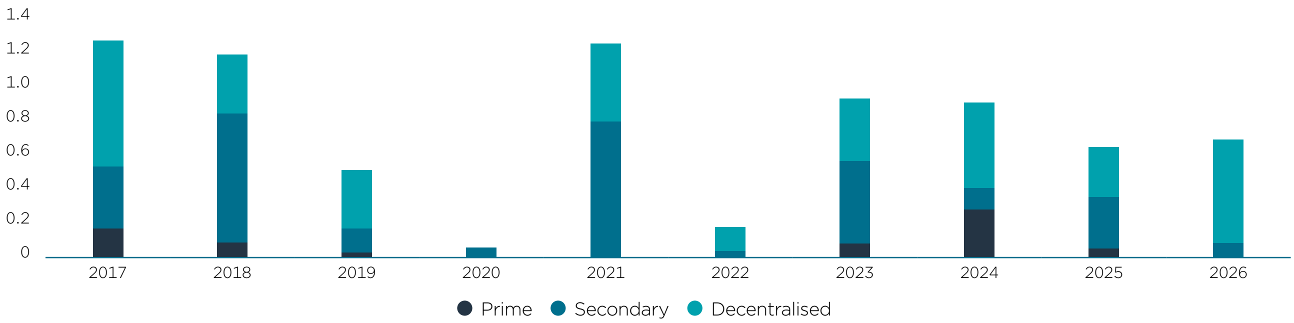
Source: CBRE Research

Upcoming prime area projects include Park Avenue Central (43,000 sq m) in Nanjing West Road, ITC Phase II (124,000 sq m) in Xujiahui, as well as three projects – Shangxianfang (80,000 sq m), CPIC Xintiandi Commercial Centre (113,000 sq m) and Hong Kong New World's second K11 development (52,000 sq m) in Huaihai Road/Xintiandi. 24

With the full liberalisation of pandemic controls, Shanghai began returning to normalcy and consumer confidence has started to recover. Newly completed projects with experiential and social elements integrated into the retail environment have captured shoppers' attention and footfall, and the number of tourists to Shanghai is also expected to improve from China's reopening. As Shanghai remains one of China's biggest domestic consumption markets and a popular first stop for premium international brands, a solid recovery is expected in terms of footfall and sales in 2023. As a result, the rental level is expected to go up by 1.0% to 1.5% while the overall retail vacancy rate is estimated to remain relatively stable in 2023.

24 RETAIL PAST AND FUTURE SUPPLY

(million sq m)



Source: CBRE Research

QUALIFYING CLAUSE

This Independent Market Review has been prepared in good faith, based on CBRE's current anecdotal and evidence-based views of the commercial real estate market. Although CBRE believes its views reflect market conditions on the date of this presentation, they are subject to significant uncertainties and contingencies, many of which are beyond CBRE's control. In addition, many of CBRE's views are opinion and/or projections based on CBRE's subjective analyses of current market circumstances. Other firms may have different opinions, projections and analyses, and actual market conditions in the future may cause CBRE's current views to later be incorrect. CBRE has no obligation to update its views herein if its opinions, projections, analyses or market circumstances later change.

Nothing in this Independent Market Review should be construed as an indicator of the future performance of CBRE's securities or of the performance of any other company's securities. You should not purchase or sell securities – of CBRE or any other company – based on the views herein. CBRE disclaims all liability for securities purchased or sold based on information herein, and by viewing this report, you waive all claims against CBRE as well as against CBRE's affiliates, officers, directors, employees, agents, advisers and representatives arising out of the accuracy, completeness, adequacy or your use of the information herein.

INVESTOR RELATIONS

Guided by our Investor Relations Policy, the Manager is committed to maintaining regular, timely and transparent communication with Unitholders, prospective investors, analysts, the media, regulators and other stakeholders.

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

ANNUAL GENERAL MEETING ("AGM")

As a precautionary measure due to the COVID-19 pandemic situation in Singapore, OUE C-REIT's 8th AGM was convened and held by way of electronic means on 26 April 2022. While Unitholders could only attend the AGM virtually, they were invited to submit their questions related to the resolutions to be tabled for approval at the AGM in advance. To enhance engagement with Unitholders, the virtual AGM also incorporated a live Q&A session for attendees to raise their questions for management to address them during the proceedings.

The responses to the substantial and relevant questions received from Unitholders were published on 21 April 2022 which was 72 hours prior to the closing date and time for the lodgement of proxy forms.

All resolutions were duly passed and the results were announced on SGXNet and OUE C-REIT's website on the same day of the AGM. Detailed minutes of the AGM were also published within one month on SGXNet and OUE C-REIT's website on 25 May 2022 in line with best practices.

PROACTIVE STAKEHOLDER ENGAGEMENT

The Manager strives to maintain regular engagement with Unitholders (retail and institutional) and the larger investment community to provide updates on OUE C-REIT's development and financial performance, insights on its strategies, market outlook, as well as to garner feedback and views for consideration.

In FY 2022, the management team engaged more than 200 research analysts and institutional investors through in-person and virtual events and activities including one-on-one meetings, group meetings, investor conferences, property tours and non-deal roadshows. The Manager also participated in webinars and events organised by SGX, REITAS and various brokerage firms to connect with retail investors. Key events included the SGX-REITAS Education Series webinar and the Singapore Trading Festival which was jointly organised by SGX and Equities Trackers.

As part of our outreach to retail investors through the media, we also actively engaged financial and real estate journalists to share the latest development of OUE C-REIT as well as industry trends through interviews and briefings.

While many countries have eased COVID-19 restrictions in 2022, the pandemic has underscored the importance of proactive engagement via digital platforms. To this end, OUE C-REIT launched its LinkedIn page in 2022 to build additional touchpoints with stakeholders and to reach a wider audience.

ANALYST COVERAGE

As at 31 December 2022

- CGS-CIMB
- DBS
- OCBC
- iFast

CONSTITUENT OF KEY INDICES

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

UNITHOLDERS' ENQUIRIES

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

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Ms Mary Ng
Vice President
Investor Relations

Tel : +65 6809 8704
Fax : +65 6809 8701
Email : enquiry@ouect.com
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UNIT DEPOSITORY

For depository-related matters, please contact:

The Central Depository (Pte) Limited

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#06-07
The Metropolis Tower 2
Singapore 138589

Tel : +65 6535 7511
Email : asksgx@sgx.com
Website : investors.sgx.com

KEY INVESTOR RELATIONS EVENTS & ACTIVITIES IN 2022

1ST Quarter	
FY 2021 post results analyst briefing	17 February 2022
FY 2021 post results investor conference call	17 February 2022
CITIC CLSA ASEAN Forum 2022	8 March 2022

2ND Quarter	
Singapore Trading Festival	2 April 2022
Eighth Annual General Meeting	26 April 2022
1Q 2022 post business update analyst briefing and tour of Hilton Singapore Orchard	13 May 2022
1Q 2022 post business update investor meeting and tour of Hilton Singapore Orchard	13 May 2022
BNP Paribas Singapore Property Day	19 May 2022
Citi Asia Pacific Property Conference	22 June 2022
HSBC 6th Annual Asia Credit Conference	23 June 2022

3RD Quarter	
1H 2022 post results analyst briefing	26 July 2022
1H 2022 post results investor conference call	26 July 2022
Citi-SGX-REITAS REITs and Sponsors Forum	25 August 2022
Reverse REITs NDR with NHIS for Korean Investors	31 August 2022
SGX-REITAS Education Series	6 September 2022
Webinar for CGS-CIMB Securities Trade Reps	29 September 2022

4TH Quarter	
3Q 2022 post business update analyst briefing	4 November 2022
3Q 2022 post business update investor conference call	4 November 2022

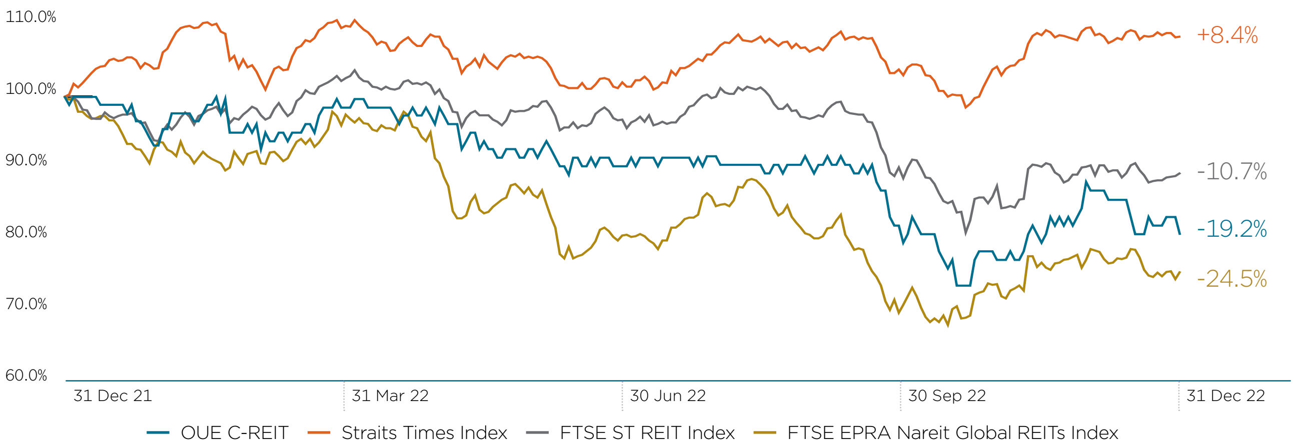
Financial Calendar	FY 2022	FY 2023 (Tentative)
First Quarter Business Update Announcement	12 May 2022	May 2023
Half Year Financial Results Announcement	25 July 2022	July 2023
Payment of Distribution to Unitholders	6 September 2022	By September 2023
Third Quarter Business Update Announcement	3 November 2022	October 2023
Full Year Financial Results Announcement	30 January 2023	January 2024
Payment of Distribution to Unitholders	28 February 2023	By March 2024
Annual General Meeting	20 April 2023	April 2024

INVESTOR RELATIONS

UNIT PRICE PERFORMANCE

S$	2022	2021
Opening Price on First Trading Day of Year	0.440	0.385
Closing Price on Last Trading Day of Year	0.335	0.440
Highest Closing Price	0.440	0.460
Lowest Closing Price	0.305	0.360
Average Closing Price	0.384	0.414

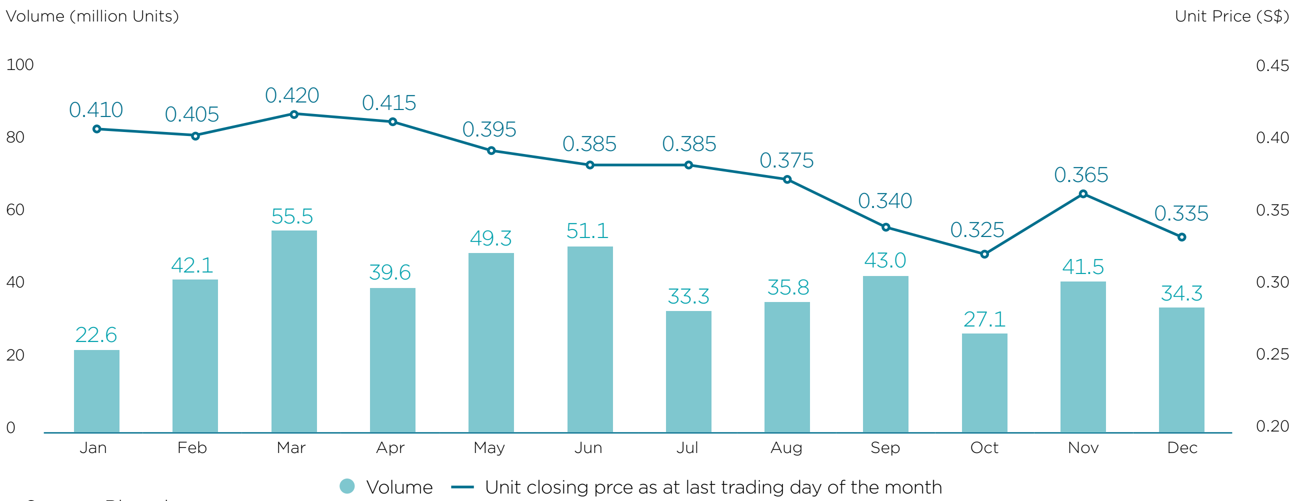
RELATIVE TOTAL RETURN PERFORMANCE FOR FY 2022



TRADING VOLUME

Number of Units	2022	2021
Total Volume Traded	474,949,100	799,097,100
Average Daily Trading Volume	1,899,796	3,158,487

2022 TRADING PERFORMANCE



Source : Bloomberg

SUSTAINABILITY REPORT

BOARD STATEMENT
(GRI 2-14, 2-22)

The Board of Directors (the "Board") of OUE Commercial REIT Management Pte. Ltd. (the "Manager") is pleased to present the sixth annual sustainability report of OUE Commercial Real Estate Investment Trust ("OUE C-REIT"), which details OUE C-REIT's sustainability efforts and achievements.

In FY 2022, OUE C-REIT has advanced along its environmental, social and governance ("ESG") journey and the Board is encouraged by the progress made. We are pleased to share that we continue to make good progress on our targets and would like to highlight two major achievements during the year:

- Obtained the largest sustainability-linked loan ("SLL") among Singapore REITs in FY 2022
- Inaugural submission to the Global Real Estate Sustainability Benchmark ("GRESB") assessment

Both achievements are strong testaments to the Manager's aspirations and commitment towards improving OUE C-REIT's sustainability performance by enhancing energy and water efficiency as a key part of our broader sustainability goals. As at 31 December 2022, SLLs account for 57.7% of OUE C-REIT's total debt. We will continue to align future financing with our sustainability commitment and review our long-term and perennial targets and aspirations.

OUE C-REIT is committed to participating in GRESB annually. GRESB is a global ESG benchmark for real estate assets, which provides a systematic and internationally recognised reference framework that helps the Manager to better identify risks, areas of improvement, as well as feasible actions to be taken at the asset level.

As the Board continues to equip itself with relevant ESG competencies through sustainability training courses together with the Manager, we are strengthening OUE C-REIT's management approach, governance, and disclosures in relation to climate risks and opportunities, in line with the requirements of the Singapore Exchange Securities Trading Limited ('SGX-ST') and the Environmental Risk Management ("EnRM") Guidelines by the Monetary Authority of Singapore ("MAS").

With the support from OUE C-REIT's Sustainability Steering Committee ("SSC"), the sponsor OUE Limited (the "Sponsor"), and its subsidiaries (collectively the "OUE Group" or "Group"), the Board is committed to OUE C-REIT's sustainability roadmap.

ABOUT OUE C-REIT
(GRI 2-1, 2-4, 2-6)

Who We Are

OUE C-REIT is a diversified real estate investment trust headquartered in Singapore and operating in Singapore and Shanghai, China. The portfolio consists of seven properties and comprises more than two million square feet of prime commercial (office and retail) space, as well as 1,643 upper upscale hotel rooms.

OUE C-REIT has been publicly listed on the SGX-ST since 2014 with total assets of S$6.0 billion as of 31 December 2022.

The Manager is a wholly-owned subsidiary of the Sponsor, a leading pan-Asian, full service real estate development, investment and management company with assets across the commercial, hospitality, retail, residential and healthcare sectors.

Hilton Singapore Orchard, the Hilton brand's flagship hotel in Singapore and the largest Hilton in Asia Pacific officially opened its doors in February 2022. Besides Hilton Hotels & Resorts, the Crowne Plaza Changi Airport hotel is managed by IHG Hotels & Resorts, another leading global hotel brand, with a focus on sustainability and responsible business strategies and operations. OUE Bayfront, a landmark commercial development in Singapore, is jointly owned by OUE C-REIT and ACRE Angsana Pte. Ltd., a special purpose vehicle managed by PIMCO Prime Real Estate Asia Pacific Pte. Ltd. (formerly known as Allianz Real Estate Asia Pacific Pte. Ltd.).

OUE C-REIT's supply chain mainly comprises suppliers contracted by the property managers for the provision of goods and services such as cleaning, maintenance, operations and security. We have continued to include building and renovation contractors in our supply chain in FY 2022 and there are no other significant changes to be reported when compared to FY 2021.

Who We Want to Be

The Manager's key objective is to deliver regular and stable distributions, and long-term sustainable growth to holders of units in OUE C-REIT ("Unitholders").

This objective translates into key strategies focusing on the improvement of the operational performance of the properties, value-enhancing portfolio management, as well as proactive and prudent capital and risk management. More details can be found in the Strategy section on pages 10 and 11.

SUSTAINABILITY REPORT

As OUE C-REIT continues to embed sustainability into its operations by integrating climate, people and community considerations into portfolio strategies, stewardship, and the governance structure, we continue delivering on our sustainability framework which defines three key areas of focus – Stewarding the Environment, Strengthening Social Fabric and Building Trust. Our policy commitments reflect our ambitions and strategies to create a positive impact on the environment, society and economy, while mitigating any negative impacts caused by our operations.

Further details can be found on pages 83 to 85.

ABOUT THIS REPORT

(GRI 2-2, 2-3, 2-5)

This report is the sixth annual sustainability report published by OUE C-REIT. It has been prepared to comply with SGX-ST Listing Rules 711A and 711B with reference to SGX Practice Notes 7.6.

OUE C-REIT has chosen to report in accordance with GRI 2021 Standards for the period from 1 January to 31 December 2022 as it is the most commonly adopted reporting framework globally, and it is suitable and relevant for our business and stakeholders. The report covers the performance data from OUE C-REIT's commercial and hotel properties in Singapore and Shanghai.

For the environmental performance data in FY 2022, we have included and reported energy, emissions, water and waste data from all seven properties, including OUE Bayfront, as the Manager retained full operational control.

For social and human resource ("HR") related topics, only employees of the Manager, and of the property managers of One Raffles Place and Lippo Plaza were included due to the holding structure of OUE C-REIT's interest in these two properties.

For compliance and service quality data, the hospitality properties under the master lessee continue to be excluded. Such information can be found in the Sponsor's sustainability report for FY 2022 instead.

OUE C-REIT's data owners and staff involved in the data collection process were trained accordingly. For all environmental, social and compliance data, the Sponsor's internal audit team was involved in the data review and verification process.

The Manager continues to improve its ESG data collection process to align with industry standards and future GRESB submission requirements. Concurrently, the Manager is enriching its climate risks and opportunities disclosures in compliance with SGX requirements and MAS EnRM guidelines.

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

SUSTAINABILITY GOVERNANCE

(GRI 2-9, 2-12, 2-13, 2-14, 2-17, 2-18)

OUE C-REIT has in place a formal structure to support the proper management of ESG risks.

The Board recognises its fiduciary duty to Unitholders and assumes overall responsibility for managing OUE C-REIT's ESG risks and opportunities, while overseeing the integration of sustainability considerations into OUE C-REIT's strategy. This is also reflected in OUE C-REIT's Corporate Governance Report, under Board's Conduct of Affairs, where sustainability issues are being considered as part of the Manager's overall strategy (see pages 119 and 120).

The Board equips itself with the relevant competencies to fulfil its responsibilities and to oversee OUE C-REIT's sustainability risks, including those related to climate change, by undertaking relevant and mandatory trainings as required by SGX and MAS (see Board Orientation and Training on page 121).

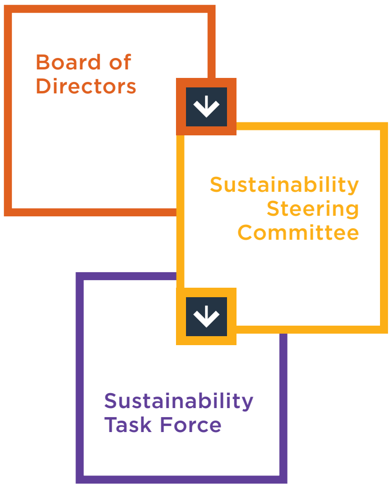
The Board delegates its responsibilities to the SSC, which comprises C-suite, the Asset Management lead and the Investor Relations lead of OUE C-REIT. The SSC meets monthly and is responsible for driving the implementation of sustainability initiatives and monitoring OUE C-REIT's progress against targets to evaluate their effectiveness. The SSC reports to the Board regularly, at least on a bi-annual basis.

The Sustainability Task Force ("STF") is an implementation body, comprising representatives from various departments and business units to facilitate the implementation of policies and initiatives, and to develop action plans in response to OUE C-REIT's sustainability targets. The STF reports to the SSC monthly. Non-financial ESG key performance indicators ("KPIs") are included in the annual performance appraisals of the Manager's employees.

OUE C-REIT is adhering to and complying with the Code of Corporate Governance (see page 119), which provides the guiding Principles to the Board's Conduct of Affairs, Board Composition and Guidance, Board Performance and Disclosure on Remuneration. The roles and responsibilities of the Manager are set out in the trust deed entered between the Manager and DBS Trustee Limited in its capacity as the trustee of OUE C-REIT, and briefly outlined in the Corporate Governance section on page 119. A formal appraisal process is conducted annually, whereby the effectiveness of the Board is assessed with the assistance of the Nominating and Remuneration Committee ("NRC"). No external consultants were appointed to facilitate this process in FY 2022. The Board is assessed based on a range of criteria such as competencies, standard of conduct, risk management and sustainability considerations, with key strengths and areas for improvement identified. As part of the process, the Board and Board Committees are required to complete an evaluation form, and the aggregated insights are reported to the Board. Follow-up actions are taken where necessary to enhance the effectiveness of the Board.

Proper procedures are in place to deal with potential conflict of interests, requiring any Director who has or appears to have a direct or deemed interest that may conflict with a subject under discussion by the Board to declare his or her interest and recuse himself or herself from discussion of the subject matter. The Audit and Risk Committee ("ARC") monitors and reviews related party transactions (including interested person transactions and interested party transactions) on a quarterly basis (see page 134).

Sustainability Governance Structure



STAKEHOLDER ENGAGEMENT
(GRI 2-12, 2-29)

Unitholders & Prospective Investors
We keep open dialogues with Unitholders and prospective investors to enable them to make informed investment decisions, as well as to garner feedback and views for consideration.

Tenants
We work with our tenants to ensure their needs are met and to be their preferred landlord.

Analysts & Media
We maintain regular, timely and transparent communication with analysts and the media to keep the public up-to-date and well-informed.

Government & Regulators
We engage governments and regulators to ensure we comply with laws and regulations, and that our business practices are ethical and fair.

Employees
We engage our employees regularly to build a positive working environment and be the employer of choice.

Community
We support the local community as a socially responsible corporate citizen and contribute to social integration.

SUSTAINABILITY REPORT

The Manager ensures continual and regular engagement with an extensive range of key stakeholders to understand their concerns and needs. This helps OUE C-REIT identify potential risks and business opportunities, and the issues which are material to stakeholders. The engagements are conducted via various channels and interactions.

OUE C-REIT has an Investor Relations ("IR") Policy defining the communication principles and strategies to engage and safeguard stakeholders' interests, concerns, and feedback. Stakeholders are provided avenues to communicate their views and to raise questions on issues affecting OUE C-REIT. The IR Policy is published on OUE C-REIT's website (https://investor.ouect.com/ir_policy.html).

As part of our IR Policy, we ensure regular engagement with our stakeholders, which are overseen by the SSC and led by the STF. The Board is kept informed of the outcomes from these engagement activities and adopts an inclusive approach by considering and balancing the needs and interest of material stakeholders as part of its overall responsibility and strategy to create long-term value for its stakeholders. All matters are tabled for consideration, to be addressed through policies and processes if approved. In FY 2022, some topics of interest raised include electricity consumption and utilities cost at our assets, tenant engagement programmes at our properties, as well as general queries on ESG initiatives.

Please refer to relevant sections in this report for more details of engagement activities.

Key Stakeholders	Relevant ESG Topics	Engagement Methods	Our Approach and Response
Investment Community (Including Unitholders, prospective investors, analysts and the media)	• Sustainable and long-term value creation • Sound business strategy and outlook • Good corporate governance • Market trends and changing customer demands • ESG integration into operations	• Announcements, press releases and other disclosures through SGXNet • Annual Reports • Annual General Meeting and Extraordinary General Meeting, where necessary • Quarterly briefings for analysts • One-on-one updates, group meetings and investor conferences • Property tours for analysts and investors • Corporate website • Social media channel • Email alerts to subscribers	• Maintaining regular, timely and full disclosure of all material and price sensitive information relating to OUE C-REIT's financial and operational performance, as well as corporate developments • Implementing sound risk management and internal control practices • Integrating ESG considerations into risk assessments and investment policy
Employees	• Opportunities for career development and growth • Competitive compensation and benefits • Equal opportunities for promotion and reward • Non-discrimination • Safe, healthy, and productive working environment	• Annual performance reviews • Employee satisfaction survey • Grievance and feedback channels • Employee townhall sessions • Recreational and team building activities • Training and development programmes	• Empowering employees to take charge of their own learning and development needs • Ensuring transparent and objective performance appraisals and implementing relevant performance-based remuneration system • Ensuring fair and impartial recruitment policy and process based on objective evaluation of candidates' merits • Developing an employee engagement program to improve satisfaction and retention based on outcomes of employee survey
Tenants & Guests	• Modern, high quality and cost-efficient buildings and facilities • Safety in the buildings • Responsiveness to requests and feedback • Environmentally sustainable buildings	• Tenant engagement activities including informal gatherings and networking sessions • Management circulars and notices • Green Guide for tenants • Tenant satisfaction survey	• Conducting safety risk assessments and implementing relevant measures • Providing feedback channels for all matters and managing feedback effectively and promptly • Implementing improvement programmes and sustainability initiatives based on outcomes of tenant surveys

Key Stakeholders	Relevant ESG Topics	Engagement Methods	Our Approach and Response
Government & Regulators	• Regulatory compliance • Good corporate governance • Ethical corporate business practices	• Industry networking functions • Annual regulatory audits • Mandatory reporting	• Maintaining regular, timely and full disclosure of all material and price sensitive information relating to OUE C-REIT's financial and operational performance, as well as corporate developments • Implementing policies and procedures to ensure compliance with relevant laws and regulations • Implementing sound risk management and internal control practices
Local Community	• Economic growth • Local partnership and job opportunities • Investment in the community	• Community activities	• Supporting projects and causes through collaboration with non-profit organisations • Partnering government/national agencies and tenants in areas such as the environment, health and well-being, safety and philanthropy • Ensuring properties are accessible to all members of our local communities

SUSTAINABILITY FRAMEWORK

(GRI 3-1, 3-2)

OUE C-REIT has previously identified 11 material ESG topics reflecting its focus areas, sustainability ambitions and priorities. The topics are regularly reviewed by considering stakeholders' feedback, as well as global and local trends. For FY 2022, the Manager confirms that these ESG topics are still material to its operation and investment activities but one (Employee Engagement) has been renamed to provide a holistic view of the material topic.

Our sustainability framework is aligned with that of the OUE Group and the focus on Stewarding the Environment, Strengthening Social Fabric, and Building Trust dovetails with OUE C-REIT's key strategies. For more details, please refer to the Strategy section on pages 10 and 11.

OUE C-REIT's sustainability efforts also echoes the United Nations' Sustainable Development Goals ("UN SDGs"). UN SDGs are a global call for action to conduct business responsibly and the Manager believes every business has an important role to play in helping to achieve the UN SDGs and contribute to a better world.

STEWARDING THE ENVIRONMENT

Goal
Reducing environmental impact of our buildings

Climate Resilience
- Energy use
- Energy efficiency
- Greenhouse gas ("GHG") emissions

Water Efficiency
(sources, consumption)

Waste Minimisation
(consumption and recycling)

STRENGTHENING SOCIAL FABRIC

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

Health & Safety

Employee Engagement

Creating Social Ecosystems

Innovation

Service Quality

BUILDING TRUST

Goal
Maintaining a strong culture of ethics and compliance

Compliance
(with environmental and socioeconomic laws & regulations)

Ethical Business Practices
- Anti-corruption

Cyber Security

SUSTAINABILITY REPORT

Focus Areas and Relevant UN SDGs	Material Topics	Risks & Opportunities	Targets & Aspirations
Stewarding the Environment Contributing to UN SDGs:	• Climate Resilience • Water Efficiency • Waste Minimisation	The real estate sector is susceptible to physical risks such as droughts, floods, heatwaves, or rising sea levels brought on by climate change. OUE C-REIT may also face transition risks such as more stringent regulatory compliance to manage environmental risks in its operations. Efforts to mitigate and adapt to climate change may present opportunities for the Manager. Shifting consumer preferences and improvements to operational efficiency are potential areas OUE C-REIT can capitalise on, amid the transition towards a low-carbon economy.	• Reduce commercial segment energy intensity per m^2 by 25%* by FY 2030 • Reduce hospitality segment energy intensity per occupied room by 25%* by FY 2030 • Reduce Scope 2 GHG emissions intensity per m^2 by 25%* by FY 2030 • Actively pursue opportunities in renewable energy use • Reduce commercial segment water intensity per m^2 by 25%* by FY 2030 • Reduce hospitality segment water intensity per occupied room by 25%* by FY 2030 • Reduce hospitality segment paper and plastic waste by 50%* by FY 2030 • Reduce commercial segment non-hazardous waste intensity per m^2 by 15%* by FY 2030 • Increase commercial segment recycling rate to 12.5%* by FY 2030
Strengthening Social Fabric Contributing to UN SDGs:	• Health & Safety • Employee Engagement • Creating Social Ecosystems • Innovation • Service Quality	Our stakeholders have always been key drivers of our success and it is paramount that the Manager continues to adapt to their changing needs. These include rising expectations on health & safety practices and service quality from tenants, guests and visitors. Through constant engagement, we can foster strong relationships and build trust with our stakeholders. For employees, the Manager has implemented HR policies to create an inclusive, safe and conducive environment for our employees to thrive. By safeguarding their interests, the Manager can continue to recruit and retain top talents that will continue to help OUE C-REIT to grow.	• Maintain zero incidents resulting in employee fatality or permanent disability** • Maintain the proportion of women in senior management at 40% or above** • Maintain the employee turnover rate below the national industry average** • Maintain zero incidents of discrimination** • Achieve 25 training hours per employee per year** • As a long-standing partner of our community, OUE C-REIT is committed to bring about meaningful and sustainable impact through community-based initiatives in areas such as education, healthcare, the arts, sports as well as humanitarian and social development • All new investment properties to be accessible to persons with disabilities and feature child-friendly facilities • Actively seek opportunities to adopt new innovations and green building technologies • Maintain zero non-compliance with regulations and/or regulatory codes concerning the health and safety of tenants and building users resulting in a fine, penalty or warning# • Achieve at least 80% tenant satisfaction rate in relation to commercial properties

* Compared to base year FY 2017
** Applicable only to employees of the Manager, and One Raffles Place and Lippo Plaza property managers
# Excluding hospitality properties

Focus Areas and Relevant UN SDGs	Material Topics	Risks & Opportunities	Targets & Aspirations
Building Trust Contributing to UN SDGs:	• Ethical Business Practices • Compliance • Cyber Security	Non-compliance with evolving regulations will result in serious financial, operational and reputational consequences for OUE C-REIT and the Manager. Upholding ethical standards in our business strengthens stakeholders' trust and OUE C-REIT's reputation.	• Maintain zero incidents of non-compliance with laws and/or regulations, including competition laws, resulting in significant fines and non-monetary sanctions# • Maintain zero incidents of non-compliance with environmental laws and/or regulations resulting in significant fines and non-monetary sanctions# • Achieve 100% employee annual acknowledgement of all company policies, including Code of Business Conduct and Ethics** • Maintain zero confirmed incidents of corruption# • Maintain zero cyber incidents and data breaches#

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

STEWARDING THE ENVIRONMENT

As a property owner and manager, we recognise that climate change and environmental considerations have a bearing on all aspects of OUE C-REIT's business, particularly in terms of our assets, operations, as well as their present and future value.

The physical and transition risks of climate change can manifest itself in the long and short term through global warming, rising carbon taxes and an acceleration in the transition to a lower-carbon economy via changes in regulation, technology and consumer behaviour. These risks could have significant financial implications on revenue, operating costs, capital expenditure and capitalisation rate of OUE C-REIT's assets in Singapore and Shanghai.

Taskforce on Climate-related Financial Disclosures

(GRI 201)

Recognising the business risks of climate change, OUE C-REIT started introducing and reporting on climate-related risks in its 2021 Sustainability Report with reference to the Taskforce on Climate-related Financial Disclosures ("TCFD") recommendations, which is also aligned with the requirements of the EnRM Guidelines by MAS. In FY 2022, the Manager continues to provide insights and information on how climate risks are managed and will be working towards integrating environmental risks into OUE C-REIT's existing Enterprise Risk Management ("ERM") Framework.

The Manager seeks to understand possible financial and operational implications on OUE C-REIT's business based on the TCFD recommendations on governance, strategy, risk management, metrics and targets.

The implications are assessed with respect to OUE C-REIT's own exposure to climate change as well as the actions and commitments undertaken by:

- **Regulators & Law makers**
  - Climate reporting obligations for issuers by SGX-ST
  - Singapore's Building and Construction Authority ("BCA") Green Building Masterplan to achieve 80-80-80 in 2030[1]
  - Carbon tax and pricing
- **Tenants**
  - Demand for green buildings and leases

Note:

[1] Singapore, BCA (2021, February https://www1.bca.gov.sg/docs/default-source/docs-corp-buildsg/sustainability/sgbmp-80-80-80-in-2030-infographic.pdf?sfvrsn=57172d48_2) Green Building Masterplan

SUSTAINABILITY REPORT

GOVERNANCE	
a) The Board's oversight of climate-related risks and opportunities b) Management's role in assessing and managing climate-related risks and opportunities	A formal structure is in place to support proper management of environmental risks based on the STF reporting to the SSC monthly, and the SSC reporting to the Board, at least twice a year. The STF develops action plans in response to the sustainability targets. The STF, SSC and the OUE Group's SSC meet on a regular basis to monitor sustainability progress against climate-related targets and evaluate the effectiveness of these initiatives. Please refer to Sustainability Governance on pages 80 and 81 for more information.

STRATEGY	
a) The climate-related risks and opportunities OUE C-REIT has identified over the short, medium, and long term b) The impact of climate-related risks and opportunities on OUE C-REIT's businesses, strategy and financial planning c) The resilience of OUE C-REIT's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario	The scenario analysis conducted in FY 2021 has provided the Manager with greater insights to develop resilient climate strategies for OUE C-REIT. Hence, the Manager continues to focus on strengthening its governance and risk management processes and no new scenario analysis was conducted in FY 2022. Please see OUE C-REIT's Sustainability Report 2021[2] for the detailed disclosure of our TCFD climate scenario analysis with climate-related risks and opportunities identified that could have a potential financial impact on our business. The analysis performed in 2021 indicated that for Singapore, rising sea levels present a concrete threat. The Manager has identified potential financial indicators[3] that climate-related risks and opportunities could have an impact on, across OUE C-REIT's commercial and hospitality operations. In line with the MAS EnRM guidelines, the Manager has identified the following environmental issues to be included as part of the due diligence process for new acquisitions: 1. Energy efficiency 2. Energy supply 3. GHG emissions 4. Indoor environmental quality 5. Transportation 6. Waste management 7. Water efficiency 8. Water supply The Manager has formalised its ESG Investment Due Diligence Checklist in FY 2022 to conduct environmental and social risk assessments in addition to the standard due diligence process for new acquisitions. Besides checking on past and potential breaches of environmental, as well as health & safety laws and regulations, the checklist also includes questions on the target property's key environmental performance metrics and existing green building certifications.

Notes:
[2] OUE C-REIT Sustainability Report (pages 88 to 90), https://investor.ouect.com/misc/OUECT_Annual_Report_FY_2021.pdf
[3] Based on TCFD's guidance, the four financial indicators are Revenue, Expenditures, Assets & Liabilities, and Capital & Financing

RISK MANAGEMENT	
a) OUE C-REIT's processes for identifying and assessing climate-related risks b) OUE C-REIT's processes for managing climate-related risks c) How OUE C-REIT's processes for identifying, assessing, and managing climate-related risks are integrated into risk management	In FY 2022, training was provided to OUE C-REIT's relevant board members and employees around climate-related risks pertaining to the commercial and hospitality segments. The training was provided in the form of a workshop with the objective to identify and assess gaps with respect to the MAS' EnRM guidelines. The development and drafting of an ESG Investment Due Diligence Checklist is a result thereof. The Manager has in place an ERM Framework for OUE C-REIT, which has been approved by the Board. In the current Risk Register & Risk Parameters, transition risks (e.g. damage to reputation) are included. Physical risks (e.g. flood risk) are considered in OUE C-REIT's Business Continuity Plan ("BCP"). These risks are regularly monitored and managed by the property managers. OUE C-REIT is targeting to implement a monitoring process for external suppliers and service providers, in order to check on their compliance with ESG requirements in FY 2023. The Manager will keep working closely with the ARC to include climate-related risks in the ERM Framework and develop appropriate internal controls to manage these risks.
METRICS AND TARGETS	
a) The metrics used by OUE C-REIT to assess climate-related risks and opportunities in line with its strategy and risk management process b) OUE C-REIT's Scope 1, Scope 2, and, if appropriate, Scope 3 GHG emissions and the related risks c) The targets used by OUE C-REIT to manage climate-related risks and opportunities and the performance against targets	The key metrics OUE C-REIT uses to assess and monitor climate-related risks are carbon emissions, energy consumption, water consumption and waste generation. Long-term targets have been set for these metrics. The environmental data is reviewed bi-annually to enable the Manager to review the performance against OUE C-REIT's long-term targets to ascertain the effectiveness of existing policies and initiatives in mitigating climate-related risks. These metrics are also reported annually in OUE C-REIT's sustainability report for transparency. OUE C-REIT currently discloses only Scope 1 and 2 GHG emissions for our properties in Singapore and Shanghai. OUE C-REIT is also collecting Scope 3 emissions for its GRESB submission in terms of tenants' consumption of energy. The Manager will continue to monitor the value chain and consider disclosing Scope 3 emissions in future, should it become material to OUE C-REIT's operations. The accounting methodology used was based on the GHG Protocol Corporate Accounting and Reporting Standard, an internationally recognised framework, to ensure that the emission figures reported were consistent and accurate. The Manager, working with the Sponsor, has set long-term environmental targets for energy consumption, water consumption, waste generation and GHG emissions across OUE C-REIT's operations. These targets help the Manager to track OUE C-REIT's progress, monitor exposure to climate-related risks, and evaluate the efficacy of existing initiatives towards meeting the FY 2030 targets. For more details, please refer to the Climate Resilience, Water Efficiency and Waste Minimisation sections on pages 88 to 94.

SUSTAINABILITY REPORT

CLIMATE RESILIENCE
(GRI 3-3, 302, 305)

Targets & Aspirations	FY 2022 Performance
Commercial: Reduce energy intensity[4] by 25%* by FY 2030	**Commercial:** Energy intensity reduced by 24.5%
Hospitality: Reduce energy intensity[5] by 25%* by FY 2030	**Hospitality:** Energy intensity increased by 40.8% due to ongoing renovation works at Hilton Singapore Orchard which resulted in a significant decrease in occupied rooms
Reduce Scope 2 GHG emissions intensity[4] by 25%* by FY 2030	Scope 2 GHG emissions intensity reduced by 15.3%
Actively pursue opportunities in renewable energy use	Solar energy generation at One Raffles Place Tower 2 accounted for a portion of the overall building electricity consumption in FY 2022 Feasibility studies for the implementation of solar panels are being conducted at Hilton Singapore Orchard and Crowne Plaza Changi Airport

* Compared to base year FY 2017

Commercial and hospitality properties play a central role in decarbonising the economy, through reductions in energy usage and improving efficiency. Nearly 40% of all carbon emissions are contributed by the building and construction sectors[6], and if left unchecked, it will further accelerate climate change and global warming as seen with erratic weather patterns and more frequent cases of climate-related incidents like flooding. This presents a risk to OUE C-REIT due to potential damage to infrastructure or natural capital such as local biodiversity. As OUE C-REIT's properties are in water-scarce and land-scarce locations, the Manager acknowledges the importance of sustainable resource use to ensure business continuity.

The Manager's asset management team works closely with the property managers to improve the energy efficiency of OUE C-REIT's portfolio, which is also in line with the low carbon emissions plans of China[7] and Singapore[8]. The Manager's aim is focused on several key areas, including leveraging on technology, improving operational planning and engaging tenants to achieve OUE C-REIT's targets and aspirations.

To continuously monitor and manage energy use in our buildings, we have an Energy Management Policy, Energy Conservation Policy, as well as an Environmental, Health and Safety ("EHS") policy in place across all our buildings. This is part of the mandate of our property management teams to constantly explore smart energy solutions and energy-efficient products to reduce building energy usage, including that of our tenants. We are also committed to delivering environmental, social, and business benefits through sustainable procurement practices, and hence we have developed a Green Procurement Policy that integrates considerations of environmental and social issues during procurement and for development projects.

