

OUE COMMERCIAL REAL ESTATE INVESTMENT TRUST

**Unaudited Financial Statements Announcement for the Fourth Quarter 2016 and
Financial Year ended 31 December 2016**

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Introduction

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

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

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

Summary of OUE C-REIT Group Results

	4Q 2016 ⁽¹⁾ (S\$'000)	4Q 2015 ⁽²⁾ (S\$'000)	Change (%)	FY 2016 ⁽¹⁾ (S\$'000)	FY 2015 ⁽²⁾ (S\$'000)	Change (%)
Revenue	45,023	40,344	11.6	177,809	101,038	76.0
Net property income	34,820	29,678	17.3	138,631	75,639	83.3
Amount available for distribution to Unitholders	15,428	17,626 ⁽³⁾	(12.5)	67,417	56,118 ⁽³⁾	20.1
Distribution per Unit (“DPU”) (cents)	1.18	1.36 ⁽³⁾	(13.2)	5.18	4.38 ⁽³⁾	18.3

Footnotes:

- (1) The current period results of OUE C-REIT’s foreign subsidiaries are translated using the SGD:CNY rate of 1:4.832 for 4Q 2016 and 1:4.803 for FY 2016.
- (2) The prior period results of OUE C-REIT’s foreign subsidiaries are translated using the SGD:CNY rate of 1:4.555 for 4Q 2015 and 1:4.572 for FY 2015.
- (3) Includes a one-off distribution of capital return of S\$1.3 million in relation to certain expenses which are non-tax deductible from a tax perspective. Excluding this one-off distribution, DPU would be 1.26 cents for 4Q 2015 and 4.28 cents for FY 2015.

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Distribution Details

	To Unitholders	To CPPU Holder
Distribution period	1 July 2016 to 31 December 2016	
Distribution rate / type	2.50 cents per Unit comprising of: (i) Taxable income distribution of 1.05 cents per Unit (ii) Tax exempt income distribution of 1.20 cents per Unit (iii) Capital distribution of 0.25 cents per Unit	S\$2,765,027.32 which represents 1% p.a. of CPPU based on the issue price of S\$1.00 per CPPU comprising of taxable income, tax exempt income and capital distribution
Trade ex-date	2 February 2017, 9.00 a.m.	
Books closure date	6 February 2017, 5.00 p.m.	
Payment date	28 February 2017	

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

Statement of Total Return	Note	4Q 2016 ⁽¹⁾ (S\$'000)	4Q 2015 ⁽²⁾ (S\$'000)	Change (%)	FY 2016 ⁽¹⁾ (S\$'000)	FY 2015 ⁽²⁾ (S\$'000)	Change (%)
Revenue		45,023	40,344	11.6	177,809	101,038	76.0
Property operating expenses		(10,203)	(10,666)	(4.3)	(39,178)	(25,399)	54.3
Net property income		34,820	29,678	17.3	138,631	75,639	83.3
Other income	1	482	2,154	(77.6)	2,552	8,347	(69.4)
Negative goodwill arising from acquisition of subsidiaries	2	-	30,629	N/M	-	30,629	N/M
Amortisation of intangible asset		(1,118)	(1,047)	6.8	(4,471)	(4,187)	6.8
Write-back of impairment loss on intangible asset	3	-	5,300	N/M	-	5,300	N/M
Manager's management fees							
- Base fee	4	(2,389)	(2,399)	(0.4)	(9,427)	(6,367)	48.1
- Performance fee	4	(753)	-	N/M	(2,714)	-	N/M
Manager's acquisition fee	5	-	(10,719)	N/M	-	(10,719)	N/M
Trustee's fee		(139)	(140)	(0.7)	(551)	(389)	41.6
Other expenses		(212)	(2,327)	(90.9)	(1,404)	(3,337)	(57.9)
Finance income		6,439	96	N/M	6,135	715	N/M
Finance costs		(20,417)	(11,492)	77.7	(61,727)	(26,674)	N/M
Net finance costs	6	(13,978)	(11,396)	22.7	(55,592)	(25,959)	N/M
Foreign exchange differences		213	(125)	N/M	(451)	328	N/M
Net income		16,926	39,608	(57.3)	66,573	69,285	(3.9)
Net change in fair value of investment properties	7	25,495	21,825	16.8	25,495	21,825	16.8
Total return for the period/year before tax		42,421	61,433	(30.9)	92,068	91,110	1.1
Tax expense	8	(9,076)	(6,473)	40.2	(21,823)	(10,410)	N/M
Total return for the period/year		33,345	54,960	(39.3)	70,245	80,700	(13.0)
Attributable to:							
Unitholders and CPPU holder		30,364	53,458	(43.2)	61,998	79,198	(21.7)
Non-controlling interests		2,981	1,502	98.5	8,247	1,502	N/M
Total return for the period/year		33,345	54,960	(39.3)	70,245	80,700	(13.0)

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<u>Distribution Statement</u>	Note	4Q 2016 ⁽¹⁾ (S\$'000)	4Q 2015 ⁽²⁾ (S\$'000)	Change (%)	FY 2016 ⁽¹⁾ (S\$'000)	FY 2015 ⁽²⁾ (S\$'000)	Change (%)
Total return for the period/year attributable to Unitholders and CPPU holder		30,364	53,458	(43.2)	61,998	79,198	(21.7)
Less: Amount reserved for distribution to CPPU holder		(1,383)	(1,281)	8.0	(5,500)	(1,281)	N/M
Distribution adjustments	9	(13,553)	(34,551)	(60.8)	10,919	(21,799)	N/M
Amount available for distribution for the period/year		15,428	17,626	(12.5)	67,417	56,118	20.1
Comprising:							
Taxable income		6,565	8,382	(21.7)	29,336	36,641	(19.9)
Tax exempt income		6,847	9,244	(25.9)	25,517	19,477	31.0
Unitholders' contributions		2,016	-	N/M	12,564	-	N/M
		15,428	17,626	(12.5)	67,417	56,118	20.1

N/M: Not meaningful

Footnotes:

- (1) The current period results of OUE C-REIT's foreign subsidiaries are translated using the SGD:CNY rate of 1:4.832 for 4Q 2016 and 1:4.803 for FY 2016.
- (2) The prior period results of OUE C-REIT's foreign subsidiaries are translated using the SGD:CNY rate of 1:4.555 for 4Q 2015 and 1:4.572 for FY 2015.

Notes to Consolidated Statement of Total Return and Distribution Statement:

(1) Other income

Other income mainly comprises income support relating to the top-up payments from OUE Limited (the "Sponsor") pursuant to the Deed of Income Support dated 9 January 2014 (the "Deed of Income Support").

