

IMPORTANT NOTICE

NOT FOR DISTRIBUTION IN THE UNITED STATES OR TO U.S. PERSONS

IMPORTANT: You must read the following disclaimer before continuing. The following disclaimer applies to the attached information memorandum. You are advised to read this disclaimer carefully before accessing, reading or making any other use of the attached information memorandum. In accessing the attached information memorandum, you agree to be bound by the following terms and conditions, including any modifications to them from time to time, each time you receive any information from us as a result of such access.

Confirmation of Your Representation: In order to be eligible to view the attached information memorandum or make an investment decision with respect to the securities, investors must not be (i) a U.S. person (as defined in Regulation S under the Securities Act (as defined below)) or (ii) located within the United States (“U.S.”). The attached information memorandum is being sent at your request and by accepting this e-mail and accessing the attached information memorandum, you shall be deemed to have represented to us (1) that you are not resident in the United States nor a U.S. person, as defined in Regulation S under the U.S. Securities Act of 1933, as amended (the “**Securities Act**”) nor are you acting on behalf of a U.S. person, the e-mail address that you gave us and to which this e-mail has been delivered is not located in the U.S. and, to the extent you purchase the securities described in the attached information memorandum, you will be doing so pursuant to Regulation S under the Securities Act, and (2) that you consent to delivery of the attached information memorandum and any amendments or supplements thereto by electronic transmission. By accepting this e-mail and accessing the attached information memorandum, if you are an investor in Singapore, you (A) represent and warrant that you are either an institutional investor (as defined in Section 4A of the Securities and Futures Act (Chapter 289 of Singapore) (the “**SFA**”)) pursuant to Section 274 of the SFA, a relevant person (as defined in Section 275(2) of the SFA) pursuant to Section 275(1) of the SFA, or a person pursuant to Section 275(1A) of the SFA, and in accordance with the conditions specified in Section 275 of the SFA and (where applicable) Regulation 3 of the Securities and Futures (Classes of Investors) Regulations 2018 and (B) agree to be bound by the limitations and restrictions described therein. Any reference to any term as defined in the SFA or any provision in the SFA is a reference to that term or provision as modified or amended from time to time including by such of its subsidiary legislation as may be applicable at the relevant time.

The attached information memorandum has been made available to you in electronic form. You are reminded that documents transmitted via this medium may be altered or changed during the process of transmission and consequently none of OUE CT Treasury Pte. Ltd., DBS Trustee Limited (in its capacity as trustee of OUE Commercial Real Estate Investment Trust (“**OUE C-REIT**”)), OUE C-REIT, OUE C-REIT Management Pte. Ltd., Oversea-Chinese Banking Corporation Limited, Standard Chartered Bank (Singapore) Limited, or any person who controls any of them nor any of their respective directors, officers, employees, agents, representatives or affiliates accepts any liability or responsibility whatsoever in respect of any discrepancies between the information memorandum distributed to you in electronic format and the hard copy version.

Restrictions: The attached information memorandum is being furnished in connection with an offering of securities exempt from registration under the Securities Act solely for the purpose of enabling a prospective investor to consider the purchase of the securities described therein.

NOTHING IN THIS ELECTRONIC TRANSMISSION CONSTITUTES AN OFFER OF SECURITIES FOR SALE IN THE UNITED STATES OR ANY OTHER JURISDICTION WHERE IT IS UNLAWFUL TO DO SO. THE SECURITIES HAVE NOT BEEN, AND WILL NOT BE, REGISTERED UNDER THE SECURITIES ACT, OR THE SECURITIES LAWS OF ANY STATE OF THE U.S. OR OTHER JURISDICTION AND MAY NOT BE OFFERED, SOLD OR DELIVERED WITHIN THE U.S. OR TO, OR FOR THE ACCOUNT OR BENEFIT OF, U.S. PERSONS (AS DEFINED IN REGULATION S UNDER THE SECURITIES ACT), EXCEPT PURSUANT TO AN EXEMPTION FROM, OR IN A TRANSACTION NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT AND APPLICABLE STATE OR LOCAL SECURITIES LAWS.

Except with respect to eligible investors in jurisdictions where such offer is permitted by law, nothing in this electronic transmission constitutes an offer or an invitation by or on behalf of OUE CT Treasury Pte. Ltd., DBS Trustee Limited (in its capacity as trustee of OUE C-REIT), OUE C-REIT, OUE C-REIT Management Pte. Ltd., Oversea-Chinese Banking Corporation Limited or Standard Chartered Bank (Singapore) Limited to subscribe for or purchase any of the securities described therein, and access has been limited so that it shall not constitute in the United States or elsewhere directed selling efforts (as defined in Regulation S under the Securities Act).

The attached information memorandum or any materials relating to the offering of securities do not constitute, and may not be used in connection with, an offer or solicitation in any place where offers or solicitations are not permitted by law. If a jurisdiction requires that the offering of securities be made by a licensed broker or dealer and the dealers or any affiliate of the dealers is a licensed broker or dealer in that jurisdiction, the offering of securities shall be deemed to be made by the dealers or such affiliate on behalf of OUE CT Treasury Pte. Ltd., DBS Trustee Limited (in its capacity as trustee of OUE C-REIT), OUE C-REIT and OUE C-REIT Management Pte. Ltd. in such jurisdiction. The attached information memorandum may only be communicated to persons in the United Kingdom in circumstances where section 21(1) of the Financial Services and Markets Act 2000 does not apply.

You are reminded that you have accessed the attached information memorandum on the basis that you are a person into whose possession the attached information memorandum may be lawfully delivered in accordance with the laws of the jurisdiction in which you are located and you may not nor are you authorised to deliver this information memorandum, electronically or otherwise, to any other person. **If you have gained access to this transmission contrary to the foregoing restrictions, you will be unable to purchase any of the securities described therein.**

Actions that You May Not Take: If you receive the attached information memorandum by e-mail, you should not reply by e-mail, and you may not purchase any securities by doing so. Any reply e-mail communications, including those you generate by using the "Reply" function on your e-mail software, will be ignored or rejected.

YOU ARE NOT AUTHORISED TO AND YOU MAY NOT FORWARD OR DELIVER THE ATTACHED INFORMATION MEMORANDUM, ELECTRONICALLY OR OTHERWISE, TO ANY OTHER PERSON OR REPRODUCE SUCH INFORMATION MEMORANDUM IN ANY MANNER WHATSOEVER. ANY FORWARDING, DISTRIBUTION OR REPRODUCTION OF THIS DOCUMENT AND THE ATTACHED INFORMATION MEMORANDUM IN WHOLE OR IN PART IS UNAUTHORISED. FAILURE TO COMPLY WITH THIS DIRECTIVE MAY RESULT IN A VIOLATION OF THE SECURITIES ACT OR THE APPLICABLE LAWS OF OTHER JURISDICTIONS.

You are responsible for protecting against viruses and other destructive items. If you receive the attached information memorandum by e-mail, your use of this e-mail is at your own risk and it is your responsibility to take precautions to ensure that it is free from viruses and other items of a destructive nature.



COMMERCIAL
REIT

DBS TRUSTEE LIMITED

(in its capacity as trustee of OUE Commercial Real Estate Investment Trust)
(UEN/Company Registration No. 197502043G)

OUE CT TREASURY PTE. LTD.

(UEN/Company Registration No. 201532087G)

S\$2,000,000,000

**Multicurrency Debt Issuance Programme
(the "Programme")**

(in the case of Securities issued by OUE CT Treasury Pte. Ltd.)

unconditionally and irrevocably guaranteed by

DBS Trustee Limited

**(in its capacity as trustee of OUE Commercial Real Estate Investment Trust)
(the "Guarantor")**

This Information Memorandum has not been registered as a prospectus with the Monetary Authority of Singapore. Accordingly, this Information Memorandum and any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of notes (the "Notes") and perpetual securities (the "Perpetual Securities" and, together with the Notes, the "Securities") to be issued from time to time by DBS Trustee Limited (in its capacity as trustee of OUE Commercial Real Estate Investment Trust ("OUE C-REIT")) (the "OUE C-REIT Trustee") and OUE CT Treasury Pte. Ltd. ("OCTPL" and, together with the OUE C-REIT Trustee, the "Issuers" and each, an "Issuer") pursuant to the Programme may not be circulated or distributed, nor may the Securities be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to any person in Singapore other than (i) to an institutional investor (as defined in Section 4A of the Securities and Futures Act (Chapter 289 of Singapore) (the "SFA")) pursuant to Section 274 of the SFA, (ii) to a relevant person (as defined in Section 275(2) of the SFA) pursuant to Section 275(1) of the SFA, or any person pursuant to Section 275(1A) of the SFA, and in accordance with the conditions specified in Section 275 of the SFA and (where applicable) Regulation 3 of the Securities and Futures (Classes of Investors) Regulations 2018, or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

Where the Securities are subscribed or purchased under Section 275 of the SFA by a relevant person which is:

- (a) a corporation (which is not an accredited investor (as defined in Section 4A of the SFA)) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or
- (b) a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary of the trust is an individual who is an accredited investor,

securities or securities-based derivatives contracts (each term as defined in Section 2(1) of the SFA) of that corporation or the beneficiaries' rights and interest (howsoever described) in that trust shall not be transferred within six months after that corporation or that trust has acquired the Securities pursuant to an offer made under Section 275 of the SFA except:

- (1) to an institutional investor or to a relevant person, or to any person arising from an offer referred to in Section 275(1A) or Section 276(4)(i)(B) of the SFA;
- (2) where no consideration is or will be given for the transfer;
- (3) where the transfer is by operation of law;
- (4) as specified in Section 276(7) of the SFA; or
- (5) as specified in Regulation 37A of the Securities and Futures (Offers of Investments) (Securities and Securities-based Derivatives Contracts) Regulations 2018.

Any reference to the SFA is a reference to the Securities and Futures Act, Chapter 289 of Singapore and a reference to any term as defined in the SFA or any provision in the SFA is a reference to that term or provision as modified or amended from time to time including by such of its subsidiary legislation as may be applicable at the relevant time.

All sums payable in respect of the Securities issued from time to time by OCTPL are unconditionally and irrevocably guaranteed by the OUE C-REIT Trustee.

Application has been made to the Singapore Exchange Securities Trading Limited (the "SGX-ST") for permission to deal in and the listing and quotation of any Securities which are agreed at the time of issue thereof to be so listed on the SGX-ST. Such permission will be granted when such Securities have been admitted to the Official List of the SGX-ST. The SGX-ST assumes no responsibility for the correctness of any of the statements made, opinions expressed or reports contained herein. Approval in-principle from, admission to the Official List of, and the listing and quotation of any Securities on, the SGX-ST is not to be taken as an indication of the merits of the Issuers, the Guarantor, OUE C-REIT, their respective subsidiaries, their respective associated companies (if any), the Programme or such Securities.

The Securities have not been and will not be registered under the U.S. Securities Act of 1933, as amended (the "Securities Act") or with any securities regulatory authority of any state or other jurisdiction of the United States, and the Securities may include bearer Securities that are subject to U.S. tax law requirements. Subject to certain exceptions, the Securities may not be offered, sold, or, in the case of bearer Securities, delivered within the United States or to a United States person. Registered Securities are subject to certain restrictions on transfer, see the section "Subscription, Purchase and Distribution".

An investment in Securities issued under the Programme involves certain risks. For a discussion of some of these risks see the section "Risk Factors".

Arrangers



TABLE OF CONTENTS

	Page
NOTICE	2
FORWARD-LOOKING STATEMENTS	7
DEFINITIONS	8
CORPORATE INFORMATION	16
SUMMARY OF THE PROGRAMME.....	18
TERMS AND CONDITIONS OF THE NOTES	40
TERMS AND CONDITIONS OF THE PERPETUAL SECURITIES	82
OUE CT TREASURY PTE. LTD.	127
BUSINESS AND PROPERTIES OF THE GROUP.....	129
THE MANAGER AND CORPORATE GOVERNANCE	149
SELECTED CONSOLIDATED FINANCIAL INFORMATION	160
RISK FACTORS	163
USE OF PROCEEDS	201
CLEARING AND SETTLEMENT	202
SINGAPORE TAXATION	204
SUBSCRIPTION, PURCHASE AND DISTRIBUTION	209
APPENDICES	
I: GENERAL AND OTHER INFORMATION	214
II: AUDITED FINANCIAL STATEMENTS OF OUE C-REIT AND ITS SUBSIDIARIES FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018	216
III: AUDITED FINANCIAL STATEMENTS OF OUE H-TRUST AND ITS SUBSIDIARIES FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018	301
IV: AUDITED FINANCIAL STATEMENTS OF OUE C-REIT AND ITS SUBSIDIARIES FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019	387

NOTICE

Oversea-Chinese Banking Corporation Limited and Standard Chartered Bank (Singapore) Limited (the “**Arrangers**”) have been authorised by the Issuers to arrange the Programme described herein. Under the Programme, each of the Issuers may, subject to compliance with all relevant laws, regulations and directives, from time to time issue Securities denominated in Singapore dollars and/or any other currencies. The payment of all amounts payable in respect of the Securities issued by OCTPL will be unconditionally and irrevocably guaranteed by the Guarantor.

This Information Memorandum contains information with regard to the Issuers, the Guarantor, OUE C-REIT, the OUE C-REIT Manager (as defined herein), the Group (as defined herein), the Programme, the Securities and the Guarantee (as defined herein). Each of the Issuers and the Guarantor accepts responsibility for the information contained or incorporated by reference in this Information Memorandum, and confirms that, having made all reasonable inquiries, to the best of its knowledge and belief, this Information Memorandum contains all information which is material in the context of the Programme, the issue and offering of the Securities and the giving of the Guarantee, that the information contained in this Information Memorandum is true and accurate in all material respects, that the opinions, expectations and intentions expressed in this Information Memorandum have been carefully considered, are based on all relevant considerations and facts existing at the date of this Information Memorandum and are fairly, reasonably and honestly held by the Issuers and the Guarantor, having been reached after considering all relevant circumstances and are based on reasonable assumptions, and that there are no other facts the omission of which in the context of the Programme, or the issue and offering of the Securities and the giving of the Guarantee would make any such information or expressions of opinion, expectation or intention misleading in any material respect.

Notes may be issued in series having one or more issue dates and the same maturity date, and on identical terms (including as to listing) except (in the case of Notes other than variable rate notes (as described under the section “**Summary of the Programme**”)) for the issue dates, issue prices and/or the dates of the first payment of interest, or (in the case of variable rate notes) for the issue prices and rates of interest. Each series may be issued in one or more tranches on the same or different issue dates. The Notes will be issued in bearer form or registered form and may be listed on a stock exchange. The Notes will initially be represented by either a Temporary Global Security (as defined herein) in bearer form or a Permanent Global Security (as defined herein) in bearer form or a registered Global Certificate (as defined herein) which will be deposited on the issue date with, or registered in the name of, or in the name of a nominee of, either CDP (as defined herein) or a common depositary for Euroclear (as defined herein) and Clearstream (as defined herein) or otherwise delivered as agreed between the Relevant Issuer (as defined herein) and the relevant Dealer(s) (as defined herein). Subject to compliance with all relevant laws, regulations and directives, the Notes may have maturities of such tenor as may be agreed between the Relevant Issuer and the relevant Dealer(s) and may be subject to redemption or purchase in whole or in part. The Notes may bear interest at a fixed, floating, variable or hybrid rate or may not bear interest or may be such other notes as may be agreed between the Relevant Issuer and the relevant Dealer(s). The Notes will be repayable at par, at a specified amount above or below par or at an amount determined by reference to a formula, in each case with terms as specified in the Pricing Supplement (as defined herein) issued in relation to each series or tranche of Notes. Details applicable to each series or tranche of Notes will be specified in the applicable Conditions (as defined herein) of the Notes as amended and/or supplemented by the applicable Pricing Supplement which is to be read in conjunction with this Information Memorandum.

Perpetual Securities may be issued in series having one or more issue dates, and on identical terms (including as to listing) except for the issue dates, issue prices and/or the dates of the first payment of distribution. Each series may be issued in one or more tranches on the same or different issue dates. The Perpetual Securities will be issued in bearer form or registered form and may be listed on a stock exchange. The Perpetual Securities will initially be represented by either a Temporary Global Security in bearer form or a Permanent Global Security in bearer form or a registered Global Certificate which will be deposited on the issue date with or registered in the name of, or in the name of a nominee of, either CDP or a common depositary for Euroclear and/or Clearstream, Luxembourg or otherwise delivered as agreed between the Relevant Issuer and the relevant Dealer(s). Subject to compliance with all relevant laws, regulations and directives, the Perpetual Securities may be subject to redemption or purchase in whole or in part. The Perpetual Securities may confer a right to receive distributions at a fixed or floating rate. Details applicable to each series or tranche of Perpetual Securities will be specified in the Conditions (as defined herein) of the Perpetual Securities as amended and/or supplemented by the applicable Pricing Supplement which is to be read in conjunction with this Information Memorandum.

The maximum aggregate principal amount of the Securities to be issued, when added to the aggregate principal amount of all Securities outstanding (as defined in the Trust Deed referred to herein) shall be S\$2,000,000,000 (or its equivalent in any other currencies) or such higher amount as may be increased pursuant to the terms and conditions set out in the Programme Agreement (as defined herein).

No person has been authorised to give any information or to make any representation other than those contained in this Information Memorandum in connection with the Programme and the issue, offer or sale of the Securities and, if given or made, such information or representation must not be relied upon as having been authorised by or on behalf of either of the Issuers, the Guarantor, the OUE C-REIT Manager, either of the Arrangers or any of the Dealers. The delivery or dissemination of this Information Memorandum at any time after the date of this Information Memorandum does not imply that the information contained in this Information Memorandum or any part of this Information Memorandum is correct at any time after such date. Save as expressly stated in this Information Memorandum, nothing contained herein is, or may be relied upon as, a promise or representation as to the future performance or policies of either of the Issuers, the Guarantor, the OUE C-REIT Manager, OUE C-REIT, or any of the subsidiaries and/or associated companies (if any) of OUE C-REIT. Neither this Information Memorandum nor any other document or information (or any part thereof) delivered or supplied under or in relation to the Programme and the issue of the Securities may be used for the purpose of, and does not constitute an offer of, or solicitation or invitation by or on behalf of either of the Issuers, the Guarantor, the OUE C-REIT Manager, either of the Arrangers or any of the Dealers to subscribe for or purchase, the Securities in any jurisdiction or under any circumstances in which such offer, solicitation or invitation is unlawful, or not authorised or to any person to whom it is unlawful to make such offer, solicitation or invitation. The distribution and publication of this Information Memorandum (or any part thereof) or any such other document or information and the offer of the Securities in certain jurisdictions may be prohibited or restricted by law. Persons who distribute or publish this Information Memorandum (or any part thereof) or any such other document or information (or any part thereof) or into whose possession this Information Memorandum or any such other document or information (or any part thereof) comes are required to inform themselves about and to observe any such prohibitions and restrictions and all applicable laws, orders, rules and regulations.

Neither this Information Memorandum nor any other document or information (or any part thereof) delivered or supplied under or in relation to the Programme shall be deemed to constitute an offer of, or an invitation by or on behalf of either of the Issuers, the Guarantor, the OUE C-REIT Manager, either of the Arrangers or any of the Dealers to subscribe for or purchase, any of the Securities.

This Information Memorandum and any other documents or materials in relation to the issue, offering or sale of the Securities have been prepared solely for the purpose of the initial sale by the relevant Dealer(s) of the Securities from time to time to be issued pursuant to the Programme. This Information Memorandum and such other documents or materials are made available to the recipients thereof solely on the basis that they are persons falling within the ambit of Section 274 and/or Section 275 of the SFA and may not be relied upon by any person other than persons to whom the Securities are sold or with whom they are placed by the relevant Dealer(s) as aforesaid or for any other purpose. Recipients of this Information Memorandum shall not reissue, circulate or distribute this Information Memorandum or any part thereof in any manner whatsoever.

Neither the delivery of this Information Memorandum (or any part thereof) nor the issue, offering, purchase or sale of the Securities shall, under any circumstances, constitute a representation, or give rise to any implication, that there has been no change in the prospects, results of operations or general affairs of either of the Issuers, the Guarantor, OUE C-REIT, the OUE C-REIT Manager or any of their respective subsidiaries and/or associated companies (if any) or in the information herein since the date hereof or the date on which this Information Memorandum has been most recently amended or supplemented.

The Arrangers and the Dealers have not separately verified the information contained in this Information Memorandum. None of the Arrangers, any of the Dealers or any of their respective officers, employees or agents is making any representation or warranty expressed or implied as to the merits of the Securities or the subscription for, purchase or acquisition thereof, or the creditworthiness or financial condition or otherwise of either of the Issuers, the Guarantor, OUE C-REIT, the OUE C-REIT Manager or their respective subsidiaries and/or associated companies (if any). Further, neither of the Arrangers nor any of the Dealers makes any representation or warranty and no responsibility or liability is accepted by the Arrangers or any of the Dealers as to either of the Issuers, the Guarantor, OUE C-REIT, the OUE C-REIT Manager, their respective subsidiaries and/or associated companies (if any) or as to the accuracy, reliability or completeness of the information set out herein (including the legal and regulatory requirements pertaining to Sections 274, 275 and 276 or any other provisions of the SFA) and the documents which are incorporated by reference in, and form part of, this Information Memorandum.

Neither this Information Memorandum nor any other document or information (or any part thereof) delivered or supplied under or in relation to the Programme or the issue of the Securities is intended to provide the basis of any credit or other evaluation and should not be considered as a recommendation by either of the Issuers, the Guarantor, the OUE C-REIT Manager, either of the Arrangers or any of the Dealers that any recipient of this Information Memorandum or such other document or information (or such part thereof) should subscribe for or purchase any of the Securities. A prospective purchaser shall make its own assessment of the foregoing and other relevant matters including the financial condition and affairs and the creditworthiness of either of the Issuers, the Guarantor, OUE C-REIT, the OUE C-REIT Manager and their respective subsidiaries and/or associated companies (if any), and obtain its own independent legal or other advice thereon, and its investment shall be deemed to be based on its own independent investigation of the financial condition and affairs and its appraisal of the creditworthiness of either of the Issuers, the Guarantor, OUE C-REIT, the OUE C-REIT Manager and their respective subsidiaries and/or associated companies (if any). Accordingly, notwithstanding anything herein, none of the Arrangers, the Dealers or any of their respective officers, employees or agents shall be held responsible for any loss or damage suffered or incurred by the recipients of this Information Memorandum or such other document or information (or such part thereof) as a result of or arising from anything expressly or implicitly contained in or referred to in this Information Memorandum or such other document or information (or such part thereof) and the same shall not constitute a ground for rescission of any purchase or acquisition of any of the Securities by a recipient of this Information Memorandum or such other document or information (or such part thereof).

To the fullest extent permitted by law, none of the Arrangers or any of the Dealers accept any responsibility for the contents of this Information Memorandum or for any other statement, made or purported to be made by either of the Arrangers or any of the Dealers or on its behalf in connection with either of the Issuers, the Guarantor, the OUE C-REIT Manager, the Group (as defined herein), the Programme or the issue and offering of the Securities. Each Arranger and each Dealer accordingly disclaims all and any liability whether arising in tort or contract or otherwise (save as referred to above) which it might otherwise have in respect of this Information Memorandum or any such statement.

In connection with the issue of any series of Securities, one or more Dealers named as stabilising manager(s) (the “**Stabilising Manager(s)**”) (or persons acting on behalf of any Stabilising Manager) in the relevant Pricing Supplement may over-allot Securities or effect transactions with a view to supporting the market price of the Securities at a level higher than that which might otherwise prevail. However, there is no assurance that the Stabilising Manager(s) (or persons acting on behalf of any Stabilising Manager) will undertake any stabilisation action. Any stabilisation action may begin at any time, on or after the date on which adequate public disclosure of the terms of the offer of the relevant series of Securities is made and, if begun, may be ended or discontinued at any time, but it must end no later than the earlier of 30 days after the issue date of the relevant series of Securities and 60 days after the date of the allotment of the relevant series of Securities. Any stabilisation action will be conducted in accordance with the law.

The following documents publicly announced, published or issued from time to time after the date hereof shall be deemed to be incorporated by reference in, and to form part of, this Information Memorandum: (1) audited consolidated accounts and/or publicly announced unaudited consolidated financial statements of OUE C-REIT and its subsidiaries and OUE C-REIT’s most recent annual report and (2) any supplement or amendment to this Information Memorandum issued by the Issuers (including each relevant Pricing Supplement). This Information Memorandum is to be read in conjunction with all such documents which are incorporated by reference herein and, with respect to any series or tranche of Securities, any Pricing Supplement in respect of such series or tranche. Any statement contained in this Information Memorandum or in a document deemed to be incorporated by reference herein shall be deemed to be modified or superseded for the purpose of this Information Memorandum to the extent that a statement contained in this Information Memorandum or in such subsequent document that is also deemed to be incorporated by reference herein modifies or supersedes such earlier statement (whether expressly, by implication or otherwise). Any statement so modified or superseded shall not be deemed, except as so modified or superseded, to constitute a part of this Information Memorandum. Copies of all documents deemed incorporated by reference herein are available for inspection at the specified office of the CDP Issuing and Paying Agent (as defined herein).

Website addresses contained or incorporated by reference in this Information Memorandum are included for reference only, and the contents of such websites are not incorporated by reference into, and do not form part of, this Information Memorandum.

Any purchase or acquisition of the Securities is in all respects conditional on the satisfaction of certain conditions set out in the Programme Agreement and the issue of the Securities by the Relevant Issuer pursuant to the Programme Agreement. Any offer, invitation to offer or agreement made in connection with the purchase or acquisition of the Securities or pursuant to this Information Memorandum shall (without any liability or responsibility on the part of the Issuers, the Guarantor, the OUE C-REIT Manager, either of the Arrangers or any of the Dealers) lapse and cease to have any effect if (for any other reason whatsoever) the Securities are not issued by the Relevant Issuer pursuant to the Programme Agreement.

Any discrepancies in the tables included herein between the listed amounts and totals thereof are due to rounding.

The distribution of this Information Memorandum and the offering of the Securities in certain jurisdictions may be restricted by law. Persons into whose possession this Information Memorandum comes are required by the Issuers, the Guarantor, the Arrangers and the Dealers to inform themselves about and to observe any such restrictions. The attention of recipients of this Information Memorandum is drawn to the restrictions on resale of the Securities and distribution of this Information Memorandum set out under the section titled “Subscription, Purchase and Distribution”.

Any person(s) who is/are invited to purchase or subscribe for the Securities or to whom this Information Memorandum is sent shall not make any offer or sale, directly or indirectly, of any Securities or distribute or cause to be distributed any document or other material in connection therewith in any country or jurisdiction except in such manner and in such circumstances as will result in compliance with any applicable laws and regulations.

It is recommended that persons proposing to subscribe for or purchase any of the Securities consult their own legal and other advisers before purchasing or acquiring the Securities.

Prospective investors should pay attention to the risk factors set out in the section titled “Risk Factors”.

Prospective investors are advised to consult their own tax advisors concerning the tax consequences of the acquisition, ownership or disposal of the Securities.

Notification under Section 309B of the SFA: Unless otherwise stated in the Pricing Supplement in respect of any Securities, all Securities issued or to be issued under the Programme shall be prescribed capital markets products (as defined in the Securities and Futures (Capital Markets Products) Regulations 2018) and Excluded Investment Products (as defined in MAS Notice SFA 04-N12: Notice on the Sale of Investment Products and MAS Notice FAA-N16: Notice on Recommendations on Investment Products).

Packaged Retail Investment and Insurance Products – Prohibition of Sales to Retail Investors

If the Pricing Supplement in respect of any Securities includes a legend entitled “Prohibition of Sales to EEA Retail Investors”, the Securities are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the European Economic Area (“EEA”). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (as amended, “**MiFID II**”); or (ii) a customer within the meaning of Directive 2002/92/EC (as amended, the “**Insurance Mediation Directive**”), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or (iii) not a qualified investor as defined in Directive 2003/71/EC (as amended, the “**Prospectus Directive**”). Consequently, no key information document required by Regulation (EU) No 1286/2014 (the “**PRIIPs Regulation**”) for offering or selling the Securities or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the Securities or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPs Regulation.

FORWARD-LOOKING STATEMENTS

All statements contained in this Information Memorandum that are not statements of historical fact constitute “forward-looking statements”. Some of these statements can be identified by forward-looking terms such as “expect”, “believe”, “plan”, “intend”, “estimate”, “anticipate”, “may”, “will”, “would” and “could” or similar words. However, these words are not the exclusive means of identifying forward-looking statements. All statements regarding the expected financial position, business strategy, plans and prospects of each Issuer, the Guarantor, OUE C-REIT and/or the Group (including statements as to each Issuer’s, the Guarantor’s OUE C-REIT’s and/or the Group’s revenue and profitability, prospects, future plans and other matters discussed in this Information Memorandum regarding matters that are not historical facts and including the financial forecasts, profit projections, statements as to the expansion plans of each Issuer, the Guarantor, OUE C-REIT and/or the Group, expected growth in each Issuer, the Guarantor, OUE C-REIT and/or the Group and other related matters), if any, are forward-looking statements and accordingly, are only predictions. These forward-looking statements relate to matters involving known and unknown risks, uncertainties and other factors that may cause the actual results, performance or achievements of each Issuer, the Guarantor, OUE C-REIT and/or the Group to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. These factors include, among others:

- economic and real estate market conditions, and changes in regulatory, fiscal and other governmental policies in Singapore, the PRC and other countries where OUE C-REIT’s properties are located;
- OUE C-REIT’s ability to attract tenants and maintain rental rates;
- the impact of relocation, terminations or delays to planned amenities and transportation infrastructure near OUE C-REIT’s properties;
- OUE C-REIT’s ability to secure financing for its capital expenditure;
- OUE C-REIT’s ability to maintain its properties;
- latent property or equipment defects; and
- OUE C-REIT’s ability to compete in competitive conditions.

Some of these factors are discussed in greater detail in this Information Memorandum, in particular, but not limited to, the discussion under the section “Risk Factors”.

Given the risks and uncertainties that may cause the actual future results, performance or achievements of each Issuer, the Guarantor, the OUE C-REIT Manager, OUE C-REIT or the Group to be materially different from the results, performance or achievements expected, expressed or implied by the financial forecasts, profit projections and forward-looking statements in this Information Memorandum, undue reliance must not be placed on those forecasts, projections and statements. The Issuers, the Guarantor, the OUE C-REIT Manager, the Arrangers and the Dealers do not represent or warrant that the actual future results, performance or achievements of the Issuers, the Guarantor, OUE C-REIT or the Group will be as discussed in those statements.

Further, the Issuers, the Guarantor, OUE C-REIT, the OUE C-REIT Manager, the Arrangers and the Dealers disclaim any responsibility, and undertake no obligation, to update or revise any forward-looking statements contained herein to reflect any changes in the expectations with respect thereto after the date of this Information Memorandum or to reflect any change in events, conditions or circumstances on which any such statements are based.

DEFINITIONS

The following definitions have, where appropriate, been used in this Information Memorandum:

“Agency Agreement”	:	The agency agreement dated 20 March 2020 made between (1) the Issuers, as issuers, (2) the Guarantor, as guarantor, (3) The Bank of New York Mellon, Singapore Branch, as CDP issuing and paying agent, CDP calculation agent, CDP transfer agent and CDP registrar, (4) The Bank of New York Mellon, London Branch, as non-CDP issuing and paying agent and non-CDP calculation agent, (5) The Bank of New York Mellon SA/NV, Luxembourg Branch, as non-CDP transfer agent and non-CDP registrar, and (6) the Trustee, as trustee, as amended, restated and supplemented from time to time.
“Arrangers”	:	Oversea-Chinese Banking Corporation Limited and Standard Chartered Bank (Singapore) Limited.
“Bearer Securities”	:	Securities in bearer form.
“business day”	:	In respect of each Security, (a) a day (other than a Saturday or Sunday) on which Euroclear, Clearstream, Luxembourg and the Depository, as applicable, are operating, (b) a day on which banks and foreign exchange markets are open for general business in the country of the CDP Issuing and Paying Agent’s or, as the case may be, the Non-CDP Paying Agent’s specified office and (c) (if a payment is to be made on that day) (i) (in the case of Securities denominated in Singapore dollars) a day on which banks and foreign exchange markets are open for general business in Singapore, (ii) (in the case of Securities denominated in Euros) a day on which the TARGET System is open for settlement in Euros, (iii) (in the case of Securities denominated in Renminbi) a day on which banks and foreign exchange markets are open for business (including dealing in foreign exchange and foreign currency deposits) and settlement of Renminbi payments in the Offshore Renminbi Centre and (iv) (in the case of Securities denominated in a currency other than Singapore dollars, Euros and Renminbi) a day on which banks and foreign exchange markets are open for general business in Singapore and the principal financial centre for that currency.
“CDP” or the “Depository”	:	The Central Depository (Pte) Limited.
“CDP Calculation Agent”	:	The Bank of New York Mellon, Singapore Branch.
“CDP Issuing and Paying Agent”	:	The Bank of New York Mellon, Singapore Branch.
“CDP Registrar”	:	The Bank of New York Mellon, Singapore Branch.

“CDP System”	:	The computerised system operated by the Depository whereby Securities Accounts are maintained by Depositors with the Depository and, inter alia, transfers of the Securities are effected electronically between Securities Accounts.
“CDP Transfer Agent”	:	The Bank of New York Mellon, Singapore Branch.
“Certificate”	:	A registered certificate representing one or more Registered Securities of the same Series and, save as provided in the Conditions of the Notes or the Conditions of the Perpetual Securities, comprising the entire holding by a holder of Registered Securities of that Series.
“CIS Code”	:	The Code on Collective Investment Schemes issued by the MAS, as amended or modified from time to time.
“Clearstream, Luxembourg”	:	Clearstream Banking, S.A., and includes a reference to its successors and permitted assigns.
“Companies Act”	:	The Companies Act, Chapter 50 of Singapore, as amended or modified from time to time.
“Conditions”	:	(i) In relation to the Notes of any Series, the terms and conditions applicable thereto, which shall be substantially in the form set out in Part III of Schedule 1 to the Trust Deed, as modified, with respect to any Notes represented by a Global Security or a Global Certificate, by the provisions of such Global Security or, as the case may be, Global Certificate, shall incorporate any additional provisions forming part of such terms and conditions set out in the Pricing Supplement(s) relating to the Notes of such Series and shall be endorsed on the Definitive Securities or, as the case may be, Certificates, subject to amendment and completion as referred to in the first paragraph appearing after the heading “Terms and Conditions of the Notes” as set out in Part III of Schedule 1 to the Trust Deed, and any reference to a particularly numbered Condition shall be construed accordingly; and

- (ii) in relation to the Perpetual Securities of any Series, the terms and conditions applicable thereto, which shall be substantially in the form set out in Part III of Schedule 5 to the Trust Deed, as modified, with respect to any Perpetual Securities represented by a Global Security or a Global Certificate, by the provisions of such Global Security or, as the case may be, Global Certificate, shall incorporate any additional provisions forming part of such terms and conditions set out in the Pricing Supplement(s) relating to the Perpetual Securities of such Series and shall be endorsed on the Definitive Securities or, as the case may be, Certificates, subject to amendment and completion as referred to in the first paragraph appearing after the heading “Terms and Conditions of the Perpetual Securities” as set out in Part III of Schedule 5 to the Trust Deed, and any reference to a particularly numbered Condition shall be construed accordingly.

“Couponholders”	:	The holders of the Coupons.
“Coupons”	:	The bearer coupons appertaining to an interest or distribution bearing Bearer Security.
“Dealers”	:	Persons appointed as dealers under the Programme.
“Definitive Security”	:	A definitive Bearer Security being substantially in the form set out in Part 1 of Schedule 1 or, as the case may be, Part I of Schedule 5 to the Trust Deed and having, where appropriate, Coupons and/or a Talon attached on issue.
“Depositors”	:	Persons (including Depository Agents) having any Securities standing to the credit of their Securities Accounts at that time.
“Depository Agent”	:	A corporation authorised by the Depository to maintain Sub-Accounts.
“Euro”	:	The lawful currency of the member states of the European Union that adopt the single currency in accordance with the Treaty establishing the European Community, as amended from time to time.
“Euroclear”	:	Euroclear Bank SA/NV., and includes a reference to its successors and permitted assigns.
“Extraordinary Resolution”	:	A resolution passed at a meeting of Securityholders duly convened and held in accordance with the Trust Deed by a majority of at least 75 per cent. of the votes cast.

“Global Certificate”	:	A global Certificate representing Registered Securities of one or more Tranches of the same Series that are registered in the name of, or in the name of a nominee of, (i) CDP, (ii) a common depositary for Euroclear and/or Clearstream, Luxembourg and/or (iii) any other clearing system.
“Global Security”	:	A global Security representing Bearer Securities of one or more Tranches of the same Series, being a Temporary Global Security and/or, as the context may require, a Permanent Global Security, in each case without Coupons or Talons.
“Group”	:	OUE C-REIT and its subsidiaries.
“Guarantee”	:	The guarantee and indemnity of the Guarantor contained in the Trust Deed.
“Guarantor”	:	DBS Trustee Limited (in its capacity as trustee of OUE C-REIT).
“H Sub-Trust”	:	OUE Hospitality Sub-Trust.
“IRAS”	:	Inland Revenue Authority of Singapore.
“Issuers”	:	OCTPL and the OUE C-REIT Trustee.
“Issuing and Paying Agent”	:	(In the case of Securities cleared or to be cleared through the CDP System), the CDP Issuing and Paying Agent and (in the case of Non-CDP Securities) the Non-CDP Issuing and Paying Agent.
“ITA”	:	Income Tax Act, Chapter 134 of Singapore, as amended or modified from time to time.
“Latest Practicable Date” or “LPD”	:	18 March 2020.
“Listing Manual”	:	The Listing Manual of the SGX-ST, as amended or modified from time to time.
“MAS”	:	The Monetary Authority of Singapore.
“Non-CDP Calculation Agent”	:	The Bank of New York Mellon, London Branch.
“Non-CDP Issuing and Paying Agent”	:	The Bank of New York Mellon, London Branch.
“Non-CDP Registrar”	:	The Bank of New York Mellon SA/NV, Luxembourg Branch.

“Non-CDP Securities”	:	Each Series of Securities other than Securities cleared or to be cleared through the CDP System.
“Non-CDP Transfer Agent”	:	The Bank of New York Mellon SA/NV, Luxembourg Branch.
“Noteholders”	:	The holders of the Notes.
“Notes”	:	The notes issued or to be issued by the Issuers under the Programme.
“OCTPL”	:	OUE CT Treasury Pte. Ltd.
“OUE C-REIT”	:	The trust known as “OUE C-REIT”, constituted under the OUE C-REIT Trust Deed.
“OUE C-REIT Manager”	:	OUE Commercial REIT Management Pte. Ltd.
“OUE C-REIT Trust Deed”	:	The deed of trust dated 10 October 2013 made between (1) the OUE C-REIT Manager, as manager and (2) the OUE C-REIT Trustee, as trustee, constituting OUE Commercial Real Estate Investment Trust, as may be amended, varied or supplemented from time to time.
“OUE C-REIT Trustee”	:	DBS Trustee Limited (in its capacity as trustee of OUE C-REIT).
“OUE Group”	:	OUE Limited and its subsidiaries.
“OUE H-Trust”	:	OUE Hospitality Trust.
“Paying Agents”	:	The CDP Issuing and Paying Agent and the Non-CDP Issuing and Paying Agent, or such other or further institutions as may from time to time be appointed by the Issuers as paying agent for the Securities and Coupons.
“Permanent Global Security”	:	A Global Security representing Bearer Securities of one or more Tranches of the same Series, either on issue or upon exchange of interests in a Temporary Global Security.
“Perpetual Securities”	:	The perpetual securities issued or to be issued by the Issuers under the Programme.
“Perpetual Securityholders”	:	The holders of the Perpetual Securities.
“PRC”	:	People’s Republic of China.
“Pricing Supplement”	:	In relation to any Tranche or Series, a pricing supplement supplemental to this Information Memorandum, specifying the relevant issue details in relation to such Tranche or, as the case may be, Series.

“Programme”	:	The S\$2,000,000,000 Multicurrency Debt Issuance Programme of the Issuers.
“Programme Agreement”	:	The programme agreement dated 20 March 2020 made between (1) the Issuers, as issuers, (2) the Guarantor, as guarantor, (3) the OUE C-REIT Manager, as manager of OUE C-REIT, (4) Oversea-Chinese Banking Corporation Limited and Standard Chartered Bank (Singapore) Limited, as arrangers, and (5) Oversea-Chinese Banking Corporation Limited and Standard Chartered Bank (Singapore) Limited, as dealers, as further amended, restated or supplemented from time to time.
“Property Funds Appendix”	:	Appendix 6 of the CIS Code issued by the MAS in relation to real estate investment trusts as may be modified, amended, supplemented, revised or replaced from time to time.
“Relevant Issuer”	:	In relation to any Tranche or Series, the Issuer which has concluded an agreement with the relevant Dealer(s) to issue, or which has issued, the Notes of that Tranche or Series.
“RevPAR”	:	Revenue per available room.
“Securities”	:	The Notes and the Perpetual Securities.
“Securities Act”	:	Securities Act of 1933 of the United States, as amended or modified from time to time.
“Securityholders”	:	The Noteholders and the Perpetual Securityholders.
“Security Accounts”	:	The securities accounts of the Depositors maintained with the Depository (but does not include Sub-Accounts).
“Senior Guarantee”	:	The Guarantee by the Guarantor of the Notes, the Senior Perpetual Securities and the Coupons relating thereto on a senior basis.
“Senior Perpetual Securities”	:	Perpetual Securities which are expressed to rank as senior obligations of the Issuer.
“Series”	:	(a) (In relation to Securities other than Variable Rate Notes) a Tranche, together with any further Tranche or Tranches, which are (1) expressed to be consolidated and forming a single series and (2) identical in all respects (including as to listing) except for their respective issue dates, issue prices and/or dates of the first payment of (in the case of Notes other than Variable Rate Notes) interest or (in the case of Perpetual Securities) distribution and (b) (in relation to Variable Rate Notes) Notes which are identical in all respects (including as to listing) except for their respective issue prices and rates of interest.

“SFA”	:	The Securities and Futures Act, Chapter 289 of Singapore, as amended or modified from time to time.
“SGX-ST”	:	Singapore Exchange Securities Trading Limited.
“Sub-Accounts”	:	The securities sub-accounts maintained by each Depository Agent for its own account and for the account of its clients.
“Subordinated Guarantee”	:	The Guarantee by the Guarantor of the Subordinated Perpetual Securities and the Coupons relating thereto on a subordinated basis.
“Subordinated Perpetual Securities”	:	Perpetual Securities which are expressed to rank as subordinated obligations of the Issuer.
“subsidiary”	:	Any corporation which is for the time being a subsidiary (within the meaning of Section 5 of the Companies Act) and, in relation to OUE C-REIT, means any company, corporation, trust, fund, or other entity (whether or not a body corporate): (a) which is controlled, directly or indirectly, by OUE C-REIT; or (b) more than half the shares or interest of which is beneficially owned, directly or indirectly, by OUE C-REIT; or (c) which is a subsidiary of any company, corporation, trust, fund or other entity (whether or not a body corporate) to which paragraph (a) or (b) of this definition applies, and for these purposes, any company, corporation, trust, fund or other entity (whether or not a body corporate) shall be treated as being controlled by OUE C-REIT if OUE C-REIT (whether through the OUE C-REIT Trustee or otherwise) is able to direct its affairs and/or to control the composition of its board of directors or equivalent body.
“Talons”	:	Talons for further Coupons or, as the context may require, a specific number of them and includes any replacement Talons issued pursuant to the Conditions.
“TARGET System”	:	The Trans-European Automated Real-Time Gross Settlement Express Transfer (known as TARGET 2) System which was launched on 19 November 2007 or any successor thereto.
“Temporary Global Security”	:	A Global Security representing Bearer Securities of one or more Tranches of the same Series on issue.

“Tranche”	:	Securities which are identical in all respects (including as to listing).
“Trust Deed”	:	The trust deed dated 20 March 2020 made between (1) the Issuers, as issuers, (2) the Guarantor, as guarantor, and (3) the Trustee, as trustee, as amended, restated, varied or supplemented from time to time.
“Trustee”	:	The Bank of New York Mellon, Singapore Branch.
“S\$” and “cents”	:	Singapore dollars and cents respectively.
“Units”	:	Ordinary units of OUE C-REIT.
“US\$” or “US dollars”	:	United States dollars.

Words importing the singular shall, where applicable, include the plural and *vice versa*, and words importing the masculine gender shall, where applicable, include the feminine and neuter genders. References to persons shall, where applicable, include corporations. Any reference to a time of day in this Information Memorandum shall be a reference to Singapore time unless otherwise stated. Any reference in this Information Memorandum to any enactment is a reference to that enactment as for the time being amended or re-enacted. Any word defined under the Companies Act or the SFA or any statutory modification thereof and used in this Information Memorandum shall, where applicable, have the meaning ascribed to it under the Companies Act or, as the case may be, the SFA.

CORPORATE INFORMATION

OCTPL

Registered Office	:	50 Collyer Quay #04-08 OUE Bayfront Singapore 049321
Board of Directors	:	Mr. Lionel Chua Ms. Tan Shu Lin
Company Secretary	:	Ms. Jackie Thia
Auditors	:	KPMG LLP 16 Raffles Quay #22-00 Hong Leong Building Singapore 048581

The Guarantor and the OUE C-REIT Trustee

Registered Office	:	12 Marina Boulevard Marina Bay Financial Centre Singapore 018982
Auditors for OUE C-REIT	:	KPMG LLP 16 Raffles Quay #22-00 Hong Leong Building Singapore 048581

The OUE C-REIT Manager

Registered Office	:	50 Collyer Quay #04-08 OUE Bayfront Singapore 049321
Board of Directors	:	Mr. Lee Yi Shyan Mr. Christopher James Williams Mr. Loh Lian Huat Mr. Liu Chee Ming Mr. Ong Kian Min Ms. Usha Ranee Chandradas Ms. Tan Shu Lin
Company Secretary	:	Ms. Jackie Thia
Arrangers and Dealers of the Programme	:	Oversea-Chinese Banking Corporation Limited 63 Chulia Street #03-05 OCBC Centre East Singapore 049514

		Standard Chartered Bank (Singapore) Limited Marina Bay Financial Centre, Tower 1 8 Marina Boulevard Level 20 Singapore 018981
Legal Advisers to the Arrangers and the Dealers	:	Allen & Gledhill LLP One Marina Boulevard #28-00 Singapore 018989
Legal Advisers to the OUE C-REIT Manager, the Issuers and the Guarantor	:	Rajah & Tann Singapore LLP 9 Straits View #06-07 Marina One West Tower Singapore 018937
Legal Advisers to the Trustee, the CDP Issuing and Paying Agent, the Non-CDP Issuing and Paying Agent, the CDP Calculation Agent, the CDP Registrar, the Non-CDP Calculation Agent, the Non-CDP Registrar, the CDP Transfer Agent and the Non-CDP Transfer Agent	:	Allen & Gledhill LLP One Marina Boulevard #28-00 Singapore 018989
CDP Issuing and Paying Agent, CDP Calculation Agent, CDP Transfer Agent and CDP Registrar	:	The Bank of New York Mellon, Singapore Branch One Temasek Avenue #02-01 Millenia Tower Singapore 039192
Non-CDP Issuing and Paying Agent and Non-CDP Calculation Agent	:	The Bank of New York Mellon, London Branch One Canada Square London E14 5AL United Kingdom
Non-CDP Registrar and Non-CDP Transfer Agent	:	The Bank of New York Mellon SA/NV, Luxembourg Branch Vertigo Building-Polaris 2-4, rue Eugène Ruppert L-2453 Luxembourg
Trustee for the Securityholders	:	The Bank of New York Mellon, Singapore Branch One Temasek Avenue #02-01 Millenia Tower Singapore 039192

SUMMARY OF THE PROGRAMME

The following summary is derived from, and should be read in conjunction with, the full text of this Information Memorandum (and any relevant supplement to this Information Memorandum), the Trust Deed, the Agency Agreement and the relevant Pricing Supplement.

Issuers	:	OCTPL and the OUE C-REIT Trustee.
Guarantor	:	(In the case of Securities issued by OCTPL) the OUE C-REIT Trustee.
Arrangers	:	Oversea-Chinese Banking Corporation Limited and Standard Chartered Bank (Singapore) Limited.
Dealers	:	Oversea-Chinese Banking Corporation Limited, Standard Chartered Bank (Singapore) Limited and/or such other Dealers as may be appointed by the Relevant Issuer in accordance with the Programme Agreement.
Trustee	:	The Bank of New York Mellon, Singapore Branch.
CDP Issuing and Paying Agent	:	The Bank of New York Mellon, Singapore Branch.
Non-CDP Issuing and Paying Agent	:	The Bank of New York Mellon, London Branch.
Description	:	S\$2,000,000,000 Multicurrency Debt Issuance Programme.
Programme Size	:	The maximum aggregate principal amount of the Securities outstanding at any time shall be S\$2,000,000,000 (or its equivalent in other currencies) or such higher amount as may be increased pursuant to the Programme Agreement.
Use of Proceeds	:	Net proceeds from the issue of the Securities under the Programme (after deducting issue expenses) will be used (a) to refinance the existing borrowings of the Group, (b) to fund the redemption and/or buyback of securities issued by any member of the Group, (c) for general corporate funding (including investments and capital expenditures) of the Group, (d) to finance general working capital purposes of the Group and/or (e) for such other purposes as may be specified in the relevant Pricing Supplement.

NOTES

Currency	:	Subject to compliance with all relevant laws, regulations and directives, Notes may be issued in Singapore dollars, United States dollars, Australian dollars, Canadian dollars, Euro, Hong Kong dollars, Japanese yen or any other currency agreed between the Relevant Issuer and the relevant Dealer(s).

Method of Issue	:	Notes may be issued from time to time under the Programme on a syndicated or non-syndicated basis. Each Series may be issued in one or more Tranches, on the same or different issue dates. The minimum issue size for each Series shall be agreed between the Relevant Issuer and the relevant Dealer(s). The specific terms of each Series or Tranche will be specified in the relevant Pricing Supplement.
Issue Price	:	Notes may be issued at par or at a discount, or premium, to par.
Tenor	:	Subject to compliance with all relevant laws, regulations and directives, Notes may have maturities of such tenor as may be agreed between the Relevant Issuer and the relevant Dealer(s).
Mandatory Redemption	:	Unless previously redeemed or purchased and cancelled, each Note will be redeemed at its redemption amount on the maturity date shown on its face.
Interest Basis	:	Notes may bear interest at fixed, floating, variable or hybrid rates or such other rates as may be agreed between the Relevant Issuer and the relevant Dealer(s) or may not bear interest.
Fixed Rate Notes	:	Fixed Rate Notes will bear a fixed rate of interest which will be payable in arrear on specified dates and at maturity.
Floating Rate Notes	:	Floating Rate Notes which are denominated in Singapore dollars will bear interest at a rate to be determined separately for each Series by reference to S\$ SIBOR or S\$ SWAP RATE (or in any other case such other benchmark as may be agreed between the Relevant Issuer and the relevant Dealer(s)), as adjusted for any applicable margin. Interest periods in relation to the Floating Rate Notes will be agreed between the Relevant Issuer and the relevant Dealer(s) prior to their issue. Floating Rate Notes which are denominated in other currencies will bear interest at a rate to be determined separately for each Series by reference to such other benchmark as may be agreed between the Relevant Issuer and the relevant Dealer(s).
Variable Rate Notes	:	Variable Rate Notes will bear interest at a variable rate determined in accordance with the Conditions of the Notes. Interest periods in relation to the Variable Rate Notes will be agreed between the Relevant Issuer and the relevant Dealer(s).

Hybrid Notes	:	Hybrid Notes will bear interest, during the fixed rate period to be agreed between the Relevant Issuer and the relevant Dealer(s), at a fixed rate of interest which will be payable in arrear on specified dates and, during the floating rate period to be agreed between the Relevant Issuer and the relevant Dealer(s), at the rate of interest to be determined by reference to S\$ SIBOR or S\$ SWAP RATE (or such other benchmark as may be agreed between the Relevant Issuer and the relevant Dealer(s)), as adjusted for any applicable margin (provided that if the Hybrid Notes are denominated in a currency other than Singapore dollars, such Hybrid Notes will bear interest to be determined separately by reference to such benchmark as may be agreed between the Relevant Issuer and the relevant Dealer(s)), in each case payable at the end of each interest period to be agreed between the Relevant Issuer and the relevant Dealer(s).
Zero Coupon Notes	:	Zero Coupon Notes may be issued at their nominal amount or at a discount to it and will not bear interest other than in the case of late payment.
Form and Denomination of Notes	:	The Notes will be issued in bearer form or registered form and in such denominations as may be agreed between the Relevant Issuer and the relevant Dealer(s). Each Tranche or Series of bearer Notes may initially be represented by a Temporary Global Security or a Permanent Global Security. Each Temporary Global Security may be deposited on the relevant issue date with CDP, a common depositary for Euroclear and Clearstream, Luxembourg and/or any other agreed clearing system and will be exchangeable, upon request as described therein, either for a Permanent Global Security or definitive Notes (as indicated in the applicable Pricing Supplement). Each Permanent Global Security may be exchanged, unless otherwise specified in the applicable Pricing Supplement, upon request as described therein, in whole (but not in part) for Definitive Notes upon the terms therein. Each Tranche or Series of registered Notes will initially be represented by a Global Certificate. Each Global Certificate may be registered in the name of, or in the name of a nominee of, CDP, a common depositary for Euroclear and Clearstream, Luxembourg and/or any other agreed clearing system. Each Global Certificate may be exchanged, upon request as described therein, in whole (but not in part) for Certificates upon the terms therein. Save as provided in the Conditions of the Notes, a Certificate shall be issued in respect of each Noteholder's entire holding of registered Notes of one Series.

Custody of the Notes	:	Notes which are to be listed on the SGX-ST may be cleared through CDP. Notes which are to be cleared through CDP are required to be kept with CDP as authorised depository. Notes which are cleared through Euroclear and/or Clearstream, Luxembourg are required to be kept with a common depository on behalf of Euroclear and Clearstream, Luxembourg.
Status of the Notes and the Guarantee	:	The Notes and Coupons relating to them constitute direct, unconditional, unsubordinated and unsecured obligations of the Relevant Issuer and shall at all times rank <i>pari passu</i>, without any preference or priority among themselves, and <i>pari passu</i> with all other present and future unsecured obligations (other than subordinated obligations and priorities created by law) of the Relevant Issuer. The payment obligations of the Guarantor under the Guarantee and the Trust Deed in relation to the Notes and the Coupons constitute direct, unconditional, unsubordinated and unsecured obligations of the Guarantor and shall rank <i>pari passu</i> with all other present and future unsecured obligations (other than subordinated obligations and priorities created by law) of the Guarantor.
Optional Redemption and Purchase	:	If so provided in the terms of the Notes and the relevant Pricing Supplement, Notes may be redeemed (either in whole or in part) prior to their stated maturity at the option of the Relevant Issuer and/or the holders of the Notes. Further, if so provided in the terms of the Notes and the relevant Pricing Supplement, Notes may be purchased by the Relevant Issuer (either in whole or in part) prior to their stated maturity at the option of the Relevant Issuer and/or the holders of the Notes.
Mandatory Redemption upon Termination of OUE C-REIT	:	In the event that OUE C-REIT is or is to be terminated in accordance with the provisions of the OUE C-REIT Trust Deed, the Relevant Issuer shall redeem all (and not some only) of the Notes at their Redemption Amount together with interest accrued to the date fixed for redemption on any date on which interest is due to be paid on such Notes or, if earlier, the date of termination of OUE C-REIT.

Redemption upon Cessation or Suspension of Trading of Listed Units : If so provided in the terms of the Notes, in the event that the Listed Units (as defined in the OUE C-REIT Trust Deed) cease to be listed and/or traded on the SGX-ST or transactions in any Listed Unit on the SGX-ST are suspended for a continuous period exceeding 10 market days, the Relevant Issuer shall redeem all (and not some only) of the Notes at their Redemption Amount, together with interest accrued to the date fixed for redemption, (in the case where the Listed Units cease to be listed and/or traded on the SGX-ST) not later than the date falling 45 days after the date of cessation of listing or trading or (in the case where transactions in any Listed Unit on the SGX-ST are suspended for a continuous period exceeding 10 market days) the business day immediately following the expiry of such continuous period of 10 market days.

For the purposes of this paragraph, “**market day**” means a day on which the SGX-ST is open for securities trading.

Redemption for Taxation Reasons : If so provided in the terms of the Notes, the Notes may be redeemed at the option of the Relevant Issuer in whole, but not in part, on any Interest Payment Date or, if so specified thereon, at any time on giving not less than 30 nor more than 60 days’ notice to the Noteholders (which notice shall be irrevocable), at their Redemption Amount or (in the case of Zero Coupon Notes) Early Redemption Amount (as defined in Condition 6(h) of the Notes) (together with interest accrued to (but excluding) the date fixed for redemption), if (i) the Relevant Issuer has or will become obliged to pay additional amounts as provided or referred to in Condition 8 of the Notes, or, if the Guarantee was called, the Guarantor has or will become obliged to pay additional amounts as provided or referred to in Condition 8 of the Notes in excess of the additional amounts that it would have otherwise paid as at the Issue Date, as a result of any change in, or amendment to, the laws (or any regulations, rulings or other administrative pronouncements promulgated thereunder) of Singapore or any political subdivision or any authority thereof or therein having power to tax, or any change in the application or official interpretation of such laws, regulations, rulings or other administrative pronouncements, which change or amendment is made public on or after the Issue Date or any other date specified in the Pricing Supplement, and (ii) such obligations cannot be avoided by the Relevant Issuer or, as the case may be, the Guarantor taking reasonable measures available to it, provided that no such notice of redemption shall be given earlier than 90 days prior to the earliest date on which the Relevant Issuer or, as the case may be, the Guarantor would be obliged to pay such additional amounts were a payment in respect of the Notes then due.

Redemption in the case of Minimum Outstanding Amount	:	If so provided in the terms of the Notes, the Notes may be redeemed at the option of the Relevant Issuer in whole, but not in part, on any Interest Payment Date or, if so specified thereon, at any time on giving not less than 30 nor more than 60 days' notice to the Noteholders (which notice shall be irrevocable), at their Redemption Amount together with interest accrued to (but excluding) the date fixed for redemption if, immediately before giving such notice, the aggregate principal amount of the Notes outstanding is less than 10 per cent. of the aggregate principal amount originally issued.
Negative Pledge	:	OCTPL and the OUE C-REIT Trustee have covenanted with the Trustee in the Trust Deed that so long as any of the Notes or the Coupons remain outstanding (as defined in the Trust Deed), neither OCTPL nor the OUE C-REIT Trustee will create or permit to subsist, and the OUE C-REIT Trustee will procure that no Principal Subsidiary (as defined in Condition 10 of the Notes) of OUE C-REIT will create or permit to subsist, any security on or over any part of its undertaking, assets or revenues, whether present or future, to secure any Capital Markets Indebtedness or any guarantee or indemnity in respect of Capital Markets Indebtedness, without also, at the same time or prior thereto: (i) securing its indebtedness under the Trust Deed so that the Notes, the Coupons and the Trust Deed or, as the case may be, the Guarantor's obligations under the Guarantee are secured equally or rateably with such Capital Markets Indebtedness; or (ii) providing the Notes then outstanding with the benefit of other security as may be approved by the Noteholders by way of an Extraordinary Resolution, provided that nothing in Condition 4(a) of the Notes shall apply to: (1) any security existing as at 20 March 2020 which was created to secure any Capital Markets Indebtedness incurred on or prior to 20 March 2020 ("Outstanding Capital Markets Indebtedness"); (2) any security created subsequent to 20 March 2020 (A) as additional top-up security to secure any Outstanding Capital Markets Indebtedness and (B) to satisfy the security margins contained in the finance documents pursuant to which such Outstanding Capital Markets Indebtedness referred to in (2)(A) was incurred; or (3) any security created for the purpose of refinancing any Outstanding Capital Markets Indebtedness.

For the purposes of this paragraph, “**Capital Markets Indebtedness**” means any indebtedness for moneys borrowed or interest thereon in the form of bonds, convertible bonds, notes, debentures, loan stock or other similar securities that are or are capable of being quoted, listed or ordinarily dealt with in any stock exchange, over-the-counter or other securities market.

Financial Covenant : The OUE C-REIT Trustee has covenanted with the Trustee in the Trust Deed that so long as any of the Notes or the Coupons remain outstanding, the OUE C-REIT Trustee will, at all times, ensure that OUE C-REIT complies with the requirements on aggregate leverage imposed on real estate investment trusts specified in the Property Funds Appendix as construed in accordance with its terms.

Non-disposal Covenant : Each of OCTPL and the OUE C-REIT Trustee has covenanted with the Trustee in the Trust Deed that so long as any of the Notes remains outstanding, each of them will not, and the OUE C-REIT Trustee will ensure that none of the subsidiaries of OUE C-REIT will, whether by a single transaction or a series of related transactions, sell, transfer, lease out, lend or otherwise dispose of (whether outright, by a sale-and-repurchase or sale-and-leaseback arrangement, or otherwise) all or substantially all of the assets of OUE C-REIT and its subsidiaries, taken as a whole, or any part of the assets of OUE C-REIT and its subsidiaries which, either alone or when aggregated with all other disposals required to be taken into account under this paragraph, would have a Material Adverse Effect (as defined in Condition 10 of the Notes). The following disposals shall not be taken into account under this paragraph:

- (i) disposals in the ordinary course of business and on normal commercial terms;
- (ii) disposals in the ordinary course of business of obsolete assets or assets no longer useful in the conduct of the Group’s business;
- (iii) a transfer of assets between or among OUE C-REIT and its subsidiaries;
- (iv) the granting of security interests not prohibited by the Trust Deed and disposals in connection therewith;
- (v) any disposal of cash or cash equivalents;
- (vi) the exchange of assets for other assets which are comparable as to value; or
- (vii) any disposal approved by the Noteholders by way of an Extraordinary Resolution.

Events of Default	:	See Condition 10 of the Notes.
Taxation	:	All payments in respect of the Notes and the Coupons by the Relevant Issuer or, as the case may be, the Guarantor shall be made free and clear of, and without deduction or withholding for or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or within Singapore or any authority thereof or therein having power to tax, unless such withholding or deduction is required by law. In such event, the Relevant Issuer or, as the case may be, the Guarantor shall pay such additional amounts as will result in the receipt by the Noteholders and the Couponholders of such amounts as would have been received by them had no such deduction or withholding been required, save for certain exceptions. For further details, please see the section on "Singapore Taxation" herein.
Listing	:	Each Series of the Notes may, if so agreed between the Relevant Issuer and the relevant Dealer(s), be listed on the SGX-ST or any stock exchange(s) as may be agreed between the Relevant Issuer and the relevant Dealer(s), subject to all necessary approvals having been obtained. If the application to the SGX-ST to list a particular Series of Notes is approved, for so long as such Notes are listed on the SGX-ST and the rules of the SGX-ST so require, such Notes will be traded on the SGX-ST in a minimum board lot size of at least S\$200,000 (or its equivalent in foreign currencies).
Selling Restrictions	:	For a description of certain restrictions on offers, sales and deliveries of Notes and the distribution of offering material relating to the Notes, see the section on "Subscription, Purchase and Distribution" herein. Further restrictions may apply in connection with any particular Series or Tranche of Notes.
Governing Law	:	The Programme and any Notes issued under the Programme will be governed by, and construed in accordance with, the laws of Singapore.

PERPETUAL SECURITIES

Currency	:	Subject to compliance with all relevant laws, regulations and directives, Perpetual Securities may be issued in Singapore dollars, United States dollars, Australian dollars, Canadian dollars, Euro, Hong Kong dollars, Japanese yen or any other currency agreed between the Relevant Issuer and the relevant Dealer(s).

Method of Issue	:	Perpetual Securities may be issued from time to time under the Programme on a syndicated or non-syndicated basis. Each Series may be issued in one or more Tranches, on the same or different issue dates. The minimum issue size for each Series shall be agreed between the Relevant Issuer and the relevant Dealer(s). The specific terms of each Series or Tranche will be specified in the relevant Pricing Supplement.
Issue Price	:	Perpetual Securities may be issued at par or at a discount, or premium, to par.
No Fixed Maturity	:	The Perpetual Securities are perpetual securities in respect of which there is no fixed redemption date and the Relevant Issuer shall only have the right (but not the obligation) to redeem or purchase them in accordance with the provisions of the Conditions of the Perpetual Securities.
Distribution Basis	:	Perpetual Securities may confer a right to receive distribution at fixed or floating rates.
Fixed Rate Perpetual Securities	:	Fixed Rate Perpetual Securities will confer a right to receive distribution at a fixed rate which will be payable in arrear on specified dates. If so provided on the face of the Fixed Rate Perpetual Securities, the distribution rate may be reset on such dates and bases as may be set out in the applicable Pricing Supplement.
Floating Rate Perpetual Securities	:	Floating Rate Perpetual Securities which are denominated in Singapore dollars will confer a right to receive distribution at a rate to be determined separately for each Series by reference to S\$ SIBOR or S\$ SWAP RATE (or in any other case such other benchmark as may be agreed between the Relevant Issuer and the relevant Dealer(s)), as adjusted for any applicable margin. Distribution periods in relation to the Floating Rate Perpetual Securities will be agreed between the Relevant Issuer and the relevant Dealer(s) prior to their issue. Floating Rate Perpetual Securities which are denominated in other currencies will confer a right to receive distribution at a rate to be determined separately for each Series by reference to such other benchmark as may be agreed between the Relevant Issuer and the relevant Dealer(s).

Distribution Discretion : If Optional Payment is set out in the terms of the Perpetual Securities, the Relevant Issuer may, at its sole discretion, elect not to pay a distribution (or to pay only part of a distribution) which is scheduled to be paid on a Distribution Payment Date (as defined in Condition 4(II)(a) of the Perpetual Securities) by giving notice to the Trustee, the Issuing and Paying Agent and the Perpetual Securityholders (in accordance with Condition 14 of the Perpetual Securities) not more than 15 nor less than 5 business days (or such other notice period as may be specified on the face of the Perpetual Security and the relevant Pricing Supplement) prior to a scheduled Distribution Payment Date.

If a Dividend Pusher is set out in the terms of the Perpetual Securities, the Relevant Issuer may not elect to defer any distribution if during the Reference Period (as specified in the applicable Pricing Supplement) ending on the day before that scheduled Distribution Payment Date, either or both of the following have occurred:

- (i) a dividend, distribution or other payment has been declared or paid on or in respect of any of the Relevant Issuer's Junior Obligations (as defined in Condition 4(IV)(a)(A) of the Perpetual Securities) or the Guarantor's Junior Obligations or (except on a *pro rata* basis) any of the Relevant Issuer's Specified Parity Obligations (as defined in Condition 4(IV)(a)(B) of the Perpetual Securities) or any of the Guarantor's Specified Parity Obligations; or
- (ii) any of the Relevant Issuer's Junior Obligations or the Guarantor's Junior Obligations has been redeemed, reduced, cancelled, bought back or acquired for any consideration or (except on a *pro rata* basis) any of the Relevant Issuer's Specified Parity Obligations or the Guarantor's Specified Parity Obligations has been redeemed, reduced, cancelled, bought back or acquired for any consideration,

and/or as otherwise specified in the applicable Pricing Supplement.

Non-Cumulative Deferral
and Cumulative Deferral

: If Non-Cumulative Deferral is set out in the terms of the Perpetual Securities, any distribution deferred pursuant to Condition 4(IV) of the Perpetual Securities is non-cumulative and will not accrue interest. The Relevant Issuer is not under any obligation to pay that or any other distributions that have not been paid in whole or in part. The Relevant Issuer may, at its sole discretion, and at any time, elect to pay an amount up to the amount of distribution which is unpaid (“**Optional Distribution**”) (in whole or in part) by complying with the notice requirements in Condition 4(IV)(e) of the Perpetual Securities. There is no limit on the number of times or the extent of the amount with respect to which the Relevant Issuer can elect not to pay distributions pursuant to Condition 4(IV) of the Perpetual Securities.

Any partial payment of outstanding Optional Distribution by the Relevant Issuer shall be shared by the holders of all outstanding Perpetual Securities and the Coupons related to them on a *pro rata* basis.

If Cumulative Deferral is set out in the terms of the Perpetual Securities, any distribution deferred pursuant to Condition 4(IV) of the Perpetual Securities shall constitute “**Arrears of Distribution**”. The Relevant Issuer may, at its sole discretion, elect to (in the circumstances set out in Condition 4(IV)(a) of the Perpetual Securities) further defer any Arrears of Distribution by complying with the notice requirement in Condition 4(IV)(e) of the Perpetual Securities applicable to any deferral of an accrued distribution. The Relevant Issuer is not subject to any limit as to the number of times distributions and Arrears of Distribution can or shall be deferred pursuant to Condition 4(IV) of the Perpetual Securities except that Condition 4(IV)(c) of the Perpetual Securities shall be complied with until all outstanding Arrears of Distribution have been paid in full.

If Additional Distribution is so provided in the terms of the Perpetual Securities, each amount of Arrears of Distribution shall bear interest as if it constituted the principal of the Perpetual Securities at the Rate of Distribution and the amount of such interest (the “**Additional Distribution Amount**”) with respect to Arrears of Distribution shall be due and payable pursuant to Condition 4 of the Perpetual Securities and shall be calculated by applying the applicable Rate of Distribution to the amount of the Arrears of Distribution and otherwise *mutatis mutandis* as provided in the provisions of Condition 4 of the Perpetual Securities. The Additional Distribution Amount accrued up to any Distribution Payment Date shall be added, for the purpose of calculating the Additional Distribution Amount accruing thereafter, to the amount of Arrears of Distribution remaining unpaid on such Distribution Payment Date so that it will itself become Arrears of Distribution.

Restrictions in the case of
Non-Payment

: If Dividend Stopper is set out in the terms of the Perpetual Securities and on any Distribution Payment Date, payments of all distribution scheduled to be made on such date are not made in full by reason of Condition 4(IV) of the Perpetual Securities, the Relevant Issuer and the Guarantor shall not and shall procure that none of the subsidiaries of OUE C-REIT shall:

- (i) declare or pay any dividends, distributions or make any other payment on, and will procure that no dividend, distribution or other payment is made on, any of the Relevant Issuer’s Junior Obligations or the Guarantor’s Junior Obligations or (except on a pro rata basis) any of the Relevant Issuer’s Specified Parity Obligations or the Guarantor’s Specified Parity Obligations; or
- (ii) redeem, reduce, cancel, buy-back or acquire for any consideration, and will procure that no redemption, reduction, cancellation, buy-back or acquisition for any consideration is made in respect of, any of the Relevant Issuer’s Junior Obligations or the Guarantor’s Junior Obligations or (except on a pro rata basis) any of the Relevant Issuer’s Specified Parity Obligations or the Guarantor’s Specified Parity Obligations,

in each case unless and until (A) (if Cumulative Deferral is specified as being applicable in the applicable Pricing Supplement) the Relevant Issuer has satisfied in full all outstanding Arrears of Distribution, (B) (if Non-Cumulative Deferral is specified as being applicable in the applicable Pricing Supplement) a redemption of all the outstanding Perpetual Securities has occurred, the next scheduled distribution has been paid in full or an Optional Distribution equal to the amount of a distribution payable with respect to the most recent Distribution Payment Date that was unpaid in full or in part, has been paid in full or (C) the Relevant Issuer or, as the case may be, the Guarantor is permitted to do so (or to procure or permit the subsidiaries of OUE C-REIT to do so) by an Extraordinary Resolution of the Perpetual Securityholders and/or as otherwise specified in the applicable Pricing Supplement.

Form and Denomination of
Perpetual Securities

: The Perpetual Securities will be issued in bearer form or registered form and in such denominations as may be agreed between the Relevant Issuer and the relevant Dealer(s). Each Tranche or Series of bearer Perpetual Securities may initially be represented by a Temporary Global Security or a Permanent Global Security. Each Temporary Global Security may be deposited on the relevant issue date with CDP, a common depositary for Euroclear and/or Clearstream, Luxembourg and/or any other agreed clearing system and will be exchangeable, upon request as described therein, either for a Permanent Global Security or definitive Perpetual Securities (as indicated in the applicable Pricing Supplement). Each Permanent Global Security may be exchanged, unless otherwise specified in the applicable Pricing Supplement, upon request as described therein, in whole (but not in part) for Definitive Perpetual Securities upon the terms therein. Each Tranche or Series of registered Perpetual Securities will initially be represented by a Global Certificate.

Each Global Certificate may be registered in the name of, or in the name of a nominee of, CDP, a common depositary for Euroclear and/or Clearstream, Luxembourg and/or any other agreed clearing system. Each Global Certificate may be exchanged, upon request as described therein, in whole (but not in part) for Certificates upon the terms therein. Save as provided in the Conditions of the Perpetual Securities, a Certificate shall be issued in respect of each Perpetual Securityholder's entire holding of registered Perpetual Securities of one Series.

Custody of the Perpetual Securities	:	Perpetual Securities which are to be listed on the SGX-ST may be cleared through CDP. Perpetual Securities which are to be cleared through CDP are required to be kept with CDP as authorised depository. Perpetual Securities which are cleared through Euroclear and/or Clearstream, Luxembourg are required to be kept with a common depository on behalf of Euroclear and/or Clearstream, Luxembourg.
Status of the Senior Perpetual Securities and the Senior Guarantee	:	The Senior Perpetual Securities and Coupons relating to them constitute direct, unconditional, unsubordinated and unsecured obligations of the Relevant Issuer and shall at all times rank <i>pari passu</i>, without any preference or priority among themselves, and <i>pari passu</i> with all other present and future unsecured obligations (other than subordinated obligations and priorities created by law) of the Relevant Issuer. The payment obligations of the Guarantor under the Senior Guarantee and the Trust Deed in relation to the Senior Perpetual Securities and the Coupons relating thereto constitute direct, unconditional, unsubordinated and unsecured obligations of the Guarantor and shall rank <i>pari passu</i> with all other present and future unsecured obligations (other than subordinated obligations and priorities created by law) of the Guarantor.
Status of the Subordinated Perpetual Securities and the Subordinated Guarantee	:	The Subordinated Perpetual Securities and Coupons relating to them constitute direct, unconditional, subordinated and unsecured obligations of the Relevant Issuer and shall at all times rank <i>pari passu</i>, without any preference or priority among themselves, and <i>pari passu</i> with any Parity Obligations of the Relevant Issuer. The payment obligations of the Guarantor under the Subordinated Guarantee and the Trust Deed in relation to the Subordinated Perpetual Securities and the Coupons relating thereto constitute direct, unconditional, subordinated and unsecured obligations of the Guarantor and shall rank <i>pari passu</i> with any Parity Obligations of the Guarantor.
Redemption at the Option of the Issuer	:	If so provided in the terms of the Perpetual Security, the Relevant Issuer may, on giving irrevocable notice to the Perpetual Securityholders falling within the Relevant Issuer's Redemption Option Period shown in the terms thereof, redeem all or, if so provided, some of the Perpetual Securities at their Redemption Amount or integral multiples thereof and on the date or dates so provided. Any such redemption of Perpetual Securities shall be at their Redemption Amount, together with distribution accrued (including any Optional Distributions, Arrears of Distribution and any Additional Distribution Amount) to the date fixed for redemption.

- Redemption for Taxation Reasons : If so provided in the terms of the Perpetual Securities, the Perpetual Securities may be redeemed at the option of the Relevant Issuer in whole, but not in part, on any Distribution Payment Date or, if so specified thereon, at any time on giving not less than 30 nor more than 60 days' notice to the Perpetual Securityholders (which notice shall be irrevocable), at their Redemption Amount (together with distribution (including any Optional Distributions, Arrears of Distribution and any Additional Distribution Amount) accrued to the date fixed for redemption) accrued to (but excluding) the date fixed for redemption), if:
- (i) the Relevant Issuer receives a ruling by the Comptroller of Income Tax in Singapore (or other relevant authority) which confirms that:
 - (a) the Perpetual Securities will not be regarded as "debt securities" for the purposes of Section 43N(4) of the ITA and Regulation 2 of the Income Tax (Qualifying Debt Securities) Regulations, and in the case of Perpetual Securities issued by the OUE C-REIT Trustee, the distributions (including any Optional Distributions, Arrears of Distribution and any Additional Distribution Amount) will be subject to withholding tax in Singapore when paid to persons not tax resident in Singapore (other than Singapore branches of foreign companies); or
 - (b) the distributions (including any Optional Distributions, Arrears of Distribution and any Additional Distribution Amount) will not be regarded as interest payable by the Relevant Issuer for the purposes of the withholding tax exemption on interest for "qualifying debt securities" under the ITA and in the case of Perpetual Securities issued by the OUE C-REIT Trustee, such distributions will be subject to withholding tax in Singapore when paid to persons not tax resident in Singapore (other than Singapore branches of foreign companies); or

- (ii) (a) the Relevant Issuer has or will become obliged to pay additional amounts as provided or referred to in Condition 7 of the Perpetual Securities, or the Guarantor has or will become obliged to pay additional amounts as provided or referred to in Condition 7 of the Perpetual Securities in excess of the additional amounts that it would otherwise have paid as at the Issue Date, as a result of any change in, or amendment to, the laws (or any regulations, rulings or other administrative pronouncements promulgated thereunder) of Singapore or any political subdivision or any authority thereof or therein having power to tax, or any change in the application or official interpretation of such laws, regulations, rulings or other administrative pronouncements, which change or amendment is made public on or after the Issue Date or any other date specified in the Pricing Supplement; and
- (b) such obligations cannot be avoided by the Relevant Issuer or, as the case may be, the Guarantor taking reasonable measures available to it,

provided that no such notice of redemption shall be given earlier than 90 days prior to the earliest date on which the Relevant Issuer or, as the case may be, the Guarantor would be obliged to pay such additional amounts were a payment in respect of the Perpetual Securities then due.

Redemption for Accounting Reasons	:	The Perpetual Securities may be redeemed at the option of the Relevant Issuer in whole, but not in part, on any Distribution Payment Date or, if so specified in the terms of the relevant Perpetual Security, at any time on giving not less than 30 nor more than 60 days' notice to the Perpetual Securityholders (which notice shall be irrevocable), at their Redemption Amount (together with distribution (including any Optional Distributions, Arrears of Distribution and any Additional Distribution Amount) accrued to the date fixed for redemption) if, on such Distribution Payment Date or at any time after that Distribution Payment Date, as a result of any changes or amendments to Singapore Financial Reporting Standards issued by the Singapore Accounting Standards Council (as amended from time to time, the "SFRS") or as the case may be, the Singapore Financial Reporting Standards (International) issued by the Singapore Accounting Standards Council (as amended from time to time, the "SFRS (I)") or any other accounting standards that may replace SFRS or, as the case may be, SFRS(I) for the purposes of the consolidated financial statements of OUE C-REIT (the "Relevant Accounting Standard"), the Perpetual Securities will not or will no longer be recorded as "equity" of OUE C-REIT pursuant to the Relevant Accounting Standard.
Redemption for Tax Deductibility	:	If so provided in the terms of the relevant Perpetual Securities, the Perpetual Securities may be redeemed at the option of the Relevant Issuer in whole, but not in part, on any Distribution Payment Date or, if so specified thereon, at any time on giving not less than 30 nor more than 60 days' notice to the Perpetual Securityholders (which notice shall be irrevocable), at their Redemption Amount (together with distributions (including any Optional Distributions, Arrears of Distribution and any Additional Distribution Amount) accrued to (but excluding) the date fixed for redemption): (i) if the Relevant Issuer satisfies the Trustee immediately before giving such notice that, as a result of: (a) any amendment to, or change in, the laws (or any rules or regulations thereunder) of Singapore or any political subdivision or any taxing authority thereof or therein which is enacted, promulgated, issued or becomes effective on or after the Issue Date;

- (b) any amendment to, or change in, an official and binding interpretation of any such laws, rules or regulations by any legislative body, court, governmental agency or regulatory authority (including the enactment of any legislation and the publication of any judicial decision or regulatory determination) which is enacted, promulgated, issued or becomes effective on or after the Issue Date; or
- (c) any generally applicable official interpretation or pronouncement which is issued or announced on or after the Issue Date that provides for a position with respect to such laws or regulations that differs from the previously generally accepted position which is announced before the Issue Date,

the distributions (including any Optional Distributions, Arrears of Distribution and any Additional Distribution Amount) by the Relevant Issuer are no longer, or would in the Distribution Period immediately following that Distribution Payment Date no longer be, regarded as sums “payable by way of interest upon any money borrowed” for the purpose of Section 14(1)(a) of the ITA, provided that no such notice of redemption may be given earlier than 90 days prior to such effective date on which the distributions (including any Optional Distributions, Arrears of Distribution and any Additional Distribution Amount) would not be regarded as such sums; or

- (ii) the Relevant Issuer receives a ruling by the Comptroller of Income Tax in Singapore (or other relevant authority) which confirms that the distributions (including any Optional Distributions, Arrears of Distribution and any Additional Distribution Amount) will not be regarded as sums “payable by way of interest upon any money borrowed” for the purpose of Section 14(1)(a) of the ITA.

Redemption in the case of Minimal Outstanding Amount : If so provided in the terms of the Perpetual Securities, the Perpetual Securities may be redeemed at the option of the Relevant Issuer in whole, but not in part, on any Distribution Payment Date or, if so specified thereon, at any time on giving not less than 30 nor more than 60 days' notice to the Perpetual Securityholders (which notice shall be irrevocable), at their Redemption Amount (together with distribution (including any Optional Distributions, Arrears of Distribution and any Additional Distribution Amount) accrued to the date fixed for redemption) if, immediately before giving such notice, the aggregate principal amount of the Perpetual Securities outstanding is less than 10 per cent. of the aggregate principal amount originally issued.

Redemption upon Cessation or Suspension of Trading of Units : If so provided in the terms of the relevant Perpetual Securities, in the event that Listed Units cease to be listed and/or traded on the SGX-ST or transactions in any Listed Unit on the SGX-ST are suspended for a continuous period exceeding 10 market days (each, a **"Cessation or Suspension of Trading Event"**), the Perpetual Securities may be redeemed at the option of the Relevant Issuer in whole, but not in part, on the date falling (in the case where the Listed Units cease to be listed and/or traded on the SGX-ST) not later than 45 days after the date of cessation of listing or trading or (in the case where transactions in any Listed Unit on the SGX-ST are suspended for a continuous period exceeding 10 market days) the business day immediately following the expiry of such continuous period of 10 market days at their Redemption Amount (together with distribution (including Optional Distributions, Arrears of Distribution and any Additional Distribution Amount) accrued to the date fixed for redemption).

For the purposes of this paragraph, **"market day"** means a day on which the SGX-ST is open for securities trading.

Redemption upon a Regulatory Event	:	If so provided in the terms of the relevant Perpetual Securities, the Relevant Issuer may, at its option, redeem the Perpetual Securities in whole, but not in part, at any time at their principal amount, together with distributions (including any Optional Distributions, Arrears of Distribution and any Additional Distribution Amount) accrued from the immediately preceding Distribution Payment Date to the date fixed for redemption, on the Relevant Issuer giving not less than 30 nor more than 60 days' notice to the Perpetual Securityholders and the Trustee (which notice shall be irrevocable and shall oblige the Relevant Issuer to redeem the Perpetual Securities), if the Relevant Issuer satisfies the Trustee immediately prior to the giving of such notice that as a result of any change in, or amendment to, the Property Funds Appendix, or any change in the application or official interpretation of the Property Funds Appendix, the Perpetual Securities count or will count towards the Aggregate Leverage under the Property Funds Appendix, provided that no such notice of redemption shall be given earlier than 90 days prior to the earliest date on which the Perpetual Securities will count towards the Aggregate Leverage.
Redemption upon a Ratings Event	:	If so provided in the terms of the relevant Perpetual Security, the Relevant Issuer may, at its option, redeem the Perpetual Securities in whole, but not in part, on any Distribution Payment Date or, if so specified in the relevant Perpetual Security, at any time on giving not less than 30 nor more than 60 days' notice to the Perpetual Securityholders (which notice shall be irrevocable and shall oblige the Relevant Issuer to redeem the Perpetual Securities), at their Redemption Amount (together with distribution including any Optional Distribution, Arrears of Distribution and any Additional Distribution Amount) accrued to (but excluding) the date fixed for redemption) if, on such Distribution Payment Date or any time after that Distribution Payment Date, an amendment, clarification or change has occurred or will occur in the equity credit criteria, guidelines or methodology of any Rating Agency (as defined below) requested from time to time by the Relevant Issuer to grant an equity classification to the Perpetual Securities and, in each case, any of their respective successors to the rating business thereof, which amendment, clarification or change results in a lower equity credit for the Perpetual Securities than the equity credit assigned on the Issue Date or, if equity credit is not assigned on the Issue Date, at the date when equity credit is assigned for the first time.

For the purposes of this paragraph, “**Rating Agency**” means Fitch Ratings, Moody’s Investor Service, Inc. and S&P Global Ratings, a division of S&P Global Inc., or any of their respective successors.

Limited right to institute proceedings in relation to Perpetual Securities	:	The right to institute proceedings for Winding-Up (as defined in Condition 9(a) of the Perpetual Securities is limited to circumstances where payment has become due. In the case of any distribution, such distribution will not be due if the Relevant Issuer has elected not to pay that distribution in accordance with Condition 4(IV) of the Perpetual Securities.
Proceedings for Winding-Up	:	If (i) a final and effective order is made or an effective resolution is passed for the Winding-Up of the Relevant Issuer, the Guarantor and/or OUE C-REIT or (ii) the Relevant Issuer or the Guarantor does not pay any principal, interest or other amounts payable by it under any of the Perpetual Securities at the place at and in the currency in which it is expressed to be payable when due and such default continues for five business days after the due date (together, the “ Enforcement Events ”), the Relevant Issuer or, as the case may be, the Guarantor shall be deemed to be in default under the Trust Deed and the Perpetual Securities or, as the case may be, the Guarantee and the Trustee may, subject to the provisions of Condition 9(d) of the Perpetual Securities, institute proceedings for the Winding-Up of the Relevant Issuer, the Guarantor and/or OUE C-REIT, prove in the Winding-Up of the Relevant Issuer, the Guarantor and/or OUE-C-REIT and/or claim in the liquidation of the Relevant Issuer, the Guarantor and/or OUE C-REIT for such payment.
Taxation	:	All payments in respect of the Perpetual Securities and the Coupons by the Relevant Issuer or, as the case may be, the Guarantor shall be made free and clear of, and without deduction or withholding for or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or within Singapore or any authority thereof or therein having power to tax, unless such withholding or deduction is required by law. In such event, the Relevant Issuer or, as the case may be, the Guarantor shall pay such additional amounts as will result in the receipt by the Perpetual Securityholders and the Couponholders of such amounts as would have been received by them had no such deduction or withholding been required, save for certain exceptions.

For further details, please see the section on “Singapore Taxation” herein.

Listing	:	Each Series of the Perpetual Securities may, if so agreed between the Relevant Issuer and the relevant Dealer(s), be listed on the SGX-ST or any stock exchange(s) as may be agreed between the Relevant Issuer and the relevant Dealer(s), subject to all necessary approvals having been obtained. If the application to the SGX-ST to list a particular Series of Perpetual Securities is approved, for so long as such Perpetual Securities are listed on the SGX-ST and the rules of the SGX-ST so require, such Perpetual Securities will be traded on the SGX-ST in a minimum board lot size of at least S\$200,000 (or its equivalent in foreign currencies).
Selling Restrictions	:	For a description of certain restrictions on offers, sales and deliveries of Perpetual Securities and the distribution of offering material relating to the Perpetual Securities, see the section on “Subscription, Purchase and Distribution” herein. Further restrictions may apply in connection with any particular Series or Tranche of Perpetual Securities.
Governing Law	:	The Programme and any Perpetual Securities issued under the Programme will be governed by, and construed in accordance with, the laws of Singapore.

TERMS AND CONDITIONS OF THE NOTES

The following is the text of the terms and conditions which, subject to completion and amendment and as supplemented or varied in accordance with the provisions of the relevant Pricing Supplement, will be endorsed on the Notes in definitive form (if any) issued in exchange for the Global Security(ies) or the Global Certificate(s) representing each Series. Either (i) the full text of these terms and conditions together with the relevant provisions of the relevant Pricing Supplement or (ii) these terms and conditions as so completed, amended, supplemented or varied (and subject to simplification by the deletion of non-applicable provisions), shall be endorsed on such Notes. Unless otherwise stated, all capitalised terms that are not defined in these Conditions will have the meanings given to them in the relevant Pricing Supplement. Those definitions will be endorsed on such Bearer Notes or on the Certificates relating to such Registered Notes. References in the Conditions to “Notes” are to the Notes of one Series only, not to all Notes that may be issued under the Programme, details of the relevant Series being shown in the terms of the relevant Notes and in the relevant Pricing Supplement.

The Notes are constituted by a trust deed (as amended, modified and supplemented from time to time, the “**Trust Deed**”) dated 20 March 2020 made between (1) OUE CT Treasury Pte. Ltd. (“**OCTPL**”) and DBS Trustee Limited (in its capacity as trustee of OUE Commercial Real Estate Investment Trust (“**OUE C-REIT**”)) (the “**OUE C-REIT Trustee**”), as issuers (each, an “**Issuer**” and together, the “**Issuers**”), (2) the OUE C-REIT Trustee, in its capacity as guarantor for Securities (as defined in the Trust Deed) issued by OCTPL (the “**Guarantor**”) and (3) The Bank of New York Mellon, Singapore Branch (the “**Trustee**”, which expression shall wherever the context so admits include such company and all other persons for the time being the trustee or trustees of the Trust Deed), as trustee for the Noteholders (as defined below), and (where applicable) the Notes are issued with the benefit of a deed of covenant dated 20 March 2020 (as amended and supplemented from time to time, the “**OCTPL Deed of Covenant**”) executed by OCTPL, relating to CDP Notes (as defined in the Trust Deed) issued by OCTPL and a deed of covenant dated 20 March 2020 (as amended and supplemented from time to time, the “**OUE C-REIT Deed of Covenant**”) and, together with the OCTPL Deed of Covenant, the “**Deeds of Covenant**”) executed by the OUE C-REIT Trustee, relating to CDP Notes issued by the OUE C-REIT Trustee. These terms and conditions (the “**Conditions**”) include summaries of, and are subject to, the detailed provisions of the Trust Deed, which includes the form of the Bearer Notes, Certificates, Coupons and Talons referred to below. The Issuers and the Guarantor have entered into an agency agreement (as amended, restated or supplemented from time to time, the “**Agency Agreement**”) dated 20 March 2020 made between (1) the Issuers, (2) the Guarantor, (3) The Bank of New York Mellon, Singapore Branch, as issuing and paying agent in respect of CDP Notes (in such capacity, the “**CDP Issuing and Paying Agent**”), transfer agent in respect of CDP Notes (in such capacity, the “**CDP Transfer Agent**”), registrar in respect of CDP Notes (in such capacity, the “**CDP Registrar**”) and calculation agent in respect of CDP Notes (in such capacity, the “**CDP Calculation Agent**”), (4) The Bank of New York Mellon, London Branch, as issuing and paying agent in respect of Notes cleared or to be cleared through Euroclear (as defined below) and/or Clearstream, Luxembourg (as defined below) (“**Non-CDP Notes**”) (in such capacity, the “**Non-CDP Issuing and Paying Agent**”) and, together with the CDP Issuing and Paying Agent and any other issuing and paying agents that may be appointed, the “**Issuing and Paying Agents**”) and the Issuing and Paying Agents together with any other paying agents, the “**Paying Agents**”) and as calculation agent in respect of Non-CDP Notes (in such capacity, the “**Non-CDP Calculation Agent**”) and, together with the CDP Calculation Agent, the “**Calculation Agents**”), (5) The Bank of New York Mellon SA/NV, Luxembourg Branch, as transfer agent in respect of Non-CDP Notes (in such capacity, the “**Non-CDP Transfer Agent**”) and, together with the CDP Transfer Agent and any other transfer agents that may be appointed, the “**Transfer Agents**”) and registrar in respect of Non-CDP Notes (in such capacity, the “**Non-CDP Registrar**”) and, together with the CDP Registrar, the “**Registrars**”), and (6) the Trustee, as trustee. The Noteholders and the holders (the “**Couponholders**”) of the coupons (the “**Coupons**”) appertaining to the interest-bearing Notes in bearer form and, where applicable in the case of such Notes, talons for further Coupons (the “**Talons**”) are bound by and are deemed to have notice of all of the provisions of the Trust Deed, the Agency Agreement and the relevant Deed of Covenant.

For the purposes of these Conditions, all references to (a) the Issuing and Paying Agent shall, in the case of a Series of CDP Notes, be deemed to be a reference to the CDP Issuing and Paying Agent and, in the case of a Series of Non-CDP Notes, be deemed to be a reference to the Non-CDP Issuing and Paying Agent, (b) the Calculation Agent shall, in the case of a Series of CDP Notes, be deemed to be a reference to the CDP Calculation Agent and, in the case of a Series of Non-CDP Notes, be deemed to be a reference to the Non-CDP Calculation Agent, (c) the Registrar shall, in the case of a Series of CDP Notes, be deemed to be a reference to the CDP Registrar and, in the case of a Series of Non-CDP Notes, be deemed to be a reference to the Non-CDP Registrar, and (d) the Transfer Agent shall, in the case of a Series of CDP Notes, be deemed to be a reference to the CDP Transfer Agent and, in the case of a Series of Non-CDP Notes, be deemed to be a reference to the Non-CDP Transfer Agent, and (unless the context otherwise requires) all such references shall be construed accordingly.

Copies of the Trust Deed, the Agency Agreement and the Deeds of Covenant are available for inspection at the specified office of the Trustee for the time being and at the respective specified offices of the Issuing and Paying Agents for the time being upon prior written request and satisfactory proof of holdings.

1. Form, Denomination and Title

(a) Form and Denomination

- (i) The Notes of the Series of which this Note forms part (in these Conditions, the “**Notes**”) are issued in bearer form (“**Bearer Notes**”) or in registered form (“**Registered Notes**”), in each case in the Denomination Amount shown in the terms of the Note. Subject to applicable laws, in the case of Registered Notes, such Notes are in the Denomination Amount shown hereon, which may include a minimum denomination and higher integral multiples of a smaller amount, in each case, as specified in the applicable Pricing Supplement.
- (ii) This Note is a Fixed Rate Note, a Floating Rate Note, a Variable Rate Note, a Hybrid Note or a Zero Coupon Note (depending upon the Interest Basis shown in its terms).
- (iii) Bearer Notes are serially numbered and issued with Coupons (and, where appropriate, a Talon) attached, save in the case of Zero Coupon Notes in which case references to interest (other than in relation to default interest referred to in Condition 7(h)) in these Conditions are not applicable.
- (iv) Registered Notes are represented by registered certificates (“**Certificates**”) and, save as provided in Condition 2(c), each Certificate shall represent the entire holding of Registered Notes by the same holder.

(b) Title

- (i) Title to the Bearer Notes and the Coupons and Talons appertaining thereto shall pass by delivery. Title to the Registered Notes shall pass by registration in the register that the relevant Issuer shall procure to be kept by the Registrar in accordance with the provisions of the Agency Agreement (the “**Register**”).
- (ii) Except as ordered by a court of competent jurisdiction or as required by law, the holder of any Note, Coupon or Talon shall be deemed to be and may be treated as the absolute owner of such Note, Coupon or Talon, as the case may be, for the purpose of receiving payment thereof or on account thereof and for all other purposes, whether or not such Note, Coupon or Talon shall be overdue and notwithstanding any notice of ownership, theft, forgery or loss thereof, trust, interest therein or any writing thereon made by anyone, and no person shall be liable for so treating the holder.

- (iii) For so long as any of the Notes is represented by a Global Security (as defined below) or, as the case may be, a Global Certificate (as defined below), and such Global Security or Global Certificate is held by a common depositary for Euroclear Bank SA/NV ("**Euroclear**") and/or Clearstream Banking S.A. ("**Clearstream, Luxembourg**"), The Central Depositary (Pte) Limited (the "**Depository**") and/or any other clearing system, each person who is for the time being shown in the records of Euroclear and/or Clearstream, Luxembourg, the Depository and/or such other clearing system as the holder of a particular principal amount of such Notes (in which regard any certificate or other document issued by Euroclear and/or Clearstream, Luxembourg, the Depository and/or such other clearing system as to the principal amount of such Notes standing to the account of any person shall be conclusive and binding for all purposes save in the case of manifest error) shall be treated by the relevant Issuer, the Guarantor, the Issuing and Paying Agents, the Calculation Agents, the Registrars, the Transfer Agents and all other agents of the relevant Issuer and the Trustee as the holder of such principal amount of Notes other than with respect to the payment of principal, premium, interest, distribution, redemption, purchase and/or any other amounts in respect of the Notes, for which purpose the bearer of the Global Security or, as the case may be, the person whose name is shown on the Register shall be treated by the relevant Issuer, the Guarantor, the Issuing and Paying Agents, the Calculation Agents, the Registrars, the Transfer Agents and all other agents of the relevant Issuer and the Trustee as the holder of such Notes in accordance with and subject to the terms of the Global Security or, as the case may be, the Global Certificate (and the expressions "**Noteholder**" and "**holder of Notes**" and related expressions shall be construed accordingly). Notes which are represented by the Global Security or, as the case may be, the Global Certificate will be transferable only in accordance with the rules and procedures for the time being of Euroclear and/or Clearstream, Luxembourg, the Depository and/or such other clearing system.
- (iv) In these Conditions, "**Global Security**" means the relevant Temporary Global Security representing each Series or the relevant Permanent Global Security representing each Series, "**Global Certificate**" means the relevant Global Certificate representing each Series that is registered in the name of, or in the name of a nominee of, (1) a common depositary for Euroclear and/or Clearstream, Luxembourg, (2) the Depository and/or (3) any other clearing system, "**Noteholder**" means the bearer of any Bearer Note or the person in whose name a Registered Note is registered (as the case may be) and "**holder**" (in relation to a Note, Coupon or Talon) means the bearer of any Bearer Note, Coupon or Talon or the person in whose name the relevant Registered Note is registered (as the case may be), "**Series**" means (A) (in relation to Notes other than Variable Rate Notes) a Tranche, together with any further Tranche or Tranches, which are (aa) expressed to be consolidated and forming a single series and (bb) identical in all respects (including as to listing) except for their respective issue dates, issue prices and/or dates of the first payment of interest and (B) (in relation to Variable Rate Notes) Notes which are identical in all respects (including as to listing) except for their respective issue prices and rates of interest and "**Tranche**" means Notes which are identical in all respects (including as to listing).
- (v) Words and expressions defined in the Trust Deed or used in the applicable Pricing Supplement (as defined in the Trust Deed) shall have the same meanings where used in these Conditions unless the context otherwise requires or unless otherwise stated and provided that, in the event of inconsistency between the Trust Deed and the applicable Pricing Supplement, the applicable Pricing Supplement will prevail.

2. No Exchange of Notes and Transfers of Registered Notes

(a) No Exchange of Notes

Registered Notes may not be exchanged for Bearer Notes. Bearer Notes of one Denomination Amount may not be exchanged for Bearer Notes of another Denomination Amount. Bearer Notes may not be exchanged for Registered Notes.

(b) Transfer of Registered Notes

Subject to Conditions 2(e) and 2(f) below, one or more Registered Notes may be transferred upon the surrender (at the specified office of the Registrar or any other Transfer Agent) of the Certificate representing such Registered Notes to be transferred, together with the form of transfer endorsed on such Certificate (or another form of transfer substantially in the same form and containing the same representations and certifications (if any), unless otherwise agreed by the relevant Issuer) duly completed and executed and any other evidence as the Registrar or such other Transfer Agent may require to prove the title of the transferor and the authority of the individuals that have executed the form of transfer. In the case of a transfer of part only of a holding of Registered Notes represented by one Certificate, a new Certificate shall be issued to the transferee in respect of the part transferred and a further new Certificate in respect of the balance of the holding not transferred shall be issued to the transferor. All transfers of Registered Notes and entries on the Register will be made subject to the detailed regulations concerning transfers of Registered Notes scheduled to the Agency Agreement. The regulations may be changed by the Issuers, with the prior written approval of the Registrar and the Trustee. A copy of the current regulations will be made available by the Registrar, at the cost and expense of the relevant Issuer, to any Noteholder upon request.

(c) Exercise of Options or Partial Redemption or Purchase in Respect of Registered Notes

In the case of an exercise of an Issuer's or a Noteholders' option in respect of, or a partial redemption of or purchase of, a holding of Registered Notes represented by a single Certificate, a new Certificate shall be issued to the holder to reflect the exercise of such option or in respect of the balance of the holding not redeemed or purchased. In the case of a partial exercise of an option resulting in Registered Notes of the same holding having different terms, separate Certificates shall be issued in respect of those Notes of that holding that have the same terms. New Certificates shall only be issued against surrender of the existing Certificates to the Registrar or any other Transfer Agent. In the case of a transfer of Registered Notes to a person who is already a holder of Registered Notes, a new Certificate representing the enlarged holding shall only be issued against surrender of the Certificate representing the existing holding.

(d) Delivery of New Certificates

Each new Certificate to be issued pursuant to Condition 2(b) or 2(c) shall be available for delivery within seven business days of receipt of the form of transfer or Exercise Notice (as defined in Condition 6(e)) and surrender of the Certificate for exchange. Delivery of the new Certificate(s) shall be made at the specified office of the Registrar or such other Transfer Agent (as the case may be) to whom delivery or surrender of such form of transfer, Exercise Notice or Certificate shall have been made or, at the option of the holder making such delivery or surrender as aforesaid and as specified in the relevant form of transfer, Exercise Notice or otherwise in writing, be mailed by uninsured post at the risk of the holder entitled to the new Certificate to such address as may be so specified, unless such holder requests otherwise and pays in advance to the Registrar or the relevant Transfer Agent the costs of such other method of delivery and/or such insurance as it may specify. In this Condition 2(d) only, "**business day**" means a day (other than a Saturday, Sunday or gazetted public holiday) on which banks are open for business in the place of the specified office of the Registrar or the relevant Transfer Agent (as the case may be).

(e) Transfers Free of Charge

Transfers of Notes and Certificates on registration, transfer, exercise of an option or partial redemption (as applicable) shall be effected without charge by or on behalf of the relevant Issuer, the Guarantor, the Registrar or the Transfer Agents, but upon payment by the Noteholder of any tax or other governmental charges that may be imposed in relation to it (or the giving by the Noteholder of such indemnity and/or security and/or prefunding as the Registrar or the relevant Transfer Agent may require) in respect of tax or charges.

(f) Closed Periods

No Noteholder may require the transfer of a Registered Note to be registered (i) during the period of 15 days prior to any date on which Notes may be called for redemption by the relevant Issuer at its option pursuant to Condition 6(d), (ii) after any such Note has been called for redemption or (iii) during the period of seven days ending on (and including) any Record Date (as defined in Condition 7(b)(ii)).

3. Status and Guarantee

(a) Status

The Notes and Coupons of all Series constitute direct, unconditional, unsubordinated and unsecured obligations of the relevant Issuer and shall at all times rank *pari passu*, without any preference or priority among themselves, and *pari passu* with all other present and future unsecured obligations (other than subordinated obligations and priorities created by law) of the relevant Issuer.

(b) Guarantee

The payment of all sums expressed to be payable by OCTPL under the Trust Deed, the Notes and the Coupons are unconditionally and irrevocably guaranteed by the Guarantor. The obligations of the Guarantor under the Guarantee (as defined in the Trust Deed) are contained in the Trust Deed. The payment obligations of the Guarantor under the Guarantee and the Trust Deed in relation to the Notes and the Coupons constitute direct, unconditional, unsubordinated and unsecured obligations of the Guarantor and shall rank *pari passu* with all other present and future unsecured obligations (other than subordinated obligations and priorities created by law) of the Guarantor.