Notes:

4 Based on per unit gross floor area in square metres

5 Based on per occupied room

6 Singapore, Green Building Council (2022, December https://www.sgbc.sg/about-green-building/sgbc-embodied-carbon-pledge) Green Procurement for Green Buildings

7 World Bank Group (2022), China Country and Climate Development Report (CCDR), https://openknowledge.worldbank.org/bitstream/handle/10986/38136/FullReport.pdf?sequence=2&isAllowed=y

8 National Climate Change Secretariat (2020), Charting Singapore's low-carbon and climate resilient future, https://unfccc.int/sites/default/files/resource/SingaporeLongtermlowemissionsdevelopmentstrategy.pdf

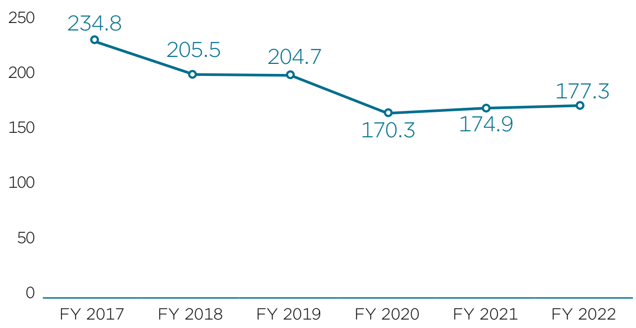
	Focus	Measures & Initiatives
Climate Resilience	Energy-Efficient Heating, Ventilation & Air Conditioning Equipment	- Conversion or upgrading of air-handling units' ("AHU") fans to optimise energy usage at One Raffles Place (completion is targeted for 2Q 2023) - Regular maintenance of plate heat exchangers for peak heat transfer efficiency at Lippo Plaza - Exploring the feasibility of leveraging on Singapore's district cooling network to reap benefits of scale by sharing chiller capacity for better building efficiencies - Running additional cooling towers at OUE Bayfront for better heat transfer - Reinsulating chilled water pipes to reduce energy usage - Chiller and water pumps at the hotel properties are expected to be upgraded in 2023 to improve operational efficiency and reduce any potential refrigerant and water leakages
	Control, Metering & Monitoring	- Air conditioning temperature at selected properties is set between 24.0°C and 25.5°C - Adjusting the AHU operating hours for back-of-house areas - Energy audits are conducted by the government on a regular basis at Lippo Plaza - Swimming pool circulation and water feature pumps are switched off from 9 pm to 5 am to conserve energy and daily Earth Hours continue to be implemented from 9:30 pm to 10:30 pm at Crowne Plaza Changi Airport - OUE Bayfront and OUE Downtown Office are currently exploring smart energy solutions to optimise operations and track energy usage for both common areas and tenants - Through enhanced operational planning, OUE C-REIT's selected properties incorporate sensor technology to control lighting and temperature for energy efficiency
	Retrofitting Lighting	- Installation of energy-saving LED lighting and lamps within common and tenant areas at OUE Downtown Office, One Raffles Place and Lippo Plaza
	Renewable Sources of Energy	- Solar panels are installed on the roof of One Raffles Place Tower 2
	Certifications	- Recertification of BCA Green Mark Gold at OUE Downtown Office and OUE Bayfront
	Tenant Engagement	- Green Guide for Tenants which outlines recommendations for energy, water, waste and indoor air quality management (also applicable for fit-out and renovation works) - Green leases account for approximately 21.1% of the Singapore commercial segment net lettable area as of 31 December 2022

PORTFOLIO ENERGY CONSUMPTION BY TYPE

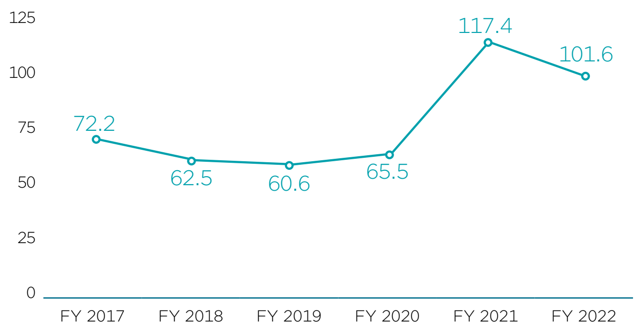
	Total Energy (MWh)	Total Energy (GJ)
Diesel	7	25
Motor gasoline	18	63
Cooking gas	2,161	7,780
Electricity (includes cooling)	84,656	304,762
Renewable	19	68
Total	**86,861**	**312,698**

SUSTAINABILITY REPORT

ENERGY INTENSITY[9] - COMMERCIAL
(kWh/m^2)



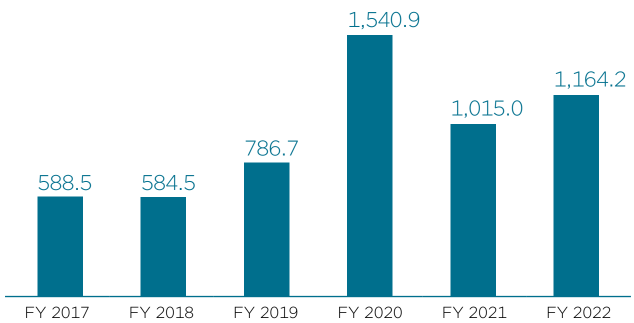
ENERGY INTENSITY - HOSPITALITY
(kWh/occupied room)



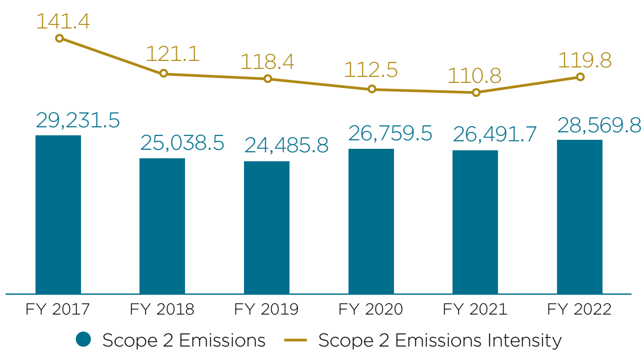
The total energy consumption across OUE C-REIT's property portfolio for FY 2022 was 86,861 megawatt hours ("MWh"). The commercial segment recorded an energy intensity of 177.3 kilowatt hour per square metre ("kWh/m^2"), a reduction of 24.5% compared to base year FY 2017. OUE C-REIT is on track to achieve a 25% reduction in energy intensity for the commercial segment by FY 2030.

Meanwhile, OUE C-REIT's hospitality segment reported an energy intensity of 101.6 kilowatt hour per occupied room ("kWh/occupied room") in FY 2022, a notable 40.8% increase compared to base year FY 2017. The increase in energy intensity was mainly attributed to the ongoing renovation works at the Orchard Wing of Hilton Singapore Orchard, which resulted in a 56.2% reduction in the number of occupied rooms in FY 2022 compared to FY 2017. Energy usage did not significantly reduce in FY 2022 despite the decrease in the number of occupied rooms as electricity was used for renovation works.

SCOPE 1 EMISSIONS[10]
(tCO_2e)



SCOPE 2 EMISSIONS[11] AND EMISSIONS INTENSITY
(tCO_2e) ($kgCO_2e/m^2$)



In FY 2022, absolute Scope 2 emissions from our commercial and hospitality properties decreased to 28,569.8 $kgCO_2e/m^2$ from 29,231.5 $kgCO_2e/m^2$ in FY 2017. Scope 2 emissions intensity decreased by 15.3% compared to FY 2017, as commercial activities had not fully returned to pre-pandemic levels. We expect to see a potential increase in Scope 2 emissions intensity with the resumption of business activities as pandemic measures are gradually relaxed. Nonetheless, the Manager is committed to achieving our long-term environmental targets and will continue to explore ways to reduce OUE C-REIT's environmental footprint.

Notes:

[9] Energy intensity was calculated based on diesel, motor gasoline, cooking gas, electricity, and renewable energy consumption

[10] Scope 1 GHG emissions reported here include CO_2 from the combustion of fossil fuels and hydro fluorocarbon ("HFC") or HFC-based refrigerants. Quantities of fugitive HFC-based refrigerants were converted to CO_2-equivalent using 100-year global warming potentials ("GWPs") provided in IPCC Fifth Assessment Report ("ARS")

[11] Singapore grid emission factors are taken from Singapore Energy Statistics 2021 published by the Energy Market Authority and Shanghai grid emission factors are taken from Ministry of Ecology and Environment of the People's Republic of China《2019年度减排项目中国区域电网基准线排放因子》

WATER EFFICIENCY
(GRI 3-3, 303)

Targets & Aspirations	FY 2022 Performance
Commercial: Reduce water intensity[12] by 25%* by FY 2030	**Commercial:** Water intensity reduced by 40.5%
Hospitality: Reduce water intensity[13] by 25%* by FY 2030	**Hospitality:** Water intensity decreased by 1.5% due to ongoing renovation works at Hilton Singapore Orchard which resulted in a significant decrease in occupied rooms and absolute water consumption

* Compared to base year FY 2017

Water scarcity is a worldwide concern, and water is OUE C-REIT's second most consumed natural resource (with energy being first). Singapore is ranked as one of the countries that will face extremely high water stress in 2040[14]. As OUE C-REIT's operations are water intensive and dependent on a reliable and clean water supply, especially for our hospitality assets, it is vital that OUE C-REIT manages water efficiently and effectively. Water withdrawn in Singapore and Shanghai for our operations are freshwater and from municipal sources.

The Manager has placed heavy emphasis on prudent water management to reduce the risks of our operations being affected by water scarcity. As our water consumption is largely attributed to the daily usage by our tenants, guests and employees, OUE C-REIT ensures that there is close collaboration with our stakeholders to advocate water efficiency and encourage responsible water usage on our premises. We communicate regularly with our stakeholders on water efficiency plans and improvements. There are also water management plans and initiatives in place to mitigate climate change impacts and promote responsible use of water as a scarce resource.

For FY 2022, there were no incidents of non-compliance with water quality, permits, standards and applicable regulations. Wastewater is directly discharged into the public sewerage system. OUE C-REIT continues to comply with regulations and align with good practices as a result of having the right policies, focus, measures and initiatives in place.

	Focus	Measures & Initiatives
Water Efficiency	Water-Efficient Equipment	- Upgrading of plumbing fixtures to increase water efficiency - Replaced both hot water and chilled water pipes and insulation, to maintain temperature and system efficiency at Crowne Plaza Changi Airport - Good Water Efficiency Labelling ratings are considered when procuring water fittings, fixtures and appliances
	Water Efficiency Opportunities	- Capitalise on areas where potable water consumption can be reduced such as using treated greywater in cooling towers for irrigation and flushing in lavatories, as well as utilising NEWater at nearly all Singapore properties - Installed water-efficient fittings and adopted recommended flow and flush rates for toilet upgrading projects, following the guidelines set out by the PUB in its Water Efficient Building ("WEB") Certification Programme[15]

Notes:

[12] Based on per unit gross floor area in square metres

[13] Based on per occupied room

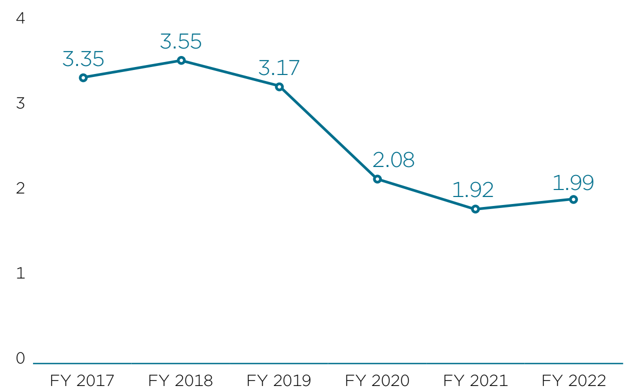
[14] Maddocks, A. et al (2015, August https://www.wri.org/blog/2015/08/ranking-world-s-most-water-stressed-countries-2040). Ranking the World's Most Water-Stressed Countries in 2040, World Resources Institute

[15] Singapore, PUB (2021, September https://www.pub.gov.sg/savewater/atwork/certificationprogramme). Water Efficient Building (Basic) Certification

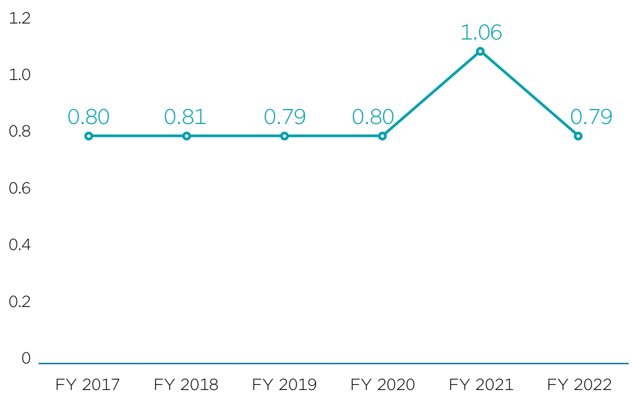
SUSTAINABILITY REPORT

	Focus	Measures & Initiatives
Water Efficiency	Control, Metering & Monitoring	- Installation of utility sub-meters to monitor water usage, flow rates[16] and flush volumes at Lippo Plaza - Ongoing monitoring and analysis of the potable and recycled water consumption at our Singapore properties - Monitoring of water consumption at OUE Bayfront, OUE Downtown Office and Mandarin Gallery at common areas
	Supplier & Tenant Engagement	- Collaboration with suppliers who invest in water efficiency improvements following the PUB WEB Certification Programme guidelines

WATER INTENSITY – COMMERCIAL
(m³/m²)



WATER INTENSITY – HOSPITALITY
(m³/occupied room)



In FY 2022, OUE C-REIT's properties reported a total water withdrawal[17] of 450,603 cubic metres ("m^3"). Due to the reduced level of activities during the pandemic, the commercial segment reported an improved water intensity of 1.99 m^3 per square metre ("m^3/m^2"), a reduction of 40.5% compared to base year FY 2017.

Water intensity from OUE C-REIT's hospitality segment decreased by 1.5% to 0.79 m^3 per occupied room ("m^3/occupied room") compared to base year FY 2017 due to the ongoing renovation work at Hilton Singapore Orchard which resulted in a 56.2% reduction in the number of occupied rooms in FY 2022. The decrease in occupied rooms led to a significant 42.7% decrease in the total absolute water consumption for the hospitality segment in FY 2022 as compared to the base year.

Notes:

[16] Flow rates for wash basin taps and showers are regulated at four litres per minute and seven litres per minute respectively

[17] All water withdrawal is fresh water and from municipal supply

WASTE MINIMISATION
(GRI 3-3, 306)

Targets & Aspirations	FY 2022 Performance
Commercial: • Reduce non-hazardous waste intensity[18] by 15%* by FY 2030 • Increase recycling rate to 12.5%* by FY 2030	**Commercial:** • Non-hazardous waste intensity reduced by 26.9% • Recycling rate is 3.8% in FY 2022
Hospitality: • Reduce paper waste by 50%* by FY 2030 • Reduce plastic waste by 50%* by FY 2030	**Hospitality:** • Reduced paper waste by 33.3% • Reduced plastic waste by 68.4[19]

* Compared to base year FY 2017

Singapore's sole landfill at Pulau Semakau is estimated to be filled by 2035[20] if the rate of waste generation remains constant. As part of Singapore's goals towards a Zero-Waste Nation, the country aims to reduce the daily waste sent to the landfill by 30% by 2030[21] to extend its lifespan. It is imperative that waste should be managed well to avoid the negative impacts such as pollution due to incineration. OUE C-REIT supports Singapore's efforts towards Zero-Waste, and the Manager plays its part in reducing the volume of non-hazardous waste through effective waste management and increasing the recycling rate at OUE C-REIT's properties.

	Focus	Measures & Initiatives
Waste Minimisation	Waste Reduction Measures	- Minimise plastic usage at Hilton Singapore Orchard through: ∘ Wooden key cards and digital keys through the Hilton Honors app ∘ Sustainable stationery ∘ Bulk bathroom amenities ∘ Replace plastic drinking water bottles with carton packaging ∘ In-house custom-built water filtration plant and glass bottling system - Umbrella dryers for use on rainy days instead of plastic sleeves at One Raffles Place
	Recycling	- Recycling bins provided for various recyclable materials (glass, metal, plastic, food & electronic waste) in line with requirements of National Environmental Agency ("NEA")[22] - Waste from recycling bins is sorted and quantified before being transported to recycling facilities - For our retail properties, our recycling plan and waste disposal consumption data are submitted to NEA[23] yearly for review and site checks

Notes:

18 Based on per unit gross floor area in square metres

19 Plastic waste figures have been estimated based on procurement records

20 Singapore, National Environmental Agency (2022, July https://www.nea.gov.sg/corporate-functions/resources/publications/books-journals-and-magazines/envision-lite/june-july-2020/semakau-landfill-20th-anniversary) Semakau Landfill 20th Anniversary

21 Singapore, Tan, A. (2019, August https://www.straitstimes.com/singapore/environment/spore-aims-to-send-one-third-less-waste-to-semakau-landfill-by-2030-amy-khor) Singapore aims to send one-third less waste to Semakau Landfill by 2030: Amy Khor. Retrieved from The Straits Times

22 Singapore, National Environment Agency (2022, December https://www.nea.gov.sg/our-services/waste-management/3r-programmes-and-resources) Waste Minimisation and Recycling

23 Singapore, National Environment Agency (2022, December https://www.nea.gov.sg/our-services/waste-management/mandatory-waste-reporting#:~:text=Disposal%20Facilities%20page.-,Update%20on%20the%20Mandatory%20Waste%20Reporting%20Exercise,data%20and%20waste%20reduction%20plans). Mandatory Waste Reporting Exercise started in 2014

SUSTAINABILITY REPORT

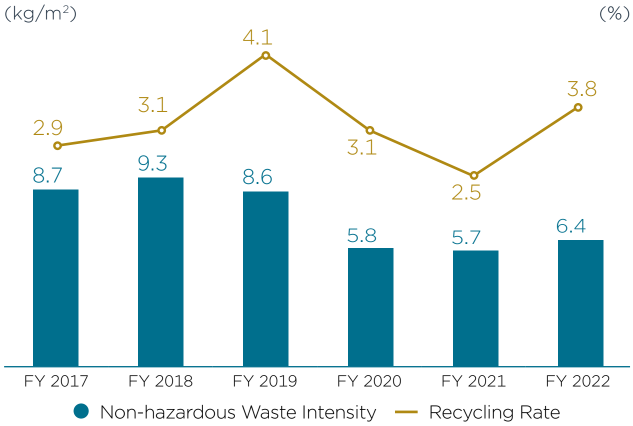
	Focus	Measures & Initiatives
Waste Minimisation	Equipment	- Eco-waste collection equipment is used to compress and break down waste into smaller pieces at OUE Downtown Office - Automatic food waste recycling systems at Hilton Singapore Orchard to bio-convert solid food waste into liquids for discharge as greywater and minimise food waste
	Employee & Tenant Engagement	- Regular tenant engagement through circulars and other activities at OUE Bayfront and OUE Downtown Office to encourage recycling, minimise plastic usage, or usage of environmentally friendly or 100% recycled paper - Collection of recyclables such as glass, metal, plastic, food and electronic waste at common areas - Wet waste bins and battery recycling bins were placed at prominent locations in Lippo Plaza to promote waste segregation and recycling

Most waste generated at OUE C-REIT's properties is non-hazardous waste. In FY 2022, the total non-hazardous and hazardous waste generated amounted to 3,357 tonnes and 1.2 tonnes respectively.

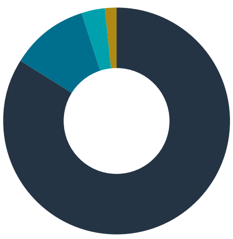
As with the other environmental metrics, OUE C-REIT's commercial segment recorded a 26.9% decrease in non-hazardous waste intensity from 8.7 kilograms per square metre ("kg/m²") in FY 2017 to 6.4 kg/m² in FY 2022 partly because of the COVID-19 pandemic. The recycling rate of the commercial segment increased from 2.5% in FY 2021 to 3.8% in FY 2022.

In FY 2022, paper waste generated at the hotels declined by 33.3% against base year FY 2017. Plastic waste generated at the hotels decreased significantly by 68.4% in FY 2022 against base year FY 2017.

NON-HAZARDOUS WASTE INTENSITY AND RECYCLING RATE – COMMERCIAL

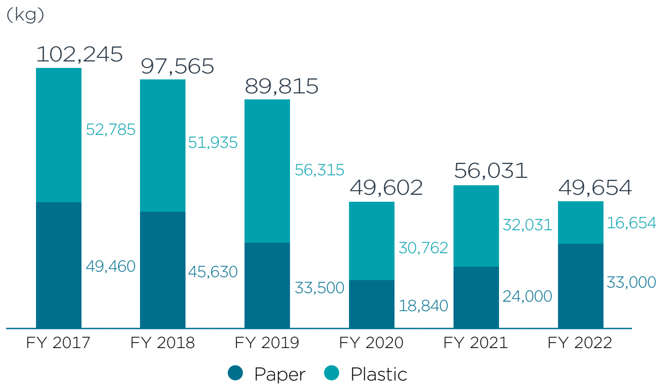


DISPOSAL METHOD FOR NON-HAZARDOUS WASTE



	(%)
Incinerated	78.0
Landfilled[24]	14.1
Recycled	5.1
Other disposal method	2.8

PLASTIC AND PAPER WASTE GENERATED – HOSPITALITY



Note:

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

STRENGTHENING SOCIAL FABRIC

HEALTH & SAFETY
(GRI 3-3, 403)

Targets & Aspirations	FY 2022 Performance
Maintain zero incidents resulting in employee fatality or permanent disability*	Zero incidents resulting in employee fatality or permanent disability

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

Occupational Health & Safety

The health and safety of our stakeholders is of the utmost importance to OUE C-REIT. The Manager strives to provide a safe and secure environment at our office and retail properties for our employees, tenants and visitors.

To promote a safe and healthy working environment, risk and hazard management plans are in place at OUE C-REIT's properties. Workplace health and safety is integrated into our HR policies, including educational and training programs for employees on health and safety issues during staff orientation programmes, and at relevant stages throughout their careers.

The property management teams conduct regular risk assessments and property walk-throughs to identify potential hazards that may lead to accidents. Safety measures to mitigate identified hazards are recommended and implemented by the property management teams and reported to the Manager. Work-related injuries or ill-health will be reported in compliance with the Workplace Safety and Health (Incident Reporting) Regulations.

In September 2022, the Singapore Tripartite Alliance for Workplace Safety and Health ("WSH") launched the Code of Practice on Chief Executives' and Board of Directors' WSH Duties. We are taking steps to seek further alignment with the code in line with our commitment to safety.

	Focus	Measures & Initiatives
Health & Safety	Accreditation & Compliance to Standards	- Subscription to the bizSAFE programme[25] administered by the Singapore WSH Council to develop our overall capabilities in ensuring workplace health and safety - Periodic audits performed by WSH auditors who are approved by Ministry of Manpower ("MOM") to ensure compliance with bizSAFE standards - Crowne Plaza Changi Airport and Hilton Singapore Orchard maintained their bizSAFE Level 4 accreditation in FY 2022
	Risk & Hazard Management Plans	- Annual or bi-annual fire evacuation drills, regular fire safety training and evacuation plans designed for tenants and visitors - Managing agent of OUE Bayfront and OUE Downtown Office also ensures workplace health and safety at the premises, putting them on the meeting agenda despite the low hazard risk of an office environment
	Employee & Service Provider Engagement	- At One Raffles Place, workplace safety news is gathered from WSH Council every month and disseminated to staff according to relevance - WSH is a permanent meeting agenda for monthly meetings with the main service providers such as security, cleaning and facilities management - Selected Operations team members have been sent for Workforce Skills Qualifications[26] ("WSQ") Certificate in WSH, which provides them with basic competencies to lead as a WSH representative

Notes:

[25] Singapore, WSH Council (2020, https://www.tal.sg/wshc/programmes/bizsafe/about-bizsafe)

[26] Singapore, Skillsfuture Singapore (2020, November, https://www.ssg.gov.sg/wsq.html)

SUSTAINABILITY REPORT

Employees Health & Well-being

Our people are our most important asset, and their health, training and safety are key considerations for OUE C-REIT. Our health and safety considerations are translated into concrete practices within our HR policy, that is periodically communicated to our employees:

- Comprehensive medical benefits for employees and their family members, such as outpatient, inpatient and specialist medical coverage, as well as dental benefits
- Hybrid and flexible work arrangements are available to OUE C-REIT's employees for better work-life balance (the Manager's employees have the option to work from home for one day a week)
- Work injury compensation through the Manager's insurance coverage
- Periodic health screening for employees aged above 40 years old in Singapore, and annual health screening for employees in China
- Complimentary weekly online health and wellness programmes continues to be offered to OUE employees by the Group's health insurance provider, aimed at taking care of both our employees' physical and mental well-being
- Regular safety trainings and fire drills are conducted. Some of our employees underwent a 2.5 day First Aid and AED ("Automated External Defibrillator") training course in December 2022, to equip them with skills needed for health emergencies or injuries
- The Manager's employees are entitled to two days of paid family care leave and parental leave to take time off to care for their loved ones. In FY 2022, three eligible employees were entitled to parental leave. Two female employees utilised their maternity leave benefits and one has returned to work in FY 2022 after her maternity leave ended. One male employee also utilised his paternity leave benefits and returned to work during the year after his paternity leave ended.

Contractors and Service Providers

The Manager also takes the health and safety of our contractors, and other workers who are not direct employees but whose work is controlled by OUE C-REIT, very seriously.

Contractors are informed of our health and safety practices and expectations, and they are required to comply with our Workmen Compensation Policy. They are also required to register for third-party liability insurance and contractor's all risk insurance before the commencement of work. Additionally, all third-party service providers and main contractors are required to maintain relevant safety certifications such as OHSAS 18001 or ISO 45001, throughout their engagement. The property managers conduct regular meetings with service providers to ensure their health and safety performance is satisfactory.

In FY 2022, we reported zero high-consequence work-related injuries or fatalities, and there were also zero incidents of work-related ill-health.

There was one worker at Lippo Plaza who sustained a light injury while on duty and he has since fully recovered.

NUMBER AND RATE OF WORK-RELATED INCIDENTS

	Employees	Other Workers
Number of injuries[27]	0	1
Number of high-consequence injuries	0	0
Injury rate (per million man-hours worked)	0	11.9
High-consequence injury rate (per million man-hours worked)	0	0
Man-hours worked	**128,386**	**84,085**

NUMBER AND RATE OF WORK-RELATED ILL-HEALTH

	Employees	Other Workers
Number of illnesses[28]	0	0
Illness rate (per million man-hours worked)	0	0
Man-hours worked	**128,386**	**84,085**

EMPLOYEE ENGAGEMENT
(GRI 2-7, 2-8, 3-3, 201, 401, 404, 405, 406)

Targets & Aspirations	FY 2022 Performance
Maintain the proportion of women in senior management at 40% or above*	50.0% of employees in senior management are women
Maintain the employee turnover rate[29] below the national industry average*	Employee turnover rate was 55.2% (FY 2022 national industry average[30]: 24.0%)
Maintain zero incidents of discrimination*	Zero incidents of discrimination
Achieve 25 training hours per employee per year*	39.6 average training hours per employee • The Manager: 39.3 hours • One Raffles Place: 47.4 hours • Lippo Plaza: 24.5 hours

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

Diverse Workforce

The Manager and property managers of One Raffles Place and Lippo Plaza have a total of 67 employees in Singapore and Shanghai, none of which are part of any workers' union. While our employees are not union members, we have adequate HR policies in place to ensure working conditions and terms of employment are fair and they are not put at a disadvantage. We are pleased to report that 50.0% of our employees at senior management level are women. More information on the Manager's management team can be found on page 28.

Maintaining a working environment that encourages mutual respect among all employees regardless of position, and embracing diversity is a key aspect of working at the Manager. We believe that the working environment should allow open and effective communication between employees of all levels to resolve disputes. The Manager has established a formal grievance procedure which is communicated to all our employees through the Employee Handbook, to ensure disputes are handled fairly and satisfactorily.

Notes:

[27] Injuries as defined by MOM, Singapore: Employees injured in a work accident or resulting in any one of the following-outpatient/hospitalisation leave, light duty, death

[28] Illness as defined by MOM, Singapore: Occupational diseases resulting from exposure to hazards at work

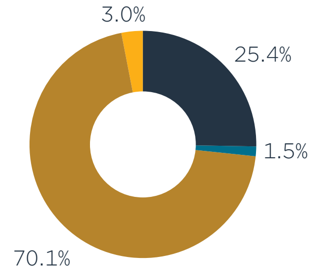
[29] Only includes employees who resigned during the reporting period

[30] Based on 3Q 2022 data for real estate services as published by MOM in Singapore

SUSTAINABILITY REPORT

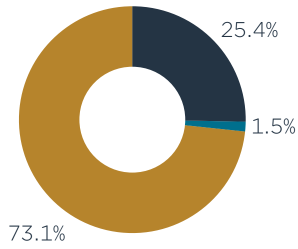
TOTAL NUMBER OF EMPLOYEES BY EMPLOYMENT CONTRACT, EMPLOYMENT TYPE, GENDER AND REGION[31]

By Employment Contract and Gender



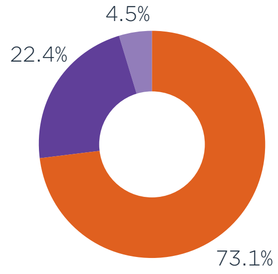
Male (Permanent)	17
Male (Temporary)	1
Female (Permanent)	47
Female (Temporary)	2
Total Employees	**67**

By Employment Type[32] and Gender



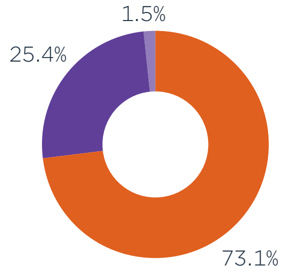
Male (Full-time)	17
Male (Part-time)	1
Female (Full-time)	49
Total Employees	**67**

By Employment Contract and Region



Singapore (Permanent)	49
Shanghai (Permanent)	15
Shanghai (Temporary)	3
Total Employees	**67**

By Employment Type[32] and Region

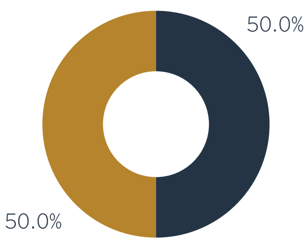


Singapore (Full-time)	49
Shanghai (Full-time)	17
Shanghai (Part-time)	1
Total Employees	**67**

PERCENTAGE OF INDIVIDUALS BY EMPLOYEE CATEGORY, GENDER AND AGE GROUP

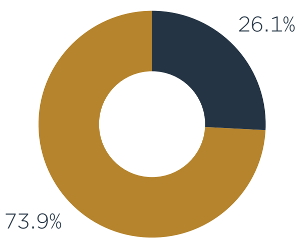
By Gender

Senior management level



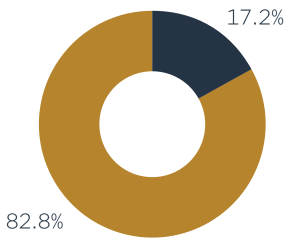
Male	6
Female	6
Total Employees	**12**

Middle management level



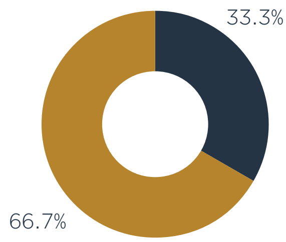
Male	6
Female	17
Total Employees	**23**

Executive level



Male	5
Female	24
Total Employees	**29**

Non-executive level



Male	1
Female	2
Total Employees	**3**

Note:

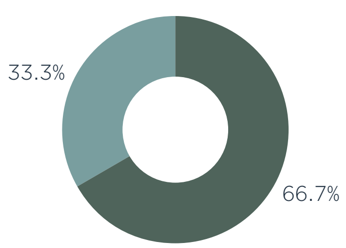
[31] For the properties OUE Downtown Office, OUE Bayfront, and OUE Downtown Gallery, data excludes workers who are employed by a managing agent that has been appointed to manage the day-to-day operations of these properties

[32] Non-guaranteed hours employees refer to casual employees. We do not have non-guaranteed hours employees

PERCENTAGE OF INDIVIDUALS BY EMPLOYEE CATEGORY, GENDER AND AGE GROUP

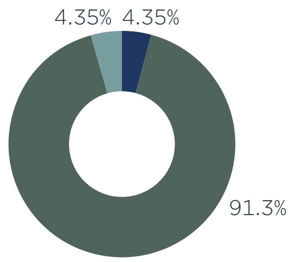
By Age Group

Senior management level



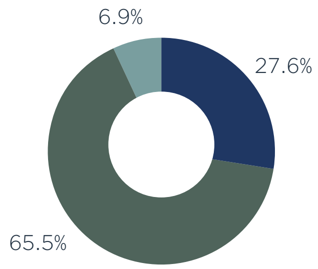
30-50 years old	8
Over 50 years old	4
Total Employees	**12**

Middle management level



Under 30 years old	1
30-50 years old	21
Over 50 years old	1
Total Employees	**23**

Executive level



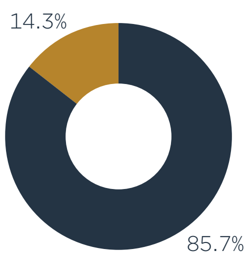
Under 30 years old	8
30-50 years old	19
Over 50 years old	2
Total Employees	**29**

Non-executive level

Over 50 years old	3
Total Employees	**3**

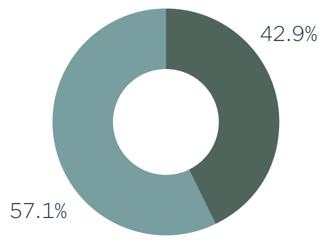
BOARD OF DIRECTORS BY GENDER AND AGE GROUP

By Gender



Male	6
Female	1
Total Employees	**7**

By Age Group



30-50 years old	3
Over 50 years old	4
Total Employees	**7**

SUSTAINABILITY REPORT

Employee Satisfaction

In 2022, the Manager conducted its first employee engagement survey to measure satisfaction and gather anonymous feedback. The overall satisfaction score was 91.4% and the survey allowed senior management to understand respondents' various needs and provided feedback on areas such as improving operational efficiency and fostering greater collaboration amongst colleagues. The Manager's key management will be working with the OUE Group HR department on an employee engagement plan to address their needs and concerns, as well as to build an engaged workforce.

Fair Employment Practices

Fair and inclusive employment practices are vital for the Manager to attract, retain and develop a diverse pool of talent.

OUE C-REIT strictly adheres to the Tripartite Alliance for Fair and Progressive Employment Practices ("TAFEP") guidelines and government employment legislation. As an equal opportunity employer, we aim to employ qualified candidates based on their qualifications, competencies, attributes, experience and assessed potential to contribute to the business, without discrimination against age, gender, race, marital status or religion.

OUE C-REIT also adopts a fair remuneration system that is market competitive and adopts a performance-driven approach which tracks quantitative KPIs including non-financial ESG KPIs and assesses each individual's core competencies. Performance evaluations are conducted at least once a year to assess each employee's career development. In 2022, the property manager of One Raffles Place purchased market remuneration data from an external consultant to update salary benchmarks to ensure that staff remuneration is in line with the industry.

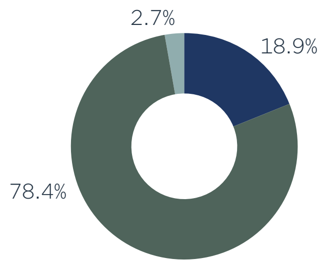
All employees in Singapore regardless of full-time, part-time, or temporary, will receive a monthly contribution to their Central Provident Fund ("CPF") in accordance with statutory requirements. The CPF is a mandatory social security savings scheme funded by contributions from employers and employees, and it is used as a pension fund to serve housing, healthcare and retirement needs. In China, full-time employees of Lippo Plaza are provided with five social insurances: pension fund, medical insurance, industrial injury insurance, unemployment insurance, and maternity insurance in accordance with the Chinese labour law.

Our employee turnover rate was 55.2% in FY 2022, which was above the national industry average of 24.0% for 2022 in the real estate services sector.

If employees have been negatively impacted, such as through disputes or if their rights have been compromised, OUE C-REIT has a grievance mechanism in place for employees to raise their concerns and seek remediation without fear of reprisal. This has been communicated in our Employee Handbook and employees are strongly encouraged to use this mechanism to report any harassment or inappropriate behaviour faced at the workplace. In doing so, we aim to have a working environment that is not only open, but also safe and inclusive.

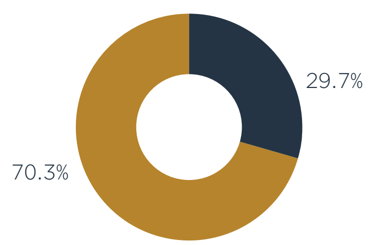
TOTAL NUMBER AND RATE OF NEW EMPLOYEE HIRES IN FY 2022, BY AGE GROUP, GENDER AND REGION

By Age Group



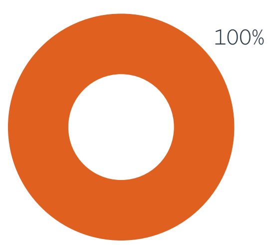
Under 30 years old	7
30-50 years old	29
Over 50 years old	1
Total Employees	**37**

By Gender



Male	11
Female	26
Total Employees	**37**

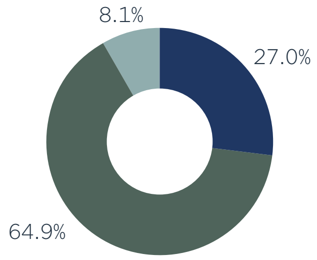
By Region



Singapore	37
Total Employees	**37**

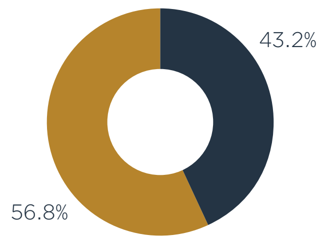
TOTAL NUMBER AND RATE OF EMPLOYEE TURNOVER IN FY 2022, BY AGE GROUP, GENDER AND REGION

By Age Group



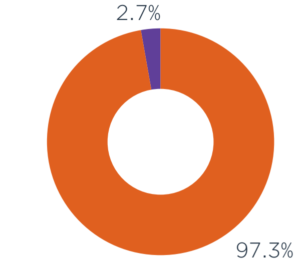
Under 30 years old	10
30-50 years old	24
Over 50 years old	3
Total Employees	**37**

By Gender



Male	16
Female	21
Total Employees	**37**

By Region



Singapore	36
Shanghai	1
Total Employees	**37**

Non-discrimination & Harassment

The Manager's Code of Business Conduct and Ethics clearly states that OUE C-REIT has zero tolerance towards any form of harassment, violence, intimidation, and discrimination of any kind involving race, colour, religion, national origin, gender, sexual orientation, age, disability or, where applicable, marital status. Similarly, this principle of impartiality is also applied to our recruitment process and the Manager applies the same merit-based selection criteria to our contractors to promote fairness and non-discrimination in our business dealings. Employees are also encouraged to report any harassment or inappropriate behaviour at the workplace.

In FY 2022, we received zero complaints of discrimination observed in our businesses.

Learning & Development

OUE C-REIT strives to create a workforce that is motivated, skilful, competent, and eager to learn, as we recognise that these values are imperative to elevate our performance and ensure that our employees carry out their duties to the best of their abilities. The Manager has therefore implemented the Learning and Development Policy, which aims to invest in a culture of continual learning and ensure that our employees are equipped with the most updated knowledge and skillsets in today's fast-paced and challenging environment.

All employees are encouraged to identify their own training needs and attend the relevant courses. Trainings can take various forms such as on-the-job-training, one-on-one training, workshops, coaching, mentoring and self-paced-learning for employees to select that which best suits their needs. Sponsorships for external training or education assistance for employees who wish to complete further studies are available for all eligible employees. At One Raffles Place, all staff have been provided with a LinkedIn learning account to acquire professional training and accreditation in a flexible environment.

In FY 2022, employees have attended various courses, workshops, and training programmes relevant to the real estate sector and their area of expertise such as REIT management, accounting and taxation updates, real estate trends and market outlook, as well as corporate governance and credit ratings. A leadership development course was also organised by the OUE Group HR department, with the assistance of Singapore Management University Academy, to build core leadership skills and mindsets. Three employees from the Manager attended the two-day programme.

On the sustainability front, some employees have also attended relevant training sessions such as TCFD workshops organised by SGX and Global Compact Network Singapore to ensure that they are kept up to date on the latest sustainability trends and requirements. With the changing reporting and regulatory requirements for sustainability reports, it is necessary to understand the revisions so that we can align to best practices and expectations. The Board also attended online education modules on understanding global sustainability trends for businesses, sustainability governance &

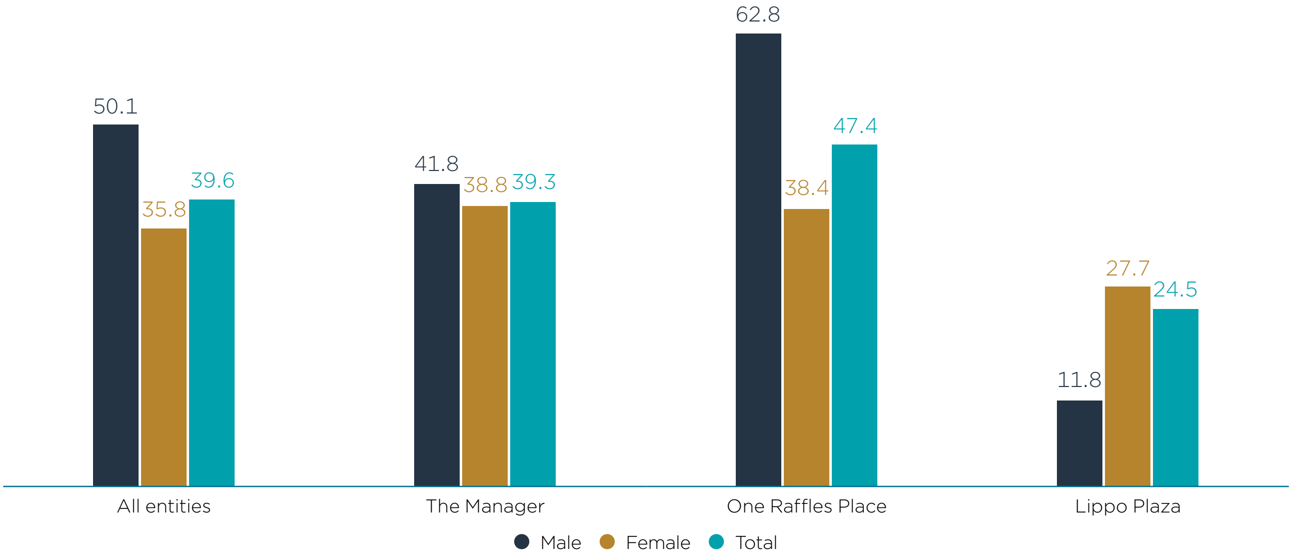
SUSTAINABILITY REPORT

strategy, sustainability reporting and Board leadership conducted by the University of Cambridge's Institute for Sustainability Leadership & Earth.

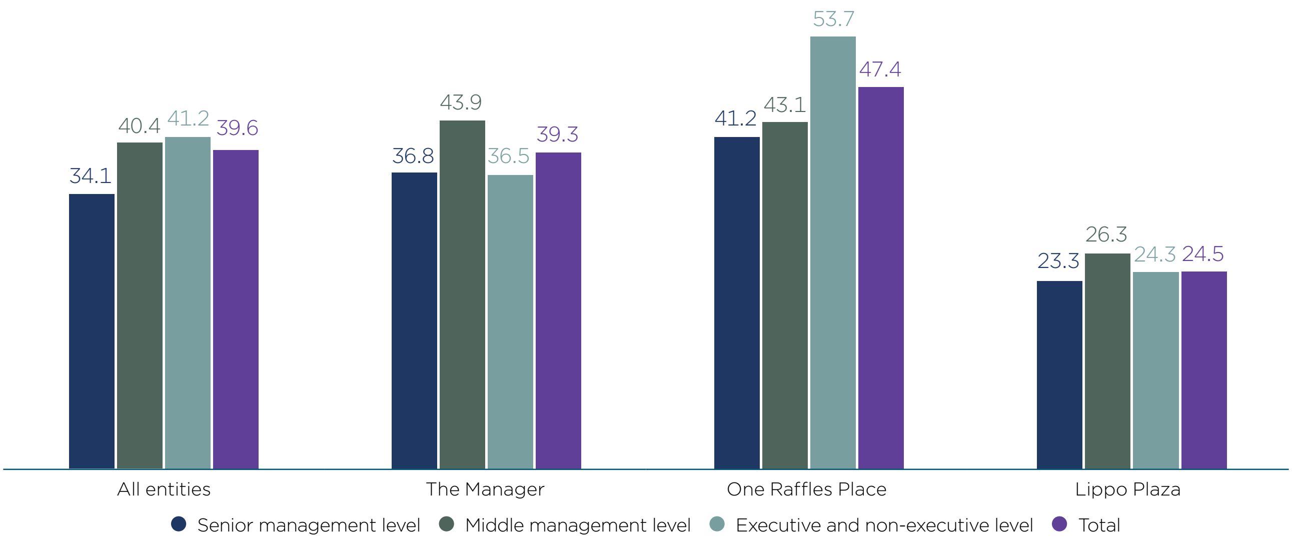
In FY 2022, the Manager reported an average of 39.6 training hours amongst our employees, including the property managers of One Raffles Place and Lippo Plaza.