(2) Negative goodwill arising from acquisition of subsidiaries

In 2015, negative goodwill arising from the acquisition of subsidiaries of S\$30.6 million was related to the acquisition of the entire issued share capital of Beacon Property Holding Ltd ("Beacon") which holds an 83.33% interest in OUBC (collectively, the "Beacon Group") and represented the excess of the fair value of the assets and liabilities acquired over the fair value of the consideration paid. This had no impact on the DPU.

(3) Write-back of impairment loss on intangible asset

Intangible asset represents the unamortised income support received by OUE C-REIT from the Sponsor pursuant to the Deed of Income Support. In 4Q 2015, a partial write back of the impairment loss was made in view of the higher probable draw-down of income support expected over the next few years.

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(4) Manager's management fees

Manager's base management fee is calculated as 0.3% p.a. of the value of the deposited property of OUE C-REIT Group.

Manager's performance fee is calculated as 25% of the difference in DPU in a financial year with the DPU in the preceding 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.

(5) Manager's acquisition fee

In 2015, Manager's acquisition fee was earned on the underlying value of ORP which was acquired during the year.

(6) Net finance costs

Net finance costs comprises the following:

	4Q 2016	4Q 2015	Change	FY 2016	FY 2015	Change
	(\$'000)	(\$'000)	(%)	(\$'000)	(\$'000)	(%)
Finance income						
Interest income	42	96	(56.3)	134	715	(81.3)
Ineffective portion of changes in fair value of cash flow hedges	460	-	N/M	-	-	N/M
Change in fair value of financial derivatives	5,937	-	N/M	6,001	-	N/M
	6,439	96	N/M	6,135	715	N/M
Finance costs						
Borrowing costs	(9,203)	(9,124)	0.9	(38,220)	(19,981)	91.3
Amortisation of debt establishment costs	(4,328)	(2,014)	N/M	(10,383)	(5,362)	93.6
Ineffective portion of changes in fair value of cash flow hedges	-	(354)	N/M	(2,209)	(1,331)	66.0
Hedging reserve transferred from unitholders' funds	(6,886)	-	N/M	(10,915)	-	N/M
	(20,417)	(11,492)	77.7	(61,727)	(26,674)	N/M
Net finance costs	(13,978)	(11,396)	22.7	(55,592)	(25,959)	N/M

N/M: Not meaningful

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

	4Q 2016 (S\$'000)	4Q 2015 (S\$'000)	Change (%)	FY 2016 (S\$'000)	FY 2015 (S\$'000)	Change (%)
Ineffective portion of changes in fair value of cash flow hedges	460	(354)	N/M	(2,209)	(1,331)	66.0
Change in fair value of financial derivatives	5,937	-	N/M	6,001	-	N/M
Hedging reserve transferred from unitholders' funds	(6,886)	-	N/M	(10,915)	-	N/M
Net (loss)/gain	(489)	(354)	38.1	(7,123)	(1,331)	N/M

N/M: Not meaningful

(7) Net change in fair value of investment properties

As at 31 December 2016, independent valuations are carried out for all three properties of OUE C-REIT Group. Net change in fair value of investment properties for FY 2016 relates mainly to the revaluation gains between their respective valuations as at 31 December 2016 and the subsequent capital expenditure incurred, and their respective valuations as at 31 December 2015.

(8) Tax expense

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

	4Q 2016 (S\$'000)	4Q 2015 (S\$'000)	Change (%)	FY 2016 (S\$'000)	FY 2015 (S\$'000)	Change (%)
Current tax						
- Current period	3,285	2,829	16.1	12,875	4,892	N/M
- (Over)/ Under provision in respect of prior period	(188)	-	N/M	(188)	106	N/M
Deferred tax						
- Current period	5,692	3,466	64.2	7,964	4,954	60.8
- Over provision in respect of prior period	-	-	-	-	(164)	N/M
Withholding tax	287	178	61.2	1,172	622	88.4
	9,076	6,473	40.2	21,823	10,410	N/M

N/M: Not meaningful

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(9) Distribution adjustments

	4Q 2016 (S\$'000)	4Q 2015 (S\$'000)	Change (%)	FY 2016 (S\$'000)	FY 2015 (S\$'000)	Change (%)
Net change in fair value of investment properties	(25,495)	(21,825)	16.8	(25,495)	(21,825)	16.8
Negative goodwill arising from acquisition of subsidiaries	-	(30,629)	N/M	-	(30,629)	N/M
Write-back of impairment loss on intangible asset	-	(5,300)	N/M	-	(5,300)	N/M
Amortisation of intangible asset	1,118	1,047	6.8	4,471	4,187	6.8
Ineffective portion of changes in fair value of cash flow hedges	(460)	354	N/M	2,209	1,331	66.0
Change in fair value of financial derivatives	(5,937)	-	N/M	(6,001)	-	N/M
Hedging reserve transferred from unitholders' funds	6,886	-	N/M	10,915	-	N/M
Amortisation of debt establishment costs	4,328	2,014	N/M	10,383	5,362	93.6
Manager's fees paid/payable in Units	1,691	2,399	(29.5)	8,899	6,367	39.8
Manager's acquisition fees paid in Units	-	10,719	N/M	-	10,719	N/M
Trustee's fees	139	140	(0.7)	551	389	41.6
Costs relating to acquisition of subsidiaries	-	1,881	N/M	-	1,881	N/M
Foreign exchange differences	(213)	125	N/M	451	(328)	N/M
Deferred tax expense	5,692	3,466	64.2	7,964	4,790	66.3
Interest expense	-	1,280	N/M	-	1,280	N/M
Transfer to statutory reserve	(1,302)	-	N/M	(1,302)	-	N/M
Others	-	(222)	N/M	(2,126)	(23)	N/M
Net distribution adjustments	(13,553)	(34,551)	(60.8)	10,919	(21,799)	N/M

N/M: Not meaningful

Please refer to Section 8 on Review of the Performance.