4. Negative Pledge and Financial and other Covenants

(a) Negative Pledge

OCTPL and the OUE C-REIT Trustee have covenanted with the Trustee in the Trust Deed that so long as any of the Notes or the Coupons remain outstanding (as defined in the Trust Deed), neither OCTPL nor the OUE C-REIT Trustee will create or permit to subsist, and the OUE C-REIT Trustee will procure that no Principal Subsidiary (as defined in Condition 10) of OUE C-REIT will create or permit to subsist, any security on or over any part of its undertaking, assets or revenues, whether present or future, to secure any Capital Markets Indebtedness or any guarantee or indemnity in respect of Capital Markets Indebtedness, without also, at the same time or prior thereto:

- (i) securing its indebtedness under the Trust Deed so that the Notes, the Coupons and the Trust Deed or, as the case may be, the Guarantor's obligations under the Guarantee are secured equally or rateably with such Capital Markets Indebtedness; or

- (ii) providing the Notes then outstanding with the benefit of other security as may be approved by the Noteholders by way of an Extraordinary Resolution,

provided that nothing in this Condition 4(a) shall apply to: (1) any security existing as at 20 March 2020 which was created to secure any Capital Markets Indebtedness incurred on or prior to 20 March 2020 (“**Outstanding Capital Markets Indebtedness**”); (2) any security created subsequent to 20 March 2020 (A) as additional top-up security to secure any Outstanding Capital Markets Indebtedness and (B) to satisfy the security margins contained in the finance documents pursuant to which such Outstanding Capital Markets Indebtedness referred to in (2)(A) was incurred; or (3) any security created for the purpose of refinancing any Outstanding Capital Markets Indebtedness.

For the purposes of this Condition 4(a), “**Capital Markets Indebtedness**” means any indebtedness for moneys borrowed or interest thereon in the form of bonds, convertible bonds, notes, debentures, loan stock or other similar securities that are or are capable of being quoted, listed or ordinarily dealt with in any stock exchange, over-the-counter or other securities market.

(b) Financial Covenant

The OUE C-REIT Trustee has covenanted with the Trustee in the Trust Deed that so long as any of the Notes or the Coupons remain outstanding, the OUE C-REIT Trustee will, at all times, ensure that OUE C-REIT complies with the requirements on aggregate leverage imposed on real estate investment trusts specified in the Property Funds Appendix as construed in accordance with its terms.

For the purposes of these Conditions, “**Property Funds Appendix**” means Appendix 6 to the Code on Collective Investment Schemes issued by the Monetary Authority of Singapore, as may be modified, amended, supplemented, revised or replaced from time to time.

(c) Non-disposal Covenant

Each of OCTPL and the OUE C-REIT Trustee has further covenanted with the Trustee in the Trust Deed that so long as any of the Notes remains outstanding, each of them will not, and the OUE C-REIT Trustee will ensure that none of the subsidiaries of OUE C-REIT will, whether by a single transaction or a series of related transactions, sell, transfer, lease out, lend or otherwise dispose of (whether outright, by a sale-and-repurchase or sale-and-leaseback arrangement, or otherwise) all or substantially all of the assets of OUE C-REIT and its subsidiaries, taken as a whole, or any part of the assets of OUE C-REIT and its subsidiaries which, either alone or when aggregated with all other disposals required to be taken into account under Clause 17.27 of the Trust Deed, would have a Material Adverse Effect (as defined in Condition 10). The following disposals shall not be taken into account under Clause 17.27 of the Trust Deed:

- (i) disposals in the ordinary course of business and on normal commercial terms;
- (ii) disposals in the ordinary course of business of obsolete assets or assets no longer useful in the conduct of the Group’s business;
- (iii) a transfer of assets between or among OUE C-REIT and its subsidiaries;
- (iv) the granting of security interests not prohibited by the Trust Deed and disposals in connection therewith;
- (v) any disposal of cash or cash equivalents;

- (vi) the exchange of assets for other assets which are comparable as to value; or
- (vii) any disposal approved by the Noteholders by way of an Extraordinary Resolution.

5. (I) Interest on Fixed Rate Notes

(a) Interest Rate and Accrual

Each Fixed Rate Note bears interest on its principal amount outstanding from the Interest Commencement Date (as defined in Condition 5(VII)) in respect thereof and as shown in the terms of such Note at the rate per annum (expressed as a percentage) equal to the Rate of Interest shown in the terms of such Note payable in arrear on each Interest Payment Date or Interest Payment Dates shown in the terms of such Note in each year and on the Maturity Date shown in the terms of such Note if that date does not fall on an Interest Payment Date.

The first payment of interest will be made on the Interest Payment Date next following the Interest Commencement Date (and if the Interest Commencement Date is not an Interest Payment Date, will amount to the Initial Broken Amount shown in the terms of such Note), unless the Maturity Date falls before the date on which the first payment of interest would otherwise be due. If the Maturity Date is not an Interest Payment Date, interest from the preceding Interest Payment Date (or from the Interest Commencement Date, as the case may be) to the Maturity Date will amount to the Final Broken Amount shown in the terms of the Note.

(b) Calculations

In the case of a Fixed Rate Note, interest in respect of a period of less than one year will be calculated on the Day Count Fraction (as defined in Condition 5(VII)) shown in the terms of the Note.

(II) Interest on Floating Rate Notes or Variable Rate Notes

(a) Interest Payment Dates

Each Floating Rate Note or Variable Rate Note bears interest on its principal amount outstanding from the Interest Commencement Date in respect thereof and as shown in the terms of such Note, and such interest will be payable in arrear on each Interest Payment Date. Such Interest Payment Date(s) is/are either shown in the terms of such Note as Specified Interest Payment Date(s) or, if no Specified Interest Payment Date(s) is/are shown in the terms of such Note, Interest Payment Date shall mean each date which (save as mentioned in these Conditions) falls the number of months specified as the Interest Period (as defined below) in the terms of the Note after the preceding Interest Payment Date or, in the case of the first Interest Payment Date, after the Interest Commencement Date (and which corresponds numerically with such preceding Interest Payment Date or the Interest Commencement Date, as the case may be), provided that the Agreed Yield (as defined below) in respect of any Variable Rate Note for any Interest Period relating to that Variable Rate Note shall be payable on the first day of that Interest Period.

(b) Business Day Convention

If any Interest Payment Date referred to in these Conditions that is specified to be subject to adjustment in accordance with a Business Day Convention would otherwise fall on a day that is not a business day (as defined below), then if the Business Day Convention specified is:

- (i) the Floating Rate Business Day Convention, such date shall be postponed to the next day which is a business day unless it would thereby fall into the next calendar month, in which event (1) such date shall be brought forward to the immediately preceding business day and (2) each subsequent such date shall be the last business day of the month in which such date would have fallen had it not been subject to adjustment;
- (ii) the Following Business Day Convention, such date shall be postponed to the next day that is a business day;
- (iii) the Modified Following Business Day Convention, such date shall be postponed to the next day that is a business day unless it would thereby fall into the next calendar month, in which event such date shall be brought forward to the immediately preceding business day; or
- (iv) the Preceding Business Day Convention, such date shall be brought forward to the immediately preceding business day.

(c) Rate of Interest – Floating Rate Notes

- (i) Each Floating Rate Note bears interest at a floating rate determined by reference to a Benchmark as stated in the terms of such Floating Rate Note, being (in the case of Notes which are denominated in Singapore dollars) SIBOR (in which case such Note will be a SIBOR Note) or Swap Rate (in which case such Note will be a Swap Rate Note) or in any other case (or in the case of Notes which are denominated in a currency other than Singapore dollars) such other Benchmark as is set out in the terms of such Note.

Such floating rate may be adjusted by adding or subtracting the Spread (if any) stated in the terms of such Note. The “Spread” is the percentage rate per annum specified in the terms of such Note as being applicable to the rate of interest for such Note. The rate of interest so calculated shall be subject to Condition 5(V)(a) below.

- (ii) The Rate of Interest payable from time to time in respect of each Floating Rate Note will be determined by the Calculation Agent on the basis of the following provisions:

(1) in the case of Floating Rate Notes which are SIBOR Notes:

- (A) the Calculation Agent will, at or about the Relevant Time on the relevant Interest Determination Date in respect of each Interest Period, determine the Rate of Interest for such Interest Period which shall be the offered rate for deposits in Singapore dollars for a period equal to the duration of such Interest Period which appears on the Reuters Screen ABSIRFIX01 Page under the caption “ABS SIBOR FIX – SIBOR AND SWAP OFFER RATES – RATES AT 11:00 HRS SINGAPORE TIME” and under the column headed “SGD SIBOR” (or such other replacement page thereof for the purpose of displaying SIBOR or such other Screen Page as may be provided in the terms of such Note) and as adjusted by the Spread (if any);

- (B) if on any Interest Determination Date, no such rate appears on the Reuters Screen ABSIRFIX01 Page (or such other replacement page as aforesaid) or if the Reuters Screen ABSIRFIX01 Page (or such other replacement page as aforesaid) is unavailable for any reason, the Calculation Agent will, at or about the Relevant Time on the relevant Interest Determination Date in respect of each Interest Period, determine the Rate of Interest for such Interest Period which shall be the offered rate for deposits in Singapore dollars for a period equal to the duration of such Interest Period which appears on the Bloomberg Screen Swap Offer and SIBOR (ABSIRFIX) Page under the column headed "SGD SIBOR" (or such other replacement page thereof for the purpose of displaying SIBOR or such other Screen Page (as defined below) as may be provided in the terms of such Note) and as adjusted by the Spread (if any);
- (C) (in the event that the Calculation Agent has notified the relevant Issuer that it is able to do so) if on any Interest Determination Date, no such rate appears on the Bloomberg Screen Swap Offer and SIBOR (ABSIRFIX) Page under the column headed "SGD SIBOR" (or such other replacement page thereof or if no rate appears on such other Screen Page as may be provided hereon) or if the Bloomberg Screen Swap Offer and SIBOR (ABSIRFIX) Page (or such other replacement page or such other Screen Page as may be provided hereon) is unavailable for any reason, the Calculation Agent will request the principal Singapore offices of each of the Reference Banks to provide the Calculation Agent with the rate at which deposits in Singapore dollars are offered by it at approximately the Relevant Time on the Interest Determination Date to prime banks in the Singapore interbank market for a period equivalent to the duration of such Interest Period commencing on such Interest Payment Date in an amount comparable to the aggregate principal amount of the relevant Floating Rate Notes. The Rate of Interest for such Interest Period shall be the arithmetic mean (rounded up, if necessary, to four decimal places) of such offered quotations and as adjusted by the Spread (if any), as determined by the Calculation Agent;
- (D) (in the event that the Calculation Agent has notified the relevant Issuer that it is able to do so) if on any Interest Determination Date, two but not all the Reference Banks provide the Calculation Agent with such quotations, the Rate of Interest for the relevant Interest Period shall be determined in accordance with (C) above on the basis of the quotations of those Reference Banks providing such quotations;
- (E) (in the event that the Calculation Agent has notified the relevant Issuer that it is able to do so) if on any Interest Determination Date, one only or none of the Reference Banks provides the Calculation Agent with such quotation, the Rate of Interest for the relevant Interest Period shall be the rate per annum which the Calculation Agent determines to be the arithmetic mean (rounded up, if necessary, to four decimal places) of the prime lending rates for Singapore dollars quoted by the Reference Banks at or about the Relevant Time on such Interest Determination Date, and as adjusted by the Spread (if any); and

- (F) if the Calculation Agent is unable to determine the Rate of Interest for an Interest Period in accordance with paragraphs (c)(ii)(1)(A) to (c)(ii)(1)(E) above, the Rate of Interest for such Interest Period shall be the Rate of Interest in effect for the last preceding Interest Period to which paragraph (c)(ii)(1)(A), (c)(ii)(1)(B), (c)(ii)(1)(C), (c)(ii)(1)(D) or (c)(ii)(1)(E) above shall have applied;

(2) in the case of Floating Rate Notes which are Swap Rate Notes:

- (A) the Calculation Agent will, at or about the Relevant Time on the relevant Interest Determination Date in respect of each Interest Period, determine the Rate of Interest for such Interest Period as being the rate which appears on the Reuters Screen ABSFIX1 Page under the caption “SGD SOR rates as of 11:00 hrs London Time” under the column headed “SGD SOR” (or such replacement page thereof for the purpose of displaying the swap rates of leading reference banks) at or about the Relevant Time on such Interest Determination Date and for a period equal to the duration of such Interest Period and as adjusted by the Spread (if any);
- (B) if on any Interest Determination Date, no such rate is quoted on the Reuters Screen ABSFIX1 Page (or such other replacement page as aforesaid) or the Reuters Screen ABSFIX1 Page (or such other replacement page as aforesaid) is unavailable for any reason, the Calculation Agent will, at or about the Relevant Time on the relevant Interest Determination Date in respect of each Interest Period, determine the Rate of Interest for such Interest Period as being the rate which appears on the Bloomberg Screen Swap Offer and SIBOR (ABSIRFIX) Page under the column headed “SGD Swap Offer” (or such replacement page thereof for the purpose of displaying the swap rates of leading reference banks) at or about the Relevant Time on such Interest Determination Date and for a period equal to the duration of such Interest Period and as adjusted by the Spread (if any);
- (C) (in the event that the Calculation Agent has notified the relevant Issuer that it is able to do so) if on any Interest Determination Date, no such rate is quoted on Bloomberg Screen Swap Offer and SIBOR (ABSIRFIX) Page (or such other replacement page as aforesaid) or Bloomberg Screen Swap Offer and SIBOR (ABSIRFIX) Page (or such other replacement page as aforesaid) is unavailable for any reason, the Calculation Agent will determine the Rate of Interest for such Interest Period as being the rate (or, if there is more than one rate which is published, the arithmetic mean of those rates (rounded up, if necessary, to four decimal places)) for a period equal to the duration of such Interest Period published by a recognised industry body where such rate is widely used (after taking into account the industry practice at that time), or by such other relevant authority as the relevant Issuer (in consultation with the Calculation Agent) may select;

- (D) (in the event that the Calculation Agent has notified the relevant Issuer that it is able to do so) if on any Interest Determination Date, the Calculation Agent is otherwise unable to determine the Rate of Interest under paragraphs (c)(ii)(2)(A), (c)(ii)(2)(B) and (c)(ii)(2)(C) above, the Rate of Interest shall be determined by the Calculation Agent to be the rate per annum equal to the arithmetic mean (rounded up, if necessary, to four decimal places) of the rates quoted by the Singapore offices of the Reference Banks or those of them (being at least two in number) to the Calculation Agent at or about 11.00 a.m. (Singapore time) on the first business day following such Interest Determination Date as being their cost (including the cost occasioned by or attributable to complying with reserves, liquidity, deposit or other requirements imposed on them by any relevant authority or authorities) of funding, for the relevant Interest Period, an amount equal to the aggregate principal amount of the relevant Floating Rate Notes for such Interest Period by whatever means they determine to be most appropriate and as adjusted by the Spread (if any), or if on such day one only or none of the Singapore offices of the Reference Banks provides the Calculation Agent with such quotation, the Rate of Interest for the relevant Interest Period shall be the rate per annum equal to the arithmetic mean (rounded up, if necessary, to four decimal places) of the prime lending rates for Singapore dollars quoted by the Singapore offices of the Reference Banks at or about 11.00 a.m. (Singapore time) on such Interest Determination Date and as adjusted by the Spread (if any); and
- (E) if the Calculation Agent is unable to determine the Rate of Interest for an Interest Period in accordance with paragraphs (c)(ii)(2)(A) to (c)(ii)(2)(D) above, the Rate of Interest for such Interest Period shall be the Rate of Interest in effect for the last preceding Interest Period to which paragraph (c)(ii)(2)(A), (c)(ii)(2)(B), (c)(ii)(2)(C) or (c)(ii)(2)(D) above shall have applied; and
- (3) in the case of Floating Rate Notes which are not SIBOR Notes or Swap Rate Notes or which are denominated in a currency other than Singapore dollars, the Calculation Agent will determine the Rate of Interest in respect of any Interest Period at or about the Relevant Time on the Interest Determination Date in respect of such Interest Period as follows:
- (A) if the Primary Source (as defined below) for the Floating Rate Notes is a Screen Page (as defined below), subject as provided below, the Rate of Interest in respect of such Interest Period shall be:
- (aa) the Relevant Rate (as defined below) (where such Relevant Rate on such Screen Page is a composite quotation or is customarily supplied by one entity); or
- (bb) the arithmetic mean of the Relevant Rates of the persons whose Relevant Rates appear on that Screen Page, in each case appearing on such Screen Page at the Relevant Time on the Interest Determination Date,
- and as adjusted by the Spread (if any);

- (B) (in the event that the Calculation Agent has notified the relevant Issuer that it is able to do so) if paragraph (c)(ii)(3)(A)(aa) applies and no Relevant Rate appears on the Screen Page at the Relevant Time on the Interest Determination Date or if paragraph (c)(ii)(3)(A)(bb) applies and fewer than two Relevant Rates appear on the Screen Page at the Relevant Time on the Interest Determination Date, subject as provided below, the Rate of Interest shall be the rate per annum which the Calculation Agent determines to be the arithmetic mean (rounded up, if necessary, to four decimal places) of the Relevant Rates that each of the Reference Banks is quoting to leading banks in the Relevant Financial Centre (as defined below) at the Relevant Time on the Interest Determination Date and as adjusted by the Spread (if any);
 - (C) (in the event that the Calculation Agent has notified the relevant Issuer that it is able to do so) if paragraph (c)(ii)(3)(B) applies and the Calculation Agent determines that fewer than two Reference Banks are so quoting Relevant Rates, the Rate of Interest shall be the Rate of Interest determined on the previous Interest Determination Date; and
 - (D) if the Calculation Agent is unable to determine the Rate of Interest for an Interest Period in accordance with paragraphs (c)(ii)(3)(A) to (c)(ii)(3)(C) above, the Rate of Interest for such Interest Period shall be the Rate of Interest in effect for the last preceding Interest Period to which paragraphs (c)(ii)(3)(A), (c)(ii)(3)(B) or (c)(ii)(3)(C) above shall have applied.
- (iii) On the last day of each Interest Period, the relevant Issuer will pay interest on each Floating Rate Note to which such Interest Period relates at the Rate of Interest for such Interest Period.
 - (iv) For the avoidance of doubt, in the event that the Rate of Interest as determined in accordance with the foregoing in relation to any Interest Period is less than zero, the Rate of Interest in relation to such Interest Period shall be equal to zero.

(d) Rate of Interest – Variable Rate Notes

- (i) Each Variable Rate Note bears interest at a variable rate determined in accordance with the provisions of this paragraph (d).
- (ii) The Agreed Yield or, as the case may be, the Rate of Interest payable from time to time in respect of each Variable Rate Note for each Interest Period shall, subject as referred to in paragraph (d)(iv) below, be determined as follows:
 - (1) not earlier than 9.00 a.m. (Singapore time) on the ninth business day nor later than 3.00 p.m. (Singapore time) on the third business day prior to the commencement of each Interest Period, the relevant Issuer and the Relevant Dealer (as defined below) shall endeavour to agree on the following:
 - (A) whether interest in respect of such Variable Rate Note is to be paid on the first day or the last day of such Interest Period;

- (B) if interest in respect of such Variable Rate Note is agreed between the relevant Issuer and the Relevant Dealer to be paid on the first day of such Interest Period, an Agreed Yield in respect of such Variable Rate Note for such Interest Period (and, in the event of the relevant Issuer and the Relevant Dealer so agreeing on such Agreed Yield, the Interest Amount (as defined below) for such Variable Rate Note for such Interest Period shall be zero); and
 - (C) if interest in respect of such Variable Rate Note is agreed between the relevant Issuer and the Relevant Dealer to be paid on the last day of such Interest Period, an Agreed Rate in respect of such Variable Rate Note for such Interest Period and, in the event of the relevant Issuer and the Relevant Dealer so agreeing on an Agreed Rate, such Agreed Rate shall be the Rate of Interest for such Variable Rate Note for such Interest Period; and
- (2) if the relevant Issuer and the Relevant Dealer shall not have agreed either an Agreed Yield or an Agreed Rate in respect of such Variable Rate Note for such Interest Period by 3.00 p.m. (Singapore time) on the third business day prior to the commencement of such Interest Period, or if there shall be no Relevant Dealer during the period for agreement referred to in (1) above, the Rate of Interest for such Variable Rate Note for such Interest Period shall automatically be the rate per annum equal to the Fall Back Rate (as defined below) for such Interest Period.
- (iii) The relevant Issuer has undertaken to the Issuing and Paying Agent and the Calculation Agent that it will as soon as possible after the Agreed Yield or, as the case may be, the Agreed Rate in respect of any Variable Rate Note is determined, but not later than 10.30 a.m. (Singapore time) on the next following business day:
 - (1) notify the Issuing and Paying Agent and the Calculation Agent of the Agreed Yield or, as the case may be, the Agreed Rate for such Variable Rate Note for such Interest Period; and
 - (2) cause such Agreed Yield or, as the case may be, Agreed Rate for such Variable Rate Note to be notified by the Issuing and Paying Agent to the relevant Noteholder at its request.
- (iv) For the purposes of sub-paragraph (ii) above, the Rate of Interest for each Interest Period for which there is neither an Agreed Yield nor Agreed Rate in respect of any Variable Rate Note or no Relevant Dealer in respect of the Variable Rate Note(s) shall be the rate (the **"Fall Back Rate"**) determined by reference to a Benchmark as stated in the terms of such Variable Rate Note(s), being (in the case of Variable Rate Notes which are denominated in Singapore dollars) SIBOR (in which case such Variable Rate Note(s) will be SIBOR Note(s)) or Swap Rate (in which case such Variable Rate Note(s) will be Swap Rate Note(s)) or (in any other case or in the case of Variable Rate Notes which are denominated in a currency other than Singapore dollars) such other Benchmark as is set out in the terms of such Variable Rate Note(s).

Such rate may be adjusted by adding or subtracting the Spread (if any) stated in the terms of such Variable Rate Note. The "Spread" is the percentage rate per annum specified in the terms of such Note as being applicable to the rate of interest for such Note. The rate of interest so calculated shall be subject to Condition 5(V)(a) below.

The Fall Back Rate payable from time to time in respect of each Variable Rate Note will be determined by the Calculation Agent in accordance with the provisions of Condition 5(II)(c)(ii) above (*mutatis mutandis*) and references therein to “**Rate of Interest**” shall mean “**Fall Back Rate**”.

- (v) If interest is payable in respect of a Variable Rate Note on the first day of an Interest Period relating to such Variable Rate Note, the relevant Issuer will pay the Agreed Yield applicable to such Variable Rate Note for such Interest Period on the first day of such Interest Period. If interest is payable in respect of a Variable Rate Note on the last day of an Interest Period relating to such Variable Rate Note, the relevant Issuer will pay the Interest Amount for such Variable Rate Note for such Interest Period on the last day of such Interest Period.
- (vi) For the avoidance of doubt, in the event that the Rate of Interest as determined in accordance with the foregoing in relation to any Interest Period is less than zero, the Rate of Interest in relation to such Interest Period shall be equal to zero.

(III) Interest on Hybrid Notes

(a) Rate of Interest and Accrual

Each Hybrid Note bears interest on its principal amount outstanding from the Interest Commencement Date in respect thereof and as shown in the terms of such Note.

(b) Fixed Rate Period

- (i) In respect of the Fixed Rate Period shown in the terms of such Note, each Hybrid Note bears interest on its principal amount outstanding from the first day of the Fixed Rate Period at the rate per annum (expressed as a percentage) equal to the Rate of Interest shown in the terms of such Note payable in arrear on each Interest Payment Date or Interest Payment Dates shown in the terms of the Note in each year and on the last day of the Fixed Rate Period if that date does not fall on an Interest Payment Date.
- (ii) The first payment of interest will be made on the Interest Payment Date next following the first day of the Fixed Rate Period (and if the first day of the Fixed Rate Period is not an Interest Payment Date, will amount to the Initial Broken Amount shown in the terms of such Note), unless the last day of the Fixed Rate Period falls before the date on which the first payment of interest would otherwise be due. If the last day of the Fixed Rate Period is not an Interest Payment Date, interest from the preceding Interest Payment Date (or from the first day of the Fixed Rate Period, as the case may be) to the last day of the Fixed Rate Period will amount to the Final Broken Amount shown in the terms of the Note.
- (iii) In the case of a Hybrid Note, interest in respect of a period of less than one year will be calculated on the Day Count Fraction shown in the terms of the Note during the Fixed Rate Period.

(c) Floating Rate Period

- (i) In respect of the Floating Rate Period shown in the terms of such Note, each Hybrid Note bears interest on its principal amount outstanding from the first day of the Floating Rate Period, and such interest will be payable in arrear on each Interest Payment Date. Such Interest Payment Date(s) is/are either shown in the terms of such Note as Specified Interest Payment Date(s) or, if no Specified Interest Payment Date(s) is/are shown in the terms of such Note, Interest Payment Date shall mean each date which (save as mentioned in these Conditions) falls the number of months specified as the Interest Period in the terms of the after the preceding Interest Payment Date or, in the case of the first Interest Payment Date, after the first day of the Floating Rate Period (and which corresponds numerically with such preceding Interest Payment Date or the first day of the Floating Rate Period, as the case may be).
- (ii) The provisions of Condition 5(II)(c) shall apply to each Hybrid Note during the Floating Rate Period as though references therein to Floating Rate Notes are references to Hybrid Notes.

(d) Business Day Convention

If any Interest Payment Date referred to in these Conditions that is specified to be subject to adjustment in accordance with a Business Day Convention would otherwise fall on a day that is not a business day, then if the Business Day Convention specified is:

- (i) the Floating Rate Business Day Convention, such date shall be postponed to the next day which is a business day unless it would thereby fall into the next calendar month, in which event (1) such date shall be brought forward to the immediately preceding business day and (2) each subsequent such date shall be the last business day of the month in which such date would have fallen had it not been subject to adjustment;
- (ii) the Following Business Day Convention, such date shall be postponed to the next day that is a business day;
- (iii) the Modified Following Business Day Convention, such date shall be postponed to the next day that is a business day unless it would thereby fall into the next calendar month, in which event such date shall be brought forward to the immediately preceding business day; or
- (iv) the Preceding Business Day Convention, such date shall be brought forward to the immediately preceding business day.

(IV) Zero Coupon Notes

Where a Note the Interest Basis of which is specified to be Zero Coupon is repayable prior to the Maturity Date and is not paid when due, the amount due and payable prior to the Maturity Date shall be the Early Redemption Amount of such Note (determined in accordance with Condition 6(h)). As from the Maturity Date, the rate of interest for any overdue principal of such a Note shall be a rate per annum (expressed as a percentage) equal to the Amortisation Yield (as determined in accordance with Condition 6(h)).

(V) Calculations

(a) Determination of Rate of Interest and Calculation of Interest Amounts

The Calculation Agent shall, as soon as practicable on each Interest Determination Date, or such other time on such date as the Calculation Agent may be required to calculate any rate or amount, obtain any quotation or make any determination or calculation, determine such rate and calculate the Interest Amounts for the relevant Interest Period or make such determination or calculation, as the case may be. The amount of interest payable per Calculation Amount in respect of any Note shall be calculated by multiplying the product of the Rate of Interest and the Calculation Amount, by the Day Count Fraction shown on the Note and rounding the resultant figure to the nearest sub-unit of the Relevant Currency. The determination of any rate or amount, the obtaining of each quotation and the making of each determination or calculation by the Calculation Agent shall (in the absence of manifest error) be final and binding upon all parties.

(b) Accrual of Interest

Interest will cease to accrue on each Note from (and including) the due date for redemption thereof unless, upon due presentation thereof and subject to the provisions of the Trust Deed, payment of the Redemption Amount shown on the face of the Note is improperly withheld or refused, in which event interest will continue to accrue (as well after as before judgment) at the Rate of Interest and in the manner provided in this Condition 5 to (but excluding) the Relevant Date (as defined in Condition 8).

(c) Notification

The Calculation Agent will cause the Rate of Interest and the Interest Amounts for each Interest Period and the relevant Interest Payment Date to be notified to the Issuing and Paying Agent, the Trustee, the Registrar, the relevant Issuer and the Guarantor as soon as practicable after their determination but in no event later than the fourth business day thereafter. In the case of Floating Rate Notes, the Calculation Agent will at the request and expense of the relevant Issuer also cause the Rate of Interest and the Interest Amounts for each Interest Period and the relevant Interest Payment Date to be notified to Noteholders in accordance with Condition 16 as soon as possible after their determination. The Interest Amounts and the Interest Payment Date so notified may subsequently be amended (or appropriate alternative arrangements made by way of adjustment) without notice in the event of an extension or shortening of the Interest Period by reason of any Interest Payment Date not being a business day. If the Notes become due and payable under Condition 10, the Rate of Interest and Interest Amounts payable in respect of the Notes shall nevertheless continue to be calculated as previously in accordance with this Condition but no publication of the Rate of Interest and Interest Amounts need to be made unless the Trustee requires otherwise.

(d) Failure to Determine or Calculate Rate of Interest

If the Calculation Agent does not at any material time determine or calculate the Rate of Interest for an Interest Period, the relevant Issuer shall notify the Trustee and the Issuing and Paying Agent of this failure and promptly appoint an alternative Calculation Agent. In doing so, the alternative Calculation Agent shall apply the foregoing provisions of this Condition, with any necessary consequential amendments, to the extent that, in its sole opinion, it can do so, and, in all other respects, it shall do so in such manner as it shall in its sole opinion deem fair and reasonable in all the circumstances. If the relevant Issuer fails to so appoint, the Notes will, for the relevant

Interest Period, bear interest at the rate in effect for the last preceding Interest Period to which Condition 5(II) and 5(III)(c) above shall have applied and the Issuing and Paying Agent will determine the relevant Interest Amount.

(e) Calculation Agent and Reference Banks

The relevant Issuer and the Guarantor will procure that, so long as any Floating Rate Note, Variable Rate Note or Hybrid Note remains outstanding, there shall at all times be three Reference Banks (or such other number as may be required) and, if provision is made for them hereon and so long as any Note remains outstanding, there shall at all times be a Calculation Agent. If any Reference Bank (acting through its relevant office) is unable or unwilling to continue to act as a Reference Bank or the Calculation Agent is unable or unwilling to act as such or if the Calculation Agent fails duly to establish the Rate of Interest for any Interest Period or to calculate the Interest Amounts, the relevant Issuer and the Guarantor will appoint another bank with an office in the Relevant Financial Centre to act as such in its place. The Calculation Agent may not resign from its duties without a successor having been appointed as aforesaid.

(VI) Benchmark Discontinuation and Replacement

(a) Independent Adviser

Notwithstanding the provisions above in this Condition 5, if a Benchmark Event occurs in relation to an Original Reference Rate when any Rate of Interest (or any component part thereof) remains to be determined by reference to such Original Reference Rate, then the relevant Issuer shall use commercially reasonable endeavours to appoint an Independent Adviser, as soon as reasonably practicable, to determine a Successor Rate, failing which an Alternative Rate (in accordance with Condition 5(VI)(b)) and, in either case, an Adjustment Spread if any (in accordance with Condition 5(VI)(c)) and any Benchmark Amendments (in accordance with Condition 5(VI)(d)) by no later than five Business Days prior to the relevant Interest Determination Date (or such other date as may be agreed between the relevant Issuer and the Calculation Agent). An Independent Adviser appointed pursuant to this Condition 5(VI) as an expert shall act in good faith and in a commercially reasonable manner and in consultation with the relevant Issuer. In the absence of bad faith or fraud, the Independent Adviser shall have no liability whatsoever to the Trustee, the Issuing and Paying Agent, the Noteholders or the Couponholders for any determination made by it or for any advice given to the relevant Issuer in connection with any determination made by the relevant Issuer, pursuant to this Condition 5(VI).

If the relevant Issuer is unable to appoint an Independent Adviser after using commercially reasonable endeavours, or the Independent Adviser appointed by it fails to determine a Successor Rate or an Alternative Rate prior to the relevant Interest Determination Date or Interest Payment Date (as the case may be), the relevant Issuer (acting in good faith and in a commercially reasonable manner) may determine a Successor Rate, failing which an Alternative Rate (in accordance with Condition 5(VI)(b)) and, in either case, an Adjustment Spread if any (in accordance with Condition 5(VI)(c)) and any Benchmark Amendments (in accordance with Condition 5(VI)(d)), provided that if the relevant Issuer is unable to or does not determine a Successor Rate or Alternative Rate prior to the relevant Interest Determination Date or Interest Payment Date (as the case may be), the Rate of Interest applicable to the next succeeding Interest Period shall be equal to the Rate of Interest last determined in relation to the Notes in respect of the preceding Interest Period (or alternatively, if there has not been a first Interest Payment Date, the Rate of Interest shall be the initial Rate of Interest (if any)) (subject, where applicable, to substituting the Spread that applied to such

preceding Interest Period for the Spread that is to be applied to the relevant Interest Period). For the avoidance of doubt, the proviso in this paragraph shall apply to the relevant Interest Period only and any subsequent Interest Periods are subject to the subsequent operation of, and to adjustment as provided in, this Condition 5(VI).

(b) Successor Rate or Alternative Rate

If the Independent Adviser or the relevant Issuer (in the circumstances set out in Condition 5(VI)(a)) (as the case may be) determines that:

- (i) there is a Successor Rate, then such Successor Rate shall (subject to adjustment as provided in Condition 5(VI)(c)) subsequently be used in place of the Original Reference Rate to determine the Rate of Interest (or the relevant component part thereof) for all future payments of interest on the Notes (subject to the operation of this Condition 5(VI)); or
- (ii) there is no Successor Rate but that there is an Alternative Rate, then such Alternative Rate shall (subject to adjustment as provided in Condition 5(VI)(c)) subsequently be used in place of the Original Reference Rate to determine the Rate of Interest (or the relevant component part thereof) for all future payments of interest on the Notes (subject to the operation of this Condition 5(VI)).

(c) Adjustment Spread

If the Independent Adviser or the relevant Issuer (in the circumstances set out in Condition 5(VI)(a)) (as the case may be) determines (i) that an Adjustment Spread is required to be applied to the Successor Rate or the Alternative Rate (as the case may be) and (ii) the quantum of, or a formula or methodology for determining, such Adjustment Spread, then such Adjustment Spread shall be applied to the Successor Rate or the Alternative Rate (as the case may be).

(d) Benchmark Adjustments

If any Successor Rate, Alternative Rate or Adjustment Spread is determined in accordance with this Condition 5(VI) and the Independent Adviser or the relevant Issuer (in the circumstances set out in Condition 5(VI)(a)) (as the case may be) determines (i) that amendments to these Conditions and/or the Trust Deed and/or the Agency Agreement are necessary to ensure the proper operation of such Successor Rate, Alternative Rate and/or Adjustment Spread (such amendments, the “**Benchmark Amendments**”) and (ii) the terms of the Benchmark Amendments, then the relevant Issuer shall, subject to giving notice thereof in accordance with Condition 5(VI)(e), without any requirement for the consent or approval of Noteholders, vary these Conditions and/or the Trust Deed and/or the Agency Agreement to give effect to such Benchmark Amendments with effect from the date specified in such notice.

At the request of the relevant Issuer, but subject to receipt by the Trustee and (if the Benchmark Amendments affect the Issuing and Paying Agent) the Issuing and Paying Agent of a certificate signed by two directors or a director and a duly authorised officer of the relevant Issuer pursuant to Condition 5(VI)(e), the Trustee and the Issuing and Paying Agent shall (at the expense of the relevant Issuer), without any requirement for the consent or approval of the Noteholders, be obliged to concur with the relevant Issuer in effecting any Benchmark Amendments (including, *inter alia*, by the execution of a deed supplemental to or amending the Trust Deed and the Agency Agreement), provided that neither the Trustee nor the Issuing and Paying Agent shall be obliged so to concur if in its opinion doing so would impose more onerous obligations upon it or

expose it to any additional duties, responsibilities or liabilities or reduce or amend the protective provisions afforded to it in these Conditions, the Trust Deed or the Agency Agreement (including, for the avoidance of doubt, any supplemental trust deed) in any way.

For the avoidance of doubt, the Trustee and the Paying Agents shall, at the direction and expense of the relevant Issuer, effect such consequential amendments to the Trust Deed, the Agency Agreement and these Conditions as may be required in order to give effect to this Condition 5(VI). Noteholder consent shall not be required in connection with effecting the Successor Rate or Alternative Rate (as applicable) or such other changes, including for the execution of any documents or other steps by the Trustee, the Calculation Agent, the Paying Agents, the Registrars or the Transfer Agents (if required).

In connection with any such variation in accordance with Condition 5(VI)(d), the relevant Issuer shall comply with the rules of any stock exchange on which the Notes are for the time being listed or admitted to trading.

(e) Notices, etc.

Any Successor Rate, Alternative Rate, Adjustment Spread and the specific terms of any Benchmark Amendments, determined under this Condition 5(VI) will be notified promptly by the relevant Issuer to the Trustee, the Calculation Agent, the Paying Agents and, in accordance with Condition 16, the Noteholders. Such notice shall be irrevocable and shall specify the effective date for such Successor Rate, such Alternative Rate (as the case may be), any related Adjustment Spread and the Benchmark Amendments, if any.

No later than notifying the Trustee of the same, the relevant Issuer shall deliver to the Trustee and (if the Benchmark Amendments affect the Issuing and Paying Agent) the Issuing and Paying Agent a certificate addressed to the Trustee and (if the Benchmark Amendments affect the Issuing and Paying Agent) the Issuing and Paying Agent and signed by two directors or a director and a duly authorised officer of the relevant Issuer:

- (i) confirming (1) that a Benchmark Event has occurred, (2) the Successor Rate or, as the case may be, the Alternative Rate and, (3) where applicable, any Adjustment Spread and/or the specific terms of any Benchmark Amendments, in each case as determined in accordance with the provisions of this Condition 5(VI); and
- (ii) certifying that the Benchmark Amendments are necessary to ensure the proper operation of such Successor Rate, Alternative Rate and/or Adjustment Spread.

The Trustee and (if the Benchmark Amendments affect the Issuing and Paying Agent) the Issuing and Paying Agent shall be entitled to rely on such certificate (without liability to any person) as sufficient evidence thereof. The Successor Rate or Alternative Rate and the Adjustment Spread (if any) and the Benchmark Amendments (if any) specified in such certificate will (in the absence of manifest error or bad faith in the determination of the Successor Rate or Alternative Rate and the Adjustment Spread (if any) and the Benchmark Amendments (if any) and without prejudice to the Trustee's and (if the Benchmark Amendments affect the Issuing and Paying Agent) the Issuing and Paying Agent's ability to rely on such certificate as aforesaid) be binding on the relevant Issuer, the Guarantor, the Trustee, the Calculation Agent, the Issuing and Paying Agent and the Noteholders.

(f) Survival of Original Reference Rate

Without prejudice to the obligations of the relevant Issuer under Conditions 5(VI)(a), 5(VI)(b), 5(VI)(c) and 5(VI)(d), the Original Reference Rate and the fallback provisions provided for in Condition 5 will continue to apply unless and until the Trustee, the Issuing and Paying Agent and the Calculation Agent has been notified of the Successor Rate or the Alternative Rate (as the case may be), and any Adjustment Spread and Benchmark Amendments, in accordance with Condition 5(VI)(e).

(g) Definitions

As used in this Condition 5(VI):

“Adjustment Spread” means either a spread (which may be positive or negative), or the formula or methodology for calculating a spread, in either case, which the Independent Adviser or the relevant Issuer (in the circumstances set out in Condition 5(VI)(a)) (as the case may be) determines is required to be applied to the Successor Rate or the Alternative Rate (as the case may be) to reduce or eliminate, to the extent reasonably practicable in the circumstances, any economic prejudice or benefit (as the case may be) to Noteholders and Couponholders as a result of the replacement of the Original Reference Rate with the Successor Rate or the Alternative Rate (as the case may be) and is the spread, formula or methodology which:

- (1) in the case of a Successor Rate, is formally recommended in relation to the replacement of the Original Reference Rate with the Successor Rate by any Relevant Nominating Body; or
- (2) if no recommendation has been made, or in the case of an Alternative Rate, the Independent Adviser or the relevant Issuer (in the circumstances set out in Condition 5(VI)(a)) (as the case may be) determines is recognised or acknowledged as being the industry standard for over-the-counter derivative transactions which reference the Original Reference Rate, where such rate has been replaced by the Successor Rate or the Alternative Rate (as the case may be); or
- (3) if no such industry standard is recognised or acknowledged, the Independent Adviser or the relevant Issuer (in the circumstances set out in Condition 5(VI)(a)) (as the case may be) determines to be appropriate;

“Alternative Rate” means an alternative benchmark or screen rate which the Independent Adviser or the relevant Issuer (in the circumstances set out in Condition 5(VI)(a)) (as the case may be) determines in accordance with Condition 5(VI)(b) has replaced the Original Reference Rate in customary market usage in the local or international debt capital markets for the purposes of determining rates of interest (or the relevant component part thereof) for the same interest period and in the same currency as the Notes;

“Benchmark Amendments” has the meaning given to it in Condition 5(VI)(d);

“Benchmark Event” means:

- (i) the Original Reference Rate ceasing to be published for a period of at least five business days or ceasing to exist; or

- (ii) a public statement by the administrator of the Original Reference Rate that it will, by a specified date within the following six months, cease publishing the Original Reference Rate permanently or indefinitely (in circumstances where no successor administrator has been appointed that will continue publication of the Original Reference Rate); or
- (iii) a public statement by the supervisor of the administrator of the Original Reference Rate that the Original Reference Rate has been or will, by a specified date within the following six months, be permanently or indefinitely discontinued; or
- (iv) a public statement by the supervisor of the administrator of the Original Reference Rate that means the Original Reference Rate will be prohibited from being used or that its use will be subject to restrictions or adverse consequences, in each case within the following six months; or
- (v) it has become unlawful for the Issuing and Paying Agent, the Calculation Agent, the relevant Issuer or any other party to calculate any payments due to be made to any Noteholder using the Original Reference Rate;

“Independent Adviser” means an independent financial institution of good repute or an independent financial adviser with experience in the local or international debt capital markets appointed by and at the cost of the relevant Issuer under Condition 5(VI)(a);

“Original Reference Rate” means the originally-specified benchmark or screen rate (as applicable) used to determine the Rate of Interest (or any component part thereof) on the Notes;

“Relevant Nominating Body” means, in respect of a benchmark or screen rate (as applicable):

- (i) the central bank for the currency to which the benchmark or screen rate (as applicable) relates, or any central bank or other supervisory authority which is responsible for supervising the administrator of the benchmark or screen rate (as applicable); or
- (ii) any working group or committee sponsored by, chaired or co-chaired by or constituted at the request of (1) the central bank for the currency to which the benchmark or screen rate (as applicable) relates, (2) any central bank or other supervisory authority which is responsible for supervising the administrator of the benchmark or screen rate (as applicable), (3) a group of the aforementioned central banks or other supervisory authorities or (4) the Financial Stability Board or any part thereof; and

“Successor Rate” means the rate that the Independent Adviser or the relevant Issuer (in the circumstances set out in Condition 5(VI)(a)) (as the case may be) determines is a successor to or replacement of the Original Reference Rate which is formally recommended by any Relevant Nominating Body.

(VII) Definitions

As used in these Conditions:

“Agreed Rate” means, in the case of any Variable Rate Note, the Rate of Interest in respect of that Variable Rate Note payable on the last day of an Interest Period relating to that Variable Rate Note;

“Agreed Yield” means, in the case of any Variable Rate Note, the interest payable in respect of that Variable Rate Note on the first day of an Interest Period relating to that Variable Rate Note;

“Benchmark” means the rate specified as such in the applicable Pricing Supplement;

“business day” means, in respect of each Note, (i) a day (other than a Saturday or Sunday) on which Euroclear, Clearstream, Luxembourg and the Depository, as applicable, are operating, (ii) a day on which banks and foreign exchange markets are open for general business in the country of the Issuing and Paying Agent’s specified office and (iii) (if a payment is to be made on that day):

- (a) (in the case of Notes denominated in Singapore dollars) a day on which banks and foreign exchange markets are open for general business in Singapore;
- (b) (in the case of Notes denominated in Euros) a day on which the TARGET System is open for settlement in Euros;
- (c) (in the case of Notes denominated in Renminbi) a day on which banks and foreign exchange markets are open for business (including dealing in foreign exchange and foreign currency deposits) and settlement of Renminbi payments in the Offshore Renminbi Centre; and
- (d) (in the case of Notes denominated in a currency other than Singapore dollars, Euros and Renminbi) a day on which banks and foreign exchange markets are open for general business in Singapore and the principal financial centre for that currency;

“Calculation Amount” means the amount specified as such in the terms of any Note, or if no such amount is so specified, the Denomination Amount of such Note as shown in the terms thereof;

“Day Count Fraction” means, in respect of the calculation of an amount of interest in accordance with Condition 5:

- (a) if “Actual/Actual” is specified in the applicable Pricing Supplement, the actual number of days in the Interest Period divided by 365 (or, if any portion of that Interest Period falls in a leap year, the sum of (1) the actual number of days in that portion of the Interest Period falling in a leap year divided by 366 and (2) the actual number of days in that portion of the Interest Period falling in a non-leap year divided by 365);
- (b) if “Actual/360” is specified in the applicable Pricing Supplement, the actual number of days in the Interest Period in respect of which payment is being made divided by 360;
- (c) if “Actual/365 (Fixed)” is specified in the applicable Pricing Supplement, the actual number of days in the Interest Period in respect of which payment is being made divided by 365; and

- (d) if “30/360” is specified in the applicable Pricing Supplement, the number of days in the Interest Period divided by 360, calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[360 \times (Y2 - Y1)] + [30 \times (M2 - M1)] + (D2 - D1)}{360}$$

where:

“Y1” is the year, expressed as a number, in which the first day of the Interest Period falls;

“Y2” is the year, expressed as a number, in which the day immediately following the last day included in the Interest Period falls;

“M1” is the calendar month, expressed as a number, in which the first day of the Interest Period falls;

“M2” is the calendar month, expressed as a number, in which the day immediately following the last day included in the Interest Period falls;

“D1” is the first calendar day, expressed as a number, of the Interest Period, unless such number would be 31, in which case D1 will be 30; and

“D2” is the calendar day, expressed as a number, immediately following the last day included in the Interest Period, unless such number would be 31 and D1 is greater than 29, in which case D2 will be 30;

“Euro” means the lawful currency of the member states of the European Union that adopt the single currency in accordance with the Treaty establishing the European Community, as amended from time to time;

“Interest Amount” means, in respect of an Interest Period, the amount of interest payable per Calculation Amount for that Interest Period;

“Interest Commencement Date” means the Issue Date or such other date as may be specified as the Interest Commencement Date in the terms of the relevant Note;

“Interest Determination Date” means, in respect of any Interest Period, that number of business days prior thereto as is set out in the applicable Pricing Supplement or in the terms of the relevant Note;

“Interest Period” means the period beginning on (and including) the Interest Commencement Date and ending on (but excluding) the first Interest Payment Date and each successive period beginning on (and including) an Interest Payment Date and ending on (but excluding) the next succeeding Interest Payment Date;

“Offshore Renminbi Centre” means the offshore Renminbi centre(s) specified as such in the applicable Pricing Supplement;

“Primary Source” means the Screen Page specified as such in the applicable Pricing Supplement and (in the case of any Screen Page provided by any information service other than the Bloomberg agency or the Reuters Monitor Money Rates Service (“Reuters”)) agreed to by the Calculation Agent;

“Rate of Interest” means the rate of interest payable from time to time in respect of this Note and that is either specified or calculated in accordance with the provisions hereon;

“Reference Banks” means the institutions specified as such in the terms of the relevant Note or, if none, three major banks selected by the relevant Issuer in the interbank market that is most closely connected with the Benchmark;

“Relevant Currency” means the currency in which the Notes are denominated;

“Relevant Dealer” means, in respect of any Variable Rate Note, the Dealer party to the Programme Agreement referred to in the Agency Agreement with whom the relevant Issuer has concluded or is negotiating an agreement for the issue of such Variable Rate Note pursuant to the Programme Agreement;

“Relevant Financial Centre” means, in the case of interest to be determined on an Interest Determination Date with respect to any Floating Rate Note or Variable Rate Note, the financial centre with which the relevant Benchmark is most closely connected or, if none is so connected, Singapore;

“Relevant Rate” means the Benchmark for a Calculation Amount of the Relevant Currency for a period (if applicable or appropriate to the Benchmark) equal to the relevant Interest Period;

“Relevant Time” means, with respect to any Interest Determination Date, the local time in the Relevant Financial Centre at which it is customary to determine bid and offered rates in respect of deposits in the Relevant Currency in the interbank market in the Relevant Financial Centre;

“Renminbi” means the lawful currency of The People’s Republic of China;

“Screen Page” means such page, section, caption, column or other part of a particular information service (including, but not limited to, the Reuters and Bloomberg agency) as may be specified in the terms of the Note for the purpose of providing the Benchmark, or such other page, section, caption, column or other part as may replace it on that information service or on such other information service, in each case as may be nominated by the person or organisation providing or sponsoring the information appearing there for the purpose of displaying rates or prices comparable to the Benchmark; and

“TARGET System” means the Trans-European Automated Real-Time Gross Settlement Express Transfer (known as TARGET 2) System which was launched on 19 November 2007 or any successor thereto.

6. Redemption and Purchase

(a) Final Redemption

Unless previously redeemed or purchased and cancelled as provided below, each Note will be redeemed at its Redemption Amount on the Maturity Date shown in its terms (if the Note is shown in its terms to be a Fixed Rate Note, Hybrid Note (during the Fixed Rate Period) or Zero Coupon Note) or on the Interest Payment Date falling in the Redemption Month shown in its terms (if the Note is shown in its terms to be a Floating Rate Note, Variable Rate Note or Hybrid Note (during the Floating Rate Period)).

(b) Purchase at the Option of Issuer

If so provided in the terms of such Notes, the relevant Issuer shall have the option to purchase all or any of the Fixed Rate Notes, Floating Rate Notes, Variable Rate Notes or Hybrid Notes at their Redemption Amount on any date on which interest is due to be paid on such Notes and the Noteholders shall be bound to sell such Notes to the relevant Issuer accordingly. To exercise such option, the relevant Issuer shall give irrevocable notice to the Noteholders within the relevant Issuer's Purchase Option Period shown in the terms of such Notes. Such Notes may be held, resold or surrendered to the Issuing and Paying Agent or, as the case may be, the Registrar for cancellation. The Notes so purchased, while held by or on behalf of the relevant Issuer, shall not entitle the holder to vote at any meetings of the Noteholders and shall not be deemed to be outstanding for the purposes of calculating quorums at meetings of the Noteholders or for the purposes of Conditions 10, 11 and 12.

In the case of a purchase of some only of the Notes, the notice to Noteholders shall also contain the certificate numbers of the Bearer Notes or, in the case of Registered Notes, shall specify the principal amount of Registered Notes drawn and the holder(s) of such Registered Notes, to be purchased, which shall have been drawn by or on behalf of the relevant Issuer in such place and in such manner as may be agreed between the relevant Issuer and the Trustee, subject to compliance with any applicable laws. So long as the Notes are listed on any Stock Exchange (as defined in the Trust Deed), the relevant Issuer shall comply with the rules of such Stock Exchange in relation to the publication of any purchase of such Notes.

(c) Purchase at the Option of Noteholders

- (i) Each Noteholder shall have the option to have all or any of his Variable Rate Notes purchased by the relevant Issuer at their Redemption Amount on any Interest Payment Date and the relevant Issuer will purchase such Variable Rate Notes accordingly. To exercise such option, a Noteholder shall deposit (in the case of Bearer Notes) such Variable Rate Notes to be purchased (together with all unmatured Coupons and unexchanged Talons) with the Issuing and Paying Agent or any other paying agent at its specified office or (in the case of Registered Notes) the Certificate representing such Variable Rate Note(s) to be purchased with the Registrar or the Transfer Agent at its specified office, together with a duly completed option exercise notice in the form obtainable from the Issuing and Paying Agent, any paying agent, the Registrar or the Transfer Agent (as applicable) within the Noteholders' VRN Purchase Option Period shown in the terms of such Notes. Any Variable Rate Notes or Certificates representing such Variable Rate Notes so deposited may not be withdrawn (except as provided in the Agency Agreement) without the prior consent of the relevant Issuer. Such Variable Rate Notes may be held, resold or surrendered for cancellation, in the case of Bearer Notes, by surrendering each such Variable Rate Note (together with all unmatured Coupons and unexchanged Talons) to the Issuing and Paying Agent and, in the case of Registered Notes, by surrendering the Certificate representing such Variable Rate Notes to the Registrar. The Variable Rate Notes so purchased, while held by or on behalf of the relevant Issuer, shall not entitle the holder to vote at any meetings of the Noteholders and shall not be deemed to be outstanding for the purposes of calculating quorums at meetings of the Noteholders or for the purposes of Conditions 10, 11 and 12.
- (ii) If so provided in the terms of such Notes, each Noteholder shall have the option to have all or any of his Fixed Rate Notes, Floating Rate Notes or Hybrid Notes purchased by the relevant Issuer at their Redemption Amount on any date on which interest is due to be paid on such Notes and the relevant Issuer will purchase such Notes accordingly. To exercise such option, a Noteholder shall deposit (in the case of Bearer Notes) such Note to be purchased (together with all unmatured Coupons and unexchanged Talons)

with the Issuing and Paying Agent or any other Paying Agent at its specified office or (in the case of Registered Notes) the Certificate representing such Note(s) to be purchased with the Registrar or the Transfer Agent at its specified office, together with a duly completed option exercise notice in the form obtainable from the Issuing and Paying Agent, any Paying Agent, the Registrar or the Transfer Agent (as applicable) within the Noteholders' Purchase Option Period shown in the terms of such Notes. Any Notes or Certificates so deposited may not be withdrawn (except as provided in the Agency Agreement) without the prior consent of the relevant Issuer. Such Notes may be held, resold or surrendered for cancellation, in the case of Bearer Notes, by surrendering such Note (together with all unmatured Coupons and unexchanged Talons) to the Issuing and Paying Agent and, in the case of Registered Notes, by surrendering the Certificate representing such Notes to the Registrar. The Notes so purchased, while held by or on behalf of the relevant Issuer, shall not entitle the holder to vote at any meetings of the Noteholders and shall not be deemed to be outstanding for the purposes of calculating quorums at meetings of the Noteholders or for the purposes of Conditions 10, 11 and 12.

(d) Redemption at the Option of the Issuer

If so provided in the terms of such Notes, the relevant Issuer may, on giving irrevocable notice to the Noteholders falling within the relevant Issuer's Redemption Option Period shown in the terms of such Notes, redeem all or, if so provided, some of the Notes at their Redemption Amount or integral multiples thereof and on the date or dates so provided. Any such redemption of Notes shall be at their Redemption Amount, together with interest accrued to the date fixed for redemption.

All Notes in respect of which any such notice is given shall be redeemed on the date specified in such notice in accordance with this Condition.

In the case of a partial redemption of the Notes, the notice to Noteholders shall also contain the certificate numbers of the Bearer Notes or, in the case of Registered Notes, shall specify the principal amount of Registered Notes drawn and the holder(s) of such Registered Notes, to be redeemed, which shall have been drawn by or on behalf of the relevant Issuer in such place and in such manner as may be agreed between the relevant Issuer and the Trustee, subject to compliance with any applicable laws. So long as the Notes are listed on any Stock Exchange, the relevant Issuer shall comply with the rules of such Stock Exchange in relation to the publication of any redemption of such Notes.

(e) Redemption at the Option of Noteholders

If so provided in the terms of such Notes, the relevant Issuer shall, at the option of the holder of any Note, redeem such Note on the date or dates so provided at its Redemption Amount, together with interest accrued to the date fixed for redemption. To exercise such option, the holder must deposit (in the case of Bearer Notes) such Note (together with all unmatured Coupons and unexchanged Talons) with the Issuing and Paying Agent or any other Paying Agent at its specified office or (in the case of Registered Notes) the Certificate representing such Note(s) with the Registrar or the Transfer Agent at its specified office, together with a duly completed option exercise notice ("**Exercise Notice**") in the form obtainable from the Issuing and Paying Agent, any other Paying Agent, the Registrar, the Transfer Agent or the relevant Issuer (as applicable) within the Noteholders' Redemption Option Period shown in the terms of such Note. Any Note or Certificate so deposited may not be withdrawn (except as provided in the Agency Agreement) without the prior consent of the relevant Issuer.

(f) Redemption for Taxation Reasons

If so provided in the terms of such Notes, the Notes may be redeemed at the option of the relevant Issuer in whole, but not in part, on any Interest Payment Date or, if so specified in the terms of the Note, at any time on giving not less than 30 nor more than 60 days' notice to the Noteholders (which notice shall be irrevocable), at their Redemption Amount or (in the case of Zero Coupon Notes) Early Redemption Amount (as defined in Condition 6(h) below) (together with interest accrued to (but excluding) the date fixed for redemption), if (i) the relevant Issuer has or will become obliged to pay additional amounts as provided or referred to in Condition 8, or, if the Guarantee was called, the Guarantor has or will become obliged to pay additional amounts as provided or referred to in Condition 8 in excess of the additional amounts that it would have otherwise paid as at the Issue Date, as a result of any change in, or amendment to, the laws (or any regulations, rulings or other administrative pronouncements promulgated thereunder) of Singapore or any political subdivision or any authority thereof or therein having power to tax, or any change in the application or official interpretation of such laws, regulations, rulings or other administrative pronouncements, which change or amendment is made public on or after the Issue Date or any other date specified in the Pricing Supplement, and (ii) such obligations cannot be avoided by the relevant Issuer or, as the case may be, the Guarantor taking reasonable measures available to it, provided that no such notice of redemption shall be given earlier than 90 days prior to the earliest date on which the relevant Issuer or, as the case may be, the Guarantor would be obliged to pay such additional amounts were a payment in respect of the Notes then due. Prior to the publication of any notice of redemption pursuant to this paragraph, the relevant Issuer shall deliver to the Trustee and the Issuing and Paying Agent a certificate signed by a Director or a duly authorised officer of the relevant Issuer or, as the case may be, the Guarantor stating that the relevant Issuer is entitled to effect such redemption and setting forth a statement of facts showing that the conditions precedent to the right of the relevant Issuer so to redeem have occurred, and an opinion of independent legal, tax or any other professional advisers of recognised standing to the effect that the relevant Issuer or, as the case may be, the Guarantor has or is likely to become obliged to pay such additional amounts as a result of such change or amendment. The Trustee and the Issuing and Paying Agent shall be entitled to accept such certificate and opinion as sufficient evidence of the satisfaction of the conditions precedent set out above, in which event it shall be conclusive and binding on the Noteholders.

(g) Purchases

The relevant Issuer, the Guarantor and/or any of the respective related corporations of OCTPL and OUE C-REIT may at any time purchase Notes at any price (provided that they are purchased together with all unmatured Coupons and unexchanged Talons relating to them) in the open market or otherwise, provided that in any such case such purchase or purchases is in compliance with all relevant laws, regulations and directives. The Notes so purchased, while held by or on behalf of the relevant Issuer, the Guarantor and/or any of the respective related corporations of OCTPL and OUE C-REIT shall not entitle the holder to vote at any meetings of the Noteholders and shall not be deemed to be outstanding for the purposes of calculating quorums at meetings of the Noteholders or for the purposes of Conditions 10, 11 and 12.

Notes purchased by the relevant Issuer, the Guarantor and/or any of the respective related corporations of OCTPL or OUE C-REIT may be surrendered by the purchaser to the Issuing and Paying Agent and, in the case of Registered Notes, the Registrar for cancellation or may at the option of the relevant Issuer, the Guarantor or, as the case may be, the relevant related corporation be held or resold.

For the purposes of these Conditions, “**directive**” includes any present or future directive, regulation, request, requirement, rule or credit restraint programme of any relevant agency, authority, central bank department, government, legislative, minister, ministry, official public or statutory corporation, self-regulating organisation, or stock exchange.

(h) Early Redemption of Zero Coupon Notes

- (i) The Early Redemption Amount payable in respect of any Zero Coupon Note, the Early Redemption Amount of which is not linked to an index and/or formula, upon redemption of such Note pursuant to Condition 6(f) or upon it becoming due and payable as provided in Condition 10, shall be the Amortised Face Amount (calculated as provided below) of such Note unless otherwise specified in the terms of such Note.
- (ii) Subject to the provisions of sub-paragraph (iii) below, the Amortised Face Amount of any such Note shall be the scheduled Redemption Amount of such Note on the Maturity Date discounted at a rate per annum (expressed as a percentage) equal to the Amortisation Yield (which, if none is shown in the terms of such Note, shall be such rate as would produce an Amortised Face Amount equal to the issue price of the Notes if they were discounted back to their issue price on the Issue Date) compounded annually.
- (iii) If the Early Redemption Amount payable in respect of any such Note upon its redemption pursuant to Condition 6(f) or upon it becoming due and payable as provided in Condition 10 is not paid when due, the Early Redemption Amount due and payable in respect of such Note shall be the Amortised Face Amount of such Note as defined in sub-paragraph (ii) above, except that such sub-paragraph shall have effect as though the date on which the Note becomes due and payable were the Relevant Date. The calculation of the Amortised Face Amount in accordance with this sub-paragraph will continue to be made (as well after as before judgment) until the Relevant Date, unless the Relevant Date falls on or after the Maturity Date, in which case the amount due and payable shall be the scheduled Redemption Amount of such Note on the Maturity Date together with any interest which may accrue in accordance with Condition 5(IV).

Where such calculation is to be made for a period of less than one year, it shall be made on the basis of the Day Count Fraction shown in the terms of the Note.

(i) Mandatory Redemption upon Termination of OUE C-REIT

In the event that OUE C-REIT is or is to be terminated in accordance with the provisions of the First Amending and Restating Deed dated 9 January 2014 made between (1) the OUE C-REIT Manager and (2) the OUE C-REIT Trustee (amending and restating a Deed of Trust dated 10 October 2013 constituting OUE Commercial Real Estate Investment Trust formerly known as OUE Commercial Trust) and as subsequently amended by a first supplemental deed dated 26 January 2015, a second supplemental deed dated 2 September 2015, a third supplemental deed dated 29 March 2018 and a fourth supplemental deed dated 28 May 2018 (the “**OUE C-REIT Trust Deed**”), the relevant Issuer shall redeem all (and not some only) of the Notes at their Redemption Amount together with interest accrued to (but excluding) the date fixed for redemption on any date on which interest is due to be paid on such Notes or, if earlier, the date of termination of OUE C-REIT.

The relevant Issuer shall forthwith notify the Trustee, the Issuing and Paying Agent, the Registrar, the Transfer Agent and the Noteholders of the termination of OUE C-REIT and the proposed date of redemption of the Notes.

(j) Redemption upon Cessation or Suspension of Trading of Listed Units

If so provided in the terms of the Notes, in the event that the Listed Units (as defined in the OUE C-REIT Trust Deed) cease to be listed and/or traded on the Singapore Exchange Securities Trading Limited (the “**SGX-ST**”) or transactions in any Listed Unit on the SGX-ST are suspended for a continuous period exceeding 10 market days, the relevant Issuer shall redeem all (and not some only) of the Notes at their Redemption Amount, together with interest accrued to the date fixed for redemption, (in the case where the Listed Units cease to be listed and/or traded on the SGX-ST) not later than the date falling 45 days after the date of cessation of listing or trading or (in the case where transactions in any Listed Unit on the SGX-ST are suspended for a continuous period exceeding 10 market days) the business day immediately following the expiry of such continuous period of 10 market days. The relevant Issuer shall forthwith notify the Trustee, the Issuing and Paying Agent, the Registrar, the Transfer Agent and the Noteholders of such cessation of listing or trading and the proposed date of redemption of the Notes.

For the purposes of this Condition 6(j), “**market day**” means a day on which the SGX-ST is open for securities trading.

(k) Redemption in the case of Minimum Outstanding Amount

If so provided hereon, the Notes may be redeemed at the option of the relevant Issuer in whole, but not in part, on any Interest Payment Date or, if so specified hereon, at any time on giving not less than 30 nor more than 60 days’ notice to the Noteholders (which notice shall be irrevocable), at their Redemption Amount together with interest accrued to (but excluding) the date fixed for redemption if, immediately before giving such notice, the aggregate principal amount of the Notes outstanding is less than 10 per cent. of the aggregate principal amount originally issued.

(l) Cancellation

All Notes purchased by or on behalf of the relevant Issuer, the Guarantor and/or any of the respective related corporations of OCTPL and OUE C-REIT may be surrendered for cancellation, in the case of Bearer Notes, by surrendering each such Note together with all unmatured Coupons and all unexchanged Talons to the Issuing and Paying Agent at its specified office and, in the case of Registered Notes, by surrendering the Certificate representing such Notes to the Registrar and, in each case, if so surrendered, shall, together with all Notes redeemed by the relevant Issuer, be cancelled forthwith (together with all unmatured Coupons and unexchanged Talons attached thereto or surrendered therewith). Any Notes or Certificates so surrendered for cancellation may not be reissued or resold.

7. Payments

(a) Principal and Interest in respect of Bearer Notes

Payments of principal and interest (which shall include the Redemption Amount and the Early Redemption Amount) in respect of Bearer Notes will, subject as mentioned below, be made against presentation and surrender of the relevant Notes or, as the case may be, Coupons:

- (i) (in the case of a currency other than Renminbi) by transfer to an account maintained by the holder in that currency with, a bank in the principal financial centre for that currency; and

- (ii) (in the case of Renminbi) by transfer to a Renminbi account maintained by or on behalf of the holder with a bank in the Offshore Renminbi Centre which processes payments in Renminbi in the Offshore Renminbi Centre.

(b) Principal and Interest in respect of Registered Notes

- (i) Payments of principal in respect of Registered Notes will, subject as mentioned below, be made against presentation and surrender of the relevant Certificates at the specified office of any of the Transfer Agents or of the Registrar and in the manner provided in Condition 7(b)(ii).
- (ii) Interest on Registered Notes shall be paid to the person shown on the Register as the holder thereof at the close of business on the fifteenth day before the due date for payment thereof (the “**Record Date**”). Payments of interest on each Registered Note shall be made:
 - (1) (in the case of a currency other than Renminbi) by transfer to an account maintained by the holder in that currency with a bank in the principal financial centre for that currency; and
 - (2) (in the case of Renminbi) by transfer to a Renminbi account maintained by or on behalf of the holder with a bank in the Offshore Renminbi Centre which processes payments in Renminbi in the Offshore Renminbi Centre.

(c) Payments subject to law etc.

All payments are subject in all cases to (i) any applicable fiscal or other laws, regulations and directives, but without prejudice to the provisions of Condition 8, and (ii) any withholding or deduction required pursuant to an agreement described in Section 1471(b) of the U.S. Internal Revenue Code of 1986 as amended (the “**Code**”) or otherwise imposed pursuant to Sections 1471 through 1474 of the Code, any regulations or agreements thereunder, any official interpretations thereof, or any law, regulation or directive implementing an intergovernmental approach thereto without prejudice to the provisions of Condition 8. No commission or expenses shall be charged to the Noteholders or Couponholders in respect of such payments.

(d) Appointment of Agents

The CDP Issuing and Paying Agent, the Non-CDP Issuing and Paying Agent, the CDP Calculation Agent, the Non-CDP Calculation Agent, the CDP Transfer Agent, the Non-CDP Transfer Agent, the CDP Registrar and the Non-CDP Registrar initially appointed by the Issuers and the Guarantor and their respective specified offices are listed below. The relevant Issuer and the Guarantor reserve the right at any time to vary or terminate the appointment of the CDP Issuing and Paying Agent, the Non-CDP Issuing and Paying Agent, the CDP Calculation Agent, the Non-CDP Calculation Agent, the CDP Transfer Agent, the Non-CDP Transfer Agent, the CDP Registrar and the Non-CDP Registrar and to appoint additional or other paying agents, calculation agents, transfer agents or registrars, provided that they will at all times maintain an Issuing and Paying Agent, a Calculation Agent, a Transfer Agent in relation to Registered Notes and a Registrar in relation to Registered Notes.

Notice of any such change or any change of any specified office will be given to the Noteholders in accordance with Condition 16.

The Agency Agreement may be amended by the Issuers, the Guarantor, the CDP Issuing and Paying Agent, the Non-CDP Issuing and Paying Agent, the CDP Calculation Agent, the Non-CDP Calculation Agent, the CDP Transfer Agent, the Non-CDP Transfer Agent, the CDP Registrar, the Non-CDP Registrar and the Trustee, without the consent of the holder of any Note or Coupon, for the purpose of curing any ambiguity or of curing, correcting or supplementing any defective provision contained therein or in any manner which the Issuers, the Guarantor, the CDP Issuing and Paying Agent, the Non-CDP Issuing and Paying Agent, the CDP Calculation Agent, the Non-CDP Calculation Agent, the CDP Transfer Agent, the Non-CDP Transfer Agent, the CDP Registrar, the Non-CDP Registrar and the Trustee may mutually deem necessary or desirable and which does not, in the opinion of the Issuers, the Guarantor and the Trustee, materially and adversely affect the interests of the holders of the Notes or the Coupons.

(e) Unmatured Coupons and Unexchanged Talons

- (i) Bearer Notes which comprise Fixed Rate Notes and Hybrid Notes should be surrendered for payment together with all unmaturing Coupons (if any) relating to such Notes (and, in the case of Hybrid Notes, relating to interest payable during the Fixed Rate Period), failing which an amount equal to the face value of each missing unmaturing Coupon (or, in the case of payment not being made in full, that proportion of the amount of such missing unmaturing Coupon which the sum of principal so paid bears to the total principal due) will be deducted from the Redemption Amount due for payment. Any amount so deducted will be paid in the manner mentioned above against surrender of such missing Coupon within a period of five years from the Relevant Date for the payment of such principal (whether or not such Coupon has become void pursuant to Condition 9).
- (ii) Subject to the provisions of the relevant Pricing Supplement, upon the due date for redemption of any Bearer Notes comprising a Floating Rate Note, Variable Rate Note or Hybrid Note, unmaturing Coupons relating to such Note (and, in the case of Hybrid Notes, relating to interest payable during the Floating Rate Period) (whether or not attached) shall become void and no payment shall be made in respect of them.
- (iii) Upon the due date for redemption of any Bearer Note, any unexchanged Talon relating to such Note (whether or not attached) shall become void and no Coupon shall be delivered in respect of such Talon.
- (iv) Where any Bearer Note comprising a Floating Rate Note, Variable Rate Note or Hybrid Note is presented for redemption without all unmaturing Coupons, and where any Bearer Note is presented for redemption without any unexchanged Talon relating to it (and, in the case of Hybrid Notes, relating to interest payable during the Floating Rate Period), redemption shall be made only against the provision of such indemnity as the relevant Issuer may require.
- (v) If the due date for redemption or repayment of any Note is not a due date for payment of interest, interest accrued from the preceding due date for payment of interest or the Interest Commencement Date, as the case may be, shall only be payable against presentation (and surrender if appropriate) of the relevant Bearer Note or Certificate.

(f) Talons

On or after the Interest Payment Date for the final Coupon forming part of a Coupon sheet issued in respect of any Bearer Note, the Talon forming part of such Coupon sheet may be surrendered at the specified office of the Issuing and Paying Agent on any business day in exchange for a further Coupon sheet (and if necessary another Talon for a further Coupon sheet) (but excluding any Coupons that may have become void pursuant to Condition 9).

(g) Non-business days

Subject as provided in the relevant Pricing Supplement or subject as otherwise provided in these Conditions, if any date for the payment in respect of any Note or Coupon is not a business day, the holder shall not be entitled to payment until the next following business day and shall not be entitled to any further interest or other payment in respect of any such delay.

(h) Default Interest

If on or after the due date for payment of any sum in respect of the Notes, payment of all or any part of such sum is not made against due presentation of the Notes or, as the case may be, the Coupons, the relevant Issuer shall pay interest on the amount so unpaid from such due date up to the day of actual receipt by the relevant Noteholders or, as the case may be, Couponholders (as well after as before judgment) at a rate per annum determined by the Issuing and Paying Agent to be equal to two per cent. per annum above (in the case of Notes other than Variable Rate Notes and Zero Coupon Notes) the Rate of Interest applicable to such Note, (in the case of a Variable Rate Note) the variable rate by which the Agreed Yield applicable to such Note is determined or, as the case may be, the Rate of Interest applicable to such Note, or in the case of a Zero Coupon Note, as provided for in the relevant Pricing Supplement. So long as the default continues then such rate shall be re-calculated on the same basis at intervals of such duration as the Issuing and Paying Agent may select, save that the amount of unpaid interest at the above rate accruing during the preceding such period shall be added to the amount in respect of which the relevant Issuer is in default and itself bear interest accordingly. Interest at the rate(s) determined in accordance with this paragraph shall be calculated on the Day Count Fraction shown in the terms of the Note and the actual number of days elapsed, shall accrue on a daily basis and shall be immediately due and payable by the relevant Issuer.

8. Taxation

All payments in respect of the Notes and the Coupons by the relevant Issuer or, as the case may be, the Guarantor shall be made free and clear of, and without deduction or withholding for or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or within Singapore or any authority thereof or therein having power to tax, unless such withholding or deduction is required by law. In such event, the relevant Issuer or, as the case may be, the Guarantor shall pay such additional amounts as will result in the receipt by the Noteholders and the Couponholders of such amounts as would have been received by them had no such deduction or withholding been required, except that no such additional amounts shall be payable in respect of any Note or Coupon presented (or in respect of which the Certificate representing it is presented) for payment:

- (a) by or on behalf of a holder who is subject to such taxes, duties, assessments or governmental charges by reason of being connected with Singapore, otherwise than by reason only of the holding of such Note or Coupon or the receipt of any sums due in respect of such Note or Coupon (including, without limitation, the holder being a resident of, or a permanent establishment in, Singapore);

- (b) more than 30 days after the Relevant Date except to the extent that the holder thereof would have been entitled to such additional amounts on presenting the same for payment on the last day of such period of 30 days;
- (c) by or on behalf of a holder who could lawfully avoid (but has not so avoided) such deduction or withholding by complying or procuring compliance with any statutory requirements or by making or procuring the making of a declaration of non-residence or other similar claim for exemption to any tax authority in the place where the relevant Note or Coupon is presented for payment; or
- (d) any withholding tax imposed or deduction required pursuant to any agreements described in Section 1471(b) of the Code or otherwise imposed pursuant to Sections 1471 through 1474 of the Code, any regulations or agreements thereunder, any official interpretations thereof, or any law, regulation or directive implementing an intergovernmental approach thereto.

As used in these Conditions, “**Relevant Date**” in respect of any Note or Coupon means the date on which payment in respect thereof first becomes due or (if any amount of the money payable is improperly withheld or refused) the date on which payment in full of the amount outstanding is made or (if earlier) the date falling seven days after that on which notice is duly given to the Noteholders in accordance with Condition 16 that, upon further presentation of the Note (or relative Certificate) or Coupon being made in accordance with the Conditions, such payment will be made, provided that payment is in fact made upon presentation, and references to “**principal**” shall be deemed to include any premium payable in respect of the Notes, all Redemption Amounts, Early Redemption Amounts and all other amounts in the nature of principal payable pursuant to Condition 6, “**interest**” shall be deemed to include all Interest Amounts and all other amounts payable pursuant to Condition 5 and any reference to “**principal**” and/or “**premium**” and/or “**Redemption Amounts**” and/or “**interest**” and/or “**Early Redemption Amounts**” shall be deemed to include any additional amounts which may be payable under these Conditions.

9. Prescription

Claims against the relevant Issuer or, as the case may be, the Guarantor for payment in respect of the Notes and Coupons (which, for this purpose, shall not include Talons) shall be prescribed and become void unless made within five years from the appropriate Relevant Date for payment.

10. Events of Default

If any of the following events (“**Events of Default**”) occurs and is continuing and not waived, the Trustee at its discretion may (but is not obliged to), and if so requested in writing by holders of at least 25 per cent. in principal amount of the Notes then outstanding or if so directed by an Extraordinary Resolution shall, in each case, subject to it being indemnified and/or secured and/or pre-funded to its satisfaction, give notice to the relevant Issuer that the Notes are immediately repayable, whereupon the Redemption Amount of such Notes or (in the case of Zero Coupon Notes) the Early Redemption Amount of such Notes together with accrued interest to the date of payment shall become immediately due and payable:

- (a) the relevant Issuer or the Guarantor does not pay any principal, interest or other amount payable by it under any of the Notes at the place at and in the currency in which it is expressed to be payable when due and such default continues for five business days after the due date;

- (b) the relevant Issuer or the Guarantor does not perform or comply with any one or more of its obligations (other than the payment obligation of the relevant Issuer or the Guarantor referred to in paragraph (a) above) under any of the Issue Documents (as defined in the Trust Deed) or any of the Notes and, if that default is capable of remedy, it is not remedied within 30 days of the Trustee giving written notice of the failure to perform or comply to the relevant Issuer or, as the case may be, the Guarantor;
- (c) any representation, warranty or statement by the relevant Issuer or the Guarantor in the Trust Deed or any of the Notes or in any document delivered under any of the Issue Documents or any of the Notes is not complied with in any respect or is or proves to have been incorrect in any respect when made or deemed repeated, provided always that no Event of Default under this Condition 10(c) will occur if such misrepresentation or misstatement, or the circumstances giving rise to it, is or are capable of remedy and is or are remedied within 30 days of the Trustee giving written notice of the failure to comply to the relevant Issuer or, as the case may be, the Guarantor;
- (d) (i) any other indebtedness of the relevant Issuer, the Guarantor, OUE C-REIT or any of the Principal Subsidiaries in respect of borrowed moneys is or is declared to be or is capable of being rendered due and payable prior to its stated maturity by reason of any event of default (however described) or is not paid when due or, as the case may be, within any originally applicable grace period; or
 - (ii) the relevant Issuer, the Guarantor, OUE C-REIT or any of the Principal Subsidiaries fails to pay when properly called upon to do so any guarantee of indebtedness for borrowed moneys,

provided always that no Event of Default will occur under paragraph (d)(i) or (d)(ii) above if the aggregate amount of the indebtedness for borrowed moneys or guarantee of indebtedness for borrowed moneys falling within paragraphs (d)(i) and d(ii) above is less than S\$50,000,000 (or its equivalent in any other currency or currencies);

- (e) the relevant Issuer, the Guarantor, OUE C-REIT or any of the Principal Subsidiaries
 - (i) is (or is deemed by law or a court to be) insolvent or unable to pay its debts, or
 - (ii) stops, suspends or threatens to stop or suspend payment of all or any material part of (or of a particular type of) its indebtedness, (iii) begins negotiations or takes any other step with a view to the deferral, rescheduling or other readjustment of all or any material part of (or of a particular type of) its indebtedness (or of any material part which it will otherwise be unable to pay when due), (iv) applies for a moratorium in respect of or affecting all or any part of its indebtedness, (v) commences negotiations with one or more of its creditors with a view to rescheduling all or a material part of (or a particular type of) its indebtedness, or (vi) proposes or makes a general assignment or an arrangement or composition with or for the benefit of the relevant creditors or a moratorium is agreed, effected, declared or otherwise (by operation of law) arises in respect of or affecting all or any material part of (or of a particular type of) the indebtedness of the relevant Issuer, the Guarantor, OUE C-REIT or any of the Principal Subsidiaries;

- (f) a distress, attachment, execution or other legal process (other than proceedings which are of a frivolous nature and which are being disputed in good faith and by appropriate proceedings) is levied, enforced or sued out on or against all or any material part of the property, assets or revenues of the relevant Issuer, the Guarantor, OUE C-REIT or any of the Principal Subsidiaries and is not discharged or stayed within 45 days;
- (g) any security on or over the whole or any material part of the assets of the relevant Issuer, the Guarantor, OUE C-REIT or any of the Principal Subsidiaries becomes enforceable or any step is taken to enforce it (including the taking of possession or the appointment of a receiver, administrator, administrative receiver, judicial manager or other similar person) and is not discharged within 45 days;
- (h) any order is made, effective resolution is passed, petition is made or meeting is convened by any person with a view to the winding-up, dissolution, liquidation, termination, judicial management or administration of the relevant Issuer, the Guarantor, OUE C-REIT or any of the Principal Subsidiaries or for the appointment of a liquidator (including a provisional liquidator), receiver, judicial manager, trustee, administrator, agent or similar officer (in each case, including any provisional, interim or temporary officer or appointee) of the relevant Issuer, the Guarantor, OUE C-REIT or any of the Principal Subsidiaries or over the whole or any material part of the assets of the relevant Issuer, the Guarantor, OUE C-REIT or any of the Principal Subsidiaries (save for (i) a voluntary liquidation or winding-up of a Principal Subsidiary not involving insolvency and which does not have a material adverse effect (1) on the financial condition of the relevant Issuer or on the consolidated financial condition of the relevant Issuer, the Guarantor, OUE C-REIT and its subsidiaries taken as a whole or (2) on the ability of the relevant Issuer or the Guarantor to perform or comply with its payment or other material obligations under any of the Issue Documents or the Notes or, as the case may be, the Guarantee and (ii) a voluntary liquidation, winding-up or termination of the relevant Issuer, OUE C-REIT or a Principal Subsidiary not involving insolvency on terms approved by an Extraordinary Resolution of the Noteholders);
- (i) the relevant Issuer, the Guarantor, OUE C-REIT or any of the Principal Subsidiaries ceases or publicly announces an intention to cease to carry on all or substantially all of the business of the Group, taken as a whole (otherwise than pursuant to or following a disposal, reorganisation, amalgamation or reconstruction as permitted under the Trust Deed);
- (j) any step is taken by any person with a view to the seizure, compulsory acquisition, expropriation or nationalisation of all or any part of the assets of the relevant Issuer, the Guarantor, OUE C-REIT or any of the Principal Subsidiaries, in each case, which would be likely to have a material adverse effect (i) on the financial condition of the relevant Issuer or on the consolidated financial condition of the relevant Issuer, the Guarantor, OUE C-REIT and its subsidiaries taken as a whole or (ii) on the ability of the relevant Issuer or the Guarantor to perform or comply with its payment or other material obligations under any of the Issue Documents or the Notes or, as the case may be, the Guarantee;
- (k) any action, condition or thing (including the obtaining of any necessary consent) at any time required to be taken, fulfilled or done for any of the purposes stated in Clause 16.8 of the Trust Deed is not taken, fulfilled or done, or any such consent ceases to be in full force and effect without modification or any condition in or relating to any such consent is not complied with (unless that consent or condition is no longer required or applicable);

- (l) it is or will become unlawful for the relevant Issuer or the Guarantor to perform or comply with any one or more of its obligations under any of the Issue Documents or any of the Notes;
- (m) any of the Issue Documents to which it is a party or any of the Notes ceases for any reason (or is claimed by the relevant Issuer or the Guarantor not) to be the legal and valid obligations of the relevant Issuer or the Guarantor, binding upon it in accordance with its terms;
- (n) OCTPL ceases to be a subsidiary wholly owned, directly or indirectly, by OUE C-REIT;
- (o) the Guarantee is not (or is claimed by the Guarantor not to be) in full force and effect;
- (p) (i) (1) DBS Trustee Limited (“**DBST**”) resigns or is removed from the position of trustee of OUE C-REIT, (2) an order is made for the winding-up of DBST, a receiver, judicial manager, administrator, agent or similar officer of DBST is appointed, and/or (3) there is a declaration, imposition or promulgation in Singapore or in any relevant jurisdiction of a moratorium, any form of exchange control or any law, directive or regulation of any agency or the amalgamation, reconstruction or reorganisation of DBST which prevents or restricts the ability of the relevant Issuer or the Guarantor to perform its obligations under any of the Notes, the Issue Documents to which it is a party or the Guarantee and (ii) a replacement or substitute trustee of OUE C-REIT is not appointed in accordance with the terms of the OUE C-REIT Trust Deed;
- (q) (i) the OUE C-REIT Manager resigns or is removed pursuant to the OUE C-REIT Trust Deed and (ii) a replacement or substitute manager of OUE C-REIT is not appointed in accordance with the terms of the OUE C-REIT Trust Deed;
- (r) any litigation, arbitration or administrative proceeding (other than those of a frivolous or vexatious nature and discharged within 45 days of its commencement) against the relevant Issuer, the Guarantor, OUE C-REIT or any of the Principal Subsidiaries is current or pending (i) to restrain the exercise of any of the rights and/or the performance or enforcement of or compliance with any of the obligations of the relevant Issuer or the Guarantor under any of the Issue Documents to which it is a party or any of the Notes or (ii) which has or would be likely to have a Material Adverse Effect;
- (s) any event occurs which, under the law of any relevant jurisdiction, has an analogous or equivalent effect to any of the events mentioned in paragraph (e), (f), (g), (h) or (j);
- (t) the relevant Issuer or any of the Principal Subsidiaries is declared by the Minister of Finance to be a declared company under the provisions of Part IX of the Companies Act, Chapter 50 of Singapore; and
- (u) the OUE C-REIT Trustee loses its right to be indemnified out of the assets of OUE C-REIT in respect of all liabilities, claims, demands and actions under or in connection with any of the Notes, the Issue Documents or the Guarantee.

For the purposes of these Conditions:

(A) “**Material Adverse Effect**” means something having a material adverse effect on:

- (I) the ability of the relevant Issuer to perform or comply with any of its payment or other material obligations under any of the Issue Documents or the Notes; or
- (II) the ability of the Guarantor to perform or comply with any of its payment or other material obligations under any of the Issue Documents or the Guarantee;

(B) **“Principal Subsidiary”** means, at any particular time, any subsidiary of OUE C-REIT whose total assets, as shown by the accounts (consolidated in the case of a subsidiary which itself has subsidiaries) of such subsidiary, based upon which the latest audited consolidated accounts of the Group have been prepared, are at least 20 per cent. of the total assets of the Group as shown by such audited consolidated accounts provided that if any such subsidiary (the **“transferor”**) shall at any time transfer the whole or a part of its business, undertaking or assets to another subsidiary of OUE C-REIT or OUE C-REIT itself (the **“transferee”**) then:

- (I) if the whole of the business, undertaking and assets of the transferor shall be so transferred, the transferor shall thereupon cease to be a Principal Subsidiary and the transferee (unless it is OUE C-REIT) shall thereupon become a Principal Subsidiary; and
- (II) if part only of the business, undertaking and assets of the transferor shall be so transferred, the transferor shall remain a Principal Subsidiary and the transferee (unless it is OUE C-REIT) shall thereupon become a Principal Subsidiary.

Any subsidiary which becomes a Principal Subsidiary by virtue of paragraph (I) above of this definition or which remains or becomes a Principal Subsidiary by virtue of paragraph (II) above of this definition shall continue to be a Principal Subsidiary until the date of issue of the first audited consolidated accounts of the Group prepared as at a date later than the date of the relevant transfer which show the total assets of such subsidiary, as shown by the accounts (consolidated in the case of a subsidiary which itself has subsidiaries) of such subsidiary, based upon which such audited consolidated accounts have been prepared, to be less than 20 per cent. of the total assets of the Group as shown by such audited consolidated accounts; and

(C) **“subsidiary”** means any company which is for the time being, a subsidiary (within the meaning of Section 5 of the Companies Act, Chapter 50 of Singapore), and in relation to OUE C-REIT, means a company, corporation, trust, fund or other entity (whether or not a body corporate):

- (I) which is controlled, directly or indirectly, by OUE C-REIT; or
- (II) more than half the shares or interests of which are beneficially owned, directly or indirectly, by OUE C-REIT; or
- (III) which is a subsidiary of any company, corporation, trust, fund or other entity (whether or not a body corporate) to which paragraph (I) or (II) of this definition applies

and for these purposes, any company, corporation, trust, fund or other entity (whether or not a body corporate) shall be treated as being controlled by OUE C-REIT if OUE C-REIT is able to direct its affairs and/or control the composition of its board of directors or equivalent body.

11. Enforcement of Rights

At any time after an Event of Default has occurred and is continuing but not waived or after the Notes shall have become due and payable, the Trustee may (but is not obliged to), at its discretion and without further notice, institute such proceedings against the relevant Issuer or the Guarantor as it may think fit to enforce repayment of the Notes, together with accrued interest, or to enforce the provisions of the Issue Documents but it shall not be bound to take any such proceedings unless (a) it shall have been so directed by an Extraordinary Resolution of the Noteholders or so requested in writing by Noteholders holding not less than 25 per cent. in principal amount of the Notes outstanding and (b) it shall have been

indemnified and/or secured and/or pre-funded to its satisfaction. No Noteholder or Couponholder shall be entitled to proceed directly against the relevant Issuer or the Guarantor unless the Trustee, having become bound to do so, fails or neglects to do so within a reasonable period and such failure or neglect shall be continuing.

The Trustee shall not be deemed to be responsible or liable to any Noteholder or Couponholder or the relevant Issuer for taking or refraining from taking any such steps as set out in this Condition 11.

12. Meeting of Noteholders and Modifications

The Trust Deed contains provisions for convening meetings of Noteholders of a Series to consider any matter affecting their interests, including modification by Extraordinary Resolution of the Notes of such Series (including these Conditions insofar as the same may apply to such Notes) or any of the provisions of the Trust Deed.

The Trustee, the relevant Issuer or the Guarantor at any time may, and the Trustee upon the request in writing by Noteholders holding not less than 15 per cent. of the principal amount of the Notes of any Series for the time being outstanding, and after being indemnified and/or secured and/or pre-funded to its satisfaction against all costs and expenses shall, convene a meeting of the Noteholders of that Series. An Extraordinary Resolution duly passed at any such meeting shall be binding on all the Noteholders of the relevant Series, whether present or not and on all relevant Couponholders, except that any Extraordinary Resolution proposed, *inter alia*, (a) to amend the dates of maturity or redemption of the Notes or any date for payment of interest or Interest Amounts on the Notes, (b) to reduce or cancel the principal amount of, or any premium payable on redemption of, the Notes, (c) to reduce the rate or rates of interest in respect of the Notes or to vary the method or basis of calculating the rate or rates of interest or the basis for calculating any Interest Amount in respect of the Notes, (d) to vary any method of, or basis for, calculating the Redemption Amount or the Early Redemption Amount including the method of calculating the Amortised Face Amount, (e) to vary the currency or currencies of payment or denomination of the Notes, (f) to take any steps that as specified in the terms of the Note may only be taken following approval by an Extraordinary Resolution to which the special quorum provisions apply, (g) to modify the provisions concerning the quorum required at any meeting of Noteholders or the majority required to pass the Extraordinary Resolution or (h) to modify or cancel the Guarantee, will only be binding if passed at a meeting of the Noteholders of the relevant Series (or at any adjournment thereof) at which a special quorum (provided for in the Trust Deed) is present.

The Trustee may (but is not obliged to) agree (and is entitled to rely on and at the expense of the relevant Issuer an external legal, financial or professional advice or opinion for this purpose), without the consent of the Noteholders or Couponholders and at the expense of the relevant Issuer to (i) any modification of any of the provisions of the Trust Deed or any of the other Issue Documents which in the opinion of the Trustee is of a formal, minor or technical nature, is made to correct a manifest error or to comply with mandatory provisions of Singapore law or is required by Euroclear and/or Clearstream, Luxembourg and/or the Depository and/or any other clearing system in which the Notes may be held and (ii) any other modification (except as mentioned in the Trust Deed) to the Trust Deed and any of the other Issue Documents, and any waiver or authorisation of any breach or proposed breach, of any of the provisions of the Trust Deed or any of the other Issue Documents which is in the opinion of the Trustee not materially prejudicial to the interests of the Noteholders. Any such modification, authorisation or waiver shall be binding on the Noteholders and the Couponholders and such modification, authorisation or waiver shall be notified by the relevant Issuer to the Noteholders as soon as practicable.

In connection with the exercise of its functions (including but not limited to those in relation to any proposed modification, waiver, authorisation or substitution) the Trustee shall have regard to the interests of the Noteholders as a class and shall not have regard to the consequences of such exercise for individual Noteholders or Couponholders.

These Conditions may be amended, modified, or varied in relation to any Series of Notes by the terms of the relevant Pricing Supplement in relation to such Series.

13. Replacement of Notes, Certificates, Coupons and Talons

If a Note, Certificate, Coupon or Talon is lost, stolen, mutilated, defaced or destroyed it may be replaced, subject to applicable laws, regulations and stock exchange or other relevant authority regulations at the specified office of the Issuing and Paying Agent (in the case of Bearer Notes, Coupons or Talons) and of the Registrar (in the case of Certificates), or at the specified office of such other Paying Agent or Transfer Agent, as the case may be, as may from time to time be designated by the relevant Issuer for the purpose and notice of whose designation is given to Noteholders in accordance with Condition 16, on payment by the claimant of the fees and costs incurred in connection therewith and on such terms as to evidence, undertaking, security and indemnity (which may provide, *inter alia*, that if the allegedly lost, stolen or destroyed Note, Certificate, Coupon or Talon is subsequently presented for payment, there will be paid to the relevant Issuer on demand the amount payable by the relevant Issuer in respect of such Note, Certificate, Coupon or Talon) and otherwise as the relevant Issuer may require. Mutilated or defaced Notes, Certificates, Coupons or Talons must be surrendered before replacements will be issued.

14. Further Issues

The relevant Issuer may from time to time without the consent of the Noteholders or Couponholders create and issue further notes either having the same terms and conditions as the Notes in all respects (or in all respects except for the first payment of interest on them) and so that such further issue shall be consolidated and form a single series with the outstanding notes of any series (including the Notes) or upon such terms as the relevant Issuer may determine at the time of their issue. References in these Conditions to the Notes include (unless the context requires otherwise) any other notes issued pursuant to this Condition 14 and forming a single series with the Notes. Any further notes forming a single series with the outstanding notes of any series (including the Notes) constituted by the Trust Deed or any deed supplemental to it shall, and any other securities may, be constituted by the Trust Deed. The Trust Deed contains provisions for convening a single meeting of the Noteholders and the holders of notes of other series where the Trustee so decides.

15. Indemnification of the Trustee

The Trust Deed contains provisions for the indemnification of the Trustee and for its relief from responsibility, including provisions relieving it from taking proceedings to enforce repayment and from taking action to convene meetings unless indemnified and/or secured and/or pre-funded to its satisfaction. The Trust Deed also contains a provision entitling the Trustee or any corporation related to it to enter into business transactions with the relevant Issuer, the Guarantor or any of the respective related corporations of OCTPL and OUE C-REIT without accounting to the Noteholders or Couponholders for any profit resulting from such transactions.

Each Noteholder and Couponholder shall be solely responsible for making and continuing to make its own independent appraisal and investigation into the financial condition, creditworthiness, condition, affairs, status and nature of the relevant Issuer and the Guarantor, and the Trustee shall not at any time have any responsibility for the same and each Noteholder and Couponholder shall not rely on the Trustee in respect thereof.

The Trustee may rely without liability to Noteholders on any report, confirmation or certificate or any advice of any accountants, financial advisers, legal advisers, financial institutions or any other expert, whether or not addressed to it and whether or not their liability in relation thereto is limited (by its terms or by any engagement letter relating thereto entered into by the Trustee or in any other manner) by reference to a monetary cap, methodology or otherwise.

16. Notices

Notices to the holders of Registered Notes shall be valid if mailed to them at their respective addresses in the Register and deemed to have been given on the fourth weekday (being a day other than a Saturday or a Sunday) after the date of mailing. Notwithstanding the foregoing, notices to the holders of Notes will be valid if published in a daily newspaper of general circulation in Singapore (or, if the holders of any Series of Notes can be identified, notices to such holders will also be valid if they are given to each of such holders). It is expected that such publication will be made in The Business Times. Notices will, if published more than once or on different dates, be deemed to have been given on the date of the first publication in such newspaper as provided above.

In the case where OUE C-REIT is listed on the SGX-ST or where the Notes are listed on the SGX-ST, notices to the holders of such Notes shall also be valid if made by way of an announcement on the SGX-ST. Any such notice shall be deemed to have been given to the Noteholders on the date on which the said notice was uploaded as an announcement on the SGX-ST. Couponholders shall be deemed for all purposes to have notice of the contents of any notice to the holders of Bearer Notes in accordance with this Condition 16. In the case where notices to Noteholders are made by more than one of the prescribed forms above, notice would be deemed to have been given on the first date in which the notices were validly given in accordance with the paragraphs above.

So long as the Notes are represented by a Global Security or a Global Certificate and such Global Security or Global Certificate is held in its entirety on behalf of Euroclear, Clearstream, Luxembourg, the Depository and/or any other clearing system, there may be substituted for such publication in such newspapers or announcement on the SGX-ST the delivery of the relevant notice to Euroclear, Clearstream, Luxembourg, (subject to the agreement of the Depository) the Depository and/or such other clearing system for communication by it to the Noteholders. If the Notes are listed on the SGX-ST and the rules of such exchange so require, notice will in any event be given or published in accordance with the previous paragraph. Any such notice shall be deemed to have been given to the Noteholders on the third day after the day on which the said notice was given to Euroclear, Clearstream, Luxembourg, the Depository and/or such other clearing system.

Notices to be given by any Noteholder pursuant hereto (including to the relevant Issuer) shall be in writing and given by lodging the same, together with the relevant Note or Notes, with the Issuing and Paying Agent (in the case of Bearer Notes) or the Registrar (in the case of Certificates). Whilst the Notes are represented by a Global Security or a Global Certificate, such notice may be given by any Noteholder to the Issuing and Paying Agent or, as the case may be, the Registrar through Euroclear, Clearstream, Luxembourg, the Depository and/or such other clearing system in such manner as the Issuing and Paying Agent or, as the case may be, the Registrar and Euroclear, Clearstream, Luxembourg, the Depository and/or such other clearing system may approve for this purpose.

Notwithstanding the other provisions of this Condition, in any case where the identity and addresses of all the Noteholders are known to the relevant Issuer, notices to such holders may be given individually by recorded delivery mail to such addresses and will be deemed to have been given when received at such addresses.

17. Acknowledgement

(a) Capacity

Notwithstanding any provision to the contrary in the Trust Deed, the Notes and the Coupons, it is hereby agreed and acknowledged that DBST has entered into the Trust Deed solely in its capacity as trustee of OUE C-REIT and not in its personal capacity and all references to the OUE C-REIT Trustee shall be construed accordingly. Accordingly, notwithstanding any provision to the contrary in the Trust Deed, the Notes and the Coupons, DBST has assumed all obligations in its capacity as trustee of OUE C-REIT and not in its personal capacity. Any liability of or indemnity, covenant, undertaking, representation and/or warranty given or to be given by DBST is given and assumed by DBST in its capacity as trustee of OUE C-REIT and not in its personal capacity and any power and right conferred on any receiver, attorney, agent and/or delegate is limited to the assets of OUE C-REIT over which DBST in its capacity as trustee of OUE C-REIT has recourse and shall not extend to any personal assets of DBST or any assets held by DBST in its capacity as trustee of any trust (other than OUE C-REIT). Any obligation, matter, act, action or thing required to be done, performed or undertaken by DBST under the Trust Deed, the Notes and the Coupons shall only be in connection with matters relating to OUE C-REIT (and shall not extend to the obligations of DBST in respect of any other trust or real estate investment trust of which it is a trustee). The foregoing shall not restrict or prejudice any rights or remedies of the Trustee, the Noteholders and the Couponholders in connection with any gross negligence, wilful default, fraud, breach of the OUE C-REIT Trust Deed or breach of trust of the OUE C-REIT Trustee.

(b) No Recourse

Notwithstanding any provision to the contrary in the Trust Deed, the Notes and the Coupons, it is hereby acknowledged and agreed that the OUE C-REIT Trustee's obligations under the Trust Deed, the Notes and the Coupons will be solely the corporate obligations of DBST and there shall not be any recourse against the shareholders, directors, officers or employees of DBST for any claims, losses, damages, liabilities or other obligations whatsoever in connection with any of the transactions contemplated by the provisions of the Trust Deed, the Notes and the Coupons. The foregoing shall not restrict or prejudice any rights or remedies of the Trustee, the Noteholders and the Couponholders in connection with any gross negligence, wilful default, fraud, breach of the OUE C-REIT Trust Deed or breach of trust of the OUE C-REIT Trustee.

(c) Legal Action or Proceedings

For the avoidance of doubt, any legal action or proceedings commenced against the OUE C-REIT Trustee whether in Singapore or elsewhere pursuant to the Trust Deed, the Notes and the Coupons shall be brought against DBST in its capacity as trustee of OUE C-REIT and not in its personal capacity. The foregoing shall not restrict or prejudice any rights or remedies of the Trustee, the Noteholders and the Couponholders in connection with any gross negligence, wilful default, fraud, breach of the OUE C-REIT Trust Deed or breach of trust of the OUE C-REIT Trustee.

(d) Survival Clause

This clause shall survive the termination or rescission of the Trust Deed, the Notes and the Coupons and shall apply, *mutatis mutandis*, to any notice, certificate or other document which the relevant Issuer issues under or pursuant to the Trust Deed and the Notes as if expressly set out therein.

18. Governing Law and Jurisdiction

(a) Governing Law

The Trust Deed, the Notes, the Coupons and the Talons are governed by, and shall be construed in accordance with, the laws of Singapore.

(b) Jurisdiction

The courts of Singapore are to have jurisdiction to settle any disputes that may arise out of or in connection with the Trust Deed, any Notes, Coupons or Talons or the Guarantee and accordingly any legal action or proceedings arising out of or in connection with the Trust Deed, any Notes, Coupons or Talons or the Guarantee ("**Proceedings**") may be brought in such courts. Each of the Issuers and the Guarantor has in the Trust Deed irrevocably submitted to the jurisdiction of such courts.

(c) No immunity

Each of the relevant Issuer and the Guarantor agrees that in any legal action or proceedings arising out of or in connection with the Trust Deed, the Notes, the Coupons or the Talons against it or any of its assets and/or against OUE C-REIT or any of OUE C-REIT's assets, no immunity from such legal action or proceedings (which shall include, without limitation, suit, attachment prior to award, other attachment, the obtaining of an award, judgment, execution or other enforcement) shall be claimed by or on behalf of the relevant Issuer, the Guarantor or OUE C-REIT or with respect to any of its assets or OUE C-REIT's assets and irrevocably waives any such right of immunity which it or its assets or OUE C-REIT or OUE C-REIT's assets now have or may hereafter acquire or which may be attributed to it or its assets or OUE C-REIT or OUE C-REIT's assets and consents generally in respect of any such legal action or proceedings to the giving of any relief or the issue of any process in connection with such action or proceedings including, without limitation, the making, enforcement or execution against any property whatsoever (irrespective of its use or intended use) of any order, award or judgment which may be made or given in such action or proceedings.

19. Contracts (Rights of Third Parties) Act

No person shall have any right to enforce any term or condition of the Notes under the Contracts (Rights of Third Parties) Act, Chapter 53B of Singapore.