To further tap on our employees' potential to excel and grow, annual performance and career development reviews are conducted, involving discussions on personal achievements, development areas and feedback on how OUE C-REIT can help individuals to further enhance their skillsets and working experience. In FY 2022, 100% of eligible employees received the annual review.

AVERAGE HOURS OF TRAINING BY GENDER



AVERAGE HOURS OF TRAINING BY EMPLOYEE CATEGORY



Succession Planning & Talent Pipeline

The Manager has in place a three-step approach to succession planning. First, this involves identifying the talent pool vital to OUE C-REIT's strategic objectives and continuity. Following that, succession and knowledge transfer plans such as training or providing relevant opportunities for growth are developed and implemented. Finally, the effectiveness of succession planning efforts is evaluated via metrics such as performance, overall turnover and retention rates.

To create a potential talent pipeline, the Manager will be working with local universities in 2023 to offer internship opportunities for undergraduates and to recruit future young leaders.

CREATING SOCIAL ECOSYSTEMS
(GRI 3-3, 413)

Targets & Aspirations	FY 2022 Performance
All new investment properties to be accessible to persons with disabilities and feature child-friendly facilities	No new investment property was acquired in FY 2022. The Manager is committed to providing barrier-free accessibility and child-friendly facilities at our existing properties where feasible
As a long-standing partner of our community, OUE C-REIT is committed to bring about meaningful and sustainable impact through community-based initiatives in areas such as education, healthcare, the arts, sports, as well as humanitarian and social development	The Manager, working with the Sponsor, property managers and master lessees, has participated and organised several community outreach initiatives. Refer to page 104 for more detail

Building Accessibility & Family-Friendly Amenities

The Manager recognises that modern buildings become part of the social fabric of a city and have the potential to positively impact its occupants and the community around them. Hence, we are committed to promoting inclusivity and accessibility at our properties so that the members of our local communities have a common space to connect.

Universal, inclusive design and accessibility are critical considerations in our investment decisions. All our properties are easily accessible via public transport, and those in Singapore have undergone an accessibility assessment for persons with disabilities and families with young children. Properties which did not meet the requirements of the BCA's Code on Accessibility in the Built Environment have been retrofitted where possible. Areas which can be improved to meet the guidelines will be addressed when the properties undergo subsequent asset enhancements. OUE C-REIT is also including this criterion in our investment considerations, such that new investment properties are accessible to persons with disabilities and feature child-friendly facilities. This includes barrier-free access to our buildings, sheltered and barrier-free drop-off areas and amenities such as handicapped parking lots, toilets, and lifts.

Community Engagement

OUE C-REIT strongly believes that giving back to society is important to contribute positively to our communities and provide an opportunity for our employees to engage the local community on a personal and meaningful level. We are supportive of community engagement initiatives and activities that are aligned with our focus on stakeholder engagement in focus areas such as environment, health & well-being, safety, and philanthropy to meet the community's needs. Through our supporting projects and causes, we hope to build long-term relationships with local communities and invest in the well-being of those around us.

Through these partnerships and collaborations, events and activities have been organised at our properties to inject even more vibrancy into the precinct and cater for the communities' social and recreational needs. Most of these activities such as fitness classes, health and mental wellness workshops have resumed in-person in FY 2022 due to the relaxation of the COVID-19 pandemic measures.

SUSTAINABILITY REPORT

	Focus	Activity
FY 2022 Community Engagement Activities	Fundraising for Charity	The SGX Cares Bull Charge Charity Run is the annual flagship charity initiative of the SGX. The initiative started in 2004 and has since expanded into a substantial program with participants including SGX's staff, members and clients, raising more than S$30 million for over 50 charities. OUE C-REIT and some employees from One Raffles Place participated in the Bull Charge Charity Run 2022's Chief Challenge category, which is a 3km run open to CEOs and head of companies and up to 60 employees for the 5km Mass Run. The race encourages team building within organisations and raises funds to support underprivileged children and families, the disabled and the elderly.
	Supporting & Empowering Youths	Crowne Plaza Changi Airport has been a long-term partner of the Metta Welfare Association which aims to provide social services, such as youth employment support, disabled care, and special education for the community, regardless of race or religion. The hotel has continued their support for the past decade through various events, activities and job attachments organised for youths to gain working experience and on-the-job training. In conjunction with IHG Hotels & Resorts' Giving for Good month in September 2022, staff volunteered at the Metta Welfare Association and participated in the art & crafts activities, badminton and sing along sessions with the residents.
	Encouraging Healthy Living at our Spaces	OUE Bayfront and One Raffles Place have been partnering the Health Promotion Board ("HPB") to bring the "Healthy Workplace Ecosystem" programme to the tenant communities. Under the Urban Redevelopment Authority's Business Improvement District placemaking programme, OUE Bayfront has also provided its concourse space for workouts to encourage healthy living and promote vibrancy in the Central Business District. Collaborating with partners and selected retail tenants at Lippo Plaza, the property manager started a lunchtime health and wellness series named the Lippo Wellness Programme for tenants. Weekly sessions consisted of yoga, pilates and health talks amongst others, to provide office workers with convenient and easy ways to take a break in the middle of their busy work day to reduce stress and boost their mental health.
	Sustainable Community Engagement	In conjunction with the year-end holiday season, Lippo Plaza held a series of Christmas-themed engagement activities weekly at the retail podium to spread festive cheer with the easing of COVID-19 restrictions in Shanghai. This included DIY crafting workshops for Christmas wreaths, snow globes and headbands, lucky draws and a charity bazaar in support of Shanghai's Make-A-Wish Charity Foundation. As part of the property's Christmas decorations, retail tenant Arc'teryx created a snow mountain art installation at the main entrance. The material used was from its waste removal project to recycle and transform waste collected from the deep mountains, in line with the brand's long-term thinking on sustainability through the lens of product philosophy, responsible manufacturing and community engagement.

INNOVATION
(GRI 13-3, CRE 8)

Targets & Aspirations	FY 2022 Performance
Actively seek opportunities to adopt new innovations and green building technologies	i) Installation of motion sensor lights in refurbished guestrooms as well as cooling tower monitoring system at Hilton Singapore Orchard and OUE Bayfront ii) Installation of ultraviolet light germicidal systems for the AHUs at OUE Bayfront, OUE Downtown Office and Mandarin Gallery were completed in FY 2022 iii) Lippo Plaza in Shanghai has installed an automated entry system with temperature screening for the office building iv) The property managers are exploring smart solutions in energy management for OUE C-REIT's various properties

Technological advancements play a huge role in sustainability, as newer and more efficient technology can help to reduce the energy, water and waste consumption or production impacts that accelerates climate change. Resources can also be redirected to other areas of OUE C-REIT's operations where needed, maximising efficiency and effectiveness. This helps to bring value to the economy and decrease labour intensity. A culture of innovation is promoted at OUE C-REIT, as we firmly believe that it will help to improve the customer experience as well as building environmental performance, to maximise the value of our investments for our stakeholders.

Therefore, the Manager has leveraged on the use of smart technology to improve the user experience for OUE C-REIT's tenants and visitors. At Hilton Singapore Orchard, a water filtration and bottling system has been installed to contribute towards sustainability. It is the first hotel in Singapore to have an in-house custom-built plant to treat, purify, mineralise and bottle up to 500 reusable glass bottles of drinking water an hour. This innovation will help to reduce single-use plastic bottled water and cups in rooms and for meetings and events across the hotel. It effectively eliminates the disposal of up to 100,000 water bottles per month. The property managers of OUE Downtown Office and OUE Bayfront are exploring smart solutions to optimise operations and track energy use for implementation in 2023.

Our sustained efforts in innovation and technology to improve resource use efficiency and sustainability has resulted in the attainment of industry awards for our efforts in environmental management. We are proud to share that all our Singapore commercial properties and Hilton Singapore Orchard have attained the BCA Green Mark Gold certification or higher. Lippo Plaza in Shanghai is certified under LEED (Gold) for its environmental performance and green features. We are reviewing the BCA Green Mark 2021 certification requirements and Crowne Plaza Changi Airport's current environmental performance with the aim of achieving a Green Mark rating for the property in 2023.

Going forward, we will continue to capitalise on new innovations and emerging technologies to improve processes to serve our tenants better.

Property	Award Category	Year of Award
OUE Bayfront	BCA Green Mark Gold	2022
One Raffles Place Tower 1	BCA Green Mark Gold	2020
One Raffles Place Tower 2	BCA Green Mark Platinum	2020
OUE Downtown Office	BCA Green Mark Gold	2022
Mandarin Gallery	BCA Green Mark Gold	2020
Hilton Singapore Orchard	BCA Green Mark Gold	2020
Lippo Plaza	LEED O+M V4.0 - Gold	2019

SUSTAINABILITY REPORT

SERVICE QUALITY
(GRI 3-3, 416)

Targets & Aspirations	FY 2022 Performance
Maintain zero non-compliance with regulations and/or regulatory codes concerning the health and safety of tenants and building users resulting in a fine, penalty or warning[#]	Zero incidents of non-compliance
Achieve at least 80% tenant satisfaction rate in relation to commercial properties	89.4% tenant satisfaction rate was achieved for all five commercial properties

[#]Excluding hospitality properties

Compliance with Health and Safety Regulations

Apart from higher quality investments, OUE C-REIT strives to create a safe and positive environment for our tenants, guests, and visitors at our properties. The Manager works together with our property managers, to employ a holistic approach to safeguard the health and safety of OUE C-REIT's tenants and visitors. Regular risk assessments are performed to identify potential hazards, mitigate incidents, and implement various risk controls to ensure continuity and utmost safety.

Individual property managers oversee the implementation of various policies and procedures, such as the EHS Policy, the Fire Emergency Plan and the Company Emergency Response Team ("CERT"). They are responsible for assessing, identifying, reporting, and rectifying any health and safety risks within the buildings.

The first line of defence are the risk assessments and onsite checks, conducted every two to three weeks, to ensure facilities such as lifts and escalators in common areas are in safe operating conditions. Property managers are to adequately signpost any identified hazards to prevent accidents or injuries. The second line of defence is to ensure that maintenance and servicing of all equipment and machinery are conducted at least once every quarter. Safety guidelines in our buildings are being communicated periodically, as detailed in our tenant handbook. We take all incidents within our buildings seriously. All incidents will be reported and submitted monthly in a written format along with all supporting maintenance records.

In FY 2022, there were zero incidents of non-compliance with health & safety regulations resulting in a fine, penalty or warning, and we will continue to ensure a safe and secure environment for our tenants and building users.

Tenant Engagement and Satisfaction

Apart from health and safety, the satisfaction and retention of our tenants has also been a key impetus for OUE C-REIT. We aim to uphold the highest standards of service through regular engagement to ensure that we are kept abreast of requirements, and to receive feedback for areas of improvement. As the COVID-19 measures have relaxed substantially in FY 2022 in Singapore, the Manager and property managers have resumed regular meetings in person.

Together with the Manager, the respective property managers host annual tenant get-togethers at each property in appreciation of their continued support and to serve as an engagement platform. OUE C-REIT takes the opportunity to share important updates, events and activities at our properties, as well as provide an informal networking avenue for tenants. Due to the pandemic, such events continue to be suspended in FY 2022 while our property managers continued to communicate with tenants on a regular basis to ensure timely response to any issues on the ground. Tenant activities are scheduled to resume in 2023, in accordance with prevailing guidelines (if any) from the authorities.

OUE C-REIT has also voluntarily committed to the Code of Conduct for Leasing of Retail Premises in Singapore by the Fair Tenancy Industry Committee. As we strive to work together with tenants to become a preferred landlord in Singapore, property managers conduct yearly tenant surveys to identify areas of improvement in areas such as service quality of staff (including the building management team, concierge, and security personnel), building maintenance, cleanliness, lighting quality and adequacy of fire and safety measures.

We are pleased to report that we achieved an average 89.4% satisfaction rate for OUE C-REIT's five commercial properties.

BUILDING TRUST

COMPLIANCE
(GRI 2-25, 2-26, 2-27, 3-3)

Targets & Aspirations	FY 2022 Performance
Maintain zero incidents of non-compliance with laws and/or regulations, including competition laws, resulting in significant fine and non-monetary sanctions#	Zero incidents of non-compliance
Maintain zero incidents of non-compliance with environmental laws and/or regulations resulting in significant fines and non-monetary sanctions#	Zero incidents of non-compliance

#Excluding hospitality properties

OUE C-REIT is regulated as a collective investment scheme under the Securities and Futures Act ("SFA"). The relevant rules are set out in the Property Fund Guidelines under the Code on Collective Investment Schemes by the MAS. In addition, the listing rules of the SGX-ST, the Code of Corporate Governance and the latest EnRM Guidelines form the baseline of laws, regulations and requirements which impact OUE C-REIT's reputation and operations. The building sector is also expected to comply with increasingly stringent local environmental regulations, such as the Energy Conservation Act and the Environmental Protection and Management Act.

It is important that the Manager keeps track of the changing regulatory landscape as the risks of non-compliance includes disruptions to operations, litigation, fines and revocation of our licence to operate. The Manager is kept abreast of changes to applicable laws and regulations with the support of the OUE Group Legal and Internal Audit teams. The legal team ensures the Group's compliance by monitoring changes to applicable laws and regulations through media scans, press releases, professional advice, publications from legal counsels and by attending seminars organised by law firms or audit firms. When required, the OUE Group Legal team engages external legal counsels to assist the team in implementing policies or frameworks for enhanced compliance and conduct training for senior management and relevant departments within the Group.

In FY 2022, this has led to the updating of the Anti-Money Laundering Manual and Data Retention Policy which dictates the period of retention of various types of documents and processes for their proper destruction to manage data leakage risks. A Crisis Management Policy has also been implemented at the OUE Group level in FY 2022 to set out guidelines for the proper handling, escalation and reporting of serious incidents and crises. The Manager of OUE C-REIT has had in place a Crisis Communication Plan since 2014 and a Crisis Management Plan since 2017 to enable OUE C-REIT to respond timely to critical incidents and reduce the impact of those incidents on business operations. Both plans are updated by the Manager annually. These manuals, policies and plans outline OUE C-REIT's expectations and management plans to ensure compliance with the regulatory landscape and protect our valued employees and stakeholders.

Our compliance related policies are built upon an Individual Accountability & Conduct Framework, which takes reference from the MAS Guidelines on Individual Accountability and Conduct[33] and highlights the accountability and conduct outcomes that the Manager should achieve, to promote a culture of accountability, strengthen oversight on material risks and hold high conduct standards amongst other employees.

As a result of our prudent risk management, we are pleased to report that there were zero incidents of non-compliance with both environmental and socioeconomic regulations that would result in fines or non-monetary sanctions in FY 2022. OUE C-REIT is compliant with all competitive laws.

Note:

[33] Singapore, M. A. (2020, September https://www.mas.gov.sg/-/media/MAS/MPI/Guidelines/Guidelines-on-Individual-Accountability-and-Conduct.pdf). Guidelines on Individual Accountability and Conduct

SUSTAINABILITY REPORT

Anti-Money Laundering

As a REIT Manager, we are regulated under the SFA and required to adhere to regulations relating to Anti-Money Laundering ("AML") and Countering the Financing of Terrorism ("CFT"). To ensure compliance, we believe in identifying risks early and making informed decisions to prevent or mitigate them. With our AML Manual, we have developed processes to identify potential risk scenarios and risk management approaches. Enterprise-wide risk assessments are conducted at least once every two years across all the Manager's business units to identify and assess risks related to money laundering and terrorism financing. The AML Manual also details risk mitigation and documentation measures to manage identified risks. Our ERM Framework is also reviewed regularly to ensure higher transparency in the risk environment.

Our employees receive annual essential training to ensure that they are aware of applicable AML and CFT regulations, the prevailing techniques, methods and trends in money laundering and terrorist financing, as well as the internal policies, procedures and controls adopted by the Manager.

To further enhance the framework, we leverage on third-party service providers, such as Thomson Reuters World Check One portal to screen prospective tenants or clients for AML risks and carry out due diligence checks for "Know Your Customer" processes, supplier onboarding and monitoring of other relevant parties to ensure compliance with regulations.

	Focus	Measures & Initiatives
Compliance	Training & Communication	- Annual training and acknowledge on compliance-related topics for employees - AML refresher trainings for all employees are conducted at least once every two years and for new joiners as soon as possible. The Manager maintains a training attendance list to monitor and arrange for AML make-up trainings where appropriate
	Compliance Risk Management Initiatives	- Employees are required to report any suspected data breaches, losses, or security issues to the Data Protection Officer - Automatic email encryption has been enabled to protect sensitive or confidential information of our employees - Property managers are tasked to keep abreast of building regulation requirements, conduct regular checks and submit relevant environmental data during audits by local authorities to ensure compliance with building standards and regulations

ETHICAL BUSINESS PRACTICES
(GRI 2-26, 205, 3-3)

Targets & Aspirations	FY 2022 Performance
Achieve 100% employee annual acknowledgement of all company policies including Code of Business Conduct and Ethics*	All company policies including Code of Business Conduct and Ethics were acknowledged by all employees of the Manager, as well as One Raffles Place and Lippo Plaza property managers in FY 2022
Zero confirmed incidents of corruption#	Zero confirmed incidents

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

Business ethics and integrity serve as a solid foundation for corporate governance. At OUE C-REIT, we developed comprehensive ethics and governance policies to navigate through increasingly complex regulatory requirements and sustain trust and loyalty amongst stakeholders.

To protect our stakeholders, the value of our investments and our reputation, OUE C-REIT views fraud, bribery, and corruption as serious offences. We strictly prohibit soliciting or accepting any form of favours, either directly or indirectly, from customers, contractors and business associates in exchange for preferential treatment in business dealings.

Employees are guided by the Code of Business Conduct and Ethics ("Code") which sets the tone and expectations of our business practices. Our Code also states that employees are prohibited from making illegal payments to any local, state, or government officials of any country, or bribe any persons when soliciting and conducting business. Employees also should not make or receive any personal profit, nor allow any employee under any circumstances, whether directly or indirectly, to make or receive any personal profits from any person supplying goods and services to OUE C-REIT. OUE C-REIT has not made any contributions or spending for political campaigns, political organisations, lobbyists, or lobbying organisations and trade associations.

The Manager has developed guidelines, complementary to the Code, on the acceptance or solicitation of gifts and entertainment for all our employees to follow. Employees are advised to decline any substantial gifts and they are required to report to the OUE Group's HR Department of any non-substantial gifts received for transparency. OUE Group has also implemented a Group-wide policy on handling of confidential information and dealings in security, whereby all employees are expected to comply with the guidelines on pre-dealing and post-dealing procedures when making trade in any of the applicable securities, and always ensure that they are handling, protecting and disclosing confidential information cautiously via best practices.

Employees who are found guilty of misconduct, or any wilful breach or violation of the Code will be subject to appropriate disciplinary action, including termination of employment without notice or payment in lieu thereof.

As indicated in the Code, our employees are encouraged to identify and report any misconduct or non-compliance to the Group Ethical Officer nominated by the OUE Group. Alongside our grievance mechanism, the Manager has a whistle-blowing channel through which employees can raise concerns in good faith on misconduct or wrongdoings in a confidential manner, without fear of reprisals in any form. Employees may raise concerns through phone, mail or via a dedicated email address at groupethicalofficer@oue.com.sg, all of which are direct channels to reach the Group's Ethical Officer. It is our policy not to discriminate or retaliate against any employee who reports issues in good faith.

The ARC has the responsibility of overseeing and monitoring this policy which is administered with the assistance of the Head of Internal Audit, who is designated as the Group Ethical Officer. All concerns and complaints received will undergo thorough investigations supported by the senior management team and ARC, and appropriate follow-up action will be taken. Please refer to the Corporate Governance section on page 136 for more details.

In FY 2022, there were no grievances filed. We also reported zero confirmed incidents of corruption.

SUSTAINABILITY REPORT

CYBER SECURITY
(GRI 3-3, 418)

Targets & Aspirations	FY 2022 Performance
Maintain zero cyber incidents and data breaches#	Zero cyber incidents and data breaches

#Excluding hospitality properties

With increased technological advancements and digitalisation in the building sector, OUE C-REIT recognises the importance of having a strong cyber security system to prevent or mitigate potential cyber attacks that will threaten the security of confidential data and the trust of stakeholders in OUE C-REIT.

With cyber attacks becoming more prevalent, targeted, and complex, OUE C-REIT invests in cyber security defence, aligned with industry best practices, to lay a robust foundation of identification and protection of our critical assets and more importantly, the ability to detect and respond to threats. The Manager is committed to securing its buildings and data from possible breaches by maintaining a robust Technology Risk Management Framework, aligned to MAS Guidelines on Risk Management[34] and best practices as part of OUE C-REIT's ERM Framework. The framework empowers the Manager with the necessary tools to adequately identify potential technology risks. We have a Group-wide Information Security Policy, aimed at protecting the confidentiality, integrity, and availability of information. The policy covers topics such as risk management, user responsibility, incident reporting, and measures taken by the Group to ensure data protection. We also require all our employees to submit a consent statement for Collection, Use and Disclosure of Employee Personal Data as part of our HR policy.

Information Security Awareness Training

The Manager works together with the OUE Group IT team to establish and execute our security practices, in accordance with MAS guidelines on risk management principles and recommended best practices. The Board and the ARC of the Manager are responsible for making the decisions on technology risk management. Both the Manager and the Board work together to oversee the establishment of cyber security policies and procedures. Over the year, the Board and senior management team of the Manager underwent two cyber security awareness training and learning sessions to boost their knowledge and skills on managing cyber security related risks and events. Mandatory training on information security awareness is also conducted throughout the year for all employees of the Manager.

Cyber Security Incident Reporting Framework and Zero Trust Framework

In the event of a major cyber security incident, the Manager is mandated to report and notify the security incident to MAS within 60 minutes upon discovery and submit a root cause and impact analysis report within 14 days of the incident.

As we view data security and stakeholders' trust very seriously, we have taken steps to minimise the risk of cyber attacks through the implementation of the Zero Trust Architecture Framework within the corporate network. The network is accessible by all employees with a corporate secured virtual private network and two-factor authentication control. The purpose of this framework is to address lateral threat movement within a network leveraging micro-segmentation and granular perimeters enforcement, based on data, user and location. This is also known as the "never trust, always verify" principle.

Personal Data Protection

We understand the importance of protection of personal data and sensitive information in this digital age. OUE C-REIT adheres to the Personal Data Protection Act 2012 and implements various measures to ensure compliance and protection of our employees. The Sponsor has implemented a Group-wide Personal Data Protection Compliance Manual ("PDPC Manual") and Personal Data Protection Policy Guidelines. All OUE C-REIT's employees are required to comply with the PDPC Manual and report any suspected data breach to our Group Data Protection Officer. The PDPC Manual also contains principles on how employees should deal with personal data, which revolve around consent, purpose, access, correction, accuracy, protection/security, retention and transfer out.

In FY 2022, we are pleased to report that there were zero incidents of data breaches.

Note:

[34] Monetary Authority of Singapore (2014, July https://www.mas.gov.sg/regulation/guidelines/guidelines-on-risk-management-practices--internal-controls) Guidelines on Risk Management Practices – Internal Controls

	Focus	Measures & Initiatives
Cyber Security	Vulnerability Assessment & Penetration Testing (“VAPT”)	- VAPT exercise is conducted annually and simulates hacker attacks by a certified external party to identify security vulnerabilities within the IT infrastructure and applications
	Electronic Device & Email Security Management	- Multi-factor authentication for email, email impersonation control and advanced threat protection - Blocking of reported phishing emails from staff - Active pushing of security patches and updates for Google Chrome and Windows OS
	Cyber Insurance	- Purchased cyber insurance to protect our business assets against risks relating to information technology infrastructure, information privacy, information governance liability, and other related activities
	Other Measures to Enhance Cyber Security & Prevention of Data Breaches	- Implemented key internal control principles such as segregation of duties, never alone principle, and access control principle in our operations to reduce cyber risks - Upgraded Network-Attached Storage capacity to future proof backup - OUE Group’s IT team has switched to Veeam for better encryption and immutable backup, to further enhance protection of sensitive and confidential information from ransomware
	Employee Engagement & Awareness	- Regular circulation of cyber security awareness newsletters - Training on information security awareness for employees (extended to vendors and contractors where appropriate)

GRI CONTENT INDEX

Statement of use	OUE C-REIT has reported in accordance with the GRI Standards for the period 1 January 2022 to 31 December 2022.
GRI 1 used	GRI 1: Foundation 2021
Applicable GRI Sector Standard(s)	GRI G4 Construction and Real Estate Sector (CRES). We will be validating our list of material topics with the latest GRI Sector Standard for the Construction and Real Estate industry when it is published by GRI.

GRI STANDARD/ OTHER SOURCE	DISCLOSURE	LOCATION	OMISSION		
			REQUIREMENT(S) OMITTED	REASON	EXPLANATION
General Disclosures					
GRI 2: General Disclosures 2021	2-1 Organisational details	Board Statement, Page 79 About OUE C-REIT > Who We Are, Page 79			
	2-2 Entities included in the organisation’s sustainability reporting	About This Report, Page 80			
	2-3 Reporting period, frequency and contact point	About This Report, Page 80			

SUSTAINABILITY REPORT

GRI STANDARD/ OTHER SOURCE	DISCLOSURE	LOCATION	OMISSION		
			REQUIREMENT(S) OMITTED	REASON	EXPLANATION
General Disclosures					
GRI 2: General Disclosures 2021	2-4 Restatements of information	About OUE C-REIT > Who We Are, Page 79			
	2-5 External assurance	About This Report, Page 80			
	2-6 Activities, value chain and other business relationships	About OUE C-REIT > Who We Are, Page 79			
	2-7 Employees	Strengthening Social Fabric > Employee Engagement, Page 98 to 99 OUE C-REIT does not have non-guaranteed hours employees also known as casual workers.			
	2-8 Workers who are not employees	OUE C-REIT has engaged managing agents for OUE Bayfront, OUE Downtown Office and Lippo Plaza, which provide facilities operations and management services on behalf of OUE C-REIT. In 2022, the managing agents of the abovementioned buildings had 52 workers who are not considered as employees of OUE C-REIT.			
	2-9 Governance structure and composition	Sustainability Governance, Page 80 to 81 Refer to OUE C-REIT Annual Report > Corporate Governance, Page 122 to 127			
	2-10 Nomination and selection of the highest governance body	Refer to OUE C-REIT Annual Report > Corporate Governance, Page 128			
	2-11 Chair of the highest governance body	Refer to OUE C-REIT Annual Report > Corporate Governance, Page 126			
	2-12 Role of the highest governance body in overseeing the management of impacts	Sustainability Governance, Page 80 to 81			
	2-13 Delegation of responsibility for managing impacts	Sustainability Governance, Page 80 to 81			
	2-14 Role of the highest governance body in sustainability reporting	The Board has reviewed and approved of this report in FY 2022.			
	2-15 Conflicts of interest	Refer to OUE C-REIT Corporate Governance, Page 121 and 127			
	2-16 Communication of critical concerns	Strengthening Social Fabric > Employee Engagement, Page 100 Building Trust > Ethical Business Practices, Page 109			
	2-17 Collective knowledge of the highest governance body	Sustainability Governance, Page 80			

GRI STANDARD/ OTHER SOURCE	DISCLOSURE	LOCATION	OMISSION		
			REQUIREMENT(S) OMITTED	REASON	EXPLANATION
General Disclosures					
GRI 2: General Disclosures 2021	2-18 Evaluation of the performance of the highest governance body	Sustainability Governance, Page 80 to 81			
	2-19 Remuneration policies	Refer to OUE C-REIT Corporate Governance, Page 129 to 132 OUE C-REIT's remuneration policy is not linked to sustainability currently.			
	2-20 Process to determine remuneration	Refer to OUE C-REIT Corporate Governance, Page 129 to 132 While there is no voting by Unitholders on remuneration policies and proposals, directors' fees have been approved at the Manager's AGM.			
	2-21 Annual total compensation ratio		Sub-requirement (a): Report the ratio of the annual total compensation for the organisation's highest-paid individual to the median annual total compensation for all employees (excluding the highest-paid individual); (b): Report the ratio of the percentage increase in annual total compensation for the organisation's highest-paid individual to the median percentage increase in annual total compensation for all employees (excluding the highest-paid individual); (c): Report contextual information necessary to understand the data and how the data has been compiled.	Confidentiality constraints	Given that OUE C-REIT operates in a highly competitive business environment and considering the commercial sensitivity of remuneration information, we will not be disclosing it to ensure stability and continuity of our operations.
	2-22 Statement on sustainable development strategy	Board Statement, Page 79			
	2-23 Policy commitments	Disclosed throughout this Sustainability Report			
	2-24 Embedding policy commitments	Disclosed throughout this Sustainability Report			
	2-25 Processes to remediate negative impacts	Strengthening Social Fabric > Employee Engagement, Page 100 Building Trust > Compliance, Page 109			

SUSTAINABILITY REPORT

GRI STANDARD/ OTHER SOURCE	DISCLOSURE	LOCATION	OMISSION		
			REQUIREMENT(S) OMITTED	REASON	EXPLANATION
General Disclosures					
GRI 2: General Disclosures 2021	2-26 Mechanisms for seeking advice and raising concerns	Building Trust > Ethical Business Practices, Page 109			
	2-27 Compliance with laws and regulations	Building Trust > Compliance, Page 107			
	2-28 Membership associations	REIT Association of Singapore			
	2-29 Approach to stakeholder engagement	Stakeholder Engagement, Page 81 to 83			
	2-30 Collective bargaining agreements	None of our employees are covered by collective bargaining agreements.			
Material Topics					
GRI 3: Material Topics 2021	3-1 Process to determine material topics	Sustainability Framework, Page 83 to 85			
	3-2 List of material topics	Sustainability Framework, Page 84 to 85			
Taskforce on Climate-related Financial Disclosures					
GRI 3: Material Topics 2021	3-3 Management of material topics	Refer to OUE C-REIT Annual Report, Page 10 to 11, and Page 29 to 37 for the management approach of material topics. Refer to OUE C-REIT Annual Report, Page 76 to 78 for investors and stakeholder engagement.			
GRI 201: Economic Performance 2016	201-1 Direct economic value generated and distributed	Refer to OUE C-REIT Annual Report, Page 147 to 155			
	201-2 Financial implications and other risks and opportunities due to climate change	Stewarding the Environment > Taskforce on Climate-related Financial Disclosures, Page 85 to 87 Refer to OUE C-REIT Sustainability Report 2021 (Page 88-90) for the detailed disclosure of our Climate Scenario Analysis			
Ethical Business Practices					
GRI 3: Material Topics 2021	3-3 Management of material topics	Building Trust > Ethical Business Practices, Page 109			
GRI 205: Anti-corruption 2016	205-1 Operations assessed for risks related to corruption	Building Trust > Compliance, Page 108			
	205-2 Communication and training about anti-corruption policies and procedures	Building Trust > Ethical Business Practices, Page 108			
	205-3 Confirmed incidents of corruption and actions taken	Building Trust > Ethical Business Practices, Page 109			

GRI STANDARD/ OTHER SOURCE	DISCLOSURE	LOCATION	OMISSION		
			REQUIREMENT(S) OMITTED	REASON	EXPLANATION
Material Topics					
Climate Resilience					
GRI 3: Material Topics 2021	3-3 Management of material topics	Stewarding the Environment > Climate Resilience, Page 88 to 90			
GRI 302: Energy 2016	302-1 Energy consumption within the organisation	Stewarding the Environment > Climate Resilience, Page 89			
	302-3 Energy intensity	Stewarding the Environment > Climate Resilience, Page 90			
Water Efficiency					
GRI 3: Material Topics 2021	3-3 Management of material topics	Stewarding the Environment > Water Efficiency, Page 91 to 92			
GRI 303: Water and Effluents 2018	303-1 Interactions with water as a shared resource	Stewarding the Environment > Water Efficiency, Page 91 to 92			
	303-2 Management of water discharge-related impacts	Stewarding the Environment > Water Efficiency, Page 91 to 92			
	303-3 Water withdrawal	Stewarding the Environment > Water Efficiency, Page 92 Water withdrawn in Singapore and Shanghai is freshwater and from a municipal supply. Based on WRI's Aqueduct Water Risk Atlas tool, Shanghai is currently located in water stress areas.			
Climate Resilience					
GRI 3: Material Topics 2021	3-3 Management of material topics	Stewarding the Environment > Climate Resilience, Page 88 to 90			
GRI 305: Emissions 2016	305-1 Direct (Scope 1) GHG emissions	Stewarding the Environment > Climate Resilience, Page 90			
	305-2 Energy indirect (Scope 2) GHG emissions	Stewarding the Environment > Climate Resilience, Page 90			
	305-4 GHG emissions intensity	Stewarding the Environment > Climate Resilience, Page 90			
Waste Minimisation					
GRI 3: Material Topics 2021	3-3 Management of material topics	Stewarding the Environment > Waste Minimisation, Page 93 to 94			

SUSTAINABILITY REPORT

GRI STANDARD/ OTHER SOURCE	DISCLOSURE	LOCATION	OMISSION		
			REQUIREMENT(S) OMITTED	REASON	EXPLANATION
Material Topics					
GRI 306: Waste 2020	306-1 Waste generation and significant waste-related impacts	Stewarding the Environment > Waste Minimisation, Page 94			
	306-2 Management of significant waste-related impacts	Stewarding the Environment > Waste Minimisation, Page 93 to 94			
	306-3 Waste generated	Stewarding the Environment > Waste Minimisation, Page 94			
	306-4 Waste diverted from disposal	Stewarding the Environment > Waste Minimisation, Page 94			
	306-5 Waste directed to disposal	Stewarding the Environment > Waste Minimisation, Page 94			
Employee Engagement					
GRI 3: Material Topics 2021	3-3 Management of material topics	Strengthening Social Fabric > Employee Engagement, Page 97 to 103			
GRI 401: Employment 2016	401-1 New employee hires and employee turnover	Strengthening Social Fabric > Employee Engagement, Page 100 to 101			
	401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees	Strengthening Social Fabric > Employee Engagement, Page 96			
	401-3 Parental leave	Strengthening Social Fabric > Employee Engagement, Page 96	Sub-requirement (d): Total number of employees that returned to work after parental leave ended that were still employed 12 months after their return to work, by gender. (e): Return to work and retention rates of employees that took parental leave, by gender.	Information unavailable / incomplete	As this is the first year that OUE C-REIT is collecting parental leave data, information regarding employees who are still employed 12 months after their return to work and retention rates will only be available in the following year.
Health and Safety					
GRI 3: Material Topics 2021	3-3 Management of material topics	Strengthening Social Fabric > Health & Safety, Page 95 to 97			
GRI 403: Occupational Health and Safety 2018	403-1 Occupational health and safety management system	While there is no formal occupational health and safety management system currently, health and safety considerations are incorporated into HR policies			

GRI STANDARD/ OTHER SOURCE	DISCLOSURE	LOCATION	OMISSION		
			REQUIREMENT(S) OMITTED	REASON	EXPLANATION
Material Topics					
GRI 403: Occupational Health and Safety 2018	403-2 Hazard identification, risk assessment, and incident investigation	Strengthening Social Fabric > Health & Safety, Page 95 to 96			
	403-3 Occupational health services	Strengthening Social Fabric > Health & Safety, Page 95 to 96			
	403-4 Worker participation, consultation, and communication on occupational health and safety	Strengthening Social Fabric > Health & Safety, Page 95 to 96			
	403-5 Worker training on occupational health and safety	Strengthening Social Fabric > Health & Safety, Page 95 to 96			
	403-6 Promotion of worker health	Strengthening Social Fabric > Health & Safety, Page 96			
	403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	Strengthening Social Fabric > Health & Safety, Page 96			
	403-9 Work-related injuries	Strengthening Social Fabric > Health & Safety, Page 97			
	403-10 Work-related ill health	Strengthening Social Fabric > Health & Safety, Page 97			
Employee Engagement					
GRI 3: Material Topics 2021	3-3 Management of material topics	Strengthening Social Fabric > Employee Engagement, Page 97 to 103			
GRI 404: Training and Education 2016	404-1 Average hours of training per year per employee	Strengthening Social Fabric > Employee Engagement, Page 102			
	404-2 Programs for upgrading employee skills and transition assistance programs	Strengthening Social Fabric > Employee Engagement, Page 101 to 103			
	404-3 Percentage of employees receiving regular performance and career development reviews	Strengthening Social Fabric > Employee Engagement, Page 102			
Employee Engagement					
GRI 3: Material Topics 2021	3-3 Management of material topics	Strengthening Social Fabric > Employee Engagement, Page 97 to 103			
GRI 405: Diversity and Equal Opportunity 2016	405-1 Diversity of governance bodies and employees	Strengthening Social Fabric > Employee Engagement, Page 98 to 99			

SUSTAINABILITY REPORT

GRI STANDARD/ OTHER SOURCE	DISCLOSURE	LOCATION	OMISSION		
			REQUIREMENT(S) OMITTED	REASON	EXPLANATION
Material Topics					
Employee Engagement					
GRI 3: Material Topics 2021	3-3 Management of material topics	Strengthening Social Fabric > Employee Engagement, Page 97 to 103			
GRI 406: Non-discrimination 2016	406-1 Incidents of discrimination and corrective actions taken	Strengthening Social Fabric > Employees Engagement, Page 101			
Service Quality					
GRI 3: Material Topics 2021	3-3 Management of material topics	Strengthening Social Fabric > Service Quality, Page 106			
	416-2 Incidents of non-compliance concerning the health and safety impacts of products and services	Strengthening Social Fabric > Service Quality, Page 106			
Cyber Security					
GRI 3: Material Topics 2021	3-3 Management of material topics	Building Trust > Cyber Security, Page 110 to 111			
GRI 418: Customer Privacy 2016	418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data	Building Trust > Cyber Security, Page 110			
Innovation					
GRI 3: Material Topics 2021	3-3 Management of material topics	Strengthening Social Fabric > Innovation, Page 105			
GRI Sector Disclosures: Construction and Real Estate	CRE8 Type and number of sustainability certification,rating and labelling schemes for new construction, management, occupation, and redevelopment	Strengthening Social Fabric > Innovation, Page 105			
Creating social ecosystems					
GRI 3: Material Topics 2021	3-3 Management of material topics	Strengthening Social Fabric > Creating Social Ecosystems, Page 103 to 104			
Non-GRI Disclosure	Community Engagement	Strengthening Social Fabric > Creating Social Ecosystems, Page 103 to 104			

CORPORATE GOVERNANCE

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

The directors ("Directors") and management ("Management") of the Manager are committed to maintaining good standards of corporate governance as they firmly believe it is essential in protecting the interests of unitholders of OUE C-REIT ("Unitholders"), and critical to the performance of the Manager. This report sets out OUE C-REIT's corporate governance practices for the financial year ended 31 December 2022 ("FY 2022") with specific reference to principles of the Code of Corporate Governance 2018 (the "Code"). The Manager is pleased to report that it has complied with the Code in all material respects and to the extent that there are any deviations from the Code, the Manager has provided explanations for such deviation and details of the alternative practices which have been adopted by OUE C-REIT which are consistent with the intent of the relevant principle of the Code.

The Manager

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

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

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

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

- developing OUE C-REIT's business plans and budget to manage the performance of OUE C-REIT's assets;
- ensuring compliance with applicable requirements, laws and regulations, such as those set out in the listing manual of the Singapore Exchange Securities Trading Limited (the "SGX-ST") (the "Listing Manual"), the Code on Collective Investment Schemes (the "CIS Code") (including Appendix 6 (the "Property Funds Appendix")) issued by the Monetary Authority of Singapore (the "MAS"), the Capital Markets Services Licence ("CMS Licence") for real estate investment trust ("REIT") management issued by the MAS, the Securities and Futures Act 2001 ("SFA") and the Code, as well as ensuring that the Manager's obligations under the Trust Deed are properly carried out; and
- establishing a framework of prudent and effective controls which enable financial, operational, compliance and information technology risks to be assessed and managed.

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

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

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

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

A. BOARD MATTERS

Principle 1: Board's Conduct of Affairs

The Manager is headed by an effective board of Directors (the "Board"), majority of which comprises

Note:

[1] Prior appointment is required.

CORPORATE GOVERNANCE

non-executive Directors who are independent of the Management, which is collectively responsible and works with Management for the long-term success of OUE C-REIT. The Board is supported by two Board committees, namely the audit and risk committee (the "ARC") and the nominating and remuneration committee (the "NRC"). The composition of the Board committees is set out on pages 127 and 133, and the Corporate Information page of this Annual Report. The Board has delegated specific responsibilities to these Board committees and their duties are described in this Annual Report. Each Board committee is governed by clear terms of reference which have been approved by the Board and set out the composition, duties and authority of such Board committee. While these Board committees have the authority to examine particular issues in their respective areas, the Board committees report to the Board with their decisions and/or recommendations as the ultimate responsibility on all matters lies with the entire Board.

The principal roles and responsibilities of the Board include:

- providing leadership, setting strategic objectives and ensuring that the necessary financial and human resources are in place for the Manager to meet its objectives;

- reviewing and endorsing the enterprise risk management framework ("ERM Framework") which contains prudent and effective controls to adequately assess and manage key risks (including climate risk) to safeguard the interests of Unitholders and OUE C-REIT's assets;

- monitoring and reviewing the Management's performance;

- identifying the key stakeholder groups and recognising that their perceptions affect the reputation of the Manager and OUE C-REIT;

- setting the Manager's values and standards (including ethical standards), and ensuring that obligations to Unitholders and other stakeholders are understood and met; and

- considering sustainability issues including environmental, social and governance ("ESG") factors when reviewing and guiding strategy, major corporate actions including acquisitions and divestments, risk management, policies, annual budgets and business plans, as well as reviewing the updates provided by the Sustainability Steering Committee on OUE C-REIT's ESG performance and key initiatives on a bi-annual basis.

