

OUE COMMERCIAL REAL ESTATE INVESTMENT TRUST

**Unaudited Financial Statements Announcement for the Fourth Quarter 2017 and
Financial Year ended 31 December 2017**

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Introduction

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

OUE C-REIT was listed on the Main Board of the Singapore Exchange Securities Trading Limited (“SGX-ST”) on 27 January 2014. The principal investment strategy of OUE C-REIT is to invest, directly or indirectly, in a portfolio of income-producing real estate used primarily for commercial purposes (including real estate used primarily for office and/or retail purposes) in financial and business hubs within and outside of Singapore, as well as real estate-related assets. OUE C-REIT’s portfolio currently comprises 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 2017 ⁽¹⁾ (S\$'000)	4Q 2016 ⁽²⁾ (S\$'000)	Change (%)	FY 2017 ⁽¹⁾ (S\$'000)	FY 2016 ⁽²⁾ (S\$'000)	Change (%)
Revenue	43,994	45,023	(2.3)	176,297	177,809	(0.9)
Net property income	34,699	34,820	(0.3)	138,186	138,631	(0.3)
Amount available for distribution to Unitholders	17,680	15,428	14.6	69,950	67,417	3.8
Distribution per Unit (“DPU”) (cents)	1.14	1.18	(3.4)	4.67	5.18	(9.8)

Footnotes:

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

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

Statement of Total Return	Note	4Q 2017 ⁽¹⁾ (S\$'000)	4Q 2016 ⁽²⁾ (S\$'000)	Change (%)	FY 2017 ⁽¹⁾ (S\$'000)	FY 2016 ⁽²⁾ (S\$'000)	Change (%)
Revenue		43,994	45,023	(2.3)	176,297	177,809	(0.9)
Property operating expenses		(9,295)	(10,203)	(8.9)	(38,111)	(39,178)	(2.7)
Net property income		34,699	34,820	(0.3)	138,186	138,631	(0.3)
Other income	1	1,003	482	N/M	3,312	2,552	29.8
Amortisation of intangible asset		(1,113)	(1,118)	(0.4)	(4,452)	(4,471)	(0.4)
Manager's management fees	2	(2,478)	(3,142)	(21.1)	(9,593)	(12,141)	(21.0)
Trustee's fee		(142)	(139)	2.2	(557)	(551)	1.1
Other expenses		(276)	(212)	30.2	(1,692)	(1,404)	20.5
Finance income		2,848	6,439	(55.8)	5,997	6,135	(2.2)
Finance costs		(11,651)	(20,417)	(42.9)	(48,763)	(61,727)	(21.0)
Net finance costs	3	(8,803)	(13,978)	(37.0)	(42,766)	(55,592)	(23.1)
Foreign exchange differences		(79)	213	N/M	(314)	(451)	(30.4)
Net Income		22,811	16,926	34.8	82,124	66,573	23.4
Net change in fair value of investment properties	4	101,617	25,495	N/M	101,617	25,495	N/M
Total return for the period/year before tax		124,428	42,421	N/M	183,741	92,068	99.6
Tax expense	5	(23,014)	(9,076)	N/M	(36,058)	(21,823)	65.2
Total return for the period/year		101,414	33,345	N/M	147,683	70,245	N/M
Attributable to:							
Unitholders and Convertible Perpetual Preferred Units ("CPPU") holder		95,816	30,364	N/M	136,310	61,998	N/M
Non-controlling interests		5,598	2,981	87.8	11,373	8,247	37.9
Total return for the period/year		101,414	33,345	N/M	147,683	70,245	N/M

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Distribution Statement	Note	4Q 2017 ⁽¹⁾ (S\$'000)	4Q 2016 ⁽²⁾ (S\$'000)	Change (%)	FY 2017 ⁽¹⁾ (S\$'000)	FY 2016 ⁽²⁾ (S\$'000)	Change (%)
Total return for the period attributable to Unitholders and CPPU holder		95,816	30,364	N/M	136,310	61,998	N/M
Less: Amount reserved for distribution to CPPU holder		(1,197)	(1,383)	(13.4)	(5,311)	(5,500)	(3.4)
Distribution adjustments	6	(76,939)	(13,553)	N/M	(61,049)	10,919	N/M
Amount available for distribution for the period/year		17,680	15,428	14.6	69,950	67,417	3.8
Comprising:							
Taxable income		7,119	6,565	8.4	27,999	29,336	(4.6)
Tax exempt income		6,260	6,847	(8.6)	26,580	25,517	4.2
Unitholders' contributions		4,301	2,016	N/M	15,371	12,564	22.3
		17,680	15,428	14.6	69,950	67,417	3.8

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 1:4.888 for 4Q 2017 and 1:4.895 for FY 2017.
- (2) The prior 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.