CDP Issuing and Paying Agent, CDP Calculation Agent, CDP Transfer Agent and CDP Registrar

The Bank of New York Mellon, Singapore Branch
One Temasek Avenue
#02-01 Millennia Tower
Singapore 039192

Non-CDP Issuing and Paying Agent and Non-CDP Calculation Agent

The Bank of New York Mellon, London Branch
One Canada Square
London E14 5AL
United Kingdom

Non-CDP Transfer Agent and Non-CDP Registrar

The Bank of New York Mellon SA/NV, Luxembourg Branch
Vertigo Building-Polaris
2-4, rue Eugène Ruppert
L-2453 Luxembourg

TERMS AND CONDITIONS OF THE PERPETUAL SECURITIES

*The following is the text of the terms and conditions which, subject to completion and amendment and as supplemented or varied in accordance with the provisions of the relevant Pricing Supplement, will be endorsed on the Perpetual Securities in definitive form (if any) issued in exchange for the Global Security(ies) or the Global Certificate(s) representing each Series. Either (i) the full text of these terms and conditions together with the relevant provisions of the relevant Pricing Supplement or (ii) these terms and conditions as so completed, amended, supplemented or varied (and subject to simplification by the deletion of non-applicable provisions), shall be endorsed on such Perpetual Securities. Unless otherwise stated, all capitalised terms that are not defined in these Conditions will have the meanings given to them in the relevant Pricing Supplement. Those definitions will be endorsed on such Bearer Perpetual Securities or on the Certificates relating to such Registered Perpetual Securities. References in the Conditions to **"Perpetual Securities"** are to the Perpetual Securities of one Series only, not to all Perpetual Securities that may be issued under the Programme, details of the relevant Series being shown in the terms of the relevant Perpetual Securities and in the relevant Pricing Supplement.*

The Perpetual Securities are constituted by a trust deed (as amended, modified and supplemented from time to time, the **"Trust Deed"**) dated 20 March 2020 made between (1) OUE CT Treasury Pte. Ltd. (**"OCTPL"**) and DBS Trustee Limited (in its capacity as trustee of OUE Commercial Real Estate Investment Trust (**"OUE C-REIT"**)) (the **"OUE C-REIT Trustee"**), as issuers (each, an **"Issuer"** and together, the **"Issuers"**), (2) the OUE C-REIT Trustee, in its capacity as guarantor for Securities (as defined in the Trust Deed) issued by OCTPL (the **"Guarantor"**) and (3) The Bank of New York Mellon, Singapore Branch (the **"Trustee"**, which expression shall wherever the context so admits include such company and all other persons for the time being the trustee or trustees of the Trust Deed), as trustee for the Perpetual Securityholders (as defined below), and (where applicable) the Perpetual Securities are issued with the benefit of a deed of covenant dated 20 March 2020 (as amended and supplemented from time to time, the **"OCTPL Deed of Covenant"**) executed by OCTPL, relating to CDP Perpetual Securities (as defined in the Trust Deed) issued by OCTPL and a deed of covenant dated 20 March 2020 (as amended and supplemented from time to time, the **"OUE C-REIT Deed of Covenant"**) and, together with the OCTPL Deed of Covenant, the **"Deeds of Covenant"**) executed by the OUE C-REIT Trustee, relating to CDP Perpetual Securities issued by the OUE C-REIT Trustee. These terms and conditions (the **"Conditions"**) include summaries of, and are subject to, the detailed provisions of the Trust Deed, which includes the form of the Bearer Perpetual Securities, Certificates, Coupons and Talons referred to below. The Issuers and the Guarantor have entered into an agency agreement (as amended, restated or supplemented from time to time, the **"Agency Agreement"**) dated 20 March 2020 made between (1) the Issuers, (2) the Guarantor, (3) The Bank of New York Mellon, Singapore Branch, as issuing and paying agent in respect of CDP Perpetual Securities (in such capacity, the **"CDP Issuing and Paying Agent"**), transfer agent in respect of CDP Perpetual Securities (in such capacity, the **"CDP Transfer Agent"**), registrar in respect of CDP Perpetual Securities (in such capacity, the **"CDP Registrar"**) and calculation agent in respect of CDP Perpetual Securities (in such capacity, the **"CDP Calculation Agent"**), (4) The Bank of New York Mellon, London Branch, as issuing and paying agent in respect of Perpetual Securities cleared or to be cleared through Euroclear (as defined below) and/or Clearstream, Luxembourg (as defined below) (**"Non-CDP Perpetual Securities"**) (in such capacity, the **"Non-CDP Issuing and Paying Agent"**) and, together with the CDP Issuing and Paying Agent and any other issuing and paying agents that may be appointed, the **"Issuing and Paying Agents"** and the Issuing and Paying Agents together with any other paying agents, the **"Paying Agents"**) and as calculation agent in respect of Non-CDP Perpetual Securities (in such capacity, the **"Non-CDP Calculation Agent"**) and, together with the CDP Calculation Agent, the **"Calculation Agents"**), (5) The Bank of New York Mellon SA/NV, Luxembourg Branch, as transfer agent in respect of Non-CDP Perpetual Securities (in such capacity, the **"Non-CDP Transfer Agent"**) and, together with the CDP Transfer Agent and any other transfer agents that may be appointed, the **"Transfer Agents"**) and registrar in respect of Non-CDP Perpetual Securities (in such capacity, the **"Non-CDP Registrar"**) and, together with the CDP Registrar, the

“Registrars”), and (6) the Trustee, as trustee. The Perpetual Securityholders and the holders (the **“Couponholders”**) of the distribution coupons (the **“Coupons”**) appertaining to the Perpetual Securities in bearer form and, where applicable in the case of such Perpetual Securities, talons for further Coupons (the **“Talons”**) are bound by and are deemed to have notice of all of the provisions of the Trust Deed, the Agency Agreement and the relevant Deed of Covenant.

For the purposes of these Conditions, all references to (a) the Issuing and Paying Agent shall, in the case of a Series of CDP Perpetual Securities, be deemed to be a reference to the CDP Issuing and Paying Agent and, in the case of a Series of Non-CDP Perpetual Securities, be deemed to be a reference to the Non-CDP Issuing and Paying Agent, (b) the Calculation Agent shall, in the case of a Series of CDP Perpetual Securities, be deemed to be a reference to the CDP Calculation Agent and, in the case of a Series of Non-CDP Perpetual Securities, be deemed to be a reference to the Non-CDP Calculation Agent, (c) the Registrar shall, in the case of a Series of CDP Perpetual Securities, be deemed to be a reference to the CDP Registrar and, in the case of a Series of Non-CDP Perpetual Securities, be deemed to be a reference to the Non-CDP Registrar, and (d) the Transfer Agent shall, in the case of a Series of CDP Perpetual Securities, be deemed to be a reference to the CDP Transfer Agent and, in the case of a Series of Non-CDP Perpetual Securities, be deemed to be a reference to the Non-CDP Transfer Agent, and (unless the context otherwise requires) all such references shall be construed accordingly.

Copies of the Trust Deed, the Agency Agreement and the Deeds of Covenant are available for inspection at the specified office of the Trustee for the time being and at the respective specified offices of the Issuing and Paying Agents for the time being upon prior written request and satisfactory proof of holdings.

1. Form, Denomination and Title

(a) Form and Denomination

- (i) The Perpetual Securities of the Series of which this Perpetual Security forms part (in these Conditions, the **“Perpetual Securities”**) are issued in bearer form (**“Bearer Perpetual Securities”**) or in registered form (**“Registered Perpetual Securities”**), in each case in the Denomination Amount shown in the terms of the Perpetual Security. Subject to applicable laws, in the case of Registered Perpetual Securities, such Perpetual Securities are in the Denomination Amount shown hereon, which may include a minimum denomination and higher integral multiples of a smaller amount, in each case, as specified in the applicable Pricing Supplement.
- (ii) This Perpetual Security is a Fixed Rate Perpetual Security or a Floating Rate Perpetual Security (depending upon the Distribution Basis shown in its terms).
- (iii) Bearer Perpetual Securities are serially numbered and issued with Coupons (and, where appropriate, a Talon) attached.
- (iv) Registered Perpetual Securities are represented by registered certificates (**“Certificates”**) and, save as provided in Condition 2(c), each Certificate shall represent the entire holding of Registered Perpetual Securities by the same holder.

(b) Title

- (i) Title to the Bearer Perpetual Securities and the Coupons and Talons appertaining thereto shall pass by delivery. Title to the Registered Perpetual Securities shall pass by registration in the register that the relevant Issuer shall procure to be kept by the Registrar in accordance with the provisions of the Agency Agreement (the **“Registrar”**).

- (ii) Except as ordered by a court of competent jurisdiction or as required by law, the holder of any Perpetual Security, Coupon or Talon shall be deemed to be and may be treated as the absolute owner of such Perpetual Security, Coupon or Talon, as the case may be, for the purpose of receiving payment thereof or on account thereof and for all other purposes, whether or not such Perpetual Security, Coupon or Talon shall be overdue and notwithstanding any notice of ownership, theft, forgery or loss thereof, trust, interest therein or any writing thereon made by anyone, and no person shall be liable for so treating the holder.

- (iii) For so long as any of the Perpetual Securities is represented by a Global Security (as defined below) or, as the case may be, a Global Certificate (as defined below) and such Global Security or Global Certificate is held by a common depository for Euroclear Bank SA/NV ("**Euroclear**") and/or Clearstream Banking S.A. ("**Clearstream, Luxembourg**"), The Central Depository (Pte) Limited (the "**Depository**") and/or any other clearing system, each person who is for the time being shown in the records of Euroclear and/or Clearstream, Luxembourg, the Depository and/or such other clearing system as the holder of a particular principal amount of such Perpetual Securities (in which regard any certificate or other document issued by Euroclear and/or Clearstream, Luxembourg, the Depository and/or such other clearing system as to the principal amount of such Perpetual Securities standing to the account of any person shall be conclusive and binding for all purposes save in the case of manifest error) shall be treated by the relevant Issuer, the Guarantor, the Issuing and Paying Agents, the Calculation Agents, the Registrars, the Transfer Agents and all other agents of the relevant Issuer and the Trustee as the holder of such principal amount of Perpetual Securities other than with respect to the payment of principal, premium, interest, distribution, redemption, purchase and/or any other amounts in respect of the Perpetual Securities, for which purpose the bearer of the Global Security or, as the case may be, the person whose name is shown on the Register shall be treated by the relevant Issuer, the Guarantor, the Issuing and Paying Agents, the Calculation Agents, the Registrars, the Transfer Agents and all other agents of the relevant Issuer and the Trustee as the holder of such Perpetual Securities in accordance with and subject to the terms of the Global Security or, as the case may be, the Global Certificate (and the expressions "**Perpetual Securityholder**" and "**holder of Perpetual Securities**" and related expressions shall be construed accordingly). Perpetual Securities which are represented by the Global Security or, as the case may be, the Global Certificate will be transferable only in accordance with the rules and procedures for the time being of Euroclear and/or Clearstream, Luxembourg, the Depository and/or such other clearing system.

- (iv) In these Conditions, "**Global Security**" means the relevant Temporary Global Security representing each Series or the relevant Permanent Global Security representing each Series, "**Global Certificate**" means the relevant Global Certificate representing each Series that is registered in the name of, or in the name of a nominee of, (1) a common depository for Euroclear and/or Clearstream, Luxembourg, (2) the Depository and/or (3) any other clearing system, "**Perpetual Securityholder**" means the bearer of any Bearer Perpetual Security or the person in whose name a Registered Perpetual Security is registered (as the case may be) and "**holder**" (in relation to a Perpetual Security, Coupon or Talon) means the bearer of any Bearer Perpetual Security, Coupon or Talon or the person in whose name the relevant Registered Perpetual Security is registered (as the case may be), "**Series**" means a Tranche, together with any further Tranche or Tranches, which are (A) expressed to be consolidated and forming a single series and (B) identical in all respects (including as to listing) except for their respective issue dates, issue prices and/or dates of the first payment of distribution and "**Tranche**" means Perpetual Securities which are identical in all respects (including as to listing).

- (v) Words and expressions defined in the Trust Deed or used in the applicable Pricing Supplement (as defined in the Trust Deed) shall have the same meanings where used in these Conditions unless the context otherwise requires or unless otherwise stated and provided that, in the event of inconsistency between the Trust Deed and the applicable Pricing Supplement, the applicable Pricing Supplement will prevail.

2. No Exchange of Perpetual Securities and Transfers of Registered Perpetual Securities

(a) No Exchange of Perpetual Securities

Registered Perpetual Securities may not be exchanged for Bearer Perpetual Securities. Bearer Perpetual Securities of one Denomination Amount may not be exchanged for Bearer Perpetual Securities of another Denomination Amount. Bearer Perpetual Securities may not be exchanged for Registered Perpetual Securities.

(b) Transfer of Registered Perpetual Securities

Subject to Conditions 2(e) and 2(f) below, one or more Registered Perpetual Securities may be transferred upon the surrender (at the specified office of the Registrar or any other Transfer Agent) of the Certificate representing such Registered Perpetual Securities to be transferred, together with the form of transfer endorsed on such Certificate (or another form of transfer substantially in the same form and containing the same representations and certifications (if any), unless otherwise agreed by the relevant Issuer) duly completed and executed and any other evidence as the Registrar or such other Transfer Agent may require to prove the title of the transferor and the authority of the individuals that have executed the form of transfer. In the case of a transfer of part only of a holding of Registered Perpetual Securities represented by one Certificate, a new Certificate shall be issued to the transferee in respect of the part transferred and a further new Certificate in respect of the balance of the holding not transferred shall be issued to the transferor. All transfers of Registered Perpetual Securities and entries on the Register will be made subject to the detailed regulations concerning transfers of Registered Perpetual Securities scheduled to the Agency Agreement. The regulations may be changed by the Issuers, with the prior written approval of the Registrar and the Trustee. A copy of the current regulations will be made available by the Registrar, at the cost and expense of the relevant Issuer, to any Perpetual Securityholder upon request.

(c) Exercise of Options or Partial Redemption or Purchase in Respect of Registered Perpetual Securities

In the case of an exercise of an Issuer's option in respect of, or a partial redemption of or purchase of, a holding of Registered Perpetual Securities represented by a single Certificate, a new Certificate shall be issued to the holder to reflect the exercise of such option or in respect of the balance of the holding not redeemed or purchased. In the case of a partial exercise of an option resulting in Registered Perpetual Securities of the same holding having different terms, separate Certificates shall be issued in respect of those Perpetual Securities of that holding that have the same terms. New Certificates shall only be issued against surrender of the existing Certificates to the Registrar or any other Transfer Agent. In the case of a transfer of Registered Perpetual Securities to a person who is already a holder of Registered Perpetual Securities, a new Certificate representing the enlarged holding shall only be issued against surrender of the Certificate representing the existing holding.

(d) Delivery of New Certificates

Each new Certificate to be issued pursuant to Condition 2(b) or 2(c) shall be available for delivery within seven business days of receipt of the form of transfer and surrender of the Certificate for exchange. Delivery of the new Certificate(s) shall be made at the specified office of the Registrar or such other Transfer Agent (as the case may be) to whom delivery or surrender of such form of transfer or Certificate shall have been made or, at the option of the holder making such delivery or surrender as aforesaid and as specified in the relevant form of transfer or otherwise in writing, be mailed by uninsured post at the risk of the holder entitled to the new Certificate to such address as may be so specified, unless such holder requests otherwise and pays in advance to the Registrar or the relevant Transfer Agent the costs of such other method of delivery and/or such insurance as it may specify. In this Condition 2(d) only, “**business day**” means a day (other than a Saturday, Sunday or gazetted public holiday) on which banks are open for business in the place of the specified office of the Registrar or the relevant Transfer Agent (as the case may be).

(e) Transfers Free of Charge

Transfers of Perpetual Securities and Certificates on registration, transfer, exercise of an option or partial redemption (as applicable) shall be effected without charge by or on behalf of the relevant Issuer, the Guarantor, the Registrar or the Transfer Agents, but upon payment by the Perpetual Securityholder of any tax or other governmental charges that may be imposed in relation to it (or the giving by the Perpetual Securityholder of such indemnity and/or security and/or prefunding as the Registrar or the relevant Transfer Agent may require) in respect of tax or charges.

(f) Closed Periods

No Perpetual Securityholder may require the transfer of a Registered Perpetual Security to be registered (i) during the period of 15 days prior to any date on which Perpetual Securities may be called for redemption by the relevant Issuer at its option pursuant to Condition 5(b), (ii) after any such Perpetual Security has been called for redemption or (iii) during the period of seven days ending on (and including) any Record Date (as defined in Condition 6(b)(ii)).

3. Status and Guarantee

(a) Senior Perpetual Securities

This Condition 3(a) applies to Perpetual Securities that are Senior Perpetual Securities (being the Perpetual Securities that specify their status as senior in the applicable Pricing Supplement).

(i) Status of Senior Perpetual Securities

The Senior Perpetual Securities and Coupons relating to them constitute direct, unconditional, unsubordinated and unsecured obligations of the relevant Issuer and shall at all times rank *pari passu*, without any preference or priority among themselves, and *pari passu* with all other present and future unsecured obligations (other than subordinated obligations and priorities created by law) of the relevant Issuer.

(ii) Guarantee of Senior Perpetual Securities

The payment of all sums expressed to be payable by OCTPL under the Trust Deed, the Senior Perpetual Securities and the Coupons relating to them are unconditionally and irrevocably guaranteed by the Guarantor. The obligations of the Guarantor under the Senior Guarantee (as defined in the Trust Deed) are contained in the Trust Deed. The payment obligations of the Guarantor under the Senior Guarantee and the Trust Deed in relation to the Senior Perpetual Securities and the Coupons relating thereto constitute direct, unconditional, unsubordinated and unsecured obligations of the Guarantor and shall rank *pari passu* with all other present and future unsecured obligations (other than subordinated obligations and priorities created by law) of the Guarantor.

(b) Subordinated Perpetual Securities

This Condition 3(b) applies to Perpetual Securities that are Subordinated Perpetual Securities (being the Perpetual Securities that specify their status as subordinated in the applicable Pricing Supplement).

(i) Status of Subordinated Perpetual Securities

The Subordinated Perpetual Securities and Coupons relating to them constitute direct, unconditional, subordinated and unsecured obligations of the relevant Issuer and shall at all times rank *pari passu*, without any preference or priority among themselves, and *pari passu* with any Parity Obligations of the relevant Issuer. The rights and claims of the Perpetual Securityholders and Couponholders in respect of the Subordinated Perpetual Securities are subordinated as provided in this Condition 3(b).

In these Conditions, “**Parity Obligation**” means, in relation to the relevant Issuer or the Guarantor, any instrument or security (including without limitation any preference shares or units, as the case may be) issued, entered into or guaranteed by the relevant Issuer or, as the case may be, the Guarantor (1) which ranks or is expressed to rank, by its terms or by operation of law, *pari passu* with (in the case of the relevant Issuer) the Subordinated Perpetual Securities or (in the case of the Guarantor) the Subordinated Guarantee (as defined in the Trust Deed) and (2) the terms of which provide that the making of payments thereon or distributions in respect thereof are fully at the discretion of the relevant Issuer or, as the case may be, the Guarantor and/or, in the case of an instrument or security guaranteed by the relevant Issuer or the Guarantor, the issuer thereof.

(ii) Ranking of claims on Winding-Up – OCTPL

Subject to the insolvency laws of Singapore and other applicable laws, in the event of the Winding-Up (as defined in Condition 9(a)) of OCTPL, the rights of the Perpetual Securityholders and Couponholders in respect of Subordinated Perpetual Securities to payment of principal of and distribution on the Subordinated Perpetual Securities and the Coupons relating to them are expressly subordinated and subject in right of payment to the prior payment in full of all claims of senior creditors of OCTPL but at least *pari passu* with all other subordinated obligations of OCTPL that are not expressed by their terms to rank junior to the Subordinated Perpetual Securities and in priority to the claims of shareholders of OCTPL and/or as otherwise specified in the applicable Pricing Supplement.

(iii) Ranking of claims on Winding-Up – OUE C-REIT Trustee or OUE C-REIT

Subject to the insolvency laws of Singapore and other applicable laws, in the event of the Winding-Up of the OUE C-REIT Trustee or OUE C-REIT, there shall be payable by the OUE C-REIT Trustee in respect of each Subordinated Perpetual Security (in lieu of any other payment by the OUE C-REIT Trustee), such amount, if any, as would have been payable to such Perpetual Securityholder if, on the day prior to the commencement of the Winding-Up of the OUE C-REIT Trustee or OUE C-REIT, and thereafter, such Perpetual Securityholder were the holder of one of a class of preferred units in the capital of OUE C-REIT (and if more than one class of preferred units is outstanding, the most junior ranking class of such preferred units) (the “**OUE C-REIT Notional Preferred Units**”) having an equal right to return of assets in the Winding-Up of the OUE C-REIT Trustee or OUE C-REIT and so ranking *pari passu* with the holders of that class or classes of preferred units (if any) which have a preferential right to return of assets in the Winding-Up of the OUE C-REIT Trustee or OUE C-REIT, and so rank ahead of the holders of Junior Obligations (as defined in Condition 4(IV)(a)) of the OUE C-REIT Trustee but junior to the claims of all other present and future creditors of the OUE C-REIT Trustee (other than Parity Obligations of the OUE C-REIT Trustee), on the assumption that the amount that such Perpetual Securityholder was entitled to receive in respect of each OUE C-REIT Notional Preferred Unit on a return of assets in such Winding-Up of the OUE C-REIT Trustee or OUE C-REIT were an amount equal to the principal amount (and any applicable premium outstanding) of the relevant Subordinated Perpetual Security together with distributions accrued and unpaid since the immediately preceding Distribution Payment Date or the Issue Date (as the case may be) and any unpaid Optional Distributions (as defined in Condition 4(IV)(c)) in respect of which the OUE C-REIT Trustee has given notice to the Perpetual Securityholders in accordance with these Conditions.

(iv) No set-off – OCTPL

Subject to applicable law, no holder of Subordinated Perpetual Securities or any Coupons relating to them may exercise, claim or plead any right of set-off, deduction, withholding or retention in respect of any amount owed to it by OCTPL in respect of, or arising under or in connection with the Subordinated Perpetual Securities or Coupons relating to them, and each holder of Subordinated Perpetual Securities or any Coupons relating to them shall, by virtue of his holding of any Subordinated Perpetual Securities or Coupons relating to them, be deemed to have waived all such rights of set-off, deduction, withholding or retention against OCTPL. Notwithstanding the preceding sentence, if any of the amounts owing to any holder of Subordinated Perpetual Securities or any Coupons relating to them by OCTPL in respect of, or arising under or in connection with the Subordinated Perpetual Securities or Coupons relating to them is discharged by set-off, such holder of Subordinated Perpetual Securities or any Coupons relating to them shall, subject to applicable law, immediately pay an amount equal to the amount of such discharge to OCTPL (or, in the event of the Winding-Up of OCTPL, the liquidator or, as appropriate, administrator of OCTPL) and, until such time as payment is made, shall hold such amount in trust for OCTPL (or the liquidator or, as appropriate, administrator of OCTPL) and accordingly any such discharge shall be deemed not to have taken place.

(v) No set-off – OUE C-REIT Trustee

Subject to applicable law, no holder of Subordinated Perpetual Securities or any Coupons relating to them may exercise, claim or plead any right of set-off, deduction, withholding or retention in respect of any amount owed to it by the OUE C-REIT Trustee in respect of, or arising under or in connection with the Subordinated Perpetual Securities or Coupons relating to them, and each holder of Subordinated Perpetual Securities or any Coupons relating to them shall, by virtue of his holding of any Subordinated Perpetual Securities or Coupons relating to them, be deemed to have waived all such rights of set-off, deduction, withholding or retention against the OUE C-REIT Trustee. Notwithstanding the preceding sentence, if any of the amounts owing to any holder of Subordinated Perpetual Securities or any Coupons relating to them by the OUE C-REIT Trustee in respect of, or arising under or in connection with the Subordinated Perpetual Securities or Coupons relating to them is discharged by set-off, such holder of Subordinated Perpetual Securities or any Coupons relating to them shall, subject to applicable law, immediately pay an amount equal to the amount of such discharge to the OUE C-REIT Trustee (or, in the event of the Winding-Up of the OUE C-REIT Trustee or OUE C-REIT, the liquidator or, as appropriate, administrator of the OUE C-REIT Trustee or, as the case may be, OUE C-REIT) and, until such time as payment is made, shall hold such amount in trust for the OUE C-REIT Trustee (or the liquidator or, as appropriate, administrator of the OUE C-REIT Trustee or, as the case may be, OUE C-REIT) and accordingly any such discharge shall be deemed not to have taken place.

(vi) Guarantee of Subordinated Perpetual Securities

The payment of all sums expressed to be payable by OCTPL under the Trust Deed in relation to the Subordinated Perpetual Securities and the Coupons relating to them are unconditionally and irrevocably guaranteed on a subordinated basis by the Guarantor. The obligations of the Guarantor under the Subordinated Guarantee are contained in the Trust Deed. The payment obligations of the Guarantor under the Subordinated Guarantee and the Trust Deed in relation to the Subordinated Perpetual Securities and the Coupons relating thereto constitute direct, unconditional, subordinated and unsecured obligations of the Guarantor and shall rank *pari passu* with any Parity Obligations of the Guarantor. The rights and claims of the Perpetual Securityholders in respect of the Subordinated Guarantee are subordinated as provided in this Condition 3(b).

(vii) Ranking of claims on Winding-Up – Guarantor

Subject to the insolvency laws of Singapore and other applicable laws, in the event of the Winding-Up of the Guarantor or OUE C-REIT, there shall be payable by the Guarantor under and in accordance with the terms of the Subordinated Guarantee in respect of each Subordinated Perpetual Security (in lieu of any other payment by the Guarantor), such amount, if any, as would have been payable to such Perpetual Securityholder if, on the day prior to the commencement of the Winding-Up of the Guarantor or OUE C-REIT, and thereafter, such Perpetual Securityholder were the holder of the OUE C-REIT Notional Preferred Units having an equal right to return of assets in the Winding-Up of the Guarantor or OUE C-REIT and so ranking *pari passu* with the holders of that class or classes of preferred units (if any) which have a preferential right to return of assets in the Winding-Up of the Guarantor or OUE C-REIT, and so rank ahead of the holders of Junior Obligations (as defined in Condition 4(IV)(a)) of the Guarantor but junior to the claims of all other present and future creditors of the Guarantor (other than

Parity Obligations of the Guarantor), on the assumption that the amount that such Perpetual Securityholder was entitled to receive in respect of each OUE C-REIT Notional Preferred Unit on a return of assets in such Winding-Up of the Guarantor or OUE C-REIT were an amount equal to the principal amount (and any applicable premium outstanding) of the relevant Subordinated Perpetual Security together with distributions accrued and unpaid since the immediately preceding Distribution Payment Date or the Issue Date (as the case may be) and any unpaid Optional Distributions (as defined in Condition 4(IV)(c)) in respect of which OCTPL has given notice to the Perpetual Securityholders in accordance with these Conditions.

(viii) No set-off – Guarantor

Subject to applicable law, no holder of Subordinated Perpetual Securities or any Coupons relating to them may exercise, claim or plead any right of set-off, deduction, withholding or retention in respect of any amount owed to it by the Guarantor in respect of, or arising under or in connection with, the Subordinated Guarantee, and each holder of Subordinated Perpetual Securities or any Coupons relating to them shall, by virtue of his holding of any Subordinated Perpetual Securities or Coupons relating to them, be deemed to have waived all such rights of set-off, deduction, withholding or retention against the Guarantor. Notwithstanding the preceding sentence, if any of the amounts owing to any holder of Subordinated Perpetual Securities or any Coupons relating to them by the Guarantor in respect of, or arising under or in connection with, the Subordinated Guarantee is discharged by set-off, such holder of Subordinated Perpetual Securities or any Coupons relating to them shall, subject to applicable law, immediately pay an amount equal to the amount of such discharge to the Guarantor (or, in the event of the Winding-Up of the Guarantor or OUE C-REIT, the liquidator or, as appropriate, administrator of the Guarantor or, as the case may be, OUE C-REIT) and, until such time as payment is made, shall hold such amount in trust for the Guarantor (or the liquidator or, as appropriate, administrator of the Guarantor or, as the case may be, OUE C-REIT) and accordingly any such discharge shall be deemed not to have taken place.

4. Distribution and other Calculations

(I) Distribution on Fixed Rate Perpetual Securities

(a) Rate of Distribution and Accrual

Each Fixed Rate Perpetual Security confers a right to receive distribution on its principal amount outstanding from the Distribution Commencement Date (as defined in Condition 4(VI)) in respect thereof and as shown in the terms of such Perpetual Security at the rate per annum (expressed as a percentage) equal to the Rate of Distribution shown in the terms of such Perpetual Security payable in arrear on each Distribution Payment Date or Distribution Payment Dates shown in the terms of such Perpetual Security in each year.

The first payment of distribution will be made on the Distribution Payment Date next following the Distribution Commencement Date (and if the Distribution Commencement Date is not a Distribution Payment Date, will amount to the Initial Broken Amount shown in the terms of such Perpetual Security).

In the case of a Fixed Rate Perpetual Security, distribution in respect of a period of less than one year will be calculated on the Day Count Fraction (as defined in Condition 4(VI)) shown on the face of the Perpetual Security.

(b) Rate of Distribution

The Rate of Distribution applicable to each Fixed Rate Perpetual Security shall be:

- (i) (if no Reset Date is specified in the applicable Pricing Supplement),
 - (1) if no Step-Up Margin is specified in the applicable Pricing Supplement, the rate shown in the terms of such Perpetual Security; or
 - (2) if a Step-Up Margin is specified in the applicable Pricing Supplement, (A) for the period from the Distribution Commencement Date to the Step-Up Date specified in the applicable Pricing Supplement, the rate shown in the terms of such Perpetual Security and (B) for the period from the Step-Up Date specified in the applicable Pricing Supplement, the rate shown in the terms of such Perpetual Security plus the Step-Up Margin (as specified in the applicable Pricing Supplement); and
- (ii) (if a Reset Date is specified in the applicable Pricing Supplement), (1) for the period from, and including, the Distribution Commencement Date to, but excluding, the First Reset Date specified in the applicable Pricing Supplement, the rate shown in the terms of such Perpetual Security and (2) for the period from, and including, the First Reset Date and each Reset Date (as shown in the applicable Pricing Supplement) falling thereafter to, but excluding, the immediately following Reset Date, the Reset Rate of Distribution,

provided always that if Redemption upon a Cessation or Suspension of Trading Event (as defined in Condition 5(h)) is specified in the terms of such Perpetual Security and a Cessation or Suspension of Trading Event Margin is specified in the applicable Pricing Supplement, in the event that a Cessation or Suspension of Trading Event has occurred, so long as the relevant Issuer has not already redeemed the Perpetual Securities in accordance with Condition 5(g) or, as the case may be, Condition 5(h), the then prevailing Rate of Distribution shall be increased by the Cessation or Suspension of Trading Event Margin with effect from (and including) the Distribution Payment Date immediately following the date on which the Cessation or Suspension of Trading Event occurred (or, if the Cessation or Suspension of Trading Event occurs on or after the date which is two business days prior to the immediately following Distribution Payment Date, the next following Distribution Payment Date).

For the purposes of these Conditions:

“Reset Rate of Distribution” means the Swap Offer Rate or such other Relevant Rate to be specified in the applicable Pricing Supplement with respect to the relevant Reset Date plus the Initial Spread (as specified in the applicable Pricing Supplement) plus the Step-Up Margin (if applicable, as specified in the applicable Pricing Supplement) plus the Cessation or Suspension of Trading Event Margin (as specified in the applicable Pricing Supplement) as contemplated in the proviso to Condition 4(l)(b)(ii) above; and

“Swap Offer Rate” means:

- (aa) the rate per annum (expressed as a percentage) notified by the Calculation Agent to the relevant Issuer equal to the swap offer rate published by the Association of Banks in Singapore (or such other equivalent body) for a period equal to the duration of the Reset Period specified in the applicable Pricing Supplement on the second business day prior to the relevant Reset Date (the **“Reset Determination Date”**);

- (bb) if on the Reset Determination Date, there is no swap offer rate published by the Association of Banks in Singapore (or such other equivalent body), the Calculation Agent will determine the swap offer rate for such Reset Period (determined by the Calculation Agent to be the rate per annum equal to the arithmetic mean (rounded up, if necessary, to four decimal places) of the rates (excluding the highest and the lowest rates) which appears on Page TPIS on the monitor of the Bloomberg Agency under the caption "Tullett Prebon – Rates – Interest Rate Swaps – Asia Pac – SGD" and the column headed "Ask" (or if the Calculation Agent determines that such page has ceased to be the commonly accepted page for determining the swap offer rate, such other replacement page as may be specified by the Calculation Agent after taking into account the industry practice at that relevant time and the recommendations by the Association of Banks in Singapore (or such other equivalent body)) at the close of business on each of the five consecutive business days prior to and ending on the Reset Determination Date);
- (cc) if on the Reset Determination Date, rates are not available on Page TPIS on the monitor of the Bloomberg Agency under the caption "Tullett Prebon – Rates – Interest Rate Swaps – Asia Pac – SGD" and the column headed "Ask" (or if the Calculation Agent determines that such page has ceased to be the commonly accepted page for determining the swap offer rate, such other replacement page as may be specified by the Calculation Agent after taking into account the industry practice at that relevant time and the recommendations by the Association of Banks in Singapore (or such other equivalent body)) at the close of business on one or more of the said five consecutive business days, the swap offer rate will be the rate per annum notified by the Calculation Agent to the relevant Issuer equal to the arithmetic mean (rounded up, if necessary, to four decimal places) of the rates which are available in such five-consecutive-business-day period or, if only one rate is available in such five-consecutive-business-day period, such rate; and
- (dd) if on the Reset Determination Date, no rate is available on Page TPIS on the monitor of the Bloomberg Agency under the caption "Tullett Prebon – Rates – Interest Rate Swaps – Asia Pac – SGD" and the column headed "Ask" (or if the Calculation Agent determines that such page has ceased to be the commonly accepted page for determining the swap offer rate, such other replacement page as may be specified by the Calculation Agent after taking into account the industry practice at that relevant time and the recommendations by the Association of Banks in Singapore (or such other equivalent body)) at the close of business in such five-consecutive-business-day period, the Calculation Agent will request the principal Singapore offices of the Reference Banks to provide the Calculation Agent with quotation(s) of their swap offer rates for a period equivalent to the duration of the Reset Period at the close of business on the Reset Determination Date. The swap offer rate for such Reset Period shall be the arithmetic mean (rounded up, if necessary, to four decimal places) of such offered quotations, as determined by the Calculation Agent or, if only one of the Reference Banks provides the Calculation Agent with such quotation, such rate quoted by that Reference Bank,

provided that, in each case, in the event the Swap Offer Rate as determined in accordance with the foregoing is less than zero, the Swap Offer Rate shall be equal to zero per cent. per annum.

(II) Distribution on Floating Rate Perpetual Securities

(a) Distribution Payment Dates

Each Floating Rate Perpetual Security confers a right to receive distribution on its principal amount outstanding from the Distribution Commencement Date in respect thereof and as shown in the terms of such Perpetual Security, and such distribution will be payable in arrear on each Distribution Payment Date. Such Distribution Payment Date(s) is/are either shown in the terms of such Perpetual Security as Specified Distribution Payment Date(s) or, if no Specified Distribution Payment Date(s) is/are shown in the terms of such Perpetual Security, Distribution Payment Date shall mean each date which (save as mentioned in these Conditions) falls the number of months specified as the Distribution Period (as defined below) in the terms of the Perpetual Security after the preceding Distribution Payment Date or, in the case of the first Distribution Payment Date, after the Distribution Commencement Date (and which corresponds numerically with such preceding Distribution Payment Date or the Distribution Commencement Date, as the case may be).

(b) Business Day Convention

If any Distribution Payment Date referred to in these Conditions that is specified to be subject to adjustment in accordance with a Business Day Convention would otherwise fall on a day that is not a business day (as defined below), then if the Business Day Convention specified is:

- (i) the Floating Rate Business Day Convention, such date shall be postponed to the next day which is a business day unless it would thereby fall into the next calendar month, in which event (1) such date shall be brought forward to the immediately preceding business day and (2) each subsequent such date shall be the last business day of the month in which such date would have fallen had it not been subject to adjustment;
- (ii) the Following Business Day Convention, such date shall be postponed to the next day that is a business day;
- (iii) the Modified Following Business Day Convention, such date shall be postponed to the next day that is a business day unless it would thereby fall into the next calendar month, in which event such date shall be brought forward to the immediately preceding business day; or
- (iv) the Preceding Business Day Convention, such date shall be brought forward to the immediately preceding business day.

(c) Rate of Distribution – Floating Rate Perpetual Securities

- (i) Each Floating Rate Perpetual Security confers a right to receive distribution on its principal amount outstanding at a floating rate determined by reference to a Benchmark as stated in the terms of such Floating Rate Perpetual Security, being (in the case of Perpetual Securities which are denominated in Singapore dollars) SIBOR (in which case such Perpetual Security will be a SIBOR Perpetual Security) or Swap Rate (in which case such Perpetual Security will be a Swap Rate Perpetual Security) or in any other case (or in the case of Perpetual Securities which are denominated in a currency other than Singapore dollars) such other Benchmark as is set out in the terms of such Perpetual Security.

Such floating rate may be adjusted by adding or subtracting the Spread (if any) and the Step-Up Spread (if any) stated in the terms of such Perpetual Security. The "Spread" and the "Step-Up Spread" are the percentage rate per annum specified in the terms of such Perpetual Security as being applicable to the rate of distribution for such Perpetual Security. The rate of distribution so calculated shall be subject to Condition 4(III)(a) below.

- (ii) The Rate of Distribution payable from time to time in respect of each Floating Rate Perpetual Security will be determined by the Calculation Agent on the basis of the following provisions:

- (1) in the case of Floating Rate Perpetual Securities which are SIBOR Perpetual Securities:

- (A) the Calculation Agent will, at or about the Relevant Time on the relevant Distribution Determination Date in respect of each Distribution Period, determine the Rate of Distribution for such Distribution Period which shall be the offered rate for deposits in Singapore dollars for a period equal to the duration of such Distribution Period which appears on the Reuters Screen ABSIRFIX01 Page under the caption "ABS SIBOR FIX – SIBOR AND SWAP OFFER RATES – RATES AT 11:00 HRS SINGAPORE TIME" and under the column headed "SGD SIBOR" (or such other replacement page thereof for the purpose of displaying SIBOR or such other Screen Page as may be provided in the terms of such Floating Rate Perpetual Security) and as adjusted by the Spread (if any) and the Step-Up Spread (if any);
- (B) if on any Distribution Determination Date, no such rate appears on the Reuters Screen ABSIRFIX01 Page (or such other replacement page as aforesaid) or if the Reuters Screen ABSIRFIX01 Page (or such other replacement page as aforesaid) is unavailable for any reason, the Calculation Agent will, at or about the Relevant Time on the relevant Distribution Determination Date in respect of each Distribution Period, determine the Rate of Distribution for such Distribution Period which shall be the offered rate for deposits in Singapore dollars for a period equal to the duration of such Distribution Period which appears on the Bloomberg Screen Swap Offer and SIBOR (ABSIRFIX) Page under the column headed "SGD SIBOR" (or such other replacement page thereof for the purpose of displaying SIBOR or such other Screen Page as may be provided in the terms of such Floating Rate Perpetual Security) and as adjusted by the Spread (if any) and the Step-Up Spread (if any);
- (C) (in the event that the Calculation Agent has notified the relevant Issuer that it is able to do so) if on any Distribution Determination Date no such rate appears on the Bloomberg Screen Swap Offer and SIBOR (ABSIRFIX) Page under the column headed "SGD SIBOR" (or such other replacement page thereof or such other Screen Page as may be provided hereon) or if the Bloomberg Screen Swap Offer and SIBOR (ABSIRFIX) Page (or such other replacement page thereof or if no rate appears on such other Screen Page as may be provided hereon) is unavailable for any reason, the Calculation Agent will request the principal Singapore offices of each of the Reference Banks to provide the Calculation Agent with the rate at which deposits in Singapore dollars are offered by it at approximately the Relevant Time on the Distribution Determination Date to prime banks in the Singapore interbank market for a period equivalent to the duration of such Distribution Period commencing on such Distribution Payment Date in an

amount comparable to the aggregate principal amount of the relevant Floating Rate Perpetual Securities. The Rate of Distribution for such Distribution Period shall be the arithmetic mean (rounded up, if necessary, to four decimal places) of such offered quotations and as adjusted by the Spread (if any) and the Step-Up Spread (if any), as determined by the Calculation Agent;

- (D) (in the event that the Calculation Agent has notified the relevant Issuer that it is able to do so) if on any Distribution Determination Date two but not all the Reference Banks provide the Calculation Agent with such quotations, the Rate of Distribution for the relevant Distribution Period shall be determined in accordance with (C) above on the basis of the quotations of those Reference Banks providing such quotations;
 - (E) (in the event that the Calculation Agent has notified the relevant Issuer that it is able to do so) if on any Distribution Determination Date one only or none of the Reference Banks provides the Calculation Agent with such quotation, the Rate of Distribution for the relevant Distribution Period shall be the rate per annum which the Calculation Agent determines to be the arithmetic mean (rounded up, if necessary, to four decimal places) of the prime lending rates for Singapore dollars quoted by the Reference Banks at or about the Relevant Time on such Distribution Determination Date and as adjusted by the Spread (if any) and the Step-Up Spread (if any); and
 - (F) if the Calculation Agent is unable to determine the Rate of Distribution for a Distribution Period in accordance with paragraphs (c)(ii)(1)(A) to (c)(ii)(1)(E) above, the Rate of Distribution for such Distribution Period shall be the Rate of Distribution in effect for the last preceding Distribution Period to which paragraph (c)(ii)(1)(A), (c)(ii)(1)(B), (c)(ii)(1)(C), (c)(ii)(1)(D) or (c)(ii)(1)(E) above shall have applied;
- (2) in the case of Floating Rate Perpetual Securities which are Swap Rate Perpetual Securities:
- (A) the Calculation Agent will, at or about the Relevant Time on the relevant Distribution Determination Date in respect of each Distribution Period, determine the Rate of Distribution for such Distribution Period as being the rate which appears on the Reuters Screen ABSFIX1 Page under the caption "SGD SOR rates as of 11:00 hrs London Time under the column headed "SGD SOR" (or such replacement page thereof for the purpose of displaying the swap rates of leading reference banks) at or about the Relevant Time on such Distribution Determination Date and for a period equal to the duration of such Distribution Period and as adjusted by the Spread (if any) and the Step-Up Spread (if any);
 - (B) if on any Distribution Determination Date no such rate is quoted on the Reuters Screen ABSFIX1 Page (or such other replacement page as aforesaid) or the Reuters Screen ABSFIX1 Page (or such other replacement page as aforesaid) is unavailable for any reason, the Calculation Agent will, at or about the Relevant Time on the relevant Distribution Determination Date in respect of each Distribution Period, determine the Rate of Distribution for such Distribution Period as being the rate which appears on the Bloomberg Screen Swap Offer and SIBOR (ABSIRFIX) Page under the column headed "SGD Swap Offer" (or such replacement page thereof for the purpose of displaying the swap rates of leading reference banks) at or

about the Relevant Time on such Distribution Determination Date and for a period equal to the duration of such Distribution Period and as adjusted by the Spread (if any) and the Step-Up Spread (if any);

- (C) (in the event that the Calculation Agent has notified the relevant Issuer that it is able to do so) if on any Distribution Determination Date no such rate is quoted on Bloomberg Screen Swap Offer and SIBOR (ABSIRFIX) Page (or such other replacement page as aforesaid) or Bloomberg Screen Swap Offer and SIBOR (ABSIRFIX) Page (or such other replacement page as aforesaid) is unavailable for any reason, the Calculation Agent will determine the Rate of Distribution for such Distribution Period as being the rate (or, if there is more than one rate which is published, the arithmetic mean of those rates (rounded up, if necessary, to four decimal places)) for a period equal to the duration of such Distribution Period published by a recognised industry body where such rate is widely used (after taking into account the industry practice at that time), or by such other relevant authority as the relevant Issuer (in consultation with the Calculation Agent) may select; and
 - (D) (in the event that the Calculation Agent has notified the relevant Issuer that it is able to do so) if on any Distribution Determination Date the Calculation Agent is otherwise unable to determine the Rate of Distribution under paragraphs (c)(ii)(2)(A), (c)(ii)(2)(B) and (c)(ii)(2)(C) above, the Rate of Distribution shall be determined by the Calculation Agent to be the rate per annum equal to the arithmetic mean (rounded up, if necessary, to four decimal places) of the rates quoted by the Singapore offices of the Reference Banks or those of them (being at least two in number) to the Calculation Agent at or about 11.00 a.m. (Singapore time) on the first business day following such Distribution Determination Date as being their cost (including the cost occasioned by or attributable to complying with reserves, liquidity, deposit or other requirements imposed on them by any relevant authority or authorities) of funding, for the relevant Distribution Period, an amount equal to the aggregate principal amount of the relevant Floating Rate Perpetual Securities for such Distribution Period by whatever means they determine to be most appropriate and as adjusted by the Spread (if any), or if on such day one only or none of the Singapore offices of the Reference Banks provides the Calculation Agent with such quotation, the Rate of Distribution for the relevant Distribution Period shall be the rate per annum equal to the arithmetic mean (rounded up, if necessary, to four decimal places) of the prime lending rates for Singapore dollars quoted by the Singapore offices of the Reference Banks at or about 11.00 a.m. (Singapore time) on such Distribution Determination Date and as adjusted by the Spread (if any) and the Step-Up Spread (if any); and
 - (E) if the Calculation Agent is unable to determine the Rate of Distribution for a Distribution Period in accordance with paragraphs (c)(ii)(2)(A) to (c)(ii)(2)(D) above, the Rate of Distribution for such Distribution Period shall be the Rate of Distribution in effect for the last preceding Distribution Period to which paragraph (c)(ii)(2)(A), (c)(ii)(2)(B), (c)(ii)(2)(C), or (c)(ii)(2)(D) above shall have applied; and
- (3) in the case of Floating Rate Perpetual Securities which are not SIBOR Perpetual Securities or Swap Rate Perpetual Securities or which are denominated in a currency other than Singapore dollars, the Calculation Agent will determine the

Rate of Distribution in respect of any Distribution Period at or about the Relevant Time on the Distribution Determination Date in respect of such Distribution Period as follows:

(A) if the Primary Source (as defined below) for the Floating Rate Perpetual Securities is a Screen Page (as defined below), subject as provided below, the Rate of Distribution in respect of such Distribution Period shall be:

(aa) the Relevant Rate (as defined below) (where such Relevant Rate on such Screen Page is a composite quotation or is customarily supplied by one entity); or

(bb) the arithmetic mean of the Relevant Rates of the persons whose Relevant Rates appear on that Screen Page, in each case appearing on such Screen Page at the Relevant Time on the Distribution Determination Date,

and as adjusted by the Spread (if any) and the Step-Up Spread (if any);

(B) (in the event that the Calculation Agent has notified the relevant Issuer that it is able to do so) if paragraph (c)(ii)(3)(A)(aa) applies and no Relevant Rate appears on the Screen Page at the Relevant Time on the Distribution Determination Date or if paragraph (c)(ii)(3)(A)(bb) applies and fewer than two Relevant Rates appear on the Screen Page at the Relevant Time on the Distribution Determination Date, subject as provided below, the Rate of Distribution shall be the rate per annum which the Calculation Agent determines to be the arithmetic mean (rounded up, if necessary, to four decimal places) of the Relevant Rates that each of the Reference Banks is quoting to leading banks in the Relevant Financial Centre (as defined below) at the Relevant Time on the Distribution Determination Date and as adjusted by the Spread (if any) and the Step-Up Spread (if any); and

(C) (in the event that the Calculation Agent has notified the relevant Issuer that it is able to do so) if paragraph (c)(ii)(3)(B) applies and the Calculation Agent determines that fewer than two Reference Banks are so quoting Relevant Rates, the Rate of Distribution shall be the Rate of Distribution determined on the previous Distribution Determination Date; and

(D) if the Calculation Agent is unable to determine the Rate of Distribution for a Distribution Period in accordance with paragraphs (c)(ii)(3)(A) to (c)(ii)(3)(C) above, the Rate of Distribution for such Distribution Period shall be the Rate of Distribution in effect for the last preceding Distribution Period to which paragraph (c)(ii)(3)(A), (c)(ii)(3)(B) or (c)(ii)(3)(C) above shall have applied.

(iii) On the last day of each Distribution Period, the relevant Issuer will pay distribution on each Floating Rate Perpetual Security to which such Distribution Period relates at the Rate of Distribution for such Distribution Period.

(iv) For the avoidance of doubt, in the event that the Rate of Distribution as determined in accordance with the foregoing in relation to any Distribution Period is less than zero, the Rate of Distribution in relation to such Distribution Period shall be equal to zero.

(III) Calculations

(a) Determination of Rate of Distribution, Reset Rate of Distribution and Calculation of Distribution Amounts etc

The Calculation Agent shall, as soon as practicable on each Distribution Determination Date or Reset Determination Date, or such other time on such date as the Calculation Agent may be required to calculate any rate or amount, obtain any quotation or make any determination or calculation, determine such rate and calculate the Distribution Amounts for the relevant Distribution Period, calculate the applicable Reset Rate of Distribution, obtain such quotation or make such determination or calculation, as the case may be. The amount of distribution payable per Calculation Amount in respect of any Perpetual Security shall be calculated by multiplying the product of the Rate of Distribution or, as the case may be, the Reset Rate of Distribution and the Calculation Amount, by the Day Count Fraction shown on the Perpetual Security and rounding the resultant figure to the nearest sub-unit of the Relevant Currency. The determination of any rate or amount, the obtaining of each quotation and the making of each determination or calculation by the Calculation Agent shall (in the absence of manifest error) be final and binding upon all parties.

(b) Accrual of Distribution

Distribution will cease to accrue on each Perpetual Security from (and including) the due date for redemption thereof unless, upon due presentation thereof and subject to the provisions of the Trust Deed, payment of the Redemption Amount shown on the face of the Perpetual Security is improperly withheld or refused, in which event distribution will continue to accrue (as well after as before judgment) at the Rate of Distribution and in the manner provided in this Condition 4 to (but excluding) the Relevant Date (as defined in Condition 7).

(c) Notification

The Calculation Agent will cause the Rate of Distribution or, as the case may be, the Reset Rate of Distribution and the Distribution Amounts for each Distribution Period and the relevant Distribution Payment Date to be notified to the Issuing and Paying Agent, the Trustee, the Registrar, the relevant Issuer and the Guarantor as soon as practicable after their determination but in no event later than the fourth business day thereafter. The Issuing and Paying Agent will at the request and expense of the relevant Issuer also cause the Rate of Distribution or, as the case may be, the Reset Rate of Distribution and the Distribution Amounts for each Distribution Period and the relevant Distribution Payment Date to be notified to Perpetual Securityholders in accordance with Condition 14 as soon as possible after their determination. The Distribution Amounts and the Distribution Payment Date so notified may subsequently be amended (or appropriate alternative arrangements made by way of adjustment) without notice in the event of an extension or shortening of the Distribution Period by reason of any Distribution Payment Date not being a business day. If an Enforcement Event occurs in relation to the Perpetual Securities, the Rate of Distribution, the Reset Rate of Distribution and Distribution Amounts payable in respect of the Perpetual Securities shall nevertheless continue to be calculated as previously in accordance with this Condition but no publication of the Rate of Distribution, the Reset Rate of Distribution and Distribution Amounts need to be made unless the Trustee requires otherwise.

(d) Failure to Determine or Calculate Rate of Distribution or Reset Rate of Distribution

If the Calculation Agent does not at any material time determine or calculate the Rate of Distribution or, as the case may be, Reset Rate of Distribution for a Distribution Period or any Distribution Amount, the relevant Issuer shall notify the Trustee and the Issuing and Paying Agent of this failure and promptly appoint an alternative Calculation Agent. In doing so, the alternative Calculation Agent shall apply the foregoing provisions of this Condition, with any necessary consequential amendments, to the extent that, in its sole opinion, it can do so, and, in all other respects, it shall do so in such manner as it shall in its sole opinion deem fair and reasonable in all the circumstances. If the relevant Issuer fails to so appoint, the Perpetual Securities will, for the relevant Distribution Period, bear distribution at the rate in effect for the last preceding Distribution Period to which Condition 5(II) above shall have applied and the Issuing and Paying Agent will determine the relevant Distribution Amount.

(e) Calculation Agent and Reference Banks

The relevant Issuer and the Guarantor will procure that, so long as any Floating Rate Perpetual Security remains outstanding, there shall at all times be three Reference Banks (or such other number as may be required) and, if provision is made for them hereon and so long as any Perpetual Security remains outstanding, there shall at all times be a Calculation Agent. If any Reference Bank (acting through its relevant office) is unable or unwilling to continue to act as a Reference Bank or the Calculation Agent is unable or unwilling to act as such or if the Calculation Agent fails duly to establish the Rate of Distribution or, as the case may be, Reset Rate of Distribution for any Distribution Period or to calculate the Distribution Amounts, the relevant Issuer and the Guarantor will appoint another bank with an office in the Relevant Financial Centre to act as such in its place. The Calculation Agent may not resign from its duties without a successor having been appointed as aforesaid.

(IV) Distribution Discretion

(a) Optional Payment

If Optional Payment is set out in the terms of the relevant Perpetual Security, the relevant Issuer may, at its sole discretion, elect not to pay a distribution (or to pay only part of a distribution) which is scheduled to be paid on a Distribution Payment Date by giving notice (an “**Optional Payment Notice**”) to the Trustee, the Issuing and Paying Agent and the Perpetual Securityholders (in accordance with Condition 14) not more than 15 nor less than five business days (or such other notice period as may be specified in the terms of the relevant Perpetual Security) prior to a scheduled Distribution Payment Date.

If a Dividend Pusher is set out in the terms of the relevant Perpetual Security, the relevant Issuer may not elect to defer any distribution if during the Reference Period (as specified in the applicable Pricing Supplement) ending on the day before that scheduled Distribution Payment Date, either or both of the following (each such event a “**Compulsory Distribution Payment Event**”) have occurred:

- (i) a dividend, distribution or other payment has been declared or paid on or in respect of any of the relevant Issuer’s Junior Obligations or the Guarantor’s Junior Obligations or (except on a *pro rata* basis) any of the relevant Issuer’s Specified Parity Obligations or any of the Guarantor’s Specified Parity Obligations; or

- (ii) any of the relevant Issuer's Junior Obligations or the Guarantor's Junior Obligations has been redeemed, reduced, cancelled, bought back or acquired for any consideration or (except on a *pro rata* basis) any of the relevant Issuer's Specified Parity Obligations or any of the Guarantor's Specified Parity Obligations has been redeemed, reduced, cancelled, bought back or acquired for any consideration,

and/or as otherwise specified in the applicable Pricing Supplement.

In these Conditions:

- (A) **"Junior Obligation"** means, in relation to the relevant Issuer or the Guarantor, any of its ordinary units or shares and any class of its share capital and any other instruments or securities (including without limitation any preference shares, preferred units or subordinated perpetual securities) issued, entered into or guaranteed by the relevant Issuer or, as the case may be, the Guarantor that ranks or is expressed to rank, whether by its terms or by operation of law, junior to the Perpetual Securities or, as the case may be, the Guarantee; and
- (B) **"Specified Parity Obligations"** means any instrument or security (including without limitation any preference shares) issued, entered into or guaranteed by the relevant Issuer or, as the case may be, the Guarantor (1) which ranks or is expressed to rank, by its terms or by operation of law, *pari passu* with the Perpetual Securities or, as the case may be, the Guarantee and (2) the terms of which provide that the making of payments thereon or distributions in respect thereof are fully at the discretion of the relevant Issuer or, as the case may be, the Guarantor and/or, in the case of an instrument or security guaranteed by the relevant Issuer or, as the case may be, the Guarantor, the issuer thereof.

Each Optional Payment Notice shall be accompanied, in the case of the notice to the Trustee and the Issuing and Paying Agent, by a certificate signed by a director or a duly authorised officer of the relevant Issuer confirming that no Compulsory Distribution Payment Event has occurred during the relevant Reference Period. Any such certificate shall be conclusive evidence that no Compulsory Distribution Payment Event has occurred during the relevant Reference Period and the Trustee and the Issuing and Paying Agent shall be entitled to rely without any obligation to verify the same and without liability to any Perpetual Securityholder or any other person on any Optional Payment Notice or any certificate as aforementioned. Each Optional Payment Notice shall be conclusive and binding on the Perpetual Securityholders.

(b) No Obligation to Pay

If Optional Payment is set out in the terms of the relevant Perpetual Security and subject to Condition 4(IV)(c) and Condition 4(IV)(d), the relevant Issuer shall have no obligation to pay any distribution on any Distribution Payment Date and any failure to pay a distribution in whole or in part shall not constitute a default of the relevant Issuer in respect of the Perpetual Securities.

(c) Non-Cumulative Deferral and Cumulative Deferral

- (i) If Non-Cumulative Deferral is set out in the terms of the relevant Perpetual Security, any distribution deferred pursuant to this Condition 4(IV) is non-cumulative and will not accrue interest. The relevant Issuer is not under any obligation to pay that or any other distributions that have not been paid in whole or in part. The relevant Issuer may, at its sole discretion, and at any time, elect to pay an amount up to the amount of distribution which is unpaid (**"Optional Distribution"**) (in whole or in part) by

complying with the notice requirements in Condition 4(IV)(e). There is no limit on the number of times or the extent of the amount with respect to which the relevant Issuer can elect not to pay distributions pursuant to this Condition 4(IV).

Any partial payment of outstanding Optional Distribution by the relevant Issuer shall be shared by the holders of all outstanding Perpetual Securities and the Coupons related to them on a *pro rata* basis.

- (ii) If Cumulative Deferral is set out in the terms of the relevant Perpetual Security, any distribution deferred pursuant to this Condition 4(IV) shall constitute “**Arrears of Distribution**”. The relevant Issuer may, at its sole discretion, elect to (in the circumstances set out in Condition 4(IV)(a)) further defer any Arrears of Distribution by complying with the foregoing notice requirement applicable to any deferral of an accrued distribution. The relevant Issuer is not subject to any limit as to the number of times distributions and Arrears of Distribution can or shall be deferred pursuant to this Condition 4(IV) except that this Condition 4(IV)(c) shall be complied with until all outstanding Arrears of Distribution have been paid in full.
- (iii) If Additional Distribution is set out in the terms of the relevant Perpetual Security, each amount of Arrears of Distribution shall bear interest as if it constituted the principal of the Perpetual Securities at the Rate of Distribution and the amount of such interest (the “**Additional Distribution Amount**”) with respect to Arrears of Distribution shall be due and payable pursuant to this Condition 4 and shall be calculated by applying the applicable Rate of Distribution to the amount of the Arrears of Distribution and otherwise *mutatis mutandis* as provided in the foregoing provisions of this Condition 4. The Additional Distribution Amount accrued up to any Distribution Payment Date shall be added, for the purpose of calculating the Additional Distribution Amount accruing thereafter, to the amount of Arrears of Distribution remaining unpaid on such Distribution Payment Date so that it will itself become Arrears of Distribution.

(d) Restrictions in the case of Non-Payment

If Dividend Stopper is set out in the terms of the relevant Perpetual Security and on any Distribution Payment Date, payments of all distribution scheduled to be made on such date are not made in full by reason of this Condition 4(IV), the relevant Issuer and the Guarantor shall not and shall procure that none of the subsidiaries of OUE C-REIT shall:

- (i) declare or pay any dividends, distributions or make any other payment on, and will procure that no dividend, distribution or other payment is made on, any of the relevant Issuer’s Junior Obligations or the Guarantor’s Junior Obligations or (except on a *pro rata* basis) any of the relevant Issuer’s Specified Parity Obligations or the Guarantor’s Specified Parity Obligations; or
- (ii) redeem, reduce, cancel, buy-back or acquire for any consideration, and will procure that no redemption, reduction, cancellation, buy-back or acquisition for any consideration is made in respect of, any of the relevant Issuer’s Junior Obligations or the Guarantor’s Junior Obligations or (except on a *pro rata* basis) any of the relevant Issuer’s Specified Parity Obligations or the Guarantor’s Specified Parity Obligations,

in each case unless and until (1) (if Cumulative Deferral is specified as being applicable in the applicable Pricing Supplement) the relevant Issuer has satisfied in full all outstanding Arrears of Distribution, (2) (if Non-Cumulative Deferral is specified as being applicable in the applicable Pricing Supplement) a redemption of all the outstanding Perpetual Securities has occurred, the next scheduled distribution has been paid in full or an Optional Distribution equal to the amount of a distribution payable with respect to the most recent

Distribution Payment Date that was unpaid in full or in part, has been paid in full or (3) the relevant Issuer or, as the case may be, the Guarantor is permitted to do so (or to procure or permit the subsidiaries of OUE C-REIT to do so) by an Extraordinary Resolution (as defined in the Trust Deed) of the Perpetual Securityholders and/or as otherwise specified in the applicable Pricing Supplement.

(e) Satisfaction of Optional Distribution or Arrears of Distribution

The relevant Issuer:

- (i) may, at its sole discretion, satisfy an Optional Distribution or Arrears of Distribution, as the case may be (in whole or in part) at any time by giving notice of such election to the Trustee, the Issuing and Paying Agent and the Perpetual Securityholders (in accordance with Condition 14) not more than 20 nor less than 10 business days (or such other notice period as may be specified in the terms of the relevant Perpetual Security) prior to the relevant payment date specified in such notice (which notice is irrevocable and shall oblige the relevant Issuer to pay the relevant Optional Distribution or Arrears of Distribution on the payment date specified in such notice); and
- (ii) in any event shall satisfy any outstanding Arrears of Distribution (in whole but not in part) on the earliest of:
 - (1) the date of redemption of the Perpetual Securities in accordance with the redemption events set out in Condition 5 (as applicable);
 - (2) the next Distribution Payment Date on the occurrence of a breach of Condition 4(IV)(d) or the occurrence of a Compulsory Distribution Payment Event; and
 - (3) the date such amount becomes due under Condition 9 or on a Winding-Up of the relevant Issuer, the Guarantor or OUE C-REIT.

Any partial payment of an Optional Distribution or Arrears of Distribution, as the case may be, by the relevant Issuer shall be shared by the Perpetual Securityholders of all outstanding Perpetual Securities on a *pro-rata* basis.

(f) No Default

Notwithstanding any other provision in these Conditions, the non-payment of any distribution payment in accordance with this Condition 4(IV) shall not constitute a default for any purpose (including, without limitation, pursuant to Condition 9) on the part of the relevant Issuer or the Guarantor under the Perpetual Securities.

(V) Benchmark Discontinuation and Replacement

(a) Independent Adviser

Notwithstanding the provisions above in this Condition 4, if a Benchmark Event occurs in relation to an Original Reference Rate when any Rate of Distribution (or any component part thereof) remains to be determined by reference to such Original Reference Rate, then the relevant Issuer shall use commercially reasonable endeavours to appoint an Independent Adviser, as soon as reasonably practicable, to determine a Successor Rate, failing which an Alternative Rate (in accordance with Condition 4(V)(b)) and, in either case, an Adjustment Spread if any (in accordance with Condition 4(V)(c)) and any Benchmark Amendments (in accordance with Condition

4(V)(d)) by no later than five Business Days prior to the relevant Distribution Determination Date (or such other date as may be agreed between the relevant Issuer and the Calculation Agent). An Independent Adviser appointed pursuant to this Condition 4(V) as an expert shall act in good faith and in a commercially reasonable manner and in consultation with the relevant Issuer. In the absence of bad faith or fraud, the Independent Adviser shall have no liability whatsoever to the Trustee, the Issuing and Paying Agent, the Perpetual Securityholders or the Couponholders for any determination made by it or for any advice given to the relevant Issuer in connection with any determination made by the relevant Issuer, pursuant to this Condition 4(V).

If the relevant Issuer is unable to appoint an Independent Adviser after using commercially reasonable endeavours, or the Independent Adviser appointed by it fails to determine a Successor Rate or an Alternative Rate prior to the relevant Distribution Determination Date or Distribution Payment Date (as the case may be), the relevant Issuer (acting in good faith and in a commercially reasonable manner) may determine a Successor Rate, failing which an Alternative Rate (in accordance with Condition 4(V)(b)) and, in either case, an Adjustment Spread if any (in accordance with Condition 4(V)(c)) and any Benchmark Amendments (in accordance with Condition 4(V)(d)), provided that if the relevant Issuer is unable to or does not determine a Successor Rate or Alternative Rate prior to the relevant Distribution Determination Date or Distribution Payment Date (as the case may be), the Rate of Distribution applicable to the next succeeding Distribution Period shall be equal to the Rate of Distribution last determined in relation to the Perpetual Securities in respect of the preceding Distribution Period (or alternatively, if there has not been a first Distribution Payment Date, the Rate of Distribution shall be the initial Rate of Distribution (if any)) (subject, where applicable, to substituting the Spread that applied to such preceding Distribution Period for the Spread that is to be applied to the relevant Distribution Period). For the avoidance of doubt, the proviso in this paragraph shall apply to the relevant Distribution Period only and any subsequent Distribution Periods are subject to the subsequent operation of, and to adjustment as provided in, this Condition 4(V).

(b) Successor Rate or Alternative Rate

If the Independent Adviser or the relevant Issuer (in the circumstances set out in Condition 4(V)(a)) (as the case may be) determines that:

- (i) there is a Successor Rate, then such Successor Rate shall (subject to adjustment as provided in Condition 4(V)(c)) subsequently be used in place of the Original Reference Rate to determine the Rate of Distribution (or the relevant component part thereof) for all future payments of distribution on the Perpetual Securities (subject to the operation of this Condition 4(V)); or
- (ii) there is no Successor Rate but that there is an Alternative Rate, then such Alternative Rate shall (subject to adjustment as provided in Condition 4(V)(c)) subsequently be used in place of the Original Reference Rate to determine the Rate of Distribution (or the relevant component part thereof) for all future payments of distribution on the Perpetual Securities (subject to the operation of this Condition 4(V)).

(c) Adjustment Spread

If the Independent Adviser or the relevant Issuer (in the circumstances set out in Condition 4(V)(a)) (as the case may be) determines (i) that an Adjustment Spread is required to be applied to the Successor Rate or the Alternative Rate (as the case may be) and (ii) the quantum of, or a formula or methodology for determining, such Adjustment Spread, then such Adjustment Spread shall be applied to the Successor Rate or the Alternative Rate (as the case may be).

(d) Benchmark Amendments

If any Successor Rate, Alternative Rate or Adjustment Spread is determined in accordance with this Condition 4(V) and the Independent Adviser or the relevant Issuer (in the circumstances set out in Condition 4(V)(a)) (as the case may be) determines (i) that amendments to these Conditions and/or the Trust Deed and/or the Agency Agreement are necessary to ensure the proper operation of such Successor Rate, Alternative Rate and/or Adjustment Spread (such amendments, the “**Benchmark Amendments**”) and (ii) the terms of the Benchmark Amendments, then the relevant Issuer shall, subject to giving notice thereof in accordance with Condition 4(V)(e), without any requirement for the consent or approval of Perpetual Securityholders, vary these Conditions and/or the Trust Deed and/or the Agency Agreement to give effect to such Benchmark Amendments with effect from the date specified in such notice.

At the request of the relevant Issuer, but subject to receipt by the Trustee and (if the Benchmark Amendments affect the Issuing and Paying Agent) the Issuing and Paying Agent of a certificate signed by a director or the duly authorised signatory(ies) of the relevant Issuer pursuant to Condition 4(V)(e), the Trustee and the Issuing and Paying Agent shall (at the expense of the relevant Issuer), without any requirement for the consent or approval of the Perpetual Securityholders, be obliged to concur with the relevant Issuer in effecting any Benchmark Amendments (including, *inter alia*, by the execution of a deed supplemental to or amending the Trust Deed and the Agency Agreement), provided that neither the Trustee nor the Issuing and Paying Agent shall be obliged so to concur if in its opinion doing so would impose more onerous obligations upon it or expose it to any additional duties, responsibilities or liabilities or reduce or amend the protective provisions afforded to it in these Conditions, the Trust Deed or the Agency Agreement (including, for the avoidance of doubt, any supplemental trust deed) in any way.

For the avoidance of doubt, the Trustee and the Paying Agents shall, at the direction and expense of the relevant Issuer, effect such consequential amendments to the Trust Deed, the Agency Agreement and these Conditions as may be required in order to give effect to this Condition 4(V). Perpetual Securityholder consent shall not be required in connection with effecting the Successor Rate or Alternative Rate (as applicable) or such other changes, including for the execution of any documents or other steps by the Trustee, the Calculation Agent, the Paying Agents, the Registrars or the Transfer Agents (if required).

In connection with any such variation in accordance with Condition 4(V)(d), the relevant Issuer shall comply with the rules of any stock exchange on which the Perpetual Securities are for the time being listed or admitted to trading.

(e) Notices, etc.

Any Successor Rate, Alternative Rate, Adjustment Spread and the specific terms of any Benchmark Amendments, determined under this Condition 4(V) will be notified promptly by the relevant Issuer to the Trustee, the Calculation Agent, the Paying Agents and, in accordance with Condition 14, the Perpetual Securityholders. Such notice shall be irrevocable and shall specify the effective date for such Successor Rate, such Alternative Rate (as the case may be), any related Adjustment Spread and the Benchmark Amendments, if any.

No later than notifying the Trustee of the same, the relevant Issuer shall deliver to the Trustee and (if the Benchmark Amendments affect the Issuing and Paying Agent) the Issuing and Paying Agent a certificate addressed to the Trustee and (if the Benchmark

Amendments affect the Issuing and Paying Agent) the Issuing and Paying Agent and signed by two directors or a director and a duly authorised officer of the relevant Issuer:

- (i) confirming (1) that a Benchmark Event has occurred, (2) the Successor Rate or, as the case may be, the Alternative Rate and, (3) where applicable, any Adjustment Spread and/or the specific terms of any Benchmark Amendments, in each case as determined in accordance with the provisions of this Condition 4(V); and
- (ii) certifying that the Benchmark Amendments are necessary to ensure the proper operation of such Successor Rate, Alternative Rate and/or Adjustment Spread.

The Trustee and (if the Benchmark Amendments affect the Issuing and Paying Agent) the Issuing Paying Agent shall be entitled to rely on such certificate (without liability to any person) as sufficient evidence thereof. The Successor Rate or Alternative Rate and the Adjustment Spread (if any) and the Benchmark Amendments (if any) specified in such certificate will (in the absence of manifest error or bad faith in the determination of the Successor Rate or Alternative Rate and the Adjustment Spread (if any) and the Benchmark Amendments (if any) and without prejudice to the Trustee's and (if the Benchmark Amendments affect the Issuing and Paying Agent) the Issuing and Paying Agent's ability to rely on such certificate as aforesaid) be binding on the relevant Issuer, the Guarantor, the Trustee, the Calculation Agent, the Issuing and Paying Agent and the Perpetual Securityholders.

(f) Survival of Original Reference Rate

Without prejudice to the obligations of the relevant Issuer under Conditions 4(V)(a), 4(V)(b), 4(V)(c) and 4(V)(d), the Original Reference Rate and the fallback provisions provided for in Condition 4 will continue to apply unless and until the Trustee, the Issuing and Paying Agent and the Calculation Agent has been notified of the Successor Rate or the Alternative Rate (as the case may be), and any Adjustment Spread and Benchmark Amendments, in accordance with Condition 4(V)(e).

(g) Definitions

As used in this Condition 4(V):

“Adjustment Spread” means either a spread (which may be positive or negative), or the formula or methodology for calculating a spread, in either case, which the Independent Adviser or the relevant Issuer (in the circumstances set out in Condition 4(V)(a)) (as the case may be) determines is required to be applied to the Successor Rate or the Alternative Rate (as the case may be) to reduce or eliminate, to the extent reasonably practicable in the circumstances, any economic prejudice or benefit (as the case may be) to Perpetual Securityholders and Couponholders as a result of the replacement of the Original Reference Rate with the Successor Rate or the Alternative Rate (as the case may be) and is the spread, formula or methodology which:

- (1) in the case of a Successor Rate, is formally recommended in relation to the replacement of the Original Reference Rate with the Successor Rate by any Relevant Nominating Body; or
- (2) if no such recommendation has been made, or in the case of an Alternative Rate, the Independent Adviser or the relevant Issuer (in the circumstances set out in Condition 4(V)(a)) (as the case may be) determines is recognised or acknowledged as being the industry standard for over-the-counter derivative

transactions which reference the Original Reference Rate, where such rate has been replaced by the Successor Rate or the Alternative Rate (as the case may be); or

- (3) if no such industry standard is recognised or acknowledged, the Independent Adviser or the relevant Issuer (in the circumstances set out in Condition 4(V)(a)) (as the case may be) determines to be appropriate;

“Alternative Rate” means an alternative benchmark or screen rate which the Independent Adviser or the relevant Issuer (in the circumstances set out in Condition 4(V)(a)) (as the case may be) determines in accordance with Condition 4(V)(b) has replaced the Original Reference Rate in customary market usage in the local or international debt capital markets for the purposes of determining rates of distribution (or the relevant component part thereof) for the same distribution period and in the same currency as the Perpetual Securities;

“Benchmark Amendments” has the meaning given to it in Condition 4(V)(d);

“Benchmark Event” means:

- (i) the Original Reference Rate ceasing to be published for a period of at least five business days or ceasing to exist; or
- (ii) a public statement by the administrator of the Original Reference Rate that it will, by a specified date within the following six months, cease publishing the Original Reference Rate permanently or indefinitely (in circumstances where no successor administrator has been appointed that will continue publication of the Original Reference Rate); or
- (iii) a public statement by the supervisor of the administrator of the Original Reference Rate that the Original Reference Rate has been or will, by a specified date within the following six months, be permanently or indefinitely discontinued; or
- (iv) a public statement by the supervisor of the administrator of the Original Reference Rate that means the Original Reference Rate will be prohibited from being used or that its use will be subject to restrictions or adverse consequences, in each case within the following six months; or
- (v) it has become unlawful for the Issuing and Paying Agent, the Calculation Agent, the relevant Issuer or any other party to calculate any payments due to be made to any Perpetual Securityholder using the Original Reference Rate;

“Independent Adviser” means an independent financial institution of good repute or an independent financial adviser with experience in the local or international debt capital markets appointed by and at the cost of the relevant Issuer under Condition 4(V)(a);

“Original Reference Rate” means the originally-specified benchmark or screen rate (as applicable) used to determine the Rate of Distribution (or any component part thereof) on the Perpetual Securities;

“Relevant Nominating Body” means, in respect of a benchmark or screen rate (as applicable):

- (i) the central bank for the currency to which the benchmark or screen rate (as applicable) relates, or any central bank or other supervisory authority which is responsible for supervising the administrator of the benchmark or screen rate (as applicable); or
- (ii) any working group or committee sponsored by, chaired or co-chaired by or constituted at the request of (1) the central bank for the currency to which the benchmark or screen rate (as applicable) relates, (2) any central bank or other supervisory authority which is responsible for supervising the administrator of the benchmark or screen rate (as applicable), (3) a group of the aforementioned central banks or other supervisory authorities or (4) the Financial Stability Board or any part thereof; and

“Successor Rate” means the rate that the Independent Adviser or the relevant Issuer (in the circumstances set out in Condition 4(V)(a)) (as the case may be) determines is a successor to or replacement of the Original Reference Rate which is formally recommended by any Relevant Nominating Body.

(VI) Definitions

As used in these Conditions:

“Benchmark” means the rate specified as such in the applicable Pricing Supplement;

“business day” means, in respect of each Perpetual Security, (a) a day (other than a Saturday or Sunday) on which Euroclear, Clearstream, Luxembourg and the Depository, as applicable, are operating, (b) a day on which banks and foreign exchange markets are open for general business in the country of the Issuing and Paying Agent’s specified office and (c) (if a payment is to be made on that day):

- (i) (in the case of Perpetual Securities denominated in Singapore dollars) a day on which banks and foreign exchange markets are open for general business in Singapore;
- (ii) (in the case of Perpetual Securities denominated in Euros) a day on which the TARGET System is open for settlement in Euros;
- (iii) (in the case of Perpetual Securities denominated in Renminbi) a day on which banks and foreign exchange markets are open for business (including dealing in foreign exchange and foreign currency deposits) and settlement of Renminbi payments in the Offshore Renminbi Centre; and
- (iv) (in the case of Perpetual Securities denominated in a currency other than Singapore dollars, Euros and Renminbi), a day on which banks and foreign exchange markets are open for general business in Singapore and the principal financial centre for that currency;

“Calculation Amount” means the amount specified as such in the terms of any Perpetual Security or, if no such amount is so specified, the Denomination Amount of such Perpetual Security as shown in the terms thereof;

“Day Count Fraction” means, in respect of the calculation of an amount of distribution in accordance with Condition 5:

- (a) if “Actual/Actual” is specified in the applicable Pricing Supplement, the actual number of days in the Distribution Period divided by 365 (or, if any portion of that Distribution Period falls in a leap year, the sum of (i) the actual number of days in that portion of the Distribution Period falling in a leap year divided by 366 and (ii) the actual number of days in that portion of the Distribution Period falling in a non-leap year divided by 365);
- (b) if “Actual/360” is specified in the applicable Pricing Supplement, the actual number of days in the Distribution Period in respect of which payment is being made divided by 360;
- (c) if “Actual/365 (Fixed)” is specified in the applicable Pricing Supplement, the actual number of days in the Distribution Period in respect of which payment is being made divided by 365; and
- (d) if “30/360” is specified in the applicable Pricing Supplement, the number of days in the Distribution Period divided by 360, calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[360 \times (Y_2 - Y_1)] + [30 \times (M_2 - M_1)] + (D_2 - D_1)}{360}$$

where:

“**Y₁**” is the year, expressed as a number, in which the first day of the Distribution Period falls;

“**Y₂**” is the year, expressed as a number, in which the day immediately following the last day included in the Distribution Period falls;

“**M₁**” is the calendar month, expressed as a number, in which the first day of the Distribution Period falls;

“**M₂**” is the calendar month, expressed as a number, in which the day immediately following the last day included in the Distribution Period falls;

“**D₁**” is the first calendar day, expressed as a number, of the Distribution Period, unless such number would be 31, in which case D1 will be 30; and

“**D₂**” is the calendar day, expressed as a number, immediately following the last day included in the Distribution Period, unless such number would be 31 and D1 is greater than 29, in which case D2 will be 30;

“Distribution Amount” means, in respect of a Distribution Period, the amount of distribution payable per Calculation Amount for that Distribution Period;

“Distribution Commencement Date” means the Issue Date or such other date as may be specified as the Distribution Commencement Date in the terms of such Perpetual Security;

“Distribution Determination Date” means, (a) in the case of Fixed Rate Perpetual Securities, each Step-Up Date, each Reset Date or (if a Cessation or Suspension of Trading Event has occurred) the Distribution Payment Date immediately following the date on which the Cessation or Suspension of Trading Event occurred (or if the Cessation or Suspension

of Trading Event occurs on or after the date which is two business days prior to the immediately following Distribution Payment Date, the next following Distribution Payment Date) and (b) in the case of Floating Rate Perpetual Securities, in respect of any Distribution Period, the date falling that number of business days prior thereto as is set out in the applicable Pricing Supplement or in the terms of the relevant Perpetual Security;

“Distribution Period” means the period beginning on (and including) the Distribution Commencement Date and ending on (but excluding) the first Distribution Payment Date and each successive period beginning on (and including) a Distribution Payment Date and ending on (but excluding) the next succeeding Distribution Payment Date;

“Euro” means the lawful currency of the member states of the European Union that adopt the single currency in accordance with the Treaty establishing the European Community, as amended from time to time;

“Offshore Renminbi Centre” means the offshore Renminbi centre(s) specified as such in the applicable Pricing Supplement;

“Primary Source” means the Screen Page specified as such in the applicable Pricing Supplement and (in the case of any Screen Page provided by any information service other than the Bloomberg agency or the Reuters Monitor Money Rates Service (**“Reuters”**)) agreed to by the Calculation Agent;

“Rate of Distribution” means the rate of distribution payable from time to time in respect of this Perpetual Security and that is either specified or calculated in accordance with the provisions hereon;

“Reference Banks” means the institutions specified as such in the terms of the relevant Perpetual Security or, if none, three major banks selected by the relevant Issuer in the interbank market that is most closely connected with the Benchmark;

“Relevant Currency” means the currency in which the Perpetual Securities are denominated;

“Relevant Financial Centre” means, in the case of distribution to be determined on a Distribution Determination Date with respect to any Floating Rate Perpetual Security, the financial centre with which the relevant Benchmark is most closely connected or, if none is so connected, Singapore;

“Relevant Rate” means the Benchmark for a Calculation Amount of the Relevant Currency for a period (if applicable or appropriate to the Benchmark) equal to the relevant Distribution Period;

“Relevant Time” means, with respect to any Distribution Determination Date, the local time in the Relevant Financial Centre at which it is customary to determine bid and offered rates in respect of deposits in the Relevant Currency in the interbank market in the Relevant Financial Centre;

“Renminbi” means the lawful currency of The People’s Republic of China;

“Screen Page” means such page, section, caption, column or other part of a particular information service (including, but not limited to, the Reuters and Bloomberg agency) as may be specified in the terms of the Perpetual Security for the purpose of providing the Benchmark, or such other page, section, caption, column or other part as may replace it on that information service or on such other information service, in each case as may be nominated by the person or organisation providing or sponsoring the information appearing there for the purpose of displaying rates or prices comparable to the Benchmark; and

“TARGET System” means the Trans-European Automated Real-Time Gross Settlement Express Transfer (known as TARGET 2) System which was launched on 19 November 2007 or any successor thereto.

5. Redemption and Purchase

(a) No Fixed Redemption Date

The Perpetual Securities are perpetual securities in respect of which there is no fixed redemption date and the relevant Issuer shall (subject to the provisions of Condition 3 and without prejudice to Condition 9) only have the right (but not the obligation) to redeem or purchase them in accordance with the following provisions of this Condition 5.

(b) Redemption at the Option of the Issuer

If so provided in the terms of the relevant Perpetual Security, the relevant Issuer may, on giving irrevocable notice to the Perpetual Securityholders falling within the relevant Issuer's Redemption Option Period shown in the terms of the relevant Perpetual Security, redeem all or, if so provided, some of the Perpetual Securities at their Redemption Amount or integral multiples thereof and on the date or dates so provided. Any such redemption of Perpetual Securities shall be at their Redemption Amount, together with distribution accrued (including any Optional Distributions, Arrears of Distribution and any Additional Distribution Amount) to the date fixed for redemption.

All Perpetual Securities in respect of which any such notice is given shall be redeemed on the date specified in such notice in accordance with this Condition.

In the case of a partial redemption of the Perpetual Securities, the notice to Perpetual Securityholders shall also contain the certificate numbers of the Bearer Perpetual Securities or, in the case of Registered Perpetual Securities, shall specify the principal amount of Registered Perpetual Securities drawn and the holder(s) of such Registered Perpetual Securities, to be redeemed, which shall have been drawn by or on behalf of the relevant Issuer in such place and in such manner as may be agreed between the relevant Issuer and the Trustee, subject to compliance with any applicable laws. So long as the Perpetual Securities are listed on any Stock Exchange, the relevant Issuer shall comply with the rules of such Stock Exchange in relation to the publication of any redemption of such Perpetual Securities.

(c) Redemption for Taxation Reasons

If so provided in the terms of the relevant Perpetual Security, the Perpetual Securities may be redeemed at the option of the relevant Issuer in whole, but not in part, on any Distribution Payment Date or, if so specified in the terms of the relevant Perpetual Security, at any time on giving not less than 30 nor more than 60 days' notice to the Perpetual Securityholders (which notice shall be irrevocable), at their Redemption Amount (together with distribution (including any Optional Distributions, Arrears of Distribution and any Additional Distribution Amount) accrued to (but excluding) the date fixed for redemption), if:

- (i) the relevant Issuer receives a ruling by the Comptroller of Income Tax in Singapore (or other relevant authority) which confirms that:
 - (1) the Perpetual Securities will not be regarded as "debt securities" for the purposes of Section 43N(4) of the Income Tax Act, Chapter 134 of Singapore ("ITA") and Regulation 2 of the Income Tax (Qualifying Debt Securities) Regulations, and in the case of Perpetual Securities issued by the OUE C-REIT Trustee, the distributions (including any Optional Distributions, Arrears of Distribution and any Additional Distribution Amount) will be subject to withholding tax in Singapore when paid to persons not tax resident in Singapore (other than Singapore branches of foreign companies); or

- (2) the distributions (including any Optional Distributions, Arrears of Distribution and any Additional Distribution Amount) will not be regarded as interest payable by the relevant Issuer for the purposes of the withholding tax exemption on interest for “qualifying debt securities” under the ITA and in the case of Perpetual Securities issued by the OUE C-REIT Trustee, such distributions will be subject to withholding tax in Singapore when paid to persons not tax resident in Singapore (other than Singapore branches of foreign companies); or
- (ii) (1) the relevant Issuer has or will become obliged to pay additional amounts as provided or referred to in Condition 7, or the Guarantor has or will become obliged to pay additional amounts as provided or referred to in Condition 7 in excess of the additional amounts that it would otherwise have paid as at the Issue Date, as a result of any change in, or amendment to, the laws (or any regulations, rulings or other administrative pronouncements promulgated thereunder) of Singapore or any political subdivision or any authority thereof or therein having power to tax, or any change in the application or official interpretation of such laws, regulations, rulings or other administrative pronouncements, which change or amendment is made public on or after the Issue Date or any other date specified in the Pricing Supplement, and (2) such obligations cannot be avoided by the relevant Issuer or, as the case may be, the Guarantor taking reasonable measures available to it, provided that no such notice of redemption shall be given earlier than 90 days prior to the earliest date on which the relevant Issuer or, as the case may be, the Guarantor would be obliged to pay such additional amounts were a payment in respect of the Perpetual Securities then due.

Prior to the publication of any notice of redemption pursuant to this Condition 5(c), the relevant Issuer shall deliver to the Trustee and the Issuing and Paying Agent:

- (A) a certificate signed by a Director or a duly authorised officer of the relevant Issuer or, as the case may be, the Guarantor stating that the relevant Issuer is entitled to effect such redemption and setting forth a statement of facts showing that the conditions precedent to the right of the relevant Issuer so to redeem have occurred; and
- (B) in the case of a notice of redemption pursuant to Condition 5(c)(i), a copy of the ruling from the Comptroller of Income Tax in Singapore (or other relevant authority) to such effect as stated in Condition 5(c)(i) or, in the case of a notice of redemption pursuant to Condition 5(c)(ii), an opinion of independent legal, tax or any other professional advisers of recognised standing to the effect that the relevant Issuer or, as the case may be, the Guarantor has or is likely to become obliged to pay such additional amounts as a result of such change or amendment to the laws (or any regulations, rulings or other administrative pronouncements promulgated thereunder) of Singapore or any political subdivision or any authority thereof or therein having power to tax,

and the Trustee and the Issuing and Paying Agent shall be entitled to accept such certificate, and ruling or opinion (as the case may be) as sufficient evidence of the satisfaction of the conditions precedent set out above, in which event it shall be conclusive and binding on the Perpetual Securityholders.

Upon the expiry of any such notice as is referred to in this Condition 5(c), the relevant Issuer shall be bound to redeem the Perpetual Securities in accordance with this Condition 5(c).

(d) Redemption for Accounting Reasons

The Perpetual Securities may be redeemed at the option of the relevant Issuer in whole, but not in part, on any Distribution Payment Date or, if so specified in the terms of the relevant Perpetual Security, at any time on giving not less than 30 nor more than 60 days' notice to the Perpetual Securityholders (which notice shall be irrevocable), at their Redemption Amount (together with distribution (including any Optional Distributions, Arrears of Distribution and any Additional Distribution Amount) accrued to the date fixed for redemption) if, on such Distribution Payment Date or at any time after that Distribution Payment Date, as a result of any changes or amendments to Singapore Financial Reporting Standards issued by the Singapore Accounting Standards Council (as amended from time to time, the "**SFRS**") or as the case may be, the Singapore Financial Reporting Standards (International) issued by the Singapore Accounting Standards Council (as amended from time to time, the "**SFRS (I)**") or any other accounting standards that may replace SFRS or, as the case may be, SFRS(I) for the purposes of the consolidated financial statements of OUE C-REIT (the "**Relevant Accounting Standard**"), the Perpetual Securities will not or will no longer be recorded as "equity" of OUE C-REIT pursuant to the Relevant Accounting Standard.

Prior to the publication of any notice of redemption pursuant to this Condition 5(d), the relevant Issuer shall deliver to the Trustee and the Issuing and Paying Agent:

- (i) a certificate, signed by a director or a duly authorised officer of the relevant Issuer stating that the circumstances referred to above prevail and setting out the details of such circumstances; and
- (ii) an opinion of the relevant Issuer's independent auditors stating that the circumstances referred to above prevail and the date on which the relevant change or amendment to the Relevant Accounting Standard is due to take effect,

and the Trustee and the Issuing and Paying Agent shall be entitled to accept such certificate and opinion as sufficient evidence of the satisfaction of the conditions precedent set out above, in which event it shall be conclusive and binding on the Perpetual Securityholders. Upon the expiry of any such notice as is referred to in this Condition 5(d), the relevant Issuer shall be bound to redeem the Perpetual Securities in accordance with this Condition 5(d).

(e) Redemption for Tax Deductibility

If so provided in the terms of the relevant Perpetual Security, the Perpetual Securities may be redeemed at the option of the relevant Issuer in whole, but not in part, on any Distribution Payment Date or, if so specified in the terms of the relevant Perpetual Security, at any time on giving not less than 30 nor more than 60 days' notice to the Perpetual Securityholders (which notice shall be irrevocable), at their Redemption Amount (together with distributions (including any Optional Distributions, Arrears of Distribution and any Additional Distribution Amount) accrued to (but excluding) the date fixed for redemption):

- (i) if the relevant Issuer satisfies the Trustee immediately before giving such notice that, as a result of:
 - (1) any amendment to, or change in, the laws (or any rules or regulations thereunder) of Singapore or any political subdivision or any taxing authority thereof or therein which is enacted, promulgated, issued or becomes effective on or after the Issue Date;

- (2) any amendment to, or change in, an official and binding interpretation of any such laws, rules or regulations by any legislative body, court, governmental agency or regulatory authority (including the enactment of any legislation and the publication of any judicial decision or regulatory determination) which is enacted, promulgated, issued or becomes effective on or after the Issue Date; or
- (3) any generally applicable official interpretation or pronouncement which is issued or announced on or after the Issue Date that provides for a position with respect to such laws or regulations that differs from the previously generally accepted position which is announced before the Issue Date,

the distributions (including any Optional Distributions, Arrears of Distribution and any Additional Distribution Amount) by the relevant Issuer are no longer, or would in the Distribution Period immediately following that Distribution Payment Date no longer be, regarded as sums “payable by way of interest upon any money borrowed” for the purpose of Section 14(1)(a) of the ITA, provided that no such notice of redemption may be given earlier than 90 days prior to such effective date on which the distributions (including any Optional Distributions, Arrears of Distribution and any Additional Distribution Amount) would not be regarded as such sums; or

- (ii) the relevant Issuer receives a ruling by the Comptroller of Income Tax in Singapore (or other relevant authority) which confirms that the distributions (including any Optional Distributions, Arrears of Distribution and any Additional Distribution Amount) will not be regarded as sums “payable by way of interest upon any money borrowed” for the purpose of Section 14(1)(a) of the ITA.

Prior to the publication of any notice of redemption pursuant to this Condition 5(e), the relevant Issuer shall deliver or procure that there is delivered to the Trustee and the Issuing and Paying Agent:

- (A) a certificate, signed by a director or a duly authorised officer of the relevant Issuer stating that the circumstances referred to above prevail and setting out the details of such circumstances; and
- (B) in the case of a notice of redemption pursuant to Condition 5(e)(i), an opinion of the relevant Issuer’s independent tax or legal adviser of recognised standing stating that the circumstances referred to above prevail and the date on which the relevant change, amendment, interpretation or pronouncement has taken place or is due to take effect or, in the case of a notice of redemption pursuant to Condition 5(e)(ii), a copy of the ruling from the Comptroller of Income Tax in Singapore (or other relevant authority) to such effect as stated in Condition 5(e)(ii),

and the Trustee and the Issuing and Paying Agent shall be entitled to accept such certificate, and opinion or ruling (as the case may be) as sufficient evidence of the satisfaction of the conditions precedent set out above, in which event it shall be conclusive and binding on the Perpetual Securityholders.

Upon the expiry of any such notice as is referred to in this Condition 5(e), the relevant Issuer shall be bound to redeem all the Perpetual Securities in accordance with this Condition 5(e).

(f) Redemption in the case of Minimal Outstanding Amount

If so provided in the terms of the relevant Perpetual Security, the Perpetual Securities may be redeemed at the option of the relevant Issuer in whole, but not in part, on any Distribution Payment Date or, if so specified in the terms of the relevant Perpetual Security, at any time on giving not less than 30 nor more than 60 days' notice to the Perpetual Securityholders (which notice shall be irrevocable), at their Redemption Amount (together with distribution (including any Optional Distributions, Arrears of Distribution and any Additional Distribution Amount) accrued to the date fixed for redemption) if, immediately before giving such notice, the aggregate principal amount of the Perpetual Securities outstanding is less than 10 per cent. of the aggregate principal amount originally issued.

Upon expiry of any such notice as is referred to in this Condition 5(f), the relevant Issuer shall be bound to redeem all the Perpetual Securities in accordance with this Condition 5(f).

(g) Redemption upon Cessation or Suspension of Trading of Units

If so provided in the terms of the relevant Perpetual Security, in the event that Listed Units (as defined in the OUE C-REIT Trust Deed) cease to be listed and/or traded on the SGX-ST or transactions in any Listed Unit on the Singapore Exchange Securities Trading Limited (the "**SGX-ST**") are suspended for a continuous period exceeding 10 market days (each, a "**Cessation or Suspension of Trading Event**"), the Perpetual Securities may be redeemed at the option of the relevant Issuer in whole, but not in part, on the date falling (in the case where the Listed Units cease to be listed and/or traded on the SGX-ST) not later than 45 days after the date of cessation of listing or trading or (in the case where transactions in any Listed Unit on the SGX-ST are suspended for a continuous period exceeding 10 market days) the business day immediately following the expiry of such continuous period of 10 market days at their Redemption Amount (together with distribution (including Optional Distributions, Arrears of Distribution and any Additional Distribution Amount) accrued to the date fixed for redemption). The relevant Issuer shall forthwith notify the Trustee, the Issuing and Paying Agent and the Perpetual Securityholders of such cessation or listing or trading and the proposed date of redemption of the Perpetual Securities.

For the purposes of this Condition 5(g), "**market day**" means a day on which the SGX-ST is open for securities trading.

(h) Redemption upon a Regulatory Event

If so provided in the terms of the relevant Perpetual Security, the relevant Issuer may, at its option, redeem the Perpetual Securities in whole, but not in part, at any time at their principal amount, together with distributions (including any Optional Distributions, Arrears of Distribution and any Additional Distribution Amount) accrued from the immediately preceding Distribution Payment Date to the date fixed for redemption, on the relevant Issuer giving not less than 30 nor more than 60 days' notice to the Perpetual Securityholders and the Trustee (which notice shall be irrevocable and shall oblige the relevant Issuer to redeem the Perpetual Securities), if the relevant Issuer satisfies the Trustee immediately prior to the giving of such notice that as a result of any change in, or amendment to, the Property Funds Appendix, or any change in the application or official interpretation of the Property Funds Appendix, the Perpetual Securities count or will count towards the Aggregate Leverage under the Property Funds Appendix (a "**Regulatory Event**"), provided that no such notice of redemption shall be given earlier than 90 days prior to the earliest date on which the Perpetual Securities will count towards the Aggregate Leverage.

Prior to the publication of any notice of redemption pursuant to this Condition 5(h), the relevant Issuer shall deliver, or procure that there is delivered to the Trustee and the Issuing and Paying Agent:

- (i) a certificate, signed by a director or a duly authorised officer of the relevant Issuer or a director or a duly authorised officer of the OUE C-REIT Manager, stating that the circumstances referred to above prevail and setting out the details of such circumstances; and
- (ii) an opinion of the relevant Issuer's independent legal adviser of recognised standing stating that the circumstances referred to above prevail and the date on which the relevant change or amendment to, or change in application or interpretation of, the Property Funds Appendix, took, or is due to take, effect,

and the Trustee and the Issuing and Paying Agent shall be entitled to accept such certificate and opinion as sufficient evidence of the satisfaction of the conditions precedent set out above, in which event it shall be conclusive and binding on the Perpetual Securityholders.

Upon the expiry of any such notice as is referred to in this Condition 5(h), the relevant Issuer shall be bound to redeem the Perpetual Securities in accordance with this Condition 5(h).

For the purposes of this Condition 5(h):

- (1) **"Aggregate Leverage"** means, as defined under the Property Funds Appendix, the total borrowings and deferred payments of a real estate investment trust, or such other definition as may from time to time be provided for under the Property Funds Appendix; and
- (2) **"Property Funds Appendix"** means Appendix 6 of the Code on Collective Investment Schemes, issued by the Monetary Authority of Singapore.

(i) Redemption upon a Ratings Event

If so provided in the terms of the relevant Perpetual Security, the relevant Issuer may, at its option, redeem the Perpetual Securities in whole, but not in part, on any Distribution Payment Date or, if so specified in the relevant Perpetual Security, at any time on giving not less than 30 nor more than 60 days' notice to the Perpetual Securityholders (which notice shall be irrevocable and shall oblige the relevant Issuer to redeem the Perpetual Securities), at their Redemption Amount (together with distribution (including any Optional Distribution, Arrears of Distribution and any Additional Distribution Amount) accrued to (but excluding) the date fixed for redemption) if, on such Distribution Payment Date or any time after that Distribution Payment Date, an amendment, clarification or change has occurred or will occur in the equity credit criteria, guidelines or methodology of any Rating Agency (as defined below) requested from time to time by the relevant Issuer to grant an equity classification to the Perpetual Securities and, in each case, any of their respective successors to the rating business thereof, which amendment, clarification or change results in a lower equity credit for the Perpetual Securities than the equity credit assigned on the Issue Date or, if equity credit is not assigned on the Issue Date, at the date when equity credit is assigned for the first time.

Prior to the publication of any notice of redemption pursuant to this Condition 5(i), the relevant Issuer shall deliver, or procure to be delivered, to the Trustee and the Issuing and Paying Agent a certificate, signed by a director or a duly authorised officer of the relevant Issuer, stating that the circumstances referred to above prevail and setting out the details of such circumstances.

The Trustee and the Issuing and Paying Agent shall be entitled to accept such certificate as sufficient evidence of the satisfaction of the conditions precedent set out above, in which event it shall be conclusive and binding on the Perpetual Securityholders.

Upon expiry of any such notice as is referred to in this Condition 5(i), the relevant Issuer shall be bound to redeem the Perpetual Securities in accordance with this Condition 5(i).

For the purposes of this Condition 5(i), “**Rating Agency**” means Fitch Ratings, Moody’s Investor Services, Inc. and S&P Global Ratings, a division of S&P Global Inc., or any of their respective successors.

(j) Purchases

The relevant Issuer, the Guarantor and/or any of the respective related corporations of OCTPL and OUE C-REIT may at any time purchase Perpetual Securities at any price (provided that they are purchased together with all unmatured Coupons and unexchanged Talons relating to them) in the open market or otherwise, provided that in any such case such purchase or purchases is in compliance with all relevant laws, regulations and directives. The Perpetual Securities so purchased, while held by or on behalf of the relevant Issuer, the Guarantor and/or any of the respective related corporations of OCTPL and OUE C-REIT shall not entitle the holder to vote at any meetings of the Perpetual Securityholders and shall not be deemed to be outstanding for the purposes of calculating quorums at meetings of the Perpetual Securityholders or for the purposes of Conditions 9 and 10.

Perpetual Securities purchased by the relevant Issuer, the Guarantor and/or any of the respective related corporations of OCTPL or OUE C-REIT may be surrendered by the purchaser to, in the case of Bearer Perpetual Securities, the Issuing and Paying Agent and, in the case of Registered Perpetual Securities, the Registrar for cancellation or may at the option of the relevant Issuer, the Guarantor or, as the case may be, the relevant related corporation be held or resold.

For the purposes of these Conditions, “**directive**” includes any present or future directive, regulation, request, requirement, rule or credit restraint programme of any relevant agency, authority, central bank department, government, legislative, minister, ministry, official public or statutory corporation, self-regulating organisation, or stock exchange.

(k) Cancellation

All Perpetual Securities purchased by or on behalf of the relevant Issuer, the Guarantor and/or any of the respective related corporations of OCTPL and OUE C-REIT may be surrendered for cancellation, in the case of Bearer Perpetual Securities, by surrendering each such Perpetual Security together with all unmatured Coupons and all unexchanged Talons to the Issuing and Paying Agent at its specified office and, in the case of Registered Perpetual Securities, by surrendering the Certificate representing such Perpetual Securities to the Registrar and, in each case, if so surrendered, shall, together with all Perpetual Securities redeemed by the relevant Issuer, be cancelled forthwith (together with all unmatured Coupons and unexchanged Talons attached thereto or surrendered therewith). Any Perpetual Securities or Certificates so surrendered for cancellation may not be reissued or resold.

6. Payments

(a) Principal and Distribution in respect of Bearer Perpetual Securities

Payments of principal and distribution in respect of Bearer Perpetual Securities will, subject as mentioned below, be made against presentation and surrender of the relevant Perpetual Securities or, as the case may be, Coupons:

- (i) (in the case of a currency other than Renminbi) by transfer to an account maintained by the payee in that currency with a bank in the principal financial centre for that currency; and
- (ii) (in the case of Renminbi) by transfer to a Renminbi account maintained by or on behalf of the Perpetual Securityholder with a bank in the Offshore Renminbi Centre which processes payments in Renminbi in the Offshore Renminbi Centre.

(b) Principal and Distribution in respect of Registered Perpetual Securities

- (i) Payments of principal in respect of Registered Perpetual Securities will, subject as mentioned below, be made against presentation and surrender of the relevant Certificates at the specified office of the Transfer Agent or of the Registrar and in the manner provided in Condition 6(b)(ii).
- (ii) Payments of distribution on Registered Perpetual Securities shall be made to the person shown on the Register at the close of business on the fifteenth day before the due date for payment thereof (the **"Record Date"**). Payments of distribution on each Registered Perpetual Security shall be made:
 - (1) (in the case of a currency other than Renminbi) by transfer to an account maintained by the holder in that currency with a bank in the principal financial centre for that currency; and
 - (2) (in the case of Renminbi) by transfer to the Renminbi account maintained by or on behalf of the Perpetual Securityholder with a bank in the Offshore Renminbi Centre which processes payments in Renminbi in the Offshore Renminbi Centre.

(c) Payments subject to law etc.

All payments are subject in all cases to (i) any applicable fiscal or other laws, regulations and directives, but without prejudice to the provisions of Condition 7, and (ii) any withholding or deduction required pursuant to an agreement described in Section 1471(b) of the U.S. Internal Revenue Code of 1986 as amended (the **"Code"**) or otherwise imposed pursuant to Sections 1471 through 1474 of the Code, any regulations or agreements thereunder, any official interpretations thereof, or any law, regulation or directive implementing an intergovernmental approach thereto, but without prejudice to the provisions of Condition 7. No commission or expenses shall be charged to the Perpetual Securityholders or Couponholders in respect of such payments.

(d) Appointment of Agents

The CDP Issuing and Paying Agent, the Non-CDP Issuing and Paying Agent, the CDP Calculation Agent, the Non-CDP Calculation Agent, the CDP Transfer Agent, the Non-CDP Transfer Agent, the CDP Registrar and the Non-CDP Registrar initially appointed by the Issuers and the Guarantor and their respective specified offices are listed below. The relevant Issuer and the Guarantor reserve the right at any time to vary or terminate the

appointment of the CDP Issuing and Paying Agent, the Non-CDP Issuing and Paying Agent, the CDP Calculation Agent, the Non-CDP Calculation Agent, the CDP Transfer Agent, the Non-CDP Transfer Agent, the CDP Registrar and the Non-CDP Registrar and to appoint additional or other paying agents, calculation agents, transfer agents or registrars, provided that they will at all times maintain an Issuing and Paying Agent, a Calculation Agent, a Transfer Agent in relation to Registered Perpetual Securities and a Registrar in relation to Registered Perpetual Securities.

Notice of any such change or any change of any specified office will be given to the Perpetual Securityholders in accordance with Condition 14.