FY 2022 presented an unprecedented combination of COVID-19, an energy crisis, geopolitical tensions, steep inflationary pressures and rising interest rates. The Board's agility and resolve was vital in ensuring that OUE C-REIT continues to explore new opportunities and stay resilient amid uncertainties in the financial landscape. The Board has continued to work closely with Management in reviewing the business opportunities and challenges as the markets in which OUE C-REIT operates transition to a COVID-19 endemic environment. In addition, the Board has been paying close attention to OUE C-REIT's property and other expenses and capital management, taking into account higher inflation and rising interest rates. The timely rebranding of the former Mandarin Orchard Singapore into Hilton Singapore Orchard demonstrated OUE C-REIT's ability to capitalise on the COVID-19 downtime period to make improvements to its key assets. The re-branding, which was announced in March 2020, was carried out at an opportune time given the challenges faced by the Singapore hospitality sector during the COVID-19 crisis which saw the government imposing travel restrictions and safe management measures including curbs on group size. On 24 February 2022, the property relaunched as Hilton Singapore Orchard, Hilton's flagship in Singapore and the largest Hilton hotel in Asia Pacific. The Orchard Wing reopened on 1 January 2023, marking the successful completion of the asset enhancement initiative. Hilton Singapore Orchard features 1,080 guestrooms and suites, new and enhanced Meetings, Incentives, Conferences and Exhibitions facilities, as well as revamped and new-to-market food and beverage offerings, strengthening its position as one of the top high-end hotels in the prime Orchard Road area. The hotel reopening was timely as it took place just as global economies were stirring up and travel demand was beginning to recover, reflecting the Manager's ability to execute quick decision-making.

During the year, OUE C-REIT also completed the issuance of S$150 million five-year 4.20% fixed rate notes and early refinanced borrowings with a S$978 million sustainability-linked loan which significantly increased the proportion of OUE C-REIT's unsecured debt.

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

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

The Board has put in place a Code of Business Conduct and Ethics to document the desired organisational culture in order to ensure all employees are cognisant of the standards expected and to ensure proper accountability within the Manager.

The Board holds regular scheduled meetings on a quarterly basis, with *ad hoc* meetings convened as and when required. A total of four Board meetings were held in FY 2022.

The attendance of the Directors for Board and Board committee meetings, as well as the frequency of such meetings during FY 2022 is disclosed below. Directors who are unable to attend Board or Board committee meetings may convey their views to the chairman of the Board (the "Chairman") or the company secretary of the Manager (the "Company Secretary").

The Manager's Constitution provides for participation in meetings via telephone or video conference where Directors are unable to be physically present at such meetings. Directors may raise questions and seek clarification through discussion forums with the Management in respect of significant matters passed via circular resolutions. If required, time is set aside for discussions amongst the non-executive and/or independent members of the Board without the presence of Management, in line with the provisions of the Code.

Board Orientation and Training

Upon their appointment to the Board, the newly-appointed Director will be given a formal letter which sets out the duties and obligations of an executive, non-executive or independent Director, as applicable. In addition, the Manager conducts an orientation programme for newly-appointed Directors to familiarise them with the business, operations and financial performance of OUE C-REIT. The newly-appointed Directors will also be briefed on the Manager's governance practices, including board processes, policies on disclosure of interests in securities, prohibitions on dealing in units of

Attendance of Board, Board Committee and General Meetings

	Number of meetings attended in FY 2022			
Name of Director[2]	**Board**	**ARC**	**NRC**	**AGM[3]**
Lee Yi Shyan	4	–	–	1
Loh Lian Huat[4]	4	5	2	1
Liu Chee Ming	4	5	–	1
Ong Kian Min	4	4	2	1
Usha Ranee Chandradas	4	4	–	1
Brian Riady	4	–	2	1
Han Khim Siew	4	–	–	1
Number of meetings held in FY 2022	**4**	**5**	**2**	**1**

Notes:

[2] This table excludes Mr Tan Huay Lim, who was appointed as independent Director and chairman of the ARC of the Manager with effect from 1 January 2023.

[3] Annual General Meeting held via electronic means on 26 April 2022.

[4] Mr Loh Lian Huat resigned as Lead Independent Director and a member of the ARC and NRC of the Manager with effect from 1 January 2023.

CORPORATE GOVERNANCE

OUE C-REIT (the "Units") and restrictions on disclosure of price-sensitive information. Mr Tan Huay Lim, who was appointed as independent Director and chairman of the ARC with effect from 1 January 2023, has attended the orientation programme on 29 December 2022.

Under Rule 210(5)(a) of the Listing Manual, a newly-appointed Director who has no prior experience as a director of an issuer listed on the SGX-ST will also be required to undergo mandatory training in the roles and responsibilities of a director of a listed issuer as prescribed by the SGX-ST, unless the NRC is of the view that training is not required because he or she has other relevant experience. In this regard, Mr Tan Huay Lim has prior experience as a director of an issuer listed on the SGX-ST, and so he is not required to undergo such mandatory training under Rule 210(5)(a).

Under Rule 720(7) of the Listing Manual, an issuer must have all directors undergo training on sustainability matters as prescribed by the SGX-ST. In FY 2022, save for Mr Loh Lian Huat who resigned as Lead Independent Director and a member of the ARC and NRC with effect from 1 January 2023, all the Directors have attended the mandatory training on sustainability matters.

Provision of Information to the Board and Board's Access to Independent Professional Advice

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

The Directors also have separate and independent access to the Management, the Company Secretary and external advisers (where necessary) at the Manager's expense. The role of the Company Secretary and the Management is to ensure that all Board procedures are followed and that applicable regulations and rules prescribed by the Companies Act 1967 (the "Companies Act"), the Listing Manual and all other applicable laws and regulations are complied with. Under the direction of the Chairman, the responsibilities of the Company Secretary include ensuring timely information flows within the Board and its Board committees and between the Management and non-executive Directors. The appointment and removal of the Company Secretary is a decision of the Board as a whole.

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

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

The Board is routinely updated on developments and changes in the operating environment and applicable laws and regulations, including directors' duties and responsibilities, corporate governance matters and changes in financial reporting standards, to enable them to discharge their duties effectively as members of the Board and where applicable, as Board committee members. The Directors may also attend other relevant courses, conferences and seminars, at the Manager's expense. These include programmes run by the Singapore Institute of Directors ("SID"). In FY 2022, the Directors were briefed on the relevant regulatory and legislative changes including topics related to Singapore-listed company governance, sanctions and an update on geopolitical and macroeconomic developments.

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

Principle 2: Board Composition and Guidance

Principle 3: Chairman and Chief Executive Officer

Board Independence

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

The Board currently comprises seven Directors with four non-executive Directors who are independent. Accordingly, more than half of the Board is made up of independent Directors. No individual or small group of individuals dominates the Board's decision-making. In addition to the Board's annual review of the Directors' independence, each independent Director also submits an annual declaration regarding his or her independence. An independent Director shall only serve on the Board for a maximum of nine years. He or she will have to be re-designated as a non-independent director to continue serving on the Board beyond nine years. None of the Directors have served on the Board for a period beyond nine years as at the end of FY 2022.

In addition to the requirements of the Code, the Board also reviews and assesses annually the independence of each Director in accordance with regulations 13D to 13H of the SFLCB Regulations. Under the SFLCB Regulations, a Director is considered to be independent if the Director:

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

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

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

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

e. has not served as a Director for a continuous period of nine years or longer.

In its review for FY 2022, the NRC has endorsed in its recommendation to the Board that the following Directors are independent for FY 2022:

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

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

Name of Director[5]	Lee Yi Shyan[6]	Loh Lian Huat[7]	Liu Chee Ming	Ong Kian Min	Usha Ranee Chandradas[8]	Brian Riady[9]	Han Khim Siew[10]
(i) had been independent from the Management and OUE C-REIT during FY 2022	✓	✓	✓	✓	✓	✓	
(ii) had been independent from any business relationship with the Manager and OUE C-REIT during FY 2022		✓	✓	✓	✓		✓
(iii) had been independent from every substantial shareholder of the Manager and every substantial Unitholder during FY 2022			✓	✓			
(iv) had not been a substantial shareholder of the Manager or a substantial Unitholder during FY 2022	✓	✓	✓	✓	✓	✓	✓
(v) has not served as a Director for a continuous period of nine years or longer as at the last day of FY 2022	✓	✓	✓	✓	✓	✓	✓

CORPORATE GOVERNANCE

For the purposes of Regulation 13E(b)(ii) of the SFLCB Regulations, as at 31 December 2022, Mr Lee Yi Shyan, Mr Loh Lian Huat, Ms Usha Ranee Chandradas, Mr Brian Riady and Mr Han Khim Siew were able to act in the best interests of all the Unitholders as a whole.

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

Board Diversity

The Board is of the opinion that its current size is appropriate, taking into account the nature and scope of the Manager's role vis-a-vis OUE C-REIT, for effective decision-making and constructive debate, and to provide effective oversight over Management.

The Manager recognises and embraces the importance and benefits of having a diverse Board to enhance the quality of the Board's performance, and in supporting OUE C-REIT's strategic objectives and sustainable development. The Board has implemented a board diversity policy which considers relevant measurable objectives such as skills, experience and knowledge, gender, age, ethnicity, nationality, cultural background, educational background, independence and length of service. It is paramount that the Manager continues to maintain the appropriate balance and mix of skills, knowledge and experience on the Board to support the needs and long-term sustainability of OUE C-REIT's businesses. When reviewing and assessing the composition of the Board and making recommendations to the Board for the appointment

Notes:

[5] This table excludes Mr Tan Huay Lim, who was appointed as independent Director and chairman of the ARC of the Manager with effect from 1 January 2023.

[6] Mr Lee Yi Shyan is an executive advisor to the chairman of the Sponsor, which wholly-owns the Manager and is a substantial Unitholder. As such, during FY 2022, pursuant to the SFLCB Regulations, Mr Lee is deemed (i) to have a business relationship with the Manager and OUE C-REIT; and (ii) to be connected to a substantial shareholder of the Manager and a substantial Unitholder by virtue of his role as an executive advisor to the chairman of the Sponsor. The Board is satisfied that, as at 31 December 2022, Mr Lee was able to act in the best interests of all the Unitholders as a whole.

[7] Mr Loh Lian Huat, in his capacity as the Sponsor's nominee director on the board of Gemdale Properties and Investment Corporation Limited ("Gemdale"), is obliged to act in accordance with the directions of the Sponsor, which wholly-owns the Manager and is a substantial Unitholder. As such, during FY 2022, pursuant to the SFLCB Regulations, Mr Loh is deemed to be connected with a substantial shareholder of the Manager and a substantial Unitholder. Nonetheless, the Board has in its review taken the following into consideration:

- Mr Loh serves on the Board in his personal capacity and not as a nominee director of the Sponsor. He is not under any obligation to act in accordance with the directions of the Sponsor in his capacity as a member of the Board.
- As a non-executive director of Gemdale, Mr Loh owes a fiduciary duty to Gemdale to act in its interest notwithstanding his nomination by the Sponsor.
- The Sponsor holds an effective interest of 25.2% in Gemdale through its wholly-owned subsidiary, Beacon Limited. As such, Gemdale is an "associated corporation", but not a "related corporation" of the Sponsor.
- Neither the Sponsor or Beacon Limited make any payment to Mr Loh for his Gemdale directorship.

Based on the above, the Board is of the view that Mr Loh's appointment as the Sponsor's nominee director on Gemdale should not interfere with his ability to exercise independent judgment and Mr Loh should be treated as an independent Director. In addition, as Mr Loh does not receive any payment from the Sponsor or Beacon Limited for his Gemdale directorship, pursuant to the SFLCB Regulations, Mr Loh is deemed to be independent from any business relationship with the Manager and OUE C-REIT during FY 2022. The Board is satisfied that, as at 31 December 2022, Mr Loh was able to act in the best interests of all the Unitholders as a whole.

[8] Ms Usha Ranee Chandradas is a director of OUE Lippo Healthcare Limited ("OUELH") which is a subsidiary of the Sponsor. The Sponsor wholly-owns the Manager and is a substantial Unitholder. As such, during FY 2022, pursuant to the SFLCB Regulations, Ms Chandradas is deemed connected with a substantial shareholder of the Manager and a substantial Unitholder.

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

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

Based on the above, the Board is of the view that Ms Chandradas' appointment as a director of OUELH should not interfere with her ability to exercise independent judgment and Ms Chandradas should be treated as an independent Director. The Board is satisfied that, as at 31 December 2022, Ms Chandradas was able to act in the best interests of all the Unitholders as a whole.

[9] Mr Brian Riady is the deputy chief executive officer and executive director of the Sponsor, which wholly-owns the Manager and is a substantial Unitholder. As such, during FY 2022, pursuant to the SFLCB Regulations, Mr Riady is deemed (i) to have a business relationship with the Manager and OUE C-REIT; and (ii) to be connected to a substantial shareholder of the Manager and a substantial Unitholder. The Board is satisfied that, as at 31 December 2022, Mr Riady was able to act in the best interests of all the Unitholders as a whole.

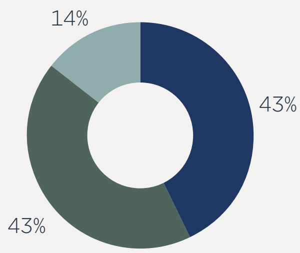
[10] Mr Han Khim Siew was appointed as Chief Executive Officer and executive Director of the Manager, which is wholly-owned by the Sponsor, with effect from 7 February 2022. As such, during FY 2022, with effect from 7 February 2022, being the effective date of Mr Han's appointment, pursuant to the SFLCB Regulations, Mr Han is deemed (i) to have a management relationship with the Manager and OUE C-REIT; and (ii) to be connected to a substantial shareholder of the Manager and a substantial Unitholder. The Board is satisfied that, as at 31 December 2022, Mr Han was able to act in the best interests of all the Unitholders as a whole.

of Directors, the NRC will consider candidates on merit against objective criteria set by the Board after having given due regard to the benefits of diversity and the needs of the Board.

At the recommendation of the NRC and in recognition of the merits of gender diversity, the NRC has committed to (i) a target of having at least 25% female directors which would allow for a significant female representation on the Board, and (ii) ensuring female candidates are included for consideration when identifying suitable candidates for new appointment to the Board. The Board will strive to achieve the stated gender diversity in the course of the progressive renewal of the Board by no later than 2030.

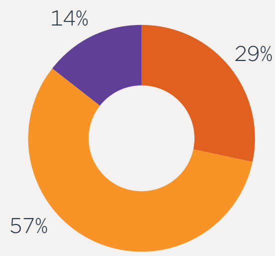
The current Board composition also reflects a diversity of skills, experience and knowledge, comprising business leaders and professionals from varied backgrounds, and other aspects of diversity such as age, length of tenure, nationality and gender, to foster constructive debate and avoid groupthink, contributing to improved risk management and more robust decision-making for the strategic future of OUE C-REIT. The Board composition in terms of age group, independence, tenure, gender and nationality as at 31 December 2022 is as follows:

By Age Group



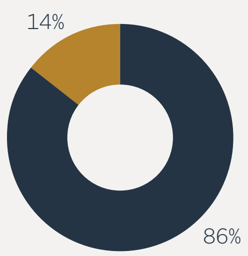
55 and below	3
56 to 64	3
65 and above	1
Total	**7**

By Length of Tenure



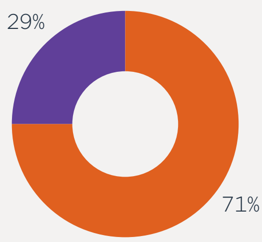
0 to 3 years	2
>3 to <6 years	4
> 6 years	1
Total	**7**

By Gender



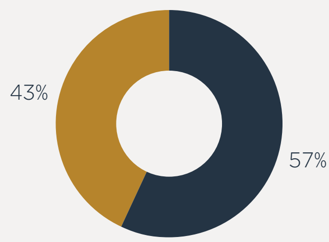
Male	6
Female	1
Total	**7**

By Nationality



Singaporeans	5
Non-Singaporeans	2
Total	**7**

By Board Independence



Independent	4
Non-Independent	3
Total	**7**

CORPORATE GOVERNANCE

The Board, taking into account the views of the NRC, considers that the current Board comprises persons with diverse business experiences and backgrounds who as a group, possess an appropriate balance and diversity necessary to manage and contribute effectively to the Manager and OUE C-REIT. In this regard, the Directors are corporate and business leaders and professionals with varied background, expertise and experience in areas including real estate, finance (including tax, accounting and audit), law, hospitality, capital markets and business management. Collectively, they have core competencies spanning the relevant areas of OUE C-REIT's businesses and operations across the commercial, hospitality and retail sectors. The on-going Board renewal process results in a Board with staggered tenure for the independent Directors. This provides continuity and stability for the conduct of Board matters while also ensuring the ability to have different perspectives and insights to meet the changing business environment of OUE C-REIT. Furthermore, as OUE C-REIT has a property in China and it may invest overseas, the Board's diversity in its geographical background and experience has provided the Manager with international experience and insights, as well as in-depth understanding of OUE C-REIT's investments and businesses in such countries. In identifying candidates for appointment to the Board, the range of diversity perspectives mentioned above will be taken into account.

The NRC remains committed to implementing the board diversity policy and any progress made towards the implementation of the board diversity policy will be reported to the Board on an annual basis and disclosed in future annual reports, as appropriate. Mr Han Khim Siew was appointed to the Board during FY 2022. Mr Han has extensive experience and an international background having worked in Hong Kong, Singapore, Indonesia and Brunei spanning government, real estate private equity, as well as real estate advisory in Asia Pacific and Europe. Mr Tan Huay Lim was appointed to the Board with effect from 1 January 2023. Mr Tan has a strong background in audit, accounting and finance coupled with relevant experience serving as director of managers of publicly listed real estate investment vehicles. These appointments will contribute significantly to the diversity of skillsets, geographical experience and in-depth understanding of the different markets of the Board. These appointments have also augmented other aspects of Board diversity in terms of professional qualifications, industry and geographic knowledge, skills and experience. The different geopolitical savvy as well as the different skillsets and expertise of the Board have allowed the Board to better navigate the COVID-19 crisis, including considering the various issues faced by the OUE C-REIT, more holistically.

Board Composition

Lee Yi Shyan	Chairman and Non-Independent Non-Executive Director
Liu Chee Ming[11]	Lead Independent Director and member of the ARC
Loh Lian Huat[12]	Lead Independent Director and member of the ARC and NRC
Tan Huay Lim[13]	Independent Director and chairman of the ARC
Ong Kian Min	Independent Director, member of the ARC and chairman of the NRC
Usha Ranee Chandradas	Independent Director and member of the ARC and NRC
Brian Riady	Non-Independent Non-Executive Director and member of the NRC
Han Khim Siew[14]	Chief Executive Officer ("CEO") and Executive Director

Key information on the Directors' particulars and background, including their listed company directorships and principal commitments, can be found on pages 24 to 27 of this Annual Report.

The Chairman is Mr Lee Yi Shyan, who is a non-independent non-executive Director. He bears primary responsibility for the workings of the Board, by ensuring effectiveness in all aspects of its role including ensuring Board meetings are held regularly and whenever necessary, setting the agenda for Board meetings with input from Management, ensuring sufficient allocation of time for thorough discussion of key agenda items at Board meetings, promoting an open environment within the Boardroom for constructive debate and encouraging the non-executive Directors to speak freely and contribute effectively. He exercises control over the quality, quantity and timeliness of information flow between the Board and Management and seeks

Notes:

[11] Mr Liu Chee Ming was appointed as Lead Independent Director of the Manager with effect from 1 January 2023.

[12] Mr Loh Lian Huat resigned as Lead Independent Director and a member of the ARC and NRC of the Manager with effect from 1 January 2023.

[13] Mr Tan Huay Lim was appointed as independent Director and chairman of the ARC of the Manager with effect from 1 January 2023.

[14] Mr Han Khim Siew was appointed as CEO and Executive Director of the Manager with effect from 7 February 2022.

to ensure that the Directors receive timely, clear and adequate information. At Annual General Meetings ("AGMs") and other Unitholders' meetings, he plays a pivotal role in fostering constructive dialogue between Unitholders, the Board and Management. As Chairman of the Board, Mr Lee Yi Shyan also promotes and leads the Manager in its commitment to achieve and maintain high standards of corporate governance.

The Code recommends that a company should appoint an independent director to be the lead independent director where, *inter alia*, the Chairman is not an independent director. In this regard, Mr Loh Lian Huat, an independent Director, was appointed as the Lead Independent Director. As the Lead Independent Director, Mr Loh Lian Huat had the discretion to hold and lead meetings with the other independent and/or non-executive Directors without the presence of Management as he deems appropriate or necessary and to provide feedback to the Chairman after such meetings. In addition, Mr Loh provided leadership in situations where the Chairman was conflicted, and was available to Unitholders where they had concerns and for which contact through the normal channels of communication with the Chairman or Management were inappropriate or inadequate. Mr Loh resigned as Lead Independent Director and a member of the ARC and NRC with effect from 1 January 2023. Mr Liu Chee Ming was appointed as Lead Independent Director in place of Mr Loh with effect from 1 January 2023.

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

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

There is a clear separation of responsibilities between the Chairman and the CEO, so as to maintain an appropriate balance of power and authority, increased accountability and greater capacity of the Board for independent decision-making. The Chairman and the CEO are not related to each other.

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

Principle 4: Board Membership

Principle 5: Board Performance

The NRC currently comprises three non-executive Directors, namely Mr Ong Kian Min, Ms Usha Ranee Chandradas and Mr Brian Riady. A majority of the NRC comprises independent Directors. Mr Ong Kian Min is the chairman of the NRC and an independent Director. Ms Usha Ranee Chandradas, an independent Director, is a member of the NRC. Mr Brian Riady, a non-independent non-executive Director, is a member of the NRC.

In FY 2022, the NRC comprised three non-executive Directors, namely Mr Ong Kian Min, Mr Loh Lian Huat and Mr Brian Riady. A majority of the NRC comprised independent Directors. Mr Loh Lian Huat resigned as Lead Independent Director and member of the ARC and NRC with effect from 1 January 2023. The NRC met twice in FY 2022.

The principal responsibilities of the NRC in performing the functions of a nominating committee include succession planning for Directors through an annual review of the Board's composition which takes into account the need for progressive renewal of the Board, the appointment and/or replacement of the Chairman, the CEO and key management personnel, reviewing and evaluating nominations of Directors for appointment to the Board, evaluating the performance of the Directors and the Board as a whole and the Board committees, and reviewing and being mindful of the independence of the Directors. In addition, the NRC reviews and makes recommendations on the training and professional development programs for the Board, and recommends for the Board's approval the objective performance criteria and process for the evaluation of the effectiveness of the Board as a whole, each Board committee separately, the Chairman and each individual Director. While Mr Liu Chee Ming, the Lead Independent Director, is not a member of the NRC, the NRC is majority independent and may consult with the Lead Independent Director, on a needs basis, in the performance of its functions including succession planning for the Board.

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

Process for Appointment of New Directors

In its selection, appointment and re-appointment process, the NRC reviews the composition of the Board

CORPORATE GOVERNANCE

including the mix of expertise, skills and attributes of existing Directors and other aspects of diversity such as gender and age, so as to identify the requisite and/or desired qualities to supplement the Board's existing attributes. The NRC will also consider core competencies such as accounting, business acumen, familiarity with regulatory requirements and knowledge of risk management, audit and internal controls. In doing so, where necessary or appropriate, the NRC may tap on its networking contacts and/or engage external professional headhunters to assist with identifying and shortlisting such candidates. The NRC also takes into consideration whether a candidate had previously served on the board of companies with adverse track records or a history of irregularities, and assesses whether a candidate's resignation from the board of any such company would cast any doubt on his or her ability to act as a Director of the Manager. Shortlisted candidates would be required to furnish their curriculum vitae containing information on their academic/professional qualification, work experience, employment history and experience (if any) as directors of listed companies.

Additionally, in the recruitment of Directors, the NRC is mindful of the importance of ensuring that the Board is well-balanced and diverse.

The details of the board diversity policy adopted by the NRC is set out under "Principle 2: Board Composition and Guidance". The selection and nomination process involves the following:

a. in carrying out its review, the NRC will take into account that the Board composition should reflect balance in matters such as skills and industry experience, management experience, gender, age, ethnicity and other relevant factors;

b. the NRC will identify suitable candidates for appointment to the Board having regard to the skills required and the skills represented on the Board, and will consider the candidate's track record, experience and capabilities or such other factors including age and gender, as may be determined by the NRC to be relevant and which would contribute to the Board's collective skill set;

c. external consultants may be used from time to time to access a wide base of potential non-executive Directors. Those considered will be assessed against a range of criteria, including the nominee's track record, background, experience, professional skills, financial literacy, core competencies and personal qualities. The NRC and the Board will also consider whether a candidate's skills and experience will complement the existing Board and whether the candidate has sufficient time available to commit to his responsibilities as a Director; and

d. the NRC will make recommendations to the Board on candidates it considers appropriate for appointment.

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

As part of the Board renewal process, Mr Tan Huay Lim was appointed as independent Director and chairman of the ARC with effect from 1 January 2023. Mr Loh Lian Huat resigned as Lead Independent Director and member of the ARC and NRC with effect from 1 January 2023.

Mr Liu Chee Ming was appointed as Lead Independent Director with effect from 1 January 2023, following the resignation of Mr Loh Lian Huat as Lead Independent Director. Mr Liu also relinquished his role as chairman of the ARC but remains a member of the ARC. Ms Usha Ranee Chandradas, an independent Director and a member of the ARC, was appointed as a member of the NRC with effect from 1 January 2023.

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

Review of Directors' Time Commitments

The Directors must ensure that they are able to give sufficient time and attention to the affairs of the Manager, and as part of its review process, the NRC decides whether or not a Director is able to do so and whether he or she has been adequately carrying out his or her duties as a Director. In determining whether a Director has been adequately carrying out his or her duties as a Director, the NRC takes into account the assessments of the individual Director's effectiveness and his or her actual conduct on the Board. The NRC believes that setting a maximum limit on the number of directorships a Director can hold is arbitrary, given that time requirements for each board may vary, and thus it should not be prescriptive. Instead, a qualitative and holistic approach is taken. The number of directorships each Director holds should be considered on a case-by-case basis, as a person's available time and attention may be affected by many different factors, such as his or her individual capacity, whether he or she is in full-time employment, the nature of his or her other responsibilities and his or her near term plan regarding some of the other appointments.

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

B. REMUNERATION MATTERS

Principle 6: Procedures for Developing Remuneration Policies

Principle 7: Level and Structure of Remuneration

Principle 8: Disclosure on Remuneration

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

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

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

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

a. identify the critical roles, recognise capabilities required of the critical roles and select the talent pool;
b. develop and implement succession and knowledge transfer plans; and
c. evaluate effectiveness.

CORPORATE GOVERNANCE

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

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

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

i. the Directors' value creation, level of contribution and respective responsibilities at Board meetings and Board committee meetings, taking into account factors such as effort, attendance and time spent; and

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

A breakdown of the Directors' fees payable to each Director for FY 2022 is shown below:

Name of Director	Directors' Fees (S$)[15]
Lee Yi Shyan	100,000[16]
Loh Lian Huat	101,250[17]
Liu Chee Ming	106,250[18]
Ong Kian Min	106,250[19]
Usha Ranee Chandradas	68,750[20]
Brian Riady	62,500[21]
Han Khim Siew	Nil[22]

The current remuneration framework for the non-executive Directors remains unchanged from that of FY 2022.

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

Notes:

15 The framework for determining the Directors' fees in FY 2022 is as follows: (i) S$50,000 each for Chairman and Deputy Chairman; (ii) S$50,000 for a member of the Board; (iii) S$20,000 for Lead Independent Director; (iv) S$37,500 for chairman of the ARC; (v) S$18,750 for a member of the ARC; (vi) S$25,000 for chairman of the NRC; and (vii) S$12,500 for a member of the NRC. This table excludes Mr Tan Huay Lim, who was appointed as independent Director and chairman of the ARC with effect from 1 January 2023 and accordingly, he did not receive any directors' fees for FY 2022.

16 The fees received by Mr Lee Yi Shyan comprise S$50,000 for being Chairman and S$50,000 for being a member of the Board for FY 2022.

17 The fees received by Mr Loh Lian Huat comprise S$50,000 for being a member of the Board, S$20,000 for being the Lead Independent Director, S$18,750 for being a member of the ARC and S$12,500 for being a member of the NRC for FY 2022. Mr Loh resigned as Lead Independent Director and a member of the ARC and NRC with effect from 1 January 2023.

18 The fees received by Mr Liu Chee Ming comprise S$50,000 for being a member of the Board, S$37,500 for being chairman of the ARC and S$18,750 for being a member of the ARC for FY 2022.

19 The fees received by Mr Ong Kian Min comprise S$50,000 for being a member of the Board, S$18,750 for being a member of the ARC, S$25,000 for being chairman of the NRC and S$12,500 for being a member of the NRC for FY 2022.

20 The fees received by Ms Usha Ranee Chandradas comprise S$50,000 for being a member of the Board and S$18,750 for being a member of the ARC for FY 2022.

21 The fees received by Mr Brian Riady comprise S$50,000 for being a member of the Board and S$12,500 for being a member of the NRC for FY 2022.

22 Mr Han Khim Siew did not receive directors' fees in respect of his position as CEO and Executive Director for the period from 7 February 2022 to 31 December 2022.

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

Fixed Component

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

Variable Component

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

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

No Director, key executive officer and/or key management personnel is involved in the deliberation and decision in respect of his or her own individual fees/remuneration. For the avoidance of doubt, Mr Han Khim Siew, the CEO and Executive Director of the Manager, was not involved in the decision of the Board on his own remuneration.

The Code and the Notice to All Holders of a Capital Markets Services Licence for Real Estate Investment Trust Management [Notice No. SFA04-N14] (issued pursuant to Section 101 of the SFA) require (i) the disclosure of the remuneration of each individual Director and the CEO on a named basis, (ii) the disclosure of the remuneration of at least the top five key management personnel[23]/top five executive officers (who are neither Directors nor the CEO), on a named basis, in bands of S$250,000, and (iii) in aggregate the total remuneration paid to the top five key management personnel (who are not Directors or the CEO) and in the event of non-disclosure, the Manager is required to provide reasons for such non-disclosure. After much deliberation, the Board is of the view that disclosure of the remuneration of the CEO and the top five executive officers on a named basis, whether in exact quantum or in bands of S$250,000, and the total remuneration paid to the top five key management personnel (who are not Directors or the CEO) will not be in the best interests of the Manager, OUE C-REIT or its Unitholders. In arriving at its decision, the Board had taken into consideration, *inter alia*, the commercial sensitivity and confidential nature of remuneration matters, the competitive nature of the REIT management industry, the competitive business environment which OUE C-REIT operates in, the importance of ensuring stability and continuity of business operations with a competent and experienced management team in place and the negative impact which such disclosure may have on the Manager in attracting and retaining talent for the Manager (at the Management level) on a long-term basis. Given the competitive business environment which OUE C-REIT operates in, the Manager faces significant competition for talent in the REIT management sector, and it is not disclosing the remuneration of the key executive officers and/or management personnel, including the CEO, so as to minimise potential staff movement and undue disruption to its Management which would be prejudicial to the interest of the Unitholders. Further, such non-disclosure of remuneration does not affect the Manager's level of transparency on its remuneration policies, level and mix of remuneration, the procedure for setting remuneration and the relationships between remuneration, performance and value creation as such information have been disclosed in detail in the preceding paragraphs. Accordingly, the Board is of the view that the non-disclosure of the remuneration, whether in exact quantum or in bands of S$250,000, of the CEO and top five executive officers, and the total remuneration paid to the top five key management personnel, is consistent with the intent of Principle 8 of the Code as a whole and will not be prejudicial to the interest of the Unitholders.

Note:

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

CORPORATE GOVERNANCE

There are no employees of the Manager who are substantial shareholders of the Manager, substantial Unitholders or immediate family members of a Director, the CEO, a substantial shareholder of the Manager or a substantial Unitholder, and whose remuneration exceeds S$100,000 during FY 2022. The Manager does not have any employee share scheme.

The NRC considers all aspects of remuneration, including termination terms, to ensure they are fair. No termination, retirement or post-employment benefits were granted to Directors, the CEO or key executive officers of the Manager during FY 2022.

C. ACCOUNTABILITY AND AUDIT

Principle 9: Risk Management and Internal Control

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

The Board is also responsible for presenting a balanced and understandable assessment of OUE C-REIT's performance, position and prospects to its Unitholders, the public and the regulators, including interim and other price-sensitive or trade-sensitive public reports and reports to regulators (if required). The Management is accountable to the Board and provides the Board with quarterly business updates as well as half-year and full-year results, which are then reviewed and approved by the Board for release to the SGX-ST. Financial results and other price-sensitive or trade-sensitive information, annual reports and material corporate developments are disclosed via SGXNet.

To keep Unitholders informed of material developments, the Manager released updates by way of press releases and voluntary business updates, where applicable. The aim of such engagement is to provide Unitholders with prompt disclosure of relevant information, to enable them to have a better understanding of OUE C-REIT's businesses and performance.

The Manager has an established ERM Framework for OUE C-REIT, which has been approved by the Board. The ERM Framework assists the Manager to evaluate and monitor changes to business operations that may result in critical risk exposure to OUE C-REIT. It is used by the Manager to determine the nature and the extent of the significant financial, operational, compliance and information technology risks in order to achieve strategic objectives and value creation. The ownership of these risks lies with the CEO and the function heads of the Manager, with stewardship residing with the Board.

The structured ERM framework and process includes a set of monitoring mechanisms and indicators for continuous evaluation from various risk perspectives such as liquidity and cashflow, workplace health and safety, cyber security and regulatory compliance. It requires key functions and business units to report risk-related matters to the Board and Management on a regular basis. Timely reporting of high risks also provides reference points and guidance for the Board and Management to assess the adequacy and effectiveness of controls in place to manage these risks. For example, many organisations have observed an increase in propensity of wrongdoing in the current economic climate. Management, as part of the ERM framework, maintains vigilance over the relevant internal controls through mechanisms such as regular reviews and self-assessment of controls. With this, prompt decision-making was undertaken to adjust operations to meet on-going changes to the business environment due to regulatory advisory changes. The framework also provided enhanced clarity on potential financial challenges, which in turn allowed Management to monitor and react proactively to any potential incoming concerns.

During the year under review, the Board and Management also paid particular attention to monitoring OUE C-REIT's risk of becoming subject to, or violating, any sanctions-related law or regulation and, where appropriate, to ensuring timely and accurate disclosure to the SGX-ST and other relevant authorities.

The Manager has considered the Regulator's Column by SGX Exchange Regulation ("SGX RegCo") dated 7 March 2022, titled "Regulator's Column: What SGX expects of issuers in respect of sanctions-related risks, subject or activity", and will be monitoring the risks and exposure it faces on an on-going basis. Additionally, the Board and ARC will monitor the position continuously to ensure there is no change.

Through a regular risk review and monitoring process, Management and the Board are also better able to continuously engage and assure stakeholder groups that their interests remain a top priority for the Manager. Pertinent information is shared with stakeholders and Unitholders in a timely manner as appropriate through various platforms including press releases, investor presentations and analyst reports.

The current ERM approach has also facilitated a balanced consideration between risk and strategy and allowed the Board and Management to deliberate on OUE C-REIT's risk appetite, and to be nimble and able to re-purpose some of OUE C-REIT's business operations to capitalise on growth opportunities. COVID-19 has demonstrated that having an effective ERM function drives quick decision-making to not only focus on managing the downside of a pandemic, or value protection but to also look for areas for enhanced value creation.

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

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

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

The Board has received assurance from the CEO and CFO of the Manager that:

a. the financial records of OUE C-REIT have been properly maintained and the financial statements for FY 2022 give a true and fair view of OUE C-REIT's operations and finances; and

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

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

Based on the ERM Framework established and reviews conducted by OUE C-REIT's internal auditors and external auditors as well as the assurance from the CEO and the CFO, the Board is of the opinion that OUE C-REIT's system of risk management and internal controls was adequate and effective as at 31 December 2022 to address the material financial, operational, compliance and information technology risks faced by OUE C-REIT. The ARC concurs with the Board's comments provided in the foregoing. For FY 2022, the Board and the ARC have not identified any material weaknesses in the Manager's internal controls and risk management systems.

Principle 10: Audit and Risk Committee

The ARC currently consists of four independent non-executive Directors, namely Mr Tan Huay Lim, Mr Liu Chee Ming, Mr Ong Kian Min and Ms Usha Ranee Chandradas. Mr Tan Huay Lim is the chairman of the ARC.

In FY 2022, the ARC consisted of four independent non-executive Directors, namely Mr Liu Chee Ming, Mr Loh Lian Huat, Mr Ong Kian Min and Ms Usha Ranee Chandradas. Mr Liu Chee Ming was the chairman of the ARC in FY 2022. Mr Loh Lian Huat resigned as Lead Independent Director and member of the ARC and NRC with effect from 1 January 2023.

All members of the ARC have many years of management level experience. The Board is of the view that the ARC members collectively have recent and relevant expertise or experience in financial management and are appropriately qualified to discharge their responsibilities objectively. A total of four ARC meetings were held in FY 2022.

CORPORATE GOVERNANCE

None of the ARC members were previous partners or directors of, or hold any financial interest in, the Manager's and OUE C-REIT's external auditors, Messrs KPMG LLP[24].

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

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

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

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

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

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

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

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

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

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

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

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

12. reviewing the independence and objectivity of the external auditors annually and stating (i) the aggregate amount of fees paid to the external auditors for that financial year, and (ii) a breakdown of the fees paid in total for audit and non-audit services respectively, or an appropriate negative

Notes:

[24] Provision 10.3 of the Code states that a company's audit committee should not comprise former partners or directors of the company's existing auditing firm or auditing corporation: (a) within a period of two years commencing on the date of their ceasing to be a partner of the auditing firm or director of the auditing corporation; and in any case, (b) for as long as they have any financial interest in the auditing firm or auditing corporation. Mr Tan Huay Lim, who was appointed as independent Director and chairman of the ARC of the Manager with effect from 1 January 2023, retired as partner of Messrs KPMG LLP in September 2015 and does not hold any financial interest in Messrs KPMG LLP.

statement, in the Annual Report. Where the external auditors also supply a substantial volume of non-audit services to OUE C-REIT and/or the Manager, the ARC should keep the nature and extent of such services under review, seeking to balance the maintenance of objectivity and value for money;

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

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

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

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

17. ensuring that the internal auditors carry out their function according to the standards set by nationally or internationally recognised professional bodies including the Standards for the Professional Practice of Internal Auditing set by the Institute of Internal Auditors Inc. ("IIA");

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

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

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

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

In the review of the financial statements, the ARC has discussed with Management the accounting principles that were applied and their judgment of items that might affect the integrity of the financial statements. The ARC reviewed, amongst other matters, the key audit matter (Table 1) as reported by the external auditors for FY 2022.

Table 1: Key Audit Matter

Key audit matter	How the issue was addressed by the ARC
Valuation of investment properties	The ARC reviewed the valuation reports of OUE C-REIT's investment properties and discussed the details of the valuation with the external valuers and Management, focusing on significant changes in fair value measurements and key drivers of the changes. The ARC reviewed the independence and competency of the external valuers and the appropriateness of the valuation methodologies applied by them in arriving at the fair market value of the investment properties based on their existing use. The ARC considered the findings of the external auditors, including their assessment of the appropriateness of valuation methodologies and reasonableness of the underlying key assumptions and key data applied in the valuation of investment properties. The ARC noted that the valuation reports have been prepared in accordance with the Singapore Institute of Surveyors and Valuers' Valuation Standards or Royal Institution of Chartered Surveyors' RICS Valuation – Global Standards (incorporating the International Valuation Standards).

CORPORATE GOVERNANCE

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

The ARC has reviewed the non-audit fees paid to the external auditors. The ARC has considered the nature and extent of the non-audit services provided and is satisfied that the independence and objectivity of the external auditors have not been compromised by the provision of non-audit services. The amount of non-audit fees paid to the external auditors for FY 2022 was S$71,000. The ARC is satisfied that OUE C-REIT has complied with the requirements of Rules 712 and 715 of the Listing Manual in relation to the appointment of its auditing firm. Accordingly, the ARC has recommended to the Board the nomination of the external auditors, Messrs KPMG LLP, for re-appointment at the forthcoming Annual General Meeting to be held on 20 April 2023. The ARC has met with the external auditors and the internal auditors without the presence of the Management and has unfettered access to any information it may require.

The details of the remuneration of the auditors of OUE C-REIT during FY 2022 are as follows:

Breakdown of Audit and Non-Audit Services	Amount (S$)
Audit Services	352,000
Non-Audit Services	71,000

The Manager has in place a whistle-blowing policy whereby employees of the Manager and any other persons may, in confidence, raise concerns about possible improprieties in matters of financial reporting or other matters as well as any breach of the Manager's Code of Business Conduct and Ethics, without fear of reprisals in any form. The ARC has the responsibility of overseeing this policy which is administered with the assistance of the head of the Sponsor's Internal Audit department ("OUE IA"). Under these procedures, arrangements are in place for independent investigation of such matters raised and for appropriate follow-up action to be taken. The whistle-blowing policy is publicly disclosed on the Manager's website and clearly communicated to the Manager's employees to encourage the reporting of any behaviour or action that might constitute impropriety in financial reporting or other matters. The Manager is committed to ensuring that whistle-blowers will be protected against any detrimental or unfair treatment, and shall use reasonable best efforts to ensure that the confidentiality and anonymity of the complainants is protected.

The ARC is empowered to conduct or authorise investigations into any activity within its terms of reference, and obtain independent professional advice as it deems necessary. The ARC has full access to and cooperation from Management and full discretion to invite any Director or executive officer to attend its meetings, and has adequate resources to enable it to discharge its functions properly. In carrying out its duties, the ARC is guided by the Guidebook for Audit Committees in Singapore. The external auditors, Messrs KPMG LLP, updates the ARC members on a regular basis on recent changes to financial reporting standards and regulatory developments.

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

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

OUE IA is a corporate member of the IIA, Singapore, which is an affiliate of the IIA with its headquarters in the United States of America. OUE IA subscribes to, and is guided by, the International Standards for the Professional Practice of Internal Auditing ("Standards") developed by IIA and has incorporated these Standards into its audit practices. The ARC also reviewed the independence and performance of the internal audit function and was satisfied that the internal auditor was independent, adequately resourced, staffed with persons with the relevant qualifications and experience and effective in performing its functions, and had appropriate standing within the Manager.

D. UNITHOLDER RIGHTS AND RESPONSIBILITIES

Principle 11: Unitholder Rights and Conduct of General Meetings

Principle 12: Engagement with Unitholders

Principle 13: Engagement with Stakeholders

The Manager's investor relations ("IR") policy is to promote regular, effective and fair communication through timely and transparent disclosure of all material price- and trade-sensitive information relating to OUE C-REIT, such as information relating to OUE C-REIT's performance as well as strategic and business developments, through press releases, announcements, and the publication of its quarterly business updates as well as half-year and full-year results. Such information is first published on the SGXNet, followed by OUE C-REIT's website at https://www.ouect.com. The website is updated regularly and has a clearly dedicated IR section enabling easy access for Unitholders and the investment community to pertinent information about OUE C-REIT and its long-term prospects such as annual reports, financial results and the latest corporate presentations. Unitholders and investors can also subscribe to email alerts of all announcements and press releases issued by OUE C-REIT or submit questions at their convenience via an enquiry form on the website. The contact details of a specific IR contact person are also provided for ease of communication.