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1(b)(i) Statements of Financial Position

Note	Group			Trust			
	31 Dec 2016 ⁽¹⁾ (S\$'000)	31 Dec 2015 ⁽²⁾ (S\$'000)	Change (%)	31 Dec 2016 (S\$'000)	31 Dec 2015 (S\$'000)	Change (%)	
Non-current assets							
	486	661	(26.5)	-	-	-	
Plant and equipment							
Investment properties	1	3,408,535	3,403,178	0.2	1,146,000	1,146,000	-
Intangible asset	2	9,203	13,674	(32.7)	9,203	13,674	(32.7)
Investments in subsidiaries		-	-	-	1,400,935	1,400,935	-
Trade and other receivables		309	493	(37.3)	-	-	-
Financial derivatives	3	315	6,573	(95.2)	288	6,573	(95.6)
		3,418,848	3,424,579	(0.2)	2,556,426	2,567,182	(0.4)
Current assets							
Trade and other receivables	4	11,302	13,600	(16.9)	2,820	5,862	(51.9)
Financial derivatives	3	-	30	N/M	-	30	N/M
Cash and cash equivalents		29,278	25,913	13.0	3,107	5,690	(45.4)
		40,580	39,543	2.6	5,927	11,582	(48.8)
Total assets		3,459,428	3,464,122	(0.1)	2,562,353	2,578,764	(0.6)
Non-current liabilities							
Loans and borrowings	5	961,949	1,302,184	(26.1)	636,553	975,011	(34.7)
Trade and other payables	6	39,196	39,277	(0.2)	12,084	14,051	(14.0)
Financial derivatives	3	7,747	180	N/M	6,440	180	N/M
Deferred tax liabilities		66,267	60,481	9.6	-	-	-
		1,075,159	1,402,122	(23.3)	655,077	989,242	(33.8)
Current liabilities							
Loans and borrowings	5	341,796	1,732	N/M	341,796	-	N/M
Trade and other payables	6	57,590	54,060	6.5	16,319	12,757	27.9
Financial derivatives	3	43	-	N/M	43	-	N/M
Current tax liabilities	7	15,962	10,954	45.7	-	-	-
		415,391	66,746	N/M	358,158	12,757	N/M
Total liabilities		1,490,550	1,468,868	1.5	1,013,235	1,001,999	1.1
Net assets							
		1,968,878	1,995,254	(1.3)	1,549,118	1,576,765	(1.8)
Represented by:							
Unitholders' funds	8	1,206,751	1,233,064	(2.1)	1,018,353	1,047,484	(2.8)
CPPU holder's funds	9	530,765	529,281	0.3	530,765	529,281	0.3
Non-controlling interests	10	231,362	232,909	(0.7)	-	-	-
		1,968,878	1,995,254	(1.3)	1,549,118	1,576,765	(1.8)

N/M: Not meaningful

Footnotes:

- (1) The statements of financial position of OUE C-REIT's foreign subsidiaries as at 31 December 2016 are translated using the SGD:CNY rate of 1:4.815.
- (2) The statements of financial position of OUE C-REIT's foreign subsidiaries as at 31 December 2015 are translated using the SGD:CNY rate of 1:4.589.

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Notes to Statements of Financial Position:

(1) Investment properties

Investment properties are carried at the last fair market value based on independent valuations as at 31 December 2016. The increase was mainly due to an increase in fair market valuation.

(2) Intangible asset

Intangible asset represents the unamortised income support receivable by OUE C-REIT from the Sponsor pursuant to the Deed of Income Support.

(3) Financial derivatives

Financial derivatives represent the fair value of the interest rate swaps ("IRS") entered to hedge the floating interest rate exposure of OUE C-REIT Group's borrowings. The movement for the financial period from December 2015 to December 2016 was due to net unfavourable changes in the fair value of the IRS as at 31 December 2016 and 31 December 2015.

(4) Trade and other receivables – Current

The decrease in the Group's and Trust's trade and other receivables is mainly due to lower income support receivable from the Sponsor for the period 1 July 2016 to 31 December 2016 as compared to the receivable for the same period of prior year.

(5) Loans and borrowings

The decrease in the Group's and Trust's non-current loans and borrowings and the increase in the Group's and Trust's current loans and borrowings is mainly due to the reclassification of certain loans and borrowings from non-current to current as they are due for refinancing within the next 12 months. Post year-end, the loan has been refinanced with a new 5-year loan facility signed in December 2016.

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

The Group's and Trust's non-current trade and other payables comprise tenants' security deposits. The increase in the Trust's current trade and other payables is mainly due to the reclassification of tenants' security deposits from non-current to current trade and other payables and the increase in other payables as at 31 December 2016.

(7) Current tax liabilities

The increase in current tax payable is mainly due to the better performance of Lippo Plaza and ORP, resulting in a higher current tax provision. This increase is offset by the payment of prior year's tax liability of Lippo Plaza and ORP.

(8) Unitholders' funds

The decrease in unitholders' funds is mainly due to the distributions paid to Unitholders in February and September 2016, the net unfavourable movement in the fair value reserve of the IRS as at 31 December 2016 and the depreciation of the CNY against the SGD from 31 December 2015 to 31 December 2016.

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(9) CPPU holder's funds

On 8 October 2015, 550.0 million CPPUs amounting to S\$550.0 million were issued to Clifford Development Pte. Ltd. ("Clifford") (a wholly-owned subsidiary of OUE Limited, the vendor of Beacon), as partial satisfaction of the purchase consideration for the acquisition of ORP. The CPPU holder is entitled to a coupon distribution of 1.0% per annum. The CPPUs have been recognised at its fair value as at the end of the financial period/year.

(10) Non-controlling interests

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

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

	31 Dec 2016 ⁽¹⁾ (S\$'000)	31 Dec 2015 ⁽²⁾ (S\$'000)
Secured borrowings		
Amount repayable within one year, or on demand	342,000	1,743
Amount repayable after one year	968,509	1,319,327
Less: Debt establishment costs ⁽³⁾	(6,764)	(17,154)
Total secured borrowings	1,303,745	1,303,916
Unsecured borrowings	-	-
Total borrowings	1,303,745	1,303,916

Footnotes:

- (1) The borrowings of OUE C-REIT's foreign subsidiaries as at 31 December 2016 are translated using the SGD:CNY rate of 1:4.815.
- (2) The borrowings of OUE C-REIT's foreign subsidiaries as at 31 December 2015 are translated using the SGD:CNY rate of 1:4.589.
- (3) Debt establishment costs are amortised over the tenure of the respective loan facilities.

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Details of any collaterals

As at 31 December 2016, the Group's loans and borrowings outstanding amounted to S\$1,260.8 million which includes the proportionate share of loans and borrowings in OUBC.

The Group has put in place the following credit facilities:

- (i) term loan facilities of \$580.0 million comprising (a) a five-year term loan facility of \$280.0 million and (b) a three-year term loan facility of \$300.0 million;
- (ii) a three-year revolving credit facility of \$100.0 million;
- (iii) a three-year term loan facility of \$360.0 million;
- (iv) a three-year term loan and revolving credit facility of \$370.0 million;
- (v) an eight-year onshore term loan facility of RMB144.5 million.