The Agency Agreement may be amended by the Issuers, the Guarantor, the CDP Issuing and Paying Agent, the Non-CDP Issuing and Paying Agent, the CDP Calculation Agent, the Non-CDP Calculation Agent, the CDP Transfer Agent, the Non-CDP Transfer Agent, the CDP Registrar, the Non-CDP Registrar and the Trustee, without the consent of the holder of any Perpetual Security or Coupon, for the purpose of curing any ambiguity or of curing, correcting or supplementing any defective provision contained therein or in any manner which the Issuers, the Guarantor, the CDP Issuing and Paying Agent, the Non-CDP Issuing and Paying Agent, the CDP Calculation Agent, the Non-CDP Calculation Agent, the CDP Transfer Agent, the Non-CDP Transfer Agent, the CDP Registrar, the Non-CDP Registrar and the Trustee may mutually deem necessary or desirable and which does not, in the opinion of the Issuers, the Guarantor and the Trustee, materially and adversely affect the interests of the holders of the Perpetual Securities or the Coupons.

(e) Unmatured Coupons and Unexchanged Talons

- (i) Bearer Perpetual Securities which comprise Fixed Rate Perpetual Securities should be surrendered for payment together with all unmaturing Coupons (if any) relating to such Perpetual Securities, failing which an amount equal to the face value of each missing unmaturing Coupon (or, in the case of payment not being made in full, that proportion of the amount of such missing unmaturing Coupon which the sum of principal so paid bears to the total principal due) will be deducted from the Redemption Amount due for payment. Any amount so deducted will be paid in the manner mentioned above against surrender of such missing Coupon within a period of five years from the Relevant Date for the payment of such principal (whether or not such Coupon has become void pursuant to Condition 8).
- (ii) Subject to the provisions of the relevant Pricing Supplement, upon the due date for redemption of any Bearer Perpetual Security comprising a Floating Rate Perpetual Security, unmaturing Coupons relating to such Perpetual Security (whether or not attached) shall become void and no payment shall be made in respect of them.
- (iii) Upon the due date for redemption of any Bearer Perpetual Security, any unexchanged Talon relating to such Perpetual Security (whether or not attached) shall become void and no Coupon shall be delivered in respect of such Talon.
- (iv) Where any Bearer Perpetual Security comprising a Floating Rate Perpetual Security is presented for redemption without all unmaturing Coupons, and where any Bearer Perpetual Security is presented for redemption without any unexchanged Talon relating to it, redemption shall be made only against the provision of such indemnity as the relevant Issuer may require.
- (v) If the due date for redemption or repayment of any Perpetual Security is not a due date for payment of distribution, distribution accrued from the preceding due date for payment of distribution or the Distribution Commencement Date, as the case may be, shall only be payable against presentation (and surrender if appropriate) of the relevant Bearer Perpetual Security or Certificate.

(f) Talons

On or after the Distribution Payment Date for the final Coupon forming part of a Coupon sheet issued in respect of any Bearer Perpetual Security, the Talon forming part of such Coupon sheet may be surrendered at the specified office of the Issuing and Paying Agent on any business day in exchange for a further Coupon sheet (and if necessary another Talon for a further Coupon sheet) (but excluding any Coupons that may have become void pursuant to Condition 8).

(g) Non-business days

Subject as provided in the relevant Pricing Supplement or subject as otherwise provided in these Conditions, if any date for the payment in respect of any Perpetual Security or Coupon is not a business day, the holder shall not be entitled to payment until the next following business day and shall not be entitled to any further distribution or other payment in respect of any such delay.

7. Taxation

All payments in respect of the Perpetual Securities and the Coupons by the relevant Issuer or, as the case may be, the Guarantor shall be made free and clear of, and without deduction or withholding for or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or within Singapore or any authority thereof or therein having power to tax, unless such withholding or deduction is required by law. In such event, the relevant Issuer or, as the case may be, the Guarantor shall pay such additional amounts as will result in the receipt by the Perpetual Securityholders and the Couponholders of such amounts as would have been received by them had no such deduction or withholding been required, except that no such additional amounts shall be payable in respect of any Perpetual Security or Coupon presented (or in respect of which the Certificate representing it is presented) for payment:

- (a) by or on behalf of a holder who is subject to such taxes, duties, assessments or governmental charges by reason of being connected with Singapore, otherwise than by reason only of the holding of such Perpetual Security or Coupon or the receipt of any sums due in respect of such Perpetual Security or Coupon (including, without limitation, the holder being a resident of, or a permanent establishment in, Singapore);
- (b) more than 30 days after the Relevant Date except to the extent that the holder thereof would have been entitled to such additional amounts on presenting the same for payment on the last day of such period of 30 days;
- (c) by or on behalf of a holder who could lawfully avoid (but has not so avoided) such deduction or withholding by complying or procuring compliance with any statutory requirements or by making or procuring the making of a declaration of non-residence or other similar claim for exemption to any tax authority in the place where the relevant Perpetual Security or Coupon is presented for payment; or
- (d) any withholding tax imposed or deduction required pursuant to any agreements described in Section 1471(b) of the Code or otherwise imposed pursuant to Sections 1471 through 1474 of the Code, any regulations or agreements thereunder, any official interpretations thereof, or any law, regulation or directive implementing an intergovernmental approach thereto.

As used in these Conditions, “**Relevant Date**” in respect of any Perpetual Security or Coupon means the date on which payment in respect thereof first becomes due or (if any amount of the money payable is improperly withheld or refused) the date on which payment in full of the amount outstanding is made or (if earlier) the date falling seven days after that on which notice is duly given to the Perpetual Securityholders in accordance with Condition 14 that, upon further presentation of the Perpetual Security (or relative Certificate) or Coupon being made in accordance with the Conditions, such payment will be made, provided that payment is in fact made upon presentation, and references to “**principal**” shall be deemed to include any premium payable in respect of the Perpetual Securities, all Redemption Amounts and all other amounts in the nature of principal payable pursuant to Condition 5, “**distribution**” shall be deemed to include all Distribution Amounts and all other amounts payable pursuant to Condition 4 and any reference to “**principal**” and/or “**premium**” and/or “**Redemption Amounts**” and/or “**distribution**” shall be deemed to include any additional amounts which may be payable under these Conditions.

8. Prescription

Claims against the relevant Issuer or, as the case may be, the Guarantor for payment in respect of the Perpetual Securities and Coupons (which, for this purpose, shall not include Talons) shall be prescribed and become void unless made within five years from the appropriate Relevant Date for payment.

9. Non-payment

(a) Non-payment when Due

Notwithstanding any of the provisions below in this Condition 9, the right to institute proceedings for the bankruptcy, termination, winding-up, liquidation, receivership, administration or similar proceedings (the “**Winding-Up**”) in respect of the relevant Issuer, the Guarantor and/or OUE C-REIT is limited to circumstances where payment has become due. In the case of any distribution, such distribution will not be due if the relevant Issuer has elected not to pay that distribution in accordance with Condition 4(IV). In addition, nothing in this Condition 9, including any restriction on commencing proceedings, shall in any way restrict or limit the rights of the Trustee or any of its directors, officers, employees or agents to claim from or to otherwise take any action against the relevant Issuer and/or the Guarantor in respect of any costs, charges, fees, expenses or liabilities incurred by such party pursuant to or in connection with the Perpetual Securities, the Guarantee or the Trust Deed.

(b) Proceedings for Winding-Up

If (i) a final and effective order is made or an effective resolution is passed for the Winding-Up of the relevant Issuer, the Guarantor and/or OUE C-REIT or (ii) the relevant Issuer or the Guarantor does not pay any principal, interest or other amount payable by it under any of the Perpetual Securities at the place at and in the currency in which it is expressed to be payable when due and such default continues for five business days after the due date (together, the “**Enforcement Events**”), the relevant Issuer or, as the case may be, the Guarantor shall be deemed to be in default under the Trust Deed and the Perpetual Securities or, as the case may be, the Guarantee and the Trustee may, subject to the provisions of Condition 9(d), institute proceedings for the Winding-Up of the relevant Issuer, the Guarantor and/or OUE C-REIT, prove in the Winding-Up of the relevant Issuer, the Guarantor and/or OUE C-REIT and/or claim in the liquidation of the relevant Issuer, the Guarantor and/or OUE C-REIT for such payment.

(c) Enforcement

Without prejudice to Condition 9(b) but subject to the provisions of Condition 9(d), the Trustee may without further notice to the relevant Issuer or the Guarantor institute such proceedings against the relevant Issuer or the Guarantor as it may think fit to enforce any term or condition binding on the relevant Issuer or the Guarantor under the Perpetual Securities, the Guarantee or the Trust Deed, as the case may be, (other than any payment obligation of the relevant Issuer or the Guarantor under or arising from the Perpetual Securities or the Guarantee, including, without limitation, payment of any principal or premium or satisfaction of any distributions (including any damages awarded for breach of any obligations)) and in no event shall the relevant Issuer or the Guarantor, by virtue of the institution of any such proceedings, be obliged to pay any sum or sums, in cash or otherwise, sooner than the same would otherwise have been payable by it.

(d) Entitlement of Trustee

The Trustee shall not and shall not be obliged to take any of the actions referred to in Condition 9(b) or Condition 9(c) against the relevant Issuer and/or the Guarantor to enforce the terms of the Trust Deed, the Guarantee or the Perpetual Securities unless (i) it shall have been so directed by an Extraordinary Resolution of the Perpetual Securityholders or so requested in writing by Perpetual Securityholders holding not less than 25 per cent. in principal amount of the Perpetual Securities outstanding and (ii) it shall have been indemnified and/or secured and/or pre-funded to its satisfaction.

(e) Right of Perpetual Securityholders or Couponholder

No Perpetual Securityholder or Couponholder shall be entitled to proceed directly against the relevant Issuer or the Guarantor or to institute proceedings for the Winding-Up or claim in the liquidation of the relevant Issuer, the Guarantor or OUE C-REIT or to prove in such Winding-Up unless the Trustee, having become so bound to proceed or being able to prove in such Winding-Up or claim in such liquidation, fails or neglects to do so within a reasonable period and such failure or neglect shall be continuing, in which case the Perpetual Securityholder or Couponholder shall have only such rights against the relevant Issuer and/or the Guarantor as those which the Trustee is entitled to exercise as set out in this Condition 9.

(f) Extent of Perpetual Securityholders' Remedy

No remedy against the relevant Issuer or the Guarantor, other than as referred to in this Condition 9, shall be available to the Trustee or the Perpetual Securityholders or Couponholders, whether for the recovery of amounts owing in respect of the Trust Deed, the Guarantee or the Perpetual Securities (as applicable) or in respect of any breach by the relevant Issuer or the Guarantor of any of its other obligations under or in respect of the Trust Deed, the Guarantee or the Perpetual Securities (as applicable).

(g) Damages subject to Subordination

If any court awards money, damages or other restitution for any default with respect to the performance by the relevant Issuer or, as the case may be, the Guarantor of its obligation contained in the Trust Deed and the Perpetual Securities, the payment of such money, damages or other restitution shall be subject to the subordination provisions set out in these Conditions and in Clause 8.3 of the Trust Deed.

10. Meeting of Perpetual Securityholders and Modifications

The Trust Deed contains provisions for convening meetings of Perpetual Securityholders of a Series to consider any matter affecting their interests, including modification by Extraordinary Resolution of the Perpetual Securities of such Series (including these Conditions insofar as the same may apply to such Perpetual Securities) or any of the provisions of the Trust Deed.

The Trustee, the relevant Issuer or the Guarantor at any time may, and the Trustee upon the request in writing by Perpetual Securityholders holding not less than 15 per cent. of the principal amount of the Perpetual Securities of any Series for the time being outstanding and after being indemnified and/or secured and/or pre-funded to its satisfaction against all costs and expenses shall, convene a meeting of the Perpetual Securityholders of that Series. An Extraordinary Resolution duly passed at any such meeting shall be binding on all the Perpetual Securityholders of the relevant Series, whether present or not and on all relevant Couponholders, except that any Extraordinary Resolution proposed, *inter alia*, (a) to amend the dates of redemption of the Perpetual Securities or any date for payment of distribution or Distribution Amounts on the Perpetual Securities, (b) to reduce or cancel the principal amount of, or any premium payable on redemption of, the Perpetual Securities, (c) to reduce the rate or rates of distribution in respect of the Perpetual Securities or to vary the method or basis of calculating the rate or rates of distribution or the basis for calculating any Distribution Amount in respect of the Perpetual Securities, (d) to vary any method of, or basis for, calculating the Redemption Amount, (e) to vary the currency or currencies of payment or denomination of the Perpetual Securities, (f) to take any steps that as specified in the terms of such Perpetual Securities may only be taken following approval by an Extraordinary Resolution to which the special quorum provisions apply, (g) to modify the provisions concerning the quorum required at any meeting of Perpetual Securityholders or the majority required to pass the Extraordinary Resolution, (h) to amend the subordination provisions of the Perpetual Securities or (i) to modify or cancel the Guarantee, will only be binding if passed at a meeting of the Perpetual Securityholders of the relevant Series (or at any adjournment thereof) at which a special quorum (provided for in the Trust Deed) is present.

The Trustee may (but is not obliged to) agree (and is entitled to rely on and at the expense of the relevant Issuer an external legal, financial or professional advice or opinion for this purpose), without the consent of the Perpetual Securityholders or Couponholders and at the expense of the relevant Issuer, to (i) any modification of any of the provisions of the Trust Deed or any of the other Issue Documents which in the opinion of the Trustee is of a formal, minor or technical nature, is made to correct a manifest error or to comply with mandatory provisions of Singapore law or is required by Euroclear and/or Clearstream, Luxembourg and/or the Depository and/or any other clearing system in which the Perpetual Securities may be held and (ii) any other modification (except as mentioned in the Trust Deed) to the Trust Deed and any of the other Issue Documents, and any waiver or authorisation of any breach or proposed breach, of any of the provisions of the Trust Deed or any of the other Issue Documents, which is in the opinion of the Trustee not materially prejudicial to the interests of the Perpetual Securityholders. Any such modification, authorisation or waiver shall be binding on the Perpetual Securityholders and the Couponholders and such modification, authorisation or waiver shall be notified by the relevant Issuer to the Perpetual Securityholders as soon as practicable.

In connection with the exercise of its functions (including but not limited to those in relation to any proposed modification, waiver, authorisation or substitution) the Trustee shall have regard to the interests of the Perpetual Securityholders as a class and shall not have regard to the consequences of such exercise for individual Perpetual Securityholders or Couponholders.

These Conditions may be amended, modified, or varied in relation to any Series of Perpetual Securities by the terms of the relevant Pricing Supplement in relation to such Series.

11. Replacement of Perpetual Securities, Certificates, Coupons and Talons

If a Perpetual Security, Certificate, Coupon or Talon is lost, stolen, mutilated, defaced or destroyed it may be replaced, subject to applicable laws, regulations and stock exchange requirements or other relevant authority regulations at the specified office of the Issuing and Paying Agent (in the case of Bearer Perpetual Securities, Coupons or Talons) and of the Registrar (in the case of Certificates), or at the specified office of such other Paying Agent or Transfer Agent, as the case may be, as may from time to time be designated by the relevant Issuer for the purpose and notice of whose designation is given to Perpetual Securityholders in accordance with Condition 14, on payment by the claimant of the fees and costs incurred in connection therewith and on such terms as to evidence, undertaking, security and indemnity (which may provide, *inter alia*, that if the allegedly lost, stolen or destroyed Perpetual Security, Certificate, Coupon or Talon is subsequently presented for payment, there will be paid to the relevant Issuer on demand the amount payable by the relevant Issuer in respect of such Perpetual Security, Certificate, Coupon or Talon) and otherwise as the relevant Issuer may require. Mutilated or defaced Perpetual Securities, Certificates, Coupons or Talons must be surrendered before replacements will be issued.

12. Further Issues

The relevant Issuer may from time to time without the consent of the Perpetual Securityholders or Couponholders create and issue further perpetual securities either having the same terms and conditions as the Perpetual Securities in all respects (or in all respects except for the first payment of interest on them) and so that such further issue shall be consolidated and form a single series with the outstanding perpetual securities of any series (including the Perpetual Securities) or upon such terms as the relevant Issuer may determine at the time of their issue. References in these Conditions to the Perpetual Securities include (unless the context requires otherwise) any other perpetual securities issued pursuant to this Condition 12 and forming a single series with the Perpetual Securities. Any further perpetual securities forming a single series with the outstanding perpetual securities of any series (including the Perpetual Securities) constituted by the Trust Deed or any deed supplemental to it shall, and any other securities may, be constituted by the Trust Deed. The Trust Deed contains provisions for convening a single meeting of the Perpetual Securityholders and the holders of perpetual securities of other series where the Trustee so decides.

13. Indemnification of the Trustee

The Trust Deed contains provisions for the indemnification of the Trustee and for its relief from responsibility, including provisions relieving it from taking proceedings to enforce repayment and from taking action to convene meetings unless indemnified and/or secured and/or pre-funded to its satisfaction. The Trust Deed also contains a provision entitling the Trustee or any corporation related to it to enter into business transactions with the relevant Issuer, the Guarantor or any of the respective related corporations of OCTPL and OUE C-REIT without accounting to the Perpetual Securityholders or Couponholders for any profit resulting from such transactions.

Each Perpetual Securityholder shall be solely responsible for making and continuing to make its own independent appraisal and investigation into the financial condition, creditworthiness, condition, affairs, status and nature of the relevant Issuer and the Guarantor, and the Trustee shall not at any time have any responsibility for the same and each Perpetual Securityholder shall not rely on the Trustee in respect thereof.

The Trustee may rely without liability to Perpetual Securityholders on any report, confirmation or certificate or any advice of any accountants, financial advisers, legal advisers, financial institutions or any other expert, whether or not addressed to it and whether or not their liability in relation thereto is limited (by its terms or by any engagement letter relating thereto entered into by the Trustee or in any other manner) by reference to a monetary cap, methodology or otherwise.

14. Notices

Notices to the holders of Registered Perpetual Securities shall be valid if mailed to them at their respective addresses in the Register and deemed to have been given on the fourth weekday (being a day other than a Saturday or a Sunday) after the date of mailing. Notwithstanding the foregoing, notices to the holders of Perpetual Securities will be valid if published in a daily newspaper of general circulation in Singapore (or, if the holders of any Series of Perpetual Securities can be identified, notices to such holders will also be valid if they are given to each of such holders). It is expected that such publication will be made in *The Business Times*. Notices will, if published more than once or on different dates, be deemed to have been given on the date of the first publication in such newspaper as provided above.

In the case where OUE C-REIT is listed on the SGX-ST or where the Perpetual Securities are listed on the SGX-ST, notices to the holders of such Perpetual Securities shall also be valid if made by way of an announcement on the SGX-ST. Any such notice shall be deemed to have been given to the Perpetual Securityholders on the date on which the said notice was uploaded as an announcement on the SGX-ST. Couponholders shall be deemed for all purposes to have notice of the contents of any notice to the holders of Bearer Perpetual Securities in accordance with this Condition 14. In the case where notices to holders of Perpetual Securities are made by more than one of the prescribed forms above, notice would be deemed to have been given on the first date in which the notices were validly given in accordance with the paragraphs above.

So long as the Perpetual Securities are represented by a Global Security or a Global Certificate and such Global Security or Global Certificate is held in its entirety on behalf of Euroclear, Clearstream, Luxembourg, the Depository and/or any other clearing system, there may be substituted for such publication in such newspapers or announcement on the SGX-ST the delivery of the relevant notice to Euroclear, Clearstream, Luxembourg, (subject to the agreement of the Depository) the Depository and/or such other clearing system for communication by it to the Perpetual Securityholders. If the Perpetual Securities are listed on the SGX-ST and the rules of such exchange so require, notice will in any event be given or published in accordance with the previous paragraph. Any such notice shall be deemed to have been given to the Perpetual Securityholders on the third day after the day on which the said notice was given to Euroclear, Clearstream, Luxembourg, the Depository and/or such other clearing system.

Notices to be given by any Perpetual Securityholder pursuant hereto (including to the relevant Issuer) shall be in writing and given by lodging the same, together with the relevant Perpetual Security or Perpetual Securities, with the Issuing and Paying Agent (in the case of Bearer Perpetual Securities) or the Registrar (in the case of Certificates). Whilst the Perpetual Securities are represented by a Global Security or a Global Certificate, such notice may be given by any Perpetual Securityholder to the Issuing and Paying Agent or, as the case may be, the Registrar through Euroclear, Clearstream, Luxembourg, the Depository and/or such other clearing system in such manner as the Issuing and Paying Agent or, as the case may be, the Registrar and Euroclear, Clearstream, Luxembourg, the Depository and/or such other clearing system may approve for this purpose.

Notwithstanding the other provisions of this Condition, in any case where the identity and addresses of all the Perpetual Securityholders are known to the relevant Issuer, notices to such holders may be given individually by recorded delivery mail to such addresses and will be deemed to have been given when received at such addresses.

15. Acknowledgement

(a) Capacity

Notwithstanding any provision to the contrary in the Trust Deed, the Perpetual Securities and the Coupons, it is hereby agreed and acknowledged that DBS Trustee Limited (“**DBST**”) has entered into the Trust Deed solely in its capacity as trustee of OUE C-REIT and not in its personal capacity and all references to the OUE C-REIT Trustee shall be construed accordingly. Accordingly, notwithstanding any provision to the contrary in the Trust Deed, the Perpetual Securities and the Coupons, DBST has assumed all obligations in its capacity as trustee of OUE C-REIT and not in its personal capacity. Any liability of or indemnity, covenant, undertaking, representation and/or warranty given or to be given by DBST is given and assumed by DBST in its capacity as trustee of OUE C-REIT and not in its personal capacity and any power and right conferred on any receiver, attorney, agent and/or delegate is limited to the assets of OUE C-REIT over which DBST in its capacity as trustee of OUE C-REIT has recourse and shall not extend to any personal assets of DBST or any assets held by DBST in its capacity as trustee of any trust (other than OUE C-REIT). Any obligation, matter, act, action or thing required to be done, performed or undertaken by DBST under the Trust Deed, the Perpetual Securities and the Coupons shall only be in connection with matters relating to OUE C-REIT (and shall not extend to the obligations of DBST in respect of any other trust or real estate investment trust of which it is a trustee). The foregoing shall not restrict or prejudice any rights or remedies of the Trustee, the Perpetual Securityholders and the Couponholders in connection with any gross negligence, wilful default, fraud, breach of the OUE C-REIT Trust Deed or breach of trust of the OUE C-REIT Trustee.

(b) No Recourse

Notwithstanding any provision to the contrary in the Trust Deed, the Perpetual Securities and the Coupons, it is hereby acknowledged and agreed that the OUE C-REIT Trustee's obligations under the Trust Deed, the Perpetual Securities and the Coupons will be solely the corporate obligations of DBST and there shall not be any recourse against the shareholders, directors, officers or employees of DBST for any claims, losses, damages, liabilities or other obligations whatsoever in connection with any of the transactions contemplated by the provisions of the Trust Deed, the Perpetual Securities and the Coupons. The foregoing shall not restrict or prejudice any rights or remedies of the Trustee, the Perpetual Securityholders and the Couponholders in connection with any gross negligence, wilful default, fraud, breach of the OUE C-REIT Trust Deed or breach of trust of the OUE C-REIT Trustee.

(c) Legal Action or Proceedings

For the avoidance of doubt, any legal action or proceedings commenced against the OUE C-REIT Trustee whether in Singapore or elsewhere pursuant to the Trust Deed, the Perpetual Securities and the Coupons shall be brought against DBST in its capacity as trustee of OUE C-REIT and not in its personal capacity. The foregoing shall not restrict or prejudice any rights or remedies of the Trustee, the Perpetual Securityholders and the Couponholders in connection with any gross negligence, wilful default, fraud, breach of the OUE C-REIT Trust Deed or breach of trust of the OUE C-REIT Trustee.

(d) Survival Clause

This clause shall survive the termination or rescission of the Trust Deed, the Perpetual Securities and the Coupons and shall apply, *mutatis mutandis*, to any notice, certificate or other document which the relevant Issuer issues under or pursuant to the Trust Deed and the Perpetual Securities as if expressly set out therein.

16. Governing Law and Jurisdiction

(a) Governing Law

The Trust Deed, the Perpetual Securities, the Coupons and the Talons are governed by, and shall be construed in accordance with, the laws of Singapore.

(b) Jurisdiction

The courts of Singapore are to have jurisdiction to settle any disputes that may arise out of or in connection with the Trust Deed, any Perpetual Securities, Coupons or Talons or the Guarantee and accordingly any legal action or proceedings arising out of or in connection with the Trust Deed, any Perpetual Securities, Coupons or Talons or the Guarantee (“**Proceedings**”) may be brought in such courts. Each of the Issuers and the Guarantor has in the Trust Deed irrevocably submitted to the jurisdiction of such courts.

(c) No immunity

Each of the relevant Issuer and the Guarantor agrees that in any legal action or proceedings arising out of or in connection with the Trust Deed, the Perpetual Securities, the Coupons or the Talons against it or any of its assets and/or against OUE C-REIT or any of OUE C-REIT’s assets, no immunity from such legal action or proceedings (which shall include, without limitation, suit, attachment prior to award, other attachment, the obtaining of an award, judgment, execution or other enforcement) shall be claimed by or on behalf of the relevant Issuer, the Guarantor or OUE C-REIT or with respect to any of its assets or OUE C-REIT’s assets and irrevocably waives any such right of immunity which it or its assets or OUE C-REIT or OUE C-REIT’s assets now have or may hereafter acquire or which may be attributed to it or its assets or OUE C-REIT or OUE C-REIT’s assets and consents generally in respect of any such legal action or proceedings to the giving of any relief or the issue of any process in connection with such action or proceedings including, without limitation, the making, enforcement or execution against any property whatsoever (irrespective of its use or intended use) of any order, award or judgment which may be made or given in such action or proceedings.

17. Contracts (Rights of Third Parties) Act

No person shall have any right to enforce any term or condition of the Perpetual Securities under the Contracts (Rights of Third Parties) Act, Chapter 53B of Singapore.

CDP Issuing and Paying Agent, CDP Calculation Agent, CDP Transfer Agent and CDP Registrar

The Bank of New York Mellon, Singapore Branch
One Temasek Avenue
#02-01 Millennia Tower
Singapore 039192

Non-CDP Issuing and Paying Agent and Non-CDP Calculation Agent

The Bank of New York Mellon, London Branch
One Canada Square
London E14 5AL
United Kingdom

Non-CDP Transfer Agent and Non-CDP Registrar

The Bank of New York Mellon SA/NV, Luxembourg Branch
Vertigo Building-Polaris
2-4, rue Eugène Ruppert
L-2453 Luxembourg

QUE CT TREASURY PTE. LTD.

HISTORY AND BUSINESS

OCTPL was incorporated with limited liability in Singapore on 18 August 2015. It is a wholly-owned subsidiary of OUE C-REIT and its principal activities are the provision of financial services for and on behalf of OUE C-REIT.

Since its incorporation, OCTPL has not engaged in any material activities other than the establishment of the multicurrency debt issuance programmes and the issuance of securities thereunder.

The registered office of OCTPL is 50 Collyer Quay, #04-08 OUE Bayfront, Singapore 049321.

SHAREHOLDING AND CAPITAL

As at the date of this Information Memorandum, the issued and paid-up share capital of OCTPL is S\$1.00 comprising one ordinary share held by the OUE C-REIT Trustee.

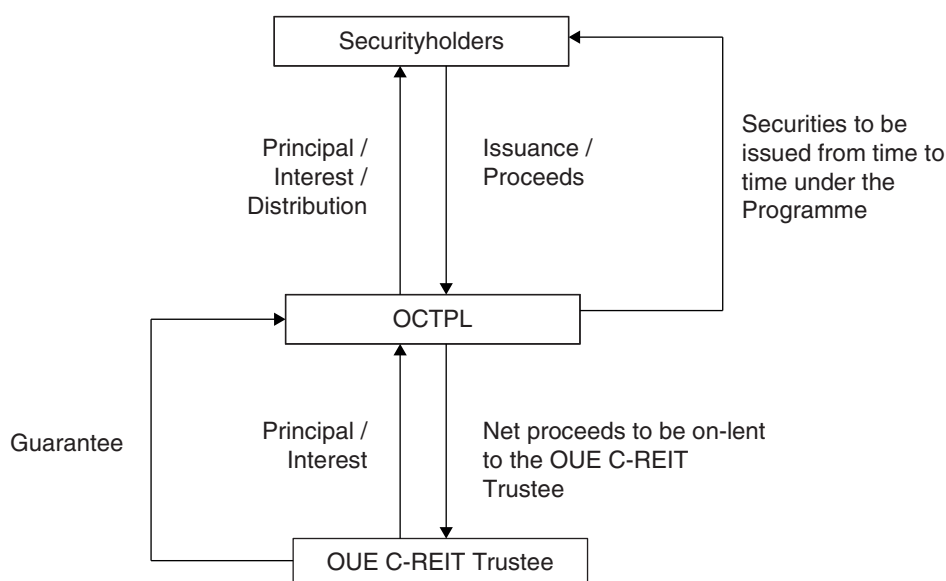
As at the date of this Information Memorandum, OCTPL has no borrowings, indebtedness in the nature of borrowings, loan capital outstanding or created but unissued, guarantees or material contingent liabilities, other than its S\$150,000,000 3.03 per cent notes due 2020 comprised in Series 001.

DIRECTORS

As at the date of this Information Memorandum, the directors of OCTPL are Tan Shu Lin and Lionel Chua.

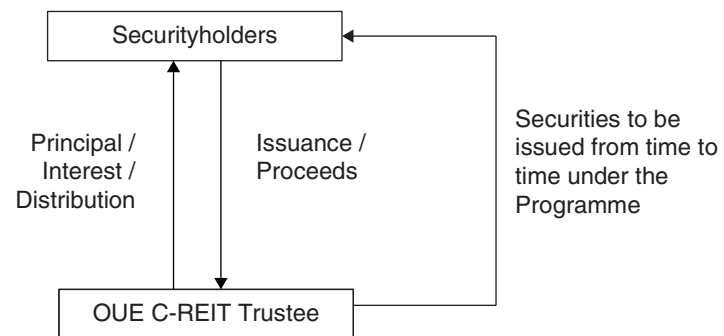
ISSUANCE STRUCTURE WHERE ISSUER IS OCTPL

The following diagram illustrates the issuance structure under the Programme where Securities are issued by OCTPL.



ISSUANCE STRUCTURE WHERE ISSUER IS THE OUE C-REIT TRUSTEE

The following diagram illustrates the issuance structure under the Programme where Securities are issued by the OUE C-REIT Trustee.



BUSINESS AND PROPERTIES OF THE GROUP

OVERVIEW

OUE C-REIT is one of the largest diversified real estate investment trusts listed on the SGX-ST. Its principal investment strategy is to invest in income-producing real estate used primarily for commercial purposes (including real estate used primarily for office and/or retail purposes) in financial and business hubs, and/or hospitality or hospitality-related purposes, as well as real estate-related assets.

On 4 September 2019, OUE C-REIT completed its transformative merger with OUE H-Trust, a stapled group comprising OUE Hospitality Sub-Trust (“**H Sub-Trust**”) and the currently dormant OUE Hospitality Business Trust (“**H-BT**”). The merger was structured as an acquisition of all the stapled securities in OUE H-Trust using a combination of cash and OUE C-REIT units as consideration, as a result of which OUE H-Trust became a wholly-owned sub-trust of OUE C-REIT and the OUE C-REIT Manager became the manager of the enlarged OUE C-REIT. The enlarged OUE C-REIT has a larger capital base and a broadened investment mandate that provides flexibility to drive long-term growth through enhanced capacity for acquisitions and asset enhancement initiatives.

OUE C-REIT’s property portfolio comprises seven properties across the commercial and hospitality property sectors in Singapore and Shanghai. With an aggregate net lettable area of more than 2.0 million square feet (“**sq ft**”) of commercial space, and 1,640 upscale hotel rooms, OUE C-REIT’s total asset size is approximately S\$6.8 billion as at 31 December 2019.

OUE C-REIT owns four Grade A office properties, namely, OUE Bayfront, One Raffles Place¹, and the office components of OUE Downtown, each strategically located in Singapore’s central business district (“**CBD**”), as well as Lippo Plaza², located within the prime commercial district of Huangpu in Puxi, Shanghai. Through H Sub-Trust, OUE C-REIT also owns two hotels: the 1,077-room Mandarin Orchard Singapore in Singapore’s Orchard Road shopping belt and the 563-room Crowne Plaza Changi Airport at Singapore’s Changi Airport. In addition, OUE C-REIT owns one retail property, Mandarin Gallery, a high-end retail mall situated within four levels of Mandarin Orchard Singapore.

The following are brief descriptions of OUE C-REIT’s properties. For more details, see the section entitled “*Business and Properties of the Group – Property Portfolio*”.

- **OUE Bayfront.** OUE Bayfront, comprising OUE Bayfront, a premium office building, and its complementary properties with retail facilities, OUE Tower and OUE Link, is a landmark commercial development strategically located between the Marina Bay downtown area and the established financial hub of Raffles Place.
- **One Raffles Place.** One Raffles Place, comprising One Raffles Place Tower 1, One Raffles Place Tower 2 and One Raffles Place Shopping Mall, is a prominent, iconic integrated commercial development with Grade A building specifications strategically located in the heart of Singapore’s main financial district Raffles Place. One of the tallest buildings in the CBD, One Raffles Place Tower 1 comprises a 62-storey Grade A office building, with a rooftop restaurant and observation deck offering panoramic views of the city skyline.
- **OUE Downtown Office.** OUE Downtown Office comprises the 35th to 46th storeys of OUE Downtown Tower 1 and the 7th to 34th storeys of OUE Downtown Tower 2, offering

¹ OUE C-REIT has an effective interest of 67.95% in One Raffles Place.

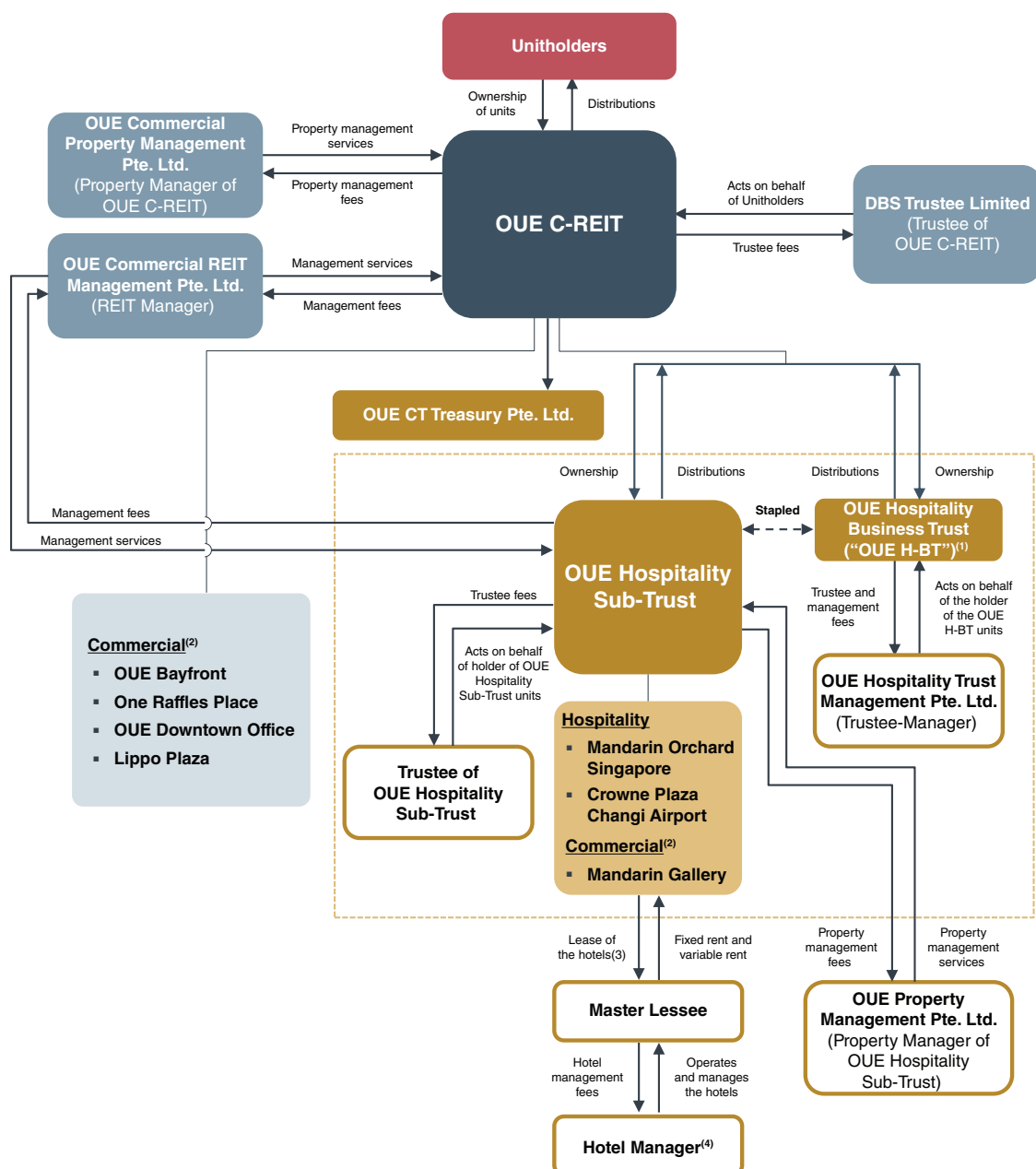
² OUE C-REIT has a strata interest of 91.2% in Lippo Plaza.

approximately 530,000 sq ft of Grade A office space. It is part of the OUE Downtown mixed-use development, a recently refurbished landmark property comprising Grade A offices, a six-storey retail mall as well as serviced residences.

- ***Lippo Plaza (91.2% strata interest).*** Lippo Plaza is a 36-storey Grade A commercial building with a retail podium located at Huaihai Zhong Road, within the established Huangpu business district in the Puxi area of downtown Shanghai. The retail podium of Lippo Plaza is home to flagship stores of international brand names. The Huangpu district is one of the oldest business districts in Shanghai, attracting multinational corporations, international financial institutions and local Chinese enterprises. With its unique and varied architectural styles, the precinct is also an established prime retail area in Shanghai.
- ***Mandarin Gallery.*** Mandarin Gallery is a high-end retail mall situated along Orchard Road, in the heart of Singapore's premier hotel, shopping and entertainment district, and comprises four levels of high-end boutiques, shops and restaurants. The mall boasts a wide 152 metre frontage, providing it with a high degree of prominence in the prime Orchard Road area. Featuring four duplexes and six street front shop units facing Orchard Road, Mandarin Gallery is a choice location for flagship stores of international brands. The mall is complemented by Mandarin Orchard Singapore, collectively providing an integrated hospitality and retail experience for shoppers and hotel guests.
- ***Mandarin Orchard Singapore.*** Mandarin Orchard Singapore is a renowned upscale hotel with strong brand recognition given its long history of operations in Singapore. Strategically located in the heart of Orchard Road, Mandarin Orchard Singapore has been a world class hospitality icon in Singapore since 1971. Featuring 1,077 rooms, five food and beverage outlets and more than 30,000 sq ft of meeting and function space, Mandarin Orchard Singapore is a top accommodation choice for both leisure and business travellers globally.
- ***Crowne Plaza Changi Airport.*** Crowne Plaza Changi Airport is a 563-room hotel managed by the InterContinental Hotels Group and is situated within the vicinity of the passenger terminals of Changi Airport. It is connected directly to Changi Airport Terminal 3 on both the arrival and departure levels. The hotel enjoys seamless connectivity to Jewel Changi Airport via a pedestrian bridge from Terminal 3. The hotel is also located a short drive away from Changi Business Park and the Singapore Expo and connected to the city by expressway and MRT.

STRUCTURE OF OUE C-REIT

The following diagram illustrates the current structure of OUE C-REIT.



Notes:

- (1) OUE H-BT is currently dormant.
- (2) Includes office and/or retail.
- (3) H Sub-Trust will lease the hotel to the master lessee and in return the master lessee will pay rent in accordance with the master lease agreement to the H Sub-Trust.
- (4) The master lessee will appoint the hotel manager to manage the day-to-day operations and marketing of the hotel leased from H Sub-Trust. The hotel manager will typically be entitled to a payment computed as a percentage of the revenue and a percentage of the gross operating profit of the hotel comprising gross operating revenue less operating expenses under management.

COMPETITIVE STRENGTHS

The OUE C-REIT Manager believes that OUE C-REIT can capitalise on the following competitive strengths to achieve long-term sustainable growth.

Quality Portfolio

OUE C-REIT's property portfolio consists of prime quality assets in strategic locations, enabling the OUE C-REIT Manager to deliver consistently high occupancy and rental rates through property market cycles. The OUE C-REIT Manager believes that OUE C-REIT's portfolio benefits from attractive Singapore commercial and hospitality sector fundamentals, and also from exposure to opportunities in the Shanghai commercial sector.

In the Singapore office segment, though office rental growth has stabilised, the outlook for near-term supply in the core CBD market remains stable and hence rental rates are expected to remain stable. An independent market research report estimates approximately 6.1 million sq ft of future supply over 2020 to 2024, averaging 1.22 million sq ft per annum which is lower than the 10-year historical average supply of 1.77 million sq ft. With expiring leases in OUE C-REIT's Singapore office properties being lower than the market demand, the OUE C-REIT Manager believes that operating performance should continue to be positive.

The Singapore hospitality segment benefits from continued investment in tourism infrastructure across Singapore, such as the expansion of its aviation facilities including a four-year upgrading project for Changi Airport Terminal 2 commenced at the end of January 2020, as well as the increased flight connectivity to key source markets. Further, the Singapore Tourism Board continues to drive visitor arrivals through strategic partnerships that position Singapore as a prime fly-cruise and convention destination. OUE C-REIT's strategically located hospitality assets along the prime Orchard Road belt and within Changi Airport are well-positioned to benefit from such improvements in tourism infrastructure. The limited future hotel supply over the next few years should add to the positive sector dynamics.

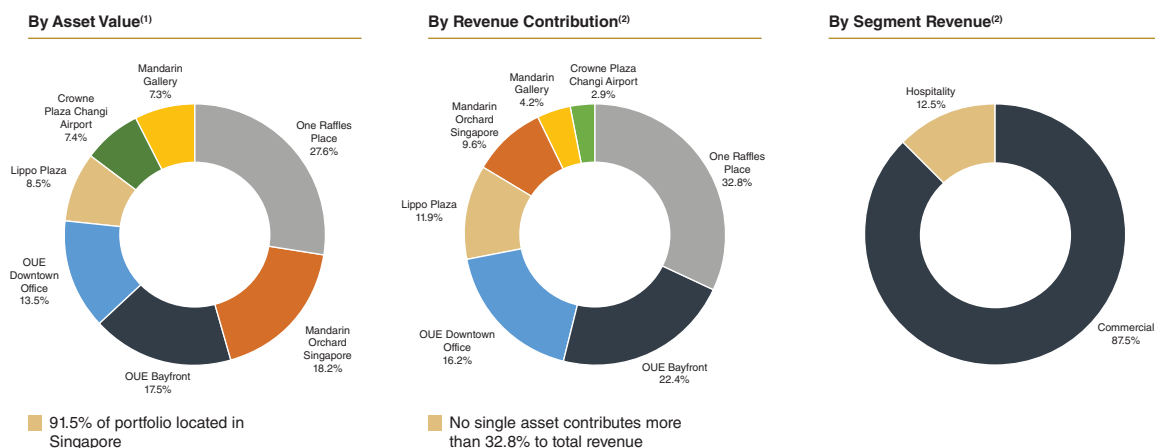
OUE C-REIT's Shanghai portfolio is also in a prime location, allowing it to benefit from Shanghai's dominant position as a major financial and services centre in China. Shanghai continues to be attractive as a location for international business headquarters and Lippo Plaza is strategically located along Huaihai Zhong Road within the established Huangpu business district in downtown Shanghai. Its accessibility to other key commercial areas and proximity to nearby metro stations and major expressways puts it in a position to benefit from China's continued transition to a services-oriented economy. Notwithstanding the weaker short term outlook as a result of a supply increase amidst weaker office demand due to the slowing economy, Shanghai remains an important and attractive regional hub for companies seeking a foothold in China and Asia over the long term.

Diversification and Income Resilience

OUE C-REIT's diverse tenant trade sector profile mitigates concentration risk from any one particular industry, enhancing the resilience of its income streams. The banking, insurance and financial services sector contributed 24.8% to gross rental income while the accounting and consultancy services and the IT, media and telecommunication sectors contributed 12.7% and 6.1% respectively to OUE C-REIT's gross rental income in the financial year ended 31 December 2019. 91.5% of the portfolio assets are located in Singapore and no single asset contributes more than 32.8% to total revenue.

The lease expiry profiles of each of OUE C-REIT's commercial properties are actively managed so as to mitigate the concentration of lease expiries in any given year, ensuring a steady rental income stream for OUE C-REIT. As at 31 December 2019, OUE C-REIT's commercial portfolio's weighted average lease expiry by gross rental income is 2.3 years. The gross rental income due for renewal in 2020 and 2021 for OUE C-REIT's commercial portfolio is 20.2% and 28.3% respectively. With steady demand and given the current tight market vacancy and below-trend supply over the next two years, Singapore CBD Grade A office rents are expected to remain stable. The gross rental income due for renewal in 2021 at OUE Bayfront, One Raffles Place, OUE Downtown Office, and Lippo Plaza is 31.8%, 28.5%, 28.4% and 20.8% respectively.

The following charts illustrate OUE-CT's portfolio composition by asset value, revenue contribution and segment revenue.



Notes:

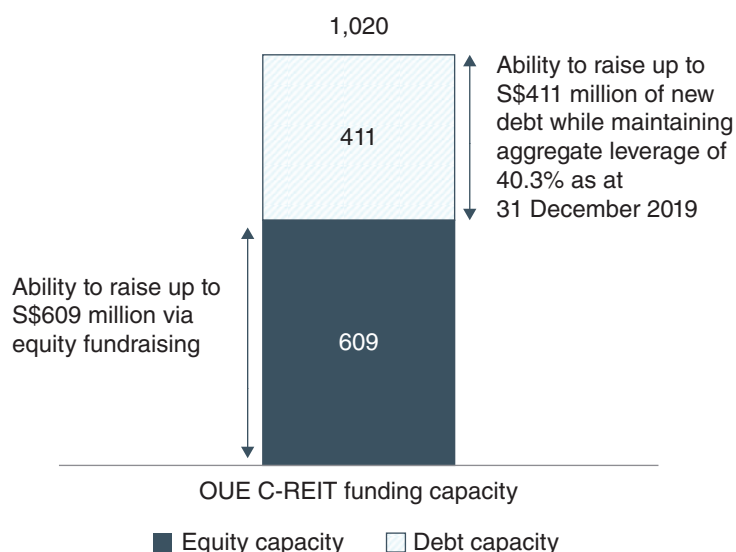
- (1) Based on independent valuations as at 31 December 2019.
- (2) FY2019 revenue for Mandarin Gallery, Mandarin Orchard Singapore and Crowne Plaza Changi Airport is from Merger effective date of 4 September 2019 to 31 December 2020.

Further, OUE C-REIT benefits from hotel master lease arrangements at Mandarin Orchard Singapore and Crowne Plaza Changi Airport that provide S\$67.5 million of minimum rental per annum. Further, OUE C-REIT has an income support from OUE Limited for OUE Downtown Office up to an aggregate amount of S\$60.0 million or until 2023, whichever occurs earlier. Such long term leases and the income support from OUE Limited ensure that OUE C-REIT enjoys a dependable long term source of income.

Enlarged Balance Sheet

OUE C-REIT's enlarged capital base post-merger enables it to undertake larger acquisitions and asset enhancement initiatives. Its enlarged balance sheet also enables it to raise more funds through equity and debt issuances while maintaining an aggregate leverage within the prescribed limits. OUE C-REIT's strong financial position also enables it to better compete for assets by providing more flexibility to seize investment opportunities quickly.

The following chart illustrates OUE C-REIT's enhanced funding capacity. Equity capacity is calculated based on the general issue mandate approved by unitholders, based on approximately 5.4 million units in issue and to be issued and unit closing price of S\$0.565 per unit as at 31 December 2019. Debt capacity is calculated assuming OUE-C-REIT raises S\$411 million in new debt following the equity fundraising.



Strong Sponsor Support

OUE C-REIT's sponsor, OUE Limited (the "**Sponsor**"), is a diversified real estate owner, developer and operator with a real estate portfolio located in prime locations in Asia and the United States. The Sponsor has a proven track record in developing and managing real estate assets across the commercial, hospitality, retail, residential and healthcare sectors.

The Sponsor's commitment to OUE C-REIT is evidenced by the OUE Group's 47.7% stake in OUE C-REIT as of the Latest Practicable Date, and further demonstrated by the right of first refusal ("**ROFR**") more particularly described under the section entitled "*Business and Properties of the Group – Sponsor ROFR*", which provides OUE C-REIT with access to potential future acquisition opportunities used primarily for commercial and hospitality purposes (including real estate used primarily for office and/or retail purposes) in financial and business hubs within and outside of Singapore.

The OUE C-REIT Manager believes OUE C-REIT benefits from Sponsor's experience and track record in pursuing opportunities to undertake acquisitions of assets that provide attractive cash flow and yield relative to OUE C-REIT's weighted average cost of capital, and opportunities for future income and capital growth.

Experienced and Professional REIT Management Team

The directors of the OUE C-REIT Manager collectively have considerable experience in the core competencies, including accounting or finance expertise, business or management expertise, legal expertise, real estate and assets management expertise, industry knowledge and strategic planning expertise.

The OUE C-REIT Manager also employs seasoned professionals who have prior experience in asset management, property development and investment, capital and risk management, project management, marketing, leasing and finance. Each of the Chief Executive Officer, Chief Financial Officer and Head of Asset and Investment Management of the OUE C-REIT Manager possesses over 10 years of experience in his or her respective competencies.

The management of the OUE C-REIT Manager has extensive experience and a strong track record in sourcing, acquiring and financing, commercial and/or commercial-related real estate assets. The management's industry knowledge, relationships and access to market information provide a competitive advantage in identifying, evaluating and acquiring commercial (office and/or retail) and hospitality real estate assets.

STRATEGY

The OUE C-REIT Manager's objective is to generate regular and stable distributions and to achieve long-term sustainable growth while maintaining an optimal capital structure. The OUE C-REIT Manager plans to achieve its objective through the following strategies.

Maximising Operational Performance

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

To support and enhance organic growth, the OUE C-REIT Manager also seeks asset enhancement opportunities where feasible.

Growth Through Quality Acquisitions

The OUE C-REIT Manager aims to pursue investment opportunities in key gateway cities with strong real estate fundamentals and growth potential to provide attractive cash flow and yield which improve future income and capital growth to Unitholders.

OUE C-REIT's ROFR over the Sponsor's income-producing commercial, hospitality and/or integrated development properties provides a pipeline that will enhance its growth profile. For example, OUE C-REIT completed its acquisition from the Sponsor of One Raffles Place in 2015 and OUE Downtown Office in 2018. In addition to sourcing third-party acquisitions on its own, the OUE C-REIT Manager also leverages the Sponsor's experience and network of contacts to source potentially value-adding acquisitions.

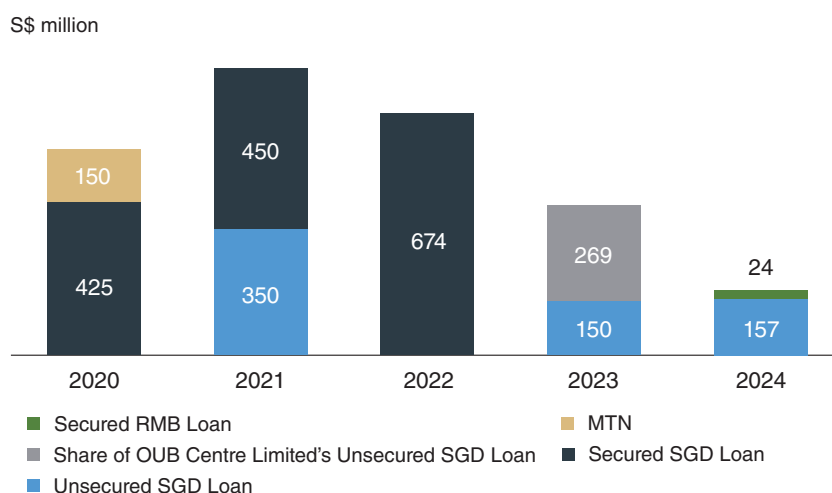
Proactive Capital and Risk Management

The OUE C-REIT Manager adopts a prudent and disciplined capital management strategy and strives to maintain a strong balance sheet. By employing an appropriate combination of debt and equity, the OUE C-REIT Manager seeks to optimise OUE C-REIT's capital structure to deliver regular and stable distributions to Unitholders. As at 31 December 2019, OUE C-REIT's interest coverage ratio was at 3.3 times.

Key objectives of its capital management strategy include optimising the cost of debt financing and managing potential refinancing or repayment risks, as well as ensuring OUE C-REIT has access to diversified funding sources. Appropriate hedging strategies to manage interest rate volatility and foreign exchange exposure are also adopted. As at 31 December 2019 the aggregate leverage of OUE C-REIT was 40.3% with a weighted average cost of debt of 3.4% per annum and 75% of debt on a fixed rate basis.

The OUE C-REIT Manager monitors its financial market risk and capital structure actively as prudent capital management is key for OUE C-REIT's sustainable business. The OUE C-REIT Manager ensures that there is diversity in terms of source of funds, a well-staggered debt maturity profile and a gearing ratio within its target range in order to appropriately manage its financial risk. For example, OUE C-REIT's 2018 refinancing requirements were completed ahead of maturity and on unsecured terms so as to improve financial flexibility. As at 31 December 2019, the average term of fixed rate debt was 1.9 years.

The diagram below illustrates OUE C-REIT's debt maturity profile as at 31 December 2019.



To further enhance OUE C-REIT's financial flexibility, the OUE C-REIT Manager has also successfully obtained unsecured credit facilities to augment available facilities for working capital and funding requirements. As at 31 December 2019, the percentage of unsecured debt of OUE C-REIT was 40.6%. The OUE C-REIT Manager monitors interest rate movements closely and continually evaluates the feasibility of using appropriate levels of interest rate hedges to manage OUE C-REIT's interest rate exposure.

PROPERTY PORTFOLIO

The table below presents certain information about OUE C-REIT's property portfolio.



Premium Portfolio of Assets

								
Description	OUE Bayfront	One Raffles Place	OUE Downtown Office	Lippo Plaza	Mandarin Gallery	Mandarin Orchard Singapore	Crowne Plaza Changi Airport	Total
	Premium Grade A office building located at Collyer Quay between the Marina Bay downtown and Raffles Place	Comprises two Grade A office towers and a retail mall located in Singapore's CBD at Raffles Place	Grade A office space within a mixed-used development with offices, retail and serviced residences at Shenton Way	Grade A commercial building located in Huangpu, one of Shanghai's established core CBD locations	Prime retail landmark on Orchard Road – preferred location for flagship stores of international brands	A world class hospitality icon in Singapore since 1971, MOS is strategically located in the heart of Orchard Road	Located at Singapore Changi Airport and close to Changi Business Park with seamless connectivity to Jewel Changi Airport	NLA: Office: 1,869,003 Retail: 307,561 Overall: 2,176,564 1,640 hotel rooms
Attributable NLA (sq ft)	Office: 378,692 Retail: 21,132	Office: 598,814 Retail: 99,370	Office: 530,487	Office: 361,010 Retail: 60,776	Retail: 126,283	1,077 hotel rooms	563 hotel rooms	
Occupancy ⁽¹⁾	Office: 99.3% Retail: 100.0% Overall: 99.4%	Office: 95.1% Retail: 98.1% Overall: 95.6%	Office: 93.8%	Office: 89.9% Retail: 99.3% Overall: 91.3%	Retail: 98.3%	-	-	Office: 94.6% Retail: 98.5% Overall: 95.2%
Leasehold Tenure	OUE Bayfront & OUE Tower: 99 yrs from 12 Nov 2007 OUE Link: 15 yrs from 26 Mar 2010 Underpass: 99 yrs from 7 Jan 2002	Office Tower 1: 841 yrs from 1 Nov 1985 Office Tower 2: 99 yrs from 26 May 1983 75% of Retail mall: 99 yrs from 1 Nov 1985	99 yrs from 19 July 1967	50 yrs from 2 July 1994	99 yrs from 1 July 1957	99 yrs from 1 July 1957	74 yrs from 1 July 2009	-
Valuation ⁽²⁾	S\$1,181.0m (S\$2,954 psf)	S\$1,862.0m ⁽³⁾ (S\$2,667 psf)	S\$912.0m (S\$1,719 psf)	RMB2,950.0m/ RMB50,409 psm S\$570.5m ⁽⁴⁾ (S\$1,353 psf)	S\$493.0m (S\$3,904 psf)	S\$1,228.0m (S\$1.1m / key)	S\$497.0m (S\$0.9m / key)	S\$6,743.5m

(1) Committed Occupancy as at 31 December 2019
(2) As at 31 December 2019

(3) Based on OUB Centre Limited's 81.54% interest in One Raffles Place. C-REIT has an indirect 83.33% interest in OUB Centre Limited held via its wholly-owned subsidiaries
(4) Based on SGD/CNY exchange rate of 1:5.171 as at 31 December 2019

OUE Bayfront



A landmark commercial development strategically located between the Marina Bay financial district and the established financial hub of Raffles Place, OUE Bayfront comprises OUE Bayfront, a premium office building, and its complementary properties with retail facilities, OUE Tower and OUE Link.

Completed in 2011, OUE Bayfront is an office building in the CBD with 18 floors of premium Grade A commercial space, commanding panoramic views of Marina Bay.

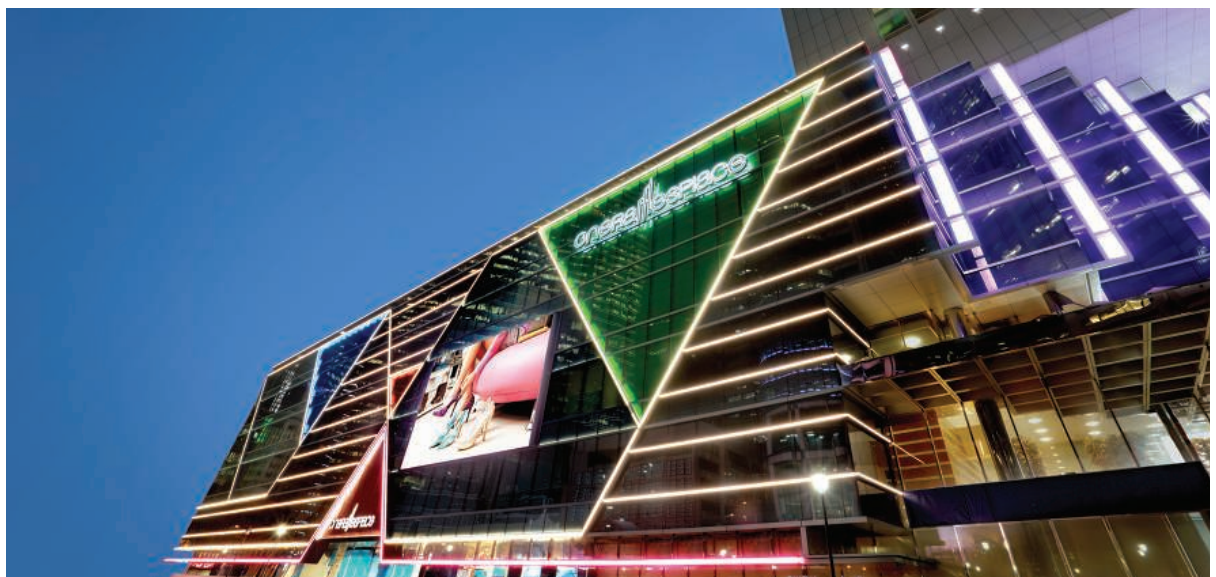
Accorded heritage conservation status for its historical significance, OUE Tower houses one of only two waterfront revolving restaurants in Singapore and the only one in the CBD.

Across the open plaza of OUE Bayfront is OUE Link, an air-conditioned overhead pedestrian bridge with retail shops commanding double frontages, providing convenient and sheltered access to the Raffles Place area.

OUE Bayfront enjoys superb connectivity and accessibility to major transport networks. Other than easy access to the Raffles Place and Telok Ayer MRT stations, the Downtown MRT station is also within walking distance via an underground pedestrian walkway. The property is also a short drive away to major expressways, providing enhanced connectivity to other parts of Singapore.

OUE Bayfront has been awarded the Green Mark Gold Award by the Building and Construction Authority (“**BCA**”) in Singapore.

One Raffles Place



One Raffles Place, comprising One Raffles Place Tower 1, One Raffles Place Tower 2 and One Raffles Place Shopping Mall, is a prominent integrated commercial development with Grade A building specifications strategically located in the heart of Singapore’s main financial district Raffles Place.

One of the tallest buildings in the CBD, One Raffles Place Tower 1 comprises a 62-storey Grade A office building, with an observation deck offering unparalleled views of the city skyline. One Raffles Place Tower 1 is certified with the Green Mark Gold Award by the BCA. One Raffles Place Tower 2 is a 38-storey Grade A office completed in 2012. It was awarded the Platinum Green Mark

Award by the BCA for its energy efficiency and environmentally sustainable design. Projects undertaken by the OUE C-REIT Manager to enhance the marketability of One Raffles Place include carpark upgrading and lift modernisation of the office towers.

Offering a diverse range of shopping, dining and leisure options which cater to the needs of office workers in the CBD, One Raffles Place Shopping Mall is a six-storey retail podium that has undergone extensive refurbishment works which were completed in May 2014. In 2019, the mall completed an asset enhancement initiative which improved circulation areas and created more open retail space on its ground and second floors.

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

OUE Downtown Office



OUE Downtown Office is the Grade A office component of the recently refurbished OUE Downtown mixed-use development which also comprises the Oakwood Premier OUE Singapore serviced residences as well as a six-storey retail mall. Offering approximately 530,000 sq ft of Grade A office space, OUE Downtown Office delivers a superior “work-play-live” environment supported by a full suite of integrated amenities.

Strategically located at Shenton Way, the financial corridor between the Raffles Place and Tanjong Pagar business districts, OUE Downtown Office is home to an established blue-chip tenant base which includes reputable insurance, financial, information and technology, media and telecommunications companies and multinational corporations.

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

The Tanjong Pagar and Downtown MRT stations are within a short walking distance from OUE Downtown Office, providing easy accessibility and connectivity to tenants. Additionally, the Marina Coastal Expressway, East Coast Parkway and Ayer Rajah Expressway are a few minutes’ drive away and provide easy connectivity to other parts of the island.

Lippo Plaza



OUE C-REIT holds a 91.2% share of strata ownership in Lippo Plaza, a 36-storey Grade A commercial building with a retail podium located near the eastern end of Huaihai Zhong Road, within the established Huangpu business district in the Puxi area of downtown Shanghai.

The retail podium at Lippo Plaza was refurbished and repositioned to a prime retail mall in 2010 which is home to renowned international and local brand names, while the refurbishment of the office lobby was completed in 2014.

The Huangpu district is one of the key business districts in Shanghai, attracting multinational corporations, international financial institutions and local Chinese enterprises.

With its unique and varied architectural styles, the Huaihai Road precinct is also an established prime retail area in Shanghai, home to major department stores and shopping malls popular with top-end international designer brands and well-known Chinese brand names, as well as numerous hotels and restaurants.

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

Mandarin Gallery



Mandarin Gallery is a high-end retail mall situated within four levels of Mandarin Orchard Singapore.

Mandarin Gallery features upscale international fashion, lifestyle, services and food and beverage tenants, and has established itself with its differentiated mall offering. The property is situated along Orchard Road between the intersections of Orchard Link and Grange Road, in the heart of Singapore's premier hotel, shopping and entertainment district.

Mandarin Gallery has a wide main frontage of 152 metres along Orchard Road, providing a high degree of visibility. Featuring four duplexes and six street front shop units facing Orchard Road, Mandarin Gallery is a choice location for flagship stores of international brands. Car parking spaces are located in the multi-level carpark and basement levels and are shared with and operated by Mandarin Orchard Singapore.

Mandarin Gallery commenced operations in November 2009 after a S\$200 million renovation that transformed it into a high-end shopping and lifestyle destination. It was officially opened on 28 January 2010. As at 31 December 2019, Mandarin Gallery has a total of 92 tenants. Premium retail brands represented in Mandarin Gallery include Bathing Ape, Bimba Y Lola, Hugo Boss, Max Mara, Michael Kors, Rimowa, Victoria's Secret and Y-3. Approximately 22.0% of Mandarin Gallery's net lettable area is occupied by food and beverage tenants, including the one-Michelin-starred Beni, Ippudo Ramen, Lawry's The Prime Rib, Wild Honey, Tonkatsu by Ma Maison and The Providore.

Mandarin Orchard Singapore





Mandarin Orchard Singapore is a renowned upscale hotel with strong brand recognition given its relatively long history of operations in Singapore since 1971. The hotel is located strategically in the heart of Orchard Road – the core central region of Singapore, which enjoys a strong flow of international tourists, business travellers and locals.

The hotel is easily accessible via public transport, with the Orchard Road area being well-served by a network of major roads and the MRT. Popular tourist destinations such as the Marina Bay Sands and Gardens by the Bay, as well as key business districts such as the CBD and the Marina Bay area, are approximately a 10 to 15-minute drive away. The hotel is also located next to a major medical cluster which includes leading medical facilities such as the Mount Elizabeth Hospital and Paragon Medical Centre. The hotel features 1,077 rooms distributed across two towers and more than 30,000 sq ft of meeting and function space. In early 2017, the hotel completed the renovation of 430 guest rooms in the Main Tower and meeting facilities through reconfiguration of space at the Orchard Wing.

The hotel's food and beverage outlets are popular with both local patrons and tourists. Chatterbox – synonymous with its signature Mandarin Chicken Rice space – was inducted into the Hall of Fame at the Singapore Prestige Brand Award 2016 for achieving the Heritage Brand distinction for five consecutive years. Shisen Hanten by Chen Kentaro, located on level 35 of the hotel's Orchard Wing, is the first foray outside of Japan for the acclaimed Shisen Hanten chain of Sichuan restaurants in Japan. The restaurant was awarded two stars in the Michelin Guide Singapore in 2016, 2017, 2018 and 2019. The accolade makes Shisen Hanten by Chen Kentaro the highest Michelin-rated Chinese restaurant in Singapore for four consecutive years.

Crowne Plaza Changi Airport



Crowne Plaza Changi Airport is a 563-room business hotel managed by the InterContinental Hotels Group.

The global brand name hotel is situated within the vicinity of the passenger terminals of Changi Airport. Crowne Plaza Changi Airport is connected directly to Changi Airport Terminal 3 on both the arrival and departure levels. The hotel is also connected to Jewel Changi Airport via a pedestrian bridge at Terminal 3. The hotel is within a short distance to Changi Business Park, Loyang Business Park and Singapore Expo, and is connected to the city by expressway and MRT.

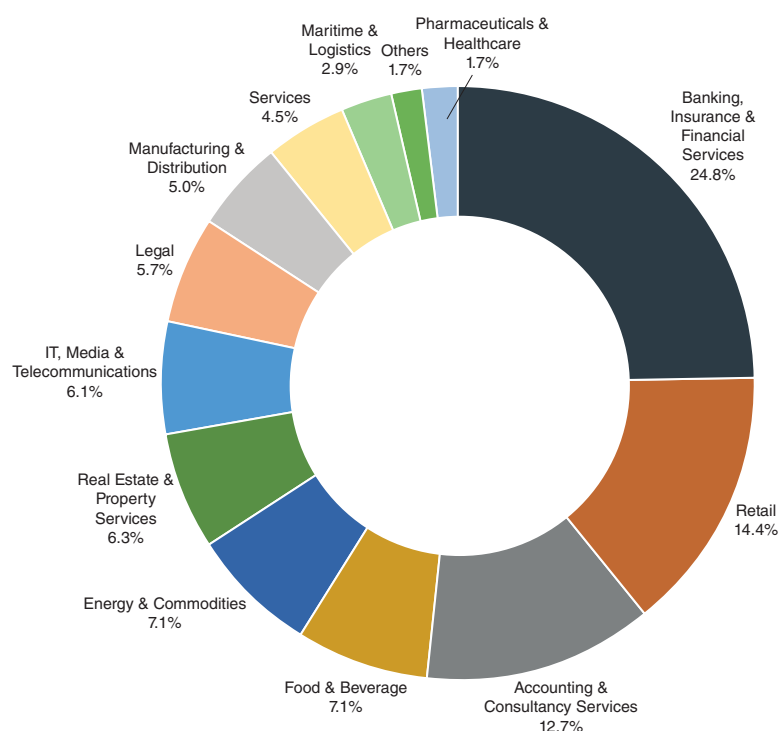
As an airport hotel, its guest rooms are designed and built to be insulated from noise from the airport runway, aircraft operations and the surrounding highway. The hotel has also incorporated sustainable approaches into its design. The facade screen was conceptualised as three-dimensional lace screens that provide shade and texture for guestrooms and public spaces, and a sense of peace and tranquility for travellers. The naturally ventilated and lit open-air walkways and the ceiling to floor glass windows in the guestrooms, which allow natural light into the room foyer and bathroom, also help to reduce energy consumption.

The hotel has four food and beverage outlets and six meeting rooms, including a ballroom. Facilities at the hotel include an outdoor landscaped swimming pool, a fitness centre, a spa and a business centre.

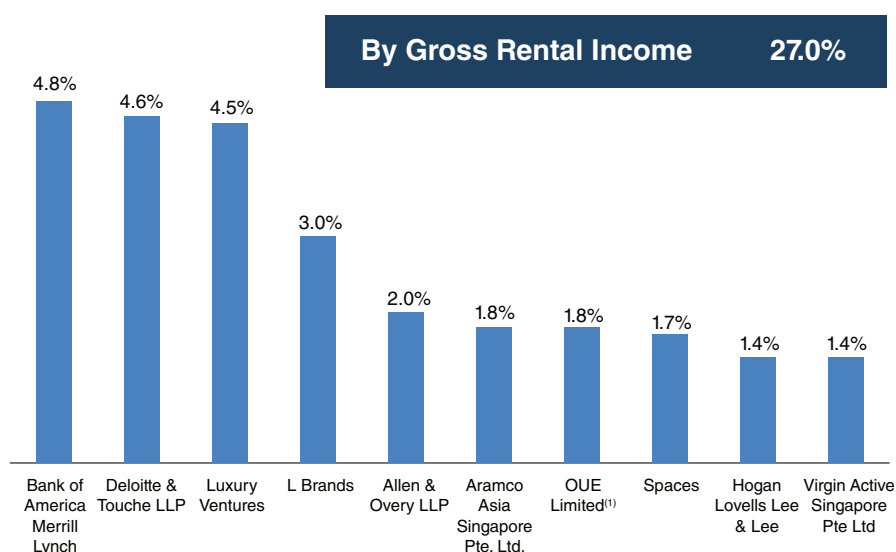
The hotel has been recognised as the “World’s Best Airport Hotel” for five consecutive years from 2015 to 2019 by Skytrax World Airport Awards.

LEASE PROFILE

OUE C-REIT’s tenant trade sector mix by gross rental income for commercial segment as at 31 December 2019 is illustrated below:



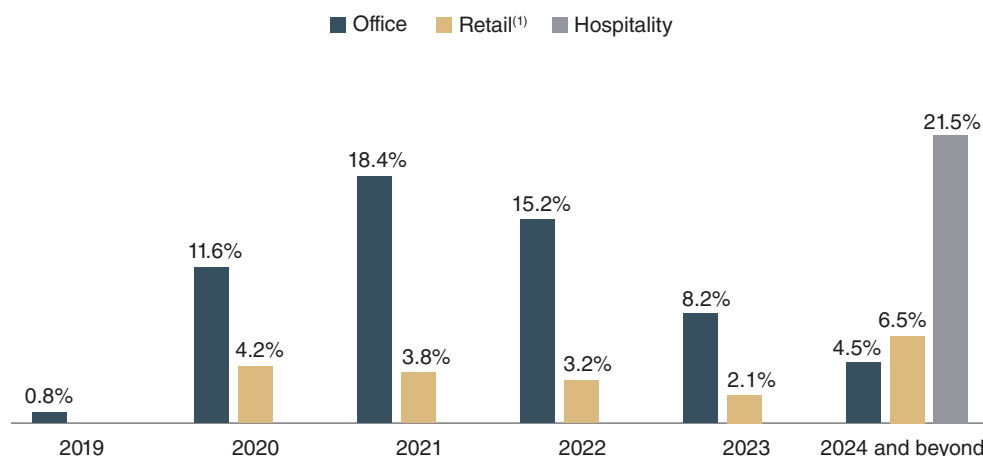
The top ten tenants by gross rental income as at 31 December 2019 are set forth below:



Note:

- (1) Including the hotel master lease arrangements for Mandarin Orchard Singapore and Crowne Plaza Changi Airport, where OUE Limited is the master lessee, OUE Limited’s contribution to the portfolio by gross rental income is 31.2%.

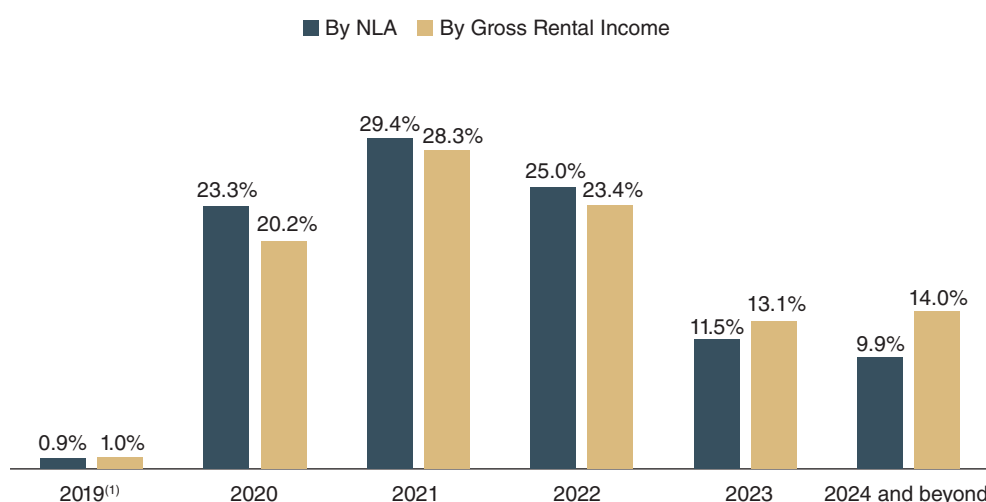
The chart below shows the lease expiry profile of OUE C-REIT's portfolio by segment, as at 31 December 2019. The weighted average lease term to expiry by gross rental income is 3.6 years.



Note:

(1) Retail includes Mandarin Gallery and all other retail components within the portfolio.

The chart below shows the lease expiry profile of the commercial portfolio by net lettable area and gross rental income, as at 31 December 2019. The weighted average lease term to expiry by net lettable area is 2.1 years and 2.3 years by gross rental income.



Note:

(1) As at 31 December 2019, leases expiring on 31 December 2019 contributing 0.9% of commercial portfolio lettable area and 1.0% of commercial portfolio gross rental income had not been renewed.

SPONSOR ROFR

The Sponsor has granted a ROFR to OUE C-REIT over 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, for so long as (a) the OUE C-REIT Manager or any of its related corporations remains the manager of OUE C-REIT, (b) OUE Limited and/or any of its related corporations, alone or in aggregate, remains as a controlling shareholder of the OUE C-REIT Manager and (c) OUE Limited and/or any of its related corporations, alone or in aggregate, remains as a controlling unitholder of OUE C-REIT. This ROFR does not cover retail and/or commercial assets which are either complementary to or

adjoining hospitality assets which are owned by OUE H-Trust or which OUE H-Trust has committed to buy, as these assets are the subject of a separate ROFR which OUE Limited has granted to OUE H-Trust.

The Sponsor has also granted a ROFR to OUE H-Trust over completed income-producing real estate used primarily for hospitality and/or hospitality-related purposes, for so long as (a) OUE Hospitality REIT Management Pte. Ltd. or any of its related corporations remains the manager of H Sub-Trust; (b) OUE Hospitality Trust Management Pte. Ltd. or any of its related corporations remains the trustee-manager of H-BT; (c) OUE Limited and/or any of its related corporations, alone or in aggregate, remains as a controlling shareholder of the manager of H Sub-Trust and of the trustee-manager of H-BT and (d) OUE Limited and/or any of its related corporations, alone or in aggregate, remains as a controlling unitholder of H Sub-Trust and H-BT. Following OUE C-REIT's acquisition of OUE H-Trust, the OUE C-REIT Manager, a related corporation of OUE Hospitality REIT Management Pte. Ltd., has become the manager of H Sub-Trust so OUE H-Trust continues to enjoy the ROFR.

INSURANCE

OUE C-REIT is in compliance with its obligations to insure its properties under the Property Funds Appendix.

THE MANAGER AND CORPORATE GOVERNANCE

MANAGEMENT

The OUE C-REIT Manager, OUE Commercial REIT Management Pte. Ltd., was incorporated in Singapore under the Companies Act on 4 October 2013. It has an issued and paid-up capital of S\$1,000,000. Its registered office is located at 50 Collyer Quay #04-08, OUE Bayfront, Singapore 049321. The OUE C-REIT Manager is a wholly-owned subsidiary of OUE Limited.

The OUE C-REIT Manager's board of directors (the "**Board**") is entrusted with the responsibility for the overall management of the OUE C-REIT Manager. The OUE C-REIT Manager's executive officers are entrusted with the responsibility for the daily operations of the OUE C-REIT Manager. The following table sets forth information regarding the directors and executive officers of the OUE C-REIT Manager.

Name	Position
Mr. Lee Yi Shyan	Chairman and Non-Independent Non-Executive Director
Mr. Christopher James Williams	Deputy Chairman and Non-Executive Non-Independent Director
Mr. Loh Lian Huat	Lead Independent Non-Executive Director
Mr. Liu Chee Ming	Independent Non-Executive Director
Mr. Ong Kian Min	Independent Non-Executive Director
Ms. Usha Ranee Chandradas	Independent Non-Executive Director
Ms. Tan Shu Lin	Chief Executive Officer and Executive Director
Mr. Lionel Chua	Chief Financial Officer
Mr. Philip Mah	Vice President, Asset and Investment Management
Ms. Elaine Cheong	Senior Vice President, Investor Relations
Ms. Natalie Wong	Head of Treasury and Corporate Finance

Mr. Lee Yi Shyan was appointed as the Chairman and Non-Independent Non-Executive Director of the Board of OUE C-REIT Manager on 17 September 2019.

Mr. Lee joined OUE Limited as an executive adviser to the chairman of OUE Limited in January 2016. He is the chairman of OUE Lippo Healthcare Limited and OUE USA Services Corp. In addition, Mr. Lee is the chairman and director of ICE Futures Singapore Pte. Ltd. He is currently the adviser of Keppel Corporation Limited, and director of Sino-Singapore Tianjin Eco-City Investment and Development Co., Ltd.

Mr. Lee is the chairman of Business China in the non-profit organisation sector. Business China's mission is to nurture an inclusive bilingual and bicultural group of Singaporeans through extensive use of the Chinese language as the medium of communication, so as to sustain Singapore's multi-cultural heritage, and to develop a cultural and economic bridge linking the world and China.

Mr. Lee was the chairman and non-independent non-executive director of the board of directors of OUE Hospitality REIT Management Pte. Ltd. ("**OUEHRM**").

Prior to joining OUE Limited, Mr. Lee was Singapore's Senior Minister of State for the Ministry of National Development, Ministry of Trade & Industry and Ministry of Manpower. Mr. Lee had

extensive interactions with governments and businesses in China, the Middle East, Africa and Russia and oversaw urban planning, construction productivity development and town council management. Mr. Lee is currently an elected member of parliament in Singapore for the East Coast group representation constituency.

Prior to his political career, Mr. Lee was the chief executive officer of International Enterprise Singapore, the deputy chief executive officer of SPRING Singapore and held senior operational and staff positions at the Singapore Economic Development Board.

Mr. Lee was honoured with the Distinguished Alumni Award by the Centre for Creative Leadership, North Carolina, USA, in 2009, and the Distinguished Engineering Alumni Award by the Faculty of Engineering, National University of Singapore, in 2013. He was also honoured with the “Jiangsu Province Honorary Resident” title in 2018.

Mr. Christopher James Williams was appointed as the Chairman and Non-Independent Non-Executive Director of the Board of OUE C-REIT Manager on 25 October 2013 and was re-designated as the Deputy Chairman on 17 September 2019. He serves as a member of the Nominating and Remuneration Committee of the OUE C-REIT Manager.

Mr. Williams is a founding partner of Howse Williams, Hong Kong, which he co-founded in 2012 as an independent Hong Kong law firm. Mr Williams was responsible, in particular, for establishing the non-contentious area of the practice. Howse Williams has subsequently grown to become one of the leading independent law firms in Hong Kong. Prior to co-founding Howse Williams, Mr. Williams was from 1994 a partner in Richard Butler, an international law firm which merged with the US law firm Reed Smith in 2008 and was throughout this period based in Hong Kong.

Mr. Williams is presently the deputy chairman and non-executive general counsel of OUE Limited. He was appointed as chairman and non-independent non-executive director of Bowsprit Capital Corporation Limited, the manager of First Real Estate Investment Trust, in October 2018. He has also been a director of OUB Centre Limited since January 2014. Mr. Williams was a non-independent non-executive director of OUEHRM. He was also the chairman of the board of directors of OUEHRM from April 2013 to November 2017.

Mr. Williams specialises in corporate finance, mergers and acquisitions, direct investment and corporate restructurings and reorganisations. He also advises on corporate governance and compliance. His practice encompasses Hong Kong and the Asia Pacific region, particularly Indonesia and Singapore. He has been named in the *Guide to the World's Leading Mergers and Acquisitions Lawyers* as well as the *International Who's Who of Merger and Acquisition Lawyers* as one of the world's top mergers and acquisitions lawyers.

Mr. Williams qualified as a solicitor in England and Wales in 1986 and was admitted as a solicitor in Hong Kong in 1991. He holds a Bachelor of Arts (Honours) in International Relations and Economics from the University of Reading, United Kingdom.

Mr. Loh Lian Huat was appointed as an Independent Non-Executive Director of the Board of OUE C-REIT Manager on 8 January 2014. He serves as Lead Independent Director, and is a member of each of the Audit and Risk Committee and the Nominating and Remuneration Committee of the OUE C-REIT Manager.

Mr. Loh is presently a non-executive director of Gemdale Properties and Investment Corporation Limited (a company listed on the Hong Kong Stock Exchange (“**HKEx**”)), and a non-independent non-executive director of EFA RET Management Pte Ltd, the trustee-manager of EFA Real Economy Trust.

Mr. Loh was previously the executive director and managing partner of Silkrouteasia Asset Management Pte. Ltd., a joint venture company with New Silkroutes Capital Pte. Ltd. and Global Advisory & Investments Pte. Ltd.. He was also previously the chief executive officer of Silkrouteasia Capital Partners Pte Ltd, an investment advisory, asset management and direct real estate investments firm. Prior to joining Silkrouteasia Capital Partners Pte Ltd in 2011, he was with MEAG Pacific Star Asset Management Pte Ltd, where his last held position was senior vice president, Asset Management. From 2000 to 2005, Mr. Loh was with GIC Real Estate Pte Ltd, where his last held position was vice president, Asset Management.

Mr. Loh holds a Bachelor of Science in Mechanical Engineering from the National Defense Academy, Japan, and a Master of Science degree in Defence Technology from the Royal Military College of Science, United Kingdom.

Mr. Liu Chee Ming was appointed as an Independent Non-Executive Director of the Board of OUE C-REIT Manager on 17 September 2019. He serves as the Chairman of the Audit and Risk Committee of the OUE C-REIT Manager.

Mr. Liu has been a member of the Takeovers Appeal Committee under the Hong Kong Securities and Futures Commission since May 1995, and the deputy chairman of the Takeovers and Mergers Panel since April 2008, where his duties include reviewing mergers and acquisition cases and dealing with the relevant appeals. He is currently a governor and deputy chairman of the Singapore International School (Hong Kong) since May 2006 and March 2019 respectively.

Mr. Liu is currently the managing director of Platinum Holdings Company Limited, which he established in March 1996, and oversees its stock broking, corporate finance and asset management business. He has been appointed as an independent non-executive director of STT GDC Pte. Ltd. since October 2015. Mr. Liu was also appointed as an independent non-executive director of DBS Bank (Hong Kong) Limited in June 2018, and as a member of the Listing Review Committee of The Stock Exchange of Hong Kong Limited in July 2019. He is also a council member of the corporate advisory council of Hong Kong Securities and Investment Institute since May 2016.

Mr. Liu Chee Ming was an independent director of the board of directors of OUEHRM. He was also a member of the audit and risk committee of OUEHRM.

Mr. Liu also served on the board of directors of StarHub Ltd (a company listed on the SGX-ST) from August 2004 to April 2018. He has also been a member of the President's Advancement Advisory Council of the National University of Singapore from March 2010 to November 2017. He also served as an independent non-executive director of Haitong Securities Co., Ltd (a company listed on the Hong Kong and Shanghai stock exchanges) from November 2011 to June 2019, and as an independent supervisor of the supervisory committee of Dalian Wanda Commercial Properties Co., Ltd (a company which was listed on the HKEx and privatised in September 2016) from May 2015 to March 2019.

Mr. Liu holds a Bachelor's degree in Business Administration from the former University of Singapore.

Mr. Ong Kian Min was appointed as an Independent Non-Executive Director of the Board of OUE C-REIT Manager on 17 September 2019. He is the Chairman of the Nominating and Remuneration Committee of the OUE C-REIT Manager, and also serves as a member of the Audit and Risk Committee of the OUE C-REIT Manager.

Mr. Ong was an advocate and solicitor and practised as a consultant with Singapore law firm Drew & Napier LLC from October 2000 until March 2019. He was called to the Bar of England and Wales in 1988 and to the Singapore Bar the following year. In his more than 25 years of legal

practice, he focused on corporate and commercial law such as mergers and acquisitions, joint ventures, restructuring and corporate finance. In addition to his legal practice, he is a senior adviser of Alpha Advisory Pte Ltd, a boutique financial and corporate advisory firm, which he joined in January 2010. He is also the founder of Kanesaka Sushi Private Limited, a company which he set up in January 2010 and now owns and operates two fine dining Japanese restaurants in Singapore.

Mr. Ong is currently an independent non-executive director of four other companies listed on the SGX-ST, namely BreadTalk Group Limited, Food Empire Holdings Limited, Penguin International Limited and Silverlake Axis Ltd, where he is also the lead independent director and chairs the audit committees of all four of these listed companies.

Mr. Ong was an independent director of the board of directors of OUEHRM. He was also the chairman of the nominating and remuneration committee of OUEHRM, and also served as a member of the audit and risk committee of OUEHRM.

Mr. Ong was the chairman and independent non-executive director of Hupsteel Limited from 2003 to 2017, and an independent non-executive director of (i) China Energy Limited from September 2008 until its delisting from the SGX-ST in November 2014, (ii) GMG Global Ltd from November 1999 until January 2017 following its delisting from the SGX-ST and (iii) Jaya Holdings Limited from December 2012 until its members' voluntary winding-up and liquidation in February 2018.

Mr. Ong was an elected member of parliament in Singapore from January 1997 to April 2011. In 1979, he was awarded the President's Scholarship and the Singapore Police Force Scholarship. He holds a Bachelor of Laws (Honours) external degree from the University of London in England and a Bachelor of Science (Honours) degree from the Imperial College of Science & Technology, England.

Ms. Usha Ranee Chandradas was appointed as an Independent Non-Executive Director of the Board of OUE C-REIT Manager on 8 November 2017. She serves as a member of the Audit and Risk Committee of the OUE C-REIT Manager.

Ms. Chandradas is currently a partner of (Plu)ral Art LLP, an arts publishing entity which operates and manages a Singapore-based digital art magazine.

Prior to the founding of (Plu)ral Art LLP, Ms. Chandradas spent 12 years as a Singapore tax lawyer, with stints in IRAS and Allen and Gledhill LLP, one of the largest and leading law firms in Singapore. As a legal officer in IRAS, she rendered opinions on tax advisory matters across all tax types and represented the authority in civil and criminal tax litigation relating to corporate and personal income tax, goods and services tax and property tax. She also worked with IRAS' Tax Policy and International Tax Division, handling tax policy issues, advance rulings, international tax matters, Singapore Government Budget changes and the drafting of tax legislation. Ms. Chandradas' last held position was as a partner in the tax practice group of Allen and Gledhill, where she advised local and multinational clients on Singapore taxation with regard to tax-efficient corporate structures for funds, regional investments, mergers and acquisitions, corporate restructuring, tax compliance and regulatory matters. She also assisted clients in negotiating and resolving tax disputes, and in seeking advance rulings and clearances from IRAS and the Monetary Authority of Singapore.

Ms. Chandradas has served as a Council Member of the Law Society of Singapore and is a co-author of the LexisNexis Annotated Statutes of Singapore Income Tax Act & Economic Expansion Incentives (Relief from Income Tax) Act. She presently serves as adjunct faculty in the Singapore Management University's School of Law and as a part-time lecturer at the Nanyang Technological University's Nanyang Business School (Centre of Excellence International Trading). She is also a member of each of the corporate legal aid committee (Project Law Help) and finance

committee of the Pro Bono Services Office, Law Society of Singapore, a member of the International Monetary Fund's Panel of Experts (Tax-Legal) and a member of the grant committee and the founding donor of the Chandra Das Endowment Fund.

She qualified as an advocate and solicitor of the Supreme Court of Singapore in 2004 and holds an LLB degree from the University of London, King's College. She also holds a Master of Professional Accounting degree from the Singapore Management University and is a Chartered Accountant of Singapore. She is an Accredited Tax Specialist – Income Tax, with the Singapore Institute of Accredited Tax Professionals. She pursued her undergraduate degree in the University of London as a scholar of IRAS, having been awarded an IRAS Undergraduate Scholarship for the study of Law in the United Kingdom. Ms. Chandradas also holds a Master's degree in Asian Art Histories from the University of London, Goldsmith's College, awarded by LASALLE College of the Arts Singapore.

Ms. Tan Shu Lin was appointed as Executive Director of the Board of OUE C-REIT Manager on 31 October 2013. As Chief Executive Officer, she is responsible for the strategic management, growth and operation of OUE C-REIT. She works with the Board to determine OUE C-REIT's business strategies and plans, and with the management team to ensure that such strategies are executed accordingly.

Ms. Tan has extensive experience in corporate finance, investments, mergers and acquisitions, and financial management, with more than 18 years of experience in direct real estate investments and fund management. Prior to joining the OUE C-REIT Manager, she was with Ascendas Funds Management Pte Ltd, the manager of Ascendas REIT ("**A-REIT**"), where, as head, Singapore Portfolio and head, Capital Markets and Transactions, she had overall strategic direction, as well as operational and capital structure responsibilities for A-REIT's portfolio. She was also responsible for formulating and executing appropriate strategies to meet A-REIT's funding requirements, as well as managing investor relations.

From 2007 to 2008, Ms. Tan was with the wealth management division of UBS as director, Real Estate Investment Management. Prior to that, she was with Ascendas Pte Ltd, where she held various positions engaged in sourcing and structuring potential investment opportunities, as well as exploring and evaluating property fund management opportunities. Ms. Tan started her career with various banks where her responsibilities included advising companies on capital market transactions and other fund-raising exercises.

Ms. Tan holds a Bachelor of Arts (First Class Honours) in Economics from the University of Portsmouth, United Kingdom, and is also a Chartered Financial Analyst.

Mr. Lionel Chua is the Chief Financial Officer of the OUE C-REIT Manager and is responsible for OUE C-REIT's financial management functions.

He oversees all matters relating to financial reporting and controls, treasury and tax. He is also responsible for evaluating investment opportunities, fund raising activities, risk management and compliance matters.

He has more than 20 years of working experience and has previously held positions in various listed companies in Singapore. Prior to joining the OUE C-REIT Manager, Mr. Chua was the Chief Financial Officer of OUEHRM. He also has extensive finance and treasury experience at the Keppel Group and the CapitaLand Group handling financial reporting, financing, cash management, tax and other finance-related matters.

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

Mr. Philip Mah is the Vice President, Asset and Investment Management of the OUE C-REIT Manager.

Mr. Mah has more than 14 years of working experience in real estate asset and investment management, corporate finance, mergers and acquisitions, and fund management. He had previously been with OUE for nine years and was responsible for real estate investment, asset management and portfolio management. His last held position at OUE was Assistant Vice President (Asset and Investment Management).

Prior to joining the OUE C-REIT Manager, Mr. Mah was an Investment Director at RGE Pte Ltd and was responsible for real estate investments in China. He has also held positions at Alpha Investment Partners, Food Junction, KPMG Corporate Finance and ST Electronics (Info-Software Systems).

Mr. Mah holds a Bachelor of Business Management (Cum Laude), majoring in Finance from the Singapore Management University, and is also a Chartered Financial Analyst.

Ms. Elaine Cheong is the Senior Vice President, Investor Relations of the OUE C-REIT Manager.

She is responsible for the investor relations function of the OUE C-REIT Manager and is in charge of conducting effective communication, as well as building and maintaining good relations with the investment and research community.

Ms. Cheong has more than 15 years of experience in real estate and finance in Singapore. Prior to joining the OUE C-REIT Manager, Ms. Cheong was a senior equities research analyst with Macquarie Capital Securities from 2006 to 2012, covering the Singapore real estate sector with principal responsibility over the REITs listed on SGX-ST. She was involved in the initial public offering and secondary equity issuances of various REITs, in addition to initiating research and recommending investment ideas in the sector to institutional investors.

From 2004 to 2006, Ms. Cheong was with Jones Lang LaSalle where her last held position was financial analyst, Commercial Markets, during which she advised multi-national clients on corporate real estate strategy in terms of lease restructuring, acquisitions and disposals. She started her career with PricewaterhouseCoopers LLP Singapore as an external auditor in 2002.

Ms. Cheong holds a Bachelor of Accountancy degree from Nanyang Technological University, Singapore.

Ms. Natalie Wong is the Head of Treasury and Corporate Finance of the OUE C-REIT Manager.

She is responsible for OUE C-REIT's financial management functions. She oversees all matters relating to treasury, financial reporting and controls, tax and risk management.

Ms. Wong has over 16 years of treasury, finance and accounting experience. Prior to joining the OUE C-REIT Manager, she was head of Treasury with Mapletree Logistics Trust Management Ltd, the manager of Mapletree Logistics Trust, responsible for capital management and corporate finance functions from 2008 to October 2016.

Previously, Ms. Wong worked in transactions advisory in PricewaterhouseCoopers LLP handling cross-border deals as well as mergers and acquisitions. She also has extensive finance and treasury experience as finance manager at Honeywell International Inc. and Zagro Asia Limited in Singapore handling financial reporting, financing, cash management, tax and other finance-related matters. Ms. Wong also has audit experience with KPMG Singapore.

Ms. Wong holds a Bachelor of Accountancy degree from Nanyang Technological University, Singapore. She is a non-practising member of the Institute of Singapore Chartered Accountants.

OUE C-REIT MANAGER

Roles and Responsibilities

The OUE C-REIT Manager has general powers of management over the assets of OUE C-REIT. The OUE C-REIT Manager's main responsibility is to manage OUE C-REIT's assets and liabilities for the benefit of unitholders. The OUE C-REIT Manager sets the strategic direction of OUE C-REIT and gives recommendations to the OUE C-REIT Trustee on the acquisition, divestment and/or enhancement of assets of OUE C-REIT in accordance with its stated investment strategy. The OUE C-REIT Manager is also responsible for managing all the tax affairs of OUE C-REIT including the appointment of advisors and ensuring OUE C-REIT complies with all tax requirements.

The OUE C-REIT Manager prepares property plans on a regular basis, which may contain proposals and forecasts on gross revenue, capital expenditure, sales and valuations, explanations of major variances to previous forecasts, written commentary on key issues and any relevant assumptions.

The OUE C-REIT Manager may, in managing OUE C-REIT and in carrying out and performing its duties and obligations under the OUE C-REIT Trust Deed, with the written consent of the OUE C-REIT Trustee, appoint such person to exercise any or all of its powers and discretions and to perform all or any of its obligations under the OUE C-REIT Trust Deed, provided always that the OUE C-REIT Manager shall be liable for all acts and omissions of such persons as if such acts and omissions were its own.

The OUE C-REIT Manager has currently outsourced the legal, compliance, corporate secretariat, internal audit, risk management and corporate communications functions to OUE Limited. The information technology and systems management function is also outsourced to OUE Limited or a third party service provider.

Retirement or Removal of the OUE C-REIT Manager

The OUE C-REIT Manager has the power to retire in favour of a corporation approved by the OUE C-REIT Trustee.

Also, the OUE C-REIT Manager may be removed by notice given in writing by the OUE C-REIT Trustee if:

- the OUE C-REIT Manager goes into liquidation (except a voluntary liquidation for the purpose of reconstruction or amalgamation upon terms previously approved in writing by the OUE C-REIT Trustee) or a receiver is appointed over its assets or a judicial manager is appointed in respect of the OUE C-REIT Manager;
- the OUE C-REIT Manager ceases to carry on business;
- the OUE C-REIT Manager fails or neglects after reasonable notice from the OUE C-REIT Trustee to carry out or satisfy any material obligation imposed on the OUE C-REIT Manager by the OUE C-REIT Trust Deed;
- the unitholders by an ordinary resolution duly proposed and passed by unitholders present and voting at a meeting of unitholders convened in accordance with the OUE

C-REIT Trust Deed, with no unitholder (including the OUE C-REIT Manager and its related parties) being disenfranchised, vote to remove the OUE C-REIT Manager;

- for good and sufficient reason, the OUE C-REIT Trustee is of the opinion, and so states in writing, that a change of the OUE C-REIT Manager is desirable in the interests of the unitholders provided that where the OUE C-REIT Manager is removed on the basis that a change of the OUE C-REIT Manager is desirable in the interests of the unitholders, the OUE C-REIT Manager has a right under the OUE C-REIT Trust Deed to refer the matter to arbitration. Any decision made pursuant to such arbitration proceedings is binding upon the OUE C-REIT Manager, the OUE C-REIT Trustee and all unitholders; or
- the MAS directs the OUE C-REIT Trustee to remove the OUE C-REIT Manager.

THE PROPERTY MANAGERS

OUE Commercial Property Management Pte. Ltd. has been appointed as property manager of properties owned by OUE C-REIT. OUE Property Management Pte. Ltd. has been appointed as property manager of Mandarin Gallery. The property managers are wholly-owned subsidiaries of OUE Limited.

THE OUE C-REIT TRUSTEE

The trustee of OUE C-REIT is DBS Trustee Limited. The OUE C-REIT Trustee is a company incorporated in Singapore and registered as a trust company under the Trust Companies Act, Chapter 336 of Singapore. It is approved to act as a trustee for authorised collective investment schemes under Section 289(1) of the SFA and is regulated by the MAS. The OUE C-REIT Trustee's registered office is located at 12 Marina Boulevard, Marina Bay Financial Centre Tower 3, Singapore 018982.

THE OUE C-REIT TRUST DEED

The provisions of the SFA and the CIS Code (including the Property Funds Appendix) prescribe certain terms of the OUE C-REIT Trust Deed and certain rights, duties and obligations of the OUE C-REIT Manager, the OUE C-REIT Trustee and unitholders under the OUE C-REIT Trust Deed. The Property Funds Appendix also imposes certain restrictions on REITs in Singapore, including a restriction on the types of investments which REITs in Singapore may hold, a general limit on their level of borrowings and certain restrictions with respect to interested party transactions.

Powers, Duties and Obligations of the OUE C-REIT Trustee

The OUE C-REIT Trustee's powers, duties and obligations are set out in the OUE C-REIT Trust Deed. These powers and duties include:

- acting as trustee of OUE C-REIT and, in such capacity, safeguarding the rights and interests of the unitholders, for example, by satisfying itself that transactions it enters into for and on behalf of OUE C-REIT with a related party of the OUE C-REIT Manager or OUE C-REIT are conducted on normal commercial terms, are not prejudicial to the interests of OUE C-REIT and the unitholders, and in accordance with all applicable requirements under the Property Funds Appendix and/or the Listing Manual relating to the transaction in question;
- holding the assets of OUE C-REIT on trust for the benefit of the unitholders in accordance with the OUE C-REIT Trust Deed; and

- exercising all the powers of a trustee and the powers that are incidental to the ownership of the assets of OUE C-REIT.

In exercising its powers, the OUE C-REIT Trustee may (on the recommendation of the OUE C-REIT Manager) be subject to the provisions of the OUE C-REIT Trust Deed, acquire or dispose of any real or personal property, borrow and encumber any asset.

Subject to the OUE C-REIT Trust Deed and the Property Funds Appendix, the OUE C-REIT Manager may direct the OUE C-REIT Trustee to borrow or raise money or obtain other financial accommodation for the purposes of OUE C-REIT, both on a secured and unsecured basis.

The OUE C-REIT Trustee must carry out its functions and duties and comply with all the obligations imposed on it as set out in the OUE C-REIT Trust Deed, the Listing Manual, the SFA, the CIS Code (including the Property Funds Appendix), the Singapore Code on Take-overs and Mergers, any tax ruling and all other applicable laws and regulations. It must retain OUE C-REIT's assets, or cause OUE C-REIT's assets to be retained, in safe custody and cause OUE C-REIT's accounts to be audited. Pursuant to the OUE C-REIT Trust Deed, it can appoint any custodian, joint-custodian or sub-custodian (including, without limitation, any related party of the OUE C-REIT Trustee) in relation to the whole or any part of OUE C-REIT's assets. It can appoint valuers to value the real estate assets and real estate-related assets of OUE C-REIT.

The OUE C-REIT Trust Deed contains certain indemnities in favour of the OUE C-REIT Trustee under which it will be indemnified out of the assets of OUE C-REIT for liability arising in connection with certain acts or omissions. These indemnities are subject to any applicable laws and regulations.

Retirement and Replacement of the OUE C-REIT Trustee

The OUE C-REIT Trustee may retire or be replaced under the following circumstances:

- The OUE C-REIT Trustee shall not be entitled to retire voluntarily except upon the appointment of a new trustee (such appointment to be made in accordance with the provisions of the OUE C-REIT Trust Deed).
- The OUE C-REIT Trustee may be removed by notice in writing to the OUE C-REIT Trustee by the OUE C-REIT Manager if:
 - o the OUE C-REIT Trustee goes into liquidation (except a voluntary liquidation for the purpose of reconstruction or amalgamation upon terms previously approved in writing by the OUE C-REIT Manager) or if a receiver is appointed over any of its assets or if a judicial manager is appointed in respect of the OUE C-REIT Trustee;
 - o the OUE C-REIT Trustee ceases to carry on business;
 - o the OUE C-REIT Trustee fails or neglects after reasonable notice from the OUE C-REIT Manager to carry out or satisfy any material obligation imposed on the OUE C-REIT Trustee by the OUE C-REIT Trust Deed;
 - o an extraordinary resolution is passed at a unitholders' meeting duly convened and held in accordance with the provisions of the OUE C-REIT Trust Deed, and of which not less than 21 days' notice has been given to the OUE C-REIT Trustee and the OUE C-REIT Manager; or
 - o the MAS directs that the OUE C-REIT Trustee be removed.