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

The Manager also actively engages its stakeholders through a variety of initiatives and channels, including, but not limited to, regular dialogue with and the soliciting of views from the investment community, through group/individual meetings with investors, investor conferences and non-deal investor roadshows facilitated by the Manager's IR department and attended by the CEO and CFO. The CEO, CFO and senior management of the Manager are present at analyst briefings which are held quarterly, to answer questions. More details on the Manager's IR activities and efforts are found on pages 76 to 78 of this Annual Report while the full IR policy can be found on OUE C-REIT's website.

As required by the Listing Manual, the Manager discloses the names of OUE C-REIT's substantial Unitholders and a breakdown of their direct and deemed interests (including how such interests are held or derived) in OUE C-REIT's annual report every year. The Manager also disseminates, via SGXNet, the notifications it receives from its substantial Unitholders, in accordance with the provisions of the Securities and Futures Act 2001.

The Manager adopts an inclusive approach by considering and balancing the needs and interests of material stakeholders, as part of its overall responsibility to ensure that the best interests of OUE C-REIT are served. The Manager considers emerging and existing sustainability-related trends to enable the Manager to identify and manage any potential, current, or impending business risks that need to be managed, or to take advantage of any opportunities they may provide. The Manager has arrangements in place to identify and engage with material stakeholder groups and to manage its relationships with such groups. These stakeholder groups are important to OUE C-REIT, either because their actions impact OUE C-REIT's business or OUE C-REIT's business impacts their actions. They comprise OUE C-REIT's Unitholders, prospective investors, analysts, the media, tenants and guests, employees as well as regulators. The Manager's various teams interact with these stakeholders on a regular basis and the Manager maintains a corporate website to facilitate communication and engagement with stakeholders. The Sustainability Report from pages 79 to 118 in this Annual Report describes OUE C-REIT's approach in identifying its material stakeholders, as well as addressing stakeholders' concerns and methods of engagement. The Sustainability Report also sets out the key areas of focus in relation to the management of stakeholder relationships for FY 2022.

OUE C-REIT's distribution policy is to distribute at least 90% of its taxable income to Unitholders, with the actual level of distribution to be determined at the Manager's discretion. Distributions are generally paid within 35 market days after the declaration of distributions.

CORPORATE GOVERNANCE

Conduct of AGMs

In view of the COVID-19 situation in 2022, the AGM held on 26 April 2022 was convened and held via electronic means pursuant to the COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020 ("COVID-19 Order"). Alternative arrangements put in place included attendance at the AGM via electronic means such as live audio-visual webcast or live audio-only stream, submission of questions in advance of, or "live" at, the AGM, addressing of substantial and relevant questions before, and at, the AGM and voting by appointing the chairman of the meeting as proxy at the AGM. The responses to relevant and substantial questions from Unitholders were published 72 hours prior to the closing date and time for the lodgement of proxy forms. Detailed minutes of the AGM including substantial and relevant comments or queries from Unitholders and responses from the Board and Management were subsequently published within one month on SGXNet and made available on OUE C-REIT's website.

The forthcoming AGM to be held on 20 April 2023 will again be convened and held by way of electronic means pursuant to the COVID-19 Order. Alternative arrangements relating to attendance at the AGM (including arrangements by which the AGM can be electronically assessed via live audio-visual webcast or live audio-only stream, submission of questions in advance of, or "live" at, the AGM, addressing of substantial and relevant questions before, and at, the AGM and real-time electronic voting at the AGM) are set out in the Manager's announcement dated 29 March 2023. The description below sets out OUE C-REIT's usual practice for Unitholders' meetings when there are no pandemic risks and the COVID-19 Order is not in operation.

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

In addition, Unitholders are given the opportunity to communicate their views and to raise pertinent questions to the Directors and to participate effectively in and vote at Unitholders' meetings. Save as disclosed on page 121 of this Annual Report, all Directors attend Unitholders' meetings, and the external auditors are also present at Unitholders' meetings, to address questions about the conduct of audit and the preparation and content of the auditors' report raised by the Unitholders.

Provision 11.5 of the Code states that the company should publish minutes of general meetings on its corporate website as soon as practicable. The Company Secretary prepares minutes of Unitholders' meetings, which incorporate substantial and relevant comments or queries from Unitholders and responses from the Board and Management. Beginning from the 2020 AGM, these minutes have been published on OUE C-REIT's website.

As encouraged by SGX-ST and in support of the greater transparency of voting in general meetings and good corporate governance, the Manager has employed electronic polling since the first AGM held in 2015 whereby all resolutions are voted by poll and detailed results showing the number of votes cast for and against each resolution and the respective percentage are published at the general meeting. Prior to voting at the general meeting, the voting procedures will be made known to the Unitholders. The votes cast by each Unitholder are in direct proportion to their respective unitholdings in OUE C-REIT. All polls are conducted in the presence of independent scrutineers. The outcome of the general meeting is also promptly announced on SGXNet after each general meeting.

The Trust Deed does not allow a Unitholder to vote in absentia at general meetings but if any Unitholder is unable to attend the general meeting, the Trust Deed allows for the Unitholder to appoint up to two proxies to attend, speak and vote on his or her behalf at the general meeting. Further, Unitholders such as nominee companies which provide custodial services for securities are not constrained by the two proxy limitation and are able to appoint more than two proxies to attend, speak and vote at general meetings. This will enable indirect investors, including CPF investors, to be appointed as proxies to participate at general meetings. This is consistent with Principle 11 of the Code as Unitholders are still given the opportunity to exercise their rights to attend and vote at general meetings through their proxies.

E. INTERESTED PERSON TRANSACTIONS POLICY

The Manager has established procedures to monitor and review IPTs, including ensuring compliance with the provisions of the Listing Manual and the Property Funds Appendix relating to IPTs. The ARC and the Board review the IPTs on a quarterly basis. Any IPTs requiring disclosure are disclosed in the announcements and/or the Annual Report. There were no IPTs during FY 2022 which, pursuant to the Listing Manual, required immediate announcement or Unitholders' approval.

F. DEALINGS IN THE UNITS

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

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

The Manager sends out memoranda and e-mails to the Directors and employees of the Manager to remind them that the Directors and employees of the Manager and their connected persons are prohibited from dealing in the Units during the following periods:

a. two weeks before the announcement of OUE C-REIT's interim business updates for the first and third quarters of its financial year;

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

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

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

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

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

Material Contracts

Save as disclosed (i) in the IPTs section of this Annual Report and (ii) on SGXNet (if any), no material contracts to which OUE C-REIT or any of its subsidiaries is a party and which involve the interests of the CEO, any Director or controlling shareholder of the Manager or controlling Unitholder subsisted at the end of FY 2022, or have been entered into since the end of the previous financial year.

FINANCIAL STATEMENTS

REPORT OF THE TRUSTEE

DBS Trustee Limited (the “Trustee”) is under a duty to take into custody and hold the assets of OUE Commercial Real Estate Investment Trust (the “Trust”) held by it or through its subsidiaries (collectively, the “Group”) in trust for the holders of units in the Trust. In accordance with the Securities and Futures Act 2001, its subsidiary legislation and the Code on Collective Investment Schemes, the Trustee shall monitor the activities of OUE Commercial REIT Management Pte. Ltd. (the “Manager”) for compliance with the limitations imposed on the investment and borrowing powers as set out in the trust deed dated 10 October 2013 (as amended) (the “Trust Deed”) between the Manager and the Trustee in each annual accounting period and report thereon to unitholders in an annual report.

To the best knowledge of the Trustee, the Manager has, in all material respects, managed the Trust and its subsidiaries during the year covered by these financial statements set out on pages 147 to 238, in accordance with the limitations imposed on the investment and borrowing powers set out in the Trust Deed.

For and on behalf of the Trustee,
DBS Trustee Limited

Jane Lim Puay Yuen
Director

Singapore
6 March 2023

STATEMENT BY THE MANAGER

In the opinion of the directors of OUE Commercial REIT Management Pte. Ltd. (the "Manager"), the manager of OUE Commercial Real Estate Investment Trust (the "Trust"), the accompanying financial statements set out on pages 147 to 238 comprising the Statements of Financial Position, Statements of Total Return, Distribution Statements, Statements of Movements in Unitholders' Funds and Portfolio Statements of the Trust and its subsidiaries (the "Group") and of the Trust, the Statement of Cash Flows of the Group and Notes to the Financial Statements are drawn up so as to present fairly, in all material respects, the financial position and portfolio holdings of the Group and the Trust as at 31 December 2022, the total return, distributable income, movements in unitholders' funds and cash flows of the Group and the total return, distributable income and movements in unitholders' funds of the Trust for the year ended 31 December 2022, in accordance with the recommendations of Statement of Recommended Accounting Practice 7 "Reporting Framework for Unit Trusts" issued by the Institute of Singapore Chartered Accountants and the provisions of the Trust Deed between DBS Trustee Limited and the Manager dated 10 October 2013 (as amended). At the date of this statement, there are reasonable grounds to believe that the Group and the Trust will be able to meet the respective financial obligations as and when they materialise.

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

Han Khim Siew
Executive Director

Singapore
6 March 2023

INDEPENDENT AUDITORS' REPORT

Unitholders
OUE Commercial Real Estate Investment Trust
(Constituted under a Trust Deed in the Republic of Singapore)

REPORT ON THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of OUE Commercial Real Estate Investment Trust (the "Trust") and its subsidiaries (the "Group"), which comprise the statement of financial position and portfolio statement of the Group and the Trust as at 31 December 2022, and the statement of total return, distribution statement, statement of movements in unitholders' funds and statement of cash flows of the Group and the statement of total return, distribution statement and statement of movements in unitholders' funds of the Trust for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 147 to 238.

In our opinion, the accompanying consolidated financial statements of the Group and the statement of financial position, portfolio statement, statement of total return, distribution statement and statement of movements in unitholders' funds of the Trust present fairly, in all material respects, the financial position and portfolio holdings of the Group and the Trust as at 31 December 2022 and the total return, distributable income, movements in unitholders' funds and cash flows of the Group and the total return, distributable income and movements in unitholders' funds of the Trust for the year then ended on that date in accordance with the recommendations of Statement of Recommended Accounting Practice 7 ("RAP 7") *Reporting Framework for Unit Trusts* issued by the Institute of Singapore Chartered Accountants.

Basis for opinion

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

Key audit matters

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

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

Risk

The Group has investment properties in Singapore and China with a carrying value of $5.5 billion (2021: $5.4 billion) as at 31 December 2022. Investment properties represent the most significant asset item on the statement of financial position.

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

INDEPENDENT AUDITORS' REPORT

The valuation report obtained from external valuer for China's property highlighted that the real estate market in China has been impacted by a combination of global inflationary pressures, and the recent geopolitical events, in addition to the on-going effects of COVID-19 pandemic. As such, less certainty and a higher degree of caution should be attached to their valuation than would normally be the case.

Our response

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

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

We assessed the reasonableness of the key assumptions used in the valuations which included a comparison of the discount rates, terminal yield rates, capitalisation rates, price per square foot and price per room, against historical trends and available industry data, taking into consideration comparability and market factors. We also considered the adequacy of the disclosures in the financial statements.

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

Our findings

The valuers are members of professional bodies for valuers and have considered their own independence in carrying out their work.

The valuation methods used by the valuers are in line with generally accepted market practices and the key assumptions used in the valuations are within range of market data, the additional factors considered by the valuers were consistent with other corroborative evidence.

We also found the disclosures in the financial statements to be appropriate in their description of the judgement inherent in the key assumptions used in the valuations, including the inter-relationship between the key unobservable inputs and the fair values.

Other information

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

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

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

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

When we read the Report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to the Manager and take appropriate actions in accordance with SSAs.

Responsibilities of the Manager for the financial statements

The Manager is responsible for the preparation and fair presentation of these financial statements in accordance with the recommendations of RAP 7 issued by the Institute of Singapore Chartered Accountants, and for such internal controls as the Manager determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Manager is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Manager either intends to terminate the Group or to cease operations of the Group, or has no realistic alternative but to do so.

The Manager's responsibilities include overseeing the Group's financial reporting process.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.

- Obtain an understanding of internal controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal controls.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Manager.

- Conclude on the appropriateness of the Manager's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

INDEPENDENT AUDITORS' REPORT

We communicate with the Manager regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Manager with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Manager, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless the law or regulations preclude public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditors' report is Lee Chin Siang Barry.

KPMG LLP
Public Accountants and
Chartered Accountants

Singapore
6 March 2023

STATEMENTS OF FINANCIAL POSITION

As at 31 December 2022

		Group		Trust	
	Note	2022 $'000	2021 $'000	2022 $'000	2021 $'000
Non-current assets					
Plant and equipment		221	146	–	–
Investment properties	4	5,539,164	5,409,748	930,000	902,000
Intangible assets	5	–	9,167	–	9,167
Investments in subsidiaries	6	–	–	2,553,963	2,459,090
Investment in joint venture	7	347,332	322,056	316,878	316,878
Financial derivatives	8	21,590	960	6,657	960
Trade and other receivables	9	4,334	3,867	–	–
Loans to a subsidiary	10	–	–	55,000	–
		5,912,641	5,745,944	3,862,498	3,688,095
Current assets					
Trade and other receivables	9	20,592	27,028	3,083	10,513
Cash and cash equivalents	11	49,482	59,549	3,749	3,986
Financial derivatives	8	6,390	–	2,099	–
		76,464	86,577	8,931	14,499
Total assets		5,989,105	5,832,521	3,871,429	3,702,594
Non-current liabilities					
Borrowings	12	1,721,841	1,813,196	792,468	702,543
Trade and other payables	13	39,878	38,860	11,467	13,224
Financial derivatives	8	–	7,077	–	3,432
Deferred tax liabilities	14	76,109	83,993	–	–
Lease liability		25,146	24,410	–	–
		1,862,974	1,967,536	803,935	719,199
Current liabilities					
Borrowings	12	327,618	172,199	–	8,000
Trade and other payables	13	76,271	87,132	28,920	29,606
Financial derivatives	8	–	1,545	–	869
Current tax liabilities		14,741	14,594	–	–
Lease liability		134	1,000	–	–
		418,764	276,470	28,920	38,475
Total liabilities		2,281,738	2,244,006	832,855	757,674
Net assets		3,707,367	3,588,515	3,038,574	2,944,920

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

STATEMENTS OF FINANCIAL POSITION

As at 31 December 2022

		Group		Trust	
	Note	2022 $'000	2021 $'000	2022 $'000	2021 $'000
Represented by:					
Unitholders' funds		3,240,073	3,127,996	2,826,265	2,732,611
Convertible Perpetual Preferred Units ("CPPU") holder's funds	15	212,309	212,309	212,309	212,309
		3,452,382	3,340,305	3,038,574	2,944,920
Non-controlling interests		254,985	248,210	–	–
		3,707,367	3,588,515	3,038,574	2,944,920
Units in issue and to be issued ('000)	16	5,470,950	5,449,685	5,470,950	5,449,685
Net asset value per Unit ($)	17	0.59	0.57	0.52	0.50

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

STATEMENTS OF TOTAL RETURN

Year ended 31 December 2022

	Note	Group 2022 $'000	Group 2021 $'000	Trust 2022 $'000	Trust 2021 $'000
Revenue	18	241,507	249,884	143,029	150,438
Property operating expenses	19	(44,592)	(45,679)	(10,594)	(13,365)
Net property income		196,915	204,205	132,435	137,073
Other income	20	8,766	15,194	8,766	14,995
Amortisation of intangible assets	5	(3,750)	(5,000)	(3,750)	(5,000)
Write-off of intangible assets	5	(5,417)	–	(5,417)	–
Manager's management fees	21	(15,756)	(18,249)	(15,756)	(18,249)
Divestment costs		–	(7,363)	–	(7,363)
Trustee's fee		(998)	(1,304)	(935)	(903)
Other expenses		(2,755)	(2,674)	(615)	(1,238)
Finance income		27,001	4,394	8,738	3,597
Finance cost		(81,967)	(76,187)	(29,228)	(35,575)
Net finance costs	22	(54,966)	(71,793)	(20,490)	(31,978)
Net income		122,039	113,016	94,238	87,337
Net change in fair value of investment properties	4	139,727	(56,284)	26,708	(2,362)
Reversal of (impairment loss on) investment in subsidiaries	6	–	–	94,873	(109,006)
Share of results from joint venture	7	37,108	13,236	–	–
Total return/(loss) for the year before tax	23	298,874	69,968	215,819	(24,031)
Tax expense	24	(11,191)	(14,061)	–	–
Total return/(loss) for the year		287,683	55,907	215,819	(24,031)
Total return/(loss) attributable to:					
Unitholders and CPPU holder		275,574	38,876	215,819	(24,031)
Non-controlling interests		12,109	17,031	–	–
		287,683	55,907	215,819	(24,031)
Earnings per Unit (cents)					
Basic	25	5.01	0.67		
Diluted	25	4.77	0.67		

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

DISTRIBUTION STATEMENTS

Year ended 31 December 2022

	Group		Trust	
	2022	2021	2022	2021
	$'000	$'000	$'000	$'000
Amount available for distribution to Unitholders at beginning of the year	77,334	79,810	77,334	79,810
Total return/(loss) for the year attributable to Unitholders and CPPU holder	275,574	38,876	215,819	(24,031)
Less: Amount reserved for distribution to CPPU holder	(2,200)	(2,582)	(2,200)	(2,582)
Less: Amount retained for working capital requirements	(6,000)	(6,000)	(6,000)	(6,000)
Distribution adjustments (Note A)	(155,748)	101,338	(95,993)	164,245
Amount available for distribution for the year	111,626	131,632	111,626	131,632
Add: Amount released*	4,600	10,400	4,600	10,400
Amount to be distributed to Unitholders (Note B)	116,226	142,032	116,226	142,032
Distributions to Unitholders:				
- Distribution of 1.43 cents per Unit for the period from 1/7/2020 to 31/12/2020	–	(77,618)	–	(77,618)
- Distribution of 1.23 cents per Unit for the period from 1/1/2021 to 30/06/2021	–	(66,890)	–	(66,890)
- Distribution of 1.37 cents per Unit for the period from 1/7/2021 to 31/12/2021	(74,661)	–	(74,661)	–
- Distribution of 1.08 cents per Unit for the period from 1/1/2022 to 30/06/2022	(58,961)	–	(58,961)	–
	(133,622)	(144,508)	(133,622)	(144,508)
Amount available for distribution to Unitholders at the end of the year	59,938	77,334	59,938	77,334
Distribution per Unit ("DPU") (cents)	2.12	2.60	2.12	2.60

* In 2022, the Group released $4.6 million (2021: $5.4 million) capital distribution from divestment of OUE Bayfront and $nil (2021: $5.0 million) from the $10.8 million of tax-exempt income and capital distribution retained in 2020.

Note A – Distribution adjustments

	Group		Trust	
	2022	2021	2022	2021
	$'000	$'000	$'000	$'000
Net change in fair value of investment properties	(139,727)	56,284	(26,708)	2,362
Amortisation of intangible assets	3,750	5,000	3,750	5,000
Write-off of intangible assets	5,417	–	5,417	–
Amortisation of debt-related transaction costs	14,740	10,339	2,174	5,744
Net change in fair value of financial derivatives	(1,778)	(1,756)	(5,920)	(2,470)
Ineffective portion of changes in fair value of cash flow hedges	(2,177)	(1,364)	(374)	(867)
Hedging reserve transferred (to)/from unitholders' funds due to discontinuation of hedge accounting	(22,058)	1,892	–	3,204
Manager's management fees paid/payable in Units	7,878	9,124	7,878	9,124
Trustee's fee	998	1,304	935	903
Foreign exchange differences	149	(230)	1	(253)
Deferred tax (credit)/expense	(1,222)	1,375	–	–
Straight-lining of lease incentives	(1,986)	2,044	–	15
Transfer to statutory reserve	(1,207)	(1,236)	–	–
Net income of subsidiaries and joint venture not distributed to the Trust	–	–	11,482	24,967
(Reversal of) impairment loss on investment in subsidiaries	–	–	(94,873)	109,006
Other items	(18,525)	18,562	245	7,510
Distribution adjustments	(155,748)	101,338	(95,993)	164,245

Note B – Amount to be distributed to Unitholders

	Group and Trust	
	2022	2021
	$'000	$'000
Comprises:		
- From operations	79,470	95,213
- From tax exempt income	21,803	27,913
- From Unitholders' contribution	14,953	18,906
	116,226	142,032

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

STATEMENTS OF MOVEMENTS IN UNITHOLDERS' FUNDS

Year ended 31 December 2022

	Attributable to				
	Unitholders $'000	CPPU holder $'000	Total $'000	Non-controlling interests $'000	Total $'000
Group					
Net assets attributable to owners at 1 January 2022	3,127,996	212,309	3,340,305	248,210	3,588,515
Operations					
Total return for the year	275,574	–	275,574	12,109	287,683
Less: Amount reserved for distribution to CPPU holder	(2,200)	2,200	–	–	–
Net increase in net assets resulting from operations	273,374	2,200	275,574	12,109	287,683
Transactions with owners					
Issue of new Units:					
- Manager's management fees paid/payable in Units	7,878	–	7,878	–	7,878
Distributions paid to Unitholders	(133,622)	–	(133,622)	–	(133,622)
Distributions paid to CPPU Holder	–	(2,200)	(2,200)	–	(2,200)
Distributions paid to non-controlling interests	–	–	–	(6,000)	(6,000)
Net decrease in net assets resulting from transactions with owners	(125,744)	(2,200)	(127,944)	(6,000)	(133,944)
Movement in foreign currency translation reserve	(48,544)	–	(48,544)	–	(48,544)
Hedging transactions					
Effective portion of change in fair value of cash flow hedges	7,291	–	7,291	520	7,811
Hedging reserve transferred to statement of total return	1,879	–	1,879	146	2,025
Share of movement in hedging reserve of joint venture	3,821	–	3,821	–	3,821
Net movement in hedging transactions	12,991	–	12,991	666	13,657
At 31 December 2022	3,240,073	212,309	3,452,382	254,985	3,707,367

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

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

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

STATEMENTS OF MOVEMENTS IN UNITHOLDERS' FUNDS

Year ended 31 December 2022

	Attributable to		
	Unitholders $'000	CPPU holder $'000	Total $'000
Trust			
Net assets attributable to owners at 1 January 2022	2,732,611	212,309	2,944,920
Operations			
Total return for the year	215,819	–	215,819
Less: Amount reserved for distribution to CPPU holder	(2,200)	2,200	–
Net increase in net assets resulting from operations	213,619	2,200	215,819
Transactions with owners			
Issue of new Units:			
- Manager's management fees paid/payable in Units	7,878	–	7,878
Distributions paid to Unitholders	(133,622)	–	(133,622)
Distributions paid to CPPU holder	–	(2,200)	(2,200)
Net decrease in net assets resulting from transactions with owners	(125,744)	(2,200)	(127,944)
Hedging transactions			
Effective portion of change in fair value of cash flow hedges	4,561	–	4,561
Hedging reserve transferred to statement of total return	1,218	–	1,218
Net movement in hedging transactions	5,779	–	5,779
At 31 December 2022	2,826,265	212,309	3,038,574

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

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

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

PORTFOLIO STATEMENTS

As at 31 December 2022

Description of property	Leasehold tenure	Location
Singapore		
OUE Downtown Office		
OUE Downtown is a mixed-use development comprising a 50-storey building (OUE Downtown 1) and a 37-storey building (OUE Downtown 2), a retail podium and a multi-storey car park The Group owns the office components of OUE Downtown (OUE Downtown Office), comprising OUE Downtown 1 (Strata Lot U4628V) and OUE Downtown 2 (Strata Lot U4629P)	OUE Downtown 1 and OUE Downtown 2: 99-year lease from 19 July 1967	6 Shenton Way, Singapore 068809 and 6A Shenton Way, Singapore 068815
One Raffles Place		
An integrated commercial development comprising One Raffles Place Tower 1, One Raffles Place Tower 2 and One Raffles Place Shopping Mall The Group has an effective interest of 67.95% in One Raffles Place	One Raffles Place Tower 1: 841-year lease from 1 November 1985 One Raffles Place Tower 2: 99-year lease from 26 May 1983 One Raffles Place Shopping Mall: the retail podium straddles two land plots: - approximately 75% of the net lettable area ("NLA") of the retail podium is on a 99-year lease from 1 November 1985 - the balance 25% of the NLA of the retail podium is on a 841-year lease from 1 November 1985	1 Raffles Place, One Raffles Place, Singapore 048616

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

Remaining Term of Lease as at 31/12/2022	Existing use	Group Carrying value at 31/12/2022 $'000	Percentage of Unitholders' funds at 31/12/2022 %	Carrying value at 31/12/2021 $'000	Percentage of Unitholders' funds at 31/12/2021 %
44 years	Commercial	930,000	29	902,000	29
804 years	Commercial	1,909,000	59	1,867,700	60
60 years					
62 years					
804 years					

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

PORTFOLIO STATEMENTS

As at 31 December 2022

Description of property	Leasehold tenure	Location
Crowne Plaza Changi Airport An airport hotel situated within the vicinity of passenger terminals of Singapore Changi Airport and is connected to Jewel Changi Airport via a pedestrian bridge from Terminal 3. The 563-room hotel is managed by Intercontinental Hotels Group.	74-year lease from 1 July 2009	75 Airport Boulevard, Singapore 819664
Hilton Singapore Orchard A hotel with 1,080 rooms located in Orchard Road.	99-year lease from 1 July 1957	333 Orchard Road, Singapore 238867
Mandarin Gallery High-end retail mall with 152-metre frontage situated along Orchard Road.	99-year lease from 1 July 1957	333A Orchard Road, Singapore 238897
Shanghai		
Lippo Plaza A 36-storey commercial building with retail podium at Shanghai, China excluding: (i) Unit 2 in Basement 1, (ii) the 12th, 13th, 15th and 16th floors and (iii) 4 car park lots	50-year land use right commencing from 2 July 1994	222 Huaihai Zhong Road, Huangpu District, Shanghai, PRC 200021
Investment properties, at valuation (Note 4)		
Investment in joint venture (Note 7)		
Other assets and liabilities (net)		
Net assets of the Group		
Net assets attributable to CPPU holder		
Net assets attributable to non-controlling interests		
Unitholders' funds		

The carrying value of Lippo Plaza as at 31 December 2022 in Renminbi is RMB 2,640,000,000 (2021: RMB 2,681,000,000).

The properties are leased to third parties except as otherwise stated in Note 18. Generally, the leases contain an initial non-cancellable period of 1 to 10 years (2021: 1 to 10 years). Subsequent renewals are negotiated with the respective lessees.

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

Remaining Term of Lease as at 31/12/2022	Existing use	Group Carrying value at 31/12/2022 $'000	Percentage of Unitholders' funds at 31/12/2022 %	Carrying value at 31/12/2021 $'000	Percentage of Unitholders' funds at 31/12/2021 %
61 years	Hotel	460,200	14	455,200	15
34 years	Hotel	1,250,000	39	1,130,000	36
34 years	Retail	453,900	13	453,900	14
22 years	Commercial	509,784	16	574,538	18
		5,512,884	170	5,383,338	172
		347,332	11	322,056	10
		(2,152,849)	(66)	(2,116,879)	(67)
		3,707,367	115	3,588,515	115
		(212,309)	(7)	(212,309)	(7)
		(254,985)	(8)	(248,210)	(8)
		3,240,073	100	3,127,996	100

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

PORTFOLIO STATEMENTS

As at 31 December 2022

Description of property	Leasehold tenure	Location
Singapore		
OUE Downtown Office		
OUE Downtown is a mixed-use development comprising a 50-storey building (OUE Downtown 1) and a 37-storey building (OUE Downtown 2), a retail podium and a multi-storey car park The Trust owns the office components of OUE Downtown (OUE Downtown Office), comprising OUE Downtown 1 (Strata Lot U4628V) and OUE Downtown 2 (Strata Lot U4629P)	OUE Downtown 1 and OUE Downtown 2: 99-year lease from 19 July 1967	6 Shenton Way, Singapore 068809 and 6A Shenton Way, Singapore 068815
Investment properties, at valuation (Note 4)		
Investment in joint venture (Note 7)		
Other assets and liabilities (net)		
Net assets of the Trust		
Net assets attributable to CPPU holder		
Unitholders' funds		

The properties are leased to third parties except as otherwise stated in Note 18. Generally, the leases contain an initial non-cancellable period of 1 to 6 years (2021: 1 to 6 years). Subsequent renewals are negotiated with the respective lessees.

Remaining Term of Lease as at 31/12/2022	Existing use	Trust: Carrying value at 31/12/2022 $'000	Trust: Percentage of Unitholders' funds at 31/12/2022 %	Trust: Carrying value at 31/12/2021 $'000	Trust: Percentage of Unitholders' funds at 31/12/2021 %
44 years	Commercial	930,000	33	902,000	33
		930,000	33	902,000	33
		316,878	12	316,878	12
		1,791,696	63	1,726,042	63
		3,038,574	108	2,944,920	108
		(212,309)	(8)	(212,309)	(8)
		2,826,265	100	2,732,611	100

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

STATEMENT OF CASH FLOWS

Year ended 31 December 2022

	Group	
	2022	2021
	$'000	$'000
Cash flows from operating activities		
Total return for the year	287,683	55,907
Adjustments for:		
Amortisation of intangible assets	3,750	5,000
Write-off of intangible assets	5,417	–
Depreciation of plant and equipment	84	82
Finance costs	81,818	76,187
Finance income	(27,001)	(4,164)
Manager's fees paid/payable in Units	7,878	9,124
Net change in fair value of investment properties	(139,727)	56,284
Share of results from joint venture	(37,108)	(13,236)
Plant and equipment written-off	–	1
Loss on disposal of plant and equipment	2	10
Allowance/(write-back) for doubtful receivables	97	(1,118)
Tax expense	11,191	14,061
Operating income before working capital changes	194,084	198,138
Changes in working capital:		
Trade and other receivables	941	(3,086)
Trade and other payables	124	(12,502)
Cash generated from operating activities	195,149	182,550
Tax paid	(11,615)	(15,749)
Net cash from operating activities	183,534	166,801
Cash flows from investing activities		
Additions to plant and equipment	(167)	(3)
Payment for capital expenditure on investment properties	(47,639)	(56,896)
Dividends received from joint venture	15,653	8,058
Interest received	1,305	729
Proceeds from divestment of investment property	–	950,634
Proceed from sale of plant and equipment	–	1
Net cash (used in)/from investing activities	(30,848)	902,523
Cash flows from financing activities		
Distributions paid to Unitholders	(133,622)	(144,508)
Distributions paid to CPPU holder	(2,200)	(3,358)
Distributions paid to non-controlling interests	(6,000)	(5,600)
Interest paid	(65,289)	(66,487)
Payment of transaction costs related to borrowings	(13,024)	(9,636)
Payment of lease liability	(1,000)	(1,000)
Proceeds from bank loans	1,233,000	764,973
Proceeds from issuance of Notes	150,000	150,000
Redemption of CPPUs	–	(155,000)
Repayment of bank loans	(1,320,985)	(1,630,035)
Net cash used in financing activities	(159,120)	(1,100,651)

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

	Note	Group 2022 $'000	2021 $'000
Net decrease in cash and cash equivalents		(6,434)	(31,327)
Cash and cash equivalents at beginning of the year		59,549	88,508
Effect of exchange rate fluctuations on cash held		(3,633)	2,368
Cash and cash equivalents at end of the year	11	49,482	59,549

Significant non-cash transactions

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

Financial year ended 31 December 2022

- a total of 21,265,471 Units, amounting to $7,878,000, were or would be issued to the Manager as satisfaction of the Manager's management fees for the financial year.

Financial year ended 31 December 2021

- a total of 21,834,172 Units, amounting to $9,124,000, were or would be issued to the Manager as satisfaction of the Manager's management fees for the financial year.

NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 December 2022

These notes form an integral part of the financial statements.

The financial statements were authorised for issue by the Manager and the Trustee on 6 March 2023.

1 GENERAL

OUE Commercial Real Estate Investment Trust (the "Trust") is a Singapore-domiciled unit trust constituted pursuant to the trust deed dated 10 October 2013 (as amended) (the "Trust Deed") between OUE Commercial REIT Management Pte. Ltd. (the "Manager") and DBS Trustee Limited (the "Trustee"). The Trust Deed is governed by the laws of the Republic of Singapore. The Trustee is under a duty to take into custody and hold the assets of the Trust and its subsidiaries (the "Group") in trust for the holders ("Unitholders") of units in the Trust (the "Units").

The Trust was admitted to the Official List of Singapore Exchange Securities Trading Limited (the "SGX-ST") on 27 January 2014 (the "Listing Date").

Effective from 1 March 2022, pursuant to the Supplementary Deed of Retirement and Appointment of Trustee dated 4 January 2022, RBC Investor Services Trust Singapore Limited has retired as the Sub-Trust Trustee of OUE Hospitality Sub-Trust and DBS Trustee Limited has been appointed as the Sub-Trust Trustee.

The principal activity of the Trust is to invest, directly or indirectly, in a portfolio of income-producing real estate used primarily for commercial purposes (including real estate used primarily for office and/or retail purposes) in financial and business hubs and hospitality and/or hospitality-related purposes, within and outside of Singapore, as well as real estate-related assets. The principal activities of the subsidiaries are set out in Note 6.

The consolidated financial statements relate to the Trust and its subsidiaries (together referred to as the "Group" and individually as "Group entities").

The Group is regarded as a subsidiary of OUE Limited ("OUE") for financial reporting purposes. Accordingly, the ultimate holding company of the Trust is Lippo ASM Asia Property Limited, a company incorporated in the Cayman Islands.

Several service agreements were entered into in relation to the management of the Trust and its property operations. The fee structures of these services are as follows:

(a) Manager's fees

The Manager is entitled to receive the following remuneration:

(i) a base fee of 0.3% per annum (or such lower percentage as may be determined by the Manager in its absolute discretion) of the value of the Deposited Property (as defined in the Trust Deed);

(ii) a performance fee of 25% per annum of the difference in DPU (as defined in the Trust Deed) in a financial year with the DPU in the preceding full financial year (calculated before accounting for the performance fee but after accounting for the base fee in each financial year) multiplied by the weighted average number of Units in issue for such financial year. The performance fee is payable if the DPU in any financial year exceeds the DPU in the preceding financial year, notwithstanding that the DPU in the financial year in which the performance fee is payable may be less than the DPU in the financial year prior to any preceding financial year;

(iii) an acquisition fee of 0.75% of the acquisition price of an investment property for acquisitions from related parties and 1.0% of the acquisition price for all other cases;

1 GENERAL (CONT'D)

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

(iv) a divestment fee of 0.5% of the sale price of an investment property on all future disposals of properties; and

(v) a development management fee of 3.0% of the total project costs incurred in a development project undertaken by the Manager on behalf of the Trust.

Any portion of the base fee payable in the form of Units is payable quarterly in arrears and any portion of the base fee payable in cash is payable monthly in arrears. The performance fee is paid annually in arrears, regardless of whether it is paid in the form of cash and/or Units. For the financial year ended 31 December 2022, 50% (2021: 50%) of the management base fee payable were in the form of Units. There was no management performance fee payable in the form of Units in 2022 (2021: 50%).

The acquisition, divestment and development management fees are payable in the form of Units and/or cash as the Manager may elect, and such proportion as may be determined by the Manager.

(b) Fees under the property management agreements

On 31 March 2021, the Group and Trust completed the divestment of OUE Bayfront to OUE Allianz Bayfront LLP (formerly known as BPH Propco LLP). Prior to the divestment, OUE Bayfront and OUE Downtown are managed by OUE Commercial Property Management Pte. Ltd. ("the Commercial Property Manager") and Mandarin Gallery is managed by OUE Property Management Pte. Ltd. (the "Retail Property Manager" and collectively with the Commercial Property Manager, the "Property Managers").

Pursuant to the property management agreement between the Trust and the Commercial Property Manager in respect of OUE Bayfront, the following fees are payable:

- A property management fee of (a) 2% per annum of the gross revenue of the relevant property and (b) 2% of the gross revenue less property expenses ("Net Property Income") for the relevant property (calculated before accounting for the property management fee in that financial period); and

- A lease management fee of 0.5% per annum of the Net Property Income for the relevant property (calculated before accounting for the property management fee in that financial period) in respect of lease management services.

Pursuant to the property management agreement between the Trust and the Commercial Property Manager in respect of OUE Downtown Office, the following fees are payable:

- A property management fee of (a) 1% per annum of the gross revenue of the relevant property and (b) 1% of the Net Property Income for the relevant property (calculated before accounting for the property management fee in that financial period); and

- A lease management fee of 0.25% per annum of the Net Property Income for the relevant property (calculated before accounting for the property management fee in that financial period) in respect of lease management services.

NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 December 2022

1 GENERAL (CONT'D)

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

The Commercial Property Manager is also entitled to a project management fee at a scale of between 1.35% to 3.0% of the construction cost or a fee to be mutually agreed in writing between the Manager, the Trustee and the Commercial Property Manager. During the financial year, no project management services were provided by the Commercial Property Manager. Where development management fees are payable to the Manager, there will not be any project management fees payable to the Commercial Property Manager and vice versa.

Pursuant to the property management agreement between OUE Hospitality Sub-Trust and the Retail Property Manager in respect of Mandarin Gallery and the certain commercial areas of Hilton Singapore Orchard (formerly known as Mandarin Orchard Singapore), the following fees are payable:

- A property management fee of (a) 2% per annum of the gross revenue of Mandarin Gallery and certain commercial areas of Hilton Singapore Orchard; and (b) 2% per annum of the Net Property Income of Mandarin Gallery and certain commercial areas of Hilton Singapore Orchard (calculated before accounting for the property management fee in that financial period); and

- A lease management fee of 0.5% per annum of the Net Property Income of Mandarin Gallery (calculated before accounting for the property management fee in that financial period), in respect of lease management services.

The property and lease management fees are payable monthly in arrears.

(c) Trustee's fee

The Trust

Pursuant to the Trust Deed, the Trustee's fee shall not exceed 0.1% per annum of the value of the Deposited Property or such higher percentage as may be fixed by an extraordinary resolution of a meeting of Unitholders. The Trustee's fee is presently charged at a scaled basis of up to 0.02% per annum of the value of the Deposited Property (subject to a minimum of $30,000 per month). The Trustee's fee is payable out of the Deposited Property on a monthly basis, in arrears. The Trustee is also entitled to reimbursement of expenses incurred in the performance of its duties under the Trust Deed.

The Sub-trust

Pursuant to the Sub-trust Deed, the Sub-trust Trustee's fee shall not exceed 0.1% per annum of the value of Sub-trust's Deposited Property. The Sub-trust Trustee's fee is payable out of Sub-trust's Deposited Property on a monthly basis, in arrears. The Sub-trust Trustee's fee is presently charged on a scaled basis of up to 0.02% per annum of the value of the Sub-trust Deposited Property (subject to a minimum of $20,000 per month). The Sub-trust Trustee is also entitled to reimbursement of expenses incurred in the performance of its duties under the Sub-trust Deed.

Following the change in Sub-Trust Trustee on 1 March 2022, the Sub-trust Trustee's fee has been consolidated and borne by the Trust.

2 BASIS OF PREPARATION

2.1 Statement of compliance

The financial statements have been prepared in accordance with the Statement of Recommended Accounting Practice ("RAP") 7 *Reporting Framework for Unit Trusts* issued by the Institute of Singapore Chartered Accountants, the applicable requirements of the Code on Collective Investment Schemes (the "CIS Code") issued by the Monetary Authority of Singapore (the "MAS") and the provisions of the Trust Deed. RAP 7 requires the accounting policies to generally comply with the recognition and measurement principles of Singapore Financial Reporting Standards ("FRS").

The changes to significant accounting policies are described in Note 2.5.

2.2 Basis of measurement

The financial statements have been prepared on the historical cost basis, except as described below.

2.3 Functional and presentation currency

The financial statements are presented in Singapore dollars, which is the functional currency of the Trust. All financial information presented in Singapore dollars has been rounded to the nearest thousand, unless otherwise stated.

2.4 Use of estimates and judgments

The preparation of financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods effected.

Information about assumptions and estimation uncertainties that have the most significant effect on the amounts recognised in the financial statements is described in Note 4 – valuation of investment properties.

Measurement of fair values

A number of the Group's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.

The Group has an established process with respect to the measurement of fair values.

The Manager reviews significant unobservable inputs and valuation adjustments. If third party information is used to measure fair values, then the Manager assesses and documents the evidence obtained from the third parties to support the conclusion that such valuations meet the requirements of FRS, including the level in the fair value hierarchy in which such valuations should be classified.

Significant valuation issues are reported to the Audit and Risk Committee.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2022

2 BASIS OF PREPARATION (CONT'D)

2.4 Use of estimates and judgments (cont'd)

Measurement of fair values (cont'd)

When measuring the fair value of an asset or a liability, the Group uses market observable data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

- Level 1 : quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 : inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3 : inputs for the asset or liability that are not based on observable market data (unobservable inputs).

If the inputs used to measure the fair value of an asset or a liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement (with Level 3 being the lowest).

The Group recognises transfers between levels of the fair value hierarchy as of the end of the reporting period during which the change has occurred.

Further information about the assumptions made in measuring fair values is included in the following notes:

- Note 4 – investment properties
- Note 27 – financial instruments

2.5 Changes in significant accounting policies

New standards and amendments

The Group has applied the following FRSs, amendments to and interpretations of FRS for the first time for the annual period beginning on 1 January 2022:

- *Reference to the Conceptual Framework (Amendments to FRS 103)*
- *Property, Plant and Equipment: Proceeds before Intended Use (Amendments to FRS 16)*
- *Onerous Contracts – Costs of Fulfilling a Contract (Amendments to FRS 37)*
- *Annual Improvements to FRSs 2018 -2020*

The application of these amendments to standards and interpretations does not have a material effect on the financial statements.

3 SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied by the Group entities consistently to all the periods presented in these financial statements, except as explained in Note 2.5, which addresses changes in accounting policies arising from the adoption of new standards.

3.1 Basis of consolidation

(i) Business combinations

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

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

The Group measures goodwill at the date of acquisition as:

- the fair value of the consideration transferred; plus
- the recognised amount of any non-controlling interests (“NCI”) in the acquiree; plus
- if the business combination is achieved in stages, the fair value of the pre-existing equity interest in the acquiree,

over the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed. Any goodwill that arises is tested annually for impairment.

When the excess is negative, a bargain purchase gain is recognised immediately in the statement of total return.

The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognised in the statement of total return.

Any contingent consideration payable is recognised at fair value at the date of acquisition and included in the consideration transferred. If the contingent consideration that meets the definition of a financial instrument is classified as equity, it is not remeasured and settlement is accounted for within equity. Otherwise, other contingent consideration is remeasured at fair value at each reporting date and subsequent changes to the fair value of the contingent consideration are recognised in the statement of total return.