Notes to Consolidated Statement of Total Return and Distribution Statement:

(1) Other income

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

(2) Manager's management fees

Manager's management fees comprise the following:-

	4Q 2017 (S\$'000)	4Q 2016 (S\$'000)	Change (%)	FY 2017 (S\$'000)	FY 2016 (S\$'000)	Change (%)
Base fee	2,478	2,389	3.7	9,593	9,427	1.8
Performance fee	-	753	N/M	-	2,714	N/M
	2,478	3,142	(21.1)	9,593	12,141	(21.0)

N/M: Not meaningful

The Manager has elected to pay 20% of the base management fee in cash, with the balance 80% in the form of new Units for both FY 2017 and FY 2016.

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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. There is no performance fee in 2017.

In 2016, 50% of the performance fee was paid in cash, and the remaining 50% paid in the form of new Units.

(3) Net finance costs

Net finance costs comprises the following:

	4Q 2017 (S\$'000)	4Q 2016 (S\$'000)	Change (%)	FY 2017 (S\$'000)	FY 2016 (S\$'000)	Change (%)
Finance income						
Interest income	236	42	N/M	687	134	N/M
Ineffective portion of changes in fair value of cash flow hedges	2,612	460	N/M	5,310	-	N/M
Change in fair value of financial derivatives	-	5,937	N/M	-	6,001	N/M
	2,848	6,439	(55.8)	5,997	6,135	(2.2)
Finance costs						
Borrowing costs	(10,193)	(9,203)	10.8	(38,954)	(38,220)	1.9
Amortisation of debt establishment costs	(1,270)	(4,328)	(70.7)	(6,769)	(10,383)	(34.8)
Ineffective portion of changes in fair value of cash flow hedges	-	-	-	-	(2,209)	N/M
Change in fair value of financial derivatives	-	-	-	(2,326)	-	N/M
Hedging reserve transferred from unitholders' funds	(188)	(6,886)	(97.3)	(714)	(10,915)	(93.5)
	(11,651)	(20,417)	(42.9)	(48,763)	(61,727)	(21.0)
Net finance costs	(8,803)	(13,978)	(37.0)	(42,766)	(55,592)	(23.1)

N/M: Not meaningful

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

	4Q 2017 (S\$'000)	4Q 2016 (S\$'000)	Change (%)	FY 2017 (S\$'000)	FY 2016 (S\$'000)	Change (%)
Ineffective portion of changes in fair value of cash flow hedges	2,612	460	N/M	5,310	(2,209)	N/M
Change in fair value of financial derivatives	-	5,937	N/M	(2,326)	6,001	N/M
Hedging reserve transferred from unitholders' funds	(188)	(6,886)	(97.3)	(714)	(10,915)	(93.5)
Net fair value gain/(loss)	2,424	(489)	N/M	2,270	(7,123)	N/M

N/M: Not meaningful

(4) Net change in fair value of investment properties

As at 31 December 2017, independent valuations are carried out for all three properties of OUE C-REIT Group. Net change in fair value of investment properties for FY 2017 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 2017.

(5) Tax expense

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

	4Q 2017 (S\$'000)	4Q 2016 (S\$'000)	Change (%)	FY 2017 (S\$'000)	FY 2016 (S\$'000)	Change (%)
Current tax						
- Current period	3,936	3,285	19.8	14,403	12,875	11.9
- Under/(Over) provision in respect of prior period	203	(188)	N/M	1,472	(188)	N/M
Deferred tax						
- Current period	19,218	5,692	N/M	21,085	7,964	N/M
- Over provision in respect of prior period	(733)	-	N/M	(2,245)	-	N/M
Withholding tax	390	287	35.9	1,343	1,172	14.6
	23,014	9,076	N/M	36,058	21,823	65.2

N/M: Not meaningful

(6) Distribution adjustments

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

Please refer to Section 8 on Review of the Performance.

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(b)(i) Statements of Financial Position