Termination of OUE C-REIT

Under the provisions of the OUE C-REIT Trust Deed, the duration of OUE C-REIT shall end on the earliest of:

- such date as may be provided under applicable laws and regulations;
- the date on which OUE C-REIT is terminated by the OUE C-REIT Manager in such circumstances as set out under the provisions of the OUE C-REIT Trust Deed as described below; or
- the date on which OUE C-REIT is terminated by the OUE C-REIT Trustee in such circumstances as set out under the provisions of the OUE C-REIT Trust Deed as described below.

The OUE C-REIT Manager may in its absolute discretion terminate OUE C-REIT by giving notice in writing to all unitholders or, as the case may be, the Depository, and the OUE C-REIT Trustee not less than three months in advance and to the MAS not less than seven days before the termination in any of the following circumstances:

- if any law shall be passed which renders it illegal or in the opinion of the OUE C-REIT Manager impracticable or inadvisable for OUE C-REIT to exist;
- if the net asset value of OUE C-REIT's deposited property shall be less than S\$50.0 million after the end of the first anniversary of the date of the OUE C-REIT Trust Deed or any time thereafter; and
- if at any time OUE C-REIT becomes unlisted after it has been listed.

Subject to the SFA and any other applicable law or regulation, OUE C-REIT may be terminated by the OUE C-REIT Trustee by notice in writing in any of the following circumstances:

- if the OUE C-REIT Manager shall go into liquidation (except a voluntary liquidation for the purpose of reconstruction or amalgamation upon terms previously approved in writing by the OUE C-REIT Trustee) or if a receiver is appointed over any of its assets or if a judicial manager is appointed in respect of the OUE C-REIT Manager or if any encumbrancer shall take possession of any of its assets or if it shall cease business and the OUE C-REIT Trustee fails to appoint a successor manager in accordance with the provisions of the OUE C-REIT Trust Deed;
- if any law shall be passed which renders it illegal or in the opinion of the OUE C-REIT Trustee impracticable or inadvisable to continue OUE C-REIT; and
- if within the period of three months from the date of the OUE C-REIT Trustee expressing in writing to the OUE C-REIT Manager the desire to retire, the OUE C-REIT Manager shall have failed to appoint a new trustee in accordance with the provisions of the OUE C-REIT Trust Deed.

The decision of the OUE C-REIT Trustee in any of the events specified above shall be final and binding upon all the parties concerned but the OUE C-REIT Trustee shall be under no liability on account of any failure to terminate OUE C-REIT pursuant to the paragraph above or otherwise. The OUE C-REIT Manager shall accept the decision of the OUE C-REIT Trustee and relieve the OUE C-REIT Trustee of any liability to it and hold it harmless from any claims whatsoever on its part for damages or for any other relief.

Generally, upon the termination of OUE C-REIT, the OUE C-REIT Trustee shall, subject to the preferred terms of preferred units in issue from time to time, and any authorisations or directions given to it by the OUE C-REIT Manager or the unitholders pursuant to the OUE C-REIT Trust Deed, sell OUE C-REIT's deposited property and repay any borrowings incurred on behalf of OUE C-REIT in accordance with the OUE C-REIT Trust Deed (together with any interest accrued but remaining unpaid) as well as all other debts and liabilities in respect of OUE C-REIT before distributing the balance of the deposited property to the unitholders in accordance with their proportionate interests in OUE C-REIT.

SELECTED CONSOLIDATED FINANCIAL INFORMATION

The following selected consolidated financial information of the Group as at and for the years ended 31 December 2017, 2018 and 2019 has been derived from, and should be read in conjunction with, the Group's audited financial statements and accompanying notes included elsewhere in this Information Memorandum.

The financial information presented for the periods before 4 September 2019, the completion date of OUE C-REIT's acquisition of all the issued and paid-up stapled securities in OUE H-Trust, does not reflect the acquisition or OUE H-Trust's results of operations. The audited consolidated financial statements of OUE H-Trust as at and for the years ended 31 December 2017 and 2018 are included elsewhere in this Information Memorandum.

Selected Statement of Total Return Information:

	Year ended 31 December		
	2019	2018	2017
	(in thousands of \$)		
Revenue	257,329	176,396	176,297
Property operating expenses	(52,378)	(38,209)	(38,111)
Net property income	204,951	138,187	138,186
Other income	17,182	7,189	3,312
Amortisation of intangible assets	(5,298)	(5,286)	(4,452)
OUE C-REIT Manager's management fees	(16,272)	(10,565)	(9,593)
Trustee's fees	(972)	(602)	(557)
Other expenses	(1,874)	(1,877)	(1,692)
Finance income	3,725	3,681	5,997
Finance costs	(71,861)	(51,679)	(49,077)
Net finance costs	(68,136)	(47,998)	(43,080)
Net income	129,581	79,048	82,124
Net change in fair value of investment properties	21,090	71,399	101,617
Total return for the year before tax	150,671	150,447	183,741
Tax expense	(17,448)	(19,734)	(36,058)
Total return for the year	133,223	130,713	147,683
Total return attributable to:			
Unitholders and Convertible Perpetual Preferred Units holder	118,745	117,493	136,310
Non-controlling interests	14,478	13,220	11,373
	133,223	130,713	147,683

Selected Statement of Financial Position Information:

	As at 31 December		
	2019	2018	2017
	(in thousands of \$)		
Non-current assets			
Plant and equipment	270	393	512
Investment properties	6,770,187	4,494,535	3,515,148
Intangible assets	19,167	24,465	4,751
Trade and other receivables	4,139	175	290
	<u>6,793,763</u>	<u>4,519,568</u>	<u>3,520,701</u>
Current assets			
Trade and other receivables	35,020	14,384	12,555
Cash and cash equivalents	59,410	37,074	40,314
Financial derivatives	—	116	—
	<u>94,430</u>	<u>51,574</u>	<u>52,869</u>
Total assets	<u>6,888,193</u>	<u>4,571,142</u>	<u>3,573,570</u>
Non-current liabilities			
Borrowings	2,111,638	1,711,330	748,319
Trade and other payables	48,258	42,400	38,489
Financial derivatives	14,560	7,828	10,705
Deferred tax liabilities	87,928	87,726	84,152
Lease liabilities	24,657	—	—
	<u>2,287,041</u>	<u>1,849,284</u>	<u>881,665</u>
Current liabilities			
Borrowings	575,489	1,992	514,016
Trade and other payables	77,299	65,580	157,268
Financial derivatives	2,751	132	487
Current tax liabilities	16,411	13,429	16,052
Lease liabilities	1,000	—	—
	<u>672,950</u>	<u>81,133</u>	<u>687,823</u>
Total liabilities	<u>2,959,991</u>	<u>1,930,417</u>	<u>1,569,488</u>
Net assets	<u>3,928,202</u>	<u>2,640,725</u>	<u>2,004,082</u>
Represented by:			
Unitholders' funds	3,318,417	2,038,092	1,407,285
Convertible Perpetual Preferred Units holder's funds	361,890	361,890	361,891
	<u>3,680,307</u>	<u>2,399,982</u>	<u>1,769,176</u>
Non-controlling interests	247,895	240,743	234,906
	<u>3,928,202</u>	<u>2,640,725</u>	<u>2,004,082</u>

Selected Statement of Cash Flow Information:

	Year ended 31 December		
	2019	2018	2017
	(in thousands of \$)		
Net cash from operating activities	160,856	132,656	122,022
Net cash used in investing activities	(58,050)	(938,815)	(19,431)
Net cash from/(used in) financing activities	(79,446)	803,456	(91,164)
Net (decrease)/increase in cash and cash equivalents	23,360	(2,703)	11,427
Cash and cash equivalents at beginning of the year	37,074	40,314	29,278
Effect of exchange rate fluctuations on cash held	(1,024)	(537)	(391)
Cash and cash equivalents at end of the year	59,410	37,074	40,314

RISK FACTORS

Before making an investment decision, prospective investors should carefully consider all the information set forth in this Information Memorandum and any documents incorporated by reference herein, including the risk factors set out below.

The risk factors set out below do not describe all the risk factors relating to an investment in the Securities. Additional risk factors which the Issuers and the Guarantor are currently unaware of may also impair the business, assets, financial condition, performance or prospects of each Issuer, the Guarantor, OUE C-REIT or the Group. If any of the following risk factors develop into actual events, the business, assets, financial condition, performance or prospects of each Issuer, the Guarantor, OUE C-REIT and/or the Group, and the ability of each Issuer to comply with its obligations under the Trust Deed and the Securities may be adversely affected and investors may lose all or part of their investment in the Securities.

Headings and sub-headings are for convenience only and investment considerations and risk factors that appear under a particular heading or sub-heading may also apply to one or more other headings or sub-headings.

Limitations of this Information Memorandum

This Information Memorandum does not purport to nor does it contain all information that a prospective investor may require in investigating the Issuers, the Guarantor, the OUE C-REIT Manager, OUE C-REIT or the Group, before deciding to invest in the Securities. Prospective investors should not rely on the information set out herein as the sole basis for any investment decision but should seek appropriate and relevant advice concerning the appropriateness of an investment in the Securities for their particular circumstances.

Neither this Information Memorandum nor any document or information (or any part thereof) delivered or supplied under or in relation to the Programme or the Securities (or any part thereof) is intended to provide the basis of any credit or other evaluation and should not be considered as a recommendation by each Issuer, the Guarantor, the OUE C-REIT Manager, either of the Arrangers or any of the Dealers that any recipient of this Information Memorandum or any such other document or information (or such part thereof) should subscribe for any of the Securities.

A prospective investor should determine for itself the relevance of the information contained in this Information Memorandum and any such other document or information (or any part thereof) and its investment should be, and shall be deemed to be, based solely on its own independent investigation of the financial condition and affairs, and its own appraisal of the creditworthiness of each Issuer, the Guarantor, OUE C-REIT, the OUE C-REIT Manager and their respective subsidiaries and/or associated companies (if any), the terms and conditions of the Securities and any other factors relevant to its decision, including the merits and risks involved. A prospective investor should consult with its legal, tax and financial advisers before making an investment in the Securities.

This Information Memorandum is not, and does not purport to be, investment advice. A prospective investor should invest in the Securities only after it has determined that the investment is suitable for its investment objectives. Determining whether investing in the Securities is suitable is a prospective investor's responsibility, even if the investor has received information to assist it in making such a determination. Each person receiving this Information Memorandum acknowledges that it has not relied on each Issuer, the Guarantor, OUE C-REIT, OUE C-REIT's subsidiaries and/or associated companies (if any), either of the Arrangers, any of the Dealers or any person affiliated with each of them in connection with its investigation of the accuracy or completeness of the information contained herein or of any additional information considered by it to be necessary in connection with its investment decision.

This Information Memorandum contains forward-looking statements. These forward-looking statements are based on assumptions that are subject to uncertainties and contingencies, many of which are outside of the control of the Issuers, the Guarantor, OUE C-REIT or the Group. The forward-looking information in this Information Memorandum may prove inaccurate. Please see the section titled “Forward-Looking Statements”.

RISKS RELATING TO INVESTMENTS IN REAL ESTATE

OUE C-REIT may be adversely affected by economic and real estate market conditions, and changes in regulatory, fiscal and other governmental policies in Singapore, the PRC and other countries where OUE C-REIT’s properties are located.

OUE C-REIT’s properties are in Singapore and Shanghai, which are international financial centres prone to volatility in the banking and financial system. An economic decline in Singapore and/or the PRC could adversely affect OUE C-REIT’s results of operations and growth. The global credit markets have experienced, and may continue to experience, volatility and liquidity disruptions in light of, inter alia, the concerns about the outlook for the economy in China, the exit of the United Kingdom from the European Union, the rise in global trade protectionism, falling oil prices, the interest rate environment in the United States and the trade tensions between the United States and its trading partners (including the European Union and China).

Such events could have an adverse impact on the overall business environment and could adversely affect OUE C-REIT insofar as they result in:

- a negative impact on the ability of the tenants to pay their rents promptly or continue their leases, thus reducing OUE C-REIT’s cash flow;
- an increase in counterparty risk (being the risk of monetary loss which OUE C-REIT may be exposed to if any of its counterparties encounters difficulty in meeting its obligations under the terms of its respective transaction); and/or
- an increased likelihood that one or more of (a) OUE C-REIT’s banking syndicates (if any), (b) banks or insurers providing bankers’ guarantees or performance bonds for the rental deposits or other types of deposits relating to or in connection with OUE C-REIT’s properties or OUE C-REIT’s operations or (c) OUE C-REIT’s insurers may not honour their commitments to OUE C-REIT.

Investments in hospitality, commercial, hospitality-related and commercial-related assets in other countries will expose OUE C-REIT to additional local real estate market conditions. Other real estate market conditions that may adversely affect the performance of OUE C-REIT include the attractiveness of competing commercial-related assets or an oversupply or reduced demand for such commercial-related assets in the countries in which properties owned by OUE C-REIT are located. Further, OUE C-REIT will be subject to real estate laws, regulations and policies because of its property investments in Singapore and the PRC. Measures and policies adopted by the Singapore and PRC governments and regulatory authorities at national, provincial or local levels, such as government control over property investments or foreign exchange regulations, may negatively affect OUE C-REIT’s properties.

OUE C-REIT is exposed to lease expiries with no assurance of renewals or new leases.

As at 31 December 2019, 20.2% of the leases (by gross rental income) for OUE C-REIT’s commercial properties will expire during 2020, while 28.3% and 23.4% (by gross rental income) are expected to expire during 2021 and 2022 respectively, generally reflecting the duration of lease terms in the Singapore and PRC commercial property markets. OUE C-REIT’s properties are exposed to lease cycles in which a significant percentage expire each year.

Vacancies following the non-renewal of leases may lead to reduced occupancy rates. If many tenants do not renew their leases in a year in which a significant percentage of leases expire and such tenants are not replaced promptly and on terms acceptable to the OUE C-REIT Manager, this could materially and adversely affect the business, financial condition and results of operations of OUE C-REIT.

There is no assurance that OUE C-REIT's properties can maintain rental rates at prevailing market rates.

The rental rates of OUE C-REIT's properties will depend upon various factors, including but not limited to prevailing supply and demand conditions and the quality and design of OUE C-REIT's properties. There is no assurance that the OUE C-REIT Manager can procure new leases or renew existing leases at these prevailing market rates. The amount of cash flow available to OUE C-REIT will depend in part on its ability to continue to lease the properties owned by OUE C-REIT on economically favourable terms. OUE C-REIT's cash flow may thus be adversely affected by any significant decline in the rental rates at which OUE C-REIT is able to lease its properties and to renew existing leases or attract new tenants, which may in turn affect OUE C-REIT's business, financial condition and results of operations.

Losing key tenants or a significant number of tenants at any of OUE C-REIT's properties or a downturn in the businesses of key tenants or a significant number of tenants could have an adverse effect on the business, financial condition and results of operations of OUE C-REIT.

OUE C-REIT's financial condition, results of operations and capital growth may be adversely affected by the bankruptcy, insolvency or downturn in the businesses of one or more key tenants or a significant number of tenants at any of OUE C-REIT's properties, and the decision by one or more of these tenants not to renew its lease or terminate its lease before it expires. If key tenants or a significant number of tenants terminate their leases or do not renew their leases at expiry, it may be difficult to secure replacement tenants at short notice. In addition, the rent and the terms on which lease renewals and new leases are agreed may be less favourable than the current leases.

Planned amenities and transportation infrastructure near OUE C-REIT's properties may not be implemented as planned, or may be closed, relocated, terminated or delayed.

There is no assurance that amenities, transportation infrastructure and public transport services near OUE C-REIT's properties will be implemented as planned or will not be closed, relocated, terminated or delayed. If such an event were to occur, it will adversely affect the accessibility and the attractiveness and marketability of the relevant properties to tenants. This may then have an adverse effect on their demand and the rental rates and adversely affect the business, financial condition and results of operations of OUE C-REIT.

OUE C-REIT's properties may require periodic capital expenditure and OUE C-REIT may not be able to secure financing to fund the necessary works.

OUE C-REIT may require periodic capital expenditure for refurbishment, renovation for improvements and development of its properties to remain competitive or be income-producing. OUE C-REIT may not be able to fund capital expenditure solely from cash provided from its operating activities and may not be able to obtain additional equity or debt financing on favourable terms or at all. If OUE C-REIT cannot obtain such financing, the marketability of such property may be affected. Moreover, there is no assurance as to the performance of its properties even after the implementation of these capital expenditures.

OUE C-REIT's assets might be adversely affected if they are not adequately managed or maintained.

Should the OUE C-REIT Manager or the respective property managers of C-REIT's properties fail to provide adequate management and maintenance, the value of OUE C-REIT's assets might be adversely affected and this may cause a loss of tenants or hotel guests, which will adversely affect OUE C-REIT's business, financial condition and results of operations.

Losses or liabilities from latent property or equipment defects may adversely affect earnings and cash flow.

Design, construction or other latent property or equipment defects in OUE C-REIT's properties may require additional capital expenditure, special repair, maintenance expenses, payment of damages or other obligations to third parties. The due diligence on the properties or equipment may not have identified all material defects, breaches of laws, tax liabilities and other deficiencies.

Statutory or contractual representations, warranties and indemnities given by any seller of commercial properties are unlikely to afford satisfactory protection from costs or liabilities arising from such property or equipment defects.

Costs or liabilities arising from such property or equipment defects may involve significant and potentially unpredictable patterns and levels of expenditure which may have a material adverse effect on OUE C-REIT's earnings and cash flows.

OUE C-REIT's properties face intense competition from other properties.

OUE C-REIT's properties are in areas where other competing properties are present and new properties may be developed which may compete with OUE C-REIT's properties.

The income from and the market value of OUE C-REIT's properties will depend on the ability of OUE C-REIT's properties to compete against other properties for tenants or hotel guests. The success of each OUE C-REIT property in its market will largely depend on its ability to brand and compete in areas such as the quality of its facilities, room or rental rates, level of service and service experiences, and brand recognition.

If competing properties are more successful in attracting and retaining tenants or hotel guests, the income from OUE C-REIT's properties could be reduced thereby adversely affecting OUE C-REIT's business, financial condition and results of operations.

Unfavourable economic or competitive conditions may lead to a decline in property valuation.

Unfavourable economic or competitive conditions may affect the occupancy rates of the properties which may in turn materially and adversely affect their valuation. Any indication of impairment in the value of the properties assets may result in an impairment charge that could materially and adversely affect OUE C-REIT's operating results. This may also affect OUE C-REIT's borrowings if financial covenants in OUE C-REIT's financing and other agreements are breached as a result of the decreased valuation.

OUE C-REIT may be adversely affected by the illiquidity of real estate investments.

OUE C-REIT's principal investment strategy of investing, directly or indirectly, in income-producing real estate used primarily for commercial purposes (including real estate used primarily for office and/or retail purposes) in financial and business hubs, and/or hospitality or hospitality-related purposes, as well as real estate-related assets, involves a higher level of risk as compared to a portfolio with a more diverse range of investments.

Real estate investments are relatively illiquid and such illiquidity may affect OUE C-REIT's ability to vary its investment portfolio or liquidate part of its assets in response to changes in economic, property market or other conditions. OUE C-REIT may be unable to sell its assets on short notice or may be forced to give a substantial reduction in the price that may otherwise be sought for such assets to ensure a quick sale. OUE C-REIT may face difficulties in securing timely and commercially favourable financing in asset-based lending transactions secured by real estate due to the illiquid nature of real estate assets. These factors could have an adverse effect on OUE C-REIT's financial condition and results of operations.

The appraisals of OUE C-REIT's properties are based on various assumptions and the price at which OUE C-REIT can sell a property in future may be lower than the initial acquisition value of the property.

OUE C-REIT is required under the Property Funds Appendix to value its property portfolio at least once every financial year. Property valuations generally include a subjective determination of certain factors relating to the relevant properties, such as their relative market positions, their financial and competitive strengths and their physical conditions. There can be no assurance that the assumptions relied on are accurate measures of the market, and the values of OUE C-REIT's properties may be evaluated inaccurately. The valuers engaged by OUE C-REIT from time to time may have included a subjective determination of certain factors relating to OUE C-REIT's properties such as their relative market positions, financial and competitive strengths, and physical condition and accordingly, their valuation of OUE C-REIT's properties may be subjective. The valuation of any of OUE C-REIT's properties does not guarantee a sale price at that value or higher. The price at which OUE C-REIT may sell a property may be lower than its purchase price.

Further, general property prices are subject to the volatilities of the property market and there can be no assurance that OUE C-REIT will not be required to make a downward revaluation of the properties owned by it in the future. Any fall in OUE C-REIT's gross revenue or net property income will result in a downward revaluation of its properties. Downward revaluations could negatively impact OUE C-REIT's gearing, which could in turn trigger a default under certain loan covenants and/or impact OUE C-REIT's ability to refinance its existing borrowings or secure additional borrowings.

In addition, OUE C-REIT is required to measure investment properties at fair value at each balance sheet date and any change in the fair value of the investment properties is recognised in the statements of total return. Changes in fair value may have an adverse effect on OUE C-REIT's financial results for the financial year if there is a significant decrease in the valuation of OUE C-REIT's investment properties which results in revaluation losses that are recognised in its statements of total return.

OUE C-REIT may suffer material losses in excess of insurance proceeds or OUE C-REIT may not put in place or maintain adequate insurance in relation to OUE C-REIT's properties and its potential liabilities to third parties.

OUE C-REIT's properties face the risk of suffering physical damage caused by fire, terrorism, acts of God such as natural disasters or other causes, as well as potential public liability claims, including claims arising from the operations of OUE C-REIT's properties. There is no assurance that OUE C-REIT's insurance policies against risks arising from its business activities could prove to offer sufficient coverage in individual cases of damages, losses or liability claims.

In addition, certain types of risks (such as war risk and losses caused by the outbreak of contagious diseases, contamination or other environmental breaches) may be uninsurable or the cost of insurance may be prohibitive when compared to the risk. Should an uninsured loss or a loss in excess of insured limits occur, OUE C-REIT could have to pay compensation and/or lose capital invested in the affected property and anticipated future revenue from that property as it

may not be able to rent out or sell the affected property. OUE C-REIT will also be liable for any debt or other financial obligations related to that property. No assurance can be given that material losses in excess of insurance proceeds will not occur.

It is also uncertain whether OUE C-REIT can continue to obtain suitable insurance coverage for all business risks on economically acceptable terms. Insurance companies might stop providing coverage under comprehensive/third-party liability insurance policies for certain risks associated with terrorist attacks, war or other hostile actions at commercially acceptable terms or may suspend such insurance entirely. Any such development could adversely affect OUE C-REIT's revenues, results of operations and financial condition.

OUE C-REIT may suffer losses and be liable for the damage suffered by third parties because of contamination or other environmental issues if contaminants are found on the land on which OUE C-REIT's properties or other assets of OUE C-REIT are located.

OUE C-REIT's properties and other assets acquired by OUE C-REIT may be affected by contamination or other environmental issues which may not previously have been identified and/or rectified during acquisition or which may occur after acquisition. The properties owned by OUE C-REIT may contain, or their operations may utilise, certain material, processes or installations which are regulated pursuant to various environmental laws, including those relating to air pollution control, water pollution control, waste disposal and noise pollution control, or may require environmental permits from regulatory authorities. These laws often impose liability without regard to whether the owner or operator knew of, or was responsible for, the release or presence of the hazardous substances.

This gives rise to several risks, including:

- the risk of prosecution by environmental authorities;
- the requirement for unbudgeted additional expenditure to remedy such issues;
- the adverse impact on the operations at the affected property which may in turn adversely affect the revenue of OUE C-REIT; and
- the adverse impact on the value of the affected property.

OUE C-REIT may be liable to bear the costs of remedying or removing such contamination and there is no guarantee that OUE C-REIT can recover such costs from other parties which might have contributed to or are responsible for such contamination.

The costs of removal or remediation of such substances could also be substantial. There is no assurance that potential environmental liability does not exist or will not arise in the future. The presence of contamination or hazardous substances on the properties owned by OUE C-REIT could adversely affect OUE C-REIT's ability to lease or sell such properties or to borrow using these properties as collateral, and OUE C-REIT may be required to incur unbudgeted capital expenditure to remedy the issues, which could have a material adverse effect on OUE C-REIT's business, financial condition, results of operations, and prospects. This may in turn affect the Issuers' ability to fulfil its payment obligations under the Securities.

Possible damage as a result of surrounding construction works.

Ground movements from surrounding construction works in the vicinity may cause damage to the properties, notwithstanding any safety measures put in place. Moreover, such activities may affect the shopper traffic at the properties. Any expenditure required for the inspection, repair and maintenance of the properties if such damage occurs may have an adverse effect on OUE C-REIT's financial condition and results of operations.

OUE C-REIT's business, financial condition and results of operations may be adversely affected by increases in property expenses and other operating expenses.

OUE C-REIT's business, financial condition and results of operations could be adversely affected if property expenses and other operating expenses increase without a corresponding increase in revenue. Factors that could lead to an increase in expenses include, but are not limited to:

- increases in property tax assessments and other statutory charges;
- changes in statutory laws, regulations or government policies which increase the cost of compliance with such laws, regulations or policies;
- changes in direct or indirect tax policies, laws or regulations;
- increases in sub-contracted service costs;
- increases in labour costs;
- increases in repair and maintenance costs;
- increases in the rate of inflation;
- defects affecting, or environmental pollution in connection with, OUE C-REIT's properties which need to be rectified, leading to unforeseen capital expenditure;
- increases in insurance premiums;
- increases in cost of utilities; and
- increases in the OUE C-REIT Manager's management fee, the property managers' fees, the OUE C-REIT Trustee's fee and other trust expenses.

There can be no assurance that, if property and other operating expenses increase, such increases will not have a significant impact on OUE C-REIT's financial condition and total returns.

Property operation costs and expenses of OUE C-REIT's properties may not decrease even if occupancy declines.

OUE C-REIT's properties are continuously operational and thus, operational costs will not vary significantly despite the ebbs and flows of occupancy. Maintenance and operation of its properties requires a relatively fixed amount of costs, which might limit OUE C-REIT's ability to respond to prevailing market conditions by minimising costs. This might consequently impact overall profitability when the economy is weak.

The property tax to which OUE C-REIT is subject may increase.

Property expenses for OUE C-REIT include property tax on OUE C-REIT's properties. There is no assurance that the property tax of OUE C-REIT will remain as forecast and projected. The property tax expenses of OUE C-REIT may increase due to reasons including, but not limited to:

- an increase in the property tax rate;
- changes to the basis of assessment for property tax; and
- changes to the property tax legislation or regime.

In Singapore, OUE C-REIT is liable to pay property tax on the annual value of immovable properties in Singapore.

In the PRC, certain taxes such as real estate tax are subject to the discretion or practice of local tax bureaus, and thus the amount of taxes payable may vary. The PRC company directly owning Lippo Plaza has been paying property tax based on the original construction cost of Lippo Plaza as opposed to its rental income. While the current method of computing property tax in relation to Lippo Plaza has so far been accepted by the local PRC tax bureau, there is no assurance that the PRC tax authorities will not require payment of property tax in relation to Lippo Plaza as computed based on rental income for the past and/or in the future. If a disposal occurs of any of OUE C-REIT's properties in the PRC, such disposal may also expose the income and gains derived by OUE C-REIT to various types of taxes in the PRC, including income tax, business tax, land appreciation tax, stamp duty levied on gross income and local surcharges applicable at the location of the property. An increase in property tax expenses may have a significant impact on the total returns, financial condition and cash flows of OUE C-REIT.

OUE C-REIT's properties or a part of them may be acquired compulsorily by the respective governments of Singapore, the PRC or any other country where OUE C-REIT's properties may be located.

The laws and regulations of Singapore and the PRC empower the respective governments of Singapore and the PRC to acquire properties in their jurisdiction.

If any of OUE C-REIT's properties in Singapore or the PRC are acquired compulsorily, the compensation received may be less than the price which OUE C-REIT paid for the property and/or the market value of such property at the relevant time.

The compulsory acquisition of any of OUE C-REIT's properties owned by OUE C-REIT or a part of them by the respective governments of Singapore, the PRC or any other country in which OUE C-REIT may own properties would therefore have an adverse effect on the business, financial condition and results of operations of OUE C-REIT.

OUE C-REIT is subject to risks associated with the acquisition of real estate.

The OUE C-REIT Manager believes that reasonable due diligence investigations with respect to OUE C-REIT's properties have been conducted before their acquisitions and to the best of the OUE C-REIT Manager's knowledge, OUE C-REIT's properties comply with all material laws and regulations, have received the necessary approvals and comply with the conditions of such licenses and permits material for its operations. However, there is no assurance that OUE C-REIT's properties will not have defects or deficiencies requiring repair or maintenance (including design, construction or other latent property or equipment defects in OUE C-REIT's properties which may require additional capital expenditure, special repair or maintenance expenses) or be affected by breaches of laws and regulations. These building defects and deficiencies may be difficult or impossible to ascertain due to limitations inherent in the scope of the inspections, the technologies or techniques used and other factors. Such defects or deficiencies may require significant capital expenditures or obligations to third parties and involve significant and unpredictable patterns and levels of expenditure which may have a material adverse effect on OUE C-REIT's earnings and cash flows.

Notwithstanding the due diligence investigations which have been and will be carried out on the properties owned by OUE C-REIT, some of the properties owned by OUE C-REIT may still not be in compliance with certain laws and regulations. OUE C-REIT may incur financial or other obligations in relation to such breaches or non-compliance. This may affect the financial condition and results of operations of OUE C-REIT which may in turn affect the Issuers' ability to fulfil its payment obligations under the Securities.

In addition, the representations, warranties and indemnities granted in favour of OUE C-REIT by the vendors of OUE C-REIT's properties are, or in the case of future acquisitions, which were granted by the relevant vendor may be, subject to limitations as to (i) their scope, (ii) the amount and timing of claims which can be made and (iii) the financial strength of a vendor after completion of the disposal of the relevant property to OUE C-REIT. There can be no assurance that OUE C-REIT could be reimbursed or be otherwise successful in recovering monetary compensation under such representations, warranties and indemnities for all losses or liabilities suffered or incurred by it because of its acquisition of OUE C-REIT's properties or future acquisitions.

OUE C-REIT may be involved in boundary disputes and there may be encroachment by, or affecting, the properties owned by it.

OUE C-REIT may from time to time be involved in boundary disputes which may cause difficulties in future dispositions of the land or unexpected costs or losses including, but not limited to, the loss of part of the land area or liability for damages arising in relation to such properties. Some of the properties are encroaching on, or being encroached upon by, the adjoining properties. Such encroachment by, or affecting, the properties may restrict the use of the land or lead to claims from neighbours. This may adversely affect OUE C-REIT's rental income and cause additional expense to be incurred by OUE C-REIT in the removal of the encroachment or reinstatement of the affected land. These risks may have an adverse effect on OUE C-REIT's financial condition and results of operations, which may in turn affect the Issuers' ability to fulfil its payment obligations under the Securities.

RISKS RELATING TO OUE C-REIT'S BUSINESS AND OPERATIONS

If the master lease agreements are terminated, H Sub-Trust may have to pay a termination fee to the master lessees.

Mandarin Orchard Singapore and Crowne Plaza Changi Airport are subject to long-term master lease agreements. H Sub-Trust may sell its interests in these hotels subject to the master lease agreements. If the sale must be free and clear of the master lease agreements, H Sub-Trust may terminate the master lease agreements upon payment of a termination fee equal to the fair market value of the master lessees' leasehold interest in the remaining term and the option term.

The payment of a termination fee may adversely affect OUE C-REIT's business, financial condition, results of operations and prospects.

H Sub-Trust has no direct control over the hotel managers of its hotels.

The financial performance of OUE C-REIT to a substantial extent depends on the gross operating revenue and gross operating profit of its hotels held through H Sub-Trust. In respect of each of these hotels, the master lessee enjoys, subject to certain limitations, full discretion in the operation of the hotel. Although H Sub-Trust has the right, under certain circumstances, to approve the replacement of the hotel manager under the terms of the master lease agreement, there is no direct contractual relationship between H Sub-Trust and the hotel manager and H Sub-Trust has no direct control over the operations, management, branding or marketing of the hotels. Accordingly, the financial performance of OUE C-REIT is dependent on the performance of the hotel manager, and H Sub-Trust has no direct control over the operations, management, branding or marketing of the hotels. There is therefore no assurance that OUE C-REIT's hotels will continue to be operated, managed, maintained, branded or marketed well in the future.

The amount OUE C-REIT may borrow is limited, which may affect the operations of OUE C-REIT.

Under the Property Funds Appendix, OUE C-REIT may borrow up to 45.0% of the value of its deposited property. Under the consultation paper on “Proposed Amendments to the Requirements for REITs” published by the MAS on 2 July 2019, the MAS may allow a REIT’s leverage to exceed 45.0% but not more than 50.0%, subject to any requirements which the MAS may impose.

As at 31 December 2019, OUE C-REIT had total debt of S\$2.6 billion, with its total borrowings and deferred payments (if any) as a percentage of its deposited property of approximately 40.3%. Although OUE C-REIT’s aggregate leverage currently complies with the Property Funds Appendix, there can be no assurance that a future revaluation of the properties may increase OUE C-REIT’s leverage above the prescribed limit. Any fall in OUE C-REIT’s gross revenue or net property income may result in a decreased valuation of the properties.

OUE C-REIT may, from time to time, require further debt financing to achieve its investment strategy. It may be unable to obtain such additional borrowings if to do so would breach the prescribed borrowing limits.

If OUE C-REIT incurs additional borrowings, OUE C-REIT may face adverse business consequences because of this limitation on future borrowings, and these may include:

- an inability to fund capital expenditure requirements in relation to OUE C-REIT’s existing asset portfolio or in relation to OUE C-REIT’s acquisitions to expand its portfolio;
- a decline in the value of OUE C-REIT’s deposited property may cause the borrowing limit to be exceeded, thus affecting OUE C-REIT’s ability to make further borrowings; and
- cash flow shortages which OUE C-REIT might otherwise resolve by borrowing funds.

OUE C-REIT’s debt could adversely affect its financial health and competitive position.

As at 31 December 2019, OUE C-REIT had total debt of S\$2.6 billion, of which S\$1.5 billion were secured and S\$1.1 billion were unsecured. OUE C-REIT’s borrowings may affect its business by, for example:

- limiting its ability to make distributions;
- increasing its vulnerability to general adverse economic and industry conditions;
- requiring it to dedicate a material portion of its cash flows from operations to make payments on its debt, thereby reducing the availability of cash to fund its operations or make capital expenditures;
- limiting its flexibility in planning for, or reacting to, changes in our business or industry; and
- limiting its ability to borrow additional funds.

Further, OUE C-REIT’s level of borrowings represents a higher level of gearing as compared to certain other types of unit trusts, such as non-specialised collective investment schemes which invest in equities and/or fixed income instruments. If prevailing interest rates or other factors at the time of refinancing (such as the possible reluctance of lenders to make commercial property loans) result in higher interest rates, the interest expense relating to such refinanced indebtedness would increase, thereby adversely affecting OUE C-REIT’s business, financial condition and results of operations.

In addition, the higher level of gearing could affect OUE C-REIT's ability to make timely interest payments or otherwise comply with applicable debt covenants. Investment risk is known to increase with an increase in gearing or leverage. An increase in gearing or leverage will increase OUE C-REIT's exposure to the risk of changing economic conditions. For example, in a climate of rising interest rates, the costs of financing OUE C-REIT's investments (including servicing its indebtedness) will increase and this will adversely affect the Issuers' ability to fulfil its payment obligations under the Securities.

OUE C-REIT's ability to borrow in the bank or capital markets may be materially adversely affected by a financial crisis in a particular geographic region, industry or economic sector.

OUE C-REIT's ability to borrow in the bank or capital markets to meet its financial requirements depends on favourable market conditions. Financial crises in particular geographic regions, industries or economic sectors could lead to sharp declines in the currencies, stock markets and other asset prices in those geographic regions, industries or economic sectors, which in turn threaten affected companies, financial systems and economies, and which may also significantly increase the costs of such borrowing. For these or other reasons, OUE C-REIT may be unable to obtain future financing on favourable terms, or at all, to fund its operations, anticipated capital expenditure and working capital requirements and this could materially and adversely affect its business, results of operations and financial condition.

OUE C-REIT is subject to interest rate fluctuations.

As at 31 December 2019, 75.0% of the borrowings of the Group are on a fixed rate basis or have been hedged with interest rate swaps. The remaining 25.0% is on a floating rate basis. There is no certainty that the interest rates will not move against OUE C-REIT. The interest cost to the Group for the floating interest rate debt will be subject to the risks of interest rate fluctuations.

In addition, OUE C-REIT is, and may in future be, subject to market disruption clauses contained in its loan agreements with banks. Such clauses will generally provide that to the extent that the banks face difficulties in raising funds in the interbank market or are paying materially more for interbank deposits than the displayed screen rates, they may pass on the higher cost of such funds to the borrower, notwithstanding the margins agreed.

OUE C-REIT may engage in hedging transactions, which can limit gains and increase costs.

OUE C-REIT may enter into hedging transactions to protect itself or its portfolio from, among others, the effects of interest rate and currency exchange fluctuations on floating rate debt and interest rate and prepayment fluctuations.

These hedging activities may not have the desired beneficial impact on the results of operations or financial condition of OUE C-REIT. In addition, hedging involve risks and transaction costs, which may reduce overall returns. These costs increase as the period covered by the hedging increases and during periods of rising and volatile interest rates. As a result, OUE C-REIT's financial condition and results of operations could potentially be adversely affected by interest rate fluctuations, and this may in turn affect the Issuer's ability to fulfil its payment obligations under the Securities.

The OUE C-REIT Manager may not be able to successfully implement its investment strategy for OUE C-REIT.

There is no assurance that the OUE C-REIT Manager can implement its investment strategy successfully or that it can expand OUE C-REIT's portfolio at any specified rate or to any specified size. The OUE C-REIT Manager may not be able to make acquisitions or investments on favourable terms or within a desired time frame.

OUE C-REIT faces active competition in acquiring suitable properties. OUE C-REIT's ability to make new property acquisitions under its acquisition growth strategy may be adversely affected. Even if OUE C-REIT were able to successfully acquire property or investments, there is no assurance that OUE C-REIT will achieve its intended return on such acquisitions or investments. OUE C-REIT relies on external sources of funding to expand its portfolio, and there is similarly no assurance that such funding will be available on favourable terms, or at all. Since the borrowings that OUE C-REIT can incur to finance acquisitions is limited by the Property Funds Appendix, such acquisitions are likely to depend largely on OUE C-REIT's ability to raise equity capital. Potential vendors may view negatively the prolonged time frame and lack of certainty associated with the raising of equity capital to fund any such purchase. They may instead prefer other potential purchasers.

There may be significant competition for attractive investment opportunities from other property investors, including other REITs, commercial property development companies and private investment funds. There is no assurance that OUE C-REIT can compete effectively against such entities.

Acquisitions may not yield the returns expected, resulting in disruptions to OUE C-REIT's business and straining of management resources.

OUE C-REIT's external growth strategy and its asset selection process may not succeed. Such acquisitions involve risks and uncertainties, including (without limitation) failure to complete acquisitions under commercially acceptable terms, difficulties in managing a larger and growing business and optimising the allocation of resources and operational efficiency, and failure to effectively integrate various operating functions. Acquisitions may cause disruptions to OUE C-REIT's operations and divert management's attention away from day-to-day operations, adversely affecting OUE C-REIT's business, financial condition and results of operations.

OUE C-REIT may be exposed to new or increased risks as it expands the range of services and the geographic scope of its business.

OUE C-REIT may expand into new and/or overseas markets and this may increase OUE C-REIT's risk profile. There may be operational and currency risks involved in expanding the business overseas. Moreover, by deepening OUE C-REIT's presence in new markets, this may further increase its exposure to the compliance risks and the credit and market risks specific to these markets. There are inherent risks attached to the diversification strategy that OUE C-REIT currently employs a diversified portfolio deepens opportunities but also elevates risk exposure.

Furthermore, real estate laws differ from country to country and OUE C-REIT may incur expenses necessary to address any regulatory requirements that may be required in these new markets. There may be risks associated with OUE C-REIT's new services and businesses for which OUE C-REIT has limited or no experience. As a result, OUE C-REIT's risk management systems may prove to be insufficient and may not be effective in all cases or to the degree required. There can be no assurance that such expansion will not have a material adverse effect on OUE C-REIT's business, financial condition, results of operations and prospects.

In addition, OUE C-REIT's business in these countries may not always enjoy the same level of legal rights or protection that it is afforded in countries where it currently operates. There is a risk that OUE C-REIT will not be able to repatriate the income and gains derived from investment in real estate and other assets in these foreign countries.

Further, more stringent or onerous real estate laws may be adopted in the future in the countries where OUE C-REIT may operate its business, and that may restrict OUE C-REIT's ability to operate its business. The risk profile of OUE C-REIT may therefore encompass the risks involved in each of the countries or businesses that OUE C-REIT operates. The business, financial

condition, and performance or prospects of OUE C-REIT may be adversely affected by any of such risks. Adverse economic and/or property and property-related developments in the countries where OUE C-REIT operates its business may also have a material adverse effect on its performance.

Renovation or redevelopment works or physical damage to any of OUE C-REIT's properties may disrupt their operations and revenue.

The quality and design of OUE C-REIT's properties have a direct influence over the demand for their space and rental rates. OUE C-REIT's properties may need to undergo renovation or redevelopment works from time to time to retain their competitiveness and may also require unforeseen *ad hoc* maintenance or repairs for faults or problems that may develop or are required by new planning laws or regulations. The costs of maintaining buildings and the risk of unforeseen maintenance or repair requirements increase over time with age. The business and operations of OUE C-REIT's properties may suffer some disruption and it may not be possible to collect the full or any rental income on space affected by such renovation or redevelopment works.

There can be no assurance that any redevelopment works will be completed on time as planned and within budget. The counterparty may also fail to deliver and/or perform its obligations in connection with any redevelopment works, thus resulting in delay or failed completion. Although the OUE C-REIT Manager has sought to mitigate some of the financial risks associated with the redevelopment works such as obtaining performance bonds and providing for liquidated damages for delay in the relevant contract, there is no assurance that the counterparty will be able to perform its obligations.

There is no guarantee that the OUE C-REIT Manager will be able to secure tenants or obtain a favourable rental rate for the properties owned by OUE C-REIT upon completion of any redevelopment. In the event that the redevelopment works do not complete on time and within budget as planned and/or the OUE C-REIT Manager fails to secure tenants or obtain a favourable rental rate, the financial condition and results of operations of OUE C-REIT may be adversely affected.

In addition, physical damage resulting from fire or other causes may lead to a significant disruption to the business and operations of affected properties and, together with the foregoing, may cause unbudgeted costs and a material and adverse impact on the financial condition and results of operations of OUE C-REIT.

The OUE C-REIT Manager's strategy to initiate asset enhancement on some of OUE C-REIT's properties from time to time may not materialise.

The OUE C-REIT Manager may from time to time initiate asset enhancement on some of OUE C-REIT's properties. There is no assurance that such plans for asset enhancement will materialise, or if they do materialise, they may not achieve their desired results or may incur significant costs. The proposed enhancements are also subject to OUE C-REIT obtaining the approvals of the relevant authorities. The OUE C-REIT Manager may not be able to carry out the proposed works within a desired timeframe, and any benefit or return which may arise may be reduced or lost. Despite the significant costs that may have been incurred, such properties may still be unable to attract new tenants or retain existing tenants and pre-committed tenants may default on their pre-commitment obligations. This may adversely affect the financial condition and results of operations of OUE C-REIT, which may in turn affect the Issuers' ability to fulfil its payment obligations under the Securities.

Moreover, OUE C-REIT is exposed to general risks associated with the development and asset enhancement works on the properties owned by it. Such risks may include, amongst others, *force majeure* events, changes to governmental policies, untimely or unsatisfactory quality of services

rendered by independent third-party contractors. These projects may also be subject to delays in completion or cost overruns beyond project estimates due to several factors, including disputes with the contractors and suppliers, industrial accidents, work stoppages arising from accidents at the worksite, and shortage of labour, equipment and construction materials. Difficulties in obtaining any requisite licences, permits, allocations or authorisations from regulatory authorities could also increase the cost, or delay the construction or opening of new developments. Such delays and cost overruns could have an adverse effect on OUE C-REIT's financial condition and results of operations.

To carry out these works, OUE C-REIT engages and relies on third-party contractors to carry out its development and asset enhancement works. Major third-party contractors may experience financial or other difficulties which may affect their ability to carry out construction or related works, thus increasing the risk of delays in the completion of development projects, or the inability to continue with the project. This may result in additional costs to OUE C-REIT as OUE C-REIT will need to engage other third-party contractors to complete the remaining works.

OUE C-REIT depends on certain key personnel and losing any key personnel may adversely affect its operations.

OUE C-REIT's performance depends, in part, upon the continued service and performance of the executive officers of the OUE C-REIT Manager. If these key personnel were to leave, the OUE C-REIT Manager will need to spend time searching for replacements and OUE C-REIT's operations under the purview of these key personnel may be affected. Losing these individuals could have a material adverse effect on the business, financial condition and results of operations of OUE C-REIT.

OUE C-REIT and H Sub-Trust may be unable to comply with the terms of certain tax rulings, which may also be subject to revocation or amendment.

OUE C-REIT has obtained tax rulings from the IRAS on the taxation of certain income from OUE Bayfront and OUE Downtown office and on the Singapore taxation of dividend income received from the British Virgin Islands holding company for the Lippo Plaza. H Sub-Trust has also obtained a tax transparency ruling in respect of distributions of its taxable income. These tax rulings have been granted to OUE C-REIT and H Sub-Trust on stipulated terms and conditions, which include a requirement for the OUE C-REIT Trustee and the OUE C-REIT Manager to take reasonable steps necessary to safeguard the IRAS against the loss of tax as a result of these tax rulings and to comply with all administrative requirements to ensure ease of tax administration.

The IRAS may also revoke or amend the rulings at any time. If any of the tax rulings are revoked or if OUE C-REIT cannot comply with the stipulated conditions, OUE C-REIT may lose the benefit of the tax rulings and be subject to increased taxation.

The tax rulings were granted based on factual representations made to the IRAS, and if actual facts differ from those represented to the IRAS, or where there is a subsequent change in the tax laws or conditions imposed, the tax rulings may not apply and OUE C-REIT may be subject to increased taxation.

Potential competition may arise between OUE C-REIT and OUE Limited.

OUE Limited is a diversified real estate owner, developer and operator with businesses across the commercial, retail, hospitality and residential property segments.

While OUE Limited has given OUE C-REIT and H Sub-Trust rights of first refusal over its assets as described in "Business and Assets of OUE C-REIT – Sponsor ROFR", as demonstration of its commitment to OUE C-REIT and mitigation of any potential conflict of interests, competition may

arise between OUE C-REIT and OUE Limited and/or its affiliates in relation to any future acquisition of additional properties or property-related investments or in relation to competition for tenants. Any such competition may have a material adverse effect on the business, financial condition and results of operations of OUE C-REIT.

The rights of first refusal granted by OUE Limited will be terminated if OUE Limited and/or any of its related corporations cease to be the controlling shareholder of the OUE C-REIT Manager.

The rights of first refusal granted by OUE Limited to OUE C-REIT and H Sub-Trust over its assets are subject to conditions. If (i) OUE Limited and/or any of its related corporations, alone or in aggregate, cease to remain as a controlling shareholder of the OUE C-REIT Manager or (ii) OUE Limited and/or any of its related corporations, alone or in aggregate, cease to remain as a controlling unitholder of OUE C-REIT, these rights of first refusal will be terminated. This may adversely affect OUE C-REIT's pipeline of future acquisitions.

If the OUE C-REIT Manager's capital market services licence for REIT management ("CMS Licence") is cancelled or the authorisation of OUE C-REIT as a collective investment scheme under Section 286 of the SFA is suspended, revoked or withdrawn, the operations of OUE C-REIT will be adversely affected.

The CMS Licence issued to the OUE C-REIT Manager is subject to conditions and is valid unless otherwise cancelled. If the OUE C-REIT Manager fails to satisfy or comply with these conditions, the CMS Licence of the OUE C-REIT Manager may be cancelled by the MAS, and the operations of OUE C-REIT will be adversely affected, as the OUE C-REIT Manager could no longer act as the manager of OUE C-REIT. OUE C-REIT would need to expend time and resources searching for a replacement manager and the operations of OUE C-REIT may accordingly be adversely affected, which may in turn affect the Issuers' ability to fulfil its payment obligations under the Securities.

OUE C-REIT was authorised as a collective investment scheme on 17 January 2014 and must comply with the requirements under the SFA and the Property Funds Appendix. If the authorisation of OUE C-REIT is suspended, revoked or withdrawn, its operations will also be adversely affected.

OUE C-REIT may from time to time be subject to legal proceedings and government proceedings.

Legal proceedings against OUE C-REIT and/or its subsidiaries relating to property management, disputes over tenancies and/or other matters may arise from time to time. There can be no assurance that OUE C-REIT and/or its subsidiaries will not be involved in such proceedings or that the outcome of these proceedings will not adversely affect the financial condition, results of operations or cash flow of OUE C-REIT. Any disputes arising in the future may also damage OUE C-REIT's reputation, increase its operational costs or divert time and other resources from the business.

OUE C-REIT and its subsidiaries are regulated by various government authorities and regulations. If any government authority believes that OUE C-REIT and/or its subsidiaries or any of its or their respective tenants do not comply with the regulations, it could shut down the relevant non-compliant entity or delay the approval process, refuse to grant or renew the relevant approvals or licences, institute legal proceedings to seize OUE C-REIT's properties, enjoin future action or (in the case of OUE C-REIT and/or its subsidiaries not complying with the regulations) assess civil and/or criminal penalties against OUE C-REIT, its subsidiaries and/or their respective officers or employees. Any such action by the government authority would have a material adverse effect on the business, financial condition and results of operations and/or cash flow of OUE C-REIT.

Occurrence of any acts of God, natural disasters, severe environmental pollution, war and terrorist attacks may materially and adversely affect the business and operations of OUE C-REIT's properties.

Acts of God, such as natural disasters, and severe environmental pollution (including severe smog), are beyond the control of OUE C-REIT or the OUE C-REIT Manager. These may materially and adversely affect the economy, infrastructure and livelihood of the local population. OUE C-REIT's business, financial condition and results of operations may be adversely affected should such acts of God or environmental pollution occur. There is no assurance that any war, terrorist attack or other hostilities in any part of the world, potential, threatened or otherwise, will not, directly or indirectly, have an adverse effect on the operations of OUE C-REIT's properties. In addition, physical and structural damage to OUE C-REIT's properties resulting from fire, earthquakes or other acts of God may require expenses to repair the damage caused or lead to a significant disruption to the business and operations of OUE C-REIT's properties. This may then result in an adverse impact on the business, financial condition and results of operations of OUE C-REIT.

Outbreak of infectious diseases or any other serious public health concerns in Singapore and elsewhere could adversely impact the performance of OUE C-REIT's financial condition, business and results of operations.

Our business and the businesses of our tenants could be adversely affected by the risks, or the public perception of the risks, related to an epidemic, pandemic, outbreak, or other public health crisis, such as Avian Flu, Severe Acute Respiratory Syndrome, Middle East Respiratory Syndrome, the Zika virus and the recent outbreak of the Covid-19 Coronavirus. The risk, or public perception of the risk, of a pandemic or media coverage of infectious diseases could cause customers to avoid hospitality properties, and with respect to our properties generally, could cause temporary or long-term disruptions in our tenants' supply chains and/or delays in the delivery of our tenants' inventory. Moreover, an epidemic, pandemic, outbreak or other public health crisis, such as the Covid-19 Coronavirus, could cause the on-site employees of our tenants to avoid our tenants' properties, which could adversely affect our tenants' ability to adequately manage their businesses. Risks related to an epidemic, pandemic or other health crisis, such as the recent Covid-19 Coronavirus and other infectious diseases mentioned above, could also lead to the complete or partial closure of one or more of our tenants' facilities or stores. Such events could adversely impact our tenants' occupancy, sales and/or cause the temporary closure of our tenants' businesses, which could severely disrupt their operations and the rental revenue we generate from our leases with them. The ultimate extent of the impact of any epidemic, pandemic or other health crisis on our business, financial condition and results of operations will depend on future developments, which are highly uncertain and cannot be predicted, including new information that may emerge concerning the severity of such epidemic, pandemic or other health crisis and actions taken to contain or prevent their further spread, among others. These and other potential impacts of an epidemic, pandemic or other health crisis, such as the recent Covid-19 Coronavirus and other infectious diseases mentioned above, could therefore adversely affect our business, financial condition and results of operations.

A future outbreak of an infectious disease or any other serious public health concern in Singapore and elsewhere may also cause reduced occupancy rates, RevPAR and demand for OUE C-REIT's properties and harm its business. There is no assurance as to how these infectious diseases will affect the overall business climate of OUE C-REIT in Singapore and elsewhere.

There is no assurance that OUE C-REIT can leverage OUE Limited's experience in operating OUE C-REIT's properties or OUE Limited's experience in the management of REITs.

If OUE Limited transfers or disposes of its units in OUE C-REIT or its shares in the OUE C-REIT Manager, OUE C-REIT may no longer leverage on:

- OUE Limited's experience in the ownership and operation of commercial and hospitality properties;
- OUE Limited's financial strength, market reach and network of contacts to further its growth; and
- OUE Limited's experience in the management of REITs.

In such an event, OUE C-REIT may not benefit from the range of corporate services available to owners of properties managed by OUE Limited. This may have a material and adverse impact on OUE C-REIT's business, financial condition and results of operations.

The termination or retirement of the OUE C-REIT Manager and/or the OUE C-REIT's property managers could have an adverse effect on the financial condition and results of operations of OUE C-REIT.

The OUE C-REIT Manager is responsible for, among other things, formulating and executing OUE C-REIT's investment strategy and making recommendations to the OUE C-REIT Trustee on the acquisition and disposal of commercial assets. OUE Commercial Property Management Pte. Ltd. has been appointed as property manager of properties owned by OUE C-REIT. OUE Property Management Pte. Ltd. has been appointed as property manager for Mandarin Gallery. The property managers are wholly-owned subsidiaries of OUE Limited. As such, OUE C-REIT's business, financial condition and results of operations will depend on the performance of the OUE C-REIT Manager and the respective property managers.

Under the OUE C-REIT Trust Deed, the OUE C-REIT Manager may be removed by the OUE C-REIT Trustee upon certain events, including the passing of a resolution by a majority consisting of over 50.0% of the total number of votes (with no participants being disenfranchised) at a meeting of unitholders duly convened and held. Under the applicable master property management agreements, the OUE C-REIT Trustee or the OUE C-REIT Manager may also terminate the appointment of a property manager on certain specified events, including the liquidation or cessation of business of the property manager. Upon the retirement and/or removal of the OUE C-REIT Manager and/or a property manager, the replacement of the manager of OUE C-REIT and/or a local property manager of OUE C-REIT's properties generally on satisfactory terms may not occur promptly, and may adversely affect the business, financial condition and results of operations of OUE C-REIT. In addition, resignation or termination of the existing local property manager in relation to Lippo Plaza without a timely and competent replacement may adversely affect the results of operations of OUE C-REIT's share of strata ownership of Lippo Plaza and, in turn, OUE C-REIT.

OUE C-REIT's investment strategy may entail a higher level of risk as compared to other types of unit trusts with a more diverse range of investments.

OUE C-REIT's principal investment strategy of investing, directly or indirectly, in income-producing real estate used primarily for commercial purposes (including real estate used primarily for office and/or retail purposes) in financial and business hubs, and/or hospitality or hospitality-related purposes, as well as real estate-related assets, will subject OUE C-REIT to risks inherent in concentrating in real estate. The level of risk could be higher as compared to other types of unit trusts with a more diverse range of investments in other sectors.

A concentration of investments in real estate exposes OUE C-REIT to the risk of a downturn in the commercial property markets in countries where properties held by OUE C-REIT are located, stemming from an economic slowdown in either or all of these areas, in addition to a broader global economic slowdown and other non-economic factors. The renewal of leases in OUE C-REIT's properties will depend, in part, upon the success of the tenants. Any economic downturn may cause higher levels of non-renewals of leases or vacancies as a result of failures or defaults by tenants or the market pressures exerted by an increase in available commercial space. There can be no assurance that the tenants of OUE C-REIT's properties will renew their leases or that the new lease terms will be as favourable as the existing leases. If a tenant does not renew its lease, a replacement tenant or tenants would need to be identified, which could subject OUE C-REIT's properties to periods of vacancy and/or costly refittings, during which periods OUE C-REIT could experience reductions in rental income. Such downturns may lead to a decline in occupancy for properties or real estate-related assets in OUE C-REIT's portfolio. This will affect OUE C-REIT's rental income from OUE C-REIT's properties, and/or result in a decline in the capital value of OUE C-REIT's portfolio, which will have an adverse impact on the business, financial condition and results of operations of OUE C-REIT.

The OUE C-REIT Manager may change OUE C-REIT's investment strategy.

OUE C-REIT's policy with respect to certain activities, including investment and acquisitions, will be determined by the OUE C-REIT Manager. OUE C-REIT's principal investment strategy is to invest, directly or indirectly, in a portfolio of income-producing real estate used primarily for commercial purposes (including real estate used primarily for office and/or retail purposes) in financial and business hubs, and/or hospitality or hospitality-related purposes, as well as real estate-related assets. The OUE C-REIT Manager may change OUE C-REIT's investment strategy without the approval of holders of OUE C-REIT Units, and the OUE C-REIT Manager has wide powers to invest in other types of assets, including any real estate, real estate-related assets, as well as listed and unlisted securities in Singapore and other jurisdictions. There are risks and uncertainties with respect to the selection of investments and with respect to the investments themselves.

OUE C-REIT may be exposed to various types of taxes in Singapore and other jurisdictions where its properties are located.

The income and gains derived by OUE C-REIT, directly or indirectly, from its properties may be exposed to various types of taxes in Singapore and other jurisdictions where its properties are located. These include but are not limited to income tax, withholding tax, capital gains tax and other taxes specifically imposed for the ownership of such assets. While the OUE C-REIT Manager intends to manage the taxation in each country efficiently, there can be no assurance that the desired tax outcome will be achieved. In addition, the level of taxation in each country is subject to changes in laws and regulations and such changes, if any, may lead to an increase in tax rates or the introduction of new taxes. All these factors may adversely affect the ability of OUE C-REIT to fulfil its payment obligations under the Securities.

Further, any increase in GST in Singapore or overseas markets where OUE C-REIT's properties are located could have a negative impact on the retail market, which may result in the loss of tenants for the properties of OUE C-REIT that comprise or include retail malls. This in turn may reduce the Gross Rental Income and have an adverse effect on OUE C-REIT's financial condition and results of operations.

The accounting standards which OUE C-REIT is subject to may change.

OUE C-REIT may be affected by new or revised accounting standards. Accounting standards in the countries where OUE C-REIT operates are subject to change as they are further aligned with international accounting standards. The financial statements of OUE C-REIT may be affected by such revised accounting standards. The extent and timing of these changes in accounting standards are currently unknown and subject to confirmation by the relevant authorities.

OUE C-REIT has not quantified the effects of these proposed changes and there can be no assurance these changes will not:

- have a significant impact on the presentation of OUE C-REIT's financial statements;
- have a significant impact on OUE C-REIT's results of operations;
- have an adverse effect on the ability of OUE C-REIT to carry out its investment strategy; or
- have a material and adverse effect on the business, operations, results of operations and financial position of OUE C-REIT.

RISKS RELATING TO OUE C-REIT'S INDUSTRIES

OUE C-REIT's hospitality and hospitality-related businesses held through H Sub-Trust are susceptible to cyclicity and other factors outside its control.

The hospitality and hospitality-related businesses are cyclical and sensitive to external and economic changes. There are several factors common to the regional hospitality and hospitality-related industries and are wholly or partly beyond the control of OUE C-REIT, H Sub-Trust and the OUE C-REIT Manager. These factors, which could affect the financial performance of OUE C-REIT, include but are not limited to:

- the condition of, and changes in, the domestic, regional and global economies, including, but not limited to, factors such as the political landscape, environmental conditions and viral epidemics may cause reduced occupancy rates, RevPAR and demand;
- increases in transportation or fuel costs, increased threat of terrorism, terrorist events, aviation-related strikes, hostilities between countries, increased risk of natural disasters and/or adverse weather conditions such as smog from forest fires that may affect travel patterns and reduce the number of business and commercial travellers and tourists in Singapore or any other countries where OUE H Sub-Trust's hospitality and hospitality-related operations may be located;
- unexpected increase in new supply in the markets which OUE H Sub-Trust operates, which could adversely affect the occupancy levels and revenue of its hotels or future hospitality and/or hospitality-related assets of OUE H Sub-Trust;
- changes in OUE H Sub-Trust's relationships with, and the performance and reputation of the master lessees, the property manager and/or the hotel managers;
- the nature and length of stay of hotel guests, who typically stay short-term and provide no assurance of long-term occupancy for hotel rooms, which may be affected by:
 - seasonality patterns in tourism arrival numbers throughout the year;
 - decrease in longer-term business travel and corporate executives requiring mid-to long-term accommodation;

- frequency of events or conferences near OUE H Sub-Trust's hospitality assets; and
- slowdown in tourism, business and conferences affecting the length of a traveller's stay;
- difficulties in identifying hospitality and hospitality-related assets to acquire and difficulties in completing and integrating acquisitions;
- unfavourable publicity involving OUE H Sub-Trust's hospitality assets and the reputation and standing of their service providers, such as restaurants;
- dependence on business, commercial and leisure travel and tourism, which may fluctuate and tend to be seasonal and are subject to the adverse effects of national and international market conditions, all of which may affect the length of a traveller's stay;
- the provision of existing or planned amenities and transportation infrastructure near its hotels and/or future hospitality and hospitality-related assets of OUE H Sub-Trust; and
- withdrawal, suspension or non-renewal of the licences required for operations, or the imposition of penalties as a result of any infringement or non-compliance with these licences or relevant laws and regulations, such as the Hotels Act and the Innkeepers Act of Singapore, under which hotels in Singapore are required to be licensed.

The hospitality industry is service-oriented and OUE C-REIT may be adversely affected if it is unable to compete effectively for skilled hospitality employees.

The hospitality industry is a service-oriented industry and is very labour intensive. Competitors may compete aggressively for skilled hospitality employees, which would increase the operating cost of OUE C-REIT's hotels. In addition, changes in foreign labour regulations may impact the availability of hospitality staff and increase the operating costs of its hotels. A shortage of manpower and compressed work procedures may translate to lower service quality, which may in turn affect guests' lodging experience and lead existing customers to prefer alternative accommodation from competitors of OUE C-REIT's hotels.

OUE C-REIT's hospitality portfolio is exposed to various operational risks.

OUE C-REIT's hotels are affected by occupancy and room rates, their ability to manage costs (including increases in labour costs), the success of their food and beverage operations and the change in the number of available hotel rooms through acquisition, development and disposition. The ability to manage costs could be adversely impacted by increases in energy, natural resources, healthcare, insurance and other operating expenses, resulting in lower operating margins. OUE C-REIT's hotels use significant amounts of electricity and other forms of energy, substantial increases in the cost of energy in the markets where OUE C-REIT operates could also negatively impact operating results of its hospitality assets.

The effectiveness of OUE C-REIT hotels' central procurement system could affect the food costs and quality. In addition, health incidents could adversely affect food and beverage sales and result in temporary suspension of restaurants and food and beverage outlets' operations. These could affect the success of the hotels' food and beverage operations and the reputation of OUE C-REIT's hotels.

An increase in the use of third-party intermediaries for online hotel reservations may adversely affect OUE C-REIT's business, financial condition and results of operations.

OUE C-REIT's hotel rooms are likely to be booked through internet travel intermediaries such as Booking.com and Expedia.com. Such intermediary platforms may be able to obtain reduced room rates or other contract concessions for their customers, while simultaneously earning commission for providing these services. If sales made through these Internet intermediaries increase significantly, it is plausible that overall revenue will decrease, adversely affecting OUE C-REIT's business, financial condition and results of operations.

Downturns in the retail industry will likely have a direct impact on OUE C-REIT's revenues and cash flow.

OUE C-REIT's financial performance is linked to economic conditions in the Singapore market for retail space generally. The demand for retail space in Singapore could be adversely affected by a downturn in national and regional economies, decline in tourism in Singapore, increased consumer preference for online shopping, changes in laws and regulations affecting retail industry (including without limitation changes in taxation and zoning laws) and higher cost of operating generally.

To the extent that any of these factors occur, they are likely to impact market rental rates for retail space which will then affect the financial condition and results of operations of OUE C-REIT and the valuation of its assets and its ability to make payments on the Securities.

The retail industry is subject to changing trends and OUE C-REIT's success is dependent upon the ability of its retail tenants to supply goods responsive to such changes.

The retail industry is subject to changing trends in consumer preferences. The selection and timing of merchandise purchases is crucial. The success of tenants in OUE C-REIT's retail properties is largely contingent on their ability to anticipate these trends and to cater to the tastes of their customers. Incorrect forecasting of future demand could result in an excess or shortage of inventory, which could lead to higher interest charges, price reductions or write-downs on slow-moving or excess stock and the risk of alienating consumers who might then seek alternative shopping experiences. In addition, retail tenants may suffer a loss of profits if the products they offer are superseded by more modern or popular merchandise and if the increasing speeds of innovation result in significant liabilities to these tenants in the form of obsolete stock that is quickly outdated and difficult to sell. In these circumstances, OUE C-REIT may be exposed to the risk of tenant default under its lease agreements and damage to the image of its retail properties, which will adversely affect the business, financial condition, results of operations and prospects of OUE C-REIT and its ability to make payments on the Securities.

RISKS RELATING TO CERTAIN PROPERTIES

OUE Tower has been gazetted for conservation, which may reduce OUE C-REIT's ability to optimise use of OUE Bayfront.

OUE Bayfront is comprised in part of OUE Tower, which has been gazetted for conservation and is subject to the conservation guidelines and policies of the Urban Redevelopment Authority and other relevant governmental authorities. These requirements restrict OUE C-REIT's ability to demolish, alter or add to the building comprising OUE Tower, which may prevent OUE C-REIT from maximising income derived from OUE Bayfront.

There is no assurance that an extension or new leasehold title to OUE Link will be granted.

OUE Link, which is held under a leasehold title of 15 years commencing 26 March 2010, has a remaining leasehold tenure of approximately five years.

OUE C-REIT may have to incur certain costs to obtain an extension or grant of a new leasehold title to OUE Link. If OUE C-REIT cannot obtain an extension or grant of a new leasehold title to OUE Link on commercially acceptable terms or at all, OUE C-REIT must surrender OUE Link to the lessor, namely the President of the Republic of Singapore and/or his successors in office, upon expiration of the lease. This will have an adverse effect on the net income of OUE C-REIT.

The underlying land use right of Lippo Plaza will expire in 2044 and if an extension to the land use right is sought and obtained (and there can be no assurance that such extension will be obtained as there are no precedents of such extension), there is uncertainty about the quantum of land grant premium which OUE C-REIT must pay and additional conditions which may be imposed.

Lippo Plaza is directly held under the land use right granted by the PRC government, which will expire in 2044. Notwithstanding the possibility of applying for renewal of such land use right, there is the risk that such land use right may revert to the State upon expiry. If an application for extension is granted, the land user may be required to, among other things, pay a land grant premium for the renewed land use right. If no application is made, or such application is not granted, it is possible that Lippo Plaza may be disposed of in accordance with the land use right grant contract. There is uncertainty about the quantum of land grant premium which OUE C-REIT will have to pay and additional conditions which may be imposed in the event that an extension to the land use right for Lippo Plaza is sought and obtained. There is no assurance that OUE C-REIT will be able to obtain an extension to the land use right. There is the risk that Lippo Plaza may revert to the PRC government in the event that the extension is not granted, and OUE C-REIT would no longer own or derive income from Lippo Plaza and this, along with other factors, may affect the business, financial condition and results of operations of OUE C-REIT.

There is no assurance that new leasehold title to OUE C-REIT's hotels will be granted.

The leasehold title to Mandarin Orchard Singapore and Mandarin Gallery, which is held under a single title through H Sub-Trust, is for 99 years commencing from 1 July 1957, so Mandarin Orchard Singapore and Mandarin Gallery have a remaining leasehold tenure of approximately 36 years.

The leasehold title to Crowne Plaza Changi Airport, which is held under a single title through H Sub-Trust, is for 74 years commencing from 1 July 2009, so Crowne Plaza Changi Airport has a remaining leasehold tenure of approximately 63 years.

H Sub-Trust may have to incur a substantial cost to obtain a new leasehold title to its hotels. If H Sub-Trust cannot obtain a new leasehold title to its hotels on commercially acceptable terms or at all, H Sub-Trust must surrender its hotels to the respective lessors, upon expiration of the lease. Further, the respective lessors may terminate the land lease for its hotels if there is a breach of its terms.

Losing the master lessees, or a downturn in the business of the master lessees or any breach by the master lessees of their obligations under the master lease agreements could have an adverse effect on the financial condition and results of operations of OUE C-REIT.

OUE C-REIT's hospitality assets are held through H Sub-Trust and are entirely leased to the master lessees through master lease agreements. H Sub-Trust is dependent upon rental payments from the master lessees. The master lessees will contract with the hotel managers to manage H Sub-Trust's hospitality and hospitality related assets. OUE C-REIT's financial condition and results of operations will therefore depend substantially upon the master lessees' ability to make timely rental payments under the master lease agreements.

The financial condition and results of operation of OUE C-REIT may be adversely affected by the bankruptcy, insolvency or downturn in the business of the master lessees. The performance of the master lessees and their ability to pay rent under the master lease agreements may be affected by factors beyond their control, such as changes in general economic conditions, the level of demand for its hotels, the performance of the hotel managers, competition in the hospitality and hospitality-related industries, and other factors relating to the operations of its hotels.

If the master lessees terminate or default on the master lease agreements or do not renew the master lease agreements on expiry, the financial performance of OUE C-REIT may be materially and adversely affected, and the replacement of a master lessee on satisfactory terms may not be carried out in a timely manner or at all.

The head lease of Crowne Plaza Changi Airport may be required to be terminated or surrendered and H Sub-Trust may not receive any or adequate compensation for such termination or surrender.

Crowne Plaza Changi Airport is located in close proximity to Changi Airport and is subject to the head lease issued by the President of the Republic of Singapore and Civil Aviation Authority of Singapore ("CAAS") to the lessor (Changi Airport Group (Singapore) Pte. Ltd.). With the various consents and development approvals obtained currently, it is not anticipated that the future development of Changi Airport and its surrounding areas would impact Crowne Plaza Changi Airport or result in the head lease of Crowne Plaza Changi Airport being terminated.

If the head lease of Crowne Plaza Changi Airport is terminated by the President of the Republic of Singapore or CAAS, the lessor is entitled to terminate its lease with the H Sub-Trust. In such event, the lessor shall, out of any compensation that it may receive, pay to H Sub-Trust a proportion thereof which is attributable to H Sub-Trust. The proportion of the compensation payable to the H Sub-Trust to be valued by an independent valuer. In addition, the lessor is to use reasonable endeavours to consult with and take into consideration the H Sub-Trust's reasonable requests as well as give H Sub-Trust a reasonable opportunity to make representations to the lessor and the President of the Republic of Singapore and/or (as the case may be) CAAS.

The lessor is also entitled to require H Sub-Trust to surrender any portions of the Crowne Plaza Changi Airport which may be required for the efficient and effective operation of Changi Airport. In such event, H Sub-Trust is to be paid a compensation for an amount equivalent to the fair market value of the portion of Crowne Plaza Changi Airport is required to be surrendered, and such amount is to be agreed on between the lessor and H Sub-Trust or otherwise to be determined by a reputable valuer.

If the head lease of Crowne Plaza Changi Airport is terminated or surrendered, the financial performance of OUE C-REIT may be materially and adversely affected.

Portions of Mandarin Orchard Singapore and Mandarin Gallery are within the railway protection and safety zone, and certain activities may not be carried out in such zone unless the prior approval of the Land Transport Authority of Singapore (the “LTA”) is obtained.

Portions of Mandarin Orchard Singapore and Mandarin Gallery are within the railway protection and safety zone, and the prior approval of the LTA is required before restricted activities may be carried out therein. Restricted activities include the movement or operation of any crane, piling equipment, excavator or any other mechanical equipment or vehicle, the storing or placing of any goods, materials or substances, and the erection of sheds, shelters, tents, scaffolding, maintenance towers, hoardings or other similar temporary structures. There is no guarantee that the LTA’s permission can be obtained if the OUE C-REIT Manager needs to carry out any restricted activity, which may affect the ability of H Sub-Trust to carry out asset enhancement or other development or rectification works on Mandarin Orchard Singapore and/or Mandarin Gallery.

Mandarin Orchard Singapore and Mandarin Gallery are affected by lines of road and tunnel road reserves.

Such lines of road and tunnel road reserves indicate the extent of the safeguarded roads and tunnels affecting Mandarin Orchard Singapore and Mandarin Gallery. While the road line plan obtained from the LTA shows the lines of road reserve and tunnel road reserve, it does not quantify them. The explanatory notes to the road line plan explain that these lines could be applicable when there is a development or redevelopment of Mandarin Orchard Singapore and/or Mandarin Gallery or as and when works must be carried out by the authorities.

Legal proceedings may arise in connection with the easement rights granted by the original lessee of the land on which Mandarin Orchard Singapore and Mandarin Gallery are situated and its neighbouring land.

The land on which Mandarin Orchard Singapore and Mandarin Gallery are situated, and its neighbouring land, each enjoys and is subject to easement rights over and against the other. These easement rights were granted by the original lessee of the land and the neighbouring land. Historically, the rights of use have not been strictly adhered to by all parties. H Sub-Trust cannot exclude the possibility of proceedings arising in connection with the easement rights, which will likely be claims for damages. Any damages that H Sub-Trust may be required to pay may adversely affect OUE C-REIT’s financial condition and results of operations.

RISKS RELATING TO THE PRC

OUE C-REIT may be exposed to risks associated with exchange rate fluctuations and changes in foreign exchange regulations and monetary and foreign exchange policies.

The revenue received from OUE C-REIT’s share of strata ownership of Lippo Plaza is in Renminbi. The value of Renminbi against foreign currencies fluctuates and is affected by changes in the PRC, in the PRC government’s monetary and foreign exchange policies and international political and economic conditions and by many other factors. One such risk is the translation risk when accounting for these investments in its financial statements. These risks are inherent in OUE C-REIT’s business and cannot be entirely eliminated. Accordingly, OUE C-REIT is exposed to risks associated with exchange rate fluctuations which may adversely affect OUE C-REIT’s results of operations.

Conversion of Renminbi is subject to strict government regulation in the PRC. Under the existing foreign exchange regulations in the PRC, the PRC company directly owning Lippo Plaza can pay dividends in foreign currencies without prior approval from the State Administration of Foreign Exchange by complying with certain procedural requirements. However, there is no assurance

that the policies regarding payment of dividends in foreign currencies will continue. OUE C-REIT may also be subject to the imposition or tightening of exchange control or repatriation restrictions, and may encounter difficulties or delays in the receipt of its proceeds from divestments and dividends due to the existence of such restrictions in the jurisdictions in which it operates in future. In this case, if approvals are required or there are delays in granting or a refusal to grant any such approval, or a revocation or variation of consents granted before the investments being made, or if new restrictions are imposed, this may adversely affect OUE C-REIT's investments.

The PRC government has implemented property control measures in relation to the PRC property market.

Increasing speculation in the PRC property market may cause rapid increases in property prices. To discourage speculation in the PRC property market, the PRC government has implemented various control measures.

So far, the PRC government emphasises regulating investments in the residential property market given this relates closely to people's livelihoods. While these regulations and policies have no material impact on the commercial property market from a legal viewpoint, more funds may turn to the commercial property market and cause it to overheat as investments in residential property are burdened by these regulations and policies. In such cases, there is no assurance that the PRC government will not extend such control measures to regulate commercial properties. Although various control measures should promote more balanced property developments in the long term, these measures could adversely affect the development and sales of OUE C-REIT's properties or any later acquisition of properties in the PRC. In addition, there is no assurance that the PRC government will not introduce additional measures from time to time to regulate the growth of the PRC property market. The continuation of the existing measures and the introduction of any new measures may materially and adversely affect OUE C-REIT's business, financial condition and results of operations.

OUE C-REIT is subject to extensive PRC regulatory control on foreign investment in the real estate sector.

The PRC government has promulgated several regulations and rules regulating foreign investment in the real estate sector.

Under the Circular on Strengthening Administration of Approval and Filing of Foreign Investment in Real Estate Industry (Shang Ban Zi Han 2010 No. 1542) issued by the General Office of the Ministry of Commerce of the PRC on 22 November 2010, real estate enterprises funded by foreign capital may not purchase and resell real estate properties in the PRC that are either completed or under construction for arbitrage purposes. There can be no assurance that the PRC government will not deem any transaction of real properties or any transfer of equity in real estate companies as arbitrage through transaction of real estate. The regulation is believed to be aimed at controlling inflow of foreign capital by curtailing the practices of reselling properties for arbitrage adopted by some foreign investors, which indicates that the PRC government has been imposing stricter policies on foreign investment in the real estate industry.

While OUE C-REIT has obtained all necessary approvals and consents from the PRC authorities for acquiring its share of strata ownership of Lippo Plaza, there is also no assurance that the PRC government will not implement additional restrictions on foreign investment in the real estate industry and purchases and sales of real estate properties by foreign investors.

Delay by the PRC tax authorities in assessing taxes could affect the business, financial condition, results of operations and cashflow of OUE C-REIT.

As Renminbi proceeds originating from OUE C-REIT's share of strata ownership of Lippo Plaza can only be converted into foreign exchange and be remitted offshore after full payment of taxes evidenced by tax record forms for remittance issued by the PRC tax authorities, if the tax record forms for remittance cannot be obtained from the PRC tax authorities promptly, OUE C-REIT's business, financial condition, results of operations and cashflow will be adversely affected.

Interpretation of the PRC laws and regulations involves uncertainty.

The taxation and real estate laws and in particular, the laws relevant to the rights of foreign investors and the entities through which they may invest are often unclear in the PRC where Lippo Plaza is located.

The PRC legal system is based on written statutes and prior court decisions can only be cited as reference. Since 1979, the PRC government has promulgated laws and regulations in relation to economic matters such as foreign investment, corporate organisation and governance, commerce, taxation and trade, to develop a comprehensive system of commercial law. However, as these laws and regulations are continually evolving in response to changing economic and other conditions, and because of the limited volume of published cases and their non-binding nature, any particular interpretation of PRC laws and regulations may not be definitive. The PRC may not accord equivalent rights (or protection for such rights) to those rights investors might expect in countries with more sophisticated real estate laws and regulations. Furthermore, the PRC is geographically large and divided into various provinces and municipalities and different laws, rules, regulations and policies apply in different provinces and they may have different and varying applications and interpretations in different parts of the PRC. The PRC has no centralised register or official resources where legislation enacted by the central and local authorities is provided to the public. Legislation or regulations, particularly for local applications, may be enacted without prior notice or announcement to the public. The OUE C-REIT Manager may not be aware of the existence of new legislation or regulations. There is also no integrated system in the PRC from which information can be obtained in respect of legal actions, arbitrations or administrative actions. Even if an individual court-by-court search were performed, each court may refuse to make the documentation which it holds available for inspection. There is a risk that entities in the PRC acquired by OUE C-REIT may be subject to proceedings which may not have been disclosed.

Agreements governed under PRC laws may be more difficult to enforce by legal or arbitral proceedings in the PRC than in countries with more mature legal systems. Even if the agreements generally provide for arbitral proceedings for disputes arising out of the agreements to be in another jurisdiction, it may be difficult for OUE C-REIT to obtain effective enforcement in the PRC of an arbitral award obtained in that jurisdiction.

The PRC's political policies and foreign relations could affect OUE C-REIT's properties.

Investment in PRC properties entails risks of a nature and degree not typically encountered in property investments in developed markets. In the PRC, there is a high risk of nationalisation, expropriation, confiscation, punitive taxation, currency restriction, political changes, government regulation, political, economic or social instability, or diplomatic developments which could adversely affect the value of investments made in the PRC, including Lippo Plaza, and for which OUE C-REIT may not be fairly compensated. Certain national policies may restrict foreigners investing in industries deemed sensitive to the national interest such as mining of certain kinds of minerals, construction and operation of natural reserves.

The PRC's economic reforms could affect OUE C-REIT's business.

The PRC economy differs from the economies of most developed countries in many respects, including its structure, its level of development, its growth rate, its control of foreign exchange and its allocation of resources. The PRC economy is still in the process of being transformed from a planned economy to a more market-oriented economy. For the past two decades, the PRC government has implemented economic reform measures emphasising utilisation of market forces in the development of the PRC economy. Although the OUE C-REIT Manager believes these reforms will have a positive effect on its overall and long-term development, it cannot predict whether changes in the PRC's economic and other policies will or will not have any adverse effect on OUE C-REIT's current or future business, financial condition and results of operations.

RISKS RELATING TO THE SECURITIES GENERALLY

Limited liquidity of the Securities issued under the Programme.

There can be no assurance regarding the future development of the market for the Securities issued under the Programme or the ability of the Securityholders, or the price at which the Securityholders may be able, to sell their Securities. The Securities may have no established trading market when issued, and one may never develop. Even if a market for the Securities develops, there can be no assurance as to its liquidity or sustainability. Investors may not be able to sell their Securities easily or at prices that will provide them with a yield comparable to similar investments with a developed secondary market. This may particularly be the case for Securities that are especially sensitive to interest rate, currency or market risks, are designed for specific investment objectives or strategies or have been structured to meet the investment requirements of limited categories of investors. These types of Securities generally may have a more limited secondary market and higher price volatility than conventional debt securities. If the Securities are traded after their initial issuance, they may trade at a discount to their initial offering price, depending upon prevailing interest rates, the market for similar securities, general economic conditions and the financial condition of the Issuers, the Guarantor and OUE C-REIT. If the Securities are trading at a discount, investors may not receive a favourable price for their Securities, and in some circumstances, investors may not be able to sell their Securities at their fair market value or at all.

Liquidity may have a severely adverse effect on the market value of the Securities. Although issuing additional Securities may increase their liquidity, there can be no assurance that the price of such Securities will not be adversely affected by the issuance.

Although an application will be made for the listing and quotation of Securities issued under the Programme agreed at or before issue thereof to be so listed on the SGX-ST, there is no assurance that such application will be approved, that any particular Tranche of Securities will be so admitted or that an active trading market will develop.

Fluctuation of the market value of the Securities issued under the Programme.

The trading price of the Securities may be influenced by numerous factors, including the market for similar securities, the operating results and/or financial condition of the Issuers, the Guarantor, OUE C-REIT, its subsidiaries and/or associated companies (if any), and political, economic, financial and any other factors that can affect the capital markets, the industry, the Issuers, the Guarantor, OUE C-REIT, its subsidiaries and/or associated companies (if any) generally. Adverse economic developments, in Singapore and countries in which the Issuers, the Guarantor, OUE C-REIT, its subsidiaries and/or associated companies (if any) operate or have business dealings could have a material adverse effect on the operating results, business, financial performance and/or the financial condition of the Issuers, the Guarantor, OUE C-REIT, its subsidiaries and/or associated companies (if any).

Further, recent global financial turmoil has resulted in substantial and continuing volatility in international capital markets. Any further deterioration in global financial conditions could have a material adverse effect on worldwide financial markets, which may also adversely affect the market price of the Securities.

An investment in the Securities is subject to interest rate risk.

An investment in fixed-rate Securities involves the risk that subsequent changes in interest rates may adversely affect the value of the Securities and Securityholders may suffer unforeseen losses due to such fluctuations in interest rates. Generally, a rise in interest rates may cause a fall in debt security prices, resulting in a capital loss for the Securityholders. However, the Securityholders may reinvest the interest payments at higher prevailing interest rates. Conversely, when interest rates fall, debt security prices may rise. Securityholders may enjoy capital gains but interest payments received may be reinvested at lower prevailing interest rates.

Currency risk associated with Securities denominated in foreign currencies.

As the Securities can be denominated in currencies other than Singapore dollars, the Issuers and OUE C-REIT may be affected by fluctuations between the Singapore dollar and such foreign currencies in meeting the payment obligations under such Securities and there is no assurance that the Issuers and OUE C-REIT may be able to fully hedge the currency risks associated with such Securities denominated in foreign currencies.

Exchange rate risks and exchange controls may result in Securityholders receiving less interest, distributions and/or principal than expected.

The Issuers will pay principal and interest or distribution on the Securities in the currency specified. This presents certain risks relating to currency conversions if the Securityholder's financial activities are denominated principally in a currency or currency unit (the "**Investor's Currency**") other than the currency in which the Securities are denominated. These include the risk that exchange rates may significantly change (including changes due to devaluation of the currency in which the Securities are denominated or revaluation of the Investor's Currency) and the risk that authorities with jurisdiction over the Investor's Currency may impose or modify exchange controls. An appreciation in the value of the Investor's Currency relative to the currency in which the Securities are denominated would decrease (i) the Investor's Currency equivalent yield on the Securities, (ii) the Investor's Currency equivalent value of the principal payable on the Securities and (iii) the Investor's Currency equivalent market value of the Securities.

Government and monetary authorities may impose (as some have done in the past) exchange controls that could adversely affect an applicable exchange rate. As a result, Securityholders may receive less interest and/or distribution or principal than expected, or no interest and/or distribution or principal at all.

Inflation risk.

Securityholders may suffer erosion on the return of their investments due to inflation. Securityholders would have an anticipated rate of return based on expected inflation rates on the purchase of the Securities. An unexpected increase in inflation could reduce the actual returns, as the principal repayment and interest payments or distributions on the Securities may not keep pace with inflation.

The Securities are not secured.

The Securities and the Coupons relating to them constitute direct, unconditional, unsubordinated (except in the case of Subordinated Perpetual Securities) and unsecured obligations of the Relevant Issuer and shall at all times rank *pari passu*, without any preference or priority among themselves. Accordingly, on a winding-up or dissolution of the Relevant Issuer and/or OUE C-REIT, the Securityholders will not have recourse to any specific assets of the Relevant Issuer and its subsidiaries and/or associated companies (if any) as security for outstanding payment or other obligations under the Securities and/or Coupons owed to the Securityholders and there can be no assurance there would be sufficient value in the assets of the Relevant Issuer and/or OUE C-REIT, after meeting all claims ranking ahead of the Securities, to discharge all outstanding payment and other obligations under the Securities and/or Coupons owed to the Securityholders.

The regulation and reform of “benchmark” rates of distribution and indices may adversely affect the value of Securities linked to or referencing such “benchmarks”.

Reference rates and indices which are deemed to be or used as “benchmarks” (including LIBOR, SIBOR and SOR) are the subject of recent international regulatory guidance and proposals for reform. Some of these reforms are already effective while others are still to be implemented. These reforms may cause such benchmarks to perform differently than in the past or to disappear entirely, or have other consequences which cannot be predicted. Any such consequence could have a material adverse effect on any Securities linked to or referencing such a benchmark.

Regulation (EU) 2016/1011 (the “**Benchmarks Regulation**”) applies, subject to certain transitional provisions, to the provision of benchmarks, the contribution of input data to a benchmark and the use of a benchmark within the European Union (“**EU**”). Among other things, it (i) requires benchmark administrators to be authorised or registered (or, if non-EU-based, to be subject to an equivalent regime or otherwise recognised or endorsed) and (ii) prevents certain uses by EU supervised entities of benchmarks of administrators that are not authorised or registered (or, if non-EU based, not deemed equivalent or recognised or endorsed).

The Benchmarks Regulation could have a material impact on any Notes or Perpetual Securities linked to or referencing a benchmark in particular, if the methodology or other terms of the benchmark are changed in order to comply with the requirements of the Benchmarks Regulation. Such changes could, among other things, have the effect of reducing, increasing or otherwise affecting the volatility of the published rate or level of the relevant benchmark.

More broadly, any of the international or national reforms, or the general increased regulatory scrutiny of benchmarks, could increase the costs and risks of administering or otherwise participating in the setting of a benchmark and complying with any such regulations or requirements.

Specifically, the sustainability of LIBOR has been questioned as a result of the absence of relevant active underlying markets and possible disincentives (including possibly as a result of benchmark reforms) for market participants to continue contributing to such benchmarks. On 27 July 2017, and in a subsequent speech by its Chief Executive on 12 July 2018, the UK Financial Conduct Authority (the “**FCA**”) confirmed that it will no longer persuade or compel banks to submit rates for the calculation of the LIBOR benchmark after 2021 (the “**FCA Announcements**”). The FCA Announcements indicated that the continuation of LIBOR on the current basis cannot and will not be guaranteed after 2021.

In addition, on 29 November 2017, the Bank of England and the FCA announced that, from January 2018, its Working Group on Sterling Risk-Free Rates has been mandated with implementing a broad-based transition to the Sterling Overnight Index Average (“**SONIA**”) over the next four years across sterling bond, loan and derivative markets, so that SONIA is established as the primary sterling interest rate benchmark by the end of 2021.

As the SOR methodology relies on USD LIBOR in its computation, the likely discontinuation of LIBOR after end-2021 will impact the future sustainability of SOR. On 30 August 2019, the MAS announced that it has established a steering committee to oversee an industry-wide interest rate benchmark transition from the SOR to the Singapore Overnight Rate Average.

It is not possible to predict with certainty whether, and to what extent, LIBOR, SIBOR or SOR will continue to be supported going forwards. This may cause LIBOR, SIBOR or SOR to perform differently than they have done in the past, and may have other consequences which cannot be predicted. Such factors may have (without limitation) the following effects on certain benchmarks: (i) discouraging market participants from continuing to administer or contribute to a benchmark; (ii) triggering changes in the rules or methodologies used in the benchmark and/or (iii) leading to the disappearance of the benchmark. Any of the above changes or any other consequential changes as a result of international or national reforms or other initiatives or investigations, could have a material adverse effect on the value of and return on any Notes or Perpetual Securities linked to, or referencing, or otherwise dependent (in whole or in part) upon, a benchmark.

The Conditions provide for certain fallback arrangements in the event that a Benchmark Event (as defined in the Conditions of the Notes or, as the case may be, Perpetual Securities) occurs, including if an Original Reference Rate (as defined in the Conditions of the Notes or, as the case may be, Perpetual Securities) ceases to be published for a period of at least five business days or ceases to exist, or if it has become unlawful for the Issuing and Paying Agent, the Calculation Agent, the Relevant Issuer or any other party to calculate any payments due to be made to any Noteholder or, as the case may be, Perpetual Securityholder using the Original Reference Rate. Such fallback arrangements include the possibility that the Rate of Interest or, as the case may be, Rate of Distribution could be set by reference to a Successor Rate or an Alternative Rate (both as defined in the Conditions of the Notes or, as the case may be, Perpetual Securities), with or without the application of an adjustment spread and may include amendments to the Conditions of the Notes or, as the case may be, the Perpetual Securities to ensure the proper operation of the successor or replacement benchmark, all as determined by the Relevant Issuer (acting in consultation with an Independent Adviser). An adjustment spread, if applied, could be positive or negative and would be applied with a view to reducing or eliminating, to the fullest extent reasonably practicable in the circumstances, any economic prejudice or benefit (as the case may be) to investors arising out of the replacement of an Original Reference Rate. However, it may not be possible to determine or apply an adjustment spread and even if an adjustment is applied, such adjustment spread may not be effective to reduce or eliminate economic prejudice to investors. If no adjustment spread can be determined, a Successor Rate or Alternative Rate may nonetheless be used to determine the Rate of Interest or, as the case may be, Rate of Distribution. The use of a Successor Rate or Alternative Rate (including with the application of an adjustment spread) will still result in any Securities linked to or referencing an Original Reference Rate performing differently (which may include payment of a lower Rate of Interest or, as the case may be, Rate of Distribution) than they would if the Original Reference Rate were to continue to apply in its current form.

If, following the occurrence of a Benchmark Event, no Successor Rate or Alternative Rate is determined, the ultimate fallback for the purposes of calculation of the Rate of Interest or, as the case may be, Rate of Distribution for a particular Interest Period or, as the case may be, Distribution Period may result in the Rate of Interest or, as the case may be, Rate of Distribution for the last preceding Interest Period or, as the case may be, Distribution Period being used. This may result in the effective application of a fixed rate for Floating Rate Notes or Floating Rate

Perpetual Securities (as applicable) based on the rate which was last observed on the Relevant Screen Page. Due to the uncertainty concerning the availability of Successor Rates and Alternative Rates, the involvement of an Independent Adviser and the potential for further regulatory developments there is a risk that the relevant fallback provisions may not operate as intended at the relevant time.

Investors should consult their own independent advisers and make their own assessment about the potential risks imposed by any international reforms in making any investment decision with respect to any Notes or Perpetual Securities linked to or referencing a benchmark.

Enforcement against the OUE C-REIT Trustee is subject to limitations.

The Securities are issued by the OUE C-REIT Trustee and not OUE C-REIT, as the latter is not a legal entity. Under the terms of the Securities, Securityholders shall only have recourse to the assets of OUE C-REIT and not DBS Trustee Limited personally nor any other asset held by DBS Trustee Limited as trustee of any trust other than OUE C-REIT. Furthermore, Securityholders do not have direct access to the assets of OUE C-REIT but may only have recourse to such assets through the OUE C-REIT Trustee and if necessary seek to subrogate the OUE C-REIT Trustee's right of indemnity out of the assets of OUE C-REIT, and accordingly, any claim to such assets is derivative in nature. A Securityholder's right of subrogation could be limited by the OUE C-REIT Trustee's right of indemnity under the OUE C-REIT Trust Deed. Such right of indemnity of the OUE C-REIT Trustee may not be available in the event of fraud, gross negligence or wilful default of the OUE C-REIT Trustee or breach of any provisions of the OUE C-REIT Trust Deed or breach of trust by the OUE C-REIT Trustee.

The Trust Deed, the Programme Agreement, the Agency Agreement and the Securities provide that recourse for any liability of or indemnity given by the OUE C-REIT Trustee under these documents is limited to the assets of OUE C-REIT and shall not extend to any personal assets of DBS Trustee Limited, or any assets held by DBS Trustee Limited as trustee of any trust other than OUE C-REIT. They also provide that the foregoing shall not restrict or prejudice any rights or remedies of any of the other parties to these documents whether in connection with any gross negligence, wilful default, fraud, breach of the OUE C-REIT Trust Deed or breach of trust of the OUE C-REIT Trustee or otherwise.

The Securities may be represented by Global Securities or Global Certificates and holders of a beneficial interest in a Global Security or Global Certificate must rely on the procedures of the relevant Clearing System(s).

Securities issued under the Programme may be represented by one or more Global Securities or Global Certificates. Such Global Securities or Global Certificates will be deposited with or registered in the name of, or in the name of a nominee of, the Common Depositary, or lodged with CDP (each of Euroclear, Clearstream, Luxembourg, CDP and/or such other clearing system, a "**Clearing System**"). Except in the circumstances described in the relevant Global Security or Global Certificate, investors will not be entitled to receive Definitive Securities or Certificates. While the Securities are represented by one or more Global Securities or Global Certificates, investors can trade their beneficial interests only through the relevant Clearing System. The relevant Clearing System(s) will maintain records of their direct account holders in relation to the Global Securities and Global Certificates.

While the Securities are represented by one or more Global Securities or Global Certificates, the Relevant Issuer will discharge its payment obligations under the Securities by paying to the Common Depositary, CDP or such other clearing system for distribution to their accountholders or, to the CDP Issuing and Paying Agent for distribution to the holders as appearing in the records of the relevant Clearing System. A holder of beneficial interest in the Global Securities or Global Certificates must rely on the procedures of the relevant Clearing System(s) to receive payments

under the relevant Securities. The Relevant Issuer has no responsibility or liability for the records relating to, or payments made in respect of, beneficial interests in the Global Securities or Global Certificates.

Holders of beneficial interests in the Global Securities and Global Certificates will not have a direct right to vote in respect of the relevant Securities. Instead, such holders may act only if they are enabled by the relevant Clearing System(s) to appoint proxies. Similarly, holders of beneficial interests in the Global Securities and the Global Certificates will not have a direct right under the Global Securities and the Global Certificates to take enforcement action against the Relevant Issuer if a default occurs under the relevant Securities but must rely upon their rights under the Trust Deed.

The Securities may not be a suitable investment for all investors.

Each potential investor in the Securities must determine the suitability of that investment given its own circumstances. In particular, each potential investor should:

- (i) have sufficient knowledge and experience to meaningfully evaluate the relevant Securities, the merits and risks of investing in the relevant Securities and the information contained or incorporated by reference in this Information Memorandum or any applicable supplement to this Information Memorandum;
- (ii) have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the relevant Securities and the impact such investment will have on its overall investment portfolio;
- (iii) have sufficient financial resources and liquidity to bear all of the risks of an investment in the relevant Securities, including Securities with principal, distribution or interest payable in one or more currencies, or where the currency for principal, distribution or interest payments differs from the potential investor's currency;
- (iv) understand thoroughly the terms of the relevant Securities and be familiar with the behaviour of any relevant indices and financial markets; and
- (v) be able to evaluate (either alone or with the help of a financial adviser) possible scenarios for economic, interest rate and other factors that may affect its investment and its ability to bear the applicable risks.

Some Securities are complex financial instruments. Investors generally do not purchase complex financial instruments as stand-alone investments. They purchase complex financial instruments to reduce risk or enhance yield with an understood, measured, appropriate addition of risk to their overall portfolios. A potential investor should not invest in the Securities which are complex financial instruments unless it has the expertise (either alone or with a financial adviser) to evaluate how the Securities will perform under changing conditions, the resulting effects on the value of the Securities and the impact such investment will have on the potential investor's overall investment portfolio.

The investment activities of certain investors are subject to legal investment laws and regulations, or review or regulation by certain authorities. Each potential investor should consult its legal advisers to determine whether and to what extent (1) the Securities are legal investments for it, (2) the Securities can be used as collateral for various types of borrowing and (3) other restrictions apply to its purchase or pledge of any Securities. Financial institutions should consult their legal advisers or the appropriate regulators to determine the appropriate treatment of Securities under any applicable risk-based capital or similar rules.

Performance of contractual obligations by the Relevant Issuer depends on other parties.

The ability of the Relevant Issuer to make payments in respect of the Securities may depend upon the due performance by the other parties to the documents relating to the Programme or an issue of Securities of their obligations thereunder including the performance by the Trustee and the Agents (as defined in the Trust Deed) of their respective obligations. Whilst the non-performance of any relevant parties will not relieve the Relevant Issuer of its obligations to make payments under the Securities, the Relevant Issuer may not, in such circumstances, be able to fulfil its obligations to the Securityholders and/or the Couponholders.

Securities may be issued at a substantial discount or premium.

The market values of Securities issued at a substantial discount or premium from their principal amount tend to fluctuate more in relation to general changes in interest rates than do prices for conventional interest-bearing securities. Generally, the longer the remaining term of the Securities, the greater the price volatility as compared to conventional interest-bearing securities with comparable maturities.

Definitive Securities and Certificates with a denomination that is not an integral multiple of the specified minimum denomination may be illiquid and difficult to trade.

Securities issued with denominations of a specified minimum amount and a higher integral multiple of another smaller amount might be traded in amounts in excess of the minimum denomination that are not integral multiples thereof. In such a case, a Securityholder who, because of trading such amounts, holds a principal amount less than the minimum denomination will not receive a Definitive Security or Certificate in respect of its holding (should Definitive Securities or Certificates be issued) and would need to purchase a principal amount of Securities such that it holds an amount equal to or more than the minimum denomination. If Definitive Securities or Certificates are issued, holders should be aware that Definitive Securities or Certificates which have a denomination that is not an integral multiple of the minimum Denomination Amount may be illiquid and difficult to trade. Definitive Securities and Certificates will in no circumstances be issued to any person holding Securities in an amount lower than the minimum denomination and such Securities will be cancelled and holders will have no rights against the Relevant Issuer (including rights to receive principal or interest or to vote or attend meetings of Securityholders) in respect of such Securities.

The Trustee may request Securityholders to provide an indemnity and/or security and/or pre-funding to its satisfaction.

In certain circumstances (including under Condition 11 of the Notes and Condition 9 of the Perpetual Securities), the Trustee may (at its sole discretion) request Securityholders to provide an indemnity and/or security and/or pre-funding to its satisfaction before it takes action on behalf of Securityholders. The Trustee is not obliged to take any action if not indemnified and/or secured and/or pre-funded to its satisfaction. Negotiating and agreeing to an indemnity and/or security and/or pre-funding can be a lengthy process and may impact on when such actions can be taken.

The Trustee may not be able to take action, notwithstanding the provision of an indemnity and/or security and/or pre-funding to it, in breach of the Trust Deed and if there is uncertainty or dispute as to the applicable laws or regulations and, to the extent permitted by the agreements and the applicable law, it will be for the Securityholders to take such action directly.

Provisions in the Trust Deed and the terms and conditions of the Securities may be modified.

The terms and conditions of the Securities contain provisions for calling meetings of Securityholders to consider matters affecting their interests generally. These provisions permit defined majorities to bind all Securityholders including Securityholders who did not attend and vote at the relevant meeting and Securityholders who voted in a manner contrary to the majority.

The terms and conditions of the Securities also provide that the Trustee may, without the consent of the Securityholders or Couponholders, agree to (i) any modification of the provisions of the Trust Deed or any of the other Issue Documents (as defined in the Trust Deed) which in the opinion of the Trustee is of a formal, minor or technical nature, is made to correct a manifest error or to comply with mandatory provisions of Singapore law or is required by the relevant stock exchange, Euroclear and/or Clearstream, Luxembourg and/or CDP and/or any other clearing system in which the Securities may be held, and (ii) any other modification (except as mentioned in the Trust Deed) to the Trust Deed or any of the other Issue Documents, and any waiver or authorisation of any breach or proposed breach, of any of the provisions of the Trust Deed or any of the other Issue Documents which is in the opinion of the Trustee not materially prejudicial to the interests of the Securityholders. Any such modification, authorisation or waiver shall be binding on the Securityholders and the Couponholders and such modification, authorisation or waiver shall be notified by the Relevant Issuer to the Securityholders as soon as practicable.

A change in Singapore law which governs the Securities may adversely affect Securityholders.

The Securities are governed by Singapore law. No assurance can be given as to the impact of any possible judicial decision or change to Singapore law or administrative practice after the date of issue of the Securities and any such change could materially impact the value of any Securities affected by it.

Application of Singapore insolvency and related laws to OUE C-REIT may result in a material adverse effect on the Securityholders.

There can be no assurance that OUE C-REIT will not become bankrupt or insolvent or the subject of judicial management, schemes of arrangement, winding-up or liquidation orders or other insolvency-related proceedings or procedures. It is unclear whether Singapore insolvency and related laws applicable to companies can be applied to REITs. Application of these laws may have a material adverse effect on the Securityholders. Without being exhaustive, below are some matters that could have a material adverse effect on the Securityholders. Where OUE C-REIT is insolvent or close to insolvent the OUE C-REIT Trustee undergoes certain insolvency procedures, there may be a moratorium against actions and proceedings which may apply in the case of judicial management, schemes of arrangement and/or winding-up in relation to the OUE C-REIT Trustee. It may also be possible that if a company related to the OUE C-REIT Trustee proposes a creditor scheme of arrangement and obtains an order for a moratorium, the OUE C-REIT Trustee may also seek a moratorium even if the OUE C-REIT Trustee is not itself proposing a scheme of arrangement. These moratoriums can be lifted with court permission and in the case of judicial management, additionally with the permission of the judicial manager. Accordingly, if for instance there is any need for the Trustee to bring an action against the OUE C-REIT Trustee, the need to obtain court permission may result in delays in being able to bring or continue legal proceedings that may be necessary in the process of recovery.