NCI that are present ownership interests and entitle their holders to a proportionate share of the acquiree’s net assets in the event of liquidation are measured either at fair value or at the NCI’s proportionate share of the recognised amounts of the acquiree’s identifiable net assets, at the date of acquisition. The measurement basis taken is elected on a transaction-by-transaction basis. All other NCI are measured at acquisition-date fair value, unless another measurement basis is required by FRSs.

Costs related to the acquisition, other than those associated with the issue of debt or equity securities, that the Group incurs in connection with a business combination are expensed as incurred.

NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 December 2022

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.1 Basis of consolidation (cont'd)

(i) Business combinations (cont'd)

Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as transactions with owners in their capacity as owners and therefore no adjustments are made to goodwill and no gain or loss is recognised in the statement of total return. Adjustments to NCI arising from transactions that do not involve the loss of control are based on a proportionate amount of the net assets of the subsidiary.

(ii) Property acquisitions and business combinations

When a property is acquired through corporate acquisitions or otherwise, the Manager considers whether the acquisition represents an acquisition of business or an acquisition of an asset. An acquisition is accounted for as a business combination when an integrated set of activities is acquired, in addition to the property. In determining whether an integrated set of activities is acquired, the Manager considers whether significant processes, such as strategic management and operational processes, are acquired. Where significant processes are acquired, the acquisition is considered an acquisition of business. Where an acquisition does not represent a business, it is accounted for as an acquisition of a group of assets and liabilities. The cost of acquisition is allocated to the assets and liabilities acquired and no goodwill or deferred tax is recognised.

(iii) Subsidiaries

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

The accounting policies of subsidiaries have been changed when necessary to align them with the policies adopted by the Group.

(iv) Investment in joint venture

A joint venture is an arrangement in which the Group has joint control, whereby the Group has rights to the net assets of the arrangement, rather than the rights to its assets and obligations for its liabilities.

Investment in joint venture is accounted for using the equity method. It is initially recognised at cost, which includes transaction costs. Subsequent to initial recognition, the consolidated financial statements include the Group's share of the profit or loss of equity-accounted investee, after adjustments to align the accounting policies with those of the Group, from the date that joint control commences until the date that joint control ceases.

(v) Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income or expenses (except for foreign currency transaction gains or losses) arising from intra-group transactions, are eliminated in preparing the consolidated financial statements. Unrealised gains arising from transactions with equity-accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.1 Basis of consolidation (cont'd)

(vi) Subsidiaries and joint ventures in the financial statements of the Trust

Investments in subsidiaries and joint ventures are stated in the Trust's statement of financial position at cost less accumulated impairment losses.

3.2 Foreign currencies

(i) Foreign currency transactions

Transactions in foreign currencies are translated to the respective functional currencies of the Group entities at the exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated to the functional currency at the exchange rate at that date. The foreign currency gain or loss on monetary items is the difference between amortised cost in the functional currency at the beginning of the year, adjusted for effective interest and payments during the year, and the amortised cost in foreign currency translated at the exchange rate at the end of the year.

Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are translated to the functional currency at the exchange rate at the date that the fair value was determined. Non-monetary items in a foreign currency that are measured in terms of historical cost are translated using the exchange rate at the date of the transaction. Foreign currency differences arising on translation are recognised in the statement of total return, except for differences arising from the translation of a financial liability designated as a hedge of the net investment in a foreign operation to the extent that the hedge is effective, or qualifying cash flow hedges to the extent that the hedge is effective, which are recognised in unitholders' funds.

(ii) Foreign operations

The assets and liabilities of foreign operations are translated to Singapore dollars at exchange rates prevailing at the reporting date. The income and expenses of foreign operations are translated to Singapore dollars at exchange rates at the dates of the transactions.

Foreign currency differences are recognised in the foreign currency translation reserve in unitholders' funds. However, if the operation is not a wholly-owned subsidiary, then the relevant proportionate share of the translation difference is allocated to the non-controlling interests. When a foreign operation is disposed of such that control, significant influence or joint control is lost, the cumulative amount in the translation reserve related to that foreign operation is transferred to the statement of total return as part of the gain or loss on disposal. When the Group disposes of only part of its interest in a subsidiary that includes a foreign operation while retaining control, the relevant proportion of the cumulative amount is reattributed to non-controlling interests.

When the settlement of a monetary item receivable from or payable to a foreign operation is neither planned nor likely in the foreseeable future, foreign exchange gains and losses arising from such a monetary item that is considered to form part of a net investment in a foreign operation, or qualifying cash flow hedges to the extent that the hedge is effective, which are recognised in the unitholders' funds.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2022

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.3 Plant and equipment

(i) Recognition and measurement

Plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses.

Cost includes expenditure that is directly attributable to the acquisition of the asset.

When parts of an item of plant and equipment have different useful lives, they are accounted for as separate items (major components) of plant and equipment.

The gain or loss on disposal of an item of plant and equipment (calculated as the difference between the net proceeds from disposal and the carrying amount of the item) is recognised in the statement of total return.

(ii) Depreciation

Depreciation is based on the cost of an asset less its residual value. Significant components of individual assets are assessed and if a component has a useful life that is different from the remainder of that asset, that component is depreciated separately.

Depreciation is recognised in the statement of total return on a straight-line basis over the estimated useful lives of each component of an item of plant and equipment, unless it is included in the carrying amount of another asset.

Depreciation is recognised from the date that the plant and equipment are installed and are ready for use.

The estimated useful lives for the current and comparative years are as follows:

Furniture and fittings	-	5 years
Office equipment	-	5 years
Operating equipment	-	5 years

Depreciation methods, useful lives and residual values are reviewed at the end of each reporting period and adjusted if appropriate.

3.4 Investment properties

Investment properties are properties held either to earn rental income or for capital appreciation or both, but not for sale in the ordinary course of business, use in the production or supply of goods or services or for administrative purposes. Investment properties are measured at cost on initial recognition and subsequently at fair value with any change therein recognised in the statement of total return.

The cost of a purchased property comprises its purchase price and any directly attributable expenditure, including transaction costs. Fair value is determined in accordance with the Trust Deed, which requires the investment properties to be valued by independent registered valuers at least once a year, in accordance with the CIS Code issued by the MAS.

Any gain or loss on disposal of an investment property (calculated as the difference between the net proceeds from disposal and the carrying amount of the item) is recognised in the statement of total return.

The investment properties are subject to continued maintenance and regularly revalued on the basis set out above. For income tax purposes, the Group may claim capital allowances on assets that qualify as plant and machinery under the Income Tax Act.

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.5 Intangible asset

The intangible assets represent the income support receivable by the Group and the Trust under the Deed of Income Support in relation to OUE Downtown Office. The intangible assets are measured at cost less accumulated amortisation and accumulated impairment losses.

The intangible assets are amortised in the statement of total return on a straight-line basis over its estimated useful life of 5 years. The intangible assets are tested for impairment as described in Note 3.7.

Amortisation method, useful life and residual value are reviewed at the end of each reporting period and adjusted, if appropriate.

3.6 Financial instruments

(i) Recognition and initial measurement

Non-derivative financial assets and financial liabilities

Trade receivables are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the Group becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at fair value through profit or loss ("FVTPL"), transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

(ii) Classification and subsequent measurement

Non-derivative financial assets

On initial recognition, a financial asset is classified and measured at amortised cost or FVTPL.

Financial assets are not reclassified subsequent to their initial recognition unless the Group changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

Financial assets at amortised cost

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at FVTPL

All financial assets not classified as measured at amortised cost or fair value through other comprehensive income ("FVOCI") are measured at FVTPL. On initial recognition, the Group may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 December 2022

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.6 Financial instruments (cont'd)

(ii) Classification and subsequent measurement (cont'd)

Financial assets: Business model assessment

The Group makes an assessment of the objective of the business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management. The information considered includes:

- how the performance of the portfolio is evaluated and reported to the Group's management; and
- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed.

Non-derivative financial assets: Assessment whether contractual cash flows are solely payments of principal and interest

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Group considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Group considers:

- contingent events that would change the amount or timing of cash flows;
- terms that may adjust the contractual coupon rate, including variable rate features;
- prepayment and extension features; and
- terms that limit the Group's claim to cash flows from specified assets (e.g. non-recourse features).

A prepayment feature is consistent with the sole payments of principal and interest criterion if the prepayment amount substantially represents unpaid amounts of principal and interest on the principal amount outstanding, which may include reasonable additional compensation for early termination of the contract. Additionally, for a financial asset acquired at a significant discount or premium to its contractual par amount, a feature that permits or requires prepayment at an amount that substantially represents the contractual par amount plus accrued (but unpaid) contractual interest (which may also include reasonable additional compensation for early termination) is treated as consistent with this criterion if the fair value of the prepayment feature is insignificant at initial recognition.

Non-derivative financial assets: Subsequent measurement and gains and losses

Financial assets at amortised cost

These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in the statement of total return. Any gain or loss on derecognition is recognised in the statement of total return.

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.6 Financial instruments (cont'd)

(ii) Classification and subsequent measurement (cont'd)

Non-derivative financial assets: Subsequent measurement and gains and losses (cont'd)

Financial assets at FVTPL

These assets are subsequently measured at fair value. Net gains and losses are recognised in the statement of total return.

Non-derivative financial liabilities: Classification, subsequent measurement and gains and losses

Financial liabilities are classified and measured at amortised cost.

Other financial liabilities are initially measured at fair value less directly attributable transaction costs. They are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in the statement of total return.

(iii) Derecognition

Financial assets

The Group derecognises a financial asset when:

- the contractual rights to the cash flows from the financial asset expire; or
- it transfers the rights to receive the contractual cash flows in a transaction in which either:
  - substantially all of the risks and rewards of ownership of the financial asset are transferred; or
  - the Group neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

Transferred assets are not derecognised when the Group enters into transactions whereby it transfers assets recognised in its statement of financial position, but retains either all or substantially all of the risks and rewards of the transferred assets.

Financial liabilities

The Group derecognises a financial liability when its contractual obligations are discharged, cancelled or expire. The Group also derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value.

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in the statement of total return.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2022

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.6 Financial instruments (cont'd)

(iii) Derecognition (cont'd)

Interest rate benchmark reform

When the basis for determining the contractual cash flows of a financial asset or financial liability measured at amortised cost changes as a result of interest rate benchmark reform, the Group updates the effective interest rate of the financial asset or financial liability to reflect the change that is required by the reform. No immediate gain or loss is recognised. A change in the basis for determining the contractual cash flows is required by the interest rate benchmark reform if the following conditions are met:

- the change is necessary as a direct consequence of the reform; and
- the new basis for determining the contractual cash flows is economically equivalent to the previous basis – i.e the basis immediately before the change.

When changes were made to a financial asset or financial liability in addition to changes to the basis for determining the contractual cash flows required by interest rate benchmark reform, the Group first updates the effective interest rate of the financial asset or financial liability to reflect the change that is required by interest rate benchmark reform. After that, the Group applies the policies on accounting for modifications to the additional charges.

(iv) Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

(v) Cash and cash equivalents

Cash and cash equivalents comprise cash balances and bank deposits.

(vi) Derivative financial instruments and hedge accounting

The Group holds derivative financial instruments to hedge its interest rate risk exposures. Embedded derivatives are separated from the host contract and accounted for separately if the host contract is not a financial asset and certain criteria are met.

Derivatives are initially measured at fair value and any directly attributable transaction costs are recognised in the statement of total return as incurred. Subsequent to initial recognition, derivatives are measured at fair value, and changes therein are generally recognised in the statement of total return.

The Group designates certain derivatives and non-derivative financial instruments as hedging instruments in qualifying hedging relationships. At inception of designated hedging relationships, the Group documents the risk management objective and strategy for undertaking the hedge. The Group also documents the economic relationship between the hedged item and the hedging instrument, including whether the changes in cash flows of the hedged item and hedging instrument are expected to offset each other.

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.6 Financial instruments (cont'd)

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

Hedges directly affected by interest rate benchmark reform

Phase 1 amendments: Prior to interest rate benchmark reform – when there is uncertainty arising from Interest rate benchmark reform

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

For a cash flow hedge of a forecast transaction, the Group assumes that the benchmark interest rate will not be altered as a result of interest rate benchmark reform for the purpose of assessing whether the forecast transaction is highly probable and presents an exposure to variations in cash flows that could ultimately affect profit or loss. In determining whether a previously designated forecast transaction in a discontinued cash flow hedge is still expected to occur, the Group assumes that the interest rate benchmark cash flows designated as a hedge will not be altered as a result of interest rate benchmark reform.

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

Phase 2 amendments: Replacement of benchmark interest rates – when there is no longer uncertainty arising from interest rate benchmark reform

When the basis for determining the contractual cash flows of the hedged item or the hedging instrument changes as a result of interest rate benchmark reform and therefore there is no longer uncertainty arising about the cash flows of the hedged item or the hedging instrument, the Group amends the hedge documentation of that hedging relationship to reflect the change(s) required by interest rate benchmark reform. A change in the basis for determining the contractual cash flows is required by interest rate benchmark reform if the following conditions are met:

- the change is necessary as a direct consequence of the reform; and
- the new basis for determining the contractual cash flows is economically equivalent to the previous basis – i.e. the basis immediately before the change.

For this purpose, the hedge designation is amended only to make one or more of the following changes:

- designating an alternative benchmark rate as the hedged risk;
- updating the description of hedged item, including the description of the designated portion of the cash flows or fair value being hedged; or
- updating the description of the hedging instrument.

NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 December 2022

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.6 Financial instruments (cont'd)

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

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

Phase 2 amendments: Replacement of benchmark interest rates – when there is no longer uncertainty arising from interest rate benchmark reform (cont'd)

The Group amends the description of the hedging instrument only if the following conditions are met:

- it makes a change required by interest rate benchmark reform by changing the basis for determining the contractual cash flows of the hedging instrument or using another approach that is economically equivalent to changing the basis for determining the contractual cash flows of the original hedging instrument; and
- the original hedging instrument is not derecognised.

The Group amends the formal hedge documentation by the end of the reporting period during which a change required by interest rate benchmark reform is made to the hedged risk, hedged item or hedging instrument. These amendments in the formal hedge documentation do not constitute the discontinuation of the hedging relationship or the designation of a new hedging relationship.

If changes are made in addition to those changes required by interest rate benchmark reform described above, then the Group first considers whether those additional changes result in the discontinuation of the hedge accounting relationship. If the additional changes do not result in discontinuation of the hedge accounting relationship, then the Group amends the formal hedge documentation for changes required by interest rate benchmark reform as mentioned above.

When the interest rate benchmark on which the hedged future cash flows had been based is changed as required by interest rate benchmark reform, for the purpose of determining whether the hedged future cash flows are expected to occur, the Group deems that the hedging reserve recognised in unitholders' funds for that hedging relationship is based on the alternative benchmark rate on which the hedged future cash flows will be based.

Cash flow hedges

The Group designates certain derivatives as hedging instruments to hedge the variability in cash flows associated with highly probable forecast transactions arising from changes in interest rates.

When a derivative is designated as a cash flow hedging instrument, the effective portion of changes in the fair value of the derivative is recognised in unitholders' funds and accumulated in the hedging reserve. The effective portion of changes in the fair value of the derivative that is recognised in unitholders' funds is limited to the cumulative change in fair value of the hedged item, determined on a present value basis, from inception of the hedge. Any ineffective portion of changes in the fair value of the derivative is recognised immediately in the statement of total return.

If the hedge no longer meets the criteria for hedge accounting or the hedging instrument is sold, expires, is terminated or is exercised, then hedge accounting is discontinued prospectively. When hedge accounting for cash flow hedges is discontinued, the amount that has been accumulated in the hedging reserve and the cost of hedging reserve remains in unitholders' funds until it is reclassified to the statement of total return in the same period or periods as the hedged expected future cash flows affect the statement of total return.

If the hedged future cash flows are no longer expected to occur, then the amounts that have been accumulated in the hedging reserve and the cost of hedging reserve are immediately reclassified to the statement of total return.

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.7 Impairment

(i) Non-derivative financial assets

The Group recognises loss allowances for expected credit losses ("ECLs") on financial assets measured at amortised costs.

Loss allowances of the Group are measured on either of the following bases:

- 12-month ECLs: these are ECLs that result from default events that are possible within the 12 months after the reporting date (or for a shorter period if the expected life of the instrument is less than 12 months); or
- Lifetime ECLs: these are ECLs that result from all possible default events over the expected life of a financial instrument.

Simplified approach

The Group applies the simplified approach to provide for ECLs for all trade receivables. The simplified approach requires the loss allowance to be measured at an amount equal to lifetime ECLs.

General approach

The Group applies the general approach to provide for ECLs on all other financial instruments. Under the general approach, the loss allowance is measured at an amount equal to 12-month ECLs at initial recognition.

At each reporting date, the Group assesses whether the credit risk of a financial instrument has increased significantly since initial recognition. When credit risk has increased significantly since initial recognition, loss allowance is measured at an amount equal to lifetime ECLs.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment and includes forward-looking information.

If credit risk has not increased significantly since initial recognition or if the credit quality of the financial instruments improves such that there is no longer a significant increase in credit risk since initial recognition, loss allowance is measured at an amount equal to 12-month ECLs.

The Group considers a financial asset to be in default when the debtor is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realising security (if any is held).

The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

Measurement of ECLs

ECLs are probability-weighted estimates of credit losses. Credit losses are measured at the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Group expects to receive). ECLs are discounted at the effective interest rate of the financial asset.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2022

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.7 Impairment (cont'd)

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

Credit-impaired financial assets

At each reporting date, the Group assesses whether financial assets carried at amortised cost are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes a breach of contract such as a default.

Presentation of allowance for ECLs in the statement of financial position

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of these assets.

Write-off

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Group determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's procedures for recovery of amounts due.

(ii) Non-financial assets

The carrying amounts of the Group's non-financial assets, other than investment property, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the assets' recoverable amounts are estimated. An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit ("CGU") exceeds its estimated recoverable amount.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs of disposal. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGU.

Impairment losses are recognised in the statement of total return.

Impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.8 Leases

At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

(i) As a lessee

The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date.

The right-of-use asset that meets the definition of investment property is carried at fair value in accordance with Note 3.4.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate.

The Group determines its incremental borrowing rate by obtaining interest rates from various external financing sources and makes certain adjustments to reflect the terms of the lease and type of the asset leased.

Lease payments included in the measurement of the lease liability comprise of fixed payments, including in-substance fixed payments.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments if the Group changes its assessment of whether it will exercise the termination option or if there is a revised in-substance fixed lease payment.

Short-term leases and leases of low-value assets

The Group has elected not to recognise right-of-use assets and lease liabilities for leases of low-value assets and short-term leases. The Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

COVID-19-related rent concessions

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

NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 December 2022

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.8 Leases (cont'd)

(ii) As a lessor

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

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

To classify each lease, the Group makes an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then it is an operating lease. As part of this assessment, the Group considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

The Group recognises lease payments received from investment property under operating leases as income on a straight-line basis over the lease term as part of 'revenue'.

3.9 Unitholders' funds

Unitholders' funds are classified as equity.

Issue costs relate to expenses incurred in connection with the issue of units. The expenses are deducted directly against unitholders' funds.

3.10 Convertible perpetual preferred units

The convertible perpetual preferred units do not have a maturity date and distribution payment is optional at the discretion of the Manager of the Trust. As the Trust does not have a contractual obligation to repay the principal nor make any distributions, the convertible perpetual preferred units are classified as equity.

Any distributions made are directly debited from equity. Incremental costs directly attributable to the issue of the convertible perpetual preferred units are deducted against the proceeds from the issue.

3.11 Revenue recognition

(i) Service fee income

Revenue from servicing and maintaining the investment property is recognised on a time apportioned basis following the timing of satisfaction of performance obligations.

(ii) Car park income

Car park income consists of season and hourly parking income. Season parking income is recognised as it accrues on a time apportioned basis. Hourly parking income is recognised at a point of time upon the utilisation of car parking facilities.

(iii) Dividend income

Dividend income is recognised in the statement of total return on the date that the Trust's right to receive payment is established.

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.12 Employee benefits

(i) Short term employee benefits

All short term employee benefits are recognised in the statement of total return in the period in which the employees render their services.

A provision is recognised for the amount expected to be paid under variable bonus if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

(ii) Defined contribution plans

Contributions to post-employment benefits under defined contribution plans are recognised as an expense in the statement of total return as incurred.

3.13 Levies

A provision for levies is recognised when the condition that triggers the payment of the levy as specified in the relevant legislation is met. If a levy obligation is subject to a minimum activity threshold so that the obligating event is reaching a minimum activity, then a provision is recognised when that minimum activity threshold is reached.

3.14 Government grants

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

3.15 Finance income and finance costs

The Group's finance income and finance costs include:

- interest income;
- interest expense;
- the foreign currency gain or loss on financial assets and financial liabilities;
- amortisation of debt-related transaction costs;
- hedge ineffectiveness recognised in the statement of total return; and
- the reclassification of net gains and losses previously recognised in unitholders' funds on cash flow hedges of interest rate risk for borrowings.

Foreign currency gains and losses are reported on a net basis as either finance income or finance costs depending on whether foreign currency movements are in a net gain or net loss position.

Interest income or expense is recognised using the effective interest method.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2022

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.15 Finance income and finance costs (cont'd)

The 'effective interest rate' is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument to:

- the gross carrying amount of the financial asset; or
- the amortised cost of the financial liability.

In calculating interest income and expense, the effective interest rate is applied to the gross carrying amount of the asset (when the asset is not credit-impaired) or to the amortised cost of the liability. However, for financial assets that have become credit-impaired subsequent to initial recognition, interest income is calculated by applying the effective interest rate to the amortised cost of the financial asset. If the asset is no longer credit-impaired, then the calculation of interest income reverts to the gross basis.

Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in the statement of total return using the effective interest method.

3.16 Tax

Tax expense comprises current and deferred tax. Current tax and deferred tax are recognised in the statement of total return except to the extent that it relates to items recognised directly in unitholders' funds.

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

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years. The amount of current tax payable or receivable is the best estimate of the tax amount expected to be paid or received that reflects uncertainty related to income taxes, if any.

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

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

Deferred tax is not recognised for:

- temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit; and

- temporary differences relating to investments in subsidiaries to the extent that the Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future.

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.16 Tax (cont'd)

The measurement of deferred taxes reflects the tax consequences that would follow the manner in which the Group expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities. For investment properties that are measured at fair value, the carrying amount of the investment property is presumed to be recovered through sale, and the Group has not rebutted this presumption. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date, and reflects uncertainty related to income taxes, if any.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

Deferred tax assets are recognised for unused tax losses, unused tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be used. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised; such reductions are reversed when the probability of future taxable profits improves.

The Inland Revenue Authority of Singapore ("IRAS") has issued the Tax Transparency Ruling and Foreign-Sourced Income Tax Exemption Ruling.

Tax Transparency Ruling

Pursuant to the Tax Transparency Ruling issued by the IRAS, tax transparency treatment has been granted to the Trust in respect of certain taxable income ("Specified Taxable Income"). Subject to meeting the terms and conditions of the Tax Transparency Ruling, which includes a distribution of at least 90% of the Specified Taxable Income of the Trust, the Trust is not subject to tax on the Specified Taxable Income distributed to the Unitholders in the same year in which the Specified Taxable Income was derived. Instead, the Trustee and the Manager would undertake to deduct income tax at the prevailing corporate tax rate (currently at 17%) from distributions made to Unitholders out of such Specified Taxable Income, except:

(i) Where the beneficial owners are Qualifying Unitholders, the Trustee and the Manager will make the distributions to such Unitholders without deducting any income tax; or

(ii) Where the beneficial owners are Qualifying Foreign Non-Individual Unitholders, the Trustee and the Manager will deduct Singapore income tax at the reduced rate of 10% for distributions made up to 31 December 2025, unless the concession is extended.

(iii) Where the beneficial owners are Qualifying Non-Resident Fund, the Trustee and the Manager will deduct Singapore income tax at the reduced rate of 10% for distributions for the period from 1 July 2019 to 31 December 2025, unless the concession is extended.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2022

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.16 Tax (cont'd)

Tax Transparency Ruling (cont'd)

A "Qualifying Unitholder" is a Unitholder who is:

- an individual;
- a company incorporated and tax resident in Singapore;
- a Singapore branch of a company incorporated outside Singapore;
- a body of persons (excluding partnerships) incorporated or registered in Singapore, including:

    (i) a charity registered under the Charities Act 1994 or established by any written law;
    (ii) a town council;
    (iii) a statutory board;
    (iv) a co-operative society registered under the Co-operative Societies Act 1979; or
    (v) a trade union registered under the Trade Unions Act 1940;

- an international organisation that is exempt from tax on such distributions by reason of an order made under the International Organisations (Immunities and Privileges) Act 1948; or
- a real estate investment trust exchange-traded fund which has been accorded the tax transparency treatment.

A Qualifying Foreign Non-Individual Unitholder is a person other than an individual who is not resident in Singapore for Singapore income tax purposes and who:

- does not have a permanent establishment in Singapore; or
- carries on an operation in Singapore through a permanent establishment in Singapore, where the funds used by that person to acquire units of the Trust are not obtained from that operation.

A Qualifying Non-resident Fund is a non-resident fund that qualifies for tax exemption under Section 13D, 13U or 13V of the Income Tax Act 1947 and who:

- does not have a permanent establishment in Singapore (other than a fund manager in Singapore); or
- carries on an operation through a permanent establishment in Singapore (other than a fund manager in Singapore), where the funds used by that qualifying fund to acquire units of the Trust are not obtained from that operation.

The Tax Transparency Ruling does not apply to gains or profits from the disposal of any properties such as immovable properties and shares that are determined by the IRAS to be revenue gains chargeable to tax and income derived by the Trust but not distributed to the Unitholders in the same year in which the income is derived. Tax on such gains or profits will be subject to tax in accordance with Section 10(1)(a) of the Income Tax Act 1947.

Distribution made out of the after-tax amount will not be subject to any further tax. Where the disposal gains are regarded as capital in nature, they will not be subject to tax and the Trustee and the Manager may distribute the capital gains without tax being deducted at source.

Any distributions made by the Trust to the Unitholders out of tax-exempt income and taxed income would be exempt from Singapore income tax in the hands of all Unitholders, regardless of their corporate or residence status.

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.17 Earnings per Unit

The Group presents basic and diluted earnings per Unit. Basic earnings per Unit is calculated by dividing the total return attributable to the Unitholders by the weighted average number of Units outstanding during the year. Diluted earnings per Unit is determined by adjusting the total return attributable to Unitholders and the weighted average number of Units outstanding for the effects of all dilutive potential Units, which comprise the convertible perpetual preferred units issued by the Trust.

3.18 Segment reporting

An operating segment is a component of the Group that engages in business activities from which they may earn revenue and incur expenses, including revenue and expenses that relate to transactions with any of the other components of the Group. All operating segments' operating results are reviewed regularly by the Board of Directors of the Manager to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

Segment results that are reported to the Board of Directors of the Manager include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly finance income and trust expenses.

3.19 New standards not yet adopted

A number of new standards and amendments to standards are not yet effective and have not been applied in preparing these financial statements. An explanation of the impact, if any, on adoption of these new requirements is provided in Note 33.

4 INVESTMENT PROPERTIES

	Group		Trust	
	2022 $'000	2021 $'000	2022 $'000	2021 $'000
At 1 January	5,409,748	5,370,383	902,000	900,000
Capital expenditure capitalised	40,436	68,875	1,292	4,377
Lease incentives	5,635	(2,029)	–	(15)
Fair value changes recognised in the statement of total return (unrealised)	139,727	(56,284)	26,708	(2,362)
Translation differences	(56,382)	28,803	–	–
At 31 December	5,539,164	5,409,748	930,000	902,000

As at 31 December 2022, investment properties with a carrying amount of $930,000,000 (2021: $3,060,438,000) are pledged as security to secure bank loans (see Note 12).

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2022

4 INVESTMENT PROPERTIES (CONT'D)

Measurement of fair value

(i) Fair value hierarchy

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

Properties	Valuer
31 December 2022	
OUE Downtown Office	Cushman & Wakefield VHS Pte Ltd
One Raffles Place	Cushman & Wakefield VHS Pte Ltd
Crowne Plaza Changi Airport	Savills Valuation and Professional Services (S) Pte Ltd
Hilton Singapore Orchard*	Savills Valuation and Professional Services (S) Pte Ltd
Mandarin Gallery	Savills Valuation and Professional Services (S) Pte Ltd
Lippo Plaza	CBRE (Shanghai) Management Limited
31 December 2021	
OUE Downtown Office	Cushman & Wakefield VHS Pte Ltd
One Raffles Place	Cushman & Wakefield VHS Pte Ltd
Crowne Plaza Changi Airport	Savills Valuation and Professional Services (S) Pte Ltd
Hilton Singapore Orchard*	Savills Valuation and Professional Services (S) Pte Ltd
Mandarin Gallery	Savills Valuation and Professional Services (S) Pte Ltd
Lippo Plaza	Savills Real Estate Valuation (Guangzhou) Ltd- Shanghai Branch

* Formerly known as Mandarin Orchard Singapore

The fair values were derived based on the discounted cash flow, capitalisation and direct comparison methods. The valuation methods involve certain estimates including those relating to discount rate, terminal yield rate, capitalisation rate, price per square foot and price per room. The specific risks inherent in each of the properties are taken into consideration in arriving at the valuations.

The discounted cash flow method involves the estimation and projection of an income stream over a period and discounting the income stream with an internal rate of return to arrive at the market value. The capitalisation method capitalises an income stream into a present value using single-year capitalisation rate. The direct comparison method involves the analysis of comparable sales of similar properties, with adjustments made to differentiate the comparables in terms of location, area, quality and other relevant factors.

In relying on the valuation reports, the Manager has exercised its judgment and is satisfied that the valuation methods and estimates used are reflective of the current market conditions. The valuation reports obtained from certain valuers had included market uncertainty clause for China's market given the global inflationary pressures and rising interest rates, geopolitical events and ongoing COVID-19 pandemic, and recommended the valuation be closely monitored.

4 INVESTMENT PROPERTIES (CONT'D)

Measurement of fair value (cont'd)

(i) Fair value hierarchy (cont'd)

The fair value measurement of all of the Group's investment properties has been categorised as a Level 3 fair value based on the inputs to the valuation technique used (see Note 2.4).

	2022 $'000	2021 $'000
Fair value of investment properties (based on valuation report)	5,512,884	5,383,338
Add: Carrying amount of lease liability	25,280	25,410
Add: Prepayment of lease	1,000	1,000
Carrying amount of investment properties	5,539,164	5,409,748

(ii) Valuation techniques and significant unobservable inputs

The following table shows the Group's valuation techniques used in measuring the fair value of investment properties, as well as the significant unobservable inputs used.

Valuation techniques	Significant unobservable inputs	Commercial (Singapore)	Commercial (China)	Hospitality (Singapore)	Inter-relationship between key unobservable inputs and fair value measurement
Discounted cash flow method	Discount rate				The estimated fair value would increase/(decrease) if: • discount rate was lower (higher); • terminal yield rate was lower (higher).
	2022	6.8% – 7.0%	7.0%	6.8%	
	2021	6.8% – 7.0%	6.5%	6.8%	
	Terminal yield rate				
	2022	3.5% – 5.8%	4.3%	5.0% - 5.8%	
	2021	3.5% – 5.8%	3.5%	5.0% - 5.8%	
Capitalisation method	Capitalisation rate				The estimated fair value would increase/(decrease) if the capitalisation rate was lower (higher).
	2022	3.4% – 5.4%	4.0%	4.8% - 5.3%	
	2021	3.4% – 5.3%	–	–	
Direct comparison method	Price per square foot (psf)				The estimated fair value would increase/(decrease) if the price psf or per room was higher (lower).
	2022	$1,755 – $3,594	–	–	
	2021	$1,704 – $3,594	$1,360	–	
	Price per room				
	2022	–	–	$0.8 million - $1.2 million	
	2021	–	–	$0.9 million - $1.0 million	

NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 December 2022

5 INTANGIBLE ASSETS

	Group and Trust $'000
Cost	
At 1 January 2021, 31 December 2021 and 31 December 2022	58,000
Amortisation and impairment loss	
At 1 January 2021	43,833
Amortisation for the year	5,000
At 31 December 2021	48,833
Amortisation for the year	3,750
Write-off for the year	5,417
At 31 December 2022	58,000
Carrying amount	
At 1 January 2021	14,167
At 31 December 2021	9,167
At 31 December 2022	–

Intangible assets represent the unamortised income support receivable by the Group and the Trust under the Deed of Income Support entered into with Alkas Realty Pte. Ltd. ("Alkas"), related party of the Trust, in relation to OUE Downtown Office.

Pursuant to the terms of the Deed of Income Support on OUE Downtown Office, Alkas will provide income support on OUE Downtown Office of up to $60 million for a period of 5 years from 1 November 2018 or the date when the total income support payments to the Trust exceeds $60 million, whichever is earlier.

Under the Deed of Income Support on OUE Downtown Office, the Group and the Trust drew down $8,766,000 (2021: $14,995,000) during the financial year (Note 20).

As at 31 December 2022, the Group and the Trust has drawn down $60,000,000 (2021: $51,234,000) under the Deed of Income Support on OUE Downtown Office. As such, the remaining unamortised intangible assets of $5,417,000 was written off during the financial year.

6 INVESTMENTS IN SUBSIDIARIES

	Trust	
	2022 $'000	2021 $'000
Equity investments at cost	2,701,608	2,701,608
Less: Allowance for impairment loss	(147,645)	(242,518)
	2,553,963	2,459,090

6 INVESTMENTS IN SUBSIDIARIES (CONT'D)

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

	Trust	
	2022 $'000	2021 $'000
At 1 January	242,518	133,512
(Reversal of) impairment loss recognised	(94,873)	109,006
At 31 December	147,645	242,518

During the year, the Trust has assessed the carrying amount of the investments in subsidiaries for indications of impairment. The recoverable amounts of the subsidiary were assessed based on fair value less costs to sell estimated using the revalued net assets of the subsidiary, taking into consideration the fair value of the underlying properties held by the subsidiary. In 2021, the carrying amount of the investment cost of the subsidiary exceeded its recoverable amount. Accordingly, impairment loss of $109,006,000 was recognised in statement of total return. In 2022, $94,873,000 of the impairment loss was reversed. The fair value measurement was categorised as level 3 on the fair value hierarchy.

Details of the subsidiaries are as follows:

Name of subsidiaries	Principal place of business/ Country of incorporation	Principal activities	Ownership interest 2022 %	Ownership interest 2021 %
Direct subsidiaries				
OUE Eastern Pte. Ltd.(1)	Singapore	Investment holding	100	100
OUE CT Treasury Pte. Ltd.(1)	Singapore	Provision of financial services	100	100
Beacon Property Holdings Pte. Ltd.(1)	Singapore	Investment holding	100	100
OUE H-Trust (1) (3)	Singapore	Property owner and investment holding	100	100
Indirect subsidiaries				
Tecwell Pte. Ltd.(1)	Singapore	Investment holding	100	100
Lippo Realty (Shanghai) Limited (2)	China	Property owner	100	100
Cresthill Property Holdings Pte. Ltd. (1)	Singapore	Investment holding	100	100
OUB Centre Limited (1)	Singapore	Property owner and investment holding	83.33	83.33

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

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2022

6 INVESTMENTS IN SUBSIDIARIES (CONT'D)

Non-controlling interests

The non-controlling interests ("NCI") relate to the following subsidiary:

Name	Principal place of business/ Country of incorporation	Ownership interest held by NCI 2022 %	2021 %
OUB Centre Limited	Singapore	16.67	16.67

The following summarised financial information of the above subsidiary is prepared in accordance with FRS, modified for fair value adjustments on acquisition and differences in the Group's accounting policies.

	OUB Centre Limited 2022 $'000	2021 $'000
Revenue	75,591	75,322
Profit and total comprehensive income	72,656	102,185
Profit and total comprehensive income attributable to NCI	12,109	17,031
Non-current assets	1,909,696	1,867,825
Current assets	12,401	10,697
Non-current liabilities	(34,435)	(358,184)
Current liabilities	(357,751)	(31,078)
Net assets	1,529,911	1,489,260
Net assets attributable to NCI	254,985	248,210
Cash flows from operating activities	47,207	45,403
Cash flows used in investing activities	(2,664)	(1,357)
Cash flows used in financing activities	(44,505)	(44,106)
Net increase/(decrease) in cash and cash equivalents	38	(60)

7 INVESTMENT IN JOINT VENTURE

	Group 2022 $'000	Group 2021 $'000	Trust 2022 $'000	Trust 2021 $'000
Investment in joint venture	347,332	322,056	316,878	316,878

Details of the joint venture are as follows:

Name of joint venture	Place of constitution/ business	Principal activities	Effective equity interest held by the Trust 2022 %	2021 %
OUE Allianz Bayfront LLP (formerly known as BPH PropCo LLP) [1]	Singapore	Property owner and investment holding	50	50

[1] Audited by KPMG LLP, Singapore.

7 INVESTMENT IN JOINT VENTURE (CONT'D)

Joint venture

The Group and Trust completed the divestment of 50.0% interest in OUE Bayfront, OUE Tower and OUE Link (the "Property") on 31 March 2021. The Property is now wholly-owned by a limited liability partnership known as OUE Allianz Bayfront LLP, with the Trustee, in its capacity as trustee of the Group, holding 50.0% of OUE Allianz Bayfront LLP and the ACRE Angsana Pte. Ltd. (the "PIMCO Investor"), a special purpose vehicle managed by PIMCO Prime Real Estate Asia Pacific Pte. Ltd. (formerly known as Allianz Real Estate Asia Pacific Pte. Ltd.), holding the remaining 50.0% of OUE Allianz Bayfront LLP.

Subsequent to the divestment, the Property continued to be managed by the Commercial Property Manager and there is no change to the fee structure stated in Note 1(b).

OUE Allianz Bayfront LLP is structured as a separate vehicle and the Group has a residual interest in its net assets. Accordingly, the Group has classified its interest in OUE Allianz Bayfront LLP as a joint venture, which is equity-accounted.

The following table summarises the financial information of OUE Allianz Bayfront LLP, based on its financial statements prepared in accordance with FRS, modified for fair value adjustments on acquisition.

	2022 $'000	2021 $'000
Revenue	59,856	44,861
Profit from continuing operations[a]	74,216	7,461
Group's share of total return (50%)	37,108	3,731
Non-current assets	1,328,024	1,270,000
Current assets[b]	3,244	5,315
Non-current liabilities[c]	(627,370)	(617,743)
Current liabilities[d]	(9,234)	(13,461)
Net assets (100%)	694,664	644,111
Group's 50% interest in net assets of investee at beginning of the year/at acquisition	322,056	316,878
Share of total return for the year[e]	37,108	13,236
Share of movement in Unitholders' fund	3,821	–
Dividends received during the year	(15,653)	(8,058)
Carrying amount of interest in investee at end of the year	347,332	322,056
Group's share of joint venture's capital commitments	194	–

[a] Includes interest expense of $18,127,000 (2021: $7,447,000).
[b] Includes cash and cash equivalents of $1,880,000 (2021: $3,824,000.)
[c] Includes non-current financial liabilities (excluding trade and other payables) of $12,853,000 (2021: $10,509,000).
[d] Includes current financial liabilities (excluding trade and other payables and provisions) of $3,026,000 (2021: $5,007,000).
[e] In 2021, includes effect of stamp duty borne by PIMCO Investor of $19,010,000, which has been capitalised under cost of investment properties.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2022

7 INVESTMENT IN JOINT VENTURE (CONT'D)

Joint venture (cont'd)

In accordance with the Deed of Guarantee and Undertaking, the Trustee, in its capacity as trustee of the Group guarantees to PIMCO Investor the Net Property Income on OUE Bayfront of up to $6.0 million. The Group and the Trust has recognised $6.0 million provision for income guarantee. In 2022, $1,540,000 (2021: $528,000) has been utilised.

8 FINANCIAL DERIVATIVES

	Group		Trust	
	2022 $'000	2021 $'000	2022 $'000	2021 $'000
Derivative assets				
Interest rate swaps used for hedging				
– Current	5,680	–	2,099	–
– Non-current	21,590	960	6,657	960
	27,270	960	8,756	960
Interest rate caps used for hedging				
– Current	710	–	–	–
	27,980	960	8,756	960
Classified as				
Current	6,390	–	2,099	–
Non-current	21,590	960	6,657	960
	27,980	960	8,756	960
Derivative liabilities				
Interest rate swaps used for hedging				
– Current	–	(1,545)	–	(869)
– Non-current	–	(7,077)	–	(3,432)
	–	(8,622)	–	(4,301)
Financial derivatives as a percentage of net assets	0.8%	(0.2%)	0.3%	(0.1%)

The Group uses interest rate swaps and interest rate caps to manage its exposure to interest rate movements on its floating rate interest-bearing bank loans. Interest rate swaps are used to swap the interest expense of bank loans from floating rates to fixed rates while interest rate caps are used to cap the floating interest rate at a pre-determined rate.

Master netting or similar agreements

The Group enters into derivative transactions under International Swaps and Derivatives Association ("ISDA") master netting agreements. In general, under such agreements the amounts owed by each counterparty on a single day in respect of all transactions outstanding in the same currency are aggregated into a single net amount that is payable by one party to the other. In certain circumstances – e.g. when a credit event such as a default occurs, all outstanding transactions under the agreement are terminated, the termination value is assessed and only a single net amount is payable in settlement of all transactions.

8 FINANCIAL DERIVATIVES (CONT'D)

The above ISDA agreements do not meet the criteria for offsetting in the statement of financial position. This is because they create a right of set-off of recognised amounts that is enforceable only following an event of default, insolvency or bankruptcy of the Group or the counterparties. In addition, the Group and its counterparties do not intend to settle on a net basis or to realise the assets and settle the liabilities simultaneously.

The following table sets out the carrying amounts of recognised financial instruments that are subject to the above agreements.