Note	Group			Trust		
	31 Dec 2017 ⁽¹⁾ (S\$'000)	31 Dec 2016 ⁽²⁾ (S\$'000)	Change (%)	31 Dec 2017 (S\$'000)	31 Dec 2016 (S\$'000)	Change (%)
Non-current assets						
	512	486	5.3	-	-	-
1	3,515,148	3,408,535	3.1	1,153,000	1,146,000	0.6
2	4,751	9,203	(48.4)	4,751	9,203	(48.4)
	-	-	-	1,376,992	1,400,935	(1.7)
	290	309	(6.1)	-	-	-
3	-	315	N/M	-	288	N/M
	3,520,701	3,418,848	3.0	2,534,743	2,556,426	(0.8)
Current assets						
4	12,555	11,302	11.1	2,919	2,820	3.5
	40,314	29,278	37.7	19,948	3,107	N/M
	52,869	40,580	30.3	22,867	5,927	N/M
Total assets	3,573,570	3,459,428	3.3	2,557,610	2,562,353	(0.2)
Non-current liabilities						
5	748,319	961,949	(22.2)	571,521	636,553	(10.2)
6	-	-	-	149,372	-	N/M
	38,489	39,196	(1.8)	12,186	12,084	0.8
3	10,705	7,747	38.2	9,754	6,440	51.5
7	84,152	66,267	27.0	-	-	-
	881,665	1,075,159	(18.0)	742,833	655,077	13.4
Current liabilities						
5	514,016	341,796	50.4	198,783	341,796	(41.8)
8	157,268	57,590	N/M	116,177	16,319	N/M
3	487	43	N/M	166	43	N/M
	16,052	15,962	0.6	-	-	-
	687,823	415,391	65.6	315,126	358,158	(12.0)
Total liabilities	1,569,488	1,490,550	5.3	1,057,959	1,013,235	4.4
Net assets	2,004,082	1,968,878	1.8	1,499,651	1,549,118	(3.2)
Represented by:						
9	1,407,285	1,206,751	16.6	1,137,760	1,018,353	11.7
10	361,891	530,765	(31.8)	361,891	530,765	(31.8)
11	234,906	231,362	1.5	-	-	-
	2,004,082	1,968,878	1.8	1,499,651	1,549,118	(3.2)

N/M: Not meaningful

Footnotes:

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

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Notes to Statements of Financial Position:

(1) **Investment properties**

Investment properties are carried at the latest fair market value based on independent valuations as at 31 December 2017. The increase was due largely to increase in fair market valuation of all properties.

(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 year from 31 December 2016 to 31 December 2017 was due to net unfavourable changes in the fair value of the IRS during the year.

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

The Group’s trade and other receivables increased compared to 31 December 2016 mainly due to additional prepayments relating to maintenance work. At the Trust level, trade and other receivable increased mainly due higher income support receivable from the Sponsor in the current year.

(5) **Borrowings – Non-current and Current**

The Group’s total borrowings decreased as compared to 31 December 2016 mainly due to partial prepayments of loans with private placement proceeds. In September 2017, S\$150.0 million notes were issued through the Trust’s wholly owned subsidiary, OUE CT Treasury Pte. Ltd., proceeds of which were largely utilised for prepayment of Trust level’s loans. The Group’s term loans due in 2018 were also reclassified to current borrowings.

At Trust level, maturing loans were refinanced with a new 5-year loan facility, resulting in an increase in 2017 non-current borrowings and decrease in 2017 current borrowings due. This is partially offset by the reclassification of maturing term loan in 2018 to current borrowings.

(6) **Loan from a subsidiary**

At the Trust level, the loan from subsidiary as at 31 December 2017 relates to the above note proceeds on-lent by OUE CT Treasury Pte. Ltd. to the Trust.

(7) **Deferred tax liabilities**

The increase in the Group’s deferred tax liabilities is mainly due to deferred tax provision made on net fair gain in the valuation of Lippo Plaza.

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(8) Trade and other payables - Current

The increase in the Group's trade and other payables is largely due to the reclassification of 100.0 million CPPUs amounting to S\$100.0 million from equity to current payables post the irrevocable redemption notice issued on 1 December 2017 to redeem these CPPUs on 2 January 2018.

(9) Unitholders' funds

The increase in unitholders' funds is mainly due to the S\$150.0 million gross private placement proceeds received from the issue of 233,281,400 Units in March 2017, and profits for the year. This is offset by year-to-date distributions paid to Unitholders, net unfavourable movement in the fair value reserve of IRS as at 31 December 2017 and the depreciation of the CNY against the SGD from 31 December 2016 to 31 December 2017.

(10) CPPU holder's funds

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

On 2 November 2017, 75.0 million CPPUs were redeemed at issue price, amounting to S\$75.0 million. An irrevocable redemption notice was also issued on 1 December 2017 to redeem 100.0 million CPPUs (amounting to S\$100.0 million) on 2 January 2018, this was reclassified to current payables as at 31 December 2017. 375.0 million CPPUs remain outstanding as at 31 December 2017.

(11) Non-controlling interests

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

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

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

	31 Dec 2017 ⁽¹⁾ (S\$'000)	31 Dec 2016 ⁽²⁾ (S\$'000)
Secured borrowings		
Amount repayable within one year, or on demand	494,516	341,796
Amount repayable after one year	598,947	961,949
Total secured borrowings	1,093,463	1,303,745
Unsecured borrowings		
Amount repayable within one year, or on demand	19,500	-
Amount repayable after one year	149,372	-
Total unsecured borrowings	168,872	-
Total borrowings ⁽³⁾	1,262,335	1,303,745

Footnotes:

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

Details of any collaterals

The Group secured borrowings are collateralised by:-

- investment properties with a total carrying amount of S\$1,741.9 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. On 5 September 2017, unsecured three-year notes of S\$150.0 million have been issued under the Programme.