In addition to the above facilities, in December 2016, OUE C-REIT has entered into a loan facility agreement for a 5-year term loan and a revolving loan facility of S\$680.0 million. The facility which is unutilised as at 31 December 2016 will be used for refinancing requirements.

The Group's secured bank loans are secured on the following:

- investment properties with a total carrying amount of \$1,670.2 million;
- assignment of insurance policies on the above investment properties;
- assignment of all rights, titles, benefits and interests in connection with the sale and tenancy agreements, tenancy deposits/proceeds, sales deposits/proceeds, property management agreements and the receivables of certain properties;
- assignment of all rights, titles, benefits and interests in connection with the Deed of Income Support over OUE Bayfront;
- a debenture incorporating a fixed charge over book debts, charged accounts, goodwill, intellectual property and plant and machinery in connection with OUE Bayfront and floating charge over generally all of the present and future assets of the Trust in connection with OUE Bayfront;
- first priority fixed charge over the shares of certain subsidiaries; and
- the account control or charge over certain bank accounts of the Trust and certain subsidiaries.

Unsecured Medium Term Notes

In August 2015, OUE C-REIT, through its wholly-owned subsidiary, established a S\$1.5 billion Multicurrency Debt Issuance Programme (the "Programme"). Under the Programme, OUE C-REIT may from time to time issue notes ("Notes") and/or perpetual securities ("Perpetual") in series or tranches. As at 31 December 2016, no Notes and/or Perpetual have been issued under the Programme.

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1 (c) Consolidated Statement of Cash Flows

Note	4Q 2016 (S\$'000)	4Q 2015 (S\$'000)	FY 2016 (S\$'000)	FY 2015 (S\$'000)
Cash flows from operating activities				
Total return for the period/year	33,345	54,960	70,245	80,700
Adjustments for:				
Amortisation of intangible asset	1,118	1,047	4,471	4,187
Write-back of impairment loss on intangible asset	-	(5,300)	-	(5,300)
Depreciation of plant and equipment	51	43	205	48
Manager's fees paid/payable in Units	1,691	13,118	8,899	17,086
Finance costs	20,417	11,492	61,727	26,674
Finance income	(6,439)	(96)	(6,135)	(715)
Net change in fair value of investment properties	(25,495)	(21,825)	(25,495)	(21,825)
Negative goodwill arising from acquisition of subsidiaries	-	(30,629)	-	(30,629)
Costs relating to acquisition of subsidiaries	-	1,881	-	1,881
Tax expense	9,076	6,473	21,823	10,410
Operating income before working capital changes	33,764	31,164	135,740	82,517
Changes in working capital:				
Trade and other receivables	(3,209)	(3,643)	(644)	(1,956)
Trade and other payables	1,235	(4,679)	5,330	(1,392)
Cash generated from operating activities	31,790	22,842	140,426	79,169
Tax (paid)/refund	(607)	248	(8,598)	(1,556)
Net cash from operating activities	31,183	23,090	131,828	77,613
Cash flow from investing activities				
Acquisition of subsidiaries, net of cash acquired	1	(594,076)	-	(594,076)
Additions to plant and equipment	(16)	(3)	(31)	(6)
Payment for capital expenditure on investment properties	(1,094)	(1,059)	(1,386)	(1,857)
Interest received	42	247	134	715
Net cash used in investing activities	(1,068)	(594,891)	(1,283)	(595,224)
Cash flows from financing activities				
Payment of transaction costs related to the issue of units	-	(3,239)	-	(5,991)
Payment of transaction costs related to loan and borrowings	-	(6,005)	-	(6,005)
Distribution paid to Unitholders	-	-	(65,399)	(50,154)
Distribution paid to CPPU holder	-	-	(4,016)	-
Distribution paid to non-controlling interests	-	-	(10,000)	-
Interest paid	(7,718)	(2,506)	(38,124)	(13,234)
Proceeds from issue of Units from rights issue	2	-	-	218,285
Proceeds from borrowings	-	390,000	141,855	421,000
Repayment of borrowings	(19,500)	(21,740)	(150,755)	(52,265)
Movement in restricted cash	-	-	1,719	652
Net cash (used in)/ from financing activities	(27,218)	356,510	(124,720)	512,288
Net increase/ (decrease) in cash and cash equivalents	2,897	(215,291)	5,825	(5,323)
Cash and cash equivalents at beginning of the period/year	26,033	239,689	24,149	28,736
Effect of exchange rate fluctuations on cash held	348	(249)	(696)	736
Cash and cash equivalents at end of the period/year	3	29,278	24,149	29,278

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Note to Consolidated Statement of Cash Flows:

- (1) During 4Q 2015 and FY 2015, ORP was acquired through the acquisition of Beacon Group. 550,000,000 CPPU amounting to S\$550.0 million were issued as partial satisfaction of the purchase consideration for the acquisition of ORP.
- (2) 393,305,817 Units amounting to S\$218.3 million were issued on 4 August 2015 pursuant to the rights issue. Transaction costs relating to the rights issue were paid out from the gross proceeds from the rights issue. Such costs were incurred in accordance with pages 20 to 22 of the Offer Information Statement dated 3 July 2015. The gross proceeds from the rights issue have been materially disbursed on 8 October 2015 to partially fund the acquisition of ORP.
- (3) For purpose of the Consolidated Statement of Cash Flows, the Group's cash and cash equivalents comprise the following:

	31 Dec 2016 (S\$'000)	31 Dec 2015 (S\$'000)
Bank and cash balances	14,227	14,376
Fixed deposits	15,051	11,537
Cash and cash equivalents at end of the year	29,278	25,913
Less: Restricted cash	-	(1,764)
Cash and cash equivalents	29,278	24,149

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

Group	Unitholders	CPPU	Total	Non-	Total
4Q 2016	(S\$'000)	holder	(S\$'000)	controlling	(S\$'000)
		(S\$'000)	(S\$'000)	interests	(S\$'000)
				(S\$'000)	
Net assets attributable to owners at 1 October 2016	1,157,388	529,382	1,686,770	228,082	1,914,852
Operations					
Total return for the period	30,364	-	30,364	2,981	33,345
Less: Amount reserved for distribution to CPPU holder	(1,383)	1,383	-	-	-
Net increase in net assets resulting from operations	28,981	1,383	30,364	2,981	33,345
Transactions with owners					
<i>Contributions by and distributions to owners:</i>					
Issue of new Units					
- Manager's fees paid/payable in Units	1,691	-	1,691	-	1,691
Net decrease in net assets resulting from transactions with owners	1,691	-	1,691	-	1,691
Movement in foreign currency translation reserve	6,781	-	6,781	-	6,781
Hedging transactions					
Effective portion of change in fair value of cash flow hedges	5,036	-	5,036	287	5,323
Hedging reserve transferred to statement of total return	6,874	-	6,874	12	6,886
Net movement in hedging transactions	11,910	-	11,910	299	12,209
Net assets attributable to owners at 31 December 2016	1,206,751	530,765	1,737,516	231,362	1,968,878