Further, Securityholders may be made subject to a binding scheme of arrangement where the majority in number representing 75% in value of creditors and the court approve such scheme. In respect of company-initiated creditor schemes of arrangement, recent amendments have introduced cram-down provisions for where there is a dissenting class of creditors. The court may notwithstanding a single class of dissenting creditors approve a scheme provided an overall majority in number representing 75% in value of the creditors meant to be bound by the scheme

have agreed to it and provided that the scheme does not unfairly discriminate and is fair and equitable to each dissenting class and the court is of the view that it is appropriate to approve the scheme. In such scenarios, Securityholders may be bound by a scheme of arrangement to which they may have dissented.

Further to the amendments that took effect on 23 May 2017 (some of which have been highlighted above), the Insolvency, Restructuring and Dissolution Bill (the “**IRD Bill**” or as passed, the “**IRD Act**”) was passed in Parliament on 1 October 2018, but is not yet in force. The IRD Act includes a prohibition against terminating, amending or claiming an accelerated payment or forfeiture of the term under, any agreement (including a security agreement) with a company that commences certain insolvency or rescue proceedings, by reason only that the proceedings are commenced or that the company is insolvent. The extent to which the provisions in the IRD Act will impact the transactions contemplated under this Programme (if at all) will depend on the extent to which such transactions will be exempted from the application of such provisions. While the relevant authorities have indicated that bonds will generally be exempted from the prohibition described above, the relevant details are not yet available and there is no certainty as to whether or the extent to which the transactions contemplated under this Programme will fall within such exemptions.

RISKS RELATING TO THE NOTES

Singapore tax risk.

The Notes to be issued from time to time under the Programme during the period from the date of this Information Memorandum to 31 December 2023 are intended to be “qualifying debt securities” for the purposes of the ITA, subject to the fulfilment of certain conditions more particularly described in the section “Singapore Taxation”.

However, there is no assurance that such Notes will continue to enjoy the tax concessions in connection therewith should the relevant tax laws be amended or revoked at any time.

Variable Rate Notes may have a multiplier or other leverage factor.

Notes with variable interest rates can be volatile investments. If they are structured to include multipliers or other leverage factors, or caps or floors, or any combination of those features or other similar related features, their market values may be even more volatile than those for securities that do not include those features.

The Notes may be subject to optional redemption by the Relevant Issuer.

An optional redemption feature is likely to limit the market value of the Notes with the feature. During any period when the Relevant Issuer may elect to redeem Notes, the market value of the Notes generally will not rise substantially above the price at which they can be redeemed. This also may be true prior to any redemption period. The Relevant Issuer may be expected to redeem Notes when its cost of borrowing is lower than the interest rate on the Notes. At those times, an investor generally would not be able to reinvest the redemption proceeds at an effective interest rate as high as the interest rate on the Notes being redeemed and may only be able to do so at a significantly lower rate.

RISKS RELATING TO THE PERPETUAL SECURITIES

Investors have no right to require redemption of Perpetual Securities.

The Perpetual Securities have no final maturity date. Securityholders have no right to require the Relevant Issuer to redeem Perpetual Securities at any time, and an investor who acquires Perpetual Securities may only dispose of such Perpetual Securities by sale. Securityholders who wish to sell their Perpetual Securities may be unable to do so at a price at or above the amount they have paid for them, or at all. Therefore, potential investors should be aware that they may be required to bear the financial risks of an investment in Perpetual Securities for an indefinite period of time.

If specified in the relevant Pricing Supplement, Perpetual Securityholders may not receive distribution payments if the Relevant Issuer elects not to pay all or a part of a distribution under the terms and conditions of the Perpetual Securities.

If Optional Payment is specified in the relevant Pricing Supplement, the Relevant Issuer may, at its sole discretion, elect not to pay any scheduled distribution on the Perpetual Securities in whole or in part for any period of time. The Relevant Issuer is not subject to any limit as to the number of times or the amount with respect to which the Relevant Issuer can elect not to pay distributions under the Perpetual Securities. While the Relevant Issuer may, at its sole discretion, and at any time, elect to pay an Optional Distribution, being an optional amount equal to the amount of distribution which is unpaid in whole or in part, there is no assurance that the Relevant Issuer will do so, and distributions which are not paid in whole or in part may remain unpaid for an indefinite period of time. Any non-payment of a distribution in whole or in part shall not constitute a default for any purpose. Any election by the Relevant Issuer not to pay a distribution in whole or in part, will likely have an adverse effect on the market price of the Perpetual Securities. In addition, as a result of the potential non-cumulative distribution feature of the Perpetual Securities and the Relevant Issuer's ability to elect not to pay a distribution in whole or in part, the market price of the Perpetual Securities may be more volatile than the market prices of other debt securities on which original issue discount or interest accrues that are not subject to such election not to pay and may be more sensitive generally to adverse changes in the Relevant Issuer's or the Group's financial condition.

If specified in the relevant Pricing Supplement, the Relevant Issuer may at its option redeem the Perpetual Securities at specified date(s) or on the occurrence of certain other events.

The Perpetual Securities have no fixed maturity date. If specified in the relevant Pricing Supplement, the Relevant Issuer may redeem the Perpetual Securities at its option on the date(s) specified in the relevant Pricing Supplement at their principal amount (or such other redemption amount stated in the relevant Pricing Supplement) together with all outstanding Arrears of Distribution, Additional Distribution Amounts and distribution accrued to (but excluding) the date fixed for redemption. In addition, if specified in the relevant Pricing Supplement, the Relevant Issuer may, at its option, redeem the Perpetual Securities in whole, but not in part, on any Distribution Payment Date, or at any time after such Distribution Payment Date, upon the occurrence of certain other events. See the section "Terms and Conditions of the Perpetual Securities – Redemption and Purchase" in this Information Memorandum.

The date on which the Relevant Issuer elects to redeem the Perpetual Securities may not accord with the preference of individual holders. This may be disadvantageous to holders in light of market conditions or their individual circumstances. In addition, an investor may not be able to reinvest the redemption proceeds in comparable securities at an effective distribution rate at the same level as that of the Perpetual Securities.

There are limited remedies for non-payment default under the Perpetual Securities.

Any scheduled distribution will not be due if the Relevant Issuer elects not to pay all or a part of that distribution under the Conditions of the Perpetual Securities. Notwithstanding the provisions relating to non-payment defaults, the right to institute Winding-Up proceedings (as defined in Condition 9(b) of the Perpetual Securities) is limited to circumstances where payment of principal under the Perpetual Securities has become due and such default continues for three business days after the due date or payment of any interest or other amounts (other than principal) has become due and such default continues for five business days after the due date. The only remedy against the Relevant Issuer, the Guarantor and/or OUE C-REIT available to the Trustee or (where the Trustee has failed to proceed against the Relevant Issuer, the Guarantor and/or OUE C-REIT as provided in the Conditions of the Perpetual Securities) any Perpetual Securityholder for recovery of amounts in respect of the Perpetual Securities following a non-payment default will be instituting proceedings for the Winding-Up of the Relevant Issuer, the Guarantor and/or OUE C-REIT and/or proving in such Winding-Up and/or claiming in the liquidation of the Relevant Issuer, the Guarantor and/or OUE C-REIT in respect of any payment obligations of the Relevant Issuer or the Guarantor arising from the Perpetual Securities.

The Relevant Issuer may raise or redeem other capital which affects the price of the Perpetual Securities.

The Relevant Issuer may raise additional capital through the issue of other securities or other means. There is no restriction, contractual or otherwise, on the amount of securities or other liabilities that the Relevant Issuer may issue or incur and which rank senior to, or *pari passu* with, the Perpetual Securities. Similarly, subject to compliance with the Conditions of the Perpetual Securities, the Relevant Issuer may redeem securities that rank junior to, *pari passu* with, or senior to the Perpetual Securities. The issue of any such securities or the incurrence of any such other liabilities or the redemption of any such securities may reduce the amount (if any) recoverable by holders of Perpetual Securities on a Winding-Up of the Relevant Issuer and/or OUE C-REIT, and may increase the likelihood of a deferral of distribution under the Perpetual Securities. The issue of any such securities or the incurrence of any such other liabilities or the redemption of any such securities might also have an adverse impact on the trading price of the Perpetual Securities and/or the ability of holders of Perpetual Securities to sell their Perpetual Securities.

The Subordinated Perpetual Securities and the Subordinated Guarantee are subordinated obligations.

The obligations of the Relevant Issuer under the Subordinated Perpetual Securities and the Guarantor under the Subordinated Guarantee will constitute their respective unsecured and subordinated obligations.

In the event of the Winding-Up of OCTPL, the rights of the Perpetual Securityholders and Couponholders in respect of Subordinated Perpetual Securities to payment of principal of and distribution on the Subordinated Perpetual Securities and the Coupons relating to them are expressly subordinated and subject in right of payment to the prior payment in full of all claims of senior creditors of OCTPL but at least *pari passu* with all other subordinated obligations of OCTPL that are not expressed by their terms to rank junior to the Subordinated Perpetual Securities and in priority to the claims of shareholders of OCTPL and/or as otherwise specified in the applicable Pricing Supplement.

In the event of the Winding-Up of the OUE C-REIT Trustee or OUE C-REIT, there shall be payable by the OUE C-REIT Trustee in respect of each Subordinated Perpetual Security issued or guaranteed by the OUE C-REIT Trustee (in lieu of any other payment by the OUE C-REIT Trustee) such amount, if any, as would have been payable to such Perpetual Securityholder if, on the day

prior to the commencement of the Winding-Up of the OUE C-REIT Trustee or OUE C-REIT, and thereafter, such Perpetual Securityholder were the holder of one of a class of preferred units in the capital of OUE C-REIT (and if more than one class of preferred units is outstanding, the most junior ranking class of such preferred units) with an equal right to return of assets in the Winding-Up of the OUE C-REIT Trustee or OUE C-REIT and ranking *pari passu* with the holders of the most junior ranking class of preferred units and other securities and senior to the holders of ordinary equity or other securities expressed to be junior to such Subordinated Perpetual Security but junior to the claims of all other present and future creditors of the OUE C-REIT Trustee, on the assumption that the amount that such Perpetual Securityholder was entitled to receive in respect of each OUE C-REIT Notional Preferred Unit on a return of assets in such Winding-Up of the OUE C-REIT Trustee or OUE C-REIT were an amount equal to the principal amount (and any applicable premium outstanding) of the relevant Subordinated Perpetual Security together with distributions accrued and unpaid since the immediately preceding Distribution Payment Date or the Issue Date (as the case may be) and any unpaid Optional Distributions (as defined in Condition 4(IV)(c) of the Perpetual Securities) in respect of which the OUE C-REIT Trustee has given notice to the Perpetual Securityholders in accordance with the Conditions of the Perpetual Securities.

In addition, subject to the limit on the aggregate principal amount of Securities that can be issued under the Programme (which can be amended from time to time by the Relevant Issuer without the consent of the Securityholders), there is no restriction on the amount of unsubordinated securities or other liabilities which the Relevant Issuer may issue or incur and which rank senior to, or *pari passu* with, the Subordinated Perpetual Securities. The issue of any such securities or the incurrence of any such other liabilities may reduce the amount (if any) recoverable by holders of Subordinated Perpetual Securities on a Winding-Up of the Relevant Issuer and/or OUE C-REIT and/or may increase the likelihood of a non-payment of distribution under the Subordinated Perpetual Securities.

Tax treatment of the Perpetual Securities is unclear.

It is not clear whether any particular tranche of the Perpetual Securities (the “**Relevant Tranche of the Perpetual Securities**”) will be regarded as “debt securities” by the IRAS for the purposes of the ITA and whether the tax exemptions or tax concessions available for qualifying debt securities under the qualifying debt securities scheme (as set out in the section “Singapore Taxation” of this Information Memorandum) would apply to the Relevant Tranche of the Perpetual Securities.

If the Relevant Tranche of the Perpetual Securities is not regarded as “debt securities” for the purposes of the ITA and holders thereof are not eligible for the tax concessions under the qualifying debt securities scheme, the tax treatment to Perpetual Securityholders may differ. In addition, in the event that the IRAS does not regard the Relevant Tranche of the Perpetual Securities issued by the OUE C-REIT Trustee as “debt securities” for Singapore income tax purposes, payments in respect of the Relevant Tranche of the Perpetual Securities (including, without limitation, the distributions, Optional Distributions, Arrears of Distribution and Additional Distribution Amounts) may be subject to Singapore income tax, and the OUE C-REIT Trustee may be obliged (in certain circumstances) to withhold or deduct tax on such payments. In that event, the OUE C-REIT Trustee will not pay any additional amounts in respect of any such withholding or deduction from such payments in respect of the Relevant Tranche of the Perpetual Securities in connection therewith for or on account of any such taxes or duties. Perpetual Securityholders are thus advised to consult their own accounting and tax advisers regarding the Singapore tax treatment of payments made to them under the Relevant Tranche of Perpetual Securities (including, without limitation, the distributions, Optional Distributions, Arrears of Distribution and Additional Distribution Amounts) including the risk of such payments being subject to Singapore withholding tax.

For further details of the tax treatment of the Perpetual Securities, please see the section on “Singapore Taxation” herein.

USE OF PROCEEDS

The net proceeds arising from the issue of the Securities under the Programme (after deducting issue expenses) will be used (a) to refinance the existing borrowings of the Group, (b) to fund the redemption and/or buyback of securities issued by any member of the Group, (c) for general corporate funding (including investments and capital expenditures) of the Group, (d) to finance general working capital purposes of the Group and/or (e) for such other purposes as may be specified in the relevant Pricing Supplement.

CLEARING AND SETTLEMENT

Clearance and Settlement under the Depository System

In respect of Securities which are accepted for clearance by CDP in Singapore, clearance will be effected through an electronic book-entry clearance and settlement system for the trading of debt securities ("**Depository System**") maintained by CDP. Securities that are to be listed on the SGX-ST may be cleared through CDP.

CDP, a wholly-owned subsidiary of Singapore Exchange Limited, is incorporated under the laws of Singapore and acts as a depository and clearing organisation. CDP holds securities for its accountholders and facilitates the clearance and settlement of securities transactions between accountholders through electronic book-entry changes in the securities accounts maintained by such accountholders with CDP.

In respect of Securities which are accepted for clearance by CDP, the entire issue of the Securities is to be held by CDP in the form of a Global Security or a Global Certificate for persons holding the Securities in securities accounts with CDP ("**Depositors**"). Delivery and transfer of Securities between Depositors is by electronic book-entries in the records of CDP only, as reflected in the securities accounts of Depositors.

Settlement of over-the-counter trades in the Securities through the Depository System may be effected through securities sub-accounts held with corporate depositors ("**Depository Agents**"). Depositors holding the Securities in direct securities accounts with CDP, and who wish to trade Securities through the Depository System, must transfer the Securities to a securities sub-account with a Depository Agent for trade settlement.

CDP is not involved in money settlement between the Depository Agents (or any other persons) as CDP is not a counterparty in the settlement of trades of debt securities. However, CDP will make payments of interest and distribution and repayment of principal on behalf of issuers of debt securities.

Although CDP has established procedures to facilitate transfers of interests in the Securities in global form among Depositors, it is under no obligation to perform or continue to perform such procedures, and such procedures may be discontinued at any time. None of the Issuer, the CDP Issuing and Paying Agent or any other agent will have the responsibility for the performance by CDP of its obligations under the rules and procedures governing its operations.

Clearance and Settlement under Euroclear and/or Clearstream, Luxembourg

Euroclear and Clearstream, Luxembourg each holds securities for participating organisations and facilitates the clearance and settlement of securities transactions between their respective participants through electronic book-entry changes in the accounts of such participants, thereby eliminating the need for physical movements of certificates and any risks from lack of simultaneous transfer. Euroclear and Clearstream, Luxembourg provide to their respective participants, among other things, services for safekeeping, administration, clearance and settlement of internationally-traded securities and securities lending and borrowing. Euroclear and Clearstream, Luxembourg each also deals with domestic securities markets in several countries through established depository and custodial relationships. The respective systems of Euroclear and Clearstream, Luxembourg have established an electronic bridge between their two systems which enables their respective participants to settle trades with one another. Euroclear and Clearstream, Luxembourg participants are financial institutions throughout the world, including underwriters, securities brokers and dealers, banks, trust companies, clearing corporations and certain other organisations. Indirect access to Euroclear or Clearstream, Luxembourg is also available to other financial institutions, such as banks, brokers, dealers and trust companies which clear through or maintain a custodial relationship with a Euroclear or Clearstream, Luxembourg participant, either directly or indirectly.

A participant's overall contractual relations with either Euroclear or Clearstream, Luxembourg are governed by the respective rules and operating procedures of Euroclear or Clearstream, Luxembourg and any applicable laws. Both Euroclear and Clearstream, Luxembourg act under those rules and operating procedures only on behalf of their respective participants, and have no record of, or relationship with, persons holding any interests through their respective participants. Distributions of principal with respect to book-entry interests in the Securities held through Euroclear or Clearstream, Luxembourg will be credited, to the extent received by the relevant Paying Agent, to the cash accounts of the relevant Euroclear or Clearstream, Luxembourg participants in accordance with the relevant system's rules and procedures.

SINGAPORE TAXATION

The statements below are general in nature and are based on certain aspects of current tax laws in Singapore and administrative guidelines and circulars issued by the IRAS and MAS in force as at the date of this Information Memorandum and are subject to any changes in such laws, administrative guidelines or circulars, or the interpretation of those laws, guidelines or circulars, occurring after such date, which changes could be made on a retroactive basis. These laws, guidelines and circulars are also subject to various interpretations and the relevant tax authorities or the courts could later disagree with the explanations or conclusions set out below. Neither these statements nor any other statements in this Information Memorandum are intended or are to be regarded as advice on the tax position of any holder of the Securities or of any person acquiring, selling or otherwise dealing with the Securities or on any tax implications arising from the acquisition, sale or other dealings in respect of the Securities. The statements made herein do not purport to be a comprehensive or exhaustive description of all the tax considerations that may be relevant to a decision to subscribe for, purchase, own or dispose of the Securities and do not purport to deal with the tax consequences applicable to all categories of investors, some of which (such as dealers in securities or financial institutions in Singapore which have been granted the relevant Financial Sector Incentive(s)) may be subject to special rules or tax rates. Prospective holders of the Securities are advised to consult their own professional tax advisers as to the Singapore or other tax consequences of the acquisition, ownership of or disposal of the Securities, including, in particular, the effect of any foreign, state or local tax laws to which they are subject. It is emphasised that none of the Issuers, the Guarantor, the Arrangers and any other persons involved in the Programme accepts responsibility for any tax effects or liabilities resulting from the subscription for, purchase, holding or disposal of the Securities.

In addition, the disclosure below is on the assumption that the IRAS regards each tranche of the Perpetual Securities as “debt securities” for the purposes of the ITA and that payments made under each tranche of the Perpetual Securities (including, without limitation, the distributions, Optional Distributions, Arrears of Distribution and Additional Distribution Amounts) will be regarded as interest payable on indebtedness and holders thereof may therefore enjoy the tax concessions and exemptions available for qualifying debt securities, provided that the other conditions for the qualifying debt securities scheme are satisfied. If any tranche of the Perpetual Securities is not regarded as “debt securities” for the purposes of the ITA or payments made under each tranche of the Perpetual Securities (including, without limitation, the distributions, Optional Distributions, Arrears of Distribution and Additional Distribution Amounts) are not regarded as interest payable on indebtedness or holders thereof are not eligible for the tax concessions under the qualifying debt securities scheme, the tax treatment to holders may differ. Investors and holders of any tranche of the Perpetual Securities should consult their own accounting and tax advisers regarding the Singapore income tax consequences of their acquisition, holding and disposal of any tranche of the Perpetual Securities.

1. Interest and Other Payments

Subject to the following paragraphs, under Section 12(6) of the ITA, the following payments are deemed to be derived from Singapore:

- (a) any interest, commission, fee or any other payment in connection with any loan or indebtedness or with any arrangement, management, guarantee, or service relating to any loan or indebtedness which is (i) borne, directly or indirectly, by a person resident in Singapore or a permanent establishment in Singapore (except in respect of any business carried on outside Singapore through a permanent establishment outside Singapore or any immovable property situated outside Singapore) or (ii) deductible against any income accruing in or derived from Singapore; or

- (b) any income derived from loans where the funds provided by such loans are brought into or used in Singapore.

Such payments, where made to a person not known to the paying party to be a resident in Singapore for tax purposes, are generally subject to withholding tax in Singapore. The rate at which tax is to be withheld for such payments (other than those subject to the 15.0% final withholding tax described below) to non-resident persons (other than non-resident individuals) is currently 17.0%. The applicable rate for non-resident individuals is currently 22.0%. However, if the payment is derived by a person not resident in Singapore otherwise than from any trade, business, profession or vocation carried on or exercised by such person in Singapore and is not effectively connected with any permanent establishment in Singapore of that person, the payment is subject to a final withholding tax of 15.0%. The rate of 15.0% may be reduced by applicable tax treaties.

However, certain Singapore-sourced investment income derived by individuals from financial instruments is exempt from tax, including:

- (a) interest from debt securities derived on or after 1 January 2004;
- (b) discount income (not including discount income arising from secondary trading) from debt securities derived on or after 17 February 2006; and
- (c) prepayment fee, redemption premium and break cost from debt securities derived on or after 15 February 2007,

except where such income is derived through a partnership in Singapore or is derived from the carrying on of a trade, business or profession.

In addition, as the Programme as a whole is arranged by Oversea-Chinese Banking Corporation Limited and Standard Chartered Bank (Singapore) Limited, each of which is a Financial Sector Incentive (Standard Tier) Company or Financial Sector Incentive (Capital Market) Company (as defined in the ITA) at such time, any tranche of the Securities (the “**Relevant Securities**”) issued as debt securities under the Programme during the period from the date of this Information Memorandum to 31 December 2023 would be qualifying debt securities (“**QDS**”) for the purposes of the ITA, to which the following treatment shall apply:

- (i) subject to certain prescribed conditions having been fulfilled (including the furnishing by the Relevant Issuer, or such other person as MAS may direct, to MAS of a return on debt securities for the Relevant Securities in the prescribed format within such period as MAS may specify and such other particulars in connection with the Relevant Securities as MAS may require, and the inclusion by the Relevant Issuer in all offering documents relating to the Relevant Securities of a statement to the effect that where interest, discount income, prepayment fee, redemption premium or break cost from the Relevant Securities is derived by a person who is not resident in Singapore and who carries on any operation in Singapore through a permanent establishment in Singapore, the tax exemption for qualifying debt securities shall not apply if the non-resident person acquires the Relevant Securities using the funds and profits of such person’s operations through the Singapore permanent establishment), interest, discount income (not including discount income arising from secondary trading), prepayment fee, redemption premium and break cost (collectively, the “**Qualifying Income**”) from the Relevant Securities paid by the Relevant Issuer and derived by a holder who is not resident in Singapore and who (aa) does not have any permanent establishment in Singapore or (bb) carries on any operation in Singapore through a permanent establishment in Singapore but the funds used by that person to acquire the Relevant Securities are not obtained from such person’s operation through a permanent establishment in Singapore, are exempt from Singapore tax;

- (ii) subject to certain conditions having been fulfilled (including the furnishing by the Relevant Issuer, or such other person as MAS may direct, to MAS of a return on debt securities for the Relevant Securities in the prescribed format within such period as MAS may specify and such other particulars in connection with the Relevant Securities as MAS may require), Qualifying Income from the Relevant Securities derived by any company or body of persons (as defined in the ITA) in Singapore is subject to income tax at a concessionary rate of 10.0% (except for holders of the relevant Financial Sector Incentive(s) who may be taxed at different rates); and
- (iii) subject to:
 - (aa) the Relevant Issuer including in all offering documents relating to the Relevant Securities a statement to the effect that any person whose interest, discount income, prepayment fee, redemption premium or break cost derived from the Relevant Securities is not exempt from tax shall include such income in a return of income made under the ITA; and
 - (bb) the furnishing by the Relevant Issuer, or such other person as MAS may direct, to MAS of a return on debt securities for the Relevant Securities in the prescribed format within such period as MAS may specify and such other particulars in connection with the Relevant Securities as MAS may require,

payments of Qualifying Income derived from the Relevant Securities are not subject to withholding of tax by the Relevant Issuer.

Notwithstanding the foregoing:

- (A) if during the primary launch of any tranche of Relevant Securities, the Relevant Securities of such tranche are issued to fewer than four persons and 50.0% or more of the issue of such Relevant Securities is beneficially held or funded, directly or indirectly, by related parties of the Relevant Issuer or the OUE C-REIT Manager, such Relevant Securities would not qualify as QDS; and
- (B) even though a particular tranche of Relevant Securities are QDS, if, at any time during the tenure of such tranche of Relevant Securities, 50.0% or more of such Relevant Securities which are outstanding at any time during the life of their issue is beneficially held or funded, directly or indirectly, by any related party(ies) of the Relevant Issuer or the OUE C-REIT Manager, Qualifying Income derived from such Relevant Securities held by:
 - (i) any related party of the Relevant Issuer or the OUE C-REIT Manager; or
 - (ii) any other person where the funds used by such person to acquire such Relevant Securities are obtained, directly or indirectly, from any related party of the Relevant Issuer or the OUE C-REIT Manager,

shall not be eligible for the tax exemption or concessionary rate of tax as described above.

The term “**related party**”, in relation to a person, means any other person who, directly or indirectly, controls that person, or is controlled, directly or indirectly, by that person, or where he and that other person, directly or indirectly, are under the control of a common person.

The terms “**prepayment fee**”, “**redemption premium**” and “**break cost**” are defined in the ITA as follows:

“prepayment fee”, in relation to debt securities and qualifying debt securities, means any fee payable by the issuer of the securities on the early redemption of the securities, the amount of which is determined by the terms of the issuance of the securities;

“redemption premium”, in relation to debt securities and qualifying debt securities, means any premium payable by the issuer of the securities on the redemption of the securities upon their maturity; and

“break cost”, in relation to debt securities and qualifying debt securities, means any fee payable by the issuer of the securities on the early redemption of the securities, the amount of which is determined by any loss or liability incurred by the holder of the securities in connection with such redemption.

References to “prepayment fee”, “redemption premium” and “break cost” in this Singapore tax disclosure have the same meaning as defined in the ITA.

Where interest, discount income, prepayment fee, redemption premium or break cost (i.e. the Qualifying Income) is derived from the Relevant Securities by any person who is not resident in Singapore and who carries on any operations in Singapore through a permanent establishment in Singapore, the tax exemption available for QDS under the ITA (as mentioned above) shall not apply if such person acquires such Relevant Securities using the funds and profits of such person’s operations through a permanent establishment in Singapore. Any person whose interest, discount income, prepayment fee, redemption premium or break cost (i.e. the Qualifying Income) derived from the Relevant Securities is not exempt from tax is required to include such income in a return of income made under the ITA.

2. Capital Gains

Any gains considered to be in the nature of capital made from the sale of the Securities will not be taxable in Singapore. However, any gains derived by any person from the sale of the Securities which are gains from any trade, business, profession or vocation carried on by that person, if accruing in or derived from Singapore, may be taxable as such gains are considered revenue in nature.

Holders of the Securities who apply or who are required to apply Singapore Financial Reporting Standard (“**FRS**”) 39, FRS 109 or Singapore Financial Reporting Standard (International) 9 (“**SFRS(I) 9**”) (as the case may be) for Singapore income tax purposes may be required to recognise gains or losses (not being gains or losses in the nature of capital) for tax purposes in accordance with the provisions of FRS 39, FRS 109 or SFRS(I) 9 (as the case may be) (as modified by the applicable provisions of Singapore income tax law) even though no sale or disposal of the Securities is made. See also “Adoption of FRS 39, FRS 109 or SFRS(I) 9 for Singapore Income Tax Purposes”.

3. Adoption of FRS 39, FRS 109 or SFRS(I) 9 for Singapore Income Tax Purposes

Section 34A of the ITA provides for the tax treatment for financial instruments in accordance with FRS 39 (subject to certain exceptions and “opt-out” provisions) to taxpayers who are required to comply with FRS 39 for financial reporting purposes. The IRAS has also issued a circular entitled “Income Tax Implications Arising from the Adoption of FRS 39 – Financial Instruments: Recognition and Measurement”.

FRS 109 or SFRS(I) 9 (as the case may be) is mandatorily effective for annual periods beginning on or after 1 January 2018, replacing FRS 39. Section 34AA of the ITA requires taxpayers who comply or who are required to comply with FRS 109 or SFRS(I) 9 for financial reporting purposes to calculate their profit, loss or expense for Singapore income tax purposes in respect of financial instruments in accordance with FRS 109 or SFRS(I) 9 (as the case may be), subject to certain exceptions. The IRAS has also issued a circular entitled "Income Tax: Income Tax Treatment Arising from Adoption of FRS 109 – Financial Instruments".

Holders of the Securities who may be subject to the tax treatment under Sections 34A or 34AA of the ITA should consult their own accounting and tax advisers regarding the Singapore income tax consequences of their acquisition, holding or disposal of the Securities.

4. Estate Duty

Singapore estate duty has been abolished with respect to all deaths occurring on or after 15 February 2008.

SUBSCRIPTION, PURCHASE AND DISTRIBUTION

The Programme Agreement provides for Securities to be offered from time to time through one or more Dealers. The price at which a Series or Tranche will be issued will be determined prior to its issue between the Relevant Issuer and the relevant Dealer(s). The obligations of the Dealers under the Programme Agreement will be subject to certain conditions set out in the Programme Agreement. Each Dealer (acting as principal) will subscribe for or procure subscribers for Securities from the Relevant Issuer pursuant to the Programme Agreement.

The Arrangers, the Dealers or any of their respective affiliates may have performed certain banking and advisory services for the Issuers, OUE C-REIT, the OUE C-REIT Manager and/or their affiliates from time to time for which they have received customary fees and expenses and may, from time to time, engage in transactions with and perform services for the Issuers, OUE C-REIT, the OUE C-REIT Manager and/or their respective affiliates in the ordinary course of the Issuers' or their business. The Relevant Issuer may from time to time agree with the relevant Dealer(s) that the Relevant Issuer may pay certain third party commissions (including, without limitation, rebates to private banks as may be specified in the applicable Pricing Supplement).

If a jurisdiction requires that the offering be made by a licensed broker or dealer and the Dealers or any affiliate of the Dealers is a licensed broker or dealer in that jurisdiction, the offering shall be deemed to be made by that Dealer or its affiliate on behalf of the Relevant Issuer in such jurisdiction.

In connection with the issue of any Tranche of Securities, such Securities, when issued, may not have a market. The Dealer or Dealers (if any) may advise the Relevant Issuer that they intend to make a market in such Securities as permitted by applicable law. They are not obligated, however, to make a market in the Securities and any market-making may be discontinued at any time at their sole discretion. Accordingly, no assurance can be given as to the development or liquidity of any market for such Securities.

The Arrangers, the Dealers and their affiliates are full service financial institutions engaged in various activities which may include securities trading, commercial and investment banking, financial advice, investment management, principal investment, hedging, financing and brokerage activities. Each of the Dealers may have engaged in, and may in the future engage in, investment banking and other commercial dealings in the ordinary course of business with the Issuers or their respective subsidiaries, jointly controlled entities or associated companies from time to time. In the ordinary course of their various business activities, the Dealers and their affiliates may make or hold (on their own account, on behalf of clients or in their capacity of investment advisers) a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (including bank loans) for their own account and for the accounts of their customers and may at any time hold long and short positions in such securities and instruments and enter into other transactions, including credit derivatives (such as asset swaps, repackaging and credit default swaps) in relation thereto. Such transactions, investments and securities activities may involve securities and instruments of the Issuers, OUE C-REIT, the OUE C-REIT Manager or their respective subsidiaries, jointly controlled entities or associated companies, including Securities issued under the Programme, may be entered into at the same time or proximate to offers and sales of Securities or at other times in the secondary market and be carried out with counterparties that are also purchasers, holders or sellers of Securities. Securities issued under the Programme may be purchased by or be allocated to any Dealer or an affiliate for asset management and/or proprietary purposes whether or not with a view to later distribution.

Accordingly, references herein to the Securities being "offered" should be read as including any offering of the Securities to the Dealers and/or their respective affiliates for their own account. Such entities are not expected to disclose such transactions or the extent of any such investment, otherwise than in accordance with any legal or regulatory obligation to do so.

United States

The Securities and the Guarantee have not been and will not be registered under the Securities Act, and the Securities may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons except in certain transactions exempt from the registration requirements of the Securities Act. Terms used in this section have the meanings given to them by Regulation S under the Securities Act ("**Regulation S**").

The Bearer Securities are subject to U.S. tax law requirements and may not be offered, sold or delivered within the United States or its possessions or to a United States person, except in certain transactions permitted by U.S. tax regulations. Terms used in this paragraph have the meanings given to them by the U.S. Internal Revenue Code of 1986, as amended, and regulations thereunder.

Each Dealer has agreed that, and each further Dealer appointed under the Programme will be required to agree that, except as permitted by the Programme Agreement, it will not offer, sell or deliver the Securities, (i) as part of their distribution at any time or (ii) otherwise until 40 days after the completion of the distribution of an identifiable tranche of which such Securities are a part, as determined and certified to the Issuing and Paying Agent by such Dealer (or, in the case of an identifiable tranche of Securities sold to or through more than one Dealer, by each of such Dealers with respect to Securities of an identifiable tranche purchased by or through it, in which case the Issuing and Paying Agent shall notify such Dealer when all such Dealers have so certified), within the United States or to, or for the account or benefit of, U.S. persons, and it will have sent to each distributor, dealer or person receiving a selling concession, fee or other remuneration to which it sells Securities during the distribution compliance period a confirmation or other notice setting out the restrictions on offers and sales of the Securities within the United States or to, or for the account or benefit of, U.S. persons. Terms used in this paragraph have the meaning given to them by Regulation S under the Securities Act.

In addition, until 40 days after the commencement of the offering of any identifiable tranche of Securities, an offer or sale of Securities within the United States by any dealer that is not participating in the offering of such Securities may violate the registration requirements of the Securities Act.

Prohibition of Sales to EEA Retail Investors

Unless the Pricing Supplement in respect of any Securities specifies the "Prohibition of Sales to EEA Retail Investors" as "Not Applicable", each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not offered, sold or otherwise made available and will not offer, sell or otherwise make available any Securities which are the subject of the offering contemplated by this Information Memorandum as completed by the Pricing Supplement in relation thereto to any retail investor in the European Economic Area. For the purposes of this provision:

- (i) the expression retail investor means a person who is one (or more) of the following:
 - (a) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (as amended, "**MiFID II**"); or
 - (b) a customer within the meaning of Directive 2002/92/EC (as amended, the "**Insurance Mediation Directive**"), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or

- (c) not a qualified investor as defined in Directive 2003/71/EC (as amended, the **"Prospectus Directive"**); and
- (ii) the expression **"offer"** includes the communication in any form and by any means of sufficient information on the terms of the offer and the Securities to be offered so as to enable an investor to decide to purchase or subscribe the Securities.

If the Pricing Supplement in respect of any Securities specifies "Prohibition of Sales to EEA Retail Investors" as "Not Applicable", in relation to each member State of the European Economic Area which has implemented the Prospectus Directive (each, a **"Relevant Member State"**), each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that with effect from and including the date on which the Prospectus Directive is implemented in that Relevant Member State (the **"Relevant Implementation Date"**) it has not made and will not make an offer of Securities which are the subject of the offering contemplated by the Information Memorandum as completed by the Pricing Supplement in relation thereto to the public in that Relevant Member State except that it may, with effect from and including the Relevant Implementation Date, make an offer of such Securities to the public in that Relevant Member State:

- (i) if the Pricing Supplement in relation to the Securities specifies that an offer of those Securities may be made other than pursuant to Article 3(2) of the Prospectus Directive in that Relevant Member State (a **"Non-exempt Offer"**), following the date of publication of a prospectus in relation to such Securities which has been approved by the competent authority in that Relevant Member State or, where appropriate, approved in another Relevant Member State and notified to the competent authority in that Relevant Member State, provided that any such prospectus has subsequently been completed by the final terms contemplating such Non-exempt Offer, in accordance with the Prospectus Directive, in the period beginning and ending on the dates specified in such prospectus or final terms, as applicable and the Relevant Issuer has consented in writing to its use for the purpose of that Non-exempt Offer;
- (ii) at any time to any legal entity which is a qualified investor as defined in the Prospectus Directive;
- (iii) at any time to fewer than 150 natural or legal persons (other than qualified investors as defined in the Prospectus Directive) subject to obtaining the prior consent of the relevant Dealer or Dealers nominated by the Relevant Issuer for any such offer; or
- (iv) at any time in any other circumstances falling within Article 3(2) of the Prospectus Directive,

provided that no such offer of Securities referred to in (ii) to (iv) above shall require the Relevant Issuer or any Dealer to publish a prospectus pursuant to Article 3 of the Prospectus Directive or supplement a prospectus pursuant to Article 16 of the Prospectus Directive.

For the purposes of this provision, the expression **"an offer of Securities to the public"** in relation to any Securities in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the Securities to be offered so as to enable an investor to decide to purchase or subscribe the Securities, as the same may be varied in that Member State by any measure implementing the Prospectus Directive in that Member State and the expression **"Prospectus Directive"** means Directive 2003/71/EC and includes any relevant implementing measure in each Relevant Member State.

United Kingdom

Each Dealer has represented and agreed and each further Dealer appointed under the Programme will be required to represent and agree that:

- (i) in relation to any Securities which have a maturity of less than one year, (a) it is a person whose ordinary activities involve it in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of its business and (b) it has not offered or sold and will not offer or sell any Securities other than to persons whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of their businesses or who it is reasonable to expect will acquire, hold, manage or dispose of investments (as principal or agent) for the purposes of their businesses where the issue of the Securities would otherwise constitute a contravention of section 19 of the Financial Services and Markets Act 2000 (“FSMA”) by the Relevant Issuer;
- (ii) it has only communicated or caused to be communicated and will only communicate or cause to be communicated any invitation or inducement to engage in investment activity (within the meaning of section 21 of the FSMA) received by it in connection with the issue or sale of any Securities in circumstances in which section 21(1) of the FSMA does not apply to the Relevant Issuer; and
- (iii) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to any Securities in, from or otherwise involving the United Kingdom.

Hong Kong

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent, warrant and agree, that:

- (i) it has not offered or sold and will not offer or sell in Hong Kong, by means of any document, any Securities other than (a) to “professional investors” as defined in the Securities and Futures Ordinance (Cap. 571) of Hong Kong and any rules made under that Ordinance; or (b) in other circumstances which do not result in the document being a “prospectus” as defined in the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32) of Hong Kong or which do not constitute an offer to the public within the meaning of that Ordinance; and
- (ii) it has not issued or had in its possession for the purposes of issue, and will not issue or have in its possession for the purposes of issue, whether in Hong Kong or elsewhere, any advertisement, invitation or document relating to the Securities, which is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to Securities which are or are intended to be disposed of only to persons outside Hong Kong or only to “professional investors” as defined in the Securities and Futures Ordinance (Cap. 571) of Hong Kong and any rules made under that Ordinance.

Singapore

Each Dealer acknowledges that this Information Memorandum has not been registered as a prospectus with the MAS. Accordingly, each Dealer has represented and agreed and each further Dealer appointed under the Programme will be required to represent and agree that it has not offered or sold any Securities or caused the Securities to be made the subject of an invitation for subscription or purchase and will not offer or sell any Securities or cause the Securities to be made the subject of an invitation for subscription or purchase, and has not circulated or

distributed, nor will it circulate or distribute, this Information Memorandum or any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the Securities, whether directly or indirectly, to persons in Singapore other than (i) to an institutional investor (as defined in Section 4A of the SFA) pursuant to Section 274 of the SFA, (ii) to a relevant person (as defined in Section 275(2) of the SFA) pursuant to Section 275(1) of the SFA, or any person pursuant to Section 275(1A) of the SFA, and in accordance with the conditions specified in Section 275 of the SFA and (where applicable) Regulation 3 of the Securities and Futures (Classes of Investors) Regulations 2018, or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

Any reference to the SFA is a reference to the Securities and Futures Act, Chapter 289 of Singapore and a reference to any term as defined in the SFA or any provision in the SFA is a reference to that term as modified or amended from time to time including by such of its subsidiary legislation as may be applicable at the relevant time.

General

No action has been taken in any jurisdiction that would permit a public offering of any of the Securities, or possession or distribution of this Information Memorandum or any other document or any Pricing Supplement, in any country or jurisdiction (other than Singapore) where action for that purpose is required.

Each Dealer has agreed that it will, to the best of its knowledge comply with all relevant laws, regulations and directives in each jurisdiction in which it subscribes for, purchases, offers, sells or delivers Securities or any interest therein or rights in respect thereof or has in its possession or distributes this Information Memorandum, any other document or any Pricing Supplement. Other persons into whose hands this Information Memorandum or any Pricing Supplement comes are required by the Relevant Issuer and the Dealers to comply with all applicable laws and regulations in each country or jurisdiction in or from which they purchase, offer, sell or deliver Securities or possess, distribute or publish this Information Memorandum or any Pricing Supplement or any related offering material, in all cases at their own expense.

Selling restrictions may be supplemented or modified with the agreement of the Relevant Issuer. Any such supplement or modification may be set out in the relevant Pricing Supplement (in the case of a supplement or modification relevant only to a particular Tranche of Securities or a supplement to this Information Memorandum).

Any person who may be in doubt as to the restrictions set out in the SFA or the laws, regulations and directives in each jurisdiction in which it subscribes for, purchases, offers, sells or delivers the Securities or any interest therein or rights in respect thereof and the consequences arising from a contravention thereof should consult his own professional advisers and should make his own inquiries as to the laws, regulations and directives in force or applicable in any particular jurisdiction at any relevant time.

GENERAL AND OTHER INFORMATION

INFORMATION ON DIRECTORS

1. As at the date of this Information Memorandum, no option to subscribe for (i) shares in, or debentures of, OCTPL or (ii) units of OUE C-REIT has been granted to, or was exercised by, any Director of OCTPL or the OUE C-REIT Manager.

SHARE CAPITAL

2. As at the date of this Information Memorandum, OCTPL is a wholly-owned subsidiary of OUE C-REIT and there is only one class of ordinary shares in OCTPL. The rights and privileges attached to the shares are stated in the Constitution of OCTPL.
3. No shares in, or debentures of, OCTPL have been issued or are proposed to be issued, as fully or partly paid up, for cash or for a consideration other than cash, since the date of its incorporation.
4. The issued share capital of OCTPL as at the date of this Information Memorandum is as follows:

Share Designation	Issued Share Capital (Number)	Issued Share Capital (S\$)
Ordinary Shares	1	1.00

ISSUED UNITS

5. As at the date of this Information Memorandum, OUE C-REIT has issued ordinary units and convertible perpetual preferred units. The rights and privileges attached to the units are stated in the OUE C-REIT Trust Deed.
6. As at the Latest Practicable Date, there are 5,392,459,363 ordinary units and 375,000,000 convertible perpetual preferred units of OUE C-REIT in issue or which OUE C-REIT has agreed to issue.

BORROWINGS

7. Save as disclosed in Appendix IV, the Group had as at 20 March 2020 no other borrowings or indebtedness in the nature of borrowings.

WORKING CAPITAL

8. The Directors of OCTPL are of the opinion that, after taking into account the present banking facilities and the net proceeds of the issue of the Securities, OCTPL will have adequate working capital for its present requirements.
9. The OUE C-REIT Manager is of the opinion that, after taking into account the present banking facilities and the net proceeds of the issue of the Securities, OUE C-REIT will have adequate working capital for its present requirements.

CHANGES IN ACCOUNTING POLICIES

10. There have been no significant changes in the accounting policies of OUE C-REIT since its audited financial accounts for the financial year ended 2019.

LITIGATION

11. There are no legal or arbitration proceedings pending or, so far as the Issuer is aware, threatened against the Issuers, the Guarantor, OUE C-REIT, the OUE C-REIT Manager or any of their respective subsidiaries the outcome of which, in the opinion of the Directors, may have or have had during the period from 1 January 2018 to the date of this Information Memorandum a material adverse effect on the financial position of the Issuers, OUE C-REIT or the Group.

MATERIAL ADVERSE CHANGE

12. There has been no material adverse change in the financial condition or operations of OCTPL since the date of its incorporation or the financial condition or operations OUE C-REIT or the Group since 31 December 2019.

CONSENT

13. KPMG LLP has given and has not withdrawn its written consent to the issue of this Information Memorandum with the references herein to its name and, where applicable, reports in the form and context in which they appear in this Information Memorandum.

LEGAL ENTITY IDENTIFIER

14. The Legal Entity Identifier of OUE C-REIT is 549300ZH7I6OTTYIPE70.
15. The Legal Entity Identifier of OCTPL is 254900CZLKC1CXRC6Y10.

DOCUMENTS AVAILABLE FOR INSPECTION

16. Copies of the following documents may be inspected at the registered office of the OUE C-REIT Manager during normal business hours for a period of six months from the date of this Information Memorandum:
 - (a) the Constitution of OCTPL and the OUE C-REIT Manager;
 - (b) the OUE C-REIT Trust Deed;
 - (c) the Trust Deed;
 - (d) the letter of consent referred to in paragraph 13 above; and
 - (e) the audited financial statements of OUE C-REIT and its subsidiaries for FY2018 and FY2019 and the audited financial statements of OUE H-Trust and its subsidiaries for FY2018.

FUNCTIONS, RIGHTS AND OBLIGATIONS OF THE TRUSTEE

17. The functions, rights and obligations of the Trustee are set out in the Trust Deed.

**AUDITED FINANCIAL STATEMENTS OF OUE C-REIT AND ITS
SUBSIDIARIES FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018**

The information in this Appendix II has been reproduced from the auditor's report on the consolidated financial statements of OUE C-REIT and its subsidiaries for and as of the year ended 31 December 2018 and has not been specifically prepared for inclusion in this Information Memorandum.

FINANCIAL STATEMENTS

CONTENTS

106	Report of the Trustee	120	Portfolio Statements
107	Statement by the Manager	126	Consolidated Statement of Cash Flows
108	Independent Auditors' Report	128	Notes to the Financial Statements
112	Statements of Financial Position	189	Interested Person and Interested Party Transactions
113	Statements of Total Return	190	Statistics of Unitholdings
114	Distribution Statements		
116	Statements of Movements in Unitholders' Funds		

REPORT OF THE TRUSTEE

DBS Trustee Limited (the "Trustee") is under a duty to take into custody and hold the assets of OUE Commercial Real Estate Investment Trust (the "Trust") held by it or through its subsidiaries (collectively, the "Group") in trust for the holders of units in the Trust. In accordance with the Securities and Futures Act, Chapter 289 of Singapore, its subsidiary legislation and the Code on Collective Investment Schemes, the Trustee shall monitor the activities of OUE Commercial REIT Management Pte. Ltd. (the "Manager") for compliance with the limitations imposed on the investment and borrowing powers as set out in the trust deed dated 10 October 2013 (as amended) (the "Trust Deed") between the Manager and the Trustee in each annual accounting period and report thereon to unitholders in an annual report.

To the best knowledge of the Trustee, the Manager has, in all material respects, managed the Trust and its subsidiaries during the year covered by these financial statements set out on pages 112 to 188, in accordance with the limitations imposed on the investment and borrowing powers set out in the Trust Deed.

**For and on behalf of the Trustee,
DBS Trustee Limited**

Jane Lim Puay Yuen
Director

Singapore
5 March 2019

STATEMENT BY THE MANAGER

In the opinion of the directors of OUE Commercial REIT Management Pte. Ltd. (the “Manager”), the manager of OUE Commercial Real Estate Investment Trust (the “Trust”), the accompanying financial statements set out on pages 112 to 188 comprising the Statements of Financial Position, Statements of Total Return, Distribution Statements, Statements of Movements in Unitholders’ Funds and Portfolio Statements of the Trust and its subsidiaries (the “Group”) and of the Trust, the Consolidated Statement of Cash Flows of the Group and Notes to the Financial Statements are drawn up so as to present fairly, in all material respects, the financial position of the Group and the Trust as at 31 December 2018, the total return, distributable income, movements in unitholders’ funds and cash flows of the Group and the total return, distributable income and movements in unitholders’ funds of the Trust for the year ended 31 December 2018, in accordance with the recommendations of Statement of Recommended Accounting Practice 7 “Reporting Framework for Unit Trusts” issued by the Institute of Singapore Chartered Accountants and the provisions of the Trust Deed between DBS Trustee Limited and the Manager dated 10 October 2013 (as amended). At the date of this statement, there are reasonable grounds to believe that the Group and the Trust will be able to meet the respective financial obligations as and when they materialise.

**For and on behalf of the Manager,
OUE Commercial REIT Management Pte. Ltd.**

Tan Shu Lin
Executive Director

Singapore
5 March 2019

INDEPENDENT AUDITORS' REPORT

Unitholders

OUE Commercial Real Estate Investment Trust

REPORT ON THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of OUE Commercial Real Estate Investment Trust (the "Trust") and its subsidiaries (the "Group"), which comprise the statement of financial position and portfolio statement of the Group and the Trust as at 31 December 2018, and the consolidated statement of total return, distribution statement, statement of movements in unitholders' funds and statement of cash flows of the Group and the statement of total return, distribution statement and statement of movements in unitholders' funds of the Trust for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 112 to 188.

In our opinion, the accompanying consolidated financial statements of the Group and the statement of financial position, portfolio statement, statement of total return, distribution statement and statement of movements in unitholders' funds of the Trust present fairly, in all material respects, the financial position and portfolio holdings of the Group and the Trust as at 31 December 2018 and the consolidated total return, consolidated distributable income, consolidated movements in unitholders' funds and consolidated cash flows of the Group and the total return, distributable income and movements in unitholders' funds of the Trust for the year then ended on that date in accordance with the recommendations of Statement of Recommended Accounting Practice 7 *Reporting Framework for Unit Trusts* ("RAP 7") issued by the Institute of Singapore Chartered Accountants.

Basis for opinion

We conducted our audit in accordance with Singapore Standards on Auditing ("SSAs"). Our responsibilities under those standards are further described in the "Auditors' responsibilities for the audit of the financial statements" section of our report. We are independent of the Group in accordance with the Accounting and Corporate Regulatory Authority *Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities* ("ACRA Code") together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Valuation of investment properties

(Refer to Note 4 to the financial statements)

Risk

The Group has investment properties in Singapore and China with a carrying value of \$4.5 billion as at 31 December 2018. Investment properties represent the most significant asset item on the statement of financial position.

The Group's accounting policy is to state investment properties at fair value which are based on independent external valuations. The valuation process involves significant judgement in determining the valuation method to be used and estimating the underlying assumptions to be applied. The valuations are sensitive to the key assumptions applied and a change in assumptions could have a significant impact to the valuation.

Our response

We evaluated the competency and objectivity of the valuers and made enquiries of the valuers to understand their valuation approach and basis of valuation.

We considered the valuation methods used, which included the discounted cash flow method, capitalisation method and direct comparison method, against those applied for similar property types. We assessed the reasonableness of the key assumptions used in the valuations which included a comparison of the discount rates, terminal yield rates, capitalisation rates and price per square foot, against historical trends and available industry data, taking into consideration comparability and market factors. We also considered the adequacy of the disclosures in the financial statements.

Our findings

The valuers are members of recognised professional bodies for valuers and have considered their own independence in carrying out their work. The valuation methods used by the valuers are in line with generally accepted market practices and the key assumptions used in the valuations are within range of market data. We also found the disclosures in the financial statements to be appropriate in their description of the judgement inherent in the key assumptions used in the valuations, including the inter-relationship between the key unobservable inputs and the fair values.

Other information

QUE Commercial REIT Management Pte. Ltd., the Manager of the Trust ("the Manager"), is responsible for the other information contained in the annual report. Other information is defined as all information in the annual report other than the financial statements and our auditors' report thereon.

We have obtained all other information prior to the date of this auditors' report except for the Statistics of Unitholdings ("the Report") which is expected to be made available to us after that date.

Our opinion on the financial statements does not cover the other information and we do not and will not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed on the other information that we obtained prior to the date of this auditors' report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

When we read the Report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to the Manager and take appropriate actions in accordance with SSAs.

INDEPENDENT AUDITORS' REPORT

Responsibilities of the Manager for the financial statements

The Manager is responsible for the preparation and fair presentation of these financial statements in accordance with the recommendations of RAP 7 issued by the Institute of Singapore Chartered Accountants, and for such internal controls as the Manager determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Manager is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Manager either intends to terminate the Group or to cease operations of the Group, or has no realistic alternative but to do so.

The Manager's responsibilities include overseeing the Group's financial reporting process.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.
- Obtain an understanding of internal controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Manager.
- Conclude on the appropriateness of the Manager's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Manager regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Manager with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Manager, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless the law or regulations preclude public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditors' report is Koh Wei Peng.

KPMG LLP

*Public Accountants and
Chartered Accountants*

Singapore
5 March 2019

STATEMENTS OF FINANCIAL POSITION

As at 31 December 2018

		Group		Trust	
	Note	2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000
Non-current assets					
Plant and equipment		393	512	-	-
Investment properties	4	4,494,535	3,515,148	2,093,100	1,153,000
Intangible assets	5	24,465	4,751	24,465	4,751
Investments in subsidiaries	6	-	-	1,368,506	1,376,992
Trade and other receivables	7	175	290	-	-
		4,519,568	3,520,701	3,486,071	2,534,743
Current assets					
Trade and other receivables	7	14,384	12,555	6,583	2,919
Financial derivatives	8	116	-	95	-
Cash and cash equivalents	9	37,074	40,314	12,725	19,948
		51,574	52,869	19,403	22,867
Total assets		4,571,142	3,573,570	3,505,474	2,557,610
Non-current liabilities					
Borrowings	10	1,711,330	748,319	1,371,081	720,893
Trade and other payables	11	42,400	38,489	17,356	12,186
Financial derivatives	8	7,828	10,705	5,448	9,754
Deferred tax liabilities	12	87,726	84,152	-	-
		1,849,284	881,665	1,393,885	742,833
Current liabilities					
Borrowings	10	1,992	514,016	-	198,783
Trade and other payables	11	65,580	157,268	25,253	116,177
Financial derivatives	8	132	487	109	166
Current tax liabilities		13,429	16,052	-	-
		81,133	687,823	25,362	315,126
Total liabilities		1,930,417	1,569,488	1,419,247	1,057,959
Net assets		2,640,725	2,004,082	2,086,227	1,499,651
Represented by:					
Unitholders' funds		2,038,092	1,407,285	1,724,337	1,137,760
Convertible Perpetual Preferred Units ("CPPU") holder's funds	13	361,890	361,891	361,890	361,891
		2,399,982	1,769,176	2,086,227	1,499,651
Non-controlling interests		240,743	234,906	-	-
		2,640,725	2,004,082	2,086,227	1,499,651
Units in issue and to be issued ('000)	14	2,861,589	1,546,769	2,861,589	1,546,769
Net asset value per Unit (\$)	15	0.71	0.91	0.60	0.74

The accompanying notes form an integral part of these financial statements.

STATEMENTS OF TOTAL RETURN

Year ended 31 December 2018

		Group		Trust	
	Note	2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000
Revenue	16	176,396	176,297	98,969	95,893
Property operating expenses	17	(38,209)	(38,111)	(13,610)	(11,471)
Net property income		138,187	138,186	85,359	84,422
Other income	18	7,189	3,312	7,189	3,312
Amortisation of intangible assets	5	(5,286)	(4,452)	(5,286)	(4,452)
Manager's management fees	19	(10,565)	(9,593)	(10,565)	(9,593)
Trustee's fee		(602)	(557)	(602)	(557)
Other expenses		(1,877)	(1,692)	(1,148)	(1,069)
Finance income		3,681	5,997	2,551	4,013
Finance costs		(51,679)	(49,077)	(37,737)	(36,228)
Net finance costs	20	(47,998)	(43,080)	(35,186)	(32,215)
Net income		79,048	82,124	39,761	39,848
Net change in fair value of investment properties	4	71,399	101,617	21,339	6,740
Total return for the year before tax	21	150,447	183,741	61,100	46,588
Tax expense	22	(19,734)	(36,058)	-	-
Total return for the year		130,713	147,683	61,100	46,588
Total return attributable to:					
Unitholders and CPPU holder		117,493	136,310	61,100	46,588
Non-controlling interests		13,220	11,373	-	-
		130,713	147,683	61,100	46,588
Earnings per Unit (cents)					
Basic	23	5.73	7.73 ⁽¹⁾		
Diluted	23	4.66	5.60 ⁽¹⁾		

⁽¹⁾ The figures have been restated for the effect of the rights issue undertaken by the Trust in October 2018.

The accompanying notes form an integral part of these financial statements.

DISTRIBUTION STATEMENTS

Year ended 31 December 2018

	Group		Trust	
	2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000
Amount available for distribution to Unitholders at beginning of the year	35,873	32,783	35,873	32,783
Total return for the year attributable to Unitholders and CPPU holder	117,493	136,310	61,100	46,588
Less: Amount reserved for distribution to CPPU holder	(3,750)	(5,311)	(3,750)	(5,311)
Distribution adjustments (Note A)	(42,453)	(61,049)	13,940	28,673
Amount available for distribution to Unitholders for the current year (Note B)	71,290	69,950	71,290	69,950
Distributions to Unitholders:				
- Distribution of 2.50 cents per Unit for the period from 1/7/2016 to 31/12/2016	-	(32,565)	-	(32,565)
- Distribution of 1.00 cents per Unit for the period from 1/1/2017 to 16/3/2017	-	(13,026)	-	(13,026)
- Distribution of 1.38 cents per Unit for the period from 17/3/2017 to 30/6/2017	-	(21,269)	-	(21,269)
- Distribution of 2.29 cents per Unit for the period from 1/7/2017 to 31/12/2017	(35,421)	-	(35,421)	-
- Distribution of 2.18 cents per Unit for the period from 1/1/2018 to 30/6/2018	(33,841)	-	(33,841)	-
	(69,262)	(66,860)	(69,262)	(66,860)
Amount available for distribution to Unitholders at the end of the year	37,901	35,873	37,901	35,873
Distribution per Unit (DPU) (cents):				
- Before restatement ⁽¹⁾	3.48	4.67	3.48	4.67
- Restated for rights issue ⁽²⁾	3.22	4.10	3.22	4.10

⁽¹⁾ The DPU relates to the distributions in respect of the relevant financial year.

⁽²⁾ The figures have been restated to reflect the bonus element in the new Units issued pursuant to the rights issue in October 2018.

The accompanying notes form an integral part of these financial statements.

Note A – Distribution adjustments

	Group		Trust	
	2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000
Net change in fair value of investment properties	(71,399)	(101,617)	(21,339)	(6,740)
Amortisation of intangible assets	5,286	4,452	5,286	4,452
Amortisation of debt establishment costs	4,857	6,769	3,388	4,972
Net change in fair value of financial derivatives	565	2,326	(263)	2,326
Ineffective portion of changes in fair value of cash flow hedges	(2,874)	(5,310)	(1,847)	(3,811)
Hedging reserve transferred from unitholders' funds due to discontinuation of hedge accounting	653	714	448	433
Manager's management fees paid/payable in Units	8,452	7,674	8,452	7,674
Trustee's fee	602	557	602	557
Foreign exchange differences	(12)	234	(253)	32
Deferred tax expense	5,329	18,840	-	-
Straight-lining of lease incentives	1,547	(16)	-	-
Transfer to statutory reserve	(1,585)	(1,492)	-	-
Net income of subsidiaries not distributed to the Trust	-	-	19,302	18,438
Other items	6,126	5,820	164	340
Distribution adjustments	(42,453)	(61,049)	13,940	28,673

Note B – Amount available for distribution to Unitholders

	Group and Trust	
	2018 \$'000	2017 \$'000
Comprises:		
- From operations	31,676	27,999
- From tax exempt income	23,744	26,580
- From Unitholders' contribution	15,870	15,371
	71,290	69,950

The accompanying notes form an integral part of these financial statements.

STATEMENTS OF MOVEMENTS IN UNITHOLDERS' FUNDS

Year ended 31 December 2018

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

The accompanying notes form an integral part of these financial statements.

	← Attributable to →				
	Unitholders \$'000	CPPU holder \$'000	Total \$'000	Non- controlling interests \$'000	Total \$'000
Group					
Net assets attributable to owners at 1 January 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					
Issue of new Units:					
- Private placement	150,000	-	150,000	-	150,000
- Manager's management 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)
Distributions paid/payable to CPPU Holder	-	(6,185)	(6,185)	-	(6,185)
Distributions paid to non-controlling interests	-	-	-	(7,600)	(7,600)
Net increase/(decrease) in net assets resulting from transactions with owners	82,908	(174,185)	(91,277)	(7,600)	(98,877)
Changes in ownership interests in subsidiary					
Liquidation of a subsidiary with non-controlling interests	-	-	-	(28)	(28)
Total changes in ownership interests in subsidiary	-	-	-	(28)	(28)
Movement in foreign currency translation reserve	(7,589)	-	(7,589)	-	(7,589)
Hedging transactions					
Effective portion of change in fair value of cash flow hedges	(11,703)	-	(11,703)	(334)	(12,037)
Hedging reserve transferred to statement of total return	5,919	-	5,919	133	6,052
Net movement in hedging transactions	(5,784)	-	(5,784)	(201)	(5,985)
At 31 December 2017	1,407,285	361,891	1,769,176	234,906	2,004,082

The accompanying notes form an integral part of these financial statements.

STATEMENTS OF MOVEMENTS IN UNITHOLDERS' FUNDS

Year ended 31 December 2018

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

The accompanying notes form an integral part of these financial statements.

	← Attributable to →		
	Unitholders \$'000	CPPU holder \$'000	Total \$'000
Trust			
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			
Issue of new Units:			
- Private placement	150,000	-	150,000
- Manager's management fees paid/payable in Units	7,674	-	7,674
Issue costs	(906)	-	(906)
CPPUs redeemed/to be redeemed	-	(168,000)	(168,000)
Difference on redemption of CPPUs	(7,000)	-	(7,000)
Distributions paid to Unitholders	(66,860)	-	(66,860)
Distributions paid/payable to CPPU holder	-	(6,185)	(6,185)
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	(10,034)	-	(10,034)
Hedging reserve transferred to statement of total return	5,256	-	5,256
Net movement in hedging transactions	(4,778)	-	(4,778)
At 31 December 2017	1,137,760	361,891	1,499,651

The accompanying notes form an integral part of these financial statements.

PORTFOLIO STATEMENTS

As at 31 December 2018

Description of property	Leasehold tenure
Singapore	
QUE Bayfront (and adjoining properties comprising QUE Tower and QUE Link) An integrated commercial development comprising an 18-storey office building, a conserved tower building and a retail link bridge at Collyer Quay, Singapore	QUE Bayfront and QUE Tower: 99-year lease from 12 November 2007 QUE Link: 15-year lease from 26 March 2010 Underpass: 99-year lease from 7 January 2002
QUE Downtown Office QUE Downtown is a mixed-use development comprising a 50-storey building (QUE Downtown 1) and a 37-storey building (QUE Downtown 2), a retail podium and a multi-storey car park The Group owns the office components of QUE Downtown (QUE Downtown Office), comprising QUE Downtown 1 (Strata Lot U4628V) and QUE Downtown 2 (Strata Lot U4629P)	QUE Downtown 1 and QUE Downtown 2: 99-year lease from 19 July 1967
One Raffles Place An integrated commercial development comprising One Raffles Place Tower 1, One Raffles Place Tower 2 and One Raffles Place Shopping Mall The Group has an effective interest of 67.95% in One Raffles Place	One Raffles Place Tower 1: 841-year lease from 1 November 1985 One Raffles Place Tower 2: 99-year lease from 26 May 1983 One Raffles Place Shopping Mall: the retail podium straddles two land plots: - approximately 75% of the net lettable area ("NLA") of the retail podium is on a 99-year lease from 1 November 1985 - the balance 25% of the NLA of the retail podium is on a 841-year lease from 1 November 1985

The accompanying notes form an integral part of these financial statements.

Location	Existing use	← Group →			
		Carrying value at 31/12/2018 \$'000	Percentage of Unitholders' funds at 31/12/2018 %	Carrying value at 31/12/2017 \$'000	Percentage of Unitholders' funds at 31/12/2017 %
50 Collyer Quay, OUE Bayfront, Singapore 049321	Commercial	1,173,100	58	1,153,000	82
60 Collyer Quay, OUE Tower, Singapore 049322					
62 Collyer Quay, OUE Link, Singapore 049325					
6 Shenton Way, Singapore 068809 and 6A Shenton Way, Singapore 068815	Commercial	920,000	45	-	-
1 Raffles Place, One Raffles Place, Singapore 048616	Commercial	1,813,500	89	1,773,200	126

The accompanying notes form an integral part of these financial statements.

PORTFOLIO STATEMENTS

As at 31 December 2018

Description of property	Leasehold tenure
Shanghai	
Lippo Plaza A 36-storey commercial building with retail podium at Shanghai, China excluding: (i) Unit 2 in Basement 1, (ii) the 12 th , 13 th , 15 th and 16 th floors and (iii) 4 car park lots	50-year land use right commencing from 2 July 1994
Investment properties, at valuation	
Other assets and liabilities (net)	
Net assets of the Group	
Net assets attributable to CPPU holder	
Net assets attributable to non-controlling interests	
Unitholders' funds	

The properties are leased to third parties except as otherwise stated in Note 16. Generally, the leases contain an initial non-cancellable period of 1 to 10 years (2017: 1 to 10 years). Subsequent renewals are negotiated with the respective lessees.

The accompanying notes form an integral part of these financial statements.

Location	Existing use	← Group →			
		Carrying value at 31/12/2018 \$'000	Percentage of Unitholders' funds at 31/12/2018 %	Carrying value at 31/12/2017 \$'000	Percentage of Unitholders' funds at 31/12/2017 %
222 Huaihai Zhong Road, Huangpu District, Shanghai, PRC 200021	Commercial	587,935	29	588,948	42
		4,494,535	221	3,515,148	250
		(1,853,810)	(91)	(1,511,066)	(107)
		2,640,725	130	2,004,082	143
		(361,890)	(18)	(361,891)	(26)
		(240,743)	(12)	(234,906)	(17)
		2,038,092	100	1,407,285	100

The accompanying notes form an integral part of these financial statements.

PORTFOLIO STATEMENTS

As at 31 December 2018

Description of property	Leasehold tenure
Singapore	
QUE Bayfront (and adjoining properties comprising QUE Tower and QUE Link) An integrated commercial development comprising an 18-storey office building, a conserved tower building and a retail link bridge at Collyer Quay, Singapore	QUE Bayfront and QUE Tower: 99-year lease from 12 November 2007 QUE Link: 15-year lease from 26 March 2010 Underpass: 99-year lease from 7 January 2002
QUE Downtown Office QUE Downtown is a mixed-use development comprising a 50-storey building (QUE Downtown 1) and a 37-storey building (QUE Downtown 2), a retail podium and a multi-storey car park The Trust owns the office components of QUE Downtown (QUE Downtown Office), comprising QUE Downtown 1 (Strata Lot U4628V) and QUE Downtown 2 (Strata Lot U4629P)	QUE Downtown 1 and QUE Downtown 2: 99-year lease from 19 July 1967
Investment properties, at valuation Other assets and liabilities (net) Net assets of the Trust Net assets attributable to CPPU holder Unitholders' funds	
The property is leased to third parties except as otherwise stated in Note 16. Generally, the leases contain an initial non-cancellable period of 1 to 10 years (2017: 1 to 10 years). Subsequent renewals are negotiated with the respective lessees.	

The accompanying notes form an integral part of these financial statements.

Location	Existing use	Trust			
		Carrying value at 31/12/2018 \$'000	Percentage of Unitholders' funds at 31/12/2018 %	Carrying value at 31/12/2017 \$'000	Percentage of Unitholders' funds at 31/12/2017 %
50 Collyer Quay, OUE Bayfront, Singapore 049321	Commercial	1,173,100	68	1,153,000	101
60 Collyer Quay, OUE Tower, Singapore 049322					
62 Collyer Quay, OUE Link, Singapore 049325					
6 Shenton Way, Singapore 068809 and 6A Shenton Way, Singapore 068815	Commercial	920,000	53	-	-
		2,093,100	121	1,153,000	101
		(6,873)	-	346,651	30
		2,086,227	121	1,499,651	131
		(361,890)	(21)	(361,891)	(31)
		1,724,337	100	1,137,760	100

The accompanying notes form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

Year ended 31 December 2018

	Group	
	2018 \$'000	2017 \$'000
Cash flows from operating activities		
Total return for the year	130,713	147,683
Adjustments for:		
Amortisation of intangible assets	5,286	4,452
Depreciation of plant and equipment	180	209
Finance costs	51,679	48,763
Finance income	(3,669)	(5,997)
Manager's fees paid/payable in Units	8,452	7,674
Net change in fair value of investment properties	(71,399)	(101,617)
Loss on disposal of plant and equipment	-	16
Tax expense	19,734	36,058
Operating income before working capital changes	140,976	137,241
Changes in working capital:		
Trade and other receivables	(137)	(1,241)
Trade and other payables	8,741	3,055
Cash generated from operating activities	149,580	139,055
Tax paid	(16,924)	(17,033)
Net cash from operating activities	132,656	122,022
Cash flows from investing activities		
Additions to plant and equipment	(74)	(245)
Acquisition of investment property, intangible asset and its related acquisition costs (see Note A)	(935,979)	-
Payment for capital expenditure on investment properties	(3,549)	(19,873)
Interest received	787	687
Net cash used in investing activities	(938,815)	(19,431)

The accompanying notes form an integral part of these financial statements.

		Group	
	Note	2018 \$'000	2017 \$'000
Cash flows from financing activities			
Distributions paid to Unitholders		(69,262)	(66,860)
Distributions paid to CPPU holder		(4,255)	(5,681)
Distributions paid to non-controlling interests		(7,200)	(7,600)
Interest paid		(43,274)	(37,478)
Proceeds from issue of Units		587,528	150,000
Proceeds from issue of Notes		-	150,000
Payment of transaction costs related to the issue of Units		(7,033)	(906)
Payment of transaction costs related to borrowings		(8,245)	(11,139)
Proceeds from borrowings		1,139,735	788,200
Redemption of CPPUs		(100,000)	(75,000)
Repayment of borrowings		(684,538)	(974,700)
Net cash from/(used in) financing activities		803,456	(91,164)
Net (decrease)/increase in cash and cash equivalents		(2,703)	11,427
Cash and cash equivalents at beginning of the year		40,314	29,278
Effect of exchange rate fluctuations on cash held		(537)	(391)
Cash and cash equivalents at end of the year	9	37,074	40,314

Notes:

(A) Acquisition of investment property, intangible asset and its related acquisition costs

	Group
	2018 \$'000
Investment property	883,000
Intangible asset	25,000
Total assets acquired	908,000
Purchase consideration	908,000
Add: Acquisition costs paid in cash	27,979
Net cash outflow	935,979

(B) Significant non-cash transactions

During the year, there were the following significant non-cash transactions:

Financial year ended 31 December 2018

- a total of 14,433,703 Units, amounting to \$8,452,000, were or would be issued to the Manager as satisfaction of the Manager's management fees for the financial year; and
- 11,947,368 Units, amounting to \$6,810,000, were issued as satisfaction of the acquisition fee payable to the Manager for the investment property acquired during the financial year.

Financial year ended 31 December 2017

- a total of 10,889,407 Units, amounting to \$7,674,000, were or would be issued to the Manager as satisfaction of the Manager's management fees for the financial year.

The accompanying notes form an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2018

These notes form an integral part of the financial statements.

The financial statements were authorised for issue by the Manager and the Trustee on 5 March 2019.

1 GENERAL

OUE Commercial Real Estate Investment Trust (the "Trust") is a Singapore-domiciled unit trust constituted pursuant to the trust deed dated 10 October 2013 (as amended) (the "Trust Deed") between OUE Commercial REIT Management Pte. Ltd. (the "Manager") and DBS Trustee Limited (the "Trustee"). The Trust Deed is governed by the laws of the Republic of Singapore. The Trustee is under a duty to take into custody and hold the assets of the Trust and its subsidiaries (the "Group") in trust for the holders ("Unitholders") of units in the Trust (the "Units").

The Trust was admitted to the Official List of Singapore Exchange Securities Trading Limited (the "SGX-ST") on 27 January 2014 (the "Listing Date").

The principal activity of the Trust is to invest, directly or indirectly, in a portfolio of income-producing real estate used primarily for commercial purposes (including real estate used primarily for office and/or retail purposes) in financial and business hubs within and outside of Singapore, as well as real estate-related assets. The principal activities of the subsidiaries are set out in Note 6.

The consolidated financial statements relate to the Trust and its subsidiaries (together referred to as the "Group" and individually as "Group entities").

The Group is regarded as a subsidiary of OUE Limited ("OUE") for financial reporting purposes. Accordingly, the ultimate holding company of the Trust is Lippo ASM Asia Property Limited, a company incorporated in the Cayman Islands.

Several service agreements were entered into in relation to the management of the Trust and its property operations. The fee structures of these services are as follows:

(a) Manager's fees

The Manager is entitled to receive the following remuneration:

- (i) a base fee of 0.3% per annum (or such lower percentage as may be determined by the Manager in its absolute discretion) of the value of the Deposited Property (as defined in the Trust Deed);
- (ii) a performance fee of 25% per annum of the difference in DPU (as defined in the Trust Deed) in a financial year with the DPU in the preceding full financial year (calculated before accounting for the performance fee but after accounting for the base fee in each financial year) multiplied by the weighted average number of Units in issue for such financial year. The performance fee is payable if the DPU in any financial year exceeds the DPU in the preceding financial year, notwithstanding that the DPU in the financial year in which the performance fee is payable may be less than the DPU in the financial year prior to any preceding financial year;
- (iii) an acquisition fee of 0.75% of the acquisition price of an investment property for acquisitions from related parties and 1.0% of the acquisition price for all other cases;
- (iv) a divestment fee of 0.5% of the sale price of an investment property on all future disposals of properties; and
- (v) a development management fee of 3.0% of the total project costs incurred in a development project undertaken by the Manager on behalf of the Trust.

1 GENERAL (CONT'D)

(a) Manager's fees (cont'd)

Any portion of the base fee payable in the form of Units is payable quarterly in arrears and any portion of the base fee payable in cash is payable monthly in arrears. The performance fee is paid annually in arrears, regardless of whether it is paid in the form of cash and/or Units. For the financial year ended 31 December 2018, 80% (2017: 80%) of the management base fee payable were in the form of Units. There was no management performance fee payable in the form of Units in 2018 (2017: nil).

The acquisition, divestment and development management fees are payable in the form of Units and/or cash as the Manager may elect, and such proportion as may be determined by the Manager.

(b) Fees under the property management agreements

Pursuant to the property management agreement between the Trust and OUE Commercial Property Management Pte. Ltd. (the "Property Manager") in respect of OUE Bayfront, the following fees are payable:

- A property management fee of (a) 2% per annum of the gross revenue of the relevant property and (b) 2% of the gross revenue less property expenses ("Net Property Income") for the relevant property (calculated before accounting for the property management fee in that financial period); and
- A lease management fee of 0.5% of the Net Property Income for the relevant property (calculated before accounting for the property management fee in that financial period) in respect of lease management services.

The property and lease management fees are payable monthly in arrears.

Pursuant to the property management agreement between the Trust and the Property Manager in respect of OUE Downtown Office, the following fees are payable:

- A property management fee of (a) 1% per annum of the gross revenue of the relevant property and (b) 1% of the Net Property Income for the relevant property (calculated before accounting for the property management fee in that financial period); and
- A lease management fee of 0.25% of the Net Property Income for the relevant property (calculated before accounting for the property management fee in that financial period) in respect of lease management services.

The property and lease management fees are payable monthly in arrears.

The Property Manager in respect of OUE Bayfront and OUE Downtown is also entitled to a project management fee at a scale of between 1.35% to 3.0% of the construction cost or a fee to be mutually agreed in writing between the Manager, the Trustee and the Property Manager. During the financial year, no project management services were provided by the Property Manager. Where development management fees are payable to the Manager, there will not be any project management fees payable to the Property Manager and vice versa.

(c) Trustee's fee

Pursuant to the Trust Deed, the Trustee's fee shall not exceed 0.1% per annum of the value of the Deposited Property or such higher percentage as may be fixed by an extraordinary resolution of a meeting of Unitholders. The Trustee's fee is presently charged at a scaled basis of up to 0.02% per annum of the value of the Deposited Property (subject to a minimum of \$15,000 per month). The Trustee's fee is payable out of the Deposited Property on a monthly basis, in arrears. The Trustee is also entitled to reimbursement of expenses incurred in the performance of its duties under the Trust Deed.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2018

2 BASIS OF PREPARATION

2.1 Statement of compliance

The financial statements have been prepared in accordance with the Statement of Recommended Accounting Practice ("RAP") 7 "Reporting Framework for Unit Trusts" issued by the Institute of Singapore Chartered Accountants, the applicable requirements of the Code on Collective Investment Schemes (the "CIS Code") issued by the Monetary Authority of Singapore (the "MAS") and the provisions of the Trust Deed. RAP 7 requires the accounting policies to generally comply with the recognition and measurement principles of Singapore Financial Reporting Standards ("FRS").

This is the first set of the Group's annual financial statements in which the recognition and measurement principles of FRS 115 *Revenue from Contracts with Customers* and FRS 109 *Financial Instruments* have been applied. Adoption of these new standards are described in note 2.5.

2.2 Basis of measurement

The financial statements have been prepared on the historical cost basis, except as described below.

2.3 Functional and presentation currency

The financial statements are presented in Singapore dollars, which is the functional currency of the Trust. All financial information presented in Singapore dollars has been rounded to the nearest thousand, unless otherwise stated.

2.4 Use of estimates and judgments

The preparation of financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods effected.

Information about assumptions and estimation uncertainties that have the most significant effect on the amounts recognised in the financial statements is described in Note 4 – valuation of investment properties.

Measurement of fair values

A number of the Group's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.

The Group has an established process with respect to the measurement of fair values.

The Manager reviews significant unobservable inputs and valuation adjustments. If third party information is used to measure fair values, then the Manager assesses and documents the evidence obtained from the third parties to support the conclusion that such valuations meet the requirements of FRS, including the level in the fair value hierarchy in which such valuations should be classified.

Significant valuation issues are reported to the Audit and Risk Committee.

2 BASIS OF PREPARATION (CONT'D)

2.4 Use of estimates and judgments (cont'd)

Measurement of fair values (cont'd)

When measuring the fair value of an asset or a liability, the Group uses market observable data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

- Level 1 : quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 : inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3 : inputs for the asset or liability that are not based on observable market data (unobservable inputs).

If the inputs used to measure the fair value of an asset or a liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement (with Level 3 being the lowest).

The Group recognises transfers between levels of the fair value hierarchy as of the end of the reporting period during which the change has occurred.

Further information about the assumptions made in measuring fair values is included in the following notes:

- Note 4 – investment properties
- Note 26 – financial instruments

2.5 Adoption of new standards

The Group has applied the recognition and measurement principles of the following FRSs, amendments to and interpretations of FRS for the first time for period beginning on 1 January 2018.

- FRS 115 *Revenue from Contracts with Customers*;
- FRS 109 *Financial Instruments*

The application of the above standards do not have a material effect on the financial statements.

Notes to the reconciliations

A. FRS 115 *Revenue from Contracts with Customers*

FRS 115 establishes a comprehensive framework for determining whether, how much and when revenue is recognised. It replaced FRS 18 *Revenue*, FRS 11 *Construction Contracts* and related interpretations. Under FRS 115, revenue is recognised when a customer obtains control of the goods or services. Determining the timing of the transfer of control – at a point in time or over time – requires judgement.

The adoption of the recognition and measurement principles of FRS 115 did not have a material effect on the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2018

2 BASIS OF PREPARATION (CONT'D)

2.5 Adoption of new standards (cont'd)

Notes to the reconciliations (cont'd)

B. FRS 109 Financial Instruments

FRS 109 sets out requirements for recognising and measuring financial assets, financial liabilities and some contracts to buy or sell non-financial items. It also introduces a new 'expected credit loss' (ECL) model and a new general hedge accounting model. The Group adopted FRS 109 from 1 January 2018.

As a result of the adoption of FRS 109, the Group has adopted consequential amendments to FRS 107 *Financial Instrument: Disclosures* that are applied to disclosures about 2018 but have not been applied to comparative information. Instead, disclosures under FRS 107 relating to items within the scope of FRS 39 *Financial Instruments: Recognition and Measurement* are provided for the comparative period.

Changes in accounting policies resulting from the adoption of FRS 109 have been generally applied by the Group retrospectively, except as described below.

- The Group has used an exemption not to restate information for prior periods with respect to classification and measurement (including impairment) requirements. Differences in the carrying amounts of financial assets and financial liabilities resulting from the adoption of the recognition and measurement principles of FRS 109 (if any) are recognised in retained earnings and reserves as at 1 January 2018. Accordingly, the information presented for 2017 is presented, as previously reported, under FRS 39.
- The following assessments were made on the basis of facts and circumstances that existed at 1 January 2018.
 - The determination of the business model within which a financial asset is held;
 - The determination of whether the contractual terms of a financial asset give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding.
- New hedge accounting requirements are applied prospectively. All hedging relationships designated under FRS 39 at 31 December 2017 met the criteria for hedge accounting under FRS 109 at 1 January 2018 and therefore were regarded as continuing hedging relationships.

The impact upon adoption of the recognition and measurement principles of FRS 109, including the corresponding tax effects, are described below.

(i) Classification and measurement of financial assets and financial liabilities

FRS 109 contains three principal classification categories for financial assets: measured at amortised cost, fair value through other comprehensive income (FVOCI) and fair value through profit and loss (FVTPL). The classification of financial assets under FRS 109 is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics. FRS 109 eliminates the previous FRS 39 categories of held-to-maturity, loans and receivables and available-for-sale.

FRS 109 largely retains the existing requirements in FRS 39 for the classification and measurement of financial liabilities.

2 BASIS OF PREPARATION (CONT'D)

2.5 Adoption of new standards (cont'd)

Notes to the reconciliations (cont'd)

B. FRS 109 *Financial Instruments* (cont'd)

(i) Classification and measurement of financial assets and financial liabilities (cont'd)

The adoption of the recognition and measurement principles of FRS 109 has not had a significant effect on the Group's accounting policies related to financial liabilities and derivative financial instruments.

For an explanation of how the Group classifies and measures financial assets and related gains and losses under the recognition and measurement principles of FRS 109, see note 3.6.

The following table and the accompanying notes below explain the original measurement categories under FRS 39 and the new measurement categories under FRS 109 for each class of the Group's and the Trust's financial assets as at 1 January 2018.

The effect of adopting the recognition and measurement principles of FRS 109 on the carrying amounts of financial asset at 1 January 2018 relates solely to the new impairment requirements.

1 January 2018					
	Note	Original classification under FRS 39	New classification under FRS 109	Original carrying amount under FRS 39 \$'000	New carrying amount under FRS 109 \$'000
Group					
Financial assets					
Trade and other receivables	(a)	Loans and receivables	Amortised cost	11,915	11,915
Cash and cash equivalents		Loans and receivables	Amortised cost	40,314	40,314
Total financial assets				52,229	52,229
Trust					
Financial assets					
Trade and other receivables	(a)	Loans and receivables	Amortised cost	2,880	2,880
Cash and cash equivalents		Loans and receivables	Amortised cost	19,948	19,948
Total financial assets				22,828	22,828

- a) Trade and other receivables that were classified as loans and receivables under FRS 39 are now classified at amortised cost. There was no increase in the allowance for impairment that was recognised in opening retained earnings of the Group and the Trust at 1 January 2018 respectively on transition to FRS 109.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2018

2 BASIS OF PREPARATION (CONT'D)

2.5 Adoption of new standards (cont'd)

Notes to the reconciliations (cont'd)

B. FRS 109 *Financial Instruments* (cont'd)

(ii) Impairment of financial assets

FRS 109 replaces the 'incurred loss' model in FRS 39 with an 'expected credit loss' (ECL) model. The new impairment model applies to financial assets measured at amortised cost, but not to equity investments.

Under FRS 109, credit losses are recognised earlier than under FRS 39. For assets in the scope of the FRS 109 impairment model, impairment losses are generally expected to increase and become more volatile. The Group and the Trust have determined that the application of the recognition and measurement principles of FRS 109's impairment requirements at 1 January 2018 does not result in material additional allowance for impairment.

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets.

Additional information about how the Group and the Trust measure the allowance for impairment is described in note 26.

(iii) Hedge accounting

The Group has elected to adopt the new general hedge accounting model in FRS 109. This requires the Group to ensure that hedge accounting relationships are aligned with its risk management objectives and strategy and to apply a more qualitative and forward-looking approach to assessing hedge effectiveness.

The Group uses interest rate swap contracts to hedge the variability in cash flows arising from changes in interest rates relating to borrowings. The effective portion of changes in fair value of hedging instruments is accumulated in a cash flow hedge reserve as a separate component of equity.

For an explanation of how the Group applies hedge accounting under FRS 109, see note 3.6.

(iv) Transition impact on equity

The impact, net of tax, of transition to the recognition and measurement principles of FRS 109 on reserves and retained earnings at 1 January 2018 is nil.

3 SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied by the Group entities consistently to all the periods presented in these financial statements, except as explained in Note 2.5, which addresses changes in accounting policies arising from the adoption of new standards.

3.1 Basis of consolidation

(i) Business combinations

Business combinations are accounted for using the acquisition method in accordance with the recognition and measurement principles of FRS 103 *Business Combinations* as at the date of acquisition, which is the date on which control is transferred to the Group.

The Group measures goodwill at the date of acquisition as:

- the fair value of the consideration transferred; plus
- the recognised amount of any non-controlling interests ("NCI") in the acquiree; plus
- if the business combination is achieved in stages, the fair value of the pre-existing equity interest in the acquiree,

over the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed. Any goodwill that arises is tested annually for impairment.

When the excess is negative, a bargain purchase gain is recognised immediately in the statement of total return.

The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognised in the statement of total return.

Any contingent consideration payable is recognised at fair value at the date of acquisition and included in the consideration transferred. If the contingent consideration that meets the definition of a financial instrument is classified as equity, it is not remeasured and settlement is accounted for within equity. Otherwise, other contingent consideration is remeasured at fair value at each reporting date and subsequent changes to the fair value of the contingent consideration are recognised in the statement of total return.

NCI that are present ownership interests and entitle their holders to a proportionate share of the acquiree's net assets in the event of liquidation are measured either at fair value or at the NCI's proportionate share of the recognised amounts of the acquiree's identifiable net assets, at the date of acquisition. The measurement basis taken is elected on a transaction-by-transaction basis. All other NCI are measured at acquisition-date fair value, unless another measurement basis is required by FRSs.

Costs related to the acquisition, other than those associated with the issue of debt or equity securities, that the Group incurs in connection with a business combination are expensed as incurred.

Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as transactions with owners in their capacity as owners and therefore no adjustments are made to goodwill and no gain or loss is recognised in the statement of total return. Adjustments to NCI arising from transactions that do not involve the loss of control are based on a proportionate amount of the net assets of the subsidiary.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2018

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.1 Basis of consolidation (cont'd)

(ii) Property acquisitions and business combinations

When a property is acquired through corporate acquisitions or otherwise, the Manager considers whether the acquisition represents an acquisition of business or an acquisition of an asset. An acquisition is accounted for as a business combination when an integrated set of activities is acquired, in addition to the property. In determining whether an integrated set of activities is acquired, the Manager considers whether significant processes, such as strategic management and operational processes, are acquired. Where significant processes are acquired, the acquisition is considered an acquisition of business. Where an acquisition does not represent a business, it is accounted for as an acquisition of a group of assets and liabilities. The cost of acquisition is allocated to the assets and liabilities acquired and no goodwill or deferred tax is recognised.

(iii) Subsidiaries

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. Investments in subsidiaries are stated at cost less accumulated impairment losses.

The accounting policies of subsidiaries have been changed when necessary to align them with the policies adopted by the Group.

(iv) Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income or expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements.

(v) Subsidiaries in the financial statements of the Trust

Investments in subsidiaries are stated in the Trust's statement of financial position at cost less accumulated impairment losses.

3.2 Foreign currencies

(i) Foreign currency transactions

Transactions in foreign currencies are translated to the respective functional currencies of the Group entities at the exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated to the functional currency at the exchange rate at that date. The foreign currency gain or loss on monetary items is the difference between amortised cost in the functional currency at the beginning of the year, adjusted for effective interest and payments during the year, and the amortised cost in foreign currency translated at the exchange rate at the end of the year.

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.2 Foreign currencies (cont'd)

(i) Foreign currency transactions (cont'd)

Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are translated to the functional currency at the exchange rate at the date that the fair value was determined. Non-monetary items in a foreign currency that are measured in terms of historical cost are translated using the exchange rate at the date of the transaction. Foreign currency differences arising on translation are recognised in the statement of total return, except for differences arising from the translation of a financial liability designated as a hedge of the net investment in a foreign operation to the extent that the hedge is effective, or qualifying cash flow hedges to the extent that the hedge is effective, which are recognised in unitholders' funds.

(ii) Foreign operations

The assets and liabilities of foreign operations are translated to Singapore dollars at exchange rates prevailing at the reporting date. The income and expenses of foreign operations are translated to Singapore dollars at exchange rates at the dates of the transactions.

Foreign currency differences are recognised in the foreign currency translation reserve in unitholders' funds. However, if the operation is not a wholly-owned subsidiary, then the relevant proportionate share of the translation difference is allocated to the non-controlling interests. When a foreign operation is disposed of such that control, significant influence or joint control is lost, the cumulative amount in the translation reserve related to that foreign operation is transferred to the statement of total return as part of the gain or loss on disposal. When the Group disposes of only part of its interest in a subsidiary that includes a foreign operation while retaining control, the relevant proportion of the cumulative amount is reattributed to non-controlling interests.

When the settlement of a monetary item receivable from or payable to a foreign operation is neither planned nor likely in the foreseeable future, foreign exchange gains and losses arising from such a monetary item that is considered to form part of a net investment in a foreign operation, or qualifying cash flow hedges to the extent that the hedge is effective, which are recognised in the unitholders' funds.

3.3 Plant and equipment

(i) Recognition and measurement

Plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses.

Cost includes expenditure that is directly attributable to the acquisition of the asset.

When parts of an item of plant and equipment have different useful lives, they are accounted for as separate items (major components) of plant and equipment.

The gain or loss on disposal of an item of plant and equipment (calculated as the difference between the net proceeds from disposal and the carrying amount of the item) is recognised in the statement of total return.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2018

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.3 Plant and equipment (cont'd)

(ii) Depreciation

Depreciation is based on the cost of an asset less its residual value. Significant components of individual assets are assessed and if a component has a useful life that is different from the remainder of that asset, that component is depreciated separately.

Depreciation is recognised in the statement of total return on a straight-line basis over the estimated useful lives of each component of an item of plant and equipment.

Depreciation is recognised from the date that the plant and equipment are installed and are ready for use.

The estimated useful lives for the current and comparative years are as follows:

Furniture and fittings	-	5 years
Office equipment	-	5 years
Operating equipment	-	5 years

Depreciation methods, useful lives and residual values are reviewed at the end of each reporting period and adjusted if appropriate.

3.4 Investment properties

Investment properties are properties held either to earn rental income or for capital appreciation or both, but not for sale in the ordinary course of business, use in the production or supply of goods or services or for administrative purposes. Investment properties are measured at cost on initial recognition and subsequently at fair value with any change therein recognised in the statement of total return.

The cost of a purchased property comprises its purchase price and any directly attributable expenditure, including transaction costs. Fair value is determined in accordance with the Trust Deed, which requires the investment properties to be valued by independent registered valuers at least once a year, in accordance with the CIS Code issued by the MAS.

Any gain or loss on disposal of an investment property (calculated as the difference between the net proceeds from disposal and the carrying amount of the item) is recognised in the statement of total return.

The investment properties are subject to continued maintenance and regularly revalued on the basis set out above. For income tax purposes, the Group may claim capital allowances on assets that qualify as plant and machinery under the Income Tax Act.

3.5 Intangible assets

The intangible assets represent the income support receivable by the Group and the Trust under the Deeds of Income Support in relation to OUE Bayfront and OUE Downtown Office.

The intangible assets are measured at cost less accumulated amortisation and accumulated impairment losses.

The intangible assets are amortised in the statement of total return on a straight-line basis over its estimated useful life of 5 years. The intangible assets are tested for impairment as described in Note 3.7.

Amortisation method, useful life and residual value are reviewed at the end of each reporting period and adjusted, if appropriate.

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.6 Financial instruments

(i) Recognition and initial measurement

Non-derivative financial assets and financial liabilities

Trade receivables issued are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the Group becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

(ii) Classification and subsequent measurement

Non-derivative financial assets – Policy applicable from 1 January 2018

On initial recognition, a financial asset is classified and measured at amortised cost or FVTPL.

Financial assets are not reclassified subsequent to their initial recognition unless the Group changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

Financial assets at amortised cost

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at FVTPL

All financial assets not classified as measured at amortised cost or FVOCI are measured at FVTPL. On initial recognition, the Group may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Financial assets: Business model assessment – Policy applicable from 1 January 2018

The Group makes an assessment of the objective of the business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management. The information considered includes:

- how the performance of the portfolio is evaluated and reported to the Group's management; and
- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2018

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.6 Financial instruments (cont'd)

(ii) Classification and subsequent measurement (cont'd)

Non-derivative financial assets: Assessment whether contractual cash flows are solely payments of principal and interest – Policy applicable from 1 January 2018

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Group considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Group considers:

- contingent events that would change the amount or timing of cash flows;
- terms that may adjust the contractual coupon rate, including variable rate features;
- prepayment and extension features; and
- terms that limit the Group's claim to cash flows from specified assets (e.g. non-recourse features).

A prepayment feature is consistent with the sole payments of principal and interest criterion if the prepayment amount substantially represents unpaid amounts of principal and interest on the principal amount outstanding, which may include reasonable additional compensation for early termination of the contract. Additionally, for a financial asset acquired at a significant discount or premium to its contractual par amount, a feature that permits or requires prepayment at an amount that substantially represents the contractual par amount plus accrued (but unpaid) contractual interest (which may also include reasonable additional compensation for early termination) is treated as consistent with this criterion if the fair value of the prepayment feature is insignificant at initial recognition.

Non-derivative financial assets: Subsequent measurement and gains and losses – Policy applicable from 1 January 2018

Financial assets at amortised cost

These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in the statement of total return. Any gain or loss on derecognition is recognised in the statement of total return.

Financial assets at FVTPL

These assets are subsequently measured at fair value. Net gains and losses are recognised in the statement of total return.

Non-derivative financial assets – Policy applicable before 1 January 2018

The Group classifies non-derivative financial assets into loans and receivables.

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.6 Financial instruments (cont'd)

(ii) Classification and subsequent measurement (cont'd)

Loans and receivables

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method, less any impairment losses.

Loans and receivables comprise trade and other receivables (excluding prepayments) and cash and cash equivalents.

Non-derivative financial liabilities: Classification, subsequent measurement and gains and losses

Financial liabilities are classified and measured at amortised cost.

Other financial liabilities are initially measured at fair value less directly attributable transaction costs. They are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in the statement of total return.

These financial liabilities comprise trade and other payables (excluding advance rental received) and borrowings.

(iii) Derecognition

Financial assets

The Group derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Group neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

Financial liabilities

The Group derecognises a financial liability when its contractual obligations are discharged, cancelled or expire. The Group also derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value.

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in the statement of total return.

(iv) Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2018

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.6 Financial instruments (cont'd)

(v) Cash and cash equivalents

Cash and cash equivalents comprise cash balances and bank deposits.

(vi) Derivative financial instruments and hedge accounting

Derivative financial instruments and hedge accounting – Policy applicable from 1 January 2018

The Group holds derivative financial instruments to hedge its interest rate risk exposures. Embedded derivatives are separated from the host contract and accounted for separately if the host contract is not a financial asset and certain criteria are met.

Derivatives are initially measured at fair value and any directly attributable transaction costs are recognised in the statement of total return as incurred. Subsequent to initial recognition, derivatives are measured at fair value, and changes therein are generally recognised in the statement of total return.

The Group designates certain derivatives and non-derivative financial instruments as hedging instruments in qualifying hedging relationships. At inception of designated hedging relationships, the Group documents the risk management objective and strategy for undertaking the hedge. The Group also documents the economic relationship between the hedged item and the hedging instrument, including whether the changes in cash flows of the hedged item and hedging instrument are expected to offset each other.

Hedging relationships designated under FRS 39 that were still existing as at 31 December 2017 are treated as continuing hedges and hedge documentations were aligned accordingly to the requirements of FRS 109.

Cash flow hedges

The Group designates certain derivatives as hedging instruments to hedge the variability in cash flows associated with highly probable forecast transactions arising from changes in interest rates.

When a derivative is designated as a cash flow hedging instrument, the effective portion of changes in the fair value of the derivative is recognised in unitholders' funds and accumulated in the hedging reserve. The effective portion of changes in the fair value of the derivative that is recognised in unitholders' funds is limited to the cumulative change in fair value of the hedged item, determined on a present value basis, from inception of the hedge. Any ineffective portion of changes in the fair value of the derivative is recognised immediately in the statement of total return.

If the hedge no longer meets the criteria for hedge accounting or the hedging instrument is sold, expires, is terminated or is exercised, then hedge accounting is discontinued prospectively. When hedge accounting for cash flow hedges is discontinued, the amount that has been accumulated in the hedging reserve and the cost of hedging reserve remains in unitholders' funds until it is reclassified to the statement of total return in the same period or periods as the hedged expected future cash flows affect the statement of total return.

If the hedged future cash flows are no longer expected to occur, then the amounts that have been accumulated in the hedging reserve and the cost of hedging reserve are immediately reclassified to the statement of total return.

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.6 Financial instruments (cont'd)

(vi) Derivative financial instruments and hedge accounting (cont'd)

Derivative financial instruments and hedge accounting – Policy applicable before 1 January 2018

The policy applied in the comparative information presented for 2017 is similar to that applied for 2018. For all cash flow hedges, the amounts accumulated in the cash flow hedge reserve were reclassified to the statement of total return in the same period or periods during which the hedged expected future cash flows affect the statement of total return.

3.7 Impairment

(i) Non-derivative financial assets – Policy applicable from 1 January 2018

The Group recognises loss allowances for ECLs on financial assets measured at amortised costs.

Loss allowances of the Group are measured on either of the following bases:

- 12-month ECLs: these are ECLs that result from default events that are possible within the 12 months after the reporting date (or for a shorter period if the expected life of the instrument is less than 12 months); or
- Lifetime ECLs: these are ECLs that result from all possible default events over the expected life of a financial instrument.

Simplified approach

The Group applies the simplified approach to provide for ECLs for all trade receivables. The simplified approach requires the loss allowance to be measured at an amount equal to lifetime ECLs.

General approach

The Group applies the general approach to provide for ECLs on all other financial instruments. Under the general approach, the loss allowance is measured at an amount equal to 12-month ECLs at initial recognition.

At each reporting date, the Group assesses whether the credit risk of a financial instrument has increased significantly since initial recognition. When credit risk has increased significantly since initial recognition, loss allowance is measured at an amount equal to lifetime ECLs.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment and includes forward-looking information.

If credit risk has not increased significantly since initial recognition or if the credit quality of the financial instruments improves such that there is no longer a significant increase in credit risk since initial recognition, loss allowance is measured at an amount equal to 12-month ECLs.

The Group considers a financial asset to be in default when the debtor is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realising security (if any is held).

The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2018

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.7 Impairment (cont'd)

(i) Non-derivative financial assets – Policy applicable from 1 January 2018 (cont'd)

Measurement of ECLs

ECLs are probability-weighted estimates of credit losses. Credit losses are measured at the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Group expects to receive). ECLs are discounted at the effective interest rate of the financial asset.

Credit-impaired financial assets

At each reporting date, the Group assesses whether financial assets carried at amortised cost are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes a breach of contract such as a default.

Presentation of allowance for ECLs in the statement of financial position

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of these assets.

Write-off

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Group determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's procedures for recovery of amounts due.

Non-derivative financial assets – Policy applicable before 1 January 2018

A financial asset not carried at FVTPL was assessed at the end of each reporting period to determine whether there was objective evidence that it was impaired. A financial asset was impaired if objective evidence indicated that a loss event(s) had occurred after the initial recognition of the asset, and that the loss event(s) had an impact on the estimated future cash flows of that asset that could be estimated reliably.

Objective evidence that financial assets were impaired included default or delinquency by a debtor, restructuring of an amount due to the Group on terms that the Group would not consider otherwise and indications that a debtor would enter bankruptcy.

Loans and receivables

The Group considered evidence of impairment for loans and receivables at both an individual asset and collective level. All individually significant assets were individually assessed for impairment. Those found not to be impaired were then collectively assessed for any impairment that had been incurred but not yet identified. Assets that were not individually significant were collectively assessed for impairment. Collective assessment was carried out by grouping together assets with similar risk characteristics.

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.7 Impairment (cont'd)

(i) Non-derivative financial assets – Policy applicable from 1 January 2018 (cont'd)

Loans and receivables (cont'd)

In assessing collective impairment, the Group used historical information on the timing of recoveries and the amount of loss incurred, and made an adjustment if current economic and credit conditions were such that the actual losses were likely to be greater or lesser than suggested by historical trends.

An impairment loss was calculated as the difference between the asset's carrying amount and the present value of the estimated future cash flows, discounted at the asset's original effective interest rate. Losses were recognised in the statement of total return and reflected in an allowance account. When the Group considered that there were no realistic prospects of recovery of the asset, the relevant amounts were written off. If the amount of impairment loss subsequently decreased and the decrease was related objectively to an event occurring after the impairment was recognised, then the previously recognised impairment loss was reversed through the statement of total return.

(ii) Non-financial assets

The carrying amounts of the Group's non-financial assets, other than investment property, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the assets' recoverable amounts are estimated.

The recoverable amount of an asset or cash-generating unit ("CGU") is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGU.

An impairment loss is recognised if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses are recognised in the statement of total return.

Impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

3.8 Unitholders' funds

Unitholders' funds are classified as equity.

Issue costs relate to expenses incurred in connection with the issue of units. The expenses are deducted directly against unitholders' funds.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2018

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.9 Convertible perpetual preferred units

The convertible perpetual preferred units do not have a maturity date and distribution payment is optional at the discretion of the Manager of the Trust. As the Trust does not have a contractual obligation to repay the principal nor make any distributions, the convertible perpetual preferred units are classified as equity.

Any distributions made are directly debited from equity. Incremental costs directly attributable to the issue of the convertible perpetual preferred units are deducted against the proceeds from the issue.

3.10 Revenue recognition

(i) Rental income

Rental income from investment properties is recognised in the statement of total return on a straight-line basis over the term of the lease. Lease incentives granted are recognised as an integral part of the total rental income, over the term of the lease. Variable rent is recognised as income in the accounting period in which it is earned and can be reliably estimated.

(ii) Service fee income

Revenue from servicing and maintaining the investment property is recognised when the services are rendered and collectability is reasonably assured.

(iii) Car park income

Car park income is recognised on utilisation of car parking facilities.

(iv) Dividend income

Dividend income is recognised in the statement of total return on the date that the Trust's right to receive payment is established.

3.11 Employee benefits

(i) Short term employee benefits

All short term employee benefits are recognised in the statement of total return in the period in which the employees render their services.

A provision is recognised for the amount expected to be paid under variable bonus if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

(ii) Defined contribution plans

Contributions to post-employment benefits under defined contribution plans are recognised as an expense in the statement of total return as incurred.

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.12 Levies

A provision for levies is recognised when the condition that triggers the payment of the levy as specified in the relevant legislation is met. If a levy obligation is subject to a minimum activity threshold so that the obligating event is reaching a minimum activity, then a provision is recognised when that minimum activity threshold is reached.

3.13 Finance income and finance costs

The Group's finance income and finance costs include:

- interest income;
- interest expense;
- the foreign currency gain or loss on financial assets and financial liabilities;
- hedge ineffectiveness recognised in the statement of total return; and
- the reclassification of net gains and losses previously recognised in unitholders' funds on cash flow hedges of interest rate risk for borrowings.