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1 (c) Consolidated Statement of Cash Flows

Note	4Q 2017 (S\$'000)	4Q 2016 (S\$'000)	FY 2017 (S\$'000)	FY 2016 (S\$'000)
Cash flows from operating activities				
Total return for the period/year	101,414	33,345	147,683	70,245
Adjustments for:				
Amortisation of intangible asset	1,113	1,118	4,452	4,471
Depreciation of plant and equipment	53	51	209	205
Manager's fees paid/payable in Units	1,982	1,691	7,674	8,899
Finance costs	11,651	20,417	48,763	61,727
Finance income	(2,848)	(6,439)	(5,997)	(6,135)
Net change in fair value of investment properties	(101,617)	(25,495)	(101,617)	(25,495)
Loss on disposal of plant and equipment	2	-	16	-
Tax expense	23,014	9,076	36,058	21,823
Operating income before working capital changes	34,764	33,764	137,241	135,740
Changes in working capital:				
Trade and other receivables	7,995	(3,209)	(1,241)	(644)
Trade and other payables	(1,935)	1,235	3,055	5,330
Cash generated from operating activities	40,824	31,790	139,055	140,426
Tax paid	(2,794)	(607)	(17,033)	(8,598)
Net cash from operating activities	38,030	31,183	122,022	131,828
Cash flow from investing activities				
Additions to plant and equipment	(9)	(16)	(245)	(31)
Payment for capital expenditure on investment properties	(12,755)	(1,094)	(19,873)	(1,386)
Interest received	236	42	687	134
Net cash used in investing activities	(12,528)	(1,068)	(19,431)	(1,283)
Cash flows from financing activities				
Distribution paid to Unitholders	(39)	-	(66,860)	(65,399)
Distribution paid to CPPU holder	(189)	-	(5,681)	(4,016)
Distribution paid to non-controlling interest	-	-	(7,600)	(10,000)
Interest paid	(8,605)	(7,718)	(37,478)	(38,124)
Proceeds from issuance of Units	1	-	150,000	-
Proceeds from issuance of Notes	2	-	150,000	-
Payment of transaction costs related to the issue of Units	1	-	(906)	-
Proceeds from borrowings	82,000	-	788,200	141,855
Payment of transaction costs related to borrowings	(734)	-	(11,139)	-
Redemption of CPPUs	3	(75,000)	(75,000)	-
Repayment of borrowings	(31,500)	(19,500)	(974,700)	(150,755)
Movement in restricted cash	-	-	-	1,719
Net cash used in financing activities	(34,067)	(27,218)	(91,164)	(124,720)
Net (decrease)/increase in cash and cash equivalents	(8,565)	2,897	11,427	5,825
Cash and cash equivalents at beginning of the period/year	48,961	26,033	29,278	24,149
Effect of exchange rate fluctuations on cash held	(82)	348	(391)	(696)
Cash and cash equivalents at end of the period/year	40,314	29,278	40,314	29,278

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Notes to Consolidated Statement of Cash Flows:

- (1) Gross proceeds of S\$150.0 million was pursuant to the private placement completed in March 2017. Transaction costs of S\$0.9 million relating to the issue were paid from the gross proceeds received. The remaining proceeds have been utilised to partially repay OUE C-REIT's secured term loan due in 2018 and revolving loan facility.
- (2) On 5 September 2017, the Group issued S\$150.0 million notes due 5 September 2020 pursuant to the S\$1.5 billion Multicurrency Debt Issuance Programme. The net proceeds has largely been utilised for prepayment of the OUE C-REIT's secured term loan due in 2018 and revolving loan facility.
- (3) On 2 November 2017, the Group redeemed 75.0 million CPPUs at the issue price of the CPPUs, amounting to S\$75.0 million.
- (4) For purpose of the Consolidated Statement of Cash Flows, the Group's cash and cash equivalents comprise the following:

	31 Dec 2017 (S\$'000)	31 Dec 2016 (S\$'000)
Bank and cash balances	10,134	14,227
Short-term deposits	30,180	15,051
Cash and cash equivalents	40,314	29,278