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

Group FY 2016	Unitholders (S\$'000)	CPPU holder (S\$'000)	Total (S\$'000)	Non- controlling interests (S\$'000)	Total (S\$'000)
Net assets attributable to owners at 1 January 2016	1,233,064	529,281	1,762,345	232,909	1,995,254
Operations					
Total return for the year	61,998	-	61,998	8,247	70,245
Less: Amount reserved for distribution to CPPU holder	(5,500)	5,500	-	-	-
Net increase in net assets resulting from operations	56,498	5,500	61,998	8,247	70,245
Transactions with owners					
<i>Contributions by and distributions to owners:</i>					
Issue of new Units					
- Manager's fees paid/payable in Units	8,899	-	8,899	-	8,899
Distributions paid to Unitholders	(65,399)	-	(65,399)	-	(65,399)
Distributions paid to CPPU Holder	-	(4,016)	(4,016)	-	(4,016)
Distributions paid to non-controlling interest	-	-	-	(10,000)	(10,000)
Net decrease in net assets resulting from transactions with owners	(56,500)	(4,016)	(60,516)	(10,000)	(70,516)
Movement in foreign currency translation reserve	(19,326)	-	(19,326)	-	(19,326)
Hedging transactions					
Effective portion of change in fair value of cash flow hedges	(17,549)	-	(17,549)	(145)	(17,694)
Hedging reserve transferred to statement of total return	10,564	-	10,564	351	10,915
Net movement in hedging transactions	(6,985)	-	(6,985)	206	(6,779)
Net assets attributable to owners at 31 December 2016	1,206,751	530,765	1,737,516	231,362	1,968,878

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

Trust	Unitholders	CPPU holder	Total
4Q 2016	(S\$'000)	(S\$'000)	(S\$'000)
Net assets attributable to owners at 1 October 2016	1,011,077	529,382	1,540,459
Operations			
Total return for the period	(3,447)	-	(3,447)
Less: Amount reserved for distribution to CPPU holder	(1,383)	1,383	-
Net (decrease)/increase in net assets resulting from operations	(4,830)	1,383	(3,447)
Transactions with owners			
<i>Contributions by and distributions to owners</i>			
Issue of new Units			
- Manager's fees paid/payable in Units	1,691	-	1,691
Net decrease in net assets resulting from transactions with owners	1,691	-	1,691
Hedging transactions			
Effective portion of change in fair value of cash flow hedges	3,598	-	3,598
Hedging reserve transferred to statement of total return	6,817	-	6,817
Net movement in hedging transactions	10,415	-	10,415
Net assets attributable to owners at 31 December 2016	1,018,353	530,765	1,549,118

Trust	Unitholders	CPPU holder	Total
FY 2016	(S\$'000)	(S\$'000)	(S\$'000)
Net assets attributable to owners at 1 January 2016	1,047,484	529,281	1,576,765
Operations			
Total return for the year	40,886	-	40,886
Less: Amount reserved for distribution to CPPU holder	(5,500)	5,500	-
Net increase in net assets resulting from operations	35,386	5,500	40,886
Transactions with owners			
<i>Contributions by and distributions to owners</i>			
Issue of new Units			
- Manager's fees paid/payable in Units	8,899	-	8,899
Distributions paid to Unitholders	(65,399)	-	(65,399)
Distributions paid to CPPU holder	-	(4,016)	(4,016)
Net decrease in net assets resulting from transactions with owners	(56,500)	(4,016)	(60,516)
Hedging transactions			
Effective portion of change in fair value of cash flow hedges	(16,828)	-	(16,828)
Hedging reserve transferred to statement of total return	8,811	-	8,811
Net movement in hedging transactions	(8,017)	-	(8,017)
Net assets attributable to owners at 31 December 2016	1,018,353	530,765	1,549,118

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

Group	Unitholders	CPPU	Total	Non-	Total
4Q 2015	(S\$'000)	holder	(S\$'000)	controlling	(S\$'000)
		(S\$'000)	(S\$'000)	interest	
				(S\$'000)	
					(S\$'000)
Net assets attributable to owners at 1 October 2015	1,169,738	-	1,169,738	-	1,169,738
Operations					
Total return for the period	53,458	-	53,458	1,502	54,960
Less: Amount reserved for distribution to CPPU holder	(1,281)	1,281	-	-	-
Net increase in net assets resulting from operations	52,177	1,281	53,458	1,502	54,960
Transactions with owners					
Contributions by and distribution to owners:					
Issue of new Units					
- Acquisition fee paid to Manager in Units	10,719	-	10,719	-	10,719
- Manager's fees paid/payable in Units	2,399	-	2,399	-	2,399
Issue of CPPU	-	528,000	528,000	-	528,000
Issue costs	9	-	9	-	9
Acquisition of subsidiary with non-controlling interest	-	-	-	231,407	231,407
Net increase in net assets resulting from transactions with owners	13,127	528,000	541,127	231,407	772,534
Movement in foreign currency translation reserve	(5,369)	-	(5,369)	-	(5,369)
Hedging transactions					
Effective portion of change in fair value of cash flow hedges	3,391	-	3,391	-	3,391
Net assets attributable to owners at 31 December 2015	1,233,064	529,281	1,762,345	232,909	1,995,254

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

Group	Unitholders	CPPU	Total	Non-	Total
FY 2015	(S\$'000)	holder	(S\$'000)	controlling	(S\$'000)
Net assets attributable to owners				interests	
at 1 January 2015	(S\$'000)	(S\$'000)	(S\$'000)	(S\$'000)	(S\$'000)
Operations					
Total return for the year	957,785	-	957,785	-	957,785
Less: Amount reserved for distribution to CPPU holder	79,198	-	79,198	1,502	80,700
	(1,281)	1,281	-	-	-
Net increase in net assets resulting from operations	77,917	1,281	79,198	1,502	80,700
Transactions with owners					
Contributions by and distributions to owners:					
Issue of new Units					
- Rights issue	218,285	-	218,285	-	218,285
- Acquisition fees paid to Manager in Units	10,719	-	10,719	-	10,719
- Manager's fees paid/payable in Units	6,367	-	6,367	-	6,367
Issue of CPPU	-	528,000	528,000	-	528,000
Issue costs	(5,991)	-	(5,991)	-	(5,991)
Distributions paid to Unitholders	(50,154)	-	(50,154)	-	(50,154)
Acquisition of subsidiaries with non- controlling interest	-	-	-	231,407	231,407
Net increase in net assets resulting from transactions with owners	179,226	528,000	707,226	231,407	938,633
Movement in foreign currency translation reserve	10,887	-	10,887	-	10,887
Hedging transactions					
Effective portion of change in fair value of cash flow hedges	7,249	-	7,249	-	7,249
Net assets attributable to owners at 31 December 2015	1,233,064	529,281	1,762,345	232,909	1,995,254