	Gross amounts of recognised financial instruments $'000	Gross amounts of recognised financial instruments offset in the statement of financial position $'000	Net amounts of financial instruments included in the statement of financial position $'000	Related financial instruments that are not offset $'000	Net amount $'000
Group					
31 December 2022					
Derivatives assets					
Interest rate swaps used for hedging	27,270	–	27,270	–	27,270
Interest rate caps used for hedging	710	–	710	–	710
	27,980	–	27,980	–	27,980
31 December 2021					
Derivatives assets					
Interest rate swaps used for hedging	960	–	960	(960)	–
Derivatives liabilities					
Interest rate swaps used for hedging	(8,622)	–	(8,622)	960	(7,662)
Trust					
31 December 2022					
Derivatives assets					
Interest rate swaps used for hedging	8,756	–	8,756	–	8,756
31 December 2021					
Derivatives assets					
Interest rate swaps used for hedging	960	–	960	(960)	–
Derivatives liabilities					
Interest rate swaps used for hedging	(4,301)	–	(4,301)	960	(3,341)

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2022

9 TRADE AND OTHER RECEIVABLES

	Group		Trust	
	2022 $'000	2021 $'000	2022 $'000	2021 $'000
Current				
Trade receivables from:				
- other related parties	6,495	5,634	–	9
- third parties	2,964	4,533	255	1,149
	9,459	10,167	255	1,158
Less: Allowance for doubtful receivables	(611)	(506)	–	(4)
	8,848	9,661	255	1,154
Interest receivables	988	–	988	–
Other receivables from:				
- subsidiaries	–	–	826	621
- other related parties	–	8,127	–	8,127
- joint venture	350	331	350	331
- third parties	8,009	7,198	535	110
	9,347	15,656	2,699	9,189
Deposits	265	27	3	3
	18,460	25,344	2,957	10,346
Prepayments	2,132	1,684	126	167
	20,592	27,028	3,083	10,513
Non-current				
Deposits	3,826	3,826	–	–
Prepayments	508	41	–	–
	4,334	3,867	–	–

Trade receivables from related parties mainly relate to receivables from the master lessees of Hilton Singapore Orchard and Crowne Plaza Changi Airport. The receivables are considered to be held with a held-to-collect business model.

Included in other receivables from related parties of the Group and the Trust are income support receivable on OUE Downtown Office of $nil (2021: $8,127,000) (see Note 5).

Outstanding balance with subsidiaries and related parties are unsecured, interest-free and repayable on demand. There is no allowance for doubtful debt arising from these outstanding balances as the ECL is not material.

9 TRADE AND OTHER RECEIVABLES (CONT'D)

Credit and market risks, and impairment losses

The Group and the Trust's exposure to credit and currency risks, and impairment losses for trade and other receivables, are disclosed in Note 27.

The ageing of trade receivables that were not impaired at the reporting date is:

	Group		Trust	
	2022 $'000	2021 $'000	2022 $'000	2021 $'000
Not past due	6,805	7,499	118	953
Past due 0 – 30 days	848	1,022	117	11
Past due 31 – 90 days	257	240	11	2
Past due over 90 days	938	900	9	188
	8,848	9,661	255	1,154

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

	Group		Trust	
	2022 $'000	2021 $'000	2022 $'000	2021 $'000
At 1 January	506	1,792	4	172
Allowance made	332	362	–	33
Amount written off	–	(169)	–	(176)
Write-back of allowance	(225)	(1,480)	(4)	(25)
Translation differences	(2)	1	–	–
At 31 December	611	506	–	4

Trade receivables that are individually determined to be impaired at the balance sheet date relate to debtors that are in significant difficulties and have defaulted on payments. Due to the COVID-19 impact, the Group and the Trust has provided a specific allowance for doubtful receivables of $332,000 and $nil (2021: $362,000 and $33,000), respectively in relation to the receivables that represents the amount in excess of the security deposits held as collateral. The Group believes that the unimpaired amounts that are past due are still collectible based on historic payment behaviour and the deposits held.

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

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2022

10 LOANS TO A SUBSIDIARY

In May 2022, the Trust has on-lent the proceeds of $150.0 million (31 December 2021: $nil) from the issuance of the notes to OUE Hospitality Sub-Trust (see note 12(d)). The loan is unsecured and repayable on demand with a fixed rate of 4.20%. In August 2022, $130.0 million of the loan was repaid. The loan is not expected to be repaid in the next twelve months from the reporting date.

In December 2022, the Trust has lent a loan of $35.0 million (31 December 2021: $nil) to OUE Hospitality Sub-Trust. The loan is unsecured with a fixed margin + SORA per annum and matures in 2026.

11 CASH AND CASH EQUIVALENTS

	Group		Trust	
	2022 $'000	2021 $'000	2022 $'000	2021 $'000
Cash at bank	22,255	25,261	3,749	3,986
Short-term deposits with financial institutions	27,227	34,288	–	–
	49,482	59,549	3,749	3,986

12 BORROWINGS

	Group		Trust	
	2022 $'000	2021 $'000	2022 $'000	2021 $'000
Bank loans				
- Secured	400,000	1,421,390	400,000	460,000
- Unsecured	1,266,000	333,000	–	8,000
Unsecured notes	400,000	250,000	–	–
Loan from a subsidiary	–	–	400,000	250,000
Less: Unamortised transaction costs	(16,541)	(18,995)	(7,532)	(7,457)
	2,049,459	1,985,395	792,468	710,543
Classified as:				
Current	327,618	172,199	–	8,000
Non-current	1,721,841	1,813,196	792,468	702,543
	2,049,459	1,985,395	792,468	710,543

12 BORROWINGS (CONT'D)

Terms and debt repayment schedule

Terms and conditions of outstanding borrowings are as follows:

	Nominal interest rate %	Year of maturity	Group Face value $'000	Group Carrying amount $'000	Trust Face value $'000	Trust Carrying amount $'000
2022						
Bank loans						
- SGD	3.64 – 4.88	2023 – 2026	1,666,000	1,653,915	400,000	396,924
Unsecured notes	3.95 – 4.20	2025 – 2027	400,000	395,544	–	–
Loan from a subsidiary	3.95 – 4.20	2025 – 2027	–	–	400,000	395,544
			2,066,000	2,049,459	800,000	792,468
2021						
Bank loans						
- SGD	1.50 – 2.04	2022 – 2026	1,732,000	1,716,381	468,000	463,916
- Chinese Renminbi	4.75	2024	22,390	22,387	–	–
Unsecured notes	3.95 – 4.00	2025 – 2026	250,000	246,627	–	–
Loan from a subsidiary	3.95 – 4.00	2025 – 2026	–	–	250,000	246,627
			2,004,390	1,985,395	718,000	710,543

(a) Secured bank loans

The Group has secured term loan and revolving credit facility of 4 to 5 years (2021: term loans and revolving credit facilities of 2 to 8 years) which are secured on the following:

- investment property OUE Downtown (2021: OUE Downtown, Hilton Singapore Orchard and Mandarin Gallery), with a total carrying amount of $930,000,000 (2021: $3,060,438,000) (Note 4);
- assignment of insurance policies on OUE Downtown (2021: OUE Downtown, Hilton Singapore Orchard and Mandarin Gallery), 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 OUE Downtown (2021: OUE Downtown, Hilton Singapore Orchard and Mandarin Gallery);
- assignment of all rights, titles, benefits and interests in connection with any master lease, entered into by OUE Hospitality Sub-Trust and lease or tenancy deposits/proceeds in connection with such master lease in respect of Hilton Singapore Orchard in 2021;
- a debenture incorporating a fixed charge over book debt, charged accounts, goodwill, intellectual property and plant and machinery and floating charge over generally all of the present and future assets of the Trust in connection with OUE Downtown (2021: OUE Downtown, Hilton Singapore Orchard and Mandarin Gallery); and
- the account control or charge over certain bank accounts of the Trust (2021: Trust and certain subsidiary).

NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 December 2022

12 BORROWINGS (CONT'D)

Terms and debt repayment schedule (cont'd)

(b) Unsecured bank loans

The Group has in place the following unsecured bank loans:

- a total of $1,308.0 million* (2021: $370.0 million) committed bank loans and revolving credit facilities with banks. At the reporting date, $1,266.0 million (2021: $325.0 million) was drawn down; and
- $15.0 million (31 December 2021: $35.0 million) uncommitted revolving credit facility with a bank. At the reporting date, $nil (31 December 2021: $8.0 million) was drawn down. The uncommitted revolving credit facility is repayable on demand.

* In August 2022, the Group, through OUE Hospitality Sub-Trust, completed the refinancing of a $978.0 million unsecured sustainability-linked loan. The unsecured facility is to refinance an existing secured term loan facility of $978.0 million and it incorporates interest rate reductions (0.02% per annum every interest period) linked to predetermined sustainability performance targets which will allow the Group to enjoy savings in interest costs when targets are achieved. In December 2022, $40.0 million of the loan was repaid.

(c) Unsecured notes

In March 2020, the Trust, through its wholly-owned subsidiary, OUE CT Treasury Pte. Ltd., established a $2.0 billion Multicurrency Debt Issuance Programme (the "2020 Programme"). Under the 2020 Programme, OUE CT Treasury Pte. Ltd. may from time to time issue notes and/or perpetual securities in series or tranches.

During the year, OUE CT Treasury Pte. Ltd. issued notes amounting to $150.0 million (2021: $150.0 million) under the 2020 Programme. The note incorporates interest rate reductions (0.25% per annum) linked to predetermined investment grade targets which will allow the Group to enjoy savings in interest costs when targets are achieved.

The unsecured notes outstanding as at 31 December 2022 under the 2020 Programme is $400.0 million (2021: $250.0 million). The unsecured notes have a fixed rates ranging from 3.95% to 4.20% (2021: 3.95% to 4.00%) per annum payable semi-annually in arrears and mature between 2025 and 2027 (2021: 2025 and 2026).

The unsecured notes and the coupons relating thereto of all series will constitute direct, unconditional, unsubordinated and unsecured obligations of OUE CT Treasury Pte. Ltd. and shall at all times rank pari passu, without any preference or priority among themselves, and pari passu with all other present and future unsecured obligations (other than the subordinated obligations and priorities created by law) of OUE CT Treasury Pte. Ltd. All sums payable in respect of the unsecured notes will be unconditionally and irrevocably guaranteed by the Trustee, in its capacity as trustee of the Group.

(d) Loan from a subsidiary

OUE CT Treasury Pte. Ltd. has on-lent the proceeds from the issuance of the notes to the Trust. The Trust has then on-lent $20.0 million (2021: $nil) of the proceeds to a subsidiary, OUE Hospitality Sub-Trust.

12 BORROWINGS (CONT'D)

Reconciliation of movements of liabilities to cash flows arising from financing activities

	Liabilities			Derivative liabilities/ (assets) held to hedge long-term borrowings		
	Borrowings $'000	Accrued interest payable $'000	Lease liability $'000	Interest rate swap used for hedging – assets $'000	Interest rate swap used for hedging – liabilities $'000	Total $'000
Balance at 1 January 2022	1,985,395	4,994	25,410	(960)	8,622	2,023,461
Changes from financing cash flows						
Proceeds from bank loans	1,233,000	–	–	–	–	1,233,000
Proceeds from issuance of Notes	150,000	–	–	–	–	150,000
Repayment of bank loans	(1,320,985)	–	–	–	–	(1,320,985)
Payment of transaction costs related to borrowings	(13,024)	–	–	–	–	(13,024)
Payment of lease liability – principal	–	–	(125)	–	–	(125)
Payment of lease liability – interest	–	–	(875)	–	–	(875)
Interest paid	–	(65,289)	–	–	–	(65,289)
Total changes from financing cash flows	48,991	(65,289)	(1,000)	–	–	(17,298)
The effect of changes in foreign exchange rates	(405)	(15)	–	–	–	(420)
Change in fair value	–	–	–	(27,020)	(8,622)	(35,642)
Other changes						
Liability-related						
Amortisation of debt-related transaction costs	14,740	–	–	–	–	14,740
Interest expense	–	66,208	870	–	–	67,078
Accrued transaction costs related to borrowings	738	–	–	–	–	738
Total liability-related other changes	15,478	66,208	870	–	–	82,556
Balance at 31 December 2022	2,049,459	5,898	25,280	(27,980)	–	2,052,657

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2022

12 BORROWINGS (CONT'D)

Reconciliation of movements of liabilities to cash flows arising from financing activities (cont'd)

	Liabilities			Derivative liabilities/ (assets) held to hedge long-term borrowings		
	Borrowings $'000	Accrued interest payable $'000	Lease liability $'000	Interest rate swap used for hedging – assets $'000	Interest rate swap used for hedging – liabilities $'000	Total $'000
Balance at 1 January 2021	2,696,383	8,398	25,535	–	40,980	2,771,296
Changes from financing cash flows						
Proceeds from bank loans	764,973	–	–	–	–	764,973
Proceeds from issuance of Notes	150,000	–	–	–	–	150,000
Repayment of bank loans	(1,630,035)	–	–	–	–	(1,630,035)
Payment of transaction costs related to borrowings	(9,636)	–	–	–	–	(9,636)
Payment of lease liability – principal	–	–	(125)	–	–	(125)
Payment of lease liability – interest	–	–	(875)	–	–	(875)
Interest paid	–	(66,487)	–	–	–	(66,487)
Total changes from financing cash flows	(724,698)	(66,487)	(1,000)	–	–	(792,185)
The effect of changes in foreign exchange rates	1,143	2	–	–	–	1,145
Change in fair value	–	–	–	(960)	(32,358)	(33,318)
Other changes						
Liability-related						
Amortisation of debt-related transaction costs	10,339	–	–	–	–	10,339
Interest expense	–	63,081	875	–	–	63,956
Accrued transaction costs related to borrowings	2,228	–	–	–	–	2,228
Total liability-related other changes	12,567	63,081	875	–	–	76,523
Balance at 31 December 2021	1,985,395	4,994	25,410	(960)	8,622	2,023,461

13 TRADE AND OTHER PAYABLES

	Group		Trust	
	2022 $'000	2021 $'000	2022 $'000	2021 $'000
Current				
Trade payables	2,316	4,111	939	1,842
Other payables due to:				
– the Manager	2,014	3,053	2,014	3,053
– subsidiaries	–	–	1,791	763
– related parties	3,022	7,260	–	91
– joint venture	497	470	497	470
– third parties*	12,845	8,204	587	656
Advance rental received	1,246	3,206	481	519
Accrued expenses	29,346	35,420	13,548	14,116
Provisions^	3,933	1,268	3,933	1,268
Interest payable to:				
– a subsidiary	–	–	3,391	575
– third parties	5,898	4,994	–	1,789
Rental deposits				
– third parties	13,492	17,543	1,424	4,153
Other deposits				
– related parties	4	4	4	4
– third parties	1,658	1,599	311	307
	76,271	87,132	28,920	29,606
Non-current				
Rental deposits				
– related parties	316	316	316	316
– third parties	36,563	31,340	8,152	5,704
Provisions^	2,999	7,204	2,999	7,204
	39,878	38,860	11,467	13,224

* As at 31 December 2021, included grant payables of $523,000 and $nil at the Group and the Trust respectively.
^ As at 31 December 2022, included provision for income guarantee of $3.9 million (2021: $5.5 million) at the Group and the Trust.

Government grant payable mainly relates to Singapore government cash grant and property tax rebates as announced in the Fortitude Budget and in the Resilience Budget, respectively. The grant amounts are to be transferred to tenants as related rental rebates and are repayable to Inland Revenue Authority of Singapore in the event that the grant conditions are not satisfied at the end of the qualifying period.

Other payables due to subsidiaries, related parties and joint venture are unsecured, interest-free and repayable on demand.

NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 December 2022

14 DEFERRED TAX LIABILITIES

Deferred tax liabilities are attributable to the following:

	Group		Trust	
	2022 $'000	2021 $'000	2022 $'000	2021 $'000
Investment properties	62,243	70,493	–	–
Plant and equipment	12,075	12,265	–	–
Other items	1,791	1,235	–	–
	76,109	83,993	–	–

Movements in deferred tax liabilities of the Group during the year are as follows:

	Investment properties $'000	Plant and equipment $'000	Others $'000	Total $'000
2022				
At 1 January 2022	70,493	12,265	1,235	83,993
Recognised in statement of total return (Note 24)	(3,027)	1,080	725	(1,222)
Exchange differences	(5,223)	(1,270)	(169)	(6,662)
At 31 December 2022	62,243	12,075	1,791	76,109
2021				
At 1 January 2021	67,324	10,629	1,286	79,239
Recognised in statement of total return (Note 24)	446	1,050	(121)	1,375
Exchange differences	2,723	586	70	3,379
At 31 December 2021	70,493	12,265	1,235	83,993

15 CONVERTIBLE PERPETUAL PREFERRED UNITS

In October 2015, the Group and the Trust issued 550 million Convertible Perpetual Preferred Units ("CPPU") at $1 per Unit to a substantial unitholder of the Trust and a related party of the Manager, as partial satisfaction of the purchase consideration for the subsidiaries acquired. The key terms and conditions of the CPPUs are as follows:

- the CPPU holder has the right to receive preferential non-cumulative distribution of an amount equivalent to 1.0% per annum of the issue price which may be declared by the Manager at its sole discretion;

- any preferential distribution or part thereof not due or payable shall not accumulate for the benefit of the CPPU holder or entitle the CPPU holder to any claim in respect thereof against the Trust, the Trustee and/or the Manager;

- the CPPUs rank senior to the Units in respect of the entitlement to participate in the distributions of the Trust and rank senior to the Units in respect of the entitlement to receive out of the assets of the Trust the amount equivalent to the number of CPPUs held by the CPPU holder multiplied by the issue price and outstanding preferred and special preferred distribution upon the liquidation of the Trust. The CPPUs rank junior to the claims of all other present and future creditors of the Trust;

15 CONVERTIBLE PERPETUAL PREFERRED UNITS (CONT'D)

- the CPPU holder has the sole right to convert the CPPUs into Units, provided that the number of CPPUs converted in each financial year shall not exceed one-third of the total number of CPPUs initially issued to the CPPU holder, at a conversion price of $0.7154 per CPPU, being the adjusted conversion price pursuant to the rights issue undertaken by the Trust in October 2018. The CPPUs may not be converted into Units for a period of four years commencing from the date of issuance of the CPPUs on 8 October 2015;

- the Manager shall have the sole right to redeem any number of CPPUs for the time being issued and outstanding on a pro-rata basis at the issue price at all times;

- the Manager shall not declare distributions or pay any distributions to the Unitholders, or make any redemption, unless the Manager declares or pays distributions to the CPPU holder; and

- the CPPU holder does not have the right to attend and vote at the meetings of Unitholders except during such period as the preferred or special preferred distribution remains in arrears and unpaid for at least 12 months, or upon any resolution which varies or abrogates any right, preference or privilege of the CPPUs, or upon any resolution for the dissolution or winding up of the Trust.

The CPPUs are classified as equity instruments in the statement of financial position.

On 1 June 2021, there was a partial redemption of $155.0 million CPPUs at $1.00 per Unit totalling $155 million.

The $212,309,000 (2021: $212,309,000) presented in the statement of financial position represents the carrying value of the remaining 220.0 million (2021: 220.0 million) CPPUs and the total return attributable to the CPPU holder from the last distribution date.

16 UNITS IN ISSUE AND TO BE ISSUED

	Group and Trust	
	2022 '000	**2021 '000**
Units in issue		
At 1 January	5,442,608	5,421,506
Creation of Units:		
- Manager's management fees paid in Units	22,394	21,102
At 31 December	5,465,002	5,442,608
Units to be issued		
Manager's management fees payable in Units	5,948	7,077
Units in issue and to be issued	5,470,950	5,449,685

Financial year ended 31 December 2022

During the financial year, the following Units were issued:

- 22,394,287 Units were issued at issue prices ranging from $0.35 to $0.43 per Unit, amounting to $8,917,000 as satisfaction of the Manager's management fees payable in Units.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2022

16 UNITS IN ISSUE AND TO BE ISSUED (CONT'D)

Financial year ended 31 December 2021

During the financial year, the following Units were issued:

- 21,101,384 Units were issued at issue prices ranging from $0.38 to $0.45 per Unit, amounting to $8,509,000 as satisfaction of the Manager's management fees payable in Units.

Each Unit in the Trust represents an undivided interest in the Trust.

A Unitholder has no equitable or proprietary interest in the underlying asset of the Group and is not entitled to the transfer to it of any asset (or any part thereof) or of any real estate, any interests in any asset and the real estate-related assets (or any part thereof) of the Group.

A Unitholder's liability is limited to the amount paid or payable for any Units. The provisions of the Trust Deed provide that no Unitholders will be personally liable to indemnify the Trustee or any creditor of the Trustee in the event that liabilities of the Trust exceed its assets.

17 NET ASSET VALUE PER UNIT

		Group		Trust	
	Note	**2022**	**2021**	**2022**	**2021**
Net asset value per Unit is based on:					
– Net assets attributable to Unitholders ($'000)		3,240,073	3,127,996	2,826,265	2,732,611
– Units in issue and to be issued at 31 December ('000)	16	5,470,950	5,449,685	5,470,950	5,449,685

18 REVENUE

	Group		Trust	
	2022 $'000	**2021 $'000**	**2022 $'000**	**2021 $'000**
Rental income	221,388	225,822	37,637	52,166
Service fee income	14,541	16,435	5,082	6,819
Carpark income	1,705	1,872	–	268
Dividend income	–	–	99,969	89,739
Others	4,015	5,912	341	1,446
Less: Business and other taxes	(142)	(157)	–	–
	241,507	249,884	143,029	150,438

Under the terms of the lease agreements for the properties, the Group and the Trust are generally entitled to a fixed rent component and/or a variable rent component computed based on a certain percentage of the revenue. Hilton Singapore Orchard is leased to a related party under a master lease arrangement. The lease contains an initial term of 15 years from 25 July 2013 with an option to renew for a further 15 years. Crowne Plaza Changi Airport is leased to a related party under a master lease agreement till 27 May 2028, with an option to renew for two consecutive terms of five years each.

Included in rental income is variable rent of $2,293,000 (2021: $1,234,000) and $nil (2021: $55,000) recognised in the statement of total return for the Group and the Trust, respectively.

18 REVENUE (CONT'D)

Included in the revenue of the Group and the Trust are amounts derived from related parties of $69,744,000 (2021: $69,815,000) and $1,374,000 (2021: $2,315,000), respectively. Due to the COVID-19 impact, the Group has provided a total of $5,321,000 (2021: $8,470,000) rental waiver to the affected tenants during the period.

Other income consists of miscellaneous income such as utilities and annual license fee, which are recognised over time as the service is provided.

19 PROPERTY OPERATING EXPENSES

	Group		Trust	
	2022 $'000	2021 $'000	2022 $'000	2021 $'000
Property maintenance expenses	10,800	10,923	3,734	3,760
Property management fees	1,989	2,438	854	1,554
Property-related taxes	18,006	21,238	4,938	6,984
Insurance	757	558	107	67
Utilities	2,340	2,248	804	869
Land rent expenses	2,841	2,113	–	–
Centre management costs	4,479	3,878	–	–
Others*	3,380	2,283	157	131
	44,592	45,679	10,594	13,365

* Included grant income and grant expense of $285,000 in 2021 presented on net basis and allowance for doubtful receivables of $97,000 (2021: write-back of doubtful receivables of $1,118,000).

	Group		Trust	
	2022 $'000	2021 $'000	2022 $'000	2021 $'000
Centre management costs comprise:				
Salaries, bonuses and other costs^	3,990	3,391	–	–
Contributions to defined contribution plans	489	487	–	–
	4,479	3,878	–	–

^ Included Jobs Support Scheme of $201,000 in 2021.

20 OTHER INCOME

	Group		Trust	
	2022 $'000	2021 $'000	2022 $'000	2021 $'000
Income support on OUE Downtown Office	8,766	14,995	8,766	14,995
Insurance claim received	–	199	–	–
	8,766	15,194	8,766	14,995

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2022

21 MANAGER'S MANAGEMENT FEES

	Group and Trust	
	2022 $'000	2021 $'000
Base fee	15,756	16,075
Performance fee	–	2,174
	15,756	18,249

The Manager's management fees comprise an aggregate of 21,265,471 (2021: 21,834,172) Units, amounting to approximately $7,878,000 (2021: $9,124,000), that have been or will be issued to the Manager as satisfaction of the Manager's management fees payable in Units at unit prices ranging from $0.34 to $0.41 (2021: $0.39 to $0.45) per Unit.

22 NET FINANCE COSTS

	Group		Trust	
	2022 $'000	2021 $'000	2022 $'000	2021 $'000
Finance income				
Interest income	988	1,044	2,444	7
Ineffective portion of changes in fair value of cash flow hedges	2,177	1,364	374	867
Net change in fair value of derivatives	1,778	1,756	5,920	2,470
Hedging reserve transferred from unitholders' funds due to discontinuation of hedge accounting	22,058	–	–	–
Net foreign exchange gains	–	230	–	253
	27,001	4,394	8,738	3,597
Finance costs				
Amortisation of debt-related transaction costs	(14,740)	(10,339)	(2,174)	(5,744)
Interest paid/payable to a subsidiary	–	–	(13,958)	(5,181)
Interest paid/payable to banks	(66,208)	(63,081)	(13,095)	(21,446)
Hedging reserve transferred from unitholders' funds due to discontinuation of hedge accounting	–	(1,892)	–	(3,204)
Net foreign exchange loss	(149)	–	(1)	–
Financial liability measured at amortised cost – interest expense	(870)	(875)	–	–
	(81,967)	(76,187)	(29,228)	(35,575)
Net finance costs	(54,966)	(71,793)	(20,490)	(31,978)

22 NET FINANCE COSTS (CONT'D)

The above finance income and expenses include the following interest income and expense and debt-related transaction costs in respect of assets and liabilities not at fair value through statement of total return:

	Group		Trust	
	2022 $'000	2021 $'000	2022 $'000	2021 $'000
Total interest income on financial assets	988	1,044	2,444	7
Total interest expense on financial liabilities and debt-related transaction costs	(83,423)	(52,577)	(28,946)	(23,333)

23 TOTAL RETURN/(LOSS) FOR THE YEAR BEFORE TAX

Included in total return/(loss) for the year before tax are the following:

	Group		Trust	
	2022 $'000	2021 $'000	2022 $'000	2021 $'000
Audit fees paid/payable to:				
– Auditors of the Trust	299	299	103	110
– Other auditors	53	50	–	–
Non-audit fees paid to:				
– Auditors of the Trust	65	80	27	45
– Other auditors	6	6	–	–
Valuation fees	95	132	18	32

24 TAX EXPENSE

	Group		Trust	
	2022 $'000	2021 $'000	2022 $'000	2021 $'000
Current tax expense				
Current year	11,441	11,834	–	–
Changes in estimates relating to prior years	(113)	(260)	–	–
	11,328	11,574	–	–
Withholding tax	1,085	1,112	–	–
Deferred tax (credit)/expense				
Origination and reversal of temporary differences	(1,222)	1,375	–	–
	11,191	14,061	–	–

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2022

24 TAX EXPENSE (CONT'D)

Reconciliation of effective tax rate

	Group		Trust	
	2022 $'000	**2021 $'000**	**2022 $'000**	**2021 $'000**
Total return/(loss) for the year before tax	298,874	69,968	215,819	(24,031)
Tax calculated using Singapore tax rate of 17% (2021: 17%)	50,809	11,894	36,690	(4,085)
Effect of tax rates in foreign jurisdictions	995	1,618	–	–
Non-tax deductible items	2,699	27,756	3,842	25,057
Non-taxable items	(30,546)	(11,097)	(20,784)	(247)
Tax exempt income	–	–	(16,995)	(15,256)
Changes in estimates relating to prior years	(113)	(260)	–	–
Tax losses not available to carry forward	8	7	–	–
Tax transparency (Note 3.16)	(13,746)	(16,969)	(2,753)	(5,469)
Withholding tax	1,085	1,112	–	–
	11,191	14,061	–	–

Global minimum tax

To address concerns on uneven profit distribution and tax contributions of large multinational corporations, various agreements have been reached at the global level, including an agreement by over 135 jurisdictions to introduce a global minimum tax rate of 15%. In December 2021, the Organisation for Economic Co-operation and Development ("OECD") released a draft legislative framework, followed by detailed guidance released in March 2022, that is expected to be used by individual jurisdictions that signed the agreement to amend their local tax laws.

At the date when the financial statements were authorised for issue, none of the jurisdictions in which the Group operates had enacted or substantively enacted the tax legislation related to the top-up tax. Management is closely monitoring the progress of the legislative process in each jurisdiction the Group operates in. At 31 December 2022, the Group did not have sufficient information to determine the potential quantitative impact.

25 EARNINGS PER UNIT

(i) Basic earnings per Unit

The calculation of basic earnings per Unit was based on the total return attributable to Unitholders and the weighted average number of Units, as set out below:

Total return attributable to Unitholders

	Group	
	2022 $'000	**2021 $'000**
Total return for the year attributable to Unitholders and CPPU holder	275,574	38,876
Less: Amount reserved for distribution to CPPU holder	(2,200)	(2,582)
Total return attributable to Unitholders	273,374	36,294

25 EARNINGS PER UNIT (CONT'D)

(i) Basic earnings per Unit (cont'd)

Weighted average number of Units

	Group 2022 '000	Group 2021 '000
Units issued or to be issued at beginning of the year	5,449,685	5,427,850
Effect of Units issued during the year	7,505	7,728
Effect of Units to be issued as payment of the Manager's management fees payable in Units	16	19
Weighted average number of Units during the year	5,457,206	5,435,597

(ii) Diluted earnings per Unit

The calculation of diluted earnings per Unit was based on the total return attributable to Unitholders and CPPU holder and the weighted average number of Units, after adjustment for the effect of all dilutive potential Units, as set out below:

Total return attributable to Unitholders (diluted)

	Group 2022 $'000	Group 2021 $'000
Total return attributable to Unitholders (basic)	273,374	36,294
Add: Amount reserved for distribution to CPPU holder	2,200	2,582
Total return attributable to Unitholders and CPPU holder (diluted)	275,574	38,876

Weighted average number of Units (diluted)

	Group 2022 '000	Group 2021 '000
Weighted average number of Units (basic)	5,457,206	5,435,597
Effect of the Manager's fees paid/payable in Units	13,744	14,088
Effect of conversion of CPPUs into Units (1)	307,520	360,944
Weighted average number of Units (diluted)	5,778,470	5,810,629

(1) The weighted average number of Units includes the weighted average potential Units to be issued assuming all the remaining CPPUs were converted at $0.7154 per Unit, being the adjusted conversion price pursuant to the rights issue.

26 OPERATING SEGMENTS

Information regarding the results of each reportable segment is included below. Performance is measured based on segment net property income, as included in the internal management reports that are reviewed by the Board of Directors of the Manager. Segment net property income is used to measure performance as management believes that such information is the most relevant in evaluating the results of its segments relative to other entities that operate within the same industry.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2022

26 OPERATING SEGMENTS (CONT'D)

Information about reportable segments

	Commercial $'000	Hospitality $'000	Total $'000
Year ended 31 December 2022			
Revenue	173,137	68,370	241,507
Property operating expenses	(39,677)	(4,915)	(44,592)
Reportable segment net property income	133,460	63,455	196,915
Other income	8,766	–	8,766
Depreciation and amortisation	(3,834)	–	(3,834)
Write-off of intangible assets	(5,417)	–	(5,417)
Finance income	12,241	14,760	27,001
Finance costs	(48,291)	(33,676)	(81,967)
Unallocated items			
- Expenses			(19,425)
Net income			122,039
Net change in fair value of investment properties			139,727
Share of joint venture results			37,108
Tax expense			(11,191)
Total return for the year			287,683
31 December 2022			
Non-current assets [(1)]	4,150,745	1,736,480	5,887,225
Year ended 31 December 2021			
Revenue	182,384	67,500	249,884
Property operating expenses	(41,489)	(4,190)	(45,679)
Reportable segment net property income	140,895	63,310	204,205
Other income	14,995	199	15,194
Depreciation and amortisation	(5,082)	–	(5,082)
Finance income	3,601	793	4,394
Finance costs	(52,880)	(23,307)	(76,187)
Divestment costs	(7,363)	–	(7,363)
Unallocated items			
- Expenses			(22,145)
Net income			113,016
Net change in fair value of investment properties			(56,284)
Share of joint venture results			13,236
Tax expense			(14,061)
Total return for the year			55,907
31 December 2021			
Non-current assets [(1)]	4,129,548	1,611,610	5,741,158

(1) Excluding financial instruments

26 OPERATING SEGMENTS (CONT'D)

Geographical information

The Group has two reportable segments, which are Singapore and China. The reporting segments operate in different countries and are managed separately because of the differences in operating and regulatory environment. For each of the reporting segments, the Board of Directors of the Manager reviews internal management reports on a regular basis.

Information about reportable segments

	Singapore $'000	China $'000	Total $'000
Year ended 31 December 2022			
Revenue	214,436	27,071	241,507
Property operating expenses	(41,473)	(3,119)	(44,592)
Reportable segment net property income	172,963	23,952	196,915
Other income	8,766	–	8,766
Depreciation and amortisation	(3,806)	(28)	(3,834)
Write-off of intangible assets	(5,417)	–	(5,417)
Finance income	26,394	607	27,001
Finance costs	(81,512)	(455)	(81,967)
Unallocated items			
- Expenses			(19,425)
Net income			122,039
Net change in fair value of investment properties			139,727
Share of joint venture results			37,108
Tax expense			(11,191)
Total return for the year			287,683
31 December 2022			
Non-current assets [(1)]	5,377,408	509,817	5,887,225
Year ended 31 December 2021			
Revenue	224,741	25,143	249,884
Property operating expenses	(41,899)	(3,780)	(45,679)
Reportable segment net property income	182,842	21,363	204,205
Other income	15,194	–	15,194
Depreciation and amortisation	(5,040)	(42)	(5,082)
Other expenses	(518)	–	(518)
Finance income	3,325	1,069	4,394
Finance costs	(75,089)	(1,098)	(76,187)
Divestment costs	(7,363)	–	(7,363)
Unallocated items			
- Expenses			(21,627)
Net income			113,016
Net change in fair value of investment properties			(56,284)
Share of joint venture results			13,236
Tax expense			(14,061)
Total return for the year			55,907
31 December 2021			
Non-current assets [(1)]	5,166,558	574,600	5,741,158

[(1)] Excluding financial instruments

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2022

27 FINANCIAL INSTRUMENTS

Financial risk management

Risk management framework

Risk management is integral to the whole business of the Group. The Group has a system of controls in place to create an acceptable balance between the cost of risks occurring and the cost of managing the risks. The Manager continually monitors the Group's risk management process to ensure that an appropriate balance between risk and control is achieved. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities.

The Board of Directors of the Manager has overall responsibility for the establishment and oversight of the risk management framework of the Group. The Audit and Risk Committee of the Manager assists the Board of Directors and oversees how the Manager monitors compliance with the risk management policies and procedures of the Group, and reviews the adequacy of the risk management framework in relation to the risks faced by the Group. The Audit and Risk Committee reports regularly to the Board of Directors on its activities.

Overview

The Group has exposure to the following risks arising from financial instruments:

- credit risk
- liquidity risk
- market risk

This note presents information about the exposure of the Group to each of the above risks, its objectives, policies and processes for measuring and managing risk, and its management of capital.

Credit risk

Credit risk is the potential financial loss resulting from the failure of a lessee to settle its financial and contractual obligations to the Group, as and when they fall due.

Concentration of credit risk is limited due to many varied tenants.

Credit evaluations are performed before lease agreements are entered into with prospective tenants. Rental deposits are obtained, where appropriate, to mitigate credit risk. In addition, the Manager monitors closely the balances due from its tenants.

Expected credit loss assessment for individual tenants

The Group uses an allowance matrix to measure the ECLs of trade receivables from individual tenants.

Loss rates are calculated using a 'roll rate' method based on the probability of a receivable progressing through successive stages of delinquency to write-off and are based on actual credit loss experience over the past three years.

The Group has established an allowance account for impairment that represents its estimate of losses in respect of trade receivables due from specific customers. The Group believes that no allowance for impairment is necessary in respect of the remaining trade receivables as these receivables relate mainly to tenants that have a good record with the Group or have sufficient security deposits as collateral, and hence ECL is not material.

27 FINANCIAL INSTRUMENTS (CONT'D)

Credit risk (cont'd)

Loans to a subsidiary, other receivables and deposits

Impairment on loans to a subsidiary, other receivables and deposits has been measured on the 12 months expected loss basis and the amount of the allowance is insignificant.

Cash and cash equivalents

The Group and the Trust held cash and cash equivalents of $49,482,000 and $3,749,000 respectively at 31 December 2022 (2021: $59,549,000 and $3,986,000 respectively). The cash and cash equivalents are held with bank and financial institution counterparties which are rated P-1, based on Moody's ratings.

Impairment on cash and cash equivalents has been measured on the 12-month expected loss basis and reflects the short maturities of the exposures. The Trust considers that its cash and cash equivalents have low credit risk based on the external credit ratings of the counterparties. The amount of the allowance on cash and cash equivalents was negligible.

Derivatives

At the reporting date, the Group has interest rate swap and interest rate cap contracts with a total notional amount of $1,212.5 million (2021: $1,405.0 million). The Trust has interest rate swap contracts with a total notional amount of $350.0 million (2021: $490.0 million).

The derivatives are entered into with bank and financial institution counterparties, which are rated Aa1/P-1 to A3/P-2, based on Moody's ratings.

At reporting date, there were no significant concentrations of credit risk. The maximum exposure to credit risk is represented by the carrying value of each financial asset on the statement of financial position.

Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Manager monitors its liquidity risk and maintains a level of cash and cash equivalents deemed adequate to finance the Group's operations and to mitigate the effects of fluctuations in cash flows. The Manager also monitors and observes the CIS Code issued by the MAS concerning limits on total borrowings.

In addition, as at 31 December 2022, the Group maintains term loans and revolving credit facilities of $1,863.0 million (2021: $1,945.4 million) with banks. At the reporting date, $1,666.0 million (2021: $1,754.4 million) of the facilities was utilised.

As at 31 December 2022, the Group has issued unsecured notes of $400.0 million (2021: $250.0 million) through OUE CT Treasury Pte. Ltd. as part of its $2.0 billion Multicurrency Debt Issuance Programme.

The Group is actively engaging potential lenders to refinance the borrowings which are maturing within the next 12 months and expects to complete this refinancing exercise in 2023.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2022

27 FINANCIAL INSTRUMENTS (CONT'D)

Liquidity risk (cont'd)

The following are the remaining contractual maturities of financial liabilities, including estimated interest payments and excluding the impact of netting agreements:

			Cash flows		
	Carrying amount $'000	Contractual cash flows $'000	Within 1 year $'000	Within 2 to 5 years $'000	More than 5 years $'000
Group					
2022					
Non-derivative financial liabilities					
Trade and other payables*	(114,903)	(114,903)	(75,025)	(38,147)	(1,731)
Borrowings	(2,049,459)	(2,272,475)	(415,998)	(1,856,477)	–
Lease liability	(25,280)	(59,667)	(1,000)	(4,000)	(54,667)
	(2,189,642)	(2,447,045)	(492,023)	(1,898,624)	(56,398)
Derivative financial instruments					
Interest rate swaps used for hedging (net-settled)	27,270	28,025	20,855	7,170	–
Interest rate caps used for hedging (net-settled)	710	809	809	–	–
	27,980	28,834	21,664	7,170	–
	(2,161,662)	(2,418,211)	(470,359)	(1,891,454)	(56,398)
2021					
Non-derivative financial liabilities					
Trade and other payables*	(122,786)	(122,786)	(83,926)	(37,882)	(978)
Borrowings	(1,985,395)	(2,124,353)	(272,769)	(1,851,584)	–
Lease liability	(25,410)	(60,667)	(1,000)	(4,000)	(55,667)
	(2,133,591)	(2,307,806)	(357,695)	(1,893,466)	(56,645)
Derivative financial instruments					
Interest rate swaps used for hedging (net-settled)	960	972	(34)	1,006	–
Interest rate swaps used for hedging (net-settled)	(8,622)	(8,506)	(9,372)	866	–
	(7,662)	(7,534)	(9,406)	1,872	–
	(2,141,253)	(2,315,340)	(367,101)	(1,891,594)	(56,645)

* Excluding lease liability (shown separately) and advance rental received

27 FINANCIAL INSTRUMENTS (CONT'D)

Liquidity risk (cont'd)

	Carrying amount $'000	Contractual cash flows $'000	Cash flows: Within 1 year $'000	Within 2 to 5 years $'000	More than 5 years $'000
Trust					
2022					
Non-derivative financial liabilities					
Trade and other payables*	(39,906)	(39,906)	(28,439)	(10,109)	(1,358)
Borrowings	(792,468)	(868,551)	(20,549)	(848,002)	–
	(832,374)	(908,457)	(48,988)	(858,111)	(1,358)
Derivative financial instruments					
Interest rate swaps used for hedging (net-settled)	8,756	9,035	6,362	2,673	–
	(823,618)	(899,422)	(42,626)	(855,438)	(1,358)
2021					
Non-derivative financial liabilities					
Trade and other payables*	(42,311)	(42,311)	(29,087)	(13,224)	–
Borrowings	(710,543)	(765,139)	(79,575)	(685,564)	–
	(752,854)	(807,450)	(108,662)	(698,788)	–
Derivative financial instruments					
Interest rate swaps used for hedging (net-settled)	960	972	(34)	1,006	–
Interest rate swaps used for hedging (net-settled)	(4,301)	(4,080)	(3,589)	(491)	–
	(3,341)	(3,108)	(3,623)	515	–
	(756,195)	(810,558)	(112,285)	(698,273)	–

* Excluding lease liability (shown separately) and advance rental received

The maturity analyses show the contractual undiscounted cash flows of the Group's and the Trust's financial liabilities on the basis of their earliest possible contractual maturity. Derivative financial instruments held are normally not closed out prior to contractual maturity. The disclosure shows net cash flow amounts for derivatives that are net cash-settled.

All the derivative financial instruments are designated as cash flow hedges. The table above reflects the periods in which the cash flows associated with cash flow hedges are expected to occur and to impact the total return.

In addition to the above, the interest payments on the Group's sustainability-linked loans included in borrowings assume no interest savings.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2022

27 FINANCIAL INSTRUMENTS (CONT'D)

Market risk

Market risk is the risk that changes in market prices, such as interest rates and foreign exchange rates, will affect the Group's total return or the value of its holding of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

Interest rate risk

The Manager's strategy to manage the risk of potential interest rate volatility may be through the use of interest rate hedging instruments and/or fixed rate borrowings.

The Group determines the existence of an economic relationship between the hedging instrument and hedged item based on the reference interest rates, tenors, repricing dates and the notional or par amounts. The Group assesses whether the derivative designated in each hedge relationship is expected to be effective in offsetting changes in cash flows of the hedged item using the regression method.

In these hedge relationships, the main sources of ineffectiveness are the differences in the repricing dates between the swaps and the borrowings.

For further details, see 'Managing interest rate benchmark reform and associated risks' below.

There were no other sources of ineffectiveness in these hedging relationships.

27 FINANCIAL INSTRUMENTS (CONT'D)

Interest rate risk (cont'd)

A. Managing interest rate benchmark reform and associated risks

Overview

A fundamental reform of major interest rate benchmarks is being undertaken globally, including the replacement of some interbank offered rates (IBORs) with alternative nearly risk-free rates (referred to as 'Interest rate benchmark reform'). The Group had exposures to SOR on its financial instruments that will be replaced or reformed as part of these market-wide initiatives. In 2022, the Group has undertaken amendments to its financial instruments with contractual terms indexed to SOR such that they incorporate the new benchmark rate (i.e. SORA). As at 31 December 2022, the Group's remaining IBOR exposure is indexed to SOR.

The Manager monitors and manages the Group's transition to alternative rates.