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

Group	Unitholders	CPPU	Total	Non-	Total
4Q 2017	(S\$'000)	holder	(S\$'000)	controlling	(S\$'000)
Net assets attributable to owners		(S\$'000)		interests	
at 1 October 2017	1,319,256	529,387	1,848,643	229,288	2,077,931
Operations					
Total return for the period	95,816	-	95,816	5,598	101,414
Less: Amount reserved for distribution to CPPU holder	(1,197)	1,197	-	-	-
Net increase in net assets resulting from operations	94,619	1,197	95,816	5,598	101,414
Transactions with owners					
Contributions by and distributions to owners					
Issue of new Units					
- Manager's fees paid/payable in Units	1,982	-	1,982	-	1,982
CPPUs redeemed/to be redeemed	-	(168,000)	(168,000)	-	(168,000)
Difference on redemption of CPPUs	(7,000)	-	(7,000)	-	(7,000)
Distribution paid/payable to CPPU holder	-	(693)	(693)	-	(693)
Total contributions by and distributions to owners	(5,018)	(168,693)	(173,711)	-	(173,711)
Changes in ownership interests in subsidiary					
Liquidation of a subsidiary with non-controlling interests	-	-	-	(28)	(28)
Total changes in ownership interests in subsidiary	-	-	-	(28)	(28)
Movement in foreign currency translation reserve	(1,879)	-	(1,879)	-	(1,879)
Hedging transactions					
Effective portion of change in fair value of cash flow hedges	131	-	131	36	167
Hedging reserve transferred to statement of total return	176	-	176	12	188
Net movement in hedging transactions	307	-	307	48	355
Net assets attributable to owners at 31 December 2017	1,407,285	361,891	1,769,176	234,906	2,004,082

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

Group	Unitholders	CPPU	Total	Non-	Total
FY 2017	(S\$'000)	holder	(S\$'000)	controlling	(S\$'000)
				interests	
				(S\$'000)	(S\$'000)
Net assets attributable to owners at 1 January 2017	1,206,751	530,765	1,737,516	231,362	1,968,878
Operations					
Total return for the year	136,310	-	136,310	11,373	147,683
Less: Amount reserved for distribution to CPPU holder	(5,311)	5,311	-	-	-
Net increase in net assets resulting from operations	130,999	5,311	136,310	11,373	147,683
Transactions with owners					
Contributions by and distributions to owners					
Issue of new Units					
- Private placement	150,000	-	150,000	-	150,000
- Manager's fees paid/payable in Units	7,674	-	7,674	-	7,674
Issue costs	(906)	-	(906)	-	(906)
CPPUs redeemed/to be redeemed	-	(168,000)	(168,000)	-	(168,000)
Difference on redemption of CPPUs	(7,000)	-	(7,000)	-	(7,000)
Distributions paid to Unitholders	(66,860)	-	(66,860)	-	(66,860)
Distribution paid/payable to CPPU holder	-	(6,185)	(6,185)	-	(6,185)
Dividends paid	-	-	-	(7,600)	(7,600)
Total contributions by and distributions to owners	82,908	(174,185)	(91,277)	(7,600)	(98,877)
Changes in ownership interests in subsidiary					
Liquidation of a subsidiary with non-controlling interests	-	-	-	(28)	(28)
Total changes in ownership interests in subsidiary	-	-	-	(28)	(28)
Movement in foreign currency translation reserve	(7,589)	-	(7,589)	-	(7,589)
Hedging transactions					
Effective portion of change in fair value of cash flow hedges	(6,451)	-	(6,451)	(248)	(6,699)
Hedging reserve transferred to statement of total return	667	-	667	47	714
Net movement in hedging transactions	(5,784)	-	(5,784)	(201)	(5,985)
Net assets attributable to owners at 31 December 2017	1,407,285	361,891	1,769,176	234,906	2,004,082

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

Trust 4Q 2017	Unitholders (S\$'000)	CPPU holder (S\$'000)	Total (S\$'000)
Net assets attributable to owners at 1 October 2017	1,097,897	529,387	1,627,284
Operations			
Total return for the period	46,008	-	46,008
Less: Amount reserved for distribution to CPPU holder	(1,197)	1,197	-
Net increase in net assets resulting from operations	44,811	1,197	46,008
Transactions with owners			
<i>Contributions by and distributions to owners</i>			
Issue of new Units			
- Manager's fees paid/payable in Units	1,982	-	1,982
CPPUs redeemed/to be redeemed	-	(168,000)	(168,000)
Difference on redemption of CPPUs	(7,000)	-	(7,000)
Distribution paid/payable to CPPU holder	-	(693)	(693)
Net decrease in net assets resulting from transactions with owners	(5,018)	(168,693)	(173,711)
Hedging transactions			
Effective portion of change in fair value of cash flow hedges	(48)	-	(48)
Hedging reserve transferred to statement of total return	118		118
Net movement in hedging transactions	70	-	70
Net assets attributable to owners at 31 December 2017	1,137,760	361,891	1,499,651