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

Trust	Unitholders	CPPU	Total
4Q 2015	(S\$'000)	holder	(S\$'000)
Net assets attributable to owners at 1 October 2015	(S\$'000)	(S\$'000)	(S\$'000)
Operations			
Total return for the period	1,016,209	-	1,016,209
Less: Amount reserved for distribution to CPPU holder	16,038	-	16,038
Net increase in net assets resulting from operations	(1,281)	1,281	-
	14,757	1,281	16,038
Transactions with owners			
Contributions by and distribution to owners			
Issue of new Units			
- Acquisition fee paid to Manager in Units	10,719	-	10,719
- Manager's fees paid/payable in Units	2,399	-	2,399
Issue of CPPU	-	528,000	528,000
Issue costs	9	-	9
Net increase in net assets resulting from transactions with owners	13,127	528,000	541,127
Movement in foreign currency translation reserve	-	-	-
Hedging transactions			
Effective portion of change in fair value of cash flow hedges	3,391	-	3,391
Net assets attributable to owners at 31 December 2015	1,047,484	529,281	1,576,765

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

Trust FY 2015	Unitholders (S\$'000)	CPPU holder (S\$'000)	Total (S\$'000)
Net assets attributable to owners at 1 January 2015	829,611	-	829,611
Operations			
Total return for the year	32,679	-	32,679
Less: Amount reserved for distribution to CPPU holder	(1,281)	1,281	-
Net increase in net assets resulting from operations	31,398	1,281	32,679
Transactions with owners			
Contributions by and distribution to owners			
Issue of new Units			
- Rights Issue	218,285	-	218,285
- Acquisition fee paid to Manager in Units	10,719	-	10,719
- Manager's fees paid/payable in Units	6,367	-	6,367
Issue of CPPU	-	528,000	528,000
Issue costs	(5,991)	-	(5,991)
Distribution paid to Unitholders	(50,154)	-	(50,154)
Net increase in net assets resulting from Unitholders' transactions	179,226	528,000	707,226
Hedging transactions			
Effective portion of change in fair value of cash flow hedges	7,249	-	7,249
Net assets attributable to owners at 31 December 2015	1,047,484	529,281	1,576,765

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

	4Q 2016 (^{'000})	4Q 2015 (^{'000})	FY 2016 (^{'000})	FY 2015 (^{'000})
Units in issue:				
At the beginning of the financial period/year	1,295,136	1,268,873	1,285,799	870,197
Issue of new Units relating to:				
- Rights issue	-	-	-	393,306
- Manager's fees paid in Units	2,696	16,926	12,033	22,296
At the end of the period/year	1,297,832	1,285,799	1,297,832	1,285,799
Units to be issued:				
Manager's fee payable in Units	4,766	3,653	4,766	3,653
At the end of the period/year	1,302,598	1,289,452	1,302,598	1,289,452

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On 8 October 2015, 14,663,132 new Units have been issued as payment for the acquisition fee of S\$10.7 million in relation to the acquisition of ORP. The acquisition fee was paid in Units as the acquisition of ORP constitutes an interested party transaction. These Units shall not be sold by the Manager within one year from their date of issue.

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

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

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

Not applicable.

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

The accounting policies and methods of computation adopted in the preparation of the financial statements for the current report financial year are consistent with those described in the audited financial statements for the financial year ended 31 December 2015.

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

Not applicable.

6 Earnings per Unit and Distribution per Unit

Earnings per Unit attributable to Unitholders ("EPU")

	4Q 2016	4Q 2015	FY 2016	FY 2015
Weighted average number of Units	1,297,883,771	1,284,722,497	1,293,739,685	1,040,048,312
Basic EPU (cents)	2.23	4.06	4.37	7.49
Weighted average number of Units ⁽¹⁾	1,956,581,553	1,888,946,247	1,956,581,553	1,192,345,805
Diluted EPU (cents)	1.55	2.83	3.17	6.64

Footnote:

(1) The weighted average number of Units includes the potential Units to be issued assuming all the CPPUs were converted at S\$0.841 per Unit.

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6 Earnings per Unit and Distribution per Unit (cont'd)

550.0 million CPPUs were issued in October 2015 as partial satisfaction of the purchase consideration for the acquisition of ORP. The CPPUs cannot be converted for a period of four years commencing from the date of issue ("Restriction Period") save in certain limited circumstances and thereafter, not more than one-third of the CPPUs initially issued can be converted in any one year. After the Restriction Period, the CPPUs can be converted into Units at S\$0.841 per Unit and will impact the EPU upon conversion. Upon full conversion, 653,983,353 Units will be issued.

Distribution per Unit attributable to Unitholders ("DPU")

	4Q 2016	4Q 2015	FY 2016	FY 2015
No of Units entitled to distribution	1,302,598,200 ⁽¹⁾	1,289,451,569 ⁽²⁾	1,302,598,200 ⁽¹⁾	1,289,451,569 ⁽²⁾
Distribution per Unit (Cents)	1.18	1.36 ⁽³⁾	5.18	4.38 ⁽³⁾

Footnotes:

- (1) Comprises the Units in issue as at 31 December 2016 of 1,297,831,964 and Units to be issued to the Manager as satisfaction of Manager's base fee payable for 4Q 2016 of 2,786,985 and Manager's performance fee payable for FY 2016 of 1,979,251.
- (2) Comprises the Units in issue as at 31 December 2015 of 1,285,798,463 and Units to be issued to the Manager as satisfaction of Manager's base fee payable for 4Q 2015 of 3,653,106.
- (3) Includes a one-off distribution of capital return of S\$1.3 million in relation to certain expenses which are non-tax deductible from a tax perspective. Excluding this one-off distribution, DPU would be 1.26 cents for 4Q 2015 and 4.28 cents for FY 2015.