Non-derivative financial liabilities

Historically, the Group's IBOR exposures to non-derivative financial liabilities included secured bank loans indexed to SOR. The Group has modified its non-derivative financial liabilities indexed to SOR to reference SORA during the year ended 31 December 2022. In respect of its remaining SOR, the Group is still in the process of communication with the counterparties and specific changes have yet to be agreed.

Derivatives

The Group holds interest rate swaps and interest rate caps for risk management purposes that are designated in cash flow hedging relationships. The interest rate swaps and interest rate caps have floating legs that are indexed to SOR or SORA. The Group's derivative instruments are governed by contracts based on the International Swaps and Derivatives Association (ISDA)'s master agreements. The Group is still in the process of communication with the counterparties for the remaining SOR indexed exposures and specific changes have yet been agreed.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2022

27 FINANCIAL INSTRUMENTS (CONT'D)

Interest rate risk (cont'd)

A. Managing interest rate benchmark reform and associated risks (cont'd)

Hedge accounting

The Group has evaluated the extent to which its cash flow hedging relationships are subject to uncertainty driven by Interest rate benchmark reform as at 31 December 2022. The Group's certain hedging instruments continue to be indexed to Interest rate benchmark which are SOR. These benchmark rates are quoted each day and the IBOR cash flows are exchanged with its counterparties as usual.

The Group's SOR cash flow hedging relationships extend beyond the anticipated cessation date for IBOR. The Group is still in the process of communication with the counterparties for the remaining SOR indexed exposures and the relevant hedging instruments have not been amended to transition from SOR. The Group continues to apply the amendments to FRS 109 issued in December 2020 (Phase 1) to those hedging relationships directly affected by Interest rate benchmark reform and assumes that the cash flows of the hedged item and hedging instrument will not be materially altered as a result of Interest rate benchmark reform.

Hedging relationships impacted by Interest rate benchmark reform may experience ineffectiveness attributable to market participants' expectations of when and how the shift from the existing Interest rate benchmark to an alternative benchmark interest rate will occur. This transition may also occur at different times for the hedged item and hedging instrument, which may lead to hedge ineffectiveness. The Group has measured its hedging instruments indexed to Singapore-dollar SOR using available quoted market rates for SOR-based instruments of the same tenor and similar maturity and has measured the cumulative change in the present value of hedged cash flows attributable to changes in SOR on a similar basis.

Total amounts of unreformed contracts, including those with an appropriate fallback clause

The Group monitors the progress of transition from IBORs to new benchmark rates by reviewing the total amounts of contracts that have yet to transition to an alternative benchmark rate and the amounts of such contracts that include an appropriate fallback clause. The Group considers that a contract is not yet transitioned to an alternative benchmark rate when interest under the contract is indexed to a benchmark rate that is still subject to interest rate benchmark reform, even if it includes a fallback clause that deals with the cessation of the existing IBOR (referred to as an 'unreformed contract').

27 FINANCIAL INSTRUMENTS (CONT'D)

Interest rate risk (cont'd)

Total amounts of unreformed contracts, including those with an appropriate fallback clause (cont'd)

The following table shows the total amounts of unreformed contracts and those with appropriate fallback language as at 31 December 2022. The amounts of financial assets and financial liabilities are shown at their carrying amounts and derivatives are shown at their nominal amounts.

	SOR	
	Total amount of unreformed contracts $'000	Amount with appropriate fallback clause $'000
Group		
31 December 2022		
Derivatives		
Interest rate swaps	165,000	612,500
31 December 2021		
Financial liabilities		
Borrowings	325,000	939,000
Derivatives		
Interest rate swaps	265,000	800,000
Trust		
31 December 2022		
Derivatives		
Interest rate swaps	–	150,000
31 December 2021		
Derivatives		
Interest rate swaps	–	150,000

The Group's exposure to Singapore-dollar SOR designated in hedging relationships is $777.5 million (2021: $1,065.0 million) nominal amount at 31 December 2022, representing both the nominal amount of the hedging interest rate swap and the principal amount of the Group's hedged SGD-denominated bank loan liabilities maturing in 2023 to 2026 (2021: 2022 to 2026).

The Trust's exposure to Singapore-dollar SOR designated in hedging relationships is $150.0 million (2021: $150.0 million) nominal amount at 31 December 2022, representing both the nominal amount of the hedging interest rate swap and the principal amount of the Group's hedged SGD-denominated bank loan liabilities maturing in 2025 to 2026 (2021: 2025 to 2026).

The Group is actively engaging with lenders to include appropriate fall-back provisions in its floating-rate liabilities with maturities after 2022 and expects that the hedging instrument will be modified as outlined under 'Derivatives' above.

NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 December 2022

27 FINANCIAL INSTRUMENTS (CONT'D)

Exposure to interest rate risk

The Group's exposure to changes in interest rates relate primarily to interest-earning financial assets and interest-bearing financial liabilities. At the reporting date, the interest rate profile of the interest-bearing financial instruments was as follows:

	Nominal amount			
	Group		Trust	
	2022 $'000	2021 $'000	2022 $'000	2021 $'000
Fixed rate instruments				
Short-term deposits with financial institutions	27,227	34,288	–	–
Loans to a subsidiary	–	–	20,000	–
Borrowings	(400,000)	(250,000)	(400,000)	(250,000)
Interest rate caps	(100,000)	–	–	–
Interest rate swaps	(1,112,500)	(1,405,000)	(350,000)	(490,000)
	(1,585,273)	(1,620,712)	(730,000)	(740,000)
Variable rate instruments				
Loans to a subsidiary	–	–	35,000	–
Borrowings	(1,666,000)	(1,754,390)	(400,000)	(468,000)
Interest rate caps	100,000	–	–	–
Interest rate swaps	1,112,500	1,405,000	350,000	490,000
	(453,500)	(349,390)	(15,000)	22,000

Fair value sensitivity analysis for fixed rate instruments

The Group does not account for the fixed rate financial assets and liabilities at fair value through statement of total return. The Group does not designate interest rate swaps and interest rate caps as hedging instruments under a fair value hedge accounting model. Therefore, a change in interest rates at the reporting date would not affect total return.

27 FINANCIAL INSTRUMENTS (CONT'D)

Sensitivity analysis for variable instruments

For the variable rate instruments, a change in 50 (2021: 50) basis points ("bp") in interest rate at the reporting date would impact total return and unitholders' funds (before any tax effects) by the amounts shown below. This analysis assumes that all other variables remain constant.

	Statement of Total Return		Unitholders' funds	
	Increase in interest rate $'000	**Decrease in interest rate $'000**	**Increase in interest rate $'000**	**Decrease in interest rate $'000**
Group				
2022				
Variable rate instruments				
Borrowings (50 bp)	(10,330)	10,330	–	–
Interest rate swaps (50 bp)	5,563	(5,563)	1,692	(2,557)
Interest rate caps (50 bp)	500	(500)	240	(455)
	(4,267)	4,267	1,932	(3,012)
2021				
Variable rate instruments				
Borrowings (50 bp)	(10,022)	10,022	–	–
Interest rate swaps (50 bp)	7,025	(7,025)	1,095	(1,103)
	(2,997)	2,997	1,095	(1,103)
Trust				
2022				
Variable rate instruments				
Borrowings (50 bp)	(4,000)	4,000	–	–
Interest rate swaps (50 bp)	1,500	(1,500)	918	(908)
Loans to a subsidiary (50 bp)	175	(175)	–	–
	(2,325)	2,325	918	(908)
2021				
Variable rate instruments				
Borrowings (50 bp)	(3,590)	3,590	–	–
Interest rate swaps (50 bp)	2,450	(2,450)	208	(216)
	(1,140)	1,140	208	(216)

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2022

27 FINANCIAL INSTRUMENTS (CONT'D)

Hedge accounting

Cash flow hedges

The Group and the Trust held the following instruments to hedge exposures to changes in interest rates.

	Maturity	
	1-12 months	More than one year
31 December 2022		
Group		
Interest rate risk		
Interest rate swaps		
Net exposure ($'000)	315,000	50,000
Fixed interest rate	1.89% - 2.13%	1.78% - 1.97%
Trust		
Interest rate risk		
Interest rate swaps		
Net exposure ($'000)	150,000	50,000
Fixed interest rate	1.89% - 1.90%	1.78% - 1.97%
31 December 2021		
Group		
Interest rate risk		
Interest rate swaps		
Net exposure ($'000)	290,000	1,115,000
Fixed interest rate	1.45% - 2.17%	0.51% - 2.13%
Trust		
Interest rate risk		
Interest rate swaps		
Net exposure ($'000)	190,000	300,000
Fixed interest rate	1.46% - 1.93%	0.64% - 1.90%

27 FINANCIAL INSTRUMENTS (CONT'D)

Hedge accounting (cont'd)

Cash flow hedges **(cont'd)**

The amounts at the reporting date relating to items designated as hedged items were as follows.

	Change in value used for calculating hedge ineffectiveness $'000	Cash flow hedge reserve $'000
Group		
31 December 2022		
Interest rate risk		
Variable-rate instruments	(8,790)	7,527
31 December 2021		
Interest rate risk		
Variable-rate instruments	(15,786)	(5,464)
Trust		
31 December 2022		
Interest rate risk		
Variable-rate instruments	(5,560)	3,078
31 December 2021		
Interest rate risk		
Variable-rate instruments	(9,057)	(2,701)

There are no balances remaining in cash flow hedge reserve from hedging relationships for which hedge accounting no longer applied.

NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 December 2022

27 FINANCIAL INSTRUMENTS (CONT'D)

Hedge accounting (cont'd)

Cash flow hedges (cont'd)

The amounts relating to items designated as hedging instruments and hedge ineffectiveness were as follows.

	As at 31 December			
	Nominal amount $'000	Carrying amount – assets $'000	Carrying amount – liabilities $'000	Line item in the statement of financial position where the hedging instrument is included
Group				
2022				
Interest rate risk				
Interest rate swaps	365,000	3,502	–	Financial derivatives
2021				
Interest rate risk				
Interest rate swaps	1,405,000	960	(8,622)	Financial derivatives
Trust				
2022				
Interest rate risk				
Interest rate swaps	200,000	2,723	–	Financial derivatives
2021				
Interest rate risk				
Interest rate swaps	490,000	960	(4,301)	Financial derivatives

During the period				
Changes in the value of the hedging instrument recognised in unitholders' funds and NCI $'000	Hedge ineffectiveness recognised in statement of total return $'000	Line item in statement of total return that includes hedge ineffectiveness	Amount reclassified from hedging reserve to statement of total return $'000	Line item in statement of total return affected by the reclassification
7,811	2,177	Finance income	2,025	Finance cost
11,352	1,364	Finance income	20,740	Finance cost
4,561	374	Finance income	1,218	Finance cost
4,585	867	Finance income	8,312	Finance cost

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2022

27 FINANCIAL INSTRUMENTS (CONT'D)

Hedge accounting (cont'd)

Cash flow hedges **(cont'd)**

The following table provides a reconciliation by risk category of components of equity and analysis of unitholders' funds items, net of tax, resulting from cash flow hedge accounting:

	Group Hedging reserve $'000	Trust Hedging reserve $'000
Balance at 1 January 2022	(5,464)	(2,701)
Cash flow hedges		
Change in fair value:		
Interest rate risk	7,291	4,561
Amount reclassified to statement of total return:		
Interest rate risk	1,879	1,218
Share of movements in hedging reserve of joint venture	3,821	–
Balance at 31 December 2022	7,527	3,078
Balance at 1 January 2021	(36,582)	(15,598)
Cash flow hedges		
Change in fair value:		
Interest rate risk	11,157	4,585
Amount reclassified to statement of total return:		
Interest rate risk	19,961	8,312
Balance at 31 December 2021	(5,464)	(2,701)

Currency risk

In order to manage the currency risk involved in investing in assets outside Singapore, the Manager adopts the currency risk management strategies that may include:

- the use of foreign currency denominated borrowings to match the currency of the asset investment as a natural currency hedge; and

- entering into currency forward contracts to hedge the foreign currency income received from its foreign subsidiaries, back into Singapore Dollars.

27 FINANCIAL INSTRUMENTS (CONT'D)

Hedge accounting (cont'd)

Currency risk (cont'd)

The following table details the Group's exposure at the end of the reporting period to currency risk arising from recognised assets or liabilities denominated in a currency other than the functional currency of the entity to which they relate.

	USD $'000	RMB $'000
Group		
2022		
Cash and cash equivalents	71	1
2021		
Cash and cash equivalents	73	1

Changes in the exchange rates between the above currencies and the Singapore dollar would not have a significant impact to the Group's total return before tax.

NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 December 2022

27 FINANCIAL INSTRUMENTS (CONT'D)

Accounting classifications and fair values

The fair values of financial assets and liabilities, including their levels in the fair value hierarchy are set out below. It does not include the fair value information of financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

		Carrying amount				Fair value			
	Note	Amortised cost $'000	Fair value – hedging instruments $'000	Other financial liabilities $'000	Total $'000	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
Group									
2022									
Financial assets measured at fair value									
Financial derivatives	8	–	27,980	–	27,980	–	27,980	–	27,980
Financial assets not measured at fair value									
Trade and other receivables ^	9	22,286	–	–	22,286				
Cash and cash equivalents	11	49,482	–	–	49,482				
		71,768	–	–	71,768				
Financial liabilities not measured at fair value									
Borrowings:									
- Bank loans	12	–	–	(1,653,915)	(1,653,915)				
- Unsecured notes	12	–	–	(395,544)	(395,544)				
Trade and other payables #	13	–	–	(114,903)	(114,903)				
		–	–	(2,164,362)	(2,164,362)				

^ Excluding prepayments
# Excluding advance rental received

27 FINANCIAL INSTRUMENTS (CONT'D)

Accounting classifications and fair values (cont'd)

		Carrying amount				Fair value			
	Note	Amortised cost $'000	Fair value – hedging instruments $'000	Other financial liabilities $'000	Total $'000	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
Group									
2021									
Financial assets measured at fair value									
Financial derivatives	8	–	960	–	960	–	960	–	960
Financial assets not measured at fair value									
Trade and other receivables ^	9	29,170	–	–	29,170				
Cash and cash equivalents	11	59,549	–	–	59,549				
		88,719	–	–	88,719				
Financial liabilities measured at fair value									
Financial derivatives	8	–	(8,622)	–	(8,622)	–	(8,622)	–	(8,622)
Financial liabilities not measured at fair value									
Borrowings:									
- Bank loans	12	–	–	(1,738,768)	(1,738,768)				
- Unsecured notes	12	–	–	(246,627)	(246,627)				
Trade and other payables #	13	–	–	(122,786)	(122,786)				
		–	–	(2,108,181)	(2,108,181)				

^ Excluding prepayments
# Excluding advance rental received

NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 December 2022

27 FINANCIAL INSTRUMENTS (CONT'D)

Accounting classifications and fair values (cont'd)

		Carrying amount				Fair value			
	Note	Amortised cost $'000	Fair value – hedging instruments $'000	Other financial liabilities $'000	Total $'000	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
Trust									
2022									
Financial assets measured at fair value									
Financial derivatives	8	–	8,756	–	8,756	–	8,756	–	8,756
Financial assets not measured at fair value									
Trade and other receivables ^	9	2,957	–	–	2,957				
Loans to a subsidiary	10	55,000	–	–	55,000				
Cash and cash equivalents	11	3,749	–	–	3,749				
		61,706	–	–	61,706				
Financial liabilities not measured at fair value									
Borrowings:									
- Bank loans	12	–	–	(396,924)	(396,924)				
- Loan from a subsidiary	12	–	–	(395,544)	(395,544)				
Trade and other payables #	13	–	–	(39,906)	(39,906)				
		–	–	(832,374)	(832,374)				

^ Excluding prepayments
# Excluding advance rental received

27 FINANCIAL INSTRUMENTS (CONT'D)

Accounting classifications and fair values (cont'd)

		Carrying amount				Fair value			
	Note	Amortised cost $'000	Fair value – hedging instruments $'000	Other financial liabilities $'000	Total $'000	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
Trust									
2021									
Financial assets measured at fair value									
Financial derivatives	8	–	960	–	960	–	960	–	960
Financial assets not measured at fair value									
Trade and other receivables ^	9	10,346	–	–	10,346				
Cash and cash equivalents	11	3,986	–	–	3,986				
		14,332	–	–	14,332				
Financial liabilities measured at fair value									
Financial derivatives	8	–	(4,301)	–	(4,301)	–	(4,301)	–	(4,301)
Financial liabilities not measured at fair value									
Borrowings:									
- Bank loans	12	–	–	(463,916)	(463,916)				
- Loan from a subsidiary	12	–	–	(246,627)	(246,627)				
Trade and other payables #	13	–	–	(42,311)	(42,311)				
		–	–	(752,854)	(752,854)				

^ Excluding prepayments
\# Excluding advance rental received

NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 December 2022

27 FINANCIAL INSTRUMENTS (CONT'D)

Valuation techniques and significant unobservable inputs

The following tables show the valuation techniques used in measuring Level 2 and Level 3 fair values.

Financial instruments measured at fair value

Type	Valuation technique
Group and Trust	
Financial derivatives	*Market comparison technique:* The fair values are based on broker quotes. Similar contracts are traded in an active market and the quotes reflect the actual transactions in similar instruments.

Financial instruments not measured at fair value

Type	Valuation technique
Group	
Trade and other receivables	*Discounted cash flows*
Trade and other payables	*Discounted cash flows*
Unsecured notes	*The fair value of the unsecured notes is based on the quoted price at reporting date.*
Trust	
Loans to a subsidiary	*Loans to a subsidiary is based on the same terms as the unsecured notes and unsecured term loan and therefore, the fair value of the loans to a subsidiary is determined based on the fair value of the unsecured notes and unsecured term loan.*
Trade and other payables	*Discounted cash flows*
Loan from a subsidiary	*Loan from a subsidiary is based on the same terms as the unsecured notes and therefore, the fair value of the loan from a subsidiary is determined based on the fair value of the unsecured notes.*

There were no transfers between Level 2 and 3 during the year.

Capital management

The Manager's principal objectives are to deliver regular and stable distributions to Unitholders and to achieve sustainable long-term growth in distributions and in the net asset value per Unit, while maintaining an appropriate capital structure. Capital consists of all components of equity of the Group.

The Group's capital funding objectives are to maintain a strong statement of financial position, manage the cost of debt financing, and potential refinancing or repayment risks, secure diversified funding sources and implement appropriate hedging strategies to manage interest rate volatility and foreign exchange exposure, after taking into account the prevailing market conditions.

The Group has income derived from its investments in the PRC. The conversion of the Chinese Renminbi is subject to the rules and regulations of foreign exchange control promulgated by the PRC government.

27 FINANCIAL INSTRUMENTS (CONT'D)

Capital management (cont'd)

The Trust and its subsidiaries are subject to the aggregate leverage limit as defined in the Property Funds Appendix of the CIS Code issued by the MAS. The CIS Code stipulates that the total borrowings and deferred payments (together the "Aggregate Leverage") of a property fund should not, on or after 1 January 2022, exceed 45.0% of its Deposited Property. S-REITs are to have a minimum adjusted interest coverage ratio ("ICR") of 2.5 times before they are allowed to increase their leverage to beyond the prevailing 45% limit (up to 50%).

The Aggregate Leverage of the Group as at 31 December 2022 was 38.8% (2021: 38.7%) of its Deposited Property with an ICR of 2.4 times[1] (2021: 2.8 times). This complied with the Aggregate Leverage limit as described above.

There were no substantial changes in the Group's and the Trust's approach to capital management during the year.

[1] As defined in Appendix 6 of the CIS Code ("Property Funds Appendix") (last revised on 3 March 2022).

28 COMMITMENTS

The Group and the Trust has the following commitments as at the reporting date:

Capital commitments

	Group		Trust	
	2022 $'000	2021 $'000	2022 $'000	2021 $'000
Contracted but not provided for in the financial statements:				
– Expenditure in respect of investment properties	1,360	39,978	–	666

29 LEASES

Leases as lessee (FRS 116)

The Group leases land in relation to the Crowne Plaza Changi Airport site. The lease runs for a period of 74 years. Under the terms of the lease agreement, the land rent payable comprises a fixed component and a variable component computed based on certain percentage of the hotel revenue.

Information about leases for which the Group is a lessee is presented below.

Right-of-use assets

Right-of-use assets related to land meets the definition of investment property (see Note 4).

Amounts recognised in statement of total return

	2022 $'000	2021 $'000
Leases under FRS 116		
Interest on lease liability	870	875

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2022

29 LEASES (CONT'D)

Amounts recognised in statement of cash flows

	2022 $'000	2021 $'000
Total cash outflow for leases	1,000	1,000

Leases as lessor

Operating lease

The Group leases out its investment properties (see Note 4). The Group has classified these leases as operating leases, because they do not transfer substantially all of the risks and rewards incidental to the ownership of the assets. Note 3.8 sets out information about the operating leases of investment property.

Rental income from investment properties recognised by the Group during 2022 was $235,929,000 (2021: $242,257,000) and Trust was $42,719,000 (2021: $58,985,000).

The following table sets out a maturity analysis of lease payments, showing the undiscounted lease payments to be received after the reporting date.

	Group $'000	Trust $'000
2022		
Less than one year	229,713	47,919
One to two years	190,639	40,233
Two to three years	149,689	32,597
Three to four years	110,779	22,096
Four to five years	79,851	5,432
More than five years	40,093	4,053
Total	800,764	152,330
2021		
Less than one year	221,855	44,461
One to two years	182,277	37,172
Two to three years	142,526	27,578
Three to four years	113,622	20,697
Four to five years	97,365	15,932
More than five years	106,017	–
Total	863,662	145,840

30 RELATED PARTY TRANSACTIONS

In the normal course of the operations of the Trust, the Manager's management fee and Trustee's fee have been paid or are payable to the Manager and the Trustee respectively. Property management fees are payable to the Property Managers, related parties of the Manager.

During the financial year, other than the transactions disclosed elsewhere in the financial statements, there were the following related party transactions:

	Group		Trust	
	2022 $'000	2021 $'000	2022 $'000	2021 $'000
Divestment fees paid to Manager	–	3,169	–	3,169
Hotel service expenses and professional fees paid/payable to related parties	1,636	1,294	–	30
Settlement of liabilities by related parties of the Manager on behalf of the Group and the Trust	66	44	31	22

31 FINANCIAL RATIOS

	Group		Trust	
	2022 $'000	2021 $'000	2022 $'000	2021 $'000
Expenses to weighted average net assets [1]				
– including performance component of the Manager's fees	0.92	0.85	0.97	0.88
– excluding performance component of the Manager's fees	0.92	0.78	0.97	0.81
Portfolio turnover rate [2]	–	–	–	–

[1] The annualised ratios are computed in accordance with the guidelines of the Investment Management Association of Singapore. The expenses used in the computation relate to expenses of the Group and the Trust, excluding property expenses and finance expenses.

[2] The annualised ratio is computed based on the lesser of purchases or sales of underlying investment properties of the Group and the Trust expressed as a percentage of daily average net asset value.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2022

32 SUBSEQUENT EVENTS

There were the following events subsequent to the reporting date:

- On 30 January 2023, the Manager declared a distribution of $1,109,000 to the CPPU holder in respect of the period from 1 July 2022 to 31 December 2022.

- On 30 January 2023, the Manager declared a distribution of 1.04 cents per Unit, amounting to $56,684,000, in respect of the period from 1 July 2022 to 31 December 2022.

- On 2 February 2023, the Trust issued 5,947,982 Units at $0.3386 per Unit, amounting to $2,014,000, to the Manager as partial payment of the management base fee for the period from 1 October 2022 to 31 December 2022.

33 NEW STANDARDS NOT ADOPTED

A number of new standards and amendments to standards are effective for annual periods beginning after 1 January 2022 and earlier application is permitted; however, the Group has not early adopted the new or amended standards in preparing these financial statements.

(i) Classification of Liabilities as Current or Non-current (Amendments to FRS 1)

The amendments, as issued in 2020, aim to clarify the requirements on determining whether a liability is current or non-current, and apply for annual reporting periods beginning on or after 1 January 2023. However the International Accounting Standards Board ("IASB") has subsequently proposed further amendment to IAS 1 and the deferral of the effective date of the 2020 amendments to no earlier than 1 January 2024. Due to these ongoing development, the Group is unable to determine the impact of these amendments on the consolidated financial statements in the period of initial application. The Group is closely monitoring the developments.

(ii) Others

The following new FRSs and amendments to FRSs are not expected to have a significant impact on the Group's consolidated financial statements.

- *Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to FRS 12)*
- *FRS 117 Insurance Contracts and Amendments to FRS 117 Insurance Contracts*
- *Disclosure of Accounting Policies (Amendments to FRS 1 and FRS Practice Statement 2)*
- *Definition of Accounting Estimates (Amendments to FRS 8)*

INTERESTED PERSON AND INTERESTED PARTY TRANSACTIONS

Name of interested person/party	Aggregate value of all interested person/party transactions during FY2022 (excluding transactions less than S$100,000 and transactions conducted under unitholders' mandate pursuant to Rule 920) S$'000	Aggregate value of all interested person/party transactions conducted under unitholders' mandate pursuant to Rule 920 (excluding transactions less than S$100,000) S$'000	Nature of relationship
OUE Limited & its subsidiaries			OUE Limited: Controlling shareholder of the Manager and controlling Unitholder of OUE C-REIT Subsidiaries of OUE Limited: Associates of the controlling shareholder of the Manager and controlling Unitholder of OUE C-REIT
Gross rental income	98,789	–	
Rental rebates	16	–	
Carpark income	82	–	
Utilities	70	–	
Manager's management fee[1]	17,681	–	
Property management fee[1]	3,216	–	
Income support arrangements[2]	8,766	–	
Shared services[1]	321	–	
Shared electricity services[1]	1,257	–	
DBS Trustee Limited (trustee of OUE C-REIT)			Trustee of OUE C-REIT & OUE Hospitality Sub-Trust ("DBS Trustee")
Trustee's fee[1]	933	–	
RBC Investor Services Trust Singapore Limited (trustee of OUE Hospitality Sub-Trust)			Trustee of OUE Hospitality Sub-Trust ("RBC Trustee")
Trustee's fee[1]	63	–	

Please also see Related Party Transactions in Note 30 to the Financial Statements.

Saved as disclosed above, during the financial year ended 31 December 2022, there were no additional interested person/party transactions (excluding transactions less than S$100,000) or any material contracts entered into by OUE C-REIT involving the interests of the Chief Executive Officer, each director or controlling shareholder of the Manager or controlling Unitholder.

INTERESTED PERSON AND INTERESTED PARTY TRANSACTIONS

Notes:

1 The fees and charges payable by OUE C-REIT to DBS Trustee and the Manager under the Trust Deed (as amended) and to the Property Manager under the Master Property Management Agreement and the Individual Property Management Agreement of OUE Bayfront (each as defined in the prospectus of OUE C-REIT dated 17 January 2014 (the "Prospectus")) each of which constitutes an Interested Person Transaction, are deemed to have been specifically approved by the Unitholders upon subscription for the Units and are therefore not subject to Rules 905 and 906 of the Listing Manual to the extent that there is no subsequent change to the rates and/ or the bases of the fees charged thereunder which will adversely affect OUE C-REIT.

The fees and charges payable by OUE C-REIT to the Property Manager under the Individual Property Management Agreement of OUE Downtown Office (each as defined in the circular dated 10 September 2018) are deemed to have been specifically approved by the Unitholders and are therefore not subject to Rules 905 and 906 of the Listing Manual to the extent that there is no subsequent change to the rates and/ or the bases of the fees charged thereunder which will adversely affect OUE C-REIT.

The fees and charges payable by OUE Hospitality Sub-Trust to RBC Trustee under the OUE H-REIT Trust Deed (as amended) and to the Property Manager under the Master Property Management Agreement, the Individual Property Management Agreement, the Shared Services Agreement, the Shared Electricity Services Agreement, the Licence Agreement, and the Mandarin Gallery Licence Agreement (each as defined in the prospectus of OUE Hospitality Trust dated 18 July 2013 (the "OUE H-Trust Prospectus")) each of which constitutes an Interested Person Transaction, are deemed to have been specifically approved by the stapled securityholders of OUE H-Trust upon subscription for the stapled securities at the initial public offering of OUE H-Trust and are therefore not subject to Rules 905 and 906 of the Listing Manual to the extent that there is no subsequent change to the rates and/ or the bases of the fees charged thereunder which will adversely affect OUE C-REIT.

As announced on 1 March 2022, RBC Trustee has retired as trustee of OUE Hospitality Sub-Trust with effect from 1 March 2022 and DBS Trustee has been appointed as the trustee of OUE Hospitality Sub-Trust with effect from 1 March 2022.

This includes OUE C-REIT's interest in joint ventures.

2 Income support arrangement of approximately S$15.0 million pursuant to the Deed of Rental Support on OUE Downtown Office (as defined in the circular dated 10 September 2018) is deemed to have been specifically approved by the Unitholders upon Unitholders' approval of the Acquisition (in respect of the Deed of Rental Support on OUE Downtown Office) and is therefore not subject to Rules 905 and 906 of the Listing Manual insofar that there is no subsequent change to the terms thereunder which will adversely affect OUE C-REIT.

The following table sets out a summary of Units issued for payment of the management fees during or in respect of the financial period from 1 January 2022 to 31 December 2022.

For Period	Issue Date	Units issued	*Issue Price (S$)
1 January 2022 to 31 March 2022	18 May 2022	4,660,977	0.4140
1 April 2022 to 30 June 2022	28 July 2022	5,021,806	0.3882
1 July 2022 to 30 September 2022	8 November 2022	5,634,706	0.3523
1 October 2022 to 31 December 2022	2 February 2023	5,947,982	0.3386

* Based on the volume weighted average traded price for a Unit for all trades on the SGX-ST in the ordinary course of trading on the SGX-ST for the last ten business days of the relevant period in which the management fee accrues.

STATISTICS OF UNITHOLDINGS

As at 2 March 2023

5,470,950,009 Units (one vote per Unit) in issue.
Market capitalisation of S$1,860,123,003.06 based on the market closing Unit price of S$0.340 on 2 March 2023.

DISTRIBUTION OF UNITHOLDINGS

Size of Unitholdings	Number of Unitholders	%	Number of Units	%
1 - 99	911	3.00	42,408	0.00
100 - 1,000	1,917	6.30	1,058,780	0.02
1,001 - 10,000	16,679	54.85	69,517,545	1.27
10,001 - 1,000,000	10,812	35.56	623,281,542	11.39
1,000,001 and above	88	0.29	4,777,049,734	87.32
TOTAL	**30,407**	**100.00**	**5,470,950,009**	**100.00**

TWENTY LARGEST UNITHOLDERS

No	Name of Unitholder	Number of Units	%
1	CITIBANK NOMINEES SINGAPORE PTE LTD	2,300,704,335	42.05
2	OUE LIMITED	1,177,747,285	21.53
3	DBS NOMINEES (PRIVATE) LIMITED	329,584,687	6.02
4	RAFFLES NOMINEES (PTE.) LIMITED	304,566,340	5.57
5	UNITED OVERSEAS BANK NOMINEES (PRIVATE) LIMITED	110,381,065	2.02
6	HSBC (SINGAPORE) NOMINEES PTE LTD	91,921,540	1.68
7	DBSN SERVICES PTE. LTD.	84,515,761	1.54
8	OCBC SECURITIES PRIVATE LIMITED	82,477,815	1.51
9	UOB KAY HIAN PRIVATE LIMITED	35,689,024	0.65
10	SOON LEE HENG TRADING & TRANSPORTATION PTE LTD	18,000,000	0.33
11	BNP PARIBAS NOMINEES SINGAPORE PTE. LTD.	17,971,356	0.33
12	CGS-CIMB SECURITIES (SINGAPORE) PTE. LTD.	15,806,408	0.29
13	PHILLIP SECURITIES PTE LTD	14,430,668	0.26
14	HENG SIEW ENG	13,583,553	0.25
15	OCBC NOMINEES SINGAPORE PRIVATE LIMITED	12,062,874	0.22
16	IFAST FINANCIAL PTE. LTD.	9,842,153	0.18
17	JACK INVESTMENT PTE LTD	7,031,353	0.13
18	ABN AMRO CLEARING BANK N.V.	6,504,892	0.12
19	MAYBANK SECURITIES PTE. LTD.	6,066,020	0.11
20	DBS VICKERS SECURITIES (SINGAPORE) PTE LTD	5,998,875	0.11
	TOTAL	**4,644,886,004**	**84.90**

DIRECTORS' INTERESTS IN UNITS AS AT 21 JANUARY 2023

	Direct Interest		Deemed Interest	
Directors	No. of Units held	%	No. of Units held	%
Mr Lee Yi Shyan	14,533	0.00	–	–
Mr Liu Chee Ming	722,615	0.01	–	–

STATISTICS OF UNITHOLDINGS

As at 2 March 2023

SUBSTANTIAL UNITHOLDERS' INTERESTS AS AT 2 MARCH 2023

	Direct Interest		Deemed Interest			
Name of Substantial Unitholder	No. of Units held	%	No. of Units held	%	Total No. of Units held	%
Clifford Development Pte. Ltd. ("Clifford")	1,471,601,271	26.90(28)	–	–	1,471,601,271	26.90(28)
OUE Limited	1,177,747,285	21.53(28)	1,471,601,271(1)	26.90(28)	2,649,348,556	48.43(28)
OUE Realty Pte. Ltd. ("OUER")	25,807,700	0.47(28)	2,649,348,556(2)	48.43(28)	2,675,156,256	48.90(28)
Golden Concord Asia Limited ("GCAL")	26,351,777	0.48(28)	2,675,156,256(3)	48.90(28)	2,701,508,033	49.38(28)
Fortune Crane Limited ("FCL")	–	–	2,701,508,033(4)	49.38(28)	2,701,508,033	49.38(28)
Lippo ASM Asia Property Limited ("LAAPL")	–	–	2,701,508,033(5)	49.38(28)	2,701,508,033	49.38(28)
HKC Property Investment Holdings Limited ("HKC Property")	–	–	2,701,508,033(6)	49.38(28)	2,701,508,033	48.38(28)
Hongkong Chinese Limited ("HCL")	–	–	2,701,508,033(7)	49.38(28)	2,701,508,033	49.38(28)
Hennessy Holdings Limited ("HHL")	–	–	2,701,508,033(8)	49.38(28)	2,701,508,033	49.38(28)
Huge Success Limited ("HSL") (formerly known as Prime Success Limited)	–	–	2,701,508,033(9)	49.38(28)	2,701,508,033	49.38(28)
Lippo Limited ("LL")	–	–	2,706,819,765(10)	49.48(28)	2,706,819,765	49.48(28)
Lippo Capital Limited ("LCL")	–	–	2,706,819,765(11)	49.48(28)	2,706,819,765	49.48(28)
Lippo Capital Holdings Company Limited ("LCH")	–	–	2,706,819,765(12)	49.48(28)	2,706,819,765	49.48(28)
Lippo Capital Group Limited ("LCG")	–	–	2,706,819,765(13)	49.48(28)	2,706,819,765	49.48(28)
Dr Stephen Riady	–	–	2,706,819,765(14)	49.48(28)	2,706,819,765	49.48(28)
PT Trijaya Utama Mandiri ("PT Trijaya")	–	–	2,706,819,765(15)	49.48(28)	2,706,819,765	49.48(28)
Mr James Tjahaja Riady	–	–	2,706,819,765(16)	49.48(28)	2,706,819,765	49.48(28)
Admiralty Station Management Limited ("Admiralty")	–	–	2,701,508,033(17)	49.38(28)	2,701,508,033	49.38(28)
Argyle Street Management Limited ("ASML")	–	–	2,701,508,033(18)	49.38(28)	2,701,508,033	49.38(28)
Argyle Street Management Holdings Limited ("ASMHL")	–	–	2,701,508,033(19)	49.38(28)	2,701,508,033	49.38(28)
Mr Kin Chan ("KC")	–	–	2,701,508,033(20)	49.38(28)	2,701,508,033	49.38(28)
Mr V-Nee Yeh ("VY")	–	–	2,701,508,033(21)	49.38(28)	2,701,508,033	49.38(28)
Mr Tang Yigang @ Gordon Tang ("GT")	397,213,888(22)	7.26(28)	–	–	397,213,888	7.26(28)
Madam Chen Huaidan @ Celine Tang ("CT")	353,121,062(23)	6.45(28)	–	–	353,121,062	6.45(28)
Mr Tang Jialin ("TJL")	323,670,352(24)	5.92(28)	8,687,351(25)	0.16(28)	332,357,703	6.08(28)
Madam Yang Chanzhen @ Janet Yeo ("JY")	323,670,352(26)	5.92(28)	8,687,351(27)	0.16(28)	332,357,703	6.08(28)

STATISTICS OF UNITHOLDINGS

As at 2 March 2023

Notes:

1 OUE Limited is deemed to have an interest in the Units held by Clifford. Clifford is a wholly-owned subsidiary of OUE Limited.

2 OUER is the immediate holding company of OUE Limited and has a deemed interest in the Units in which OUE Limited has a direct and deemed interest.

3 GCAL has a deemed interest in the Units through the direct and deemed interests of its wholly-owned subsidiary, OUER.

4 FCL has a deemed interest in the Units through the direct and deemed interests of its wholly-owned subsidiary, GCAL.

5 LAAPL is deemed to have an interest in the Units in which its subsidiary, FCL, has a deemed interest.

6 LAAPL is jointly held by HKC Property and Admiralty. Accordingly, HKC Property is deemed to have an interest in the Units in which LAAPL has a deemed interest.

7 HCL is the immediate holding company of HKC Property. Accordingly, HCL is deemed to have an interest in the Units in which HKC Property has a deemed interest.

8 HHL is an intermediate holding company of HKC Property. Accordingly, HHL is deemed to have an interest in the Units in which HKC Property has a deemed interest.

9 HSL is an intermediate holding company of HKC Property. Accordingly, HSL is deemed to have an interest in the Units in which HKC Property has a deemed interest.

10 LL is an intermediate holding company of HKC Property. Accordingly, LL is deemed to have an interest in the Units in which HKC Property has a deemed interest, as well as a deemed interest in the 5,311,732 Units held by Hongkong China Treasury Limited, a subsidiary of LL (the "HKCTL Units").

11 LCL is an intermediate holding company of HKC Property and the immediate holding company of LL. Accordingly, LCL is deemed to have an interest in the Units in which HKC Property has a deemed interest, as well as a deemed interest in the HKCTL Units in which LL has a deemed interest.

12 LCH is an intermediate holding company of HKC Property and LL. Accordingly, LCH is deemed to have an interest in the Units in which HKC Property has a deemed interest, as well as a deemed interest in the HKCTL Units in which LL has a deemed interest.

13 LCG is the holding company of LCH, which in turn is an intermediate holding company of HKC Property and LL. Accordingly, LCG is deemed to have an interest in the Units in which HKC Property has a deemed interest, as well as a deemed interest in the HKCTL Units in which LL has a deemed interest.

14 Dr Stephen Riady holds the entire issued share capital of LCG, which is the holding company of LCH. LCH in turn is an intermediate holding company of HKC Property and LL. Accordingly, Dr Stephen Riady is deemed to have an interest in the Units in which HKC Property has a deemed interest, as well as a deemed interest in the HKCTL Units in which LL has a deemed interest.

15 PT Trijaya holds more than 20% of the shares in LCL, which in turn is an intermediate holding company of HKC Property and the immediate holding company of LL. Accordingly, PT Trijaya is deemed to have an interest in the Units in which HKC Property has a deemed interest, as well as a deemed interest in the HKCTL Units in which LL has a deemed interest.

16 Mr James Tjahaja Riady effectively holds all the shares in PT Trijaya, which holds more than 20% of the shares in LCL. LCL in turn is an intermediate holding company of HKC Property and the immediate holding company of LL. Accordingly, Mr James Tjahaja Riady is deemed to have an interest in the Units in which HKC Property has a deemed interest, as well as a deemed interest in the HKCTL Units in which LL has a deemed interest.

17 LAAPL is jointly held by HKC Property and Admiralty. Accordingly, Admiralty is deemed to have an interest in the Units in which LAAPL has a deemed interest.

18 ASML owns 100% of the voting shares in the capital of Admiralty. Accordingly, ASML is deemed to have an interest in the Units in which Admiralty has a deemed interest.

19 ASMHL is the immediate holding company of ASML. Accordingly, ASMHL is deemed to have an interest in the Units in which ASML has a deemed interest.

20 KC is the beneficial holder of more than 20% of the issued share capital of ASMHL. Accordingly, KC is deemed to have an interest in the Units in which ASMHL has a deemed interest.

21 VY is the beneficial holder of more than 20% of the issued share capital of ASMHL. Accordingly, VY is deemed to have an interest in the Units in which ASMHL has a deemed interest.

22 GT's direct interest arises from 52,744,246 Units held in his own name, and 344,469,642 Units held by the joint accounts of GT and CT.

23 CT's direct interest arises from 8,651,420 Units held in her own name and 344,469,642 Units held by the joint accounts of GT and CT.

24 TJL has a direct interest in 323,670,352 Units held by the joint accounts of TJL and JY.

25 TJL holds not less than 20% interest in Senz Holdings Limited. Accordingly, TJL has a deemed interest in 8,687,351 Units held by Senz Holdings Limited.

26 JY has a direct interest in 323,670,352 Units held by the joint accounts of TJL and JY.

27 JY holds not less than 20% interest in Senz Holdings Limited. Accordingly, JY has a deemed interest in 8,687,351 Units held by Senz Holdings Limited.

28 The unitholding percentage is calculated based on 5,470,950,009 issued Units as at 2 March 2023.

PUBLIC FLOAT

Rule 723 of the Listing Manual of SGX-ST requires that at least 10% of the total number of issued units that is listed on the SGX-ST is at all times held by the public. Based on information available to the Manager as at 2 March 2023, approximately 35.94% of OUE C-REIT's Units were held in the hands of the public.

TREASURY UNITS AND SUBSIDIARY HOLDINGS

As at 2 March 2023, OUE C-REIT does not hold any treasury units and there are no subsidiary holdings as none of the subsidiaries of OUE C-REIT hold any Units.

CORPORATE INFORMATION

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Email: enquiry@ouect.com
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Bloomberg: OUECT SP

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Chairman and Non-Independent Non-Executive Director

Mr Liu Chee Ming
Lead Independent Director

Mr Tan Huay Lim
Independent Director

Mr Ong Kian Min
Independent Director

Ms Usha Ranee Chandradas
Independent Director

Mr Brian Riady
Non-Independent Non-Executive Director

Mr Han Khim Siew
Chief Executive Officer and Executive Director

AUDIT AND RISK COMMITTEE
Mr Tan Huay Lim
Chairman

Mr Liu Chee Ming
Mr Ong Kian Min
Ms Usha Ranee Chandradas

NOMINATING AND REMUNERATION COMMITTEE
Mr Ong Kian Min
Chairman

Ms Usha Ranee Chandradas
Mr Brian Riady

COMPANY SECRETARY
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Partner-in-charge: Mr Lee Chin Siang Barry
(Appointed since the financial year ended 31 December 2022)

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