Trust FY 2017	Unitholders (S\$'000)	CPPU holder (S\$'000)	Total (S\$'000)
Net assets attributable to owners at 1 January 2017	1,018,353	530,765	1,549,118
Operations			
Total return for the year	46,588	-	46,588
Less: Amount reserved for distribution to CPPU holder	(5,311)	5,311	-
Net increase in net assets resulting from operations	41,277	5,311	46,588
Transactions with owners			
<i>Contributions by and distributions to owners</i>			
Issue of new Units			
- Private placement	150,000	-	150,000
- Manager's fees paid/payable in Units	7,674	-	7,674
Issue costs	(906)	-	(906)
CPPUs redeemed/to be redeemed	-	(168,000)	(168,000)
Difference on redemption of CPPUs	(7,000)	-	(7,000)
Distributions paid to Unitholders	(66,860)	-	(66,860)
Distribution paid/payable to CPPU Holder	-	(6,185)	(6,185)
Net increase/(decrease) in net assets resulting from transactions with owners	82,908	(174,185)	(91,277)
Hedging transactions			
Effective portion of change in fair value of cash flow hedges	(5,211)	-	(5,211)
Hedging reserve transferred to statement of total return	433	-	433
Net movement in hedging transactions	(4,778)	-	(4,778)
Net assets attributable to owners at 31 December 2017	1,137,760	361,891	1,499,651

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

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					
Contributions by and distributions to owners					
Issue of new Units					
- Manager's fees paid/payable in Units	1,691	-	1,691	-	1,691
Net increase 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	Unitholders	CPPU	Total	Non-	Total
FY 2016	(S\$'000)	holder	(S\$'000)	controlling	(S\$'000)
				interests	
				(S\$'000)	(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
Distribution paid to Unitholders	(65,399)	-	(65,399)	-	(65,399)
Distribution paid to CPPU Holder	-	(4,016)	(4,016)	-	(4,016)
Dividends paid	-	-	-	(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 4Q 2016	Unitholders (S\$'000)	CPPU holder (S\$'000)	Total (S\$'000)
Net assets attributable to owners at 1 October 2016	1,011,077	529,382	1,540,459
Operations			
Total loss 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 increase 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 FY 2016	Unitholders (S\$'000)	CPPU holder (S\$'000)	Total (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
Distribution paid to Unitholders	(65,399)	-	(65,399)
Distribution 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)(ii) Details of Any Changes in Units (Group and Trust)

	4Q 2017 ('000)	4Q 2016 ('000)	FY 2017 ('000)	FY 2016 ('000)
Units in issue:				
At the beginning of the period/year	1,541,257	1,295,136	1,297,832	1,285,799
Issue of new Units relating to:				
- Manager's fees paid in Units	2,756	2,696	12,899	12,033
- Private placement	-	-	233,282	-
At the end of the period	1,544,013	1,297,832	1,544,013	1,297,832
Units to be issued:				
Manager's fee payable in Units	2,756	4,766	2,756	4,766
At the end of the period/year	1,546,769	1,302,598	1,546,769	1,302,598

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 2016.

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

Not applicable.

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6 Earnings per Unit and Distribution per Unit

Earnings per Unit attributable to Unitholders (“EPU”)

	4Q 2017	4Q 2016	FY 2017	FY 2016
Weighted average number of Units	1,544,042,744	1,297,883,771	1,492,057,479	1,293,739,685
Basic EPU (cents)	6.13	2.23	8.78	4.37
Weighted average number of Units ⁽¹⁾	2,072,475,981	1,956,581,553	2,120,485,149	1,956,581,553
Diluted EPU (cents)	4.62	1.55	6.43	3.17

Footnote:

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

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

On 2 November 2017, 75.0 million CPPUs were redeemed. An irrevocable redemption notice was also issued on 1 December 2017 to redeem 100.0 million CPPUs on 2 January 2018. A total of 375.0 million CPPUs remain convertible as at 31 December 2017. Assuming that the remaining 375.0 million CPPUs are fully converted, 445,897,741 Units will be issued.

Distribution per Unit attributable to Unitholders (“DPU”)

	4Q 2017	4Q 2016	FY 2017	FY 2016
No of Units entitled to distribution	1,546,769,007 ⁽¹⁾	1,302,598,200 ⁽²⁾	1,546,769,007 ⁽¹⁾	1,302,598,200 ⁽²⁾
Distribution per Unit (cents)	1.14	1.18	4.67	5.18

Footnotes:

- (1) Comprises the Units in issue as at 31 December 2017 of 1,544,012,785 and Units to be issued to the Manager as satisfaction of Manager’s base fee payable for 4Q 2017 of 2,756,222.
(2) 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.

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

	Group		Trust	
	31 Dec 2017	31 Dec 2016	31 Dec 2017	31 Dec 2016
No of Units in issue and to be issued at end of period/year	1,546,769,007	1,302,598,200	1,546,769,007	1,302,598,200
Net asset value ("NAV") per Unit (S\$)	0.91	0.93	0.74	0.78
Net tangible asset ("NTA") per Unit (S\$)	0.91	0.92	0.73	0.77