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

	Group		Trust	
	31 Dec 2016	31 Dec 2015	31 Dec 2016	31 Dec 2015
No of Units in issue and to be issued at end of period/year	1,302,598,200	1,289,451,569	1,302,598,200	1,289,451,569
Net asset value ("NAV") per Unit (S\$)	0.93	0.96	0.78	0.81
Net tangible asset ("NTA") per Unit (S\$)	0.92	0.95	0.77	0.80

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

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8 Review of the Performance

Statement of Total Return	4Q 2016 ⁽¹⁾ (S\$'000)	4Q 2015 ⁽²⁾ (S\$'000)	Change (%)	FY 2016 ⁽¹⁾ (S\$'000)	FY 2015 ⁽²⁾ (S\$'000)	Change (%)
Revenue	45,023	40,344	11.6	177,809	101,038	76.0
Property operating expenses	(10,203)	(10,666)	(4.3)	(39,178)	(25,399)	54.3
Net property income	34,820	29,678	17.3	138,631	75,639	83.3
Other income	482	2,154	(77.6)	2,552	8,347	(69.4)
Negative goodwill arising from acquisition of subsidiaries	-	30,629	N/M	-	30,629	N/M
Amortisation of intangible asset	(1,118)	(1,047)	6.8	(4,471)	(4,187)	6.8
Write-back of impairment loss on intangible asset	-	5,300	N/M	-	5,300	N/M
Manager's management fees						
- Base fee	(2,389)	(2,399)	(0.4)	(9,427)	(6,367)	48.1
- Performance fee	(753)	-	N/M	(2,714)	-	N/M
Manager's acquisition fee	-	(10,719)	N/M	-	(10,719)	N/M
Trustee's fee	(139)	(140)	(0.7)	(551)	(389)	41.6
Other expenses	(212)	(2,327)	(90.9)	(1,404)	(3,337)	(57.9)
Finance income	6,439	96	N/M	6,135	715	N/M
Finance costs	(20,417)	(11,492)	77.7	(61,727)	(26,674)	N/M
Net finance costs	(13,978)	(11,396)	22.7	(55,592)	(25,959)	N/M
Foreign exchange differences	213	(125)	N/M	(451)	328	N/M
Net income	16,926	39,608	(57.3)	66,573	69,285	(3.9)
Net change in fair value of investment properties	25,495	21,825	16.8	25,495	21,825	16.8
Total return for the period/year before tax	42,421	61,433	(30.9)	92,068	91,110	1.1
Tax expense	(9,076)	(6,473)	40.2	(21,823)	(10,410)	N/M
Total return for the period/year	33,345	54,960	(39.3)	70,245	80,700	(13.0)

N/M: Not meaningful

Footnotes:

- (1) The current period results of OUE C-REIT's foreign subsidiaries are translated using the SGD:CNY rate of 1:4.832 for 4Q 2016 and 1:4.803 for FY 2016.
- (2) The prior period results of OUE C-REIT's foreign subsidiaries are translated using the SGD:CNY rate of 1:4.555 for 4Q 2015 and 1:4.572 for FY 2015.

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Review of OUE C-REIT Group's performance 4Q 2016 vs 4Q 2015

Higher revenue of S\$45.0 million on the back of improved performance at all three properties coupled with lower property operating expenses of S\$10.2 million has resulted in a higher 4Q 2016 net property income of S\$34.8 million as compared to S\$29.7 million in 4Q 2015.

Other income of S\$0.5 million was 77.6% lower, mainly due to lower drawdown of income support as a result of better performance at OUE Bayfront.

Manager's performance fee is calculated based on 25% of the difference in DPU in a financial year with the DPU in the preceding financial year. Manager's performance fee was accrued in 2016 due to higher DPU in 2016 compared to 2015.

The higher other expenses incurred in 4Q 2015 was mainly due to the stamp duty and acquisition related cost incurred on the acquisition of ORP via Beacon Group.

The increase in net finance costs from S\$11.4 million to S\$14.0 million was mainly attributed to the following:

- Increase in debt establishment costs from the accelerated amortisation in view of loan prepayment plans, and
- S\$0.5 million net fair value loss recognised due to discontinuation of hedge accounting as well as the ineffective portion of the changes in fair value for certain IRS.

The above expenses have no impact on DPU.

Higher tax expenses of S\$9.1 million was mainly due to higher tax provision as a result of better performance of Lippo Plaza and ORP.

Review of OUE C-REIT Group's performance FY 2016 vs FY 2015

The revenue and property expense increased in FY 2016 to S\$177.8 million and S\$39.2 million mainly due to full year contribution from ORP which was acquired in October 2015. The improved performance at all 3 properties also contributed to the higher revenue. Consequently, net property income increased to S\$138.6 million from S\$75.6 million in FY 2015.

Other income of S\$2.6 million was 69.4% lower, mainly due to lower drawdown of income support as a result of better performance at OUE Bayfront.

Manager's base fee of S\$9.4 million and Trustee's fee of S\$0.6 million were 48.1% and 41.6% higher respectively, mainly due to higher deposited property in FY 2016, arising from the acquisition of ORP. Manager's performance fee is calculated as 25% of the difference in DPU in a financial year with the DPU in the preceding financial year. Manager's performance fee was accrued in 2016 due to higher DPU in 2016 compared to 2015.

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The higher other expenses incurred in FY 2015 was mainly due to the stamp duty and acquisition related cost incurred on the acquisition of ORP via Beacon Group.

The increase in net finance costs from S\$26.0 million to S\$55.6 million was mainly attributed to the following:

- Full year impact of the borrowing costs on loans drawn to finance the acquisition of ORP in October 2015;
- Increase in debt establishment costs of approximately \$5.0 million from the full year impact from loans drawn for the acquisition of ORP and the accelerated amortisation in view of loan prepayment plans;
- S\$7.1 million net fair value loss recognised due to discontinuation of hedge accounting as well as the ineffective portion of the changes in fair value for certain IRS.

The amortisation of debt establishment costs and net fair value loss have no impact to the DPU.

Higher tax expenses of S\$21.8 million was mainly due to full year tax provision for ORP which was acquired in October 2015, as well as better performance of Lippo Plaza and ORP.

9 Variance between Actual and Forecast Results

OUE C-REIT has not made any forecast.

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

Singapore

Singapore's 2016 GDP growth was 1.8%⁽¹⁾, slowing from 2.0% in 2015, according to advance estimates by the Ministry of Trade and Industry ("MTI"). While this was ahead of MTI's earlier forecast of 1.0% to 1.5%, GDP growth was the weakest since 2009 during the global financial crisis. Growth was propped up by the services sector which grew 9.4% year-on-year ("YoY") in 4Q 2016, as well as the manufacturing sector, which expanded 6.5% YoY in the same period. MTI's GDP growth forecast for 2017 is 1.0% - 3.0%.