Foreign currency gains and losses are reported on a net basis as either finance income or finance costs depending on whether foreign currency movements are in a net gain or net loss position.

Interest income or expense is recognised using the effective interest method.

The 'effective interest rate' is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument to:

- the gross carrying amount of the financial asset; or
- the amortised cost of the financial liability.

In calculating interest income and expense, the effective interest rate is applied to the gross carrying amount of the asset (when the asset is not credit-impaired) or to the amortised cost of the liability. However, for financial assets that have become credit-impaired subsequent to initial recognition, interest income is calculated by applying the effective interest rate to the amortised cost of the financial asset. If the asset is no longer credit-impaired, then the calculation of interest income reverts to the gross basis.

Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in the statement of total return using the effective interest method.

3.14 Tax

Tax expense comprises current and deferred tax. Current tax and deferred tax are recognised in the statement of total return except to the extent that it relates to items recognised directly in unitholders' funds.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years. The amount of current tax payable or receivable is the best estimate of the tax amount expected to be paid or received that reflects uncertainty related to income taxes, if any.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2018

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.14 Tax (cont'd)

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for:

- temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit; and
- temporary differences relating to investments in subsidiaries to the extent that the Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future.

The measurement of deferred taxes reflects the tax consequences that would follow the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities. For investment properties that are measured at fair value, the amount of deferred tax recognised is measured using the tax rates that would apply on sale of those assets at their carrying value at the reporting date unless the property is depreciable and is held within a business model whose objective is to consume substantially all the economic benefits embodied in the investment property over time, rather than through sale. In all other cases, the amount of deferred tax is measured based on the expected manner of realisation or settlement of the carrying amount of the assets and liabilities, using the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to taxes levied by the same tax authority on the same taxable entity.

A deferred tax asset is recognised for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

In determining the amount of current and deferred tax, the Group takes into account the impact of uncertain tax positions and whether additional taxes and interest may be due. The Group believes that its accruals for tax liabilities are adequate for all open tax years based on its assessment of many factors, including interpretations of tax law and prior experience. This assessment relies on estimates and assumptions and may involve a series of judgements about future events. New information may become available that causes the Group to change its judgement regarding the adequacy of existing tax liabilities; such changes to tax liabilities will impact tax expense in the period that such a determination is made.

The Inland Revenue Authority of Singapore ("IRAS") has issued the Tax Transparency Ruling and Foreign-Sourced Income Tax Exemption Ruling.

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.14 Tax (cont'd)

Tax Transparency Ruling

Pursuant to the Tax Transparency Ruling issued by the IRAS, tax transparency treatment has been granted to the Trust in respect of certain taxable income ("Specified Taxable Income"). Subject to meeting the terms and conditions of the Tax Transparency Ruling, which includes a distribution of at least 90% of the Specified Taxable Income of the Trust, the Trust is not subject to tax on the Specified Taxable Income distributed to the Unitholders in the same year in which the Specified Taxable Income was derived. Instead, the Trustee and the Manager would undertake to deduct income tax at the prevailing corporate tax rate (currently at 17%) from distributions made to Unitholders out of such Specified Taxable Income, except:

- (i) Where the beneficial owners are Qualifying Unitholders, the Trustee and the Manager will make the distributions to such Unitholders without deducting any income tax; or
- (ii) Where the beneficial owners are Qualifying Foreign Non-Individual Unitholders, the Trustee and the Manager will deduct Singapore income tax at the reduced rate of 10% for distributions made up to 31 December 2025, unless the concession is extended.

A "Qualifying Unitholder" is a Unitholder who is:

- an individual;
- a company incorporated and tax resident in Singapore;
- a Singapore branch of a company incorporated outside Singapore;
- a body of persons (excluding partnerships) incorporated or registered in Singapore, including:
 - (i) a charity registered under the Charities Act (Cap. 37) or established by any written law;
 - (ii) a town council;
 - (iii) a statutory board;
 - (iv) a co-operative society registered under the Co-operative Societies Act (Cap. 62); or
 - (v) a trade union registered under the Trade Unions Act (Cap. 333);
- an international organisation that is exempt from tax on such distributions by reason of an order made under the International Organisations (Immunities and Privileges) Act (Cap. 145); or
- a real estate investment trust exchange-traded fund which has been accorded the tax transparency treatment.

A Qualifying Foreign Non-Individual Unitholder is a person other than an individual who is not resident in Singapore for Singapore income tax purposes and who:

- does not have a permanent establishment in Singapore; or
- carries on an operation in Singapore through a permanent establishment in Singapore, where the funds used by that person to acquire units of the Trust are not obtained from that operation.

The Tax Transparency Ruling does not apply to gains or profits from the disposal of any properties such as immovable properties and shares that are determined by the IRAS to be revenue gains chargeable to tax and income derived by the Trust but not distributed to the Unitholders in the same year in which the income is derived. Tax on such gains or profits will be subject to tax in accordance with Section 10(1)(a) of the Income Tax Act (Cap. 134). Distribution made out of the after-tax amount will not be subject to any further tax. Where the disposal gains are regarded as capital in nature, they will not be subject to tax and the Trustee and the Manager may distribute the capital gains without tax being deducted at source.

Any distributions made by the Trust to the Unitholders out of tax-exempt income and taxed income would be exempt from Singapore income tax in the hands of all Unitholders, regardless of their corporate or residence status.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2018

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.14 Tax (cont'd)

Foreign-sourced Income Tax Exemption Ruling

Pursuant to the Foreign-sourced Income Tax Exemption Ruling issued by the IRAS and subject to the meeting of certain conditions, the Trust will be exempt from Singapore income tax on dividends received by the Trust from its subsidiary, OUE Eastern Limited.

3.15 Earnings per Unit

The Group presents basic and diluted earnings per Unit. Basic earnings per Unit is calculated by dividing the total return attributable to the Unitholders by the weighted average number of Units outstanding during the year. Diluted earnings per Unit is determined by adjusting the total return attributable to Unitholders and the weighted average number of Units outstanding for the effects of all dilutive potential Units, which comprise the convertible perpetual preferred units issued by the Trust.

3.16 Segment reporting

An operating segment is a component of the Group that engages in business activities from which they may earn revenue and incur expenses, including revenue and expenses that relate to transactions with any of the other components of the Group. All operating segments' operating results are reviewed regularly by the Board of Directors of the Manager to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

Segment results that are reported to the Board of Directors of the Manager include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly finance income and trust expenses.

3.17 New standards and interpretations not yet adopted

A number of new standards, amendments to standards and interpretations are not yet effective and have not been applied in preparing these financial statements. An explanation of the impact, if any, on adoption of these new requirements is provided in note 31.

4 INVESTMENT PROPERTIES

	Group		Trust	
	2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000
At 1 January	3,515,148	3,408,535	1,153,000	1,146,000
Acquisition during the year (including acquisition costs)	917,817	-	917,817	-
Capital expenditure capitalised	5,621	14,460	944	260
Lease incentives	(1,566)	(19)	-	-
Fair value changes recognised in the statement of total return (unrealised)	71,399	101,617	21,339	6,740
Translation differences	(13,884)	(9,445)	-	-
At 31 December	4,494,535	3,515,148	2,093,100	1,153,000

As at 31 December 2018, investment properties with a carrying amount of \$1,761,035,000 (2017: \$1,741,948,000) are pledged as security to secure bank loans (see Note 10).

Included in the acquisition costs capitalised are fees of \$22,000 (2017: \$Nil) paid to auditors of the Trust for assurance services performed in relation to the Group's acquisition of an investment property during the year.

Measurement of fair value

(i) Fair value hierarchy

The investment properties are stated at fair value at the reporting date. The fair values of OUE Bayfront, Lippo Plaza, One Raffles Place and OUE Downtown Office as at 31 December 2018 were based on independent valuations undertaken by Savills Valuation and Professional Services (S) Pte Ltd, Beijing Colliers International Real Estate Valuation Co., Ltd., Knight Frank Pte Ltd and Colliers International Consultancy and Valuation (Singapore) Pte Ltd, respectively. As at 31 December 2017, fair values of OUE Bayfront, Lippo Plaza and One Raffles Place were based on independent valuations undertaken by Savills Valuation and Professional Services (S) Pte Ltd, CBRE Limited and Cushman & Wakefield VHS Pte. Ltd., respectively.

The fair values were derived based on the discounted cash flow, capitalisation and direct comparison methods. The valuation methods involve certain estimates including those relating to discount rate, terminal yield rate, capitalisation rate and price per square foot. The specific risks inherent in each of the properties are taken into consideration in arriving at the valuations. In relying on the valuation reports, the Manager has exercised its judgment and is satisfied that the valuation methods and estimates used are reflective of the current market conditions.

The fair value measurement of all of the Group's investment properties has been categorised as a Level 3 fair value based on the inputs to the valuation technique used (see Note 2.4).

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2018

4 INVESTMENT PROPERTIES (CONT'D)

Measurement of fair value (cont'd)

(ii) Valuation techniques and significant unobservable inputs

The following table shows the Group's valuation techniques used in measuring the fair value of investment properties, as well as the significant unobservable inputs used.

Valuation techniques	Significant unobservable inputs	Country		Inter-relationship between key unobservable inputs and fair value measurement
		Singapore	China	
<i>Discounted cash flow method:</i> The discounted cash flow method involves the estimation and projection of an income stream over a period and discounting the income stream with an internal rate of return to arrive at the market value	Discount rate Terminal yield rate	6.5% - 7.0% (2017: 6.5% - 7.0%) 3.5% - 5.0% (2017: 3.9% - 4.9%)	7.0% (2017: 6.9%) 4.0% (2017: 3.8% - 4.3%)	The estimated fair value would increase/ (decrease) if: • discount rate was lower (higher); • terminal yield rate was lower (higher).
<i>Capitalisation method:</i> The capitalisation method capitalises an income stream into a present value using single-year capitalisation rate	Capitalisation rate	3.5% to 5.5% (2017: 3.6% to 5.5%)	Not applicable	The estimated fair value would increase/ (decrease) if the capitalisation rate was lower (higher).
<i>Direct comparison method:</i> The direct comparison method involves the analysis of comparable sales of similar properties, with adjustments made to differentiate the comparables in terms of location, area, quality and other relevant factors	Price per square foot (psf)	\$1,811 (2017: \$2,458 - \$2,607)	\$1,403 (2017: \$1,435)	The estimated fair value would increase/ (decrease) if the price psf was higher (lower).

5 INTANGIBLE ASSETS

	Group and Trust \$'000
Cost	
At 1 January 2017 and 31 December 2017	33,000
Acquisition	25,000
At 31 December 2018	58,000
Amortisation and impairment loss	
At 1 January 2017	23,797
Amortisation for the year	4,452
At 31 December 2017	28,249
Amortisation for the year	5,286
At 31 December 2018	33,535
Carrying amount	
At 1 January 2017	9,203
At 31 December 2017	4,751
At 31 December 2018	24,465

Intangible assets represent the unamortised income support receivable by the Group and the Trust under the Deeds of Income Support entered into with OUE and Alkas Realty Pte. Ltd. ("Alkas"), related parties of the Trust, in relation to OUE Bayfront and OUE Downtown Office, respectively.

Pursuant to the terms of the Deed of Income Support on OUE Bayfront, OUE will provide income support on OUE Bayfront of up to \$12 million per annum, for 5 years from 27 January 2014.

Pursuant to the terms of the Deed of Income Support on OUE Downtown Office, Alkas will provide income support on OUE Downtown Office of up to \$60 million for a period of 5 years from 1 November 2018 or the date when the total income support payments to the Trust exceeds \$60 million, whichever is earlier.

Under the Deeds of Income Support on OUE Bayfront and OUE Downtown Office, the Group and the Trust drew down \$7,189,000 (2017: \$3,312,000) during the financial year (Note 18).

As at 31 December 2018, the Group and the Trust has drawn down \$29,263,000 (2017: \$22,074,000) under the Deeds of Income Support on OUE Bayfront and OUE Downtown Office.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2018

6 INVESTMENTS IN SUBSIDIARIES

	Trust	
	2018 \$'000	2017 \$'000
Equity investments at cost	1,368,506	1,376,992

As at 31 December 2017, the shares held by the Trust in certain subsidiaries with a carrying amount of \$1,138,854,000 were pledged as security to secure bank loans (see Note 10).

Details of the subsidiaries are as follows:

Name of subsidiaries	Principal place of business/ Country of incorporation	Principal activities	Ownership interest	
			2018 %	2017 %
Direct subsidiaries				
OUE Eastern Limited ⁽¹⁾	British Virgin Island	Investment holding	100	100
OUE CT Treasury Pte. Ltd. ⁽²⁾	Singapore	Provision of financial services	100	100
Beacon Property Holdings Pte. Ltd. ⁽²⁾	Singapore	Investment holding	100	100
Indirect subsidiaries				
Tecwell Limited ⁽¹⁾	British Virgin Island	Investment holding	100	100
Lippo Realty (Shanghai) Limited ⁽³⁾	China	Property owner	100	100
Cresthill Property Holdings Pte. Ltd. ⁽²⁾	Singapore	Investment holding	100	100
OUB Centre Limited ⁽²⁾	Singapore	Property owner and investment holding	83.33	83.33

⁽¹⁾ Not required to be audited under the laws of the country in which it is incorporated.

⁽²⁾ Audited by KPMG LLP, Singapore.

⁽³⁾ Audited by KPMG China (a member firm of KPMG International).

6 INVESTMENTS IN SUBSIDIARIES (CONT'D)

Non-controlling interests

The non-controlling interests (NCI) relate to the following subsidiary:

Name	Principal place of business/Country of incorporation	Ownership interest held by NCI	
		2018 %	2017 %
OUB Centre Limited	Singapore	16.67	16.67

The following summarised financial information of the above subsidiary is prepared in accordance with FRS, modified for fair value adjustments on acquisition and differences in the Group's accounting policies.

OUB Centre Limited			
	2018 \$'000	2017 \$'000	
Revenue	81,504	85,381	
Profit and total comprehensive income	79,322	68,238	
Profit and total comprehensive income attributable to NCI	13,220	11,373	
Non-current assets	1,813,910	1,773,804	
Current assets	8,033	11,929	
Non-current liabilities	(350,028)	(32,548)	
Current liabilities	(27,458)	(343,749)	
Net assets	1,444,457	1,409,436	
Net assets attributable to NCI	240,743	234,906	
Cash flows from operating activities	54,542	50,706	
Cash flows used in investing activities	(3,324)	(12,940)	
Cash flows used in financing activities	(52,973)	(38,686)	
Net decrease in cash and cash equivalents	(1,755)	(920)	

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2018

7 TRADE AND OTHER RECEIVABLES

	Group		Trust	
	2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000
Current				
Trade receivables from:				
- other related parties	8	14	5	14
- third parties	1,347	974	350	37
	1,355	988	355	51
Other receivables from:				
- the Manager	27	-	27	-
- subsidiaries	-	-	361	332
- other related parties	5,190	1,881	5,190	1,881
- third parties	6,847	8,502	309	97
	12,064	10,383	5,887	2,310
Deposits	314	544	289	519
	13,733	11,915	6,531	2,880
Prepayments	651	640	52	39
	14,384	12,555	6,583	2,919
Non-current				
Prepayments	175	290	-	-

Included in other receivables from related parties of the Group and the Trust are income support receivable on OUE Bayfront of \$2,205,000 (2017: \$1,881,000) and income support receivable on OUE Downtown Office of \$2,955,000 (see Note 5).

Amounts due from subsidiaries

Outstanding balance with subsidiaries and related parties are unsecured, interest-free and repayable on demand. There is no allowance for doubtful debt arising from these outstanding balances as the ECL is not material.

Credit and market risks, and impairment losses

The Group and the Company's exposure to credit and currency risks, and impairment losses for trade and other receivables, are disclosed in note 26.

The ageing of trade receivables that were not impaired at the reporting date is:

	Group		Trust	
	2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000
Not past due	734	477	322	51
Past due 0 – 30 days	421	212	33	-
Past due 31 – 90 days	75	209	-	-
Past due over 90 days	125	90	-	-
	1,355	988	355	51

The Group believes that the unimpaired amounts that are past due are still collectible based on historic payment behaviour and the deposits held.

8. FINANCIAL DERIVATIVES

	Group		Trust	
	2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000
Derivative assets				
Interest rate swaps used for hedging				
- Current	116	-	95	-
Derivative liabilities				
Interest rate swaps used for hedging				
- Current	(132)	(487)	(109)	(166)
- Non-current	(7,828)	(10,705)	(5,448)	(9,754)
	(7,960)	(11,192)	(5,557)	(9,920)
	(7,844)	(11,192)	(5,462)	(9,920)
Financial derivatives as a percentage of net assets	(0.3%)	(0.6%)	(0.3%)	(0.7%)

The Group uses interest rate swaps to manage its exposure to interest rate movements on its floating rate interest-bearing bank loans by swapping the interest expense of bank loans from floating rates to fixed rates.

Master netting or similar agreements

The Group enters into derivative transactions under International Swaps and Derivatives Association (ISDA) master netting agreements. In general, under such agreements the amounts owed by each counterparty on a single day in respect of all transactions outstanding in the same currency are aggregated into a single net amount that is payable by one party to the other. In certain circumstances - e.g. when a credit event such as a default occurs, all outstanding transactions under the agreement are terminated, the termination value is assessed and only a single net amount is payable in settlement of all transactions.

The above ISDA agreements do not meet the criteria for offsetting in the statement of financial position. This is because they create a right of set-off of recognised amounts that is enforceable only following an event of default, insolvency or bankruptcy of the Group or the counterparties. In addition, the Group and its counterparties do not intend to settle on a net basis or to realise the assets and settle the liabilities simultaneously.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2018

8. FINANCIAL DERIVATIVES (CONT'D)

The following table sets out the carrying amounts of recognised financial instruments that are subject to the above agreements.

	Gross amounts of recognised financial instruments \$'000	Gross amounts of recognised financial instruments offset in the statement of financial position \$'000	Net amounts of financial instruments included in the statement of financial position \$'000	Related financial instruments that are not offset \$'000	Net amount \$'000
Group					
31 December 2018					
Derivatives assets					
Interest rate swaps used for hedging	116	-	116	(105)	11
Derivatives liabilities					
Interest rate swaps used for hedging	(7,960)	-	(7,960)	105	(7,855)
31 December 2017					
Derivatives liabilities					
Interest rate swaps used for hedging	(11,192)	-	(11,192)	-	(11,192)
Trust					
31 December 2018					
Derivatives assets					
Interest rate swaps used for hedging	95	-	95	(95)	-
Derivatives liabilities					
Interest rate swaps used for hedging	(5,557)	-	(5,557)	95	(5,462)
31 December 2017					
Derivatives liabilities					
Interest rate swaps used for hedging	(9,920)	-	(9,920)	-	(9,920)

9. CASH AND CASH EQUIVALENTS

	Group		Trust	
	2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000
Cash at bank	7,781	10,134	2,855	2,112
Short-term deposits with financial institutions	29,293	30,180	9,870	17,836
	37,074	40,314	12,725	19,948

Included in short-term deposits with financial institutions is \$17,937,000 of structured deposits, which are measured at FVTPL and matured in January 2019.

10. BORROWINGS

	Group		Trust	
	2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000
Bank loans				
- Secured	651,302	1,103,974	624,500	760,000
- Unsecured	926,735	19,500	608,735	19,500
Unsecured notes	150,000	150,000	-	-
Loan from a subsidiary	-	-	150,000	150,000
Less: Unamortised transaction costs	(14,715)	(11,139)	(12,154)	(9,824)
	1,713,322	1,262,335	1,371,081	919,676
Classified as:				
Current	1,992	514,016	-	198,783
Non-current	1,711,330	748,319	1,371,081	720,893
	1,713,322	1,262,335	1,371,081	919,676

Terms and debt repayment schedule

Terms and conditions of outstanding borrowings are as follows:

			Group		Trust	
	Nominal interest rate %	Year of maturity	Face value \$'000	Carrying amount \$'000	Face value \$'000	Carrying amount \$'000
2018						
Bank loans						
- SGD	2.72 - 3.42	2021 - 2024	1,551,235	1,536,913	1,233,235	1,221,467
- Chinese Renminbi	4.90	2024	26,802	26,795	-	-
Unsecured notes	3.03	2020	150,000	149,614	-	-
Loan from a subsidiary	3.03	2020	-	-	150,000	149,614
			1,728,037	1,713,322	1,383,235	1,371,081
2017						
Bank loans						
- SGD	0.80 - 2.62	2018 - 2022	1,094,000	1,083,497	779,500	770,304
- Chinese Renminbi	4.90	2024	29,474	29,466	-	-
Unsecured notes	3.03	2020	150,000	149,372	-	-
Loan from a subsidiary	3.03	2020	-	-	150,000	149,372
			1,273,474	1,262,335	929,500	919,676

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2018

10. BORROWINGS (CONT'D)

(a) Secured bank loans

The Group has secured term loans and revolving credit facilities of 5 to 8 years (2017: 3 to 8 years) which are secured on the following:

- investment properties with a total carrying amount of \$1,761,035,000 (2017: \$1,741,948,000) (Note 4);
- assignment of insurance policies on the above investment properties;
- assignment of all rights, titles, benefits and interests in connection with the sale and tenancy agreements, tenancy deposits/proceeds, sales deposits/proceeds, property management agreements and the receivables of certain properties;
- assignment of all rights, titles, benefits and interests in connection with the Deed of Income Support over OUE Bayfront;
- a debenture incorporating a fixed charge over book debt, charged accounts, goodwill, intellectual property and plant and machinery in connection with OUE Bayfront and floating charge over generally all of the present and future assets of the Trust in connection with OUE Bayfront; and
- the account control or charge over certain bank accounts of the Trust and certain subsidiary.

In 2017, there was first priority fixed charge over the shares of certain subsidiaries (Note 6).

(b) Unsecured bank loans

The Group has in place the following unsecured bank loans:

- a total of \$1,050.0 million (2017: \$Nil) committed bank loans and revolving credit facilities with banks. At the reporting date, \$926.7 million (2017: \$Nil) were drawn down; and
- \$30.0 million (2017: \$30.0 million) uncommitted revolving credit facility with a bank. At the reporting date, \$Nil (2017: \$19.5 million) was drawn down. The uncommitted revolving credit facility is repayable on demand.

(c) Unsecured notes

In 2015, the Trust, through its wholly-owned subsidiary, OUE CT Treasury Pte. Ltd., established a \$1.5 billion Multicurrency Debt Issuance Programme (the "Programme"). Under the Programme, OUE CT Treasury Pte. Ltd. may from time to time issue notes and/or perpetual securities in series or tranches.

The unsecured notes outstanding as at 31 December 2018 under the Programme is \$150.0 million (2017: \$150.0 million). The unsecured notes has a fixed rate of 3.03% per annum payable semi-annually in arrears, fully repayable on 5 September 2020.

The unsecured notes and the coupons relating thereto of all series will constitute direct, unconditional, unsubordinated and unsecured obligations of OUE CT Treasury Pte. Ltd. and shall at all times rank pari passu, without any preference or priority among themselves, and pari passu with all other present and future unsecured obligations (other than the subordinated obligations and priorities created by law) of OUE CT Treasury Pte. Ltd.. All sums payable in respect of the unsecured notes will be unconditionally and irrevocably guaranteed by the Trustee.

(d) Loan from a subsidiary

OUE CT Treasury Pte. Ltd. has on-lent the proceeds from the issuance of the notes to the Trust.

10. BORROWINGS (CONT'D)

Reconciliation of movements of liabilities to cash flows arising from financing activities

	Liabilities		Derivative (assets)/liabilities held to hedge long-term borrowings		Total \$'000
	Borrowings \$'000	Accrued interest payable \$'000	Interest rate swap used for hedging – assets \$'000	Interest rate swap used for hedging – liabilities \$'000	
Balance at 1 January 2017	1,303,745	5,617	(315)	7,790	1,316,837
Changes from financing cash flows					
Proceeds from issue of unsecured notes	150,000	-	-	-	150,000
Payment of transaction costs related to borrowings	(11,139)	-	-	-	(11,139)
Proceeds from bank loans	788,200	-	-	-	788,200
Repayment of bank loans	(974,700)	-	-	-	(974,700)
Interest paid	-	(37,478)	-	-	(37,478)
Total changes from financing cash flows	(47,639)	(37,478)	-	-	(85,117)
The effect of changes in foreign exchange rates	(540)	(2)	-	-	(542)
Change in fair value	-	-	315	3,402	3,717
Other changes					
Liability-related					
Amortisation of debt establishment costs	6,769	-	-	-	6,769
Interest expense	-	38,954	-	-	38,954
Total liability-related other changes	6,769	38,954	-	-	45,723
Balance at 31 December 2017	1,262,335	7,091	-	11,192	1,280,618
Balance at 1 January 2018	1,262,335	7,091	-	11,192	1,280,618
Changes from financing cash flows					
Payment of transaction costs related to borrowings	(8,245)	-	-	-	(8,245)
Proceeds from bank loans	1,139,735	-	-	-	1,139,735
Repayment of bank loans	(684,538)	-	-	-	(684,538)
Interest paid	-	(43,274)	-	-	(43,274)
Total changes from financing cash flows	446,952	(43,274)	-	-	403,678
The effect of changes in foreign exchange rates	(822)	(205)	-	-	(1,027)
Change in fair value	-	-	(116)	(3,232)	(3,348)
Other changes					
Liability-related					
Amortisation of debt establishment costs	4,857	-	-	-	4,857
Interest expense	-	45,604	-	-	45,604
Total liability-related other changes	4,857	45,604	-	-	50,461
Balance at 31 December 2018	1,713,322	9,216	(116)	7,960	1,730,382

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2018

11. TRADE AND OTHER PAYABLES

	Group		Trust	
	2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000
Current				
Trade payables	3,448	2,992	635	598
Other payables due to:				
- subsidiaries	-	-	1,668	238
- related parties	992	101,194	992	101,194
- third parties	7,235	7,257	53	673
Advance rental received	4,848	4,264	1,723	824
Accrued expenses	21,838	18,707	7,403	4,646
Interest payable to:				
- a subsidiary	-	-	1,469	1,469
- third parties	9,216	7,091	5,061	4,132
Rental deposits				
- related parties	1,380	442	1,351	442
- third parties	14,862	13,828	4,211	1,443
Other deposits				
- related parties	48	57	25	38
- third parties	1,713	1,436	662	480
	65,580	157,268	25,253	116,177
Non-current				
Rental deposits				
- related parties	592	1,149	421	978
- third parties	41,808	37,340	16,935	11,208
	42,400	38,489	17,356	12,186

Other payables due to subsidiaries and related parties are unsecured, interest-free and repayable on demand.

As at 31 December 2017, included in other payables due to related parties is an amount payable to Clifford Development Pte. Ltd. (a wholly-owned subsidiary of OUE) of \$100,504,000, arising from the issuance of the irrevocable redemption notice on 1 December 2017 to redeem 100,000,000 CPPUs. The amount was settled during the year.

Included in accrued expenses is property tax payable of \$1.5 million (2017: \$3.1 million) on a property relating to prior years. Where such amounts are not required to be paid, they will be refunded to the vendor of the property.

12. DEFERRED TAX LIABILITIES

Deferred tax liabilities are attributable to the following:

	Group		Trust	
	2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000
Investment properties	78,151	75,677	-	-
Plant and equipment	8,269	7,032	-	-
Other items	1,306	1,443	-	-
	87,726	84,152	-	-

Movements in deferred tax liabilities of the Group during the year are as follows:

	Investment properties \$'000	Plant and equipment \$'000	Others \$'000	Total \$'000
2018				
At 1 January 2018	75,677	7,032	1,443	84,152
Recognised in statement of total return (Note 22)	4,000	1,433	(104)	5,329
Exchange differences	(1,526)	(196)	(33)	(1,755)
At 31 December 2018	78,151	8,269	1,306	87,726
2017				
At 1 January 2017	59,929	5,269	1,069	66,267
Recognised in statement of total return (Note 22)	16,588	1,858	394	18,840
Exchange differences	(840)	(95)	(20)	(955)
At 31 December 2017	75,677	7,032	1,443	84,152

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2018

13. CONVERTIBLE PERPETUAL PREFERRED UNITS

In October 2015, the Group and the Trust issued 550 million Convertible Perpetual Preferred Units ("CPPU") at \$1 per Unit to a substantial unitholder of the Trust and a related party of the Manager, as partial satisfaction of the purchase consideration for the subsidiaries acquired. The key terms and conditions of the CPPUs are as follows:

- the CPPU holder has the right to receive preferential non-cumulative distribution of an amount equivalent to 1.0% per annum of the issue price which may be declared by the Manager at its sole discretion;
- any preferential distribution or part thereof not due or payable shall not accumulate for the benefit of the CPPU holder or entitle the CPPU holder to any claim in respect thereof against the Trust, the Trustee and/or the Manager;
- the CPPUs rank senior to the Units in respect of the entitlement to participate in the distributions of the Trust and rank senior to the Units in respect of the entitlement to receive out of the assets of the Trust the amount equivalent to the number of CPPUs held by the CPPU holder multiplied by the issue price and outstanding preferred and special preferred distribution upon the liquidation of the Trust. The CPPUs rank junior to the claims of all other present and future creditors of the Trust;
- the CPPU holder has the sole right to convert the CPPUs into Units, provided that the number of CPPUs converted in each financial year shall not exceed one-third of the total number of CPPUs initially issued to the CPPU holder, at a conversion price of \$0.7154 per CPPU, being the adjusted conversion price pursuant to the rights issue undertaken by the Trust in October 2018. The CPPUs may not be converted into Units for a period of four years commencing from the date of issuance of the CPPUs on 8 October 2015;
- the Manager shall have the sole right to redeem any number of CPPUs for the time being issued and outstanding on a pro-rata basis at the issue price at all times;
- the Manager shall not declare distributions or pay any distributions to the Unitholders, or make any redemption, unless the Manager declares or pays distributions to the CPPU holder; and
- the CPPU holder does not have the right to attend and vote at the meetings of Unitholders except during such period as the preferred or special preferred distribution remains in arrears and unpaid for at least 12 months, or upon any resolution which varies or abrogates any right, preference or privilege of the CPPUs, or upon any resolution for the dissolution or winding up of the Trust.

On 2 November 2017, there was a partial redemption of 75.0 million CPPUs at \$1.00 per Unit.

On 1 December 2017, the Manager issued an irrevocable redemption notice to redeem 100.0 million CPPUs on 2 January 2018 at \$1.00 per Unit.

The CPPUs are classified as equity instruments in the statement of financial position. The \$361,890,000 (2017: \$361,891,000) presented in the statement of financial position represents the carrying value of the remaining 375.0 million CPPUs and the total return attributable to the CPPU holder from the last distribution date.

14 UNITS IN ISSUE AND TO BE ISSUED

	Group and Trust	
	2018 '000	2017 '000
Units in issue		
At 1 January	1,544,013	1,297,832
Creation of Units:		
- Private placement	-	233,282
- Rights issue	1,288,439	-
- Acquisition fee paid to Manager in Units	11,947	-
- Manager's management fees paid in Units	11,579	12,899
At 31 December	2,855,978	1,544,013
Units to be issued		
Manager's management fees payable in Units	5,611	2,756
Units in issue and to be issued	2,861,589	1,546,769

Financial year ended 31 December 2018

During the financial year, the following Units were issued:

- 1,288,438,981 Units were issued at \$0.456 per Unit, amounting to \$587,528,000 for cash as part of the rights issue undertaken by the Trust, wherein Unitholders were entitled to subscribe for 83 new Units for every 100 existing Units held. The proceeds raised from the rights issue were used to partially fund the acquisition of an investment property and the related acquisition costs during the financial year;
- 11,579,111 Units were issued at issue prices ranging from \$0.60 to \$0.72 per Unit, amounting to \$7,852,000 as satisfaction of the Manager's management fees payable in Units; and
- 11,947,368 Units were issued at \$0.570 per Unit, amounting to \$6,810,000, as satisfaction of the acquisition fee payable to the Manager arising from the acquisition of an investment property during the financial year.

Financial year ended 31 December 2017

During the financial year, the following Units were issued:

- 12,899,421 Units were issued at issue prices ranging from \$0.69 to \$0.71 per Unit, amounting to \$8,960,000 as satisfaction of the Manager's management fees payable in Units; and
- 233,281,400 Units were issued at \$0.643 per Unit amounting to \$150,000,000 pursuant to the private placement completed in March 2017.

Each Unit in the Trust represents an undivided interest in the Trust.

A Unitholder has no equitable or proprietary interest in the underlying asset of the Group and is not entitled to the transfer to it of any asset (or any part thereof) or of any real estate, any interests in any asset and the real estate-related assets (or any part thereof) of the Group.

A Unitholder's liability is limited to the amount paid or payable for any Units. The provisions of the Trust Deed provide that no Unitholders will be personally liable to indemnify the Trustee or any creditor of the Trustee in the event that liabilities of the Trust exceed its assets.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2018

15. NET ASSET VALUE PER UNIT

Note	Group		Trust	
	2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000
Net asset value per Unit is based on:				
- Net assets attributable to Unitholders (\$'000)	2,038,092	1,407,285	1,724,337	1,137,760
- Units in issue and to be issued at 31 December ('000)	14	2,861,589	1,546,769	2,861,589
				1,546,769

16. REVENUE

	Group		Trust	
	2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000
Rental income	151,066	152,471	52,311	47,526
Service fee income	14,829	14,215	6,950	6,162
Carpark income	3,721	3,661	1,392	1,501
Dividend income	-	-	35,995	37,995
Others	6,963	6,149	2,321	2,709
Less: Business and other taxes	(183)	(199)	-	-
	176,396	176,297	98,969	95,893

Under the terms of the lease agreements for the properties, the Group and the Trust are generally entitled to a fixed rent component and/or a variable rent component computed based on a certain percentage of the revenue. Included in rental income is variable rent of \$664,000 (2017: \$662,000) and \$46,000 (2017: \$106,000) recognised in the statement of total return for the Group and the Trust, respectively.

Included in the revenue of the Group and the Trust are amounts derived from related parties of \$6,843,000 (2017: \$6,565,000) and \$6,111,000 (2017: \$6,199,000), respectively.

17. PROPERTY OPERATING EXPENSES

	Group		Trust	
	2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000
Property maintenance expenses	8,763	8,650	3,334	3,046
Property management fees	2,444	2,387	2,444	2,387
Property-related taxes	17,992	16,161	6,430	4,616
Insurance	261	297	87	92
Utilities	1,953	2,656	1,033	979
Centre management costs	4,281	4,700	-	-
Others	2,515	3,260	282	351
	38,209	38,111	13,610	11,471
Centre management costs comprise:				
Salaries, bonuses and other costs	3,783	4,186	-	-
Contributions to defined contribution plans	498	514	-	-
	4,281	4,700	-	-

18. OTHER INCOME

	Note	Group and Trust	
		2018 \$'000	2017 \$'000
Income support on OUE Bayfront and OUE Downtown Office	5	7,189	3,312

19. MANAGER'S MANAGEMENT FEES

	Group and Trust	
	2018 \$'000	2017 \$'000
Base fee	10,565	9,593

The Manager's management fees comprise an aggregate of 14,433,703 (2017: 10,889,407) Units, amounting to approximately \$8,452,000 (2017: \$7,674,000), that have been or will be issued to the Manager as satisfaction of the Manager's management fees payable in Units at unit prices ranging from \$0.46 to \$0.71 (2017: \$0.69 to \$0.72) per Unit.

20. NET FINANCE COSTS

	Group		Trust	
	2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000
Finance income				
Interest income	795	687	188	202
Ineffective portion of changes in fair value of cash flow hedges	2,874	5,310	1,847	3,811
Net change in fair value of derivatives	-	-	263	-
Net foreign exchange gain	12	-	253	-
	3,681	5,997	2,551	4,013
Finance costs				
Amortisation of debt-related transaction costs	(4,857)	(6,769)	(3,388)	(4,972)
Interest paid/payable to a subsidiary	-	-	(4,545)	(1,469)
Interest paid/payable to banks	(45,604)	(38,954)	(29,356)	(26,925)
Net change in fair value of derivatives	(565)	(2,326)	-	(2,326)
Hedging reserve transferred from unitholders' funds due to discontinuation of hedge accounting	(653)	(714)	(448)	(433)
Net foreign exchange losses	-	(314)	-	(103)
	(51,679)	(49,077)	(37,737)	(36,228)
Net finance costs	(47,998)	(43,080)	(35,186)	(32,215)

The above finance income and expenses include the following interest income and expense and debt-related transaction costs in respect of assets and liabilities not at fair value through statement of total return:

	Group		Trust	
	2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000
Total interest income on financial assets	795	687	188	202
Total interest expense on financial liabilities and debt-related transaction costs	(44,542)	(35,145)	(32,424)	(24,751)

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2018

21. TOTAL RETURN FOR THE YEAR BEFORE TAX

Included in total return for the year before tax are the following:

	Group		Trust	
	2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000
Audit fees paid/payable to:				
- Auditors of the Trust	245	260	146	160
- Other auditors	49	57	-	-
Non-audit fees paid to:				
- Auditors of the Trust	65	72	56	63
- Other auditors	6	6	-	-
Valuation fees	76	56	20	16

22. TAX EXPENSE

	Group		Trust	
	2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000
Current tax expense				
Current year	13,703	14,403	-	-
(Over)/Under provision in respect of prior years	(724)	1,472	-	-
	12,979	15,875	-	-
Withholding tax	1,426	1,343	-	-
Deferred tax expense				
Origination and reversal of temporary differences	5,329	21,085	-	-
Over provision in respect of prior years	-	(2,245)	-	-
	5,329	18,840	-	-
	19,734	36,058	-	-
Reconciliation of effective tax rate				
Total return for the year before tax	150,447	183,741	61,100	46,588
Tax calculated using Singapore tax rate of 17% (2017: 17%)	25,576	31,236	10,387	7,920
Effect of tax rates in foreign jurisdictions	3,058	7,842	-	-
Non-tax deductible items	6,416	6,888	5,103	5,080
Non-taxable items	(10,597)	(5,695)	(3,986)	(1,794)
Tax exempt income	(26)	(26)	(6,119)	(6,459)
Tax incentives	(10)	(10)	-	-
Over provision in respect of prior years	(724)	(773)	-	-
Tax transparency (Note 3.14)	(5,385)	(4,747)	(5,385)	(4,747)
Withholding tax	1,426	1,343	-	-
	19,734	36,058	-	-

23. EARNINGS PER UNIT AND DISTRIBUTION PER UNIT

(i) Basic earnings per Unit

The calculation of basic earnings per Unit was based on the total return attributable to Unitholders and the weighted average number of Units, as set out below:

Total return attributable to Unitholders

	Group	
	2018 \$'000	2017 \$'000
Total return for the year attributable to Unitholders and CPPU holder	117,493	136,310
Less: Amount reserved for distribution to CPPU holder	(3,750)	(5,311)
Total return attributable to Unitholders	113,743	130,999

Weighted average number of Units

	Group	
	2018 '000	2017 '000
Units issued or to be issued at beginning of the year	1,546,769	1,302,598
Effect of Units issued during the year	228,716	189,452
Effect of Units to be issued as payment of the Manager's management fees payable in Units	15	7
Adjustment for effect of rights issue ⁽¹⁾	210,174	202,174
Weighted average number of Units during the year ⁽¹⁾	1,985,674	1,694,231

⁽¹⁾ The weighted average number of Units has been adjusted to reflect the bonus element in the new Units pursuant to the rights issue on 30 October 2018.

(ii) Diluted earnings per Unit

The calculation of diluted earnings per Unit was based on the total return attributable to Unitholders and CPPU holder and the weighted average number of Units, after adjustment for the effect of all dilutive potential Units, as set out below:

Total return attributable to Unitholders (diluted)

	Group	
	2018 \$'000	2017 \$'000
Total return attributable to Unitholders (basic)	113,743	130,999
Add: Amount reserved for distribution to CPPU holder	3,750	5,311
Total return attributable to Unitholders and CPPU holder (diluted)	117,493	136,310

Weighted average number of Units (diluted)

	Group	
	2018 '000	2017 '000
Weighted average number of Units (basic)	1,985,674	1,694,231
Effect of the Manager's fees paid/payable in Units	10,087	6,777
Effect of the rights issue ⁽¹⁾	609	919
Effect of conversion of CPPUs into Units ⁽²⁾	524,182	730,791
Weighted average number of Units (diluted)	2,520,552	2,432,718

⁽¹⁾ The weighted average number of Units has been adjusted to reflect the bonus element in the new Units pursuant to the rights issue on 30 October 2018.

⁽²⁾ The weighted average number of Units includes the weighted average potential Units to be issued assuming all the remaining CPPUs were converted at \$0.7154 per Unit, being the adjusted conversion price pursuant to the rights issue.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2018

24. ISSUE COSTS

Issue costs comprise professional, advisory and underwriting fees and other costs related to the issue of Units.

For the financial year ended 31 December 2018, included in issue costs are fees paid to the auditors of the Trust of \$53,000 for the services rendered in relation to the fund raising exercise undertaken by the Trust.

25. OPERATING SEGMENTS

The Group has two reportable segments, which are Singapore and China. The reporting segments operate in different countries and are managed separately because of the differences in operating and regulatory environment. For each of the reporting segments, the Board of Directors of the Manager reviews internal management reports on a regular basis.

Information regarding the results of each reportable segment is included below. Performance is measured based on segment net property income, as included in the internal management reports that are reviewed by the Board of Directors of the Manager. Segment net property income is used to measure performance as management believes that such information is the most relevant in evaluating the results of its segments relative to other entities that operate within the same industry.

Information about reportable segments

	Singapore \$'000	China \$'000	Total \$'000
Year ended 31 December 2018			
Revenue	144,478	31,918	176,396
Property operating expenses	(32,288)	(5,921)	(38,209)
Reportable segment net property income	112,190	25,997	138,187
Other income	7,189	-	7,189
Depreciation and amortisation	(5,427)	(39)	(5,466)
Finance income	3,146	519	3,665
Finance costs	(50,265)	(1,414)	(51,679)
Unallocated items			
- Finance income			16
- Expenses			(12,864)
Net income			79,048
Net change in fair value of investment properties			71,399
Tax expense			(19,734)
Total return for the year			130,713
31 December 2018			
Non-current assets ⁽¹⁾	3,931,475	588,093	4,519,568

⁽¹⁾ Excluding financial assets

25. OPERATING SEGMENTS (CONT'D)

Information about reportable segments (cont'd)

	Singapore \$'000	China \$'000	Total \$'000
Year ended 31 December 2017			
Revenue	143,279	33,018	176,297
Property operating expenses	(31,605)	(6,506)	(38,111)
Reportable segment net property income	111,674	26,512	138,186
Other income	3,312	–	3,312
Depreciation and amortisation	(4,643)	(18)	(4,661)
Finance income	5,512	459	5,971
Finance costs	(47,400)	(1,376)	(48,776)
Unallocated items			
- Finance income			26
- Finance costs			(301)
- Expenses			(11,633)
Net income			82,124
Net change in fair value of investment properties			101,617
Tax expense			(36,058)
Total return for the year			147,683
31 December 2017			
Non-current assets ⁽¹⁾	2,931,555	589,146	3,520,701

⁽¹⁾ Excluding financial instruments

26. FINANCIAL INSTRUMENTS

Financial risk management

Risk management framework

Risk management is integral to the whole business of the Group. The Group has a system of controls in place to create an acceptable balance between the cost of risks occurring and the cost of managing the risks. The Manager continually monitors the Group's risk management process to ensure that an appropriate balance between risk and control is achieved. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities.

The Board of Directors of the Manager has overall responsibility for the establishment and oversight of the risk management framework of the Group. The Audit and Risk Committee of the Manager assists the Board of Directors and oversees how the Manager monitors compliance with the risk management policies and procedures of the Group, and reviews the adequacy of the risk management framework in relation to the risks faced by the Group. The Audit and Risk Committee reports regularly to the Board of Directors on its activities.

Overview

The Group has exposure to the following risks arising from financial instruments:

- credit risk
- liquidity risk
- market risk

This note presents information about the exposure of the Group to each of the above risks, its objectives, policies and processes for measuring and managing risk, and its management of capital.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2018

26. FINANCIAL INSTRUMENTS (CONT'D)

Credit risk

Credit risk is the potential financial loss resulting from the failure of a lessee to settle its financial and contractual obligations to the Group, as and when they fall due.

Credit evaluations are performed before lease agreements are entered into with prospective tenants. Rental deposits are obtained, where appropriate, to mitigate credit risk. In addition, the Manager monitors closely the balances due from its tenants.

Expected credit loss assessment for individual tenants as at 1 January and 31 December 2018

The Group uses an allowance matrix to measure the ECLs of trade receivables from individual tenants, which comprise a very small number of small balances.

Loss rates are calculated using a 'roll rate' method based on the probability of a receivable progressing through successive stages of delinquency to write-off and are based on actual credit loss experience over the past three years.

The Group believes that no allowance for impairment is necessary in respect of the trade receivables as these receivables relate mainly to tenants that have a good record with the Group or have sufficient security deposits as collateral, and hence ECL is not material.

Cash and cash equivalents

The Group and the Trust held cash and cash equivalents of \$37,074,000 and \$12,725,000 respectively at 31 December 2018 (2017: \$40,314,000 and \$19,948,000 respectively). The cash and cash equivalents are held with bank and financial institution counterparties which are rated P-1 to P-2, based on Moody's ratings.

Impairment on cash and cash equivalents has been measured on the 12-month expected loss basis and reflects the short maturities of the exposures. The Trust considers that its cash and cash equivalents have low credit risk based on the external credit ratings of the counterparties. The amount of the allowance on cash and cash equivalents was negligible.

Derivatives

At the reporting date, the Group has interest rate swap contracts with a total notional amount of \$1,235.0 million (2017: \$930.0 million), of which \$80.0 million (2017: \$50.0 million) relate to forward start interest rate swaps which will be effective in 2019 (2017: 2018). The Trust has interest rate swap contracts with a total notional amount of \$840.0 million (2017: \$700.0 million).

The derivatives are entered into with bank and financial institution counterparties, which are rated Aa1/P-1 to A3/P-2, based on Moody's ratings.

At reporting date, there were no significant concentrations of credit risk. The maximum exposure to credit risk is represented by the carrying value of each financial asset on the statement of financial position.

26. FINANCIAL INSTRUMENTS (CONT'D)

Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Manager monitors its liquidity risk and maintains a level of cash and cash equivalents deemed adequate to finance the Group's operations and to mitigate the effects of fluctuations in cash flows. The Manager also monitors and observes the CIS Code issued by the MAS concerning limits on total borrowings.

In addition, as at 31 December 2018, the Group maintains term loans and revolving credit facilities of \$1,786.8 million (2017: \$1,289.5 million) with banks. At the reporting date, \$1,578.0 million (2017: \$1,123.5 million) of the facilities was utilised.

As at 31 December 2018, the Group has issued unsecured notes of \$150.0 million (2017: \$150.0 million) through OUE CT Treasury Pte. Ltd..

The following are the contractual maturities of financial liabilities, including estimated interest payments and excluding the impact of netting agreements:

			Cash flows →		
Group	Carrying amount \$'000	Contractual cash flows \$'000	Within 1 year \$'000	Within 2 to 5 years \$'000	More than 5 years \$'000
2018					
Non-derivative financial liabilities					
Trade and other payables*	103,132	(103,132)	(60,732)	(39,116)	(3,284)
Borrowings	1,713,322	(1,895,396)	(270,978)	(1,526,664)	(97,754)
	1,816,454	(1,998,528)	(331,710)	(1,565,780)	(101,038)
Derivative financial instruments					
Interest rate swaps used for hedging (net-settled)	(116)	121	121	-	-
Interest rate swaps used for hedging (net-settled)	7,960	(8,160)	(3,699)	(4,461)	-
	7,844	(8,039)	(3,578)	(4,461)	-
	1,824,298	(2,006,567)	(335,288)	(1,570,241)	(101,038)
2017					
Non-derivative financial liabilities					
Trade and other payables*	191,493	(191,493)	(153,004)	(34,200)	(4,289)
Borrowings	1,262,335	(1,367,529)	(545,573)	(801,555)	(20,401)
	1,453,828	(1,559,022)	(698,577)	(835,755)	(24,690)
Derivative financial instruments					
Interest rate swaps used for hedging (net-settled)	11,192	(11,232)	(6,741)	(4,491)	-
	1,465,020	(1,570,254)	(705,318)	(840,246)	(24,690)

* Excluding advance rental received

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2018

26. FINANCIAL INSTRUMENTS (CONT'D)

Liquidity risk (cont'd)

			← Cash flows →		
	Carrying amount \$'000	Contractual cash flows \$'000	Within 1 year \$'000	Within 2 to 5 years \$'000	More than 5 years \$'000
Trust					
2018					
Non-derivative financial liabilities					
Trade and other payables*	40,886	(40,886)	(23,530)	(16,954)	(402)
Borrowings	1,371,081	(1,495,252)	(257,499)	(1,157,066)	(80,687)
	1,411,967	(1,536,138)	(281,029)	(1,174,020)	(81,089)
Derivative financial instruments					
Interest rate swaps used for hedging (net-settled)	(95)	99	99	-	-
Interest rate swaps used for hedging (net-settled)	5,557	(5,682)	(2,920)	(2,762)	-
	5,462	(5,583)	(2,821)	(2,762)	-
	1,417,429	(1,541,721)	(283,850)	(1,176,782)	(81,089)
2017					
Non-derivative financial liabilities					
Trade and other payables*	127,539	(127,539)	(115,353)	(12,186)	-
Borrowings	919,676	(1,010,391)	(221,564)	(788,827)	-
	1,047,215	(1,137,930)	(336,917)	(801,013)	-
Derivative financial instruments					
Interest rate swaps used for hedging (net-settled)	9,920	(9,944)	(5,550)	(4,394)	-
	1,057,135	(1,147,874)	(342,467)	(805,407)	-

* Excluding advance rental received

The maturity analyses show the contractual undiscounted cash flows of the Group's and the Trust's financial liabilities on the basis of their earliest possible contractual maturity. Derivative financial instruments held are normally not closed out prior to contractual maturity. The disclosure shows net cash flow amounts for derivatives that are net cash-settled.

All the derivative financial instruments are designated as cash flow hedges. The table above reflects the periods in which the cash flows associated with cash flow hedges are expected to occur and to impact the total return.

26. FINANCIAL INSTRUMENTS (CONT'D)

Market risk

Market risk is the risk that changes in market prices, such as interest rates and foreign exchange rates, will affect the Group's total return or the value of its holding of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

Interest rate risk

The Manager's strategy to manage the risk of potential interest rate volatility may be through the use of interest rate hedging instruments and/or fixed rate borrowings. The Manager will regularly evaluate the feasibility of putting in place the appropriate level of interest rate hedges, after taking into account the prevailing market conditions.

Derivative financial instruments are used to manage exposures to interest rate risks arising from financing activities. Derivative financial instruments are not used for trading purposes. However, derivatives that do not qualify for hedge accounting are accounted for as trading instruments.

The Group determines the existence of an economic relationship between the hedging instrument and hedged item based on the reference interest rates, tenors, repricing dates and the notional or par amounts.

The Group assesses whether the derivative designated in each hedge relationship is expected to be effective in offsetting changes in cash flows of the hedged item using the dollar-offset and regression methods.

In these hedge relationships, the main sources of ineffectiveness are the differences in the inception dates between the swaps and the borrowings.

The Group's exposure to changes in interest rates relate primarily to interest-earning financial assets and interest-bearing financial liabilities. At the reporting date, the interest rate profile of the interest-bearing financial instruments was as follows:

	Nominal amount			
	Group		Trust	
	2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000
Fixed rate instruments				
Short-term deposits with financial institutions	29,293	30,180	9,870	17,836
Borrowings	(150,000)	(150,000)	(150,000)	(150,000)
Interest rate swaps	(1,155,000)	(880,000)	(840,000)	(700,000)
	(1,275,707)	(999,820)	(980,130)	(832,164)
Variable rate instruments				
Borrowings	(1,578,037)	(1,123,474)	(1,233,235)	(779,500)
Interest rate swaps	1,155,000	880,000	840,000	700,000
	(423,037)	(243,474)	(393,235)	(79,500)

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2018

26. FINANCIAL INSTRUMENTS (CONT'D)

Interest rate risk (cont'd)

Fair value sensitivity analysis for fixed rate instruments

The Group does not account for the fixed rate financial assets and liabilities at fair value through statement of total return. The Group does not designate interest rate swaps as hedging instruments under a fair value hedge accounting model. Therefore, a change in interest rates at the reporting date would not affect total return.

Sensitivity analysis for variable instruments

For the variable rate instruments, a change in 50 (2017: 50) basis points (bp) in interest rate at the reporting date would impact total return and unitholders' funds (before any tax effects) by the amounts shown below. This analysis assumes that all other variables remain constant.

	Statement of Total Return		Unitholders' funds	
	Increase in interest rate \$'000	Decrease in interest rate \$'000	Increase in interest rate \$'000	Decrease in interest rate \$'000
Group				
2018				
Variable rate instruments				
Borrowings (50 bp)	(7,890)	7,890	-	-
Interest rate swaps (50 bp)	7,309	(7,337)	492	(644)
	(581)	553	492	(644)
2017				
Variable rate instruments				
Borrowings (50 bp)	(5,617)	5,617	-	-
Interest rate swaps (50 bp)	4,400	(4,400)	508	(572)
	(1,217)	1,217	508	(572)
	Statement of Total Return		Unitholders' funds	
	Increase in interest rate \$'000	Decrease in interest rate \$'000	Increase in interest rate \$'000	Decrease in interest rate \$'000
Trust				
2018				
Variable rate instruments				
Borrowings (50 bp)	(6,166)	6,166	-	-
Interest rate swaps (50 bp)	4,200	(4,200)	296	(459)
	(1,966)	1,966	296	(459)
2017				
Variable rate instruments				
Borrowings (50 bp)	(3,898)	3,898	-	-
Interest rate swaps (50 bp)	3,500	(3,500)	370	(417)
	(398)	398	370	(417)

26. FINANCIAL INSTRUMENTS (CONT'D)

Hedge accounting

Cash flow hedges

At 31 December 2018, the Group and the Trust held the following instruments to hedge exposures to changes in interest rates.

	Maturity	
	1-12 months	More than one year
Group		
Interest rate risk		
Interest rate swaps		
Net exposure (in thousands of SGD)	440,000	715,000
Fixed interest rate	1.53% - 2.45%	1.88% - 2.55%
Trust		
Interest rate risk		
Interest rate swaps		
Net exposure (in thousands of SGD)	260,000	580,000
Fixed interest rate	1.53% - 2.45%	1.88% - 2.55%

The amounts at the reporting date relating to items designated as hedged items were as follows.

	Change in value used for calculating hedge ineffectiveness \$'000	Cash flow hedge reserve \$'000	Balances remaining in the cash flow hedge reserve from hedging relationships for which hedge accounting is no longer applied \$'000
Group			
31 December 2018			
Interest rate risk			
Variable-rate instruments	(763)	(3,139)	-
Trust			
31 December 2018			
Interest rate risk			
Variable-rate instruments	(2,283)	(2,244)	-

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2018

26. FINANCIAL INSTRUMENTS (CONT'D)

Hedge accounting (cont'd)

Cash flow hedges (cont'd)

The amounts relating to items designated as hedging instruments and hedge ineffectiveness were as follows.

← 2018 →				
	Nominal amount \$'000	Carrying amount – assets \$'000	Carrying amount – liabilities \$'000	Line item in the statement of financial position where the hedging instrument is included
Group				
Interest rate risk				
Interest rate swaps	1,155,000	116	(7,960)	Financial derivatives
← 2018 →				
	Nominal amount \$'000	Carrying amount – assets \$'000	Carrying amount – liabilities \$'000	Line item in the statement of financial position where the hedging instrument is included
Trust				
Interest rate risk				
Interest rate swaps	840,000	95	(5,557)	Financial derivatives

← During the period - 2018 →

Changes in the value of the hedging instrument recognised in unitholders' funds and NCI \$'000	Hedge ineffectiveness recognised in statement of total return \$'000	Line item in statement of total return that includes hedge ineffectiveness	Amount reclassified from hedging reserve to statement of total return \$'000	Line item in statement of total return affected by the reclassification

(13)	2,874	Finance income	1,705	Finance cost

← During the period - 2018 →

Changes in the value of the hedging instrument recognised in unitholders' funds \$'000	Hedge ineffectiveness recognised in statement of total return \$'000	Line item in statement of total return that includes hedge ineffectiveness	Amount reclassified from hedging reserve to statement of total return \$'000	Line item in statement of total return affected by the reclassification

908	1,847	Finance income	1,889	Finance cost

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2018

26. FINANCIAL INSTRUMENTS (CONT'D)

Hedge accounting (cont'd)

Cash flow hedges (cont'd)

The following table provides a reconciliation by risk category of components of equity and analysis of unitholders' funds items, net of tax, resulting from cash flow hedge accounting.

	Group	Trust
	Hedging reserve \$'000	Hedging reserve \$'000
Balance at 1 January 2018	(5,014)	(5,041)
Cash flow hedges		
Change in fair value:		
Interest rate risk	139	908
Amount reclassified to statement of total return:		
Interest rate risk	1,736	1,889
Balance at 31 December 2018	<u>(3,139)</u>	<u>(2,244)</u>

Currency risk

In order to manage the currency risk involved in investing in assets outside Singapore, the Manager adopts the currency risk management strategies that may include:

- the use of foreign currency denominated borrowings to match the currency of the asset investment as a natural currency hedge; and
- entering into currency forward contracts to hedge the foreign currency income received from its foreign subsidiaries, back into Singapore Dollars.

The following table details the Group's exposure at the end of the reporting period to currency risk arising from recognised assets or liabilities denominated in a currency other than the functional currency of the entity to which they relate.

	HKD \$'000	USD \$'000	RMB \$'000
Group			
2018			
Cash and cash equivalents	<u>2</u>	<u>73</u>	<u>11,365</u>
2017			
Cash and cash equivalents	<u>104</u>	<u>71</u>	<u>17,836</u>

Changes in the exchange rates between the above currencies and the Singapore dollar would not have a significant impact to the Group's total return before tax.

26. FINANCIAL INSTRUMENTS (CONT'D)

Accounting classifications and fair values

The fair values of financial assets and liabilities, including their levels in the fair value hierarchy are set out below. It does not include the fair value information of financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

← Carrying amount →						← Fair value →				
	Note	Amortised cost \$'000	FVTPL \$'000	Fair value - hedging instruments \$'000	Other financial liabilities \$'000	Total \$'000	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
Group										
2018										
Financial assets measured at fair value										
Financial derivatives	8	-	-	116	-	116	-	116	-	116
Financial assets not measured at fair value										
Trade and other receivables^	7	13,733	-	-	-	13,733				
Cash and cash equivalents	9	19,137	17,937	-	-	37,074	-	17,937	-	17,937
		32,870	17,937	-	-	50,807				
Financial liabilities measured at fair value										
Financial derivatives	8	-	-	(7,960)	-	(7,960)	-	(7,960)	-	(7,960)
Financial liabilities not measured at fair value										
Borrowings:										
- Bank loans	10	-	-	-	(1,563,708)	(1,563,708)				
- Unsecured notes	10	-	-	-	(149,614)	(149,614)	-	(146,945)	-	(146,945)
Trade and other payables#	11	-	-	-	(103,132)	(103,132)	-	-	(99,857)	(99,857)
		-	-	-	(1,816,454)	(1,816,454)				

[^] Excluding prepayments

[#] Excluding advance rental received

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2018

26. FINANCIAL INSTRUMENTS (CONT'D)

Accounting classifications and fair values (cont'd)

		← Carrying amount →				← Fair value →			
	Note	Loans and receivables \$'000	Fair value - hedging instruments \$'000	Other financial liabilities \$'000	Total \$'000	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
Group									
2017									
Financial assets not measured at fair value									
Trade and other receivables [^]	7	11,915	-	-	11,915				
Cash and cash equivalents	9	40,314	-	-	40,314				
		<u>52,229</u>	<u>-</u>	<u>-</u>	<u>52,229</u>				
Financial liabilities measured at fair value									
Financial derivatives	8	-	(11,192)	-	(11,192)	-	(11,192)	-	(11,192)
Financial liabilities not measured at fair value									
Borrowings:									
- Bank loans	10	-	-	(1,112,963)	(1,112,963)				
- Unsecured notes	10	-	-	(149,372)	(149,372)	-	(150,453)	-	(150,453)
Trade and other payables [#]	11	-	-	(191,493)	(191,493)	-	-	(188,598)	(188,598)
		<u>-</u>	<u>-</u>	<u>(1,453,828)</u>	<u>(1,453,828)</u>				

[^] Excluding prepayments

[#] Excluding advance rental received

26. FINANCIAL INSTRUMENTS (CONT'D)

Accounting classifications and fair values (cont'd)

← Carrying amount →					← Fair value →			
Note	Amortised cost \$'000	Fair value - hedging instruments \$'000	Other financial liabilities \$'000	Total \$'000	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
Trust								
2018								
Financial assets measured at fair value								
Financial derivatives	8	-	95	-	95	-	-	95
Financial assets not measured at fair value								
Trade and other receivables [^]	7	6,531	-	-	6,531	-	-	-
Cash and cash equivalents	9	12,725	-	-	12,725	-	-	-
		19,256	-	-	19,256	-	-	-
Financial liabilities measured at fair value								
Financial derivatives	8	-	(5,557)	-	(5,557)	-	-	(5,557)
Financial liabilities not measured at fair value								
Borrowings:								
- Bank loans	10	-	-	(1,221,467)	(1,221,467)	-	-	-
- Loan from a subsidiary	10	-	-	(149,614)	(149,614)	-	(146,945)	-
Trade and other payables [#]	11	-	-	(40,886)	(40,886)	-	-	(39,926)
		-	-	(1,411,967)	(1,411,967)	-	-	-

[^] Excluding prepayments

[#] Excluding advance rental received

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2018

26. FINANCIAL INSTRUMENTS (CONT'D)

Accounting classifications and fair values (cont'd)

		Carrying amount				Fair value			
	Note	Loans and receivables \$'000	Fair value - hedging instruments \$'000	Other financial liabilities \$'000	Total \$'000	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
Trust									
2017									
Financial assets not measured at fair value									
Trade and other receivables^	7	2,880	-	-	2,880				
Cash and cash equivalents	9	19,948	-	-	19,948				
		<u>22,828</u>	<u>-</u>	<u>-</u>	<u>22,828</u>				
Financial liabilities measured at fair value									
Financial derivatives	8	-	(9,920)	-	(9,920)	-	(9,920)	-	(9,920)
Financial liabilities not measured at fair value									
Borrowings:									
- Bank loans	10	-	-	(770,304)	(770,304)				
- Loan from a subsidiary	10	-	-	(149,372)	(149,372)	-	(150,453)	-	(150,453)
Trade and other payables#	11	-	-	(127,539)	(127,539)	-	-	(126,927)	(126,927)
		<u>-</u>	<u>-</u>	<u>(1,047,215)</u>	<u>(1,047,215)</u>				

^ Excluding prepayments

Excluding advance rental received

26. FINANCIAL INSTRUMENTS (CONT'D)

Valuation techniques and significant unobservable inputs

The following tables show the valuation techniques used in measuring Level 2 and Level 3 fair values.

Financial instruments measured at fair value

Type	Valuation technique
Group and Trust	
Interest rate swaps	<i>Market comparison technique:</i> The fair values are based on broker quotes. Similar contracts are traded in an active market and the quotes reflect the actual transactions in similar instruments.
Structured deposits	<i>The fair value of structured deposits approximates the carrying amount due to its short-term nature.</i>

Financial instruments not measured at fair value

Type	Valuation technique
Group	
Trade and other payables	<i>Discounted cash flows</i>
Unsecured notes	<i>The fair value of the unsecured notes is based on the quoted price at reporting date.</i>
Trust	
Trade and other payables	<i>Discounted cash flows</i>
Loan from subsidiary	<i>Loan from a subsidiary is based on the same terms as the unsecured notes and therefore, the fair value of the loan from a subsidiary is determined based on the fair value of the unsecured notes.</i>

There were no transfers between Level 2 and 3 during the year.

Capital management

The Manager's principal objectives are to deliver regular and stable distributions to Unitholders and to achieve sustainable long-term growth in distributions and in the net asset value per Unit, while maintaining an appropriate capital structure. Capital consists of all components of equity of the Group.

The Group's capital funding objectives are to maintain a strong statement of financial position, manage the cost of debt financing, and potential refinancing or repayment risks, secure diversified funding sources and implement appropriate hedging strategies to manage interest rate volatility and foreign exchange exposure, after taking into account the prevailing market conditions.

The Group has income derived from its investments in the PRC. The conversion of the Chinese Renminbi is subject to the rules and regulations of foreign exchange control promulgated by the PRC government.

The Trust and its subsidiaries are subject to the aggregate leverage limit as defined in the Property Funds Appendix of the CIS Code issued by the MAS. The CIS Code stipulates that the total borrowings and deferred payments (together the "Aggregate Leverage") of a property fund should not exceed 45.0% of its Deposited Property.

The Aggregate Leverage of the Group as at 31 December 2018 was 39.3% (2017: 37.3%) of its Deposited Property. This complied with the Aggregate Leverage limit as described above.

There were no substantial changes in the Group's and the Trust's approach to capital management during the year.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2018

27. COMMITMENTS

The Group and the Trust has the following commitments as at the reporting date:

(a) Capital commitments

	Group		Trust	
	2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000
Contracted but not provided for in the financial statements:				
- Expenditure in respect of investment properties	5,647	638	-	-

(b) Operating lease commitments

Non-cancellable operating lease rentals are receivable as follows:

	Group		Trust	
	2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000
Within 1 year	188,335	152,964	91,853	51,325
After 1 year but within 5 years	270,859	243,807	123,797	91,814
After 5 years	23,646	25,369	544	-
	482,840	422,140	216,194	143,139

The above operating lease receivables are based on the fixed component of the rent receivable under the lease agreements, adjusted for increases in rent where such increases have been provided for under the lease agreements.

28. RELATED PARTY TRANSACTIONS

In the normal course of the operations of the Trust, the Manager's management fee and Trustee's fee have been paid or are payable to the Manager and the Trustee respectively. Property management fees are payable to the Property Manager, a related party of the Manager.

During the financial year, other than the transactions disclosed elsewhere in the financial statements, there were the following related party transactions:

	Group		Trust	
	2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000
Acquisition of investment property and intangible asset from a related party	908,000	-	908,000	-
Hotel service expenses and professional fees paid/payable to related parties	68	93	68	83
Settlement of liabilities by related parties of the Manager on behalf of the Group and the Trust	471	33	471	33

29. FINANCIAL RATIOS

	Group		Trust	
	2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000
Expenses to weighted average net assets ¹				
- including performance component of the Manager's fees	1.18	1.24	1.39	1.42
- excluding performance component of the Manager's fees	1.18	1.24	1.39	1.42
Portfolio turnover rate ²	-	-	-	-

¹ The annualised ratios are computed in accordance with the guidelines of the Investment Management Association of Singapore. The expenses used in the computation relate to expenses of the Group and the Trust, excluding property expenses and finance expenses.

² The annualised ratio is computed based on the lesser of purchases or sales of underlying investment properties of the Group and the Trust expressed as a percentage of daily average net asset value.

30. SUBSEQUENT EVENTS

There were the following events subsequent to the reporting date:

- On 30 January 2019, the Manager declared a distribution of \$1,890,000 to the CPPU holder in respect of the period from 1 July 2018 to 31 December 2018.
- On 30 January 2019, the Manager declared a distribution of 1.30 cents per Unit, amounting to \$37,375,000, in respect of the period from 1 July 2018 to 31 December 2018.
- On 4 February 2019, the Trust issued 5,610,814 Units at \$0.4601 per Unit, amounting to \$2,582,000, to the Manager as payment of the management base fee for the period from 1 October 2018 to 31 December 2018.

31. NEW STANDARDS AND INTERPRETATIONS NOT YET ADOPTED

A number of new standards and amendments to standards are effective for annual periods beginning after 1 January 2018 and earlier application is permitted; however, the Group has not early adopted the new or amended standards in preparing these financial statements.

Applicable to financial statements for the year 2019 and thereafter

The following new FRS, amendments to and interpretations of FRS are effective for annual periods beginning after 1 January 2018:

Applicable to 2019 financial statements

- FRS 116 *Leases*
- INT FRS 123 *Uncertainty over Income Tax Treatments*

The Group is still in the process of assessing the impact of the new FRSs, amendments to and interpretations of FRSs on the financial statements. The Group's preliminary assessment of FRS 116, which has minimal impact on the Group, is as described below.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2018

31. NEW STANDARDS AND INTERPRETATIONS NOT YET ADOPTED (CONT'D)

FRS 116

FRS 116 replaces existing lease accounting guidance. FRS 116 is effective for annual periods beginning on or after 1 January 2019, with early adoption permitted if FRS 115 is also applied. FRS 116 eliminates the lessee's classification of leases as either operating leases or finance leases and introduces a single lessee accounting model. Applying the new model, a lessee is required to recognise right-of-use (ROU) assets and lease liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value.

The Group plans to adopt the recognition and measurement principles of the standard when it becomes effective in 2019 and expects to apply the standard using the modified retrospective approach. The Group also expects the ROU assets recognised at date of initial application to be equal to their lease liabilities.

The Group is likely to elect the practical expedient not to reassess whether a contract contains a lease at the date of initial application, 1 January 2019. Accordingly, existing lease contracts that are still effective on 1 January 2019 continue to be accounted for as lease contracts under FRS 116. The Group has performed a preliminary assessment of the impact on its financial statements based on its existing operating lease arrangements.

(i) The Group as lessee

The Group expects its existing operating lease arrangements to be recognised as ROU assets with corresponding lease liabilities under FRS 116. Under the new standard, remaining lease payments of the operating leases will be recognised at their present value discounted using appropriate discount rate. In addition, the nature of expenses related to those leases will now change as FRS 116 replaces the straight-line operating lease expense with depreciation charge of ROU assets and interest expense on lease liabilities.

(ii) The Group as lessor

FRS 116 substantially carries forward the current existing lessor accounting requirements. Accordingly, the Group continues to classify its leases as operating leases, and to account for these leases using the existing operating lease accounting model. However, FRS 116 requires more extensive disclosures to be provided by a lessor.

Until 2019, the approximate financial impact of the standard is unknown due to factors that impact calculation of lease liabilities such as discount rate, expected term of leases including renewal options and exemptions for short-term leases. The Group will continue to assess its portfolio of leases to calculate the impending impact of transition to the new standard.

Impact on the financial statements

The Group does not expect a significant effect on the financial statements.

**AUDITED FINANCIAL STATEMENTS OF OUE H-TRUST AND ITS
SUBSIDIARIES FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018**

The information in this Appendix III has been reproduced from the auditor's report on the consolidated financial statements of OUE H-Trust and its subsidiaries for and as of the year ended 31 December 2018 and has not been specifically prepared for inclusion in this Information Memorandum.

QUE HOSPITALITY TRUST FINANCIAL STATEMENTS

Overview
Performance
Sustainability

Corporate Governance
Financials
Others

113	Report of the Trustee-Manager of QUE Hospitality Business Trust
116	Statement by the Chief Executive Officer of the Trustee-Manager
117	Report of the Trustee of QUE Hospitality Real Estate Investment Trust
118	Report of the Manager of QUE Hospitality Real Estate Investment Trust
119	Independent Auditors' Report
125	Statements of Financial Position
127	Statement of Comprehensive Income of QUE H-BT Statements of Total Return of QUE H-REIT Group and the Stapled Group
128	Distribution Statements
130	Statements of Movements in Unitholders' Funds
132	Portfolio Statements
135	Statements of Cash Flows
137	Notes to the Financial Statements



REPORT OF THE TRUSTEE-MANAGER OF OUE HOSPITALITY BUSINESS TRUST

Overview
Performance
Sustainability

Corporate Governance
Financials
Others

The directors of OUE Hospitality Trust Management Pte. Ltd., the trustee-manager of OUE Hospitality Business Trust ("OUE H-BT", and the trustee-manager of OUE H-BT, the "Trustee-Manager"), are pleased to present this report to the unitholders together with the audited financial statements for the financial year ended 31 December 2018.

DIRECTORS

The directors of the Trustee-Manager in office at the date of this report are as follows:

Lee Yi Shyan (Chairman)
Sanjiv Misra
Ong Kian Min
Liu Chee Ming
Neo Boon Siong
Christopher James Williams

DIRECTORS' INTERESTS IN UNITS OR DEBENTURES

According to the register kept by the Trustee-Manager for the purpose of Section 76 of the Business Trusts Act, Chapter 31A of Singapore (the "Act"), particulars of interests of directors who held office at the end of the financial year (including those held by their spouses and infant children) in units in OUE H-BT are as follows:

	Direct Interest		Deemed Interest	
	Holdings at beginning of the year	Holdings at end of the year	Holdings at beginning of the year	Holdings at end of the year
Lee Yi Shyan	10,700	10,700	–	–
Sanjiv Misra	532,000	532,000	–	–
Liu Chee Ming	532,000	532,000	–	–
Christopher James Williams	–	–	478,800	478,000

Except as disclosed in this statement, no director who held office at the end of the financial year had interests in units of OUE H-BT either at the beginning of the financial year or at the end of the financial year.

There were no changes in any of the abovementioned interests in OUE H-BT between the end of the financial year and 21 January 2019.

ARRANGEMENTS TO ENABLE DIRECTORS TO ACQUIRE UNITS AND DEBENTURES

Neither at the end of, nor at any time during the financial year, was the Trustee-Manager a party to any arrangement whose objects are, or one of whose objects is, to enable the directors of the Trustee-Manager to acquire benefits by means of the acquisition of units in or debentures of OUE H-BT.

DIRECTORS' CONTRACTUAL BENEFITS

Since the end of the last financial year, no director has received or become entitled to receive a benefit by reason of a contract made by OUE H-BT or a related corporation with the director, or with a firm of which the director is a member, or with a company in which the director has a substantial financial interest, except as disclosed in the financial statements.

OPTIONS

During the financial year, there were:

- (i) no options granted by the Trustee-Manager to any person to take up unissued units in OUE H-BT; and
- (ii) no units issued by virtue of any exercise of option to take up unissued units of OUE H-BT.

As at the end of the financial year, there were no unissued units of OUE H-BT under options.

AUDITORS

The auditors, KPMG LLP, have expressed their willingness to accept re-appointment.

STATEMENT BY THE TRUSTEE-MANAGER

In our opinion:

- (a) the financial statements of OUE H-BT set out on pages 125 to 196 are drawn up so as to give a true and fair view of the financial position of OUE H-BT as at 31 December 2018 and the financial performance, changes in unitholders' funds and cash flows of OUE H-BT for the year ended on that date in accordance with the provisions of the Act and Singapore Financial Reporting Standards (International); and
- (b) at the date of this statement, there are reasonable grounds to believe that OUE H-BT will be able to fulfil, out of the trust property of OUE H-BT (the "Trust Property"), the liabilities of OUE H-BT as and when they fall due.

With respect to the statement of comprehensive income of OUE H-BT for the year ended 31 December 2018, we further certify that:

- fees or charges paid or payable out of the Trust Property to the Trustee-Manager are in accordance with OUE H-BT's trust deed dated 10 July 2013;
- interested person transactions are not detrimental to the interests of all the unitholders of OUE H-BT as a whole based on the circumstances at the time of the transactions; and
- the Board is not aware of any violation of duties of the Trustee-Manager which would have a materially adverse effect on the business of OUE H-BT or on the interests of all the unitholders OUE H-BT as a whole.

The Board of Directors has, on the date of this statement, authorised these financial statements for issue.

REPORT OF THE TRUSTEE-MANAGER OF OUE HOSPITALITY BUSINESS TRUST

Overview
Performance
Sustainability

Corporate Governance
Financials
Others

For and on behalf of the Board of Directors of the Trustee-Manager,
OUE Hospitality Trust Management Pte. Ltd.

Lee Yi Shyan
Director

Christopher James Williams
Director

Singapore
28 February 2019



STATEMENT BY THE CHIEF EXECUTIVE OFFICER OF THE TRUSTEE-MANAGER

Overview
Performance
Sustainability

Corporate Governance
Financials
Others

In accordance with Section 86 of the Act, I certify that I am not aware of any violation of duties of the Trustee-Manager which would have a materially adverse effect on the business of OUE H-BT or on the interests of all the unitholders of OUE H-BT as a whole.

Chen Yi Chung
Acting Chief Executive Officer

Singapore
28 February 2019



REPORT OF THE TRUSTEE OF OUE HOSPITALITY REAL ESTATE INVESTMENT TRUST

Overview
Performance
Sustainability

Corporate Governance
Financials
Others

RBC Investor Services Trust Singapore Limited (the "REIT Trustee") is under a duty to take into custody and hold the assets of OUE Hospitality Real Estate Investment Trust ("OUE H-REIT") held by it or through its subsidiary (collectively, the "OUE H-REIT Group") in trust for the holders of units ("Unitholders") in OUE H-REIT. In accordance with the Securities and Futures Act, Chapter 289 of Singapore, its subsidiary legislation and the Code on Collective Investment Schemes, the REIT Trustee shall monitor the activities of OUE Hospitality REIT Management Pte. Ltd. (the "REIT Manager") for compliance with the limitations imposed on the investment and borrowing powers as set out in the trust deed dated 10 July 2013 (as amended) (the "OUE H-REIT Trust Deed") between the REIT Manager and the REIT Trustee in each annual accounting period and report thereon to Unitholders in an annual report.

To the best knowledge of the REIT Trustee, the REIT Manager has, in all material respects, managed OUE H-REIT during the period covered by these financial statements, set out on pages 125 to 196, in accordance with the limitations imposed on the investment and borrowing powers set out in the OUE H-REIT Trust Deed.

**For and on behalf of the REIT Trustee,
RBC Investor Services Trust Singapore Limited**

Hoi Sau Kheng
Director

Farrah Begum Binte Abdul Salam
Senior Manager, Trustee Services

Singapore
28 February 2019



REPORT OF THE MANAGER OF OUE HOSPITALITY REAL ESTATE INVESTMENT TRUST

Overview
Performance
Sustainability

Corporate Governance
Financials
Others

In the opinion of the directors of OUE Hospitality REIT Management Pte. Ltd. (the "REIT Manager"), the manager of OUE Hospitality Real Estate Investment Trust ("OUE H-REIT"), the accompanying financial statements of OUE H-REIT and its subsidiary (collectively, the "OUE H-REIT Group"), and OUE Hospitality Trust (the "Stapled Group", comprising the OUE H-REIT Group and OUE Hospitality Business Trust ("OUE H-BT")) set out on pages 125 to 196 comprising their statements of financial position, statements of total return, distribution statements, statements of movements in unitholders' funds, statements of cash flows, portfolio statements and notes to the financial statements are drawn up so as to present fairly, in all material respects, the financial positions of the OUE H-REIT Group and the Stapled Group as at 31 December 2018, the total return, distributable income, movements in unitholders' funds and cash flows of the OUE H-REIT Group and the Stapled Group for the year then ended, in accordance with the recommendations of Statement of Recommended Accounting Practice 7 *Reporting Framework for Unit Trusts* issued by the Institute of Singapore Chartered Accountants and the provisions of the trust deed dated 10 July 2013 (as amended) (the "OUE H-REIT Trust Deed") between RBC Investor Services Trust Singapore Limited (the "REIT Trustee") and the REIT Manager, and the stapling deed of OUE Hospitality Trust between the REIT Trustee, the REIT Manager and OUE Hospitality Trust Management Pte. Ltd. (the trustee-manager of OUE H-BT) dated 10 July 2013. At the date of this statement, there are reasonable grounds to believe that the OUE H-REIT Group and the Stapled Group will be able to meet their respective financial obligations as and when they materialise.

**For and on behalf of the REIT Manager,
OUE Hospitality REIT Management Pte. Ltd.**

Lee Yi Shyan
Director

Singapore
28 February 2019



INDEPENDENT AUDITORS' REPORT

Overview
Performance
Sustainability

Corporate Governance
Financials
Others

Unitholders
OUE Hospitality Business Trust
(Constituted under a Trust Deed in the Republic of Singapore)
OUE Hospitality Real Estate Investment Trust
(Constituted under a Trust Deed in the Republic of Singapore)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited:

- (i) the financial statements of OUE Hospitality Business Trust ("OUE H-BT"), which comprise the statement of financial position as at 31 December 2018, the statement of comprehensive income, statement of movements in unitholders' funds and statement of cash flows of OUE H-BT for the year then ended, and notes to the financial statements, including a summary of significant accounting policies; and
- (ii) the consolidated financial statements of OUE Hospitality Real Estate Investment Trust ("OUE H-REIT") and its subsidiary (the "OUE H-REIT Group") and OUE Hospitality Trust, which comprise the statements of financial position and portfolio statements as at 31 December 2018, the statements of total return, distribution statements, statements of movements in unitholders' funds and statements of cash flows of the OUE H-REIT Group and OUE Hospitality Trust for the year then ended, and notes to the financial statements, including a summary of significant accounting policies;

as set out on pages 125 to 196. OUE Hospitality Trust, which comprises OUE H-BT and the OUE H-REIT Group, is hereinafter referred to as the "Stapled Group".

In our opinion:

- (a) the accompanying financial statements of OUE H-BT are properly drawn up in accordance with the provisions of the Business Trusts Act, Chapter 31A of Singapore (the "Act") and Singapore Financial Reporting Standards (International) ("SFRS(I)s") so as to give a true and fair view of the state of affairs of OUE H-BT as at 31 December 2018 and the financial performance, movements in unitholders' funds and cash flows of OUE H-BT for the year ended on that date; and
- (b) the accompanying consolidated financial statements of the OUE H-REIT Group and the Stapled Group present fairly, in all material respects, the financial positions and portfolio holdings of the OUE H-REIT Group and the Stapled Group as at 31 December 2018 and the financial performance, distributable income, movements in unitholders' funds and cash flows of the OUE H-REIT Group and the Stapled Group for the year ended on that date in accordance with the recommendations of Statement of Recommended Accounting Practice 7 *Reporting Framework for Unit Trusts* ("RAP 7") issued by the Institute of Singapore Chartered Accountants (the "ISCA").

Basis for opinion

We conducted our audit in accordance with Singapore Standards on Auditing ("SSAs"). Our responsibilities under those standards are further described in the 'Auditors' responsibilities for the audit of the financial statements' section of our report. We are independent of OUE H-BT, the OUE H-REIT Group and the Stapled Group in accordance with the Accounting and Corporate Regulatory Authority *Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities* ("ACRA Code") together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Valuation of investment properties

(Refer to Note 4 to the financial statements)

Risk

The OUE H-REIT Group and the Stapled Group have investment properties in Singapore with a carrying value of \$2.2 billion as at 31 December 2018. Investment properties represent the most significant asset item on the statements of financial position.

The accounting policy of the OUE H-REIT Group and the Stapled Group is to state investment properties at fair value which are based on independent external valuations. The valuation process involves significant judgement in determining the valuation method to be used and estimating the underlying assumptions to be applied. The valuations are sensitive to the key assumptions applied and a change in assumptions could have a significant impact to the valuation.

Our response

We evaluated the competence and objectivity of the external valuers and held discussions with the valuers to understand their valuation approach and basis of valuation.

We considered the valuation methods used in the valuations against those applied for similar property types. We assessed the reasonableness of the key assumptions used in the valuations which included a comparison of the discount rates, terminal yield rates, capitalisation rates, price per square metre and price per room against historical trends and available market data, taking into consideration comparability and market factors.

Our findings

The valuers are members of recognised professional bodies for valuers and have considered their own independence in carrying out their work. The valuation methods used by the valuers are in line with generally accepted market practices and the key assumptions used are within range of market data.

INDEPENDENT AUDITORS' REPORT

Overview
Performance
Sustainability

Corporate Governance
Financials
Others

Other information

OUE Hospitality Trust Management Pte. Ltd., the Trustee-Manager of OUE H-BT (the "Trustee-Manager") and OUE Hospitality REIT Management Pte. Ltd., the REIT Manager of OUE H-REIT (the "REIT Manager") are responsible for the other information contained in the annual report. Other information is defined as all information in the annual report other than the financial statements and our auditors' report thereon.

We have obtained all other information prior to the date of this auditors' report except for the Statistics of Stapled Securityholdings (the "Report"), which is expected to be made available to us after that date.

Our opinion on the financial statements does not cover the other information and we do not and will not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditors' report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

When we read the Report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to the Trustee-Manager and the REIT Manager and take appropriate actions in accordance with SSAs.

Responsibilities of the Trustee-Manager for the financial statements

The Trustee-Manager is responsible for the preparation of financial statements of OUE H-BT that give a true and fair view in accordance with the provisions of the Act and SFRS(I)s, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets that are part of the trust property of the registered business trust are safeguarded against loss from unauthorised use or disposition; and transactions by the Trustee-Manager entered into on behalf of or purported to be entered into on behalf of the registered business trust are properly authorised and that they are recorded as necessary to permit the preparation of true and fair accounts and to maintain accountability of assets.

In preparing the financial statements, the Trustee-Manager is responsible for assessing OUE H-BT's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Trustee-Manager either intends to terminate OUE H-BT or to cease operations of OUE H-BT, or has no realistic alternative but to do so.

The Trustee-Manager's responsibilities include overseeing OUE H-BT's financial reporting process.

Responsibilities of the REIT Manager for the financial statements

The REIT Manager is responsible for the preparation and fair presentation of the consolidated financial statements of the OUE H-REIT Group and the Stapled Group in accordance with the recommendations of RAP 7 issued by the ISCA, and for such internal controls as the REIT Manager determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements of the OUE H-REIT Group and the Stapled Group, the REIT Manager is responsible for assessing the ability of the OUE H-REIT Group and the Stapled Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the REIT Manager either intends to terminate the OUE H-REIT Group and the Stapled Group or to cease operations of the OUE H-REIT Group and the Stapled Group, or has no realistic alternative but to do so.

The REIT Manager's responsibilities include overseeing the financial reporting process of the OUE H-REIT Group and the Stapled Group.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.
- Obtain an understanding of internal controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal controls of OUE H-BT, the OUE H-REIT Group and the Stapled Group.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Trustee-Manager and the REIT Manager.

- Conclude on the appropriateness of the Trustee-Manager's and the REIT Manager's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of OUE H-BT, the OUE H-REIT Group and the Stapled Group to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause OUE H-BT, the OUE H-REIT Group and the Stapled Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the OUE H-REIT Group and the Stapled Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Trustee-Manager and the REIT Manager regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal controls that we identify during our audit.

We also provide the Trustee-Manager and the REIT Manager with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Trustee-Manager and the REIT Manager, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless the law or regulations preclude public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

INDEPENDENT AUDITORS' REPORT

Overview
Performance
Sustainability

Corporate Governance
Financials
Others

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

In our opinion, the accounting and other records required by the Act to be kept by the Trustee-Manager on behalf of OUE H-BT have been properly kept in accordance with the provisions of the Act.

The engagement partner on the audit resulting in this independent auditors' report is Koh Wei Peng.

KPMG LLP
*Public Accountants and
Chartered Accountants*

Singapore
28 February 2019



STATEMENTS OF FINANCIAL POSITION

Overview
Performance
Sustainability

Corporate Governance
Financials
Others

As at 31 December 2018

		OUE H-BT			OUE H-REIT Group		Stapled Group	
	Note	31 Dec 2018 \$'000	31 Dec 2017 \$'000	1 Jan 2017 \$'000	31 Dec 2018 \$'000	31 Dec 2017 \$'000	31 Dec 2018 \$'000	31 Dec 2017 \$'000
Non-current assets								
Investment properties	4	–	–	–	2,218,000	2,218,000	2,218,000	2,218,000
Intangible asset	5	–	–	–	–	–	–	–
Deposit		–	–	–	3,826	2,295	3,826	2,295
Financial derivatives	6	–	–	–	1,215	–	1,215	–
		–	–	–	2,223,041	2,220,295	2,223,041	2,220,295
Current assets								
Trade and other receivables	7	–	–	–	10,109	11,017	10,109	11,017
Cash and cash equivalents	8	8	11	12	22,306	25,548	22,314	25,559
		8	11	12	32,415	36,565	32,423	36,576
Total assets		8	11	12	2,255,456	2,256,860	2,255,464	2,256,871
Non-current liabilities								
Borrowings	9	–	–	–	868,038	865,312	868,038	865,312
Financial derivatives	6	–	–	–	–	1,046	–	1,046
Rental deposits		–	–	–	3,288	3,076	3,288	3,076
		–	–	–	871,326	869,434	871,326	869,434
Current liabilities								
Rental deposits		–	–	–	1,495	1,432	1,495	1,432
Trade and other payables	10	3	3	2	10,514	9,933	10,517	9,936
		3	3	2	12,009	11,365	12,012	11,368
Total liabilities		3	3	2	883,335	880,799	883,338	880,802
Net assets		5	8	10	1,372,121	1,376,061	1,372,126	1,376,069

The accompanying notes form an integral part of these financial statements.

STATEMENTS OF FINANCIAL POSITION

Overview
Performance
Sustainability

Corporate Governance
Financials
Others

As at 31 December 2018

		OUE H-BT			OUE H-REIT Group		Stapled Group	
	Note	31 Dec 2018 \$'000	31 Dec 2017 \$'000	1 Jan 2017 \$'000	31 Dec 2018 \$'000	31 Dec 2017 \$'000	31 Dec 2018 \$'000	31 Dec 2017 \$'000
Represented by:								
Unitholders' funds								
Unitholders' funds of OUE H-REIT Group		–	–	–	1,372,121	1,376,061	1,372,121	1,376,061
Unitholders' funds of OUE H-BT		5	8	10	–	–	5	8
		5	8	10	1,372,121	1,376,061	1,372,126	1,376,069
Units/Stapled Securities in issue ('000)								
	11	1,820,466	1,806,518	1,790,428	1,820,466	1,806,518	1,820,466	1,806,518
Net asset value per Unit/Stapled Security (\$)								
	12	*	*	*	0.75	0.76	0.75	0.76

* less than \$0.01

The accompanying notes form an integral part of these financial statements.



STATEMENT OF COMPREHENSIVE INCOME OF OUE H-BT STATEMENTS OF TOTAL RETURN OF OUE H-REIT GROUP AND THE STAPLED GROUP

Overview
Performance
Sustainability

Corporate Governance
Financials
Others

Year ended 31 December 2018

	Note	OUE H-BT		OUE H-REIT Group		Stapled Group	
		2018	2017	2018	2017	2018	2017
		\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Gross revenue	13	–	–	129,734	131,063	129,734	131,063
Property expenses	14	–	–	(16,976)	(18,318)	(16,976)	(18,318)
Net property income		–	–	112,758	112,745	112,758	112,745
Other income	15	–	–	–	4,818	–	4,818
Amortisation of intangible asset	5	–	–	–	(4,908)	–	(4,908)
REIT Manager's fees	16	–	–	(11,290)	(11,269)	(11,290)	(11,269)
REIT Trustee's fees		–	–	(417)	(415)	(417)	(415)
Other trust expenses	17	(3)	(2)	(1,520)	(1,236)	(1,523)	(1,238)
Finance income	18	–	–	67	1,718	67	1,718
Finance expenses	18	–	–	(23,837)	(33,619)	(23,837)	(33,619)
Net finance expenses		–	–	(23,770)	(31,901)	(23,770)	(31,901)
Net (loss)/income		(3)	(2)	75,761	67,834	75,758	67,832
Net change in fair value of investment properties		–	–	(2,763)	8,110	(2,763)	8,110
Total return for the year	19	(3)	(2)	72,998	75,944	72,995	75,942
Other comprehensive income for the year, net of tax		–	–				
Total comprehensive income for the year		(3)	(2)				
Earnings per Stapled Security (cents)							
– Basic	21					4.02	4.21
– Diluted	21					3.99	4.19

The accompanying notes form an integral part of these financial statements.



DISTRIBUTION STATEMENTS

Overview
Performance
Sustainability

Corporate Governance
Financials
Others

Year ended 31 December 2018

	Note	OUE H-REIT Group and Stapled Group	
		2018 \$'000	2017 \$'000
Income available for distribution to Stapled Securityholders at beginning of the year		23,160	24,523
Total return of OUE H-REIT	19	73,004	75,949
Net tax adjustments (Note A)		17,789	16,991
Income available for distribution for the current year		90,793	92,940
Income available for distribution to Stapled Securityholders		113,953	117,463
Distributions to Stapled Securityholders:			
– Distribution of 1.36 cents per Stapled Security for the period from 1/10/2016 to 31/12/2016		–	(24,475)
– Distribution of 1.30 cents per Stapled Security for the period from 1/1/2017 to 31/3/2017		–	(23,427)
– Distribution of 1.21 cents per Stapled Security for the period from 1/4/2017 to 30/6/2017		–	(21,832)
– Distribution of 1.36 cents per Stapled Security for the period from 1/7/2017 to 30/9/2017		–	(24,569)
– Distribution of 1.27 cents per Stapled Security for the period from 1/10/2017 to 31/12/2017		(23,036)	–
– Distribution of 1.26 cents per Stapled Security for the period from 1/1/2018 to 31/3/2018		(22,880)	–
– Distribution of 1.17 cents per Stapled Security for the period from 1/4/2018 to 30/6/2018		(21,271)	–
– Distribution of 1.28 cents per Stapled Security for the period from 1/7/2018 to 30/9/2018		(23,302)	–
		(90,489)	(94,303)
Income available for distribution to Stapled Securityholders at end of the year		23,464	23,160
Distribution per Stapled Security* (cents)		4.99	5.14

* Distribution per Stapled Security relates to the distributions in respect of the relevant financial year. The distribution for the last quarter of the financial year will be made subsequent to the reporting date.

The accompanying notes form an integral part of these financial statements.

DISTRIBUTION STATEMENTS

Overview
Performance
Sustainability

Corporate Governance
Financials
Others

Year ended 31 December 2018

	OUE H-REIT Group and Stapled Group	
	2018	2017
	\$'000	\$'000
Note A – Net tax adjustments comprise:		
Non-tax deductible/(chargeable) items:		
– Amortisation of debt-related transaction costs	2,916	2,174
– Write-off of unamortised debt-related transaction costs	–	3,053
– Cost of unwinding derivative financial instrument	–	5,068
– Amortisation of intangible asset	–	4,908
– Change in fair value of financial derivatives	–	(812)
– Ineffective portion of changes in fair value of cash flow hedges	–	(840)
– REIT Manager's fees paid/payable in Stapled Securities	11,290	11,269
– REIT Trustee's fees	417	415
– Straight-lining of lease adjustments	(27)	(333)
– Net change in fair value of investment properties	2,763	(8,110)
– Other items	430	199
Net tax adjustments	17,789	16,991

Distributions of the Stapled Group represent the aggregate distributions by OUE H-REIT and OUE H-BT. The distribution of the Stapled Group for the year is contributed solely by OUE H-REIT as OUE H-BT was dormant during the year. Accordingly, only the income available for distribution of OUE H-REIT has been presented.

The accompanying notes form an integral part of these financial statements.



STATEMENTS OF MOVEMENTS IN UNITHOLDERS' FUNDS

Overview
Performance
Sustainability

Corporate Governance
Financials
Others

Year ended 31 December 2018

	Unitholders' funds of OUE H-BT		
	Units in issue \$'000	Accumulated losses \$'000	Total \$'000
At 1 January 2018	20	(12)	8
Operations			
(Decrease)/increase in net assets resulting from operations	—	(3)	(3)
Hedging reserve			
Effective portion of net changes in fair value of cash flow hedges	—	—	—
Unitholders' transactions			
Distributions to Stapled Securityholders	—	—	—
Units/Stapled Securities issued/to be issued as payment of REIT Manager's management fees	—	—	—
Net increase/(decrease) in net assets resulting from unitholders' transactions	—	—	—
At 31 December 2018	20	(15)	5
At 1 January 2017	20	(10)	10
Operations			
(Decrease)/increase in net assets resulting from operations	—	(2)	(2)
Hedging reserve			
Effective portion of net changes in fair value of cash flow hedges	—	—	—
Unitholders' transactions			
Distributions to Stapled Securityholders	—	—	—
Units/Stapled Securities issued/to be issued as payment of REIT Manager's management fees	—	—	—
Net increase/(decrease) in net assets resulting from unitholders' transactions	—	—	—
At 31 December 2017	20	(12)	8

The accompanying notes form an integral part of these financial statements.

Units in issue and to be issued \$'000	Unitholders' funds of OUE H-REIT Group				Stapled Group
	Issue costs \$'000	Hedging reserve \$'000	Accumulated profits/ (losses) \$'000	Total \$'000	Total \$'000
1,440,402	(26,577)	(1,046)	(36,718)	1,376,061	1,376,069
—	—	—	72,998	72,998	72,995
—	—	2,261	—	2,261	2,261
—	—	—	(90,489)	(90,489)	(90,489)
11,290	—	—	—	11,290	11,290
11,290	—	—	(90,489)	(79,199)	(79,199)
1,451,692	(26,577)	1,215	(54,209)	1,372,121	1,372,126
1,429,133	(26,577)	(2,229)	(18,359)	1,381,968	1,381,978
—	—	—	75,944	75,944	75,942
—	—	1,183	—	1,183	1,183
—	—	—	(94,303)	(94,303)	(94,303)
11,269	—	—	—	11,269	11,269
11,269	—	—	(94,303)	(83,034)	(83,034)
1,440,402	(26,577)	(1,046)	(36,718)	1,376,061	1,376,069



PORTFOLIO STATEMENTS

Overview
Performance
Sustainability

Corporate Governance
Financials
Others

As at 31 December 2018

OUE H-REIT Group

Description of Property	Leasehold tenure	Location
Investment properties		
Singapore		
Crowne Plaza Changi Airport	74-year lease from 1 July 2009	75 Airport Boulevard, Singapore 819664
Mandarin Orchard Singapore	99-year lease from 1 July 1957	333 Orchard Road, Singapore 238867
Mandarin Gallery	99-year lease from 1 July 1957	333A Orchard Road, Singapore 238897
Investment properties, at valuation		
Other assets and liabilities (net)		
Net assets		

Stapled Group

Description of Property	Leasehold tenure	Location
Investment properties		
Singapore		
Crowne Plaza Changi Airport	74-year lease from 1 July 2009	75 Airport Boulevard, Singapore 819664
Mandarin Orchard Singapore	99-year lease from 1 July 1957	333 Orchard Road, Singapore 238867
Mandarin Gallery	99-year lease from 1 July 1957	333A Orchard Road, Singapore 238897
Investment properties, at valuation		
Other assets and liabilities (net)		
Net assets		

The accompanying notes form an integral part of these financial statements.

Existing use	Carrying value at 31/12/2018 \$'000	Percentage of total net assets at 31/12/2018 %	Carrying value at 31/12/2017 \$'000	Percentage of total net assets at 31/12/2017 %
Hotel	497,000	36.2	497,000	36.1
Hotel	1,227,000	89.4	1,227,000	89.2
Retail	494,000	36.0	494,000	35.9
	2,218,000	161.6	2,218,000	161.2
	(845,879)	(61.6)	(841,939)	(61.2)
	1,372,121	100.0	1,376,061	100.0

Existing use	Carrying value at 31/12/2018 \$'000	Percentage of total net assets at 31/12/2018 %	Carrying value at 31/12/2017 \$'000	Percentage of total net assets at 31/12/2017 %
Hotel	497,000	36.2	497,000	36.1
Hotel	1,227,000	89.4	1,227,000	89.2
Retail	494,000	36.0	494,000	35.9
	2,218,000	161.6	2,218,000	161.2
	(845,874)	(61.6)	(841,931)	(61.2)
	1,372,126	100.0	1,376,069	100.0

As at 31 December 2018

As at 31 December 2018, Crowne Plaza Changi Airport was leased to a related party of the REIT Manager under a master lease arrangement. The initial term of the lease was from 30 January 2015 to 27 May 2028, with an option to renew for two consecutive terms of five years each. On 1 August 2016, OUE H-REIT acquired the extension to Crowne Plaza Changi Airport Hotel for a purchase consideration of \$205,000,000. A supplemental lease agreement was entered into to vary the master lease agreement whereby Crowne Plaza Changi Airport and its extension are leased to a related party of the REIT Manager till 27 May 2028, with an option to renew for two consecutive terms of five years each.

Mandarin Orchard Singapore is leased to a related party of the REIT Manager under a master lease arrangement. The lease contains an initial term of 15 years from 25 July 2013 with an option to renew for a further 15 years.

The leases for Mandarin Gallery contain an initial non-cancellable term of one to ten years. Subsequent renewals are renegotiated with the lessees.

The accompanying notes form an integral part of these financial statements.



STATEMENTS OF CASH FLOWS

Overview
Performance
Sustainability

Corporate Governance
Financials
Others

Year ended 31 December 2018

	OUE H-BT		OUE H-REIT Group		Stapled Group	
	2018	2017	2018	2017	2018	2017
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Cash flows from operating activities						
Total return for the year	(3)	(2)	72,998	75,944	72,995	75,942
Adjustments for:						
Amortisation of intangible asset	–	–	–	4,908	–	4,908
Finance income	–	–	(67)	(1,718)	(67)	(1,718)
Finance expenses	–	–	23,837	33,619	23,837	33,619
REIT Manager's fees paid/ payable in Stapled Securities	–	–	11,290	11,269	11,290	11,269
Net change in fair value of investment properties	–	–	2,763	(8,110)	2,763	(8,110)
Straight-lining of lease adjustments	–	–	(27)	(333)	(27)	(333)
Operating (loss)/income before working capital changes	(3)	(2)	110,794	115,579	110,791	115,577
Changes in working capital:						
Deposit	–	–	(1,531)	–	(1,531)	–
Trade and other receivables	–	–	908	1,303	908	1,303
Trade and other payables	–	1	467	449	467	450
Rental deposits	–	–	275	116	275	116
Cash (used in)/generated from operating activities	(3)	(1)	110,913	117,447	110,910	117,446
Cash flows from investing activities						
Capital expenditure on investment properties	–	–	(2,755)	(950)	(2,755)	(950)
Interest received	–	–	67	87	67	87
Net cash used in investing activities	–	–	(2,688)	(863)	(2,688)	(863)

The accompanying notes form an integral part of these financial statements.

STATEMENTS OF CASH FLOWS

Overview
Performance
Sustainability

Corporate Governance
Financials
Others

Year ended 31 December 2018

Note	OUE H-BT		OUE H-REIT Group		Stapled Group	
	2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000
Cash flows from financing activities						
Distributions to Stapled Securityholders	–	–	(90,489)	(94,303)	(90,489)	(94,303)
Repayment of borrowings	–	–	–	(859,000)	–	(859,000)
Proceeds from borrowings	–	–	–	875,000	–	875,000
Payment of transaction costs on borrowings	–	–	–	(9,790)	–	(9,790)
Cost of unwinding derivative financial instruments	–	–	–	(5,068)	–	(5,068)
Finance expenses paid	–	–	(20,978)	(26,422)	(20,978)	(26,422)
Net cash used in financing activities	–	–	(111,467)	(119,583)	(111,467)	(119,583)
Net decrease in cash and cash equivalents	(3)	(1)	(3,242)	(2,999)	(3,245)	(3,000)
Cash and cash equivalents at beginning of the year	11	12	25,548	28,547	25,559	28,559
Cash and cash equivalents at end of the year	8	11	22,306	25,548	22,314	25,559

Significant non-cash transactions

OUE H-REIT Group and Stapled Group

In 2018, a total of 15,895,115 (2017: 14,277,047) Stapled Securities amounting to \$11,291,143 (2017: \$11,268,745) were or would be issued to the REIT Manager as satisfaction of the REIT Manager's management fees for the financial year.

The accompanying notes form an integral part of these financial statements.



NOTES TO THE FINANCIAL STATEMENTS

Overview
Performance
Sustainability

Corporate Governance
Financials
Others

These notes form an integral part of the financial statements.

The financial statements were authorised for issue by the Trustee-Manager, the REIT Manager and the REIT Trustee on 28 February 2019.

1 GENERAL

OUE Hospitality Trust is a stapled group comprising OUE Hospitality Real Estate Investment Trust ("OUE H-REIT") and its subsidiary (the "OUE H-REIT Group") and OUE Hospitality Business Trust ("OUE H-BT") (collectively, the "Stapled Group").

OUE H-REIT is a Singapore-domiciled unit trust constituted pursuant to the trust deed dated 10 July 2013 (as amended) (the "OUE H-REIT Trust Deed") between OUE Hospitality REIT Management Pte. Ltd. (the "REIT Manager") and RBC Investor Services Trust Singapore Limited (the "REIT Trustee"). The OUE H-REIT Trust Deed is governed by the laws of the Republic of Singapore. The REIT Trustee is under a duty to take into custody and hold the assets of OUE H-REIT held by it or through its subsidiary in trust for the holders of units in OUE H-REIT. OUE H-BT is a business trust constituted by a trust deed dated 10 July 2013 (as amended) (the "OUE H-BT Trust Deed") and is managed by OUE Hospitality Trust Management Pte. Ltd. (the "Trustee-Manager"). The securities in each of OUE H-REIT and OUE H-BT are stapled together under the terms of a stapling deed dated 10 July 2013 entered into between the REIT Manager, the REIT Trustee and the Trustee-Manager (the "Stapling Deed") and cannot be traded separately. Each stapled security in OUE Hospitality Trust (the "Stapled Security") comprises a unit in OUE H-REIT (the "OUE H-REIT Unit") and a unit in OUE H-BT (the "OUE H-BT Unit").

OUE Hospitality Trust was formally admitted to the Official List of Singapore Exchange Securities Trading Limited ("SGX-ST") on 25 July 2013 (the "Listing Date").

The principal activity of OUE H-REIT is to invest in income producing real estate and real estate related assets, which are used or substantially used for hospitality and hospitality related purposes, with the primary objective to deliver regular and stable distributions to the Stapled Securityholders and to achieve long-term growth in distributions and in the net asset value per Stapled Security, while maintaining an appropriate capital structure.

As at the reporting date, OUE H-BT is dormant.

The consolidated financial statements of the OUE H-REIT Group relate to OUE H-REIT and its subsidiary. The consolidated financial statements of the Stapled Group relate to OUE H-BT and the OUE H-REIT Group.

1 GENERAL (CONT'D)

Several service agreements were entered into in relation to management of OUE H-BT and OUE H-REIT and its property operations. The fee structures of these services are as follows:

(i) *Trustee-Manager's fees*

Pursuant to the OUE H-BT Trust Deed, the Trustee-Manager is entitled to the following:

- a trustee fee of not exceeding 0.1% per annum of the value of OUE H-BT's Trust Property (as defined in the OUE H-BT Trust Deed), subject to a minimum fee of \$10,000 per month, provided that the value of OUE H-BT's Trust Property is at least \$50.0 million and OUE H-BT has become active. The trustee fee is payable in arrears on a quarterly basis in the form of cash.
- a management fee of 10.0% per annum of OUE H-BT's profit before interest and tax in the relevant financial year (calculated before accounting for the management fee in that financial year).

The management fee is payable in the form of cash or Stapled Securities as Trustee-Manager may elect.

Any portion of the management fee payable in the form of Stapled Securities is payable quarterly in arrears and any portion of the management fee payable in cash is payable monthly in arrears.

- an acquisition fee at a rate of 0.75% for acquisitions from related parties and at a rate of 1.0% for all other cases (or such lower percentage as may be determined by the Trustee-Manager's absolute discretion). The acquisition fee is payable in the form of cash and/or Stapled Securities as the Trustee-Manager may elect, and in such proportion as may be determined by the Trustee-Manager.

(ii) *REIT Manager's fees*

Pursuant to the OUE H-REIT Trust Deed, the REIT Manager's management fees comprise a base fee of not exceeding 0.3% per annum of the value of OUE H-REIT's Deposited Property (as defined in the OUE H-REIT Trust Deed) and a performance fee of 4.0% per annum of OUE H-REIT's net property income (as defined in the OUE H-REIT Trust Deed).

The management fees shall be payable in the form of cash or Units (or Stapled Securities, where the Trust is part of the Stapled Group), or a combination of both, as the REIT Manager may elect. Any portion of the base fee payable in the form of Units is payable quarterly in arrears and any portion of the base fee payable in cash is payable monthly in arrears. The performance fee is paid annually in arrears, regardless of whether it is paid in the form of cash and/or Stapled Securities. For the financial years ended 31 December 2018 and 2017, 100.0% of the management fees payable to the REIT Manager were in the form of Stapled Securities.

The REIT Manager is also entitled to receive an acquisition fee of 0.75% of the acquisition price for acquisitions from related parties and 1.0% for all other cases. A divestment fee of 0.5% of the sale price will also be entitled on all future disposals of properties. The acquisition or divestment fee is payable in the form of Stapled Securities and/or cash as the REIT Manager may elect, and such proportion as may be determined by the REIT Manager.

1 GENERAL (CONT'D)

(iii) *Property Manager's fee*

Under the property management agreement between OUE H-REIT and OUE Property Management Pte. Ltd. (the "Property Manager") in respect of Mandarin Gallery and the certain commercial areas of Mandarin Orchard Singapore, the property management fees are payable as follows:

- 2.0% per annum of the gross revenue of Mandarin Gallery and certain commercial areas of Mandarin Orchard Singapore;
- 2.0% per annum of the net property income of Mandarin Gallery and certain commercial areas of Mandarin Orchard Singapore (calculated before accounting for the property management fee in that financial year); and
- 0.5% per annum of the net property income of Mandarin Gallery (calculated before accounting for the property management fee in that financial year), in lieu of leasing commissions otherwise payable to the property manager and/or third party agents.

The property management fees are payable monthly in arrears.

(iv) *REIT Trustee's fee*

Pursuant to the OUE H-REIT Trust Deed, the REIT Trustee's fee shall not exceed 0.1% per annum of the value of OUE H-REIT's Deposited Property. The REIT Trustee's fee is payable out of OUE H-REIT's Deposited Property on a monthly basis, in arrears. The REIT Trustee's fee is presently charged on a scaled basis of up to 0.02% per annum of the value of the OUE H-REIT Deposited Property (subject to a minimum of \$20,000 per month). The REIT Trustee is also entitled to reimbursement of expenses incurred in the performance of its duties under the OUE H-REIT Trust Deed.

2 BASIS OF PREPARATION

2.1 Statement of compliance

The financial statements of OUE H-BT have been prepared in accordance with the provisions of the Business Trusts Act, Chapter 31A of Singapore (the "Act") and the Singapore Financial Reporting Standards (International) ("SFRS(I)"). These are OUE H-BT's first financial statements prepared in accordance with SFRS(I) and SFRS(I) 1 *First-time Adoption of Singapore Financial Reporting Standards (International)* has been applied.

In the previous financial years, the financial statements of OUE H-BT were prepared in accordance with Financial Reporting Standards in Singapore (FRS). The transition to SFRS(I) and application of SFRS(I) 9 *Financial Instruments* and SFRS(I) 15 *Revenue from Contracts with Customers* do not have any significant impact to the financial statements of OUE H-BT.

The financial statements of the OUE H-REIT Group and the Stapled Group are prepared in accordance with the Statement of Recommended Accounting Practice 7 *Reporting Framework for Unit Trusts* ("RAP 7") issued by the Institute of Singapore Chartered Accountants, the applicable requirements of the Code on Collective Investment Schemes (the "CIS Code") issued by the Monetary Authority of Singapore ("MAS") and the provisions of the OUE H-REIT Trust Deed and the Stapling Deed. RAP 7 requires the accounting policies to generally comply with the recognition and measurement principles of FRS.

2 BASIS OF PREPARATION (CONT'D)

2.2 Basis of measurement

The financial statements have been prepared on the historical cost basis, except as described in the notes below.

2.3 Functional and presentation currency

The financial statements are presented in Singapore dollars, which is the functional currency of OUE H-BT and OUE H-REIT. All financial information presented in Singapore dollars has been rounded to the nearest thousand, unless otherwise stated.

2.4 Use of estimates and judgments

The preparation of the financial statements in conformity with SFRS(I) requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

Information about critical judgments in applying assumptions and estimation uncertainties that have the most significant effect on the amounts recognised in the financial statements is described in Note 4 – valuation of investment properties.

Measurement of fair values

A number of the accounting policies and disclosures of the OUE H-REIT Group and the Stapled Group require the measurement of fair values, for both financial and non-financial assets and liabilities.

The OUE H-REIT Group and the Stapled Group have an established process with respect to the measurement of fair values.

The REIT Manager reviews significant unobservable inputs and valuation adjustments. If third party information is used to measure fair values, then the REIT Manager assesses and documents the evidence obtained from the third parties to support the conclusion that such valuations meet the requirements of FRS, including the level in the fair value hierarchy in which such valuations should be classified.

Significant valuation issues are reported to the Audit and Risk Committee.

2 BASIS OF PREPARATION (CONT'D)

2.4 Use of estimates and judgments (cont'd)

Measurement of fair values (cont'd)

When measuring the fair value of an asset or a liability, the REIT Manager uses market observable data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices).
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

If the inputs used to measure the fair value of an asset or a liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement (with Level 3 being the lowest).

The OUE H-REIT Group and the Stapled Group recognise transfers between levels of the fair value hierarchy as of the end of the reporting period during which the change has occurred.

Further information about the assumptions made in measuring fair values is included in Note 4 – valuation of investment properties.

3 SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied by OUE H-BT, the OUE H-REIT Group and the Stapled Group ("the Entities") consistently to all periods presented in these financial statements, and in preparing the opening SFRS(I) statement of financial position at 1 January 2017 for the OUE H-BT for the purposes of transition to SFRS(I), unless otherwise indicated.

3.1 Consolidation

(i) *Stapling*

Where entities enter into a stapling arrangement, the stapling arrangement is accounted for as a business combination under the purchase method.

(ii) *Subsidiary*

A subsidiary is an entity controlled by the OUE H-REIT Group and the Stapled Group. The OUE H-REIT Group and the Stapled Group control an entity when they are exposed to, or have rights to, variable returns from their involvement with the entity and have the ability to affect those returns through their power over the entity. The financial statements of the subsidiary are included in the consolidated financial statements from the date that control commences until the date that control ceases.

The accounting policies of the subsidiary have been changed when necessary to align them with the policies of the OUE H-REIT Group and the Stapled Group.

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.1 Consolidation (cont'd)

(iii) *Transactions eliminated on consolidation*

Intra-group balances and transactions, and any unrealised income or expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements of the OUE H-REIT Group and the Stapled Group.

3.2 Foreign currencies

Foreign currency transactions

Transactions in foreign currencies are translated to the respective functional currencies of the OUE H-REIT Group and the Stapled Group entities at the exchange rate at the dates of the transaction. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency at the exchange rate at that date. The foreign currency gain or loss on monetary items is the difference between amortised cost in the functional currency at the beginning of the year, adjusted for effective interest and payments during the year, and the amortised cost in foreign currency translated at the exchange rate at the end of the year.

Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are translated to the functional currency at the exchange rate at the date that the fair value was determined. Non-monetary items in a foreign currency that are measured in terms of historical cost are translated using the exchange rate at the date of the transaction. Foreign currency differences arising on retranslation are recognised in the statement of total return.

3.3 Investment properties

Investment properties are properties held either to earn rental income or for capital appreciation or both, but not for sale in the ordinary course of business, use in the production or supply of goods or services or for administrative purposes. Investment properties are measured at cost on initial recognition and subsequently at fair value with any change therein recognised in the statement of total return.

The cost of a purchased property comprises its purchase price and any directly attributable expenditure including transaction costs. Fair value is determined in accordance with the OUE H-REIT Trust Deed, which requires the investment properties to be valued by independent registered valuers at least once a year, in accordance with the CIS Code issued by MAS.

Any gain or loss on disposal of an investment property (calculated as the difference between the net proceeds from disposal and the carrying amount of the item) is recognised in the statement of total return.

The investment properties are subject to continued maintenance and regularly revalued on the basis set out above. For income tax purposes, OUE H-REIT may claim capital allowances on assets that qualify as plant and machinery under the Income Tax Act.

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.3 Investment properties (cont'd)

When a property is acquired, the OUE H-REIT Group and the Stapled Group consider whether each acquisition represents an acquisition of business or an acquisition of an asset. An acquisition is accounted for as a business combination where an integrated set of activities is acquired, in addition to the property. In determining whether an integrated set of activities is acquired, the OUE H-REIT Group and the Stapled Group consider whether significant processes, such as strategic management and operational processes, are acquired. Where significant processes are acquired, the acquisition is considered an acquisition of business. Where an acquisition does not represent a business, it is accounted for as an acquisition of a group of assets and liabilities. The cost of acquisition is allocated to the assets and liabilities acquired and no goodwill or deferred tax is recognised.

3.4 Intangible asset

The intangible asset represents the income support receivable by the OUE H-REIT Group and the Stapled Group under the Deed of Income Support in relation to Crowne Plaza Changi Airport.

The intangible asset is measured at cost less accumulated amortisation and accumulated impairment losses.

The intangible asset is amortised in the statement of total return on a straight-line basis over its estimated useful life of 14 months to 24 months. The intangible asset is tested for impairment as described in Note 3.6.

The intangible asset has been fully amortised as at 31 December 2017.

3.5 Financial instruments

(i) *Recognition and initial measurement*

Non-derivative financial assets and financial liabilities

Trade receivables issued are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the OUE H-REIT Group and the Stapled Group become a party to the contractual provisions of the instrument.

A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at fair value through the statement of total return, transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.5 Financial instruments (cont'd)

(ii) *Classification and subsequent measurement*

Non-derivative financial assets – Policy applicable from 1 January 2018

On initial recognition, a financial asset is classified as measured at amortised cost.

Financial assets are not reclassified subsequent to their initial recognition unless the OUE H-REIT Group and the Stapled Group change their business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

Financial assets at amortised cost

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at fair value through the statement of total return:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets: Business model assessment – Policy applicable from 1 January 2018

The OUE H-REIT Group and the Stapled Group make an assessment of the objective of the business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management. The information considered includes:

- the stated policies and objectives for the portfolio and the operation of those policies in practice. These include whether management's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realising cash flows through the sale of the assets;
- how the performance of the portfolio is evaluated and reported to the OUE H-REIT Group's and the Stapled Group's management;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- how managers of the business are compensated – e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and
- the frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

Transfers of financial assets to third parties in transactions that do not qualify for derecognition are not considered sales for this purpose, consistent with the OUE H-REIT Group's and the Stapled Group's continuing recognition of the assets.

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.5 Financial instruments (cont'd)

(ii) *Classification and subsequent measurement (cont'd)*

Non-derivative financial assets: Assessment whether contractual cash flows are solely payments of principal and interest – Policy applicable from 1 January 2018

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the OUE H-REIT Group and the Stapled Group consider the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the OUE H-REIT Group and the Stapled Group consider:

- contingent events that would change the amount or timing of cash flows;
- terms that may adjust the contractual coupon rate, including variable rate features;
- prepayment and extension features; and
- terms that limit the OUE H-REIT Group's and the Stapled Group's claim to cash flows from specified assets (e.g. non-recourse features).

A prepayment feature is consistent with the solely payments of principal and interest criterion if the prepayment amount substantially represents unpaid amounts of principal and interest on the principal amount outstanding, which may include reasonable additional compensation for early termination of the contract. Additionally, for a financial asset acquired at a significant discount or premium to its contractual par amount, a feature that permits or requires prepayment at an amount that substantially represents the contractual par amount plus accrued (but unpaid) contractual interest (which may also include reasonable additional compensation for early termination) is treated as consistent with this criterion if the fair value of the prepayment feature is insignificant at initial recognition.

Non-derivative financial assets: Subsequent measurement and gains and losses – Policy applicable from 1 January 2018

Financial assets at amortised cost

These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income and impairment are recognised in the statement of total return. Any gain or loss on derecognition is recognised in the statement of total return.

Non-derivative financial assets – Policy applicable before 1 January 2018

The OUE H-REIT Group and the Stapled Group classify non-derivative financial assets into loans and receivables category.

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.5 Financial instruments (cont'd)

(ii) *Classification and subsequent measurement (cont'd)*

Non-derivative financial assets: Subsequent measurement and gains and losses – Policy applicable before 1 January 2018

Loans and receivables

Loans and receivables were financial assets with fixed or determinable payments that were not quoted in an active market. Such assets are initially measured at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, loans and receivables were measured at amortised cost using the effective interest method, less any impairment losses.

Loans and receivables comprised cash and cash equivalents, and trade and other receivables (excluding prepayments).

Non-derivative financial liabilities: Classification, subsequent measurement and gains and losses

Financial liabilities are classified as measured at amortised cost.

Other financial liabilities are initially measured at fair value less directly attributable transaction costs. They are subsequently measured at amortised cost using the effective interest method. Interest expense is recognised in the statement of total return.

These financial liabilities comprised borrowings, trade and other payables and rental deposits.

(iii) *Derecognition*

Financial assets

The OUE H-REIT Group and the Stapled Group derecognise a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the OUE H-REIT Group and the Stapled Group neither transfer nor retain substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

The OUE H-REIT Group and the Stapled Group enter into transactions whereby it transfers assets recognised in its statement of financial position, but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognised.

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.5 Financial instruments (cont'd)

(iii) *Derecognition (cont'd)*

Financial liabilities

The OUE H-REIT Group and the Stapled Group derecognise a financial liability when its contractual obligations are discharged or cancelled, or expire. The OUE H-REIT Group and the Stapled Group also derecognise a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value.

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in the statement of total return.

(iv) *Offsetting*

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the OUE H-REIT Group and the Stapled Group currently have a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

(v) *Cash and cash equivalents*

Cash and cash equivalents comprise cash balances and fixed deposit.

(vi) *Derivative financial instruments and hedge accounting*

The OUE H-REIT Group and the Stapled Group hold derivative financial instruments to hedge its interest rate risk exposures. Embedded derivatives are separated from the host contract and accounted for separately if the host contract is not a financial asset and certain criteria are met.

Derivatives are initially measured at fair value and any directly attributable transaction costs are recognised in the statement of total return as incurred. Subsequent to initial recognition, derivatives are measured at fair value, and changes therein are generally recognised in the statement of total return.

The OUE H-REIT Group and the Stapled Group designate certain derivatives and non-derivative financial instruments as hedging instruments in qualifying hedging relationships. At inception of designated hedging relationships, the OUE H-REIT Group and the Stapled Group document the risk management objective and strategy for undertaking the hedge. The OUE H-REIT Group and the Stapled Group also document the economic relationship between the hedged item and the hedging instrument, including whether the changes in cash flows of the hedged item and hedging instrument are expected to offset each other.

Hedging relationships designated under FRS 39 that were still existing as at 31 December 2017 are treated as continuing hedges and hedge documentations were aligned accordingly to the requirements of FRS 109/SFRS(I) 9.

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.5 Financial instruments (cont'd)

(vi) *Derivative financial instruments and hedge accounting (cont'd)*

The policy applied in the comparative information presented for 2017 is similar to that applied for 2018. However, embedded derivatives are not separated from host contracts that are financial assets in the scope of FRS 109/SFRS(I) 9. Instead, the hybrid financial instrument is assessed as a whole for classification of financial assets under FRS 109/SFRS(I) 9. Furthermore, for all cash flow hedges, including hedges of transactions resulting in the recognition of non-financial items, the amounts accumulated in the cash flow hedge reserve were reclassified to the statement of total return in the same period or periods during which the hedged expected future cash flows affected the statement of total return. Furthermore, for cash flow hedges that were terminated before 2017, forward points were recognised immediately in the statement of total return.

Cash flow hedges

The OUE H-REIT Group and the Stapled Group designate certain derivatives as hedging instruments to hedge the variability in cash flows associated with highly probable forecast transactions arising from changes in interest rates.

When a derivative is designated as a cash flow hedging instrument, the effective portion of changes in the fair value of the derivative is recognised in unitholders' funds and accumulated in the hedging reserve. The effective portion of changes in the fair value of the derivative that is recognised in unitholders' funds is limited to the cumulative change in fair value of the hedged item, determined on a present value basis, from inception of the hedge. Any ineffective portion of changes in the fair value of the derivative is recognised immediately in the statement of total return.

If the hedge no longer meets the criteria for hedge accounting or the hedging instrument is sold, expires, is terminated or is exercised, then hedge accounting is discontinued prospectively. When hedge accounting for cash flow hedges is discontinued, the amount that has been accumulated in the hedging reserve and the cost of hedging reserve remains in unitholders' funds until, for a hedge of a transaction resulting in recognition of a non-financial item, it is included in the non-financial item's cost on its initial recognition or, for other cash flow hedges, it is reclassified to the statement of total return in the same period or periods as the hedged expected future cash flows affect the statement of total return.

If the hedged future cash flows are no longer expected to occur, then the amounts that have been accumulated in the hedging reserve and the cost of hedging reserve are immediately reclassified to the statement of total return.

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.6 Impairment

(i) Non-derivative financial assets

Policy applicable from 1 January 2018

The OUE H-REIT Group and the Stapled Group recognise loss allowances for expected credit losses ("ECLs") on financial assets measured at amortised costs.

Loss allowances of the OUE H-REIT Group and the Stapled Group are measured on either of the following bases:

- 12-month ECLs: these are ECLs that result from default events that are possible within the 12 months after the reporting date (or for a shorter period if the expected life of the instrument is less than 12 months); or
- Lifetime ECLs: these are ECLs that result from all possible default events over the expected life of a financial instrument.

Simplified approach

The OUE H-REIT Group and the Stapled Group apply the simplified approach to provide for ECLs for all trade receivables. The simplified approach requires the loss allowance to be measured at an amount equal to lifetime ECLs.

General approach

The OUE H-REIT Group and the Stapled Group apply the general approach to provide for ECLs on all other financial instruments. Under the general approach, the loss allowance is measured at an amount equal to 12-month ECLs at initial recognition.

At each reporting date, the OUE H-REIT Group and the Stapled Group assess whether the credit risk of a financial instrument has increased significantly since initial recognition. When credit risk has increased significantly since initial recognition, loss allowance is measured at an amount equal to lifetime ECLs.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the OUE H-REIT Group and the Stapled Group consider reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the OUE H-REIT Group's and the Stapled Group's historical experience and informed credit assessment and includes forward-looking information.

If credit risk has not increased significantly since initial recognition or if the credit quality of the financial instruments improves such that there is no longer a significant increase in credit risk since initial recognition, loss allowance is measured at an amount equal to 12-month ECLs.

The OUE H-REIT Group and the Stapled Group consider a financial asset to be in default when:

- the borrower is unlikely to pay its credit obligations to the OUE H-REIT Group and the Stapled Group in full, without recourse by the OUE H-REIT Group and the Stapled Group to action such as realising security (if any is held); or
- the financial asset is more than 90 days past due.

The maximum period considered when estimating ECLs is the maximum contractual period over which the OUE H-REIT Group and the Stapled Group are exposed to credit risk.

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.6 Impairment (cont'd)

(i) Non-derivative financial assets (cont'd)

Policy applicable from 1 January 2018 (cont'd)

Measurement of ECLs

ECLs are probability-weighted estimates of credit losses. Credit losses are measured at the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the OUE H-REIT Group and the Stapled Group expect to receive). ECLs are discounted at the effective interest rate of the financial asset.

Credit-impaired financial assets

At each reporting date, the OUE H-REIT Group and the Stapled Group assess whether financial assets carried at amortised cost are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default or being more than 90 days past due;
- the restructuring of a loan or advance by the OUE H-REIT Group and the Stapled Group on terms that the OUE H-REIT Group and the Stapled Group would not consider otherwise;
- it is probable that the borrower will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for a security because of financial difficulties.

Presentation of allowance for ECLs in the statement of financial position

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of these assets.

Write-off

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the OUE H-REIT Group and the Stapled Group determine that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the OUE H-REIT Group's and the Stapled Group's procedures for recovery of amounts due.

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.6 Impairment (cont'd)

(i) Non-derivative financial assets (cont'd)

Policy applicable before 1 January 2018 (cont'd)

A financial asset not carried at fair value through the statement of total return, was assessed at the end of each reporting period to determine whether there was objective evidence that it was impaired. A financial asset was impaired if objective evidence indicated that a loss event(s) had occurred after the initial recognition of the asset, and that the loss event(s) had an impact on the estimated future cash flows of that asset that could be estimated reliably.

Objective evidence that financial assets were impaired included default or delinquency by a debtor, restructuring of an amount due to the OUE H-REIT Group and the Stapled Group on terms that the OUE H-REIT Group and the Stapled Group would not consider otherwise, indications that a debtor or issuer would enter bankruptcy, adverse changes in the payment status of borrowers or issuers, economic conditions that correlate with defaults or the disappearance of an active market for a security.

Loans and receivables

The OUE H-REIT Group and the Stapled Group considered evidence of impairment for loans and receivables at both an individual asset and collective level. All individually significant assets were individually assessed for impairment. Those found not to be impaired were then collectively assessed for any impairment that had been incurred but not yet identified. Assets that were not individually significant were collectively assessed for impairment. Collective assessment was carried out by grouping together assets with similar risk characteristics.

In assessing collective impairment, the OUE H-REIT Group and the Stapled Group used historical information on the timing of recoveries and the amount of loss incurred, and made an adjustment if current economic and credit conditions were such that the actual losses were likely to be greater or lesser than suggested by historical trends.

An impairment loss was calculated as the difference between the asset's carrying amount and the present value of the estimated future cash flows, discounted at the asset's original effective interest rate. Losses were recognised in the statement of total return and reflected in an allowance account. When the OUE H-REIT Group and the Stapled Group considered that there were no realistic prospects of recovery of the asset, the relevant amounts were written off. If the amount of impairment loss subsequently decreased and the decrease was related objectively to an event occurring after the impairment was recognised, then the previously recognised impairment loss was reversed through the statement of total return.

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.6 Impairment (cont'd)

(ii) Non-financial assets

The carrying amounts of the OUE H-REIT Group's and the Stapled Group's non-financial assets, other than investment property, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. An impairment loss is recognised if the carrying amount of an asset or its related cash-generating unit (CGU) exceeds its estimated recoverable amount.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGUs.

An impairment loss is recognised if the carrying amount of an asset or its CGUs exceeds its estimated recoverable amount. Impairment losses are recognised in the statement of total return.

Impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

3.7 Unitholders' funds

Unitholders' funds of the Stapled Group comprise unitholders' funds of OUE H-BT and the OUE H-REIT Group. Unitholders' funds are classified as equity.

Issue costs relate to expenses incurred in connection with the issuance of Stapled Securities. The expenses are deducted directly against the unitholders' funds.

3.8 Levies

A provision for levies is recognised when the condition that triggers the payment of the levy as specified in the relevant legislation is met. If a levy obligation is subject to a minimum activity threshold so that the obligating event is reaching a minimum activity, then a provision is recognised when that minimum activity threshold is reached.

3.9 Revenue recognition

Rental income from operating leases

Rental income from operating leases is recognised in the statement of total return on a straight-line basis over the term of the lease. Lease incentives granted are recognised as an integral part of the total rental income to be received. Variable rentals are recognised as income in the accounting period in which they are earned and the amount can be measured reliably.

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.10 Lease payments

Payments made under operating leases are recognised in the statement of total return on a straight-line basis over the term of the lease. Lease incentives received are recognised as an integral part of the total lease expense, over the term of the lease.

3.11 Finance income and finance expenses

The OUE H-REIT Group's and the Stapled Group's finance income and finance costs include:

- interest income;
- interest expense;
- change in fair value of financial derivatives;
- cost of unwinding derivative financial instruments;
- amortisation of debt-related transaction costs;
- hedge ineffectiveness recognised in statement of total return; and
- the reclassification of net gains and losses previously recognised in unitholders' funds on cash flow hedges of interest rate risk for borrowings.

Interest income or expense is recognised using the effective interest method.

The 'effective interest rate' is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument to:

- the gross carrying amount of the financial asset; or
- the amortised cost of the financial liability.

In calculating interest income and expense, the effective interest rate is applied to the gross carrying amount of the asset (when the asset is not credit-impaired) or to the amortised cost of the liability. However, for financial assets that have become credit-impaired subsequent to initial recognition, interest income is calculated by applying the effective interest rate to the amortised cost of the financial asset. If the asset is no longer credit-impaired, then the calculation of interest income reverts to the gross basis.

Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in the statement of total return using the effective interest method.

3.12 Tax

Tax expense comprises current and deferred tax. Current tax and deferred tax are recognised in the statement of total return except to the extent that it relates to items recognised directly in unitholders' funds.

The OUE H-REIT Group and the Stapled Group have determined that interest and penalties related to income taxes, including uncertain tax treatments, do not meet the definition of income taxes, and therefore accounted for them under SFRS(I) 1-37 *Provisions, Contingent Liabilities and Contingent Assets*.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years. The amount of current tax payable or receivable is the best estimate of the tax amount expected to be paid or received that reflects uncertainty related to income taxes, if any.

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.12 Tax (cont'd)

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for:

- temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss; and
- temporary differences related to investment in subsidiary to the extent that the OUE H-REIT Group is able to control the timing of the reversal of the temporary difference and it is probable that they will not reverse in the foreseeable future.

The measurement of deferred taxes reflects the tax consequences that would follow the manner in which the OUE H-REIT Group and the Stapled Group expect, at the reporting date, to recover or settle the carrying amount of its assets and liabilities. For investment property that is measured at fair value, the presumption that the carrying amount of the investment property will be recovered through sale has not been rebutted. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

Deferred tax assets are recognised for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used. Future taxable profits are determined based on the reversal of relevant taxable temporary differences. If the amount of taxable temporary differences is insufficient to recognise a deferred tax asset in full, then future taxable profits, adjusted for reversals of existing temporary differences, are considered, based on the business plans for the OUE H-REIT Group and the Stapled Group. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised; such reductions are reversed when the probability of future taxable profits improves.

Unrecognised deferred tax assets are reassessed at each reporting date and recognised to the extent that it has become probable that future taxable profits will be available against which they can be used.

In determining the amount of current and deferred tax, the OUE H-REIT Group and the Stapled Group take into account the impact of uncertain tax positions and whether additional taxes and interest may be due. The OUE H-REIT Group and the Stapled Group believe that its accruals for tax liabilities are adequate for all open tax years based on its assessment of many factors, including interpretations of tax law and prior experience. This assessment relies on estimates and assumptions and may involve a series of judgements about future events. New information may become available that causes the OUE H-REIT Group and the Stapled Group to change its judgement regarding the adequacy of existing tax liabilities; such changes to tax liabilities will impact tax expense in the period that such a determination is made.

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.12 Tax (cont'd)

The Inland Revenue Authority of Singapore ("IRAS") has issued a tax ruling on the taxation of OUE H-REIT for income earned and expenditure incurred after its listing on SGX-ST. Subject to meeting the terms and conditions of the tax ruling which includes a distribution of at least 90% of the taxable income of OUE H-REIT, OUE H-REIT will not be taxed on the portion of taxable income of OUE H-REIT that is distributed to holders of OUE H-REIT units ("Unitholders"). Any portion of the taxable income that is not distributed to Unitholders will be taxed at OUE H-REIT's level. In the event that there are subsequent adjustments to the taxable income when the actual taxable income of OUE H-REIT is finally agreed with IRAS, such adjustments are taken up as an adjustment to the taxable income for the next distribution following the agreement with IRAS.

Although OUE H-REIT is not taxed on its taxable income distributed, the REIT Trustee and the REIT Manager are required to deduct income tax at the applicable corporate tax rate from distributions of such taxable income of OUE H-REIT (i.e. which has not been taxed in the hands of the REIT Trustee) to certain Unitholders.

Qualifying Unitholders are entitled to gross distributions from OUE H-REIT. For distributions made to qualifying non-resident non-individual Unitholders during the period to 31 December 2025 the REIT Trustee is required to withhold tax at the reduced rate of 10% on distributions made. For other types of Unitholders, the REIT Trustee is required to withhold tax at the prevailing corporate tax rate on the distributions made by OUE H-REIT. Such other types of Unitholders are subject to tax on the regrossed amounts of the distributions received but may claim a credit for the tax deducted at source at the prevailing corporate tax rate by the REIT Trustee.

A Qualifying Unitholder refers to a unit holder who is:

- an individual;
- a company incorporated and tax resident in Singapore;
- a Singapore branch of a company incorporated outside Singapore;
- a body of persons incorporated or registered in Singapore, including a charity registered under the Charities Act (Cap. 37) or established by any written law, a town council, a statutory board, a co-operative society registered under the Co-operative Societies Act (Cap. 62) or a trade union registered under the Trade Unions Act (Cap. 333); and
- an international organisation that is exempt from tax on such distributions by reason of an order made under the International Organisations (Immunities and Privileges) Act (Cap. 145).

A qualifying non-resident non-individual Unitholder refers to a unit holder who:

- does not have any permanent establishment in Singapore; or
- carries on any operation through a permanent establishment in Singapore, where the funds used by that person to acquire the units in OUE H-REIT are not obtained from that operation in Singapore.

The above tax transparency ruling does not apply to gains from the disposal of any properties such as immovable properties and shares that are determined by the IRAS to be revenue gains chargeable to tax and income derived by OUE H-REIT but not distributed to the Unitholders in the same year in which the income is derived. Tax on such gains or profits will be subject to tax in accordance to Section 10(1)(a) of the Income Tax Act (Cap. 134) and collected from the REIT Trustee. Distribution made out of the after-tax amount will not be subject to any further tax. Where the disposal gains are regarded as capital in nature, they will not be subject to tax and the REIT Trustee and the REIT Manager may distribute the capital gains without tax being deducted at source.

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.13 Earnings per Stapled Security

The Stapled Group presents basic and diluted earnings per Stapled Security. Basic earnings per Stapled Security is calculated by dividing the total return attributable to Stapled Securityholders by the weighted average number of Stapled Securities outstanding during the year. Diluted earnings per Stapled Security is determined by adjusting the total return attributable to Stapled Securityholders and the weighted average number of Stapled Securities outstanding, for the effects of all dilutive potential Stapled Securities.

3.14 Segment reporting

An operating segment is a component of the OUE H-REIT Group and the Stapled Group that engages in business activities from which they may earn revenue and incur expenses, including revenue and expenses that relate to transactions with any of the other components of the OUE H-REIT Group and the Stapled Group. All operating segments' operating results are reviewed regularly by the Board of Directors of the REIT Manager to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

Segment results that are reported to the Board of Directors of the REIT Manager include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly finance income, finance expenses and trust expenses.

4 INVESTMENT PROPERTIES

	OUE H-REIT Group and Stapled Group	
	2018	2017
	\$'000	\$'000
At 1 January	2,218,000	2,208,100
Capital expenditure incurred	2,736	1,457
Straight-lining of lease adjustments	27	333
Changes in fair value recognised in the statement of total return (unrealised)	(2,763)	8,110
At 31 December	<u>2,218,000</u>	<u>2,218,000</u>

As at 31 December 2018, investment properties with a carrying amount of \$1,721,000,000 (2017: \$1,721,000,000) are pledged as security to secure bank loans (see Note 9).

4 INVESTMENT PROPERTIES (CONT'D)

Measurement of fair value

(i) Fair value hierarchy

The investment properties are stated at fair value as at 31 December 2018 and 31 December 2017 based on independent valuations undertaken by Savills Valuation and Professional Services (S) Pte Ltd. The independent valuers have the appropriate professional qualifications and recent experience in the location and category of the properties being valued.

The fair values as at 31 December 2018 and 31 December 2017 were derived based on direct comparison, income capitalisation and discounted cash flow methods. The valuation methods involve certain estimates including those relating to discount rate, terminal yield rate, capitalisation rate, price per room and price per square metre.

The specific risks inherent in each of the properties are taken into consideration in arriving at the valuations. In relying on the valuation reports, the REIT Manager has exercised its judgment and is satisfied that the valuation methods and estimates used are reflective of the current market conditions.

The fair value measurement for investment properties has been categorised as a Level 3 fair value based on the inputs to the valuation techniques used.

(ii) Valuation techniques and significant unobservable inputs

The following table shows the valuation techniques used in measuring the fair value of investment properties, as well as the significant unobservable inputs used.

Valuation techniques	Significant unobservable inputs	Inter-relationship between significant unobservable inputs and fair value measurement
<i>Discounted cash flow method:</i> The discounted cash flow method involves the estimation and projection of an income stream over a period and discounting the income stream with an internal rate of return to arrive at the market value	Discount rate: 7.00% (2017: 7.00%) Terminal yield: 5.25% - 5.75% (2017: 5.25% - 5.50%)	The estimated fair value would increase/(decrease) if the discount rates and terminal yield were lower/(higher).
<i>Income capitalisation method:</i> The income capitalisation method capitalises an income stream into a present value using single-year capitalisation rates	Capitalisation rate: 5.00% - 5.25% (2017: 5.00%)	The estimated fair value would increase/(decrease) if the capitalisation rate was lower/(higher).
<i>Direct comparison method:</i> The direct comparison method involves the analysis of comparable sales of similar properties, with adjustments made to differentiate the comparables in terms of location, area, quality and other relevant factors	Price per square metre: \$44,600 (2017: \$41,900) Price per room: \$1.02 million - \$1.20 million (2017: \$1.04 million - \$1.26 million)	The estimated fair value would increase/(decrease) if the price per square metre or per room was higher/(lower).

5 INTANGIBLE ASSET

	OUE H-REIT Group and Stapled Group \$'000
Cost	
At 1 January 2017 and 31 December 2017	6,200
Acquisition	–
At 31 December 2018	6,200
Amortisation and impairment loss	
At 1 January 2017	(1,292)
Amortisation for the year	(4,908)
At 31 December 2017	(6,200)
Amortisation for the year	–
At 31 December 2018	(6,200)
Carrying amounts	
At 1 January 2017	4,908
At 31 December 2017	–
At 31 December 2018	–

Intangible asset represents the unamortised income support receivable by the OUE H-REIT Group and the Stapled Group under the deed of income support entered into with OUE Airport Hotel Pte. Ltd., a related party of the REIT Manager, in relation to Crowne Plaza Changi Airport and its extension (the "Deed of Income Support").

Under the terms of the Deed of Income Support, should Crowne Plaza Changi Airport and its extension not achieve an agreed target quarterly rent from 1 August 2016 to 31 July 2019, the OUE H-REIT Group and the Stapled Group will be able to draw down the income support over (i) three years from 1 August 2016; or (ii) until the income support of \$7.5 million has been fully drawn down, whichever is earlier.

The OUE H-REIT Group and the Stapled Group had fully drawn down \$4.8 million under the Deed of Income Support in 2017 (see Note 15).

In 2017, the OUE H-REIT Group and the Stapled Group reviewed the rate that the income support was being drawn down. The income support which management had previously expected to fully draw down within 24 months, has been fully drawn down in 14 months from the date of entitlement. As a result, the expected useful life of the intangible asset was reduced and the amortisation charge was accelerated. The effect of this change resulted in an increase in amortisation charge of \$1,808,000.

NOTES TO THE FINANCIAL STATEMENTS

Overview
Performance
Sustainability

Corporate Governance
Financials
Others

6 FINANCIAL DERIVATIVES

	OUE H-REIT Group and Stapled Group	
	2018	2017
	\$'000	\$'000
Derivative assets/(liabilities)		
Interest rate swaps used for hedging		
– Non-current	1,215	(1,046)
– Current	–	–
	<u>1,215</u>	<u>(1,046)</u>
Financial derivatives as a percentage of net assets	0.09%	(0.08%)

The OUE H-REIT Group and the Stapled Group use interest rate swaps to manage their exposures to interest rate movements on floating rate interest-bearing bank loans by swapping the interest expense on certain of these bank loans from floating rates to fixed rates.

As at 31 December 2018, the OUE H-REIT Group and the Stapled Group have interest rate swap contracts with a total notional amount of \$620 million (2017: \$620 million). Under the contracts, the OUE H-REIT Group and the Stapled Group pay fixed interest rates of 1.61% to 1.72% (2017: 1.61% to 1.72%) and receive interest at the three-month Singapore Dollar swap offer rate ("SOR").

7 TRADE AND OTHER RECEIVABLES

	OUE H-REIT Group and Stapled Group	
	2018	2017
	\$'000	\$'000
Trade receivables from:		
– related parties of the REIT Manager	7,875	8,738
– third parties	676	419
	<u>8,551</u>	<u>9,157</u>
Other receivables	3	275
	<u>8,554</u>	<u>9,432</u>
Prepayments	1,555	1,585
	<u>10,109</u>	<u>11,017</u>

Trade receivables from related parties of the REIT Manager relate to receivables from the master lessees of Mandarin Orchard Singapore and Crowne Plaza Changi Airport. The balances are unsecured. There is no impairment loss arising from these outstanding balances as the ECL is not material. The receivables are considered to be held with a held-to-collect business model.

Concentration of credit risk relating to trade receivables of Mandarin Gallery is limited due to the many varied tenants.

NOTES TO THE FINANCIAL STATEMENTS

Overview
Performance
Sustainability

Corporate Governance
Financials
Others

7 TRADE AND OTHER RECEIVABLES (CONT'D)

The ageing of trade receivables at the reporting date is:

	OUE H-REIT Group and Stapled Group	
	2018	2017
	\$'000	\$'000
Gross		
Not past due	7,877	8,738
Past due 1 – 60 days	293	215
Past due over 60 days	381	204
	<u>8,551</u>	<u>9,157</u>

The OUE H-REIT Group and the Stapled Group believe that the unimpaired amounts that are past due are still collectible based on historic payment behaviour and the deposits held.

8 CASH AND CASH EQUIVALENTS

	OUE H-BT			OUE H-REIT Group		Stapled Group	
	31 Dec 2018	31 Dec 2017	1 Jan 2017	31 Dec 2018	31 Dec 2017	31 Dec 2018	31 Dec 2017
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Cash at bank	8	11	12	19,306	21,048	19,314	21,059
Fixed deposit with financial institutions	–	–	–	3,000	4,500	3,000	4,500
	<u>8</u>	<u>11</u>	<u>12</u>	<u>22,306</u>	<u>25,548</u>	<u>22,314</u>	<u>25,559</u>

NOTES TO THE FINANCIAL STATEMENTS

Overview
Performance
Sustainability

Corporate Governance
Financials
Others

9 BORROWINGS

	OUE H-REIT Group and Stapled Group	
	2018	2017
	\$'000	\$'000
Non-current		
Secured bank loans	875,000	875,000
Less: Unamortised transaction costs	(6,962)	(9,688)
	<u>868,038</u>	<u>865,312</u>

The OUE H-REIT Group and the Stapled Group have in place secured term loan facilities of \$875 million and \$105 million secured revolving credit facility (2017: \$875 million and \$105 million secured revolving credit facility).

These facilities are secured by:

- A registered first legal mortgage over Mandarin Orchard Singapore and Mandarin Gallery (collectively, the "Properties");
- A legal assignment of all insurance taken in respect of the Properties except public liability insurance;
- An assignment of all rights, titles, benefits and interests in connection with any lease, tenancy or property management agreements and lease or tenancy deposits/proceeds in respect of Mandarin Gallery;
- An assignment of all rights, titles, benefits and interests in connection with any master lease entered into by OUE H-REIT and lease or tenancy deposits/proceeds in connection with such master lease in respect of Mandarin Orchard Singapore; and
- A debenture incorporating a fixed and floating charge over generally all of OUE H-REIT's present and future assets in connection with the Properties.

9 BORROWINGS (CONT'D)

As at the reporting date, OUE H-REIT Group and Stapled Group had drawn down \$875 million (2017: \$875 million) term loan facilities and the revolving credit facilities were undrawn. The OUE H-REIT Group and Stapled Group have partially hedged the floating interest rates on these loans using interest rate swaps (see Note 6).

In addition, OUE H-REIT's wholly-owned subsidiary, OUE H-T Treasury Pte. Ltd. ("OUE HTT"), has established a US\$1 billion guaranteed Euro Medium Term Note Programme (the "EMTN Programme"). Under the EMTN Programme, OUE HTT may, subject to compliance with all relevant laws, regulations and directives, from time to time issue notes in series or tranches ("EMTN Notes"). Each series or tranche of EMTN Notes may be issued in United States dollars or any other currency, in various amounts and tenors, and may bear interest at fixed or floating rates.

The EMTN Notes shall constitute direct, unconditional, unsecured and unsubordinated obligations of OUE HTT and shall at all times rank pari passu, without any preference or priority among themselves and pari passu with all other present and future unsecured obligations (other than subordinated obligations and priorities created by law) of OUE HTT. All sums payable in respect of the EMTN Notes will be unconditionally and irrevocably guaranteed by the REIT Trustee.

As at 31 December 2018 and 2017, no EMTN Notes have been issued under the EMTN Programme.

Terms and debt repayment schedule

Terms and conditions of outstanding borrowings are as follows:

	Currency	Nominal interest rate %	Year of maturity	Face value \$'000	Carrying amount \$'000
OUE H-REIT Group and Stapled Group					
31 December 2018					
Term loans	SGD	2.72% - 2.78%	2020 - 2021	875,000	868,038
31 December 2017					
Term loans	SGD	1.88% - 1.93%	2020 - 2021	875,000	865,312

NOTES TO THE FINANCIAL STATEMENTS

Overview
Performance
Sustainability

Corporate Governance
Financials
Others

9 BORROWINGS (CONT'D)

Reconciliation of movements of liabilities to cash flows arising from financing activities

	Liabilities		Derivative (assets)/ liabilities held to hedge long-term borrowings	
	Borrowings \$'000	Accrued interest payable \$'000	Interest rate swap used for hedging \$'000	Total \$'000
Balance at 1 January 2018	865,312	723	1,046	867,081
Changes from financing cash flows				
Finance expenses paid	–	(19,410)	(1,568)	(20,978)
Total changes from financing cash flows	–	(19,410)	(1,568)	(20,978)
Change in fair value	–	–	(2,261)	(2,261)
Other changes				
Liability-related				
Re-classification from derivatives to accrued interest payable	–	(188)	188	–
Finance expense	–	19,541	1,380	20,921
Amortisation of debt-related transaction costs	2,916	–	–	2,916
Change in borrowings	(190)	–	–	(190)
Total liability-related other changes	2,726	19,353	1,568	23,647
Balance at 31 December 2018	868,038	666	(1,215)	867,489

NOTES TO THE FINANCIAL STATEMENTS

Overview
Performance
Sustainability

Corporate Governance
Financials
Others

9 BORROWINGS (CONT'D)

Reconciliation of movements of liabilities to cash flows arising from financing activities (cont'd)

	Liabilities		Derivative (assets)/ liabilities held to hedge long-term borrowings	
	Borrowings \$'000	Accrued interest payable \$'000	Interest rate swap used for hedging \$'000	Total \$'000
Balance at 1 January 2017	853,995	3,821	3,880	861,696
Changes from financing cash flows				
Repayment of bank loans	(859,000)	–	–	(859,000)
Proceeds from bank loans	875,000	–	–	875,000
Payment of transaction costs on borrowings	(9,790)	–	–	(9,790)
Cost of unwinding derivative financial instruments	–	–	(5,068)	(5,068)
Finance expenses paid	–	(17,841)	(8,581)	(26,422)
Total changes from financing cash flows	6,210	(17,841)	(13,649)	(25,280)
Change in fair value	–	–	(2,834)	(2,834)
Other changes				
Liability-related				
Re-classification from derivatives to accrued interest payable	–	(1,366)	1,366	–
Finance expense	–	16,109	7,215	23,324
Amortisation of debt-related transaction costs	5,227	–	–	5,227
Cost of unwinding derivative financial instruments	–	–	5,068	5,068
Change in borrowings	(120)	–	–	(120)
Total liability-related other changes	5,107	14,743	13,649	33,499
Balance at 31 December 2017	865,312	723	1,046	867,081

NOTES TO THE FINANCIAL STATEMENTS

Overview
Performance
Sustainability

Corporate Governance
Financials
Others

10 TRADE AND OTHER PAYABLES

	OUE H-BT			OUE H-REIT Group		Stapled Group	
	31 Dec 2018	31 Dec 2017	1 Jan 2017	31 Dec 2018	31 Dec 2017	31 Dec 2018	31 Dec 2017
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Trade payables to:							
– a related party of the REIT Manager	–	–	–	–	489	–	489
– third parties	–	–	–	2,120	1,633	2,120	1,633
Other payables	–	–	–	248	279	248	279
Accrued expenses	3	3	2	7,480	6,809	7,483	6,812
Interest payable	–	–	–	666	723	666	723
	3	3	2	10,514	9,933	10,517	9,936

Outstanding balances with the related party of the REIT Manager are unsecured, interest-free and repayable on demand.

11 UNITS/STAPLED SECURITIES IN ISSUE AND TO BE ISSUED

	OUE H-BT		OUE H-REIT Group		Stapled Group	
	2018	2017	2018	2017	2018	2017
	'000	'000	'000	'000	'000	'000
Units/Stapled Securities in issue:						
At 1 January	1,806,518	1,790,428	1,806,518	1,790,428	1,806,518	1,790,428
Creation of Units/Stapled Securities:						
– REIT Manager's management fee paid in Stapled Securities	13,948	16,090	13,948	16,090	13,948	16,090
At 31 December	1,820,466	1,806,518	1,820,466	1,806,518	1,820,466	1,806,518
Units/Stapled Securities to be issued:						
– REIT Manager's management fee payable in Stapled Securities	9,314	7,366	9,314	7,366	9,314	7,366
Issued and issuable Units/Stapled Securities	1,829,780	1,813,884	1,829,780	1,813,884	1,829,780	1,813,884

11 UNITS/STAPLED SECURITIES IN ISSUE AND TO BE ISSUED (CONT'D)

Financial year ended 31 December 2018

- (i) During the financial year, 13,947,785 Stapled Securities at unit prices ranging from \$0.7059 to \$0.8439 per Stapled Security, amounting to \$11,291,630, were issued as satisfaction of the REIT Manager's management fees payable in units.
- (ii) 9,313,531 Stapled Securities at unit price \$0.6674 per Stapled Security, amounting to \$6,215,851, were issued subsequent to year end as satisfaction of the REIT Manager's base management fees for the period from 1 October 2018 to 31 December 2018 and performance management fees for the financial year ended 31 December 2018.

Financial year ended 31 December 2017

- (i) During the financial year, 16,089,486 Stapled Securities at unit prices ranging from \$0.6534 to \$0.7815 per Stapled Security, amounting to \$11,049,731, were issued as satisfaction of the REIT Manager's management fees payable in units.
- (ii) 7,366,201 Stapled Securities at unit price \$0.8439 per Stapled Security, amounting to \$6,216,338, were issued subsequent to year end as satisfaction of the REIT Manager's base management fees for the period from 1 October 2017 to 31 December 2017 and performance management fees for the financial year ended 31 December 2017.

Each OUE H-REIT unit is stapled together with an OUE H-BT unit under the terms of a stapling deed dated 10 July 2013 entered into between the REIT Manager, the REIT Trustee and the Trustee-Manager and cannot be traded separately. Each Stapled Security represents an undivided interest in OUE H-REIT and OUE H-BT.

A holder of the Stapled Security has no equitable or proprietary interest in the underlying assets of the Stapled Group and is not entitled to the transfer to it of any asset (or any part thereof) or of any real estate, any interest in any asset and real estate-related assets (or any part thereof) of the Stapled Group.

The liability of a holder of the Stapled Securities is limited to the amount paid or payable for the Stapled Securities.

Each OUE H-BT unit and OUE H-REIT unit carry the same voting rights.

Capital management

The REIT Manager's principal objectives are to deliver regular and stable distributions to Stapled Securityholders and to achieve long-term growth in distributions and in the net asset value per Stapled Security, while maintaining an appropriate capital structure. Capital consists of unitholders' funds of the Stapled Group.

OUE H-REIT's capital funding objectives are to maintain a strong financial position, manage the cost of debt financing, and potential refinancing or repayment risks, secure diversified funding sources and potentially implement hedging strategies to manage the exposure arising from adverse market movements in interest rates, after taking into account the prevailing market conditions.

OUE H-REIT is subject to the aggregate leverage limit as defined in the Property Funds Appendix of the CIS Code issued by the MAS. The CIS Code stipulates that the total borrowings and deferred payments (together the "Aggregate Leverage") of a property fund should not exceed 45% of its Deposited Property.

The Aggregate Leverage of OUE H-REIT as at 31 December 2018 was 38.8% (2017: 38.8%) of its Deposited Property. This complied with the Aggregate Leverage limit as described above.

NOTES TO THE FINANCIAL STATEMENTS

Overview
Performance
Sustainability

Corporate Governance
Financials
Others

11 UNITS/STAPLED SECURITIES IN ISSUE AND TO BE ISSUED (CONT'D)

Capital management (cont'd)

There were no substantial changes in the OUE H-REIT Group's and the Stapled Group's approach to capital management during the year.

Neither OUE H-BT, OUE H-REIT nor its subsidiary are subject to externally imposed capital requirement.

12 NET ASSET VALUE PER UNIT/STAPLED SECURITY

Note	OUE H-BT		OUE H-REIT Group		Stapled Group	
	2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000
Net asset value per Unit/ Stapled Security is based on:						
– Net assets	5	8	1,372,121	1,376,061	1,372,126	1,376,069
	'000	'000	'000	'000	'000	'000
– Total issued and issuable Units/ Stapled Securities at 31 December	11	1,829,780	1,813,884	1,829,780	1,813,884	1,829,780

13 GROSS REVENUE

	OUE H-REIT Group and Stapled Group	
	2018 \$'000	2017 \$'000
Fixed rent	99,562	100,189
Variable rent	29,145	29,849
Others	1,027	1,025
	129,734	131,063

Under the terms of lease agreements for the properties, the OUE H-REIT Group and the Stapled Group are generally entitled to a fixed rent component and/or a variable rent component computed based on a certain percentage of the revenue and/or gross operating profit of its tenants.

Included in the gross revenue of the OUE H-REIT Group and the Stapled Group is rental income from related parties of the REIT Manager of \$95,831,000 (2017: \$96,341,000), which represents 73.9% (2017: 73.5%) of the revenue of the OUE H-REIT Group and the Stapled Group and relates to the hospitality segment.

NOTES TO THE FINANCIAL STATEMENTS

Overview
Performance
Sustainability

Corporate Governance
Financials
Others

14 PROPERTY EXPENSES

	OUE H-REIT Group and Stapled Group	
	2018	2017
	\$'000	\$'000
Energy cost	980	894
Insurance	215	224
Operating lease expense:		
– Fixed component	1,000	1,000
– Variable component	3,459	3,248
Property management fees	1,349	1,361
Property tax	6,929	8,671
Other property expenses	3,044	2,920
	<u>16,976</u>	<u>18,318</u>

15 OTHER INCOME

Other income relates to the amount received/receivable by the OUE H-REIT Group and the Stapled Group under the Deed of Income Support in relation to Crowne Plaza Changi Airport and its extension (Note 5).

16 REIT MANAGER'S FEES

	OUE H-REIT Group and Stapled Group	
	2018	2017
	\$'000	\$'000
Base fee	6,780	6,759
Performance fee	4,510	4,510
	<u>11,290</u>	<u>11,269</u>

Included in the REIT Manager's fees is an aggregate of 15,895,115 (2017: 14,277,047) Stapled Securities, amounting to \$11,291,143 (2017: \$11,268,745), that have been or will be issued to the REIT Manager as satisfaction of the REIT Manager's management fees payable in Stapled Securities at unit prices ranging from \$0.6674 to \$0.8322 (2017: \$0.6881 to \$0.8439) per Stapled Security.

NOTES TO THE FINANCIAL STATEMENTS

Overview
Performance
Sustainability

Corporate Governance
Financials
Others

17 OTHER TRUST EXPENSES

Included in other trust expenses are the following:

	OUE H-BT		OUE H-REIT Group		Stapled Group	
	2018	2017	2018	2017	2018	2017
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Auditors' remuneration:						
– Audit fees	–	–	176	181	176	181
– Non-audit fees	2	2	60	56	62	58
Valuation fees	–	–	39	49	39	49

18 FINANCE INCOME AND FINANCE EXPENSES

	OUE H-REIT Group and Stapled Group	
	2018	2017
	\$'000	\$'000
Interest income under the effective interest method on cash and cash equivalents	67	66
Total interest income arising from financial assets measured at amortised cost	67	66
Ineffective portion of change in fair value of cash flow hedges	–	840
Net change in fair value of financial derivatives	–	812
Finance income	67	1,718
Amortisation of debt-related transaction costs	(2,916)	(2,174)
Write-off of unamortised debt-related transaction costs	–	(3,053)
Interest paid/payable to banks	(20,921)	(23,324)
Cost of unwinding derivative financial instruments	–	(5,068)
Finance expenses	(23,837)	(33,619)

19 TOTAL RETURN FOR THE YEAR

	OUE H-BT		OUE H-REIT Group		Stapled Group	
	2018	2017	2018	2017	2018	2017
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Comprises total return of:						
– OUE H-REIT	–	–	73,004	75,949	73,004	75,949
– Other OUE H-REIT Group entity	–	–	(6)	(5)	(6)	(5)
– OUE H-BT	(3)	(2)	–	–	(3)	(2)
	(3)	(2)	72,998	75,944	72,995	75,942

NOTES TO THE FINANCIAL STATEMENTS

Overview
Performance
Sustainability

Corporate Governance
Financials
Others

20 TAX EXPENSE

	OUE H-BT		OUE H-REIT Group		Stapled Group	
	2018	2017	2018	2017	2018	2017
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Reconciliation of effective tax rate						
Total return for the year	(3)	(2)	72,998	75,944	72,995	75,942
Tax calculated using Singapore tax rate of 17% (2017: 17%)	*	*	12,410	12,910	12,409	12,910
Non-tax deductible items	*	*	3,030	2,946	3,030	2,946
Non-taxable items	—	—	(5)	(56)	(5)	(56)
Tax transparency (Note 3.12)	—	—	(15,435)	(15,800)	(15,434)	(15,800)
	—	—	—	—	—	—

* less than \$1,000

21 EARNINGS PER STAPLED SECURITY

(a) Basic earnings per Stapled Security is based on:

	Stapled Group	
	2018	2017
	\$'000	\$'000
Total return for the year	72,995	75,942
	Number of Stapled Securities	Number of Stapled Securities
	2018	2017
	'000	'000
Weighted average number of Stapled Securities:		
– outstanding during the year	1,817,111	1,803,165
– to be issued as payment of the REIT Manager's management fees payable in Stapled Securities	25	20
	<u>1,817,136</u>	<u>1,803,185</u>

NOTES TO THE FINANCIAL STATEMENTS

Overview
Performance
Sustainability

Corporate Governance
Financials
Others

21 EARNINGS PER STAPLED SECURITY (CONT'D)

(b) Diluted earnings per Stapled Security

In calculating diluted earnings per Stapled Security, the total return for the year and weighted average number of Stapled Securities outstanding are adjusted for the effect of all dilutive potential Stapled Securities, as set out below:

	Stapled Group	
	2018	2017
	\$'000	\$'000
Total return for the year	72,995	75,942
	Number of Stapled Securities 2018 '000	Number of Stapled Securities 2017 '000
Weighted average number of Stapled Securities used in calculation of basic earnings per Stapled Security	1,817,136	1,803,185
Effect of payment of the REIT Manager's management fees payable in Stapled Securities	12,644	10,699
Weighted average number of Stapled Securities in issue (diluted)	1,829,780	1,813,884

22 ISSUE COSTS

Issue costs comprise professional, advisory and underwriting fees and other costs related to the issue of Stapled Securities.

23 OPERATING SEGMENTS

Information regarding the results of each reportable segment is included below. Performance is measured based on segment net property income, as included in the internal management reports that are reviewed by the Board of Directors of the REIT Manager. Segment net property income is used to measure performance as management believes that such information is the most relevant in evaluating the results of its segments relative to other entities that operate within the same industry.

Segment information by geographical area is not presented as all of the OUE H-REIT Group's assets are located in Singapore.

No segment information is presented for OUE H-BT as it is dormant.

NOTES TO THE FINANCIAL STATEMENTS

Overview
Performance
Sustainability

Corporate Governance
Financials
Others

23 OPERATING SEGMENTS (CONT'D)

Information about reportable segments

	Hospitality \$'000	Retail \$'000	Total \$'000
OUE H-REIT Group			
Year ended 31 December 2018			
Gross revenue	95,831	33,903	129,734
Property expenses	(8,574)	(8,402)	(16,976)
Reportable segment net property income	87,257	25,501	112,758
Unallocated items:			
– REIT Manager's fees			(11,290)
– REIT Trustee's fees			(417)
– Other trust expenses			(1,520)
– Finance income			67
– Finance expenses			(23,837)
Net income			75,761
Net change in fair value of investment properties	(1,703)	(1,060)	(2,763)
Total return for the year			72,998
Year ended 31 December 2017			
Gross revenue	96,341	34,722	131,063
Property expenses	(8,924)	(9,394)	(18,318)
Reportable segment net property income	87,417	25,328	112,745
Other income	4,818	–	4,818
Amortisation of intangible asset	(4,908)	–	(4,908)
Unallocated items:			
– REIT Manager's fees			(11,269)
– REIT Trustee's fees			(415)
– Other trust expenses			(1,236)
– Finance income			1,718
– Finance expenses			(33,619)
Net income			67,834
Net change in fair value of investment properties	15,844	(7,734)	8,110
Total return for the year			75,944

NOTES TO THE FINANCIAL STATEMENTS

Overview
Performance
Sustainability

Corporate Governance
Financials
Others

23 OPERATING SEGMENTS (CONT'D)

Information about reportable segments (cont'd)

	Hospitality \$'000	Retail \$'000	Total \$'000
Stapled Group			
Year ended 31 December 2018			
Gross revenue	95,831	33,903	129,734
Property expenses	(8,574)	(8,402)	(16,976)
Reportable segment net property income	87,257	25,501	112,758
Unallocated items:			
– REIT Manager's fees			(11,290)
– REIT Trustee's fees			(417)
– Other trust expenses			(1,523)
– Finance income			67
– Finance expenses			(23,837)
Net income			75,758
Net change in fair value of investment properties	(1,703)	(1,060)	(2,763)
Total return for the year			72,995
Year ended 31 December 2017			
Gross revenue	96,341	34,722	131,063
Property expenses	(8,924)	(9,394)	(18,318)
Reportable segment net property income	87,417	25,328	112,745
Other income	4,818	–	4,818
Amortisation of intangible asset	(4,908)	–	(4,908)
Unallocated items:			
– REIT Manager's fees			(11,269)
– REIT Trustee's fees			(415)
– Other trust expenses			(1,238)
– Finance income			1,718
– Finance expenses			(33,619)
Net income			67,832
Net change in fair value of investment properties	15,844	(7,734)	8,110
Total return for the year			75,942

24 FINANCIAL INSTRUMENTS

Financial risk management

Overview

The OUE H-REIT Group and the Stapled Group have exposure to the following risks arising from financial instruments:

- credit risk
- liquidity risk
- market risk

This note presents information about the exposure of the OUE H-REIT Group and the Stapled Group to each of the above risks, their objectives, policies and processes for measuring and managing risk, and their management of capital.

Risk management framework

Risk management is integral to the whole business of the OUE H-REIT Group and the Stapled Group. The OUE H-REIT Group and the Stapled Group have a system of controls in place to create an acceptable balance between the cost of risks occurring and the cost of managing the risks. The Trustee-Manager and the REIT Manager continually monitor the OUE H-REIT Group's and the Stapled Group's risk management process to ensure that an appropriate balance between risk and control is achieved. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the OUE H-REIT Group's and the Stapled Group's activities.

The Board of Directors of the REIT Manager have overall responsibility for the establishment and oversight of the risk management framework of the OUE H-REIT Group. The Audit and Risk Committee of the REIT Manager assists the Board of Directors and oversees how the REIT Manager monitors compliance with the risk management policies and procedures of the OUE H-REIT Group, and reviews the adequacy of the risk management framework in relation to the risks faced by the OUE H-REIT Group. The Audit and Risk Committee reports regularly to the Board of Directors on its activities.

Credit risk

Credit risk is the risk of financial loss to the OUE H-REIT Group and the Stapled Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the receivables from customers and investment securities.

The carrying amount of financial assets in the statements of financial position represents maximum exposure of the OUE H-REIT Group and the Stapled Group to credit risk, before taking into account any collateral held.

24 FINANCIAL INSTRUMENTS (CONT'D)

Trade and other receivables

Credit evaluations are performed before lease agreements are entered into with tenants. Rental deposits are received, where appropriate, to reduce credit risk. In addition, the REIT Manager monitors the balances due from its lessees and tenants on an ongoing basis.

The Stapled Group establishes allowances for impairment that represents its estimate of the expected credit loss and specific loss component in respect of trade and other receivables.

The allowance account in respect of trade and other receivables is used to record impairment losses. If the OUE H-REIT Group and the Stapled Group are satisfied that no recovery of the amount owing is possible, the financial asset is considered irrecoverable and the amount charged to the allowance account is written off against the carrying amount of the impaired financial asset.

At 31 December 2018, 92.1% (2017: 95.4%) of the trade receivables of the OUE H-REIT Group and the Stapled Group are due from related parties of the REIT Manager. Except as disclosed above, there was no significant concentration of credit risk.

Expected credit loss assessment for individual tenants as at 1 January and 31 December 2018

The OUE H-REIT Group and the Stapled Group use an allowance matrix to measure the ECLs of trade receivables from individual tenants, which comprise a very small number of small balances.

Loss rates are calculated using a 'roll rate' method based on the probability of a receivable progressing through successive stages of delinquency to write-off and are based on actual credit loss experience over the past three years.

The OUE H-REIT Group and the Stapled Group believe that no allowance for impairment is necessary in respect of the trade receivables as these receivables relate mainly to tenants that have a good record with the OUE H-REIT Group and the stapled Group or have sufficient security deposits as collateral, hence ECL is not material.

Derivatives

The derivatives are entered into with bank and financial institution counterparties, which are rated A1/P-1 to Aa1/P-1, based on Moody's ratings.

Cash and cash equivalents

Cash and fixed deposits are placed with financial institutions which are regulated and rated Aa3/P-1, based on Moody's ratings.

Impairment on cash and cash equivalents has been measured on the 12-month expected loss basis and reflects the short maturities of the exposures. The OUE H-REIT Group and the Stapled Group consider that its cash and cash equivalents have low credit risk based on the external credit ratings of the counterparties. The amount of the allowance on cash and cash equivalents was negligible.

24 FINANCIAL INSTRUMENTS (CONT'D)

Liquidity risk

Liquidity risk is the risk that the OUE H-REIT Group and the Stapled Group will encounter difficulty in meeting the obligations associated with their financial liabilities that are settled by delivering cash or another financial asset. The REIT Manager monitors the liquidity risk of the OUE H-REIT Group and the Stapled Group and maintains a level of cash and cash equivalents deemed adequate to finance their operations and to mitigate the effects of fluctuations in cash flows. The REIT Manager also monitors and observes the CIS Code issued by the MAS concerning limits on total borrowings.

The OUE H-REIT Group and the Stapled Group have a total of \$980 million secured facilities comprising (i) \$875 million secured term loan facilities; (ii) \$55 million committed revolving credit facility and (iii) \$50 million uncommitted revolving credit facility (2017: \$980 million secured facilities comprising (i) \$875 million secured term loan facilities; (ii) \$55 million committed revolving credit facility and (iii) \$50 million uncommitted revolving credit facility). As at 31 December 2018, OUE H-REIT Group and Stapled Group had drawn down \$875 million (2017: \$875 million) term loan facilities and the revolving credit facilities were unutilised.

In addition, the OUE H-REIT Group and the Stapled Group have a US\$1 billion (2017: US\$1 billion) EMTN Programme (see Note 9). As at 31 December 2018, no EMTN Notes have been issued (2017: nil) under the EMTN Programme.

The OUE H-REIT Group and the Stapled Group have contractual commitments to incur capital expenditure (see Note 25).

Exposure to liquidity risk

The following are the contractual maturities of financial liabilities, including estimated interest payments and excluding the impact of netting agreements:

	Carrying amount \$'000	Contractual cash flows \$'000	Cash flows		
			1 year or less \$'000	After 1 year but within 5 years \$'000	More than 5 years \$'000
OUE H-REIT Group					
2018					
Non-derivative financial liabilities					
Borrowings	868,038	(932,701)	(22,430)	(910,271)	—
Trade and other payables	10,514	(10,514)	(10,514)	—	—
Rental deposits	4,783	(4,783)	(1,495)	(3,272)	(16)
	883,335	(947,998)	(34,439)	(913,543)	(16)
Derivative financial instruments					
Interest rate swaps	(1,215)	1,246	742	504	—
	882,120	(946,752)	(33,697)	(913,039)	(16)

NOTES TO THE FINANCIAL STATEMENTS

Overview
Performance
Sustainability

Corporate Governance
Financials
Others

24 FINANCIAL INSTRUMENTS (CONT'D)

Exposure to Liquidity risk (cont'd)

			Cash flows		
	Carrying amount \$'000	Contractual cash flows \$'000	1 year or less \$'000	After 1 year but within 5 years \$'000	More than 5 years \$'000
OUE H-REIT Group					
2017					
Non-derivative financial liabilities					
Borrowings	865,312	(949,650)	(18,241)	(931,409)	—
Trade and other payables	9,933	(9,933)	(9,933)	—	—
Rental deposits	4,508	(4,508)	(1,432)	(3,076)	—
	879,753	(964,091)	(29,606)	(934,485)	—
Derivative financial instruments					
Interest rate swaps	1,046	(730)	(2,539)	1,809	—
	880,799	(964,821)	(32,145)	(932,676)	—
Stapled Group					
2018					
Non-derivative financial liabilities					
Borrowings	868,038	(932,701)	(22,430)	(910,271)	—
Trade and other payables	10,517	(10,517)	(10,517)	—	—
Rental deposits	4,783	(4,783)	(1,495)	(3,272)	(16)
	883,338	(948,001)	(34,442)	(913,543)	(16)
Derivative financial instruments					
Interest rate swaps	(1,215)	1,246	742	504	—
	882,123	(946,755)	(33,700)	(913,039)	(16)
2017					
Non-derivative financial liabilities					
Borrowings	865,312	(949,650)	(18,241)	(931,409)	—
Trade and other payables	9,936	(9,936)	(9,936)	—	—
Rental deposits	4,508	(4,508)	(1,432)	(3,076)	—
	879,756	(964,094)	(29,609)	(934,485)	—
Derivative financial instruments					
Interest rate swaps	1,046	(730)	(2,539)	1,809	—
	880,802	(964,824)	(32,148)	(932,676)	—

24 FINANCIAL INSTRUMENTS (CONT'D)

The maturity analyses show the contractual undiscounted cash flows of the OUE H-REIT Group's and the Stapled Group's financial liabilities on the basis of their earliest possible contractual maturity. Derivative financial instruments held are normally not closed out prior to contractual maturity. The disclosure shows net cash flow amounts for derivatives that are net cash-settled.

The interest payments on floating rate borrowings in the table above reflect market forward interest rates at the period end and these amounts may change as market interest rates changes. The future cash flows on derivative instruments may be different from the amounts in the above table as interest rates change. Except for these financial liabilities, it is not expected that the cash flows included in the maturity analysis above could occur significantly earlier, or at significantly different amounts.

All the derivative financial instruments are designated as cash flow hedges. The table above reflects the periods in which the cash flows associated with cash flow hedges are expected to occur and to impact the total return.

Market risk

Market risk is the risk that changes in market prices, such as interest rates will affect OUE H-REIT Group's and the Stapled Group's total return or the value of its holding of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

The OUE H-REIT Group and the Stapled Group enter into derivatives in order to manage market risks. All such transactions are carried out within the guidelines set by the Audit and Risk Committee of the REIT Manager. Generally, the OUE H-REIT Group and the Stapled Group seek to apply hedge accounting in order to manage volatility in the statement of total return.

Interest rate risk

The REIT Manager's strategy to manage the risk of potential interest rate volatility may be through the use of interest rate hedging instruments and/or fixed rate borrowings. The REIT Manager will regularly evaluate the feasibility of putting in place the appropriate level of interest rate hedges, after taking into account the prevailing market conditions.

The OUE H-REIT Group and the Stapled Group determine the existence of an economic relationship between the hedging instrument and hedged item based on the reference interest rates, tenors, repricing dates and maturities and the notional or par amounts.

The OUE H-REIT Group and the Stapled Group assess whether the derivative designated in each hedging relationship is expected to be effective in offsetting changes in cash flows of the hedged item using the hypothetical derivative method.

Derivative financial instruments are used to manage exposure to interest rate risk arising from financing activities. Derivative financial instruments are not used for trading purposes. However, derivatives that do not qualify for hedge accounting are accounted for as trading instruments.

24 FINANCIAL INSTRUMENTS (CONT'D)

Interest rate risk (cont'd)

In these hedge relationships, the main sources of ineffectiveness are:

- the effect of the counterparty and the OUE H-REIT Group and the Stapled Group's own credit risk on the fair value of the swaps, which is not reflected in the change in the fair value of the hedged cash flows attributable to the change in interest rates; and
- differences in repricing dates between the swaps and the borrowings.

Exposure to interest rate risk

The exposure of the OUE H-REIT Group and the Stapled Group to changes in interest rates relate primarily to interest-earning financial assets and interest-bearing financial liabilities. At the reporting date, the interest rate profile of the interest-bearing financial instruments was as follows:

	OUE H-REIT Group and Stapled Group Nominal amount	
	2018	2017
	\$'000	\$'000
Fixed rate instruments		
Fixed deposit	3,000	4,500
Interest rate swaps	(620,000)	(620,000)
	<u>(617,000)</u>	<u>(615,500)</u>
Variable rate instruments		
Borrowings	(875,000)	(875,000)
Interest rate swaps	620,000	620,000
	<u>(255,000)</u>	<u>(255,000)</u>

Fair value sensitivity analysis for fixed rate instruments

OUE H-REIT Group and the Stapled Group do not account for any fixed rate financial assets and liabilities at fair value through profit and loss. OUE H-REIT Group and the Stapled Group do not designate interest rate swaps as hedging instruments under a fair value hedge accounting model. Therefore a change in interest rates at the reporting date would not affect total return.

Sensitivity analysis for variable instruments

For the variable rate instruments, a change of 50 (2017: 50) basis points ("bp") in interest rate at the reporting date would increase/(decrease) total return and unitholders' funds (before any tax effects) by the amounts shown below. This analysis assumes that all other variables remain constant.

24 FINANCIAL INSTRUMENTS (CONT'D)

Sensitivity analysis for variable instruments (cont'd)

	OUE H-REIT Group and Stapled Group			
	Statement of Total Return		Unitholders' funds	
	50 bp increase \$'000	50 bp decrease \$'000	50 bp increase \$'000	50 bp decrease \$'000
Year ended 31 December 2018				
Variable rate instruments				
Borrowings	(4,375)	4,375	—	—
Interest rate swaps	3,100	(3,100)	669	(649)
	(1,275)	1,275	669	(649)
Year ended 31 December 2017				
Variable rate instruments				
Borrowings	(4,375)	4,375	—	—
Interest rate swaps	3,100	(3,100)	897	(458)
	(1,275)	1,275	897	(458)

Business risk

Mandarin Orchard Singapore and Crowne Plaza Changi Airport are each leased by OUE H-REIT to a single related party ("Master Lessee") of the REIT Manager. In return, OUE H-REIT is paid a rent by the Master Lessee comprising a fixed rent component and a variable rent component. The latter is pegged to the underlying performance of the property.

In addition, OUE H-REIT derives variable rent from the tenants of Mandarin Gallery, which is pegged to the underlying performance of the tenants. As a result, a variation in the underlying performance of these properties may have an impact on the revenue of OUE H-REIT and consequently, the distributable income of OUE H-REIT.

Sensitivity analysis

A change of 10% (2017: 10%) in gross revenue attributable to the variable rent component of gross revenue at the reporting date would increase/(decrease) total return (before any tax effects) by the amounts shown below. This analysis assumes that all other variables remain constant.

	OUE H-REIT Group and Stapled Group			
	2018		2017	
	10% increase \$'000	10% decrease \$'000	10% increase \$'000	10% decrease \$'000
Gross revenue	2,915	(2,915)	2,985	(2,985)

24 FINANCIAL INSTRUMENTS (CONT'D)

Hedge accounting

Cash flow hedge

At 31 December 2018, the OUE H-REIT Group and the Stapled Group held the following instruments to hedge exposures to changes in interest rates.

	OUE H-REIT Group and Stapled Group		
	Maturity		
	1 year or less	After 1 year but within 5 years	More than 5 years
Interest rate risk			
Interest rate swaps			
Net exposure (in thousands of SGD)	–	620,000	–
Average fixed interest rate	–	1.66%	–

The amounts at the reporting date relating to items designated as hedged items were as follows.

	31 December 2018		
	Change in value used for calculating hedge ineffectiveness \$'000	Cash flow hedge reserve \$'000	Balances remaining in the cash flow hedge reserve from hedging relationships for which hedge accounting is no longer applied \$'000
Interest rate risk			
Variable-rate instruments	–	1,215	–

NOTES TO THE FINANCIAL STATEMENTS

Overview
Performance
Sustainability

Corporate Governance
Financials
Others

24 FINANCIAL INSTRUMENTS (CONT'D)

The amounts relating to items designated as hedging instrument were as follows:

	2018			During the period – 2018
	Nominal amount \$'000	Carrying amount – Assets \$'000	Line item in the statement of financial position where the hedging instrument is included	Changes in the value of the hedging instrument recognised in unitholders' funds \$'000
Interest rate risk				
Interest rate swaps	620,000	1,215	Financial derivatives	2,261

The following table provides a reconciliation by risk category of components of unitholders' funds and analysis of unitholders' funds items, net of tax, resulting from cash flow hedge accounting.

	2018 Hedging reserve \$'000
Balance at 1 January 2018	(1,046)
Cash flow hedges	
Change in fair value:	
Interest rate risk	2,261
Balance at 31 December 2018	<u>1,215</u>

NOTES TO THE FINANCIAL STATEMENTS

Overview
Performance
Sustainability

Corporate Governance
Financials
Others

24 FINANCIAL INSTRUMENTS (CONT'D)

Accounting classifications and fair values

The carrying values and fair values of financial assets and liabilities, including their levels in the fair value hierarchy are set out below. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

Note	Carrying amount			Total	Fair value			
	Amortised cost	Fair value – hedging instruments	Other financial liabilities		Level 1	Level 2	Level 3	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
QUE H-REIT Group								
31 December 2018								
Financial assets not measured at fair value								
Deposit	3,826	–	–	3,826				
Trade and other receivables*	7 8,554	–	–	8,554				
Cash and cash equivalents	8 22,306	–	–	22,306				
	<u>34,686</u>	<u>–</u>	<u>–</u>	<u>34,686</u>				
Financial assets measured at fair value								
Financial derivatives	6 –	1,215	–	1,215	–	1,215	–	1,215
Financial liabilities not measured at fair value								
Borrowings	9 –	–	(868,038)	(868,038)				
Trade and other payables	10 –	–	(10,514)	(10,514)				
Rental deposits	–	–	(4,783)	(4,783)	–	–	(4,584)	(4,584)
	<u>–</u>	<u>–</u>	<u>(883,335)</u>	<u>(883,335)</u>				

* Excluding prepayments

NOTES TO THE FINANCIAL STATEMENTS

Overview
Performance
Sustainability

Corporate Governance
Financials
Others

24 FINANCIAL INSTRUMENTS (CONT'D)

Accounting classifications and fair values (cont'd)

Carrying amount					Fair value			
Note	Loans and receivables	Fair value – hedging instruments	Other financial liabilities	Total	Level 1	Level 2	Level 3	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
OUE H-REIT Group								
31 December 2017								
Financial assets not measured at fair value								
Deposit	2,295	–	–	2,295				
Trade and other receivables*	7 9,432	–	–	9,432				
Cash and cash equivalents	8 25,548	–	–	25,548				
	<u>37,275</u>	<u>–</u>	<u>–</u>	<u>37,275</u>				
Financial liabilities measured at fair value								
Financial derivatives	6 –	(1,046)	–	(1,046)	–	(1,046)	–	(1,046)
Financial liabilities not measured at fair value								
Borrowings	9 –	–	(865,312)	(865,312)				
Trade and other payables	10 –	–	(9,933)	(9,933)				
Rental deposits	–	–	(4,508)	(4,508)	–	–	(4,291)	(4,291)
	<u>–</u>	<u>–</u>	<u>(879,753)</u>	<u>(879,753)</u>				

NOTES TO THE FINANCIAL STATEMENTS

Overview
Performance
Sustainability

Corporate Governance
Financials
Others

24 FINANCIAL INSTRUMENTS (CONT'D)

Accounting classifications and fair values (cont'd)

	Note	Carrying amount			Fair value			
		Amortised	Fair value	Other	Level 1	Level 2	Level 3	Total
		cost	– hedging	financial				
		\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Stapled Group								
31 December 2018								
Financial assets not measured at fair value								
Deposit		3,826	–	–				3,826
Trade and other receivables*	7	8,554	–	–				8,554
Cash and cash equivalents	8	22,314	–	–				22,314
		<u>34,694</u>	<u>–</u>	<u>–</u>				<u>34,694</u>
Financial assets measured at fair value								
Financial derivatives	6	–	1,215	–	–	1,215	–	1,215
Financial liabilities not measured at fair value								
Borrowings	9	–	–	(868,038)				(868,038)
Trade and other payables	10	–	–	(10,517)				(10,517)
Rental deposits		–	–	(4,783)				(4,783)
		<u>–</u>	<u>–</u>	<u>(883,338)</u>				<u>(883,338)</u>

* Excluding prepayments

24 FINANCIAL INSTRUMENTS (CONT'D)

Accounting classifications and fair values (cont'd)

		Carrying amount			Fair value				
	Note	Loans and receivables	Fair value – hedging instruments	Other financial liabilities	Total	Level 1	Level 2	Level 3	Total
		\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Stapled Group									
31 December 2017									
Financial assets not measured at fair value									
Deposit		2,295	–	–	2,295				
Trade and other receivables*	7	9,432	–	–	9,432				
Cash and cash equivalents	8	25,559	–	–	25,559				
		<u>37,286</u>	<u>–</u>	<u>–</u>	<u>37,286</u>				
Financial liabilities measured at fair value									
Financial derivatives	6	–	(1,046)	–	(1,046)	–	(1,046)	–	(1,046)
Financial liabilities not measured at fair value									
Borrowings	9	–	–	(865,312)	(865,312)				
Trade and other payables	10	–	–	(9,936)	(9,936)				
Rental deposits		–	–	(4,508)	(4,508)	–	–	(4,291)	(4,291)
		<u>–</u>	<u>–</u>	<u>(879,756)</u>	<u>(879,756)</u>				

* Excluding prepayments

Valuation techniques and significant unobservable inputs

The following tables show the valuation techniques used in measuring Level 2 and Level 3 fair values, as well as the significant unobservable inputs used.

OUE H-REIT Group and Stapled Group

Financial instruments measured at fair value

Type	Valuation technique
Interest rate swaps	The fair values are based on broker quotes. Similar contracts are traded in an active market and the quotes reflect the actual transactions in similar instruments.

NOTES TO THE FINANCIAL STATEMENTS

Overview
Performance
Sustainability

Corporate Governance
Financials
Others

24 FINANCIAL INSTRUMENTS (CONT'D)

QUE H-REIT Group and Stapled Group (cont'd)

Financial instruments not measured at fair value

Type	Valuation technique
Rental deposits	Discounted cash flow method

There were no transfers between Level 2 and Level 3 during the year.

25 COMMITMENTS

Operating leases as lessor

Non-cancellable operating lease rentals are receivable as follows:

	QUE H-REIT Group and Stapled Group	
	2018	2017
	\$'000	\$'000
1 year or less	98,204	97,114
After 1 year but within 5 years	332,495	333,611
More than 5 years	323,123	397,356
	<u>752,822</u>	<u>828,081</u>

The above operating lease receivables are based on the fixed component of the rent receivable under the lease agreements, adjusted for increases in rent where such increases have been provided for under the lease agreements.

Operating lease as lessee

Non-cancellable operating lease rentals are payable as follows:

	QUE H-REIT Group and Stapled Group	
	2018	2017
	\$'000	\$'000
1 year or less	1,000	1,000
After 1 year but within 5 years	4,000	4,000
More than 5 years	59,660	60,660
	<u>64,660</u>	<u>65,660</u>

25 COMMITMENTS (CONT'D)

Operating lease as lessee (cont'd)

The operating lease rental payable relates to the land rent payable to Changi Airport Group in relation to the Crowne Plaza Changi Airport site. Under the terms of the lease agreement, the land rent payable comprises a fixed component and a variable component computed based on certain percentage of the hotel revenue. The above operating lease payable is based on the fixed component of the rent payable under the lease agreement.

Capital commitments

	OUE H-REIT Group and Stapled Group	
	2018	2017
	\$'000	\$'000
Capital expenditure on investment properties contracted but not provided for	1,846	1,329

26 RELATED PARTY TRANSACTIONS

The REIT Manager is a direct wholly-owned subsidiary of a substantial holder of the Stapled Securities in the Stapled Group.

In the normal course of the operations of OUE H-REIT, the REIT Manager's management fee and REIT Trustee's fees have been paid or are payable to the REIT Manager and the REIT Trustee respectively. Property management fees are payable to the Property Manager, a related party of the REIT Manager.

During the financial year, other than the transactions disclosed elsewhere in the financial statements, there were the following related party transactions:

	OUE H-REIT Group and Stapled Group	
	2018	2017
	\$'000	\$'000
Received/Receivable from related parties of the REIT Manager:		
– reimbursement of expenses	13	2
Paid/Payable to related parties of the REIT Manager:		
– property management fees	1,349	1,361
– shared electricity expenses	915	838
– shared service expenses	521	504
– utilities expenses	68	60
– hotel services	46	52
– carpark services	53	50
– reimbursement of expenses	154	131
– transfer of fixed assets	6	–

NOTES TO THE FINANCIAL STATEMENTS

Overview
Performance
Sustainability

Corporate Governance
Financials
Others

27 FINANCIAL RATIOS

	OUE H-REIT Group and Stapled Group	
	2018	2017
	%	%
Expenses to weighted average net assets ⁽¹⁾		
– including performance component of the REIT Manager's fees	0.96	1.30
– excluding performance component of the REIT Manager's fees	0.63	0.97
Portfolio turnover ratio ⁽²⁾	–	–

(1) The ratios are computed in accordance with the guidelines of the Investment Management Association of Singapore. The expenses used in the computation relate to expenses of OUE H-REIT Group and the Stapled Group, excluding property expenses and finance expenses.

(2) The turnover ratio is computed based on the lesser of purchases or sales of underlying investment properties of OUE H-REIT Group and the Stapled Group expressed as a percentage of daily average net asset value.

28 SUBSIDIARY

Details of the subsidiary of OUE H-REIT are as follows:

Name of subsidiary	Place of incorporation	Effective equity interest held by OUE H-REIT Group and Stapled Group	
		2018	2017
		%	%
Subsidiary of OUE H-REIT			
OUE H-T Treasury Pte. Ltd. ("OUE HTT") ¹	Singapore	100	100

¹ Audited by KPMG LLP.

OUE HTT's principal activity is to provide treasury services, including on-lending proceeds from issuances of notes under the EMTN Programme (see Note 9) to OUE H-REIT.

29 SUBSEQUENT EVENTS

There were the following events subsequent to the reporting date:

- The Stapled Group issued 2,555,459 Stapled Securities at an issue price of \$0.6674 per Stapled Security to the REIT Manager as payment of the REIT Manager's base fee for the period from 1 October 2018 to 31 December 2018.
- The Stapled Group issued 6,758,072 Stapled Securities at an issue price of \$0.6674 per Stapled Security to the REIT Manager as payment of the REIT Manager's performance fee for the year ended 31 December 2018.
- The REIT Manager declared a distribution of 1.28 cents per Stapled Security, amounting to approximately \$23.3 million, in respect of the period from 1 October 2018 to 31 December 2018.
- As announced on 24 January 2019, there was an extension of the one-year revolving credit facility of \$55 million for a further one-year period.

30 EXPLANATION OF TRANSITION TO SFRS(I) AND ADOPTION OF NEW STANDARDS

In December 2017, the Accounting Standards Council (ASC) issued the Singapore Financial Reporting Standards (International) (SFRS(I)). SFRS(I) comprises standards and interpretations that are equivalent to International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB) at 31 December 2017 that are applicable for annual period beginning on 1 January 2018. Singapore-incorporated companies and business trusts listed on the SGX-ST will apply SFRS(I) with effect from annual periods beginning on or after 1 January 2018.

As stated in Note 2.1, these are the first financial statements of OUE H-BT prepared in accordance with SFRS(I).

The accounting policies set out in Note 3 have been applied in preparing the financial statements for the year ended 31 December 2018, the comparative information presented in these financial statements for the year ended 31 December 2017 and in the preparation of the opening SFRS(I) statement of financial position at 1 January 2017 (the OUE H-BT's date of transition), subject to the mandatory exceptions and optional exemptions under SFRS(I) 1.

In addition to the adoption of SFRS(I) framework by OUE H-BT as described above, a number of new FRSs or SFRS(I)s, amendments to and interpretations of FRS or SFRS(I) are effective from 1 January 2018. Those which are relevant to the OUE H-BT, the OUE H-REIT Group and the Stapled Group (collectively, the "Entities") are set out below:

- FRS 115/SFRS(I) 15 *Revenue from Contracts with Customers* and Amendments to FRS 115/SFRS(I) 15 *Clarifications to FRS 115/SFRS(I) 15*; and
- FRS 109/SFRS(I) 9 *Financial Instruments*

The application of the above standards and interpretations do not have a material effect on the financial statements.

An explanation of how the transition from previous FRS to SFRS(I) is set out below.

30 EXPLANATION OF TRANSITION TO SFRS(I) AND ADOPTION OF NEW STANDARDS (CONT'D)

SFRS(I) 1 *First-time Adoption of Singapore Financial Reporting Standards (International)*

In adopting SFRS(I) in 2018, the OUE H-BT has applied the transition requirements in SFRS(I) 1 with 1 January 2017 as the date of transition. SFRS(I) 1 generally requires that the OUE H-BT applies SFRS(I) that are effective as at 31 December 2018 on a retrospective basis, as if such accounting policy had always been applied, subject to the mandatory exceptions and optional exemptions in SFRS(I) 1. The application of the mandatory exceptions and the optional exemptions in SFRS(I) 1 did not have any significant impact on the financial statements.

FRS 115/SFRS(I) 15 *Revenue from Contracts with Customers* and Amendments to FRS 115/SFRS(I) 15 *Clarifications to FRS 115/SFRS(I) 15*

FRS 115/SFRS(I) 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognised. It also introduces new cost guidance which requires certain costs of obtaining and fulfilling contracts to be recognised as separate assets when specified criteria are met.

The Entities have also applied the practical expedient not to retrospectively restate contracts for contract modifications that occurred before the date of initial application. Instead, the Entities have reflected the aggregate effect of all modifications that occurred before the date of initial application when:

- identifying the satisfied and unsatisfied performance obligations (PO);
- determining the transaction price; and
- allocating the transaction price to the satisfied and unsatisfied PO.

The adoption of FRS 115/SFRS(I) 15 did not have a material effect on the financial statements.

FRS 109/SFRS(I) 9 *Financial Instruments*

FRS109/SFRS(I) 9 *Financial Instruments* sets out requirements for recognising and measuring financial assets, financial liabilities and some contracts to buy or sell non-financial items. It also introduces a new 'expected credit loss' (ECL) model and a new general hedge accounting model. The Entities adopted FRS 109/SFRS(I) 9 from 1 January 2018.

In accordance with the exemption in FRS 109 and SFRS(I) 1, the Entities elected not to restate information for 2017. Accordingly, the information presented for 2017 is presented, as previously reported, under FRS 39 *Financial Instruments: Recognition and Measurement*. Differences in the carrying amounts of financial assets and financial liabilities resulting from the adoption of FRS 109/SFRS(I) 9 are recognised in retained earnings and reserves as at 1 January 2018.

Arising from this election, the Entities is exempted from providing disclosures required by SFRS(I) 7 *Financial Instruments: Disclosures* for the comparative period to the extent that these disclosures relate to items within the scope of SFRS(I) 9. Instead, disclosures under FRS 107 *Financial Instruments: Disclosures* relating to items within the scope of FRS 39 are provided for the comparative period.

30 EXPLANATION OF TRANSITION TO SFRS(I) AND ADOPTION OF NEW STANDARDS (CONT'D)

FRS 109/SFRS(I) 9 *Financial Instruments* (cont'd)

Changes in accounting policies resulting from the adoption of FRS 109/SFRS(I) 9 have been generally applied by the Entities retrospectively, except as described below.

- The following assessments were made on the basis of facts and circumstances that existed at 1 January 2018.
 - The determination of the business model within which a financial asset is held; and
 - The determination of whether the contractual terms of a financial asset give rise to cash flows that are solely payments of principal and interest of the principal amount outstanding.
- New hedge accounting requirements are applied prospectively. All hedging relationships designated under FRS 39 *Financial Instruments: Recognition and Measurement* at 31 December 2017 that meet the criteria for hedge accounting under FRS 109/SFRS(I) 9 at 1 January 2018 will be regarded as continuing hedging relationships.

The impact upon adoption of FRS 109/SFRS(I) 9, including the corresponding tax effects, are described below.

(i) **Classification of financial assets and financial liabilities**

Under FRS 109/SFRS(I) 9, financial assets are classified in the following categories: measured at amortised cost, FVOCI – equity instrument; or FVTPL. The classification of financial assets under FRS 109/SFRS(I) 9 is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics. FRS 109/SFRS(I) 9 eliminates the previous FRS 39 categories of held-to-maturity, loans and receivables and available-for-sale.

For an explanation of how the Entities classify and measure financial assets and related gains and losses under FRS 109/SFRS(I) 9, see Note 3.5.

The adoption of FRS 109/SFRS(I) 9 has not had a significant effect on the Group's accounting policies for financial liabilities.

The following table and the accompanying notes below explain the original measurement categories under FRS 39 and the new measurement categories under FRS 109/SFRS(I) 9 for each class of the Group's financial assets as at 1 January 2018.

NOTES TO THE FINANCIAL STATEMENTS

Overview
Performance
Sustainability

Corporate Governance
Financials
Others

30 EXPLANATION OF TRANSITION TO SFRS(I) AND ADOPTION OF NEW STANDARDS (CONT'D)

(i) Classification of financial assets and financial liabilities (cont'd)

			<u>1 January 2018</u>	
			Original carrying amount under FRS 39 \$'000	New carrying amount under FRS 109/ SFRS(I) 9 \$'000
	Note	Original classification under FRS 39	New classification under FRS 109/ SFRS(I) 9	
QUE H-REIT Group				
Financial assets				
Deposit		Loans and receivables	Amortised cost	2,295
Trade and other receivables*	7	Loans and receivables	Amortised cost	9,432
Cash and cash equivalents	8	Loans and receivables	Amortised cost	25,548
Total financial assets				37,275
Stapled Group				
Financial assets				
Deposit		Loans and receivables	Amortised cost	2,295
Trade and other receivables*	7	Loans and receivables	Amortised cost	9,432
Cash and cash equivalents	8	Loans and receivables	Amortised cost	25,559
Total financial assets				37,286

* Excluding prepayments

Trade and other receivables that were classified as loans and receivables under FRS 39 are now classified at amortised cost. There was no material increase in the allowance for impairment to be recognised in opening retained earnings of the Entities at 1 January 2018 respectively on transition to FRS 109/SFRS(I) 9.

30 EXPLANATION OF TRANSITION TO SFRS(I) AND ADOPTION OF NEW STANDARDS (CONT'D)

(ii) Impairment of financial assets

FRS 109/SFRS(I) 9 replaces the 'incurred loss' model in FRS 39 with an 'expected credit loss' (ECL) model. The new impairment model applies to financial assets measured at amortised cost.

Under FRS 109/SFRS(I) 9, credit losses are recognised earlier than under FRS 39. For assets in the scope of the FRS 109/SFRS(I) 9 impairment model, impairment losses are generally expected to increase and become more volatile. The Entities have determined that the application of FRS 109/SFRS(I) 9's impairment requirements at 1 January 2018 does not result in a material additional allowance for impairment.

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets.

Additional information about how the Entities measure the allowance for impairment is described in Note 3.6.

(iii) Hedging accounting

The Entities adopted the new general hedge accounting model in FRS 109/SFRS(I) 9. This requires the Entities to ensure that hedge accounting relationships are aligned with its risk management objectives and strategy and to apply a more qualitative and forward-looking approach to assessing hedge effectiveness.

The Entities uses interest rate swap contracts to hedge the variability in cash flows arising from changes in interest rates relating to borrowings. The effective portion of changes in fair value of hedging instruments is accumulated in a cash flow hedge reserve as a separate component of equity.

For an explanation of how the Entities applies hedge accounting under FRS 109/SFRS(I) 9, see Note 3.5.

(iv) Transition impact on equity

The impact, net of tax, of transition to FRS 109/SFRS(I) 9 on reserves and retained earnings at 1 January 2018 is nil.

31 NEW STANDARDS AND INTERPRETATIONS NOT YET ADOPTED

A number of new standards and interpretations and amendments to standards are effective for annual periods beginning after 1 January 2018 and earlier application is permitted; however, the Group has not early adopted the new or amended standards and interpretations in preparing these financial statements.

The following new SFRS(I) is effective for annual periods beginning after 1 January 2018. Those which are relevant to the Entities are set out below:

31 NEW STANDARDS AND INTERPRETATIONS NOT YET ADOPTED (CONT'D)

Applicable to 2019 financial statements

- FRS 116/SFRS(I) 16 *Leases*
- IFRIC 23/SFRS(I) INT 23 *Uncertainty over Income Tax Treatments*

The Entities have assessed the estimated impact that initial application of FRS 116/SFRS(I) 16.

FRS 116/SFRS(I) 16

FRS 116/SFRS(I) 16 introduces a single, on-balance sheet lease accounting model for lessees. A lessee recognises a right-of-use (ROU) asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. There are recognition exemptions for short-term leases and leases of low-value items. Lessor accounting remains similar to the current standard – i.e. lessors continue to classify leases as finance or operating leases. FRS 116/SFRS(I) 16 replaces existing lease accounting guidance, including FRS 17/SFRS(I) 1-17 *Leases*, INT FRS 15/SFRS(I) INT 1-15 *Operating Leases – Incentives* and INT FRS 27/SFRS(I) INT 1-27 *Evaluating the Substance of Transactions Involving the Legal Form of a Lease*. The standard is effective for annual periods beginning on or after 1 January 2019, with early adoption permitted.

The Entities plan to apply FRS 116/SFRS(I) 16 initially on 1 January 2019, using the modified retrospective approach. Therefore, the cumulative effect of adopting FRS 116/SFRS(I) 16 will be recognised as an adjustment to the opening balance of retained earnings at 1 January 2019, with no restatement of comparative information. The Entities plan to apply the practical expedient to grandfather the definition of a lease on transition. This means that they will apply FRS 116/SFRS(I) 16 to all contracts entered into before 1 January 2019 and identified as leases in accordance with FRS 17/SFRS(I) 1-17.

The potential impact of adoption of FRS 116/SFRS(I) 16 is described below.

(i) **The Entities as lessor**

FRS 116/SFRS(I) 16 substantially carries forward the current existing lessor accounting requirements. Accordingly, the Entities continue to classify its leases as operating leases or finance leases, and to account for these two types of leases using the existing operating lease and finance lease accounting models respectively.

The Entities do not expect a significant effect on the financial statements.

31 NEW STANDARDS AND INTERPRETATIONS NOT YET ADOPTED (CONT'D)

FRS 116/SFRS(I) 16 (cont'd)

(ii) *The Entities as lessee*

The Entities expect to measure lease liabilities by applying a single discount rate to their land leases. Furthermore, the Entities are likely to apply the practical expedient to recognise amounts of ROU assets equal to their lease liabilities at 1 January 2019. For lease contracts that contain the option to renew, the Entities are expected to use hindsight in determining the lease term.

The Entities expect their existing operating lease arrangements to be recognised as ROU assets with corresponding lease liabilities under FRS 116/SFRS(I) 16.

As at 1 January 2019, the Entities expect an increase in ROU assets and lease liabilities of \$33,485,791.

The nature of expenses related to those leases will change as FRS 116/SFRS(I) 16 replaces the straight-line operating lease expense with depreciation charge for ROU assets and interest expense on lease liabilities.

The Entities do not expect the adoption of FRS 116/SFRS(I) 16 to impact their ability to comply with the Aggregate Leverage limit described in Note 11.

**AUDITED FINANCIAL STATEMENTS OF OUE C-REIT AND ITS
SUBSIDIARIES FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019**

The information in this Appendix IV has been reproduced from the auditor's report on the consolidated financial statements of OUE C-REIT and its subsidiaries for and as of the year ended 31 December 2019 and has not been specifically prepared for inclusion in this Information Memorandum.

**OUE Commercial Real Estate Investment Trust
and its subsidiaries
(Constituted in the Republic of Singapore pursuant to a trust
deed dated 10 October 2013) (as amended)**

Financial Statements
Year ended 31 December 2019

KPMG LLP (Registration No. T08LL1267L), an accounting limited liability partnership registered in Singapore under the Limited Liability Partnership Act (Chapter 163A) and a member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative ("KPMG International"), a Swiss entity.

Report of the Trustee

DBS Trustee Limited (the “Trustee”) is under a duty to take into custody and hold the assets of OUE Commercial Real Estate Investment Trust (the “Trust”) held by it or through its subsidiaries (collectively, the “Group”) in trust for the holders of units in the Trust. In accordance with the Securities and Futures Act, Chapter 289 of Singapore, its subsidiary legislation and the Code on Collective Investment Schemes, the Trustee shall monitor the activities of OUE Commercial REIT Management Pte. Ltd. (the “Manager”) for compliance with the limitations imposed on the investment and borrowing powers as set out in the trust deed dated 10 October 2013 (as amended) (the “Trust Deed”) between the Manager and the Trustee in each annual accounting period and report thereon to unitholders in an annual report.

To the best knowledge of the Trustee, the Manager has, in all material respects, managed the Trust and its subsidiaries during the year covered by these financial statements set out on pages FS1 to FS84, in accordance with the limitations imposed on the investment and borrowing powers set out in the Trust Deed.

**For and on behalf of the Trustee,
DBS Trustee Limited**

Jane Lim Puay Yuen
Director

Singapore
6 March 2020

Statement by the Manager

In the opinion of the directors of OUE Commercial REIT Management Pte. Ltd. (the “Manager”), the manager of OUE Commercial Real Estate Investment Trust (the “Trust”), the accompanying financial statements set out on pages FS1 to FS84 comprising the Statements of Financial Position, Statements of Total Return, Distribution Statements, Statements of Movements in Unitholders’ Funds and Portfolio Statements of the Trust and its subsidiaries (the “Group”) and of the Trust, the Consolidated Statement of Cash Flows of the Group and Notes to the Financial Statements are drawn up so as to present fairly, in all material respects, the financial position of the Group and the Trust as at 31 December 2019, the total return, distributable income, movements in unitholders’ funds and cash flows of the Group and the total return, distributable income and movements in unitholders’ funds of the Trust for the year ended 31 December 2019, in accordance with the recommendations of Statement of Recommended Accounting Practice 7 “Reporting Framework for Unit Trusts” issued by the Institute of Singapore Chartered Accountants and the provisions of the Trust Deed between DBS Trustee Limited and the Manager dated 10 October 2013 (as amended). At the date of this statement, there are reasonable grounds to believe that the Group and the Trust will be able to meet the respective financial obligations as and when they materialise.

**For and on behalf of the Manager,
OUE Commercial REIT Management Pte. Ltd.