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

8 Review of the Performance

Statement of Total Return	4Q 2017 ⁽¹⁾ (S\$'000)	4Q 2016 ⁽²⁾ (S\$'000)	Change (%)	FY 2017 ⁽¹⁾ (S\$'000)	FY 2016 ⁽²⁾ (S\$'000)	Change (%)
Revenue	43,994	45,023	(2.3)	176,297	177,809	(0.9)
Property operating expenses	(9,295)	(10,203)	(8.9)	(38,111)	(39,178)	(2.7)
Net property income	34,699	34,820	(0.3)	138,186	138,631	(0.3)
Other income	1,003	482	N/M	3,312	2,552	29.8
Amortisation of intangible asset	(1,113)	(1,118)	(0.4)	(4,452)	(4,471)	(0.4)
Manager's management fees	(2,478)	(3,142)	(21.1)	(9,593)	(12,141)	(21.0)
Trustee's fee	(142)	(139)	2.2	(557)	(551)	1.1
Other expenses	(276)	(212)	30.2	(1,692)	(1,404)	20.5
Finance income	2,848	6,439	(55.8)	5,997	6,135	(2.2)
Finance costs	(11,651)	(20,417)	(42.9)	(48,763)	(61,727)	(21.0)
Net finance costs	(8,803)	(13,978)	(37.0)	(42,766)	(55,592)	(23.1)
Foreign exchange differences	(79)	213	N/M	(314)	(451)	(30.4)
Net Income	22,811	16,926	34.8	82,124	66,573	23.4
Net change in fair value of investment properties	101,617	25,495	N/M	101,617	25,495	N/M
Total return for the period/year before tax	124,428	42,421	N/M	183,741	92,068	99.6
Tax expense	(23,014)	(9,076)	N/M	(36,058)	(21,823)	65.2
Total return for the period/year	101,414	33,345	N/M	147,683	70,245	N/M

N/M: Not meaningful

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Footnotes:

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

Review of OUE C-REIT Group's performance 4Q 2017 vs 4Q 2016

4Q 2017 net property income of S\$34.7 million was marginally lower compared to S\$34.8 million achieved in 4Q 2016. This was due to lower rental income and one-off income, as well as lower operating cost.

Other income was S\$0.5 million higher in 4Q 2017 compared to 4Q 2016, due to higher income support drawdown in relation to OUE Bayfront from the Sponsor.

No performance fees was accrued for 4Q 2017 (vs 4Q 2016: S\$0.8 million), as there has been no increase in FY 2017 DPU as compared to FY 2016 DPU. Hence the lower Manager's management fees.

Net finance cost decreased S\$5.2 million year-on-year mainly attributable to favorable IRS' fair value movement (4Q 2017: net gain of S\$2.4 million vs 4Q 2016: net loss of S\$0.5 million) and lower current year debt establishment cost. Both have no DPU impact.

All the properties under OUE C-REIT's portfolio reflected higher fair values as at 31 December 2017 compared to 31 December 2016, resulting in an increase in net change in fair value of investment properties of S\$101.6 million (4Q 2016: S\$25.5 million). This fair value gain has no impact to DPU.

Consequently, total return for 4Q 2017 increased S\$68.1 million to S\$101.4 million, compared to S\$33.3 million in 4Q 2016.

Review of OUE C-REIT Group's performance FY 2017 vs FY 2016

On a full year basis, net property income decreased marginally by 0.3% year-on-year. This is mainly due to lower one-off income recognised in the current year, mitigated partially by improvement in the rental income as compared to FY 2016.

Other income was S\$0.8 million higher in FY 2017 due to higher income support drawdown in relation to OUE Bayfront from the Sponsor.

The absence of performance fees in FY 2017 resulted in a lower Manager's management fees. Net finance cost decreased S\$12.8 million in FY 2017 mainly due to favorable IRS' fair value movement (FY 2017: net gain of S\$2.3 million vs FY 2016: net loss of S\$7.1 million) and lower current year debt establishment cost.

The above, together with the year-on year increase in fair value gains on investment properties resulted in a higher FY 2017 total return of S\$147.7 million compared to FY 2016 of S\$70.2 million.

9 Variance between Actual and Forecast Results

OUE C-REIT has not made any forecast.

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

Singapore

Based on advance estimates by the Ministry of Trade and Industry (“MTI”), Singapore’s economy grew 3.5%⁽¹⁾ in 2017, in line with the MTI’s revised forecast of between 3.0% to 3.5% growth. Growth was underpinned by the manufacturing sector which grew 10.5% YoY as the electronics and precision engineering clusters expanded output. The services sectors saw growth accelerate in 4Q 2017 at 7.5% QoQ, faster than the 3.4% growth in 3Q 2017, driven by finance & insurance, wholesale & retail trade as well as transportation & storage sectors. MTI’s GDP growth forecast for 2018 is 1.5% to 3.5%.

CBD Grade A office rents continued to recover, rising 3.0% QoQ to S\$9.40 psf/mth⁽²⁾ in 4Q 2017 as the outlook for the office market continued to be positive, underpinned by stronger economic fundamentals and lower office supply expected over the medium term. Core CBD office occupancy improved 1.3 ppt QoQ to 93.8% as at 4Q 2017 on the back of stronger leasing activity; 4Q 2017 net absorption was 783,621 sq ft with expansionary demand driven by the co-working and technology sectors.