According to CBRE, CBD Grade A office rents in Singapore contracted 2.2% QoQ to S\$9.10⁽²⁾ psf per month as at end- 2016, with core CBD office occupancy edging down 0.1% ppt QoQ to 95.8%. Though net absorption was a positive 542,260 sq ft in 4Q 2016, this was mainly due to pre-commitments and further leasing in the newly completed office projects. Vacancy levels are expected to rise once occupiers, who are still fulfilling existing lease terms prior to relocation, vacate existing premises in the coming quarters.

China

China's 2016 GDP growth was 6.7%⁽³⁾, in line with the official GDP growth forecast of between 6.5% and 7.0%. The growth in output was buoyed by higher government spending, a housing rally and record bank lending. In light of planned capacity reductions, industrial production growth is expected to moderate in 2017, while authorities are expected to tighten monetary policy to rein in excessive credit and rising property prices, with the aim of a more sustainable economy.

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According to Colliers International, Shanghai CBD Grade A office rents increased 3.1% YoY to RMB10.4⁽⁴⁾ psm per day as at end-2016, edging down slightly QoQ from RMB10.5 psm per day in the previous quarter. CBD Grade A office vacancy increased 0.4 ppt QoQ to 89.8% as at 4Q 2016, up 5.3 ppt YoY due to a record amount of new office completions. 11 new office buildings completed during 2016, the highest full-year supply in five years which expanded stock 7.4% YoY to 6.1 million sq m.

Outlook

QUE C-REIT's portfolio of strategically located Grade A office properties continue to record steady occupancy levels which provide stability in income. Rental rates achieved at QUE C-REIT's properties have been in line with, or above current market rates.

In view of further new office supply coming on-stream in Shanghai in 2017, the overall CBD Grade A vacancy rate may continue to increase in the coming quarters and hence the rental outlook is expected to be subdued. We expect a stable performance from Lippo Plaza given its prime location. Further, the long-term lease committed by Victoria's Secret for its first flagship store in China which is opening in 1Q 2017 will start to contribute to Lippo Plaza's performance in 2017. This further underpins the stability of the property's income.

While the decline in Singapore office rents appears to have slowed, current market rents are still lower than that in 2014, when most of QUE C-REIT's leases expiring in 2017 were committed. Hence, negative rental reversions for expiring leases are likely in the coming year. However, this is mitigated as there is downside protection for rental revenue at QUE Bayfront as a result of the income support arrangement which will expire in only in 2019. At One Raffles Place, the Manager will continue to focus on improving operational performance.

Despite the current headwinds faced in the office markets of Singapore and Shanghai, they remain key financial and business hubs and will continue to remain attractive to companies seeking a foothold in the region.

¹ Singapore Ministry of Trade and Industry Press Release, 3 January 2017

² CBRE, Singapore MarketView 4Q 2016

³ National Bureau of Statistics of China Press Release, 20 January 2017

⁴ Colliers International East China Real Estate Market 2016 Review and 2017 Outlook, 4 January 2017

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11 Distribution

(a) Current financial period

Any distribution declared for the current financial period? Yes

Unitholders

Name of distribution: Distribution for the financial period from 1 July 2016 to 31 December 2016

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

Distribution rate: (i) Taxable income distribution: 1.05 cents per Unit
(ii) Tax exempt income distribution: 1.20 cents per Unit
(iii) Capital distribution: 0.25 cents per Unit

CPPU Holder

Name of distribution: Distribution for the financial period from 1 July 2016 to 31 December 2016

Distribution rate/ type: S\$2,765,027.32 which represents 1% p.a. of CPPU based on the issue price of S\$1.00 per CPPU comprising taxable income distribution, tax exempt income distribution income and capital distribution

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

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

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

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

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

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Tax-exempt income distribution

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

Capital distribution

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

Book closure date: 6 February 2017

Date payable: 28 February 2017

(b) Corresponding period of the immediately preceding financial year

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

Unitholders

Name of distribution: Distribution for the financial period from 1 July 2015 to 31 December 2015

Distribution type: (i) Taxable income distribution
(ii) Capital distribution

Distribution rate: (i) Taxable income distribution: 1.39 cents per Unit
(ii) Capital distribution: 0.99 cents per Unit

CPPU Holder

Name of distribution: Distribution for the financial period from 8 October 2015 to 31 December 2015

Distribution rate/ type: S\$1,280,821.92 which represents 1% p.a. of CPPU based on the issue price of S\$1.00 per CPPU comprising taxable income distribution and capital distribution

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

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

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

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

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

Capital distribution

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

Book closure date: 4 February 2016

Date payable: 29 February 2016

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

Not applicable.

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

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

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14 Segment Information by Geographical Segment

	Singapore			China		
	FY 2016 (S\$'000)	FY 2015 (S\$'000)	Change (%)	FY 2016 ⁽¹⁾ (S\$'000)	FY 2015 ⁽²⁾ (S\$'000)	Change (%)
Revenue	146,679	72,974	N/M	31,130	28,064	10.9
Property operating expenses	(33,179)	(18,491)	79.4	(5,999)	(6,908)	(13.2)
Segment net property income	113,500	54,483	N/M	25,131	21,156	18.8

N/M: Not meaningful

Footnotes:

- (1) The results of OUE C-REIT's foreign subsidiaries are translated using the SGD:CNY rate of 1:4.803 for FY 2016.
(2) The results of OUE C-REIT's foreign subsidiaries are translated using the SGD:CNY rate of 1:4.572 for FY 2015.

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

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

16 Breakdown of Revenue

	FY 2016 (S\$'000)	FY 2015 (S\$'000)	Change (%)
Revenue for first half year	88,602	40,088	NM
Total return for first half year	24,164	17,705	36.5
Revenue for second half year	89,207	60,950	46.4
Total return for second half year	46,081	62,995	(26.8)

17 Breakdown of Total Annual Distribution

	FY 2016 (S\$'000)	FY 2015 (S\$'000)
1 July 2014 to 31 December 2014	-	24,777
1 January 2015 to 30 June 2015	-	25,377
1 July 2015 to 31 December 2015 ⁽¹⁾	30,689	-
1 January 2016 to 30 June 2016	34,710	-
1 July 2016 to 31 December 2016 ⁽¹⁾	-	-

Footnote:

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

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

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

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

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

On behalf of the Board of the Manager

Christopher Williams
Chairman and Non-Executive Director

Tan Shu Lin
Chief Executive Officer and Executive Director

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

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

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

By Order of the Board

Ng Ngai

Company Secretary

OUE Commercial REIT Management Pte. Ltd.

(as Manager of OUE Commercial Real Estate Investment Trust)

(Company registration no. 201327018E)

26 January 2017