While the Singapore office rents recovered earlier than expected, the extent of the rebound may be curtailed by potential secondary vacancy in older buildings due to relocations to newly completed buildings, as well as continued lacklustre occupier demand from traditional source sectors such as banking, maritime and energy.

OUE C-REIT’s rental income in 2018 may be impacted by the full-year impact of negative rental reversions of leases committed in 2017. Depending on the pace of recovery in spot rents in the Singapore CBD, negative rental reversions may potentially continue into 2018. However, this is mitigated as only 8.6% of OUE Bayfront’s gross rental income is due for renewal in 2018 and its rental revenue has downside protection from the income support arrangement which will expire only in 2019. At One Raffles Place, 2018 revenue base would have improved due to the notable increase in committed office occupancy achieved in 2017, thereby mitigating any potential negative reversions in 2018.

China

China’s 2017 GDP growth was 6.9%⁽³⁾, ahead of the official target of around 6.5%, with the first annual acceleration in growth since 2010. The expansion in output was driven by strong export growth on the back of a synchronized uptick in the global economy in the past year, and supported by robust household consumption. Growth momentum is expected to weaken in 2018, due to a rise in corporate borrowing costs, tight monetary conditions as policymakers act to curb financial risks from excessive debt growth, as well as a cooling property sector as the authorities continue to rebalance the economy.

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According to Colliers International, Shanghai CBD Grade A office occupancy as at 4Q 2017 was 86.1%⁽⁴⁾, unchanged from 3Q 2017 but 3.7 ppt lower YoY, due to significant new office completions of 956,000 sq m during the year. Shanghai CBD Grade A office rents as at 4Q 2017 were RMB10.21 psm per day, up 0.6% QoQ but down 2.4% YoY given the competition to retain tenants. In Puxi, Grade A office occupancy as at 4Q 2017 edged up 0.4 ppt QoQ to 85.7%, with rents holding steady at RMB 9.14 psm per day.

Despite the ongoing absorption from the finance and technology sectors which is expected to underpin demand in Shanghai, further new office supply coming on-stream in 2018 is expected to keep the overall CBD Grade A vacancy rate elevated and may impact rental growth.

⁽¹⁾ Singapore Ministry of Trade and Industry Press Release, 2 January 2018

⁽²⁾ CBRE, Singapore MarketView 4Q 2017

⁽³⁾ National Bureau of Statistics of China Press Release, 18 January 2018

⁽⁴⁾ Colliers International Shanghai 2017 Review and 2018 Outlook, 23 January 2018

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 2017 to 31 December 2017

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

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

CPPU Holder

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

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

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

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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%.

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

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

Book closure date: 8 February 2018

Date payable: 9 March 2018

(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 2016 to 31 December 2016

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

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Distribution rate: 2.50 cents per Unit comprises:-
(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 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%.

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

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

Not applicable.

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

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

14 Segment Information by Geographical Segment

	Singapore			China		
	FY 2017 (S\$'000)	FY 2016 (S\$'000)	Change (%)	FY 2017 ⁽¹⁾ (S\$'000)	FY 2016 ⁽²⁾ (S\$'000)	Change (%)
Revenue	143,279	146,679	(2.3)	33,018	31,130	6.1
Property operating expenses	(31,605)	(33,179)	(4.7)	(6,506)	(5,999)	8.5
Segment net property income	111,674	113,500	(1.6)	26,512	25,131	5.5

N/M: Not meaningful

Footnotes:

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

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

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 2017 (S\$'000)	FY 2016 (S\$'000)	Change (%)
Revenue for first half year	89,030	88,602	0.5
Total return for first half year	29,889	24,164	23.7
Revenue for second half year	87,267	89,207	(2.2)
Total return for second half year	117,794	46,081	N/M

N/M: Not meaningful

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17 Breakdown of Total Annual Distribution

	FY 2017 (S\$'000)	FY 2016 (S\$'000)
1 July 2015 to 31 December 2015	-	30,689
1 January 2016 to 30 June 2016	-	34,710
1 July 2016 to 31 December 2016 ⁽¹⁾	32,565	-
1 January 2017 to 16 March 2017	13,026	-
17 March 2017 to 30 June 2017	21,269	-
1 July 2017 to 31 December 2017 ⁽¹⁾	-	-

Footnote:

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

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

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

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

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

On behalf of the Board of the Manager

Christopher Williams
 Chairman and Non-Executive Director

Tan Shu Lin
 Chief Executive Officer and Executive Director

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

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

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

By Order of the Board

Ng Ngai
Company Secretary

OUE Commercial REIT Management Pte. Ltd.
(as Manager of OUE Commercial Real Estate Investment Trust)
(Company registration no. 201327018E)

31 January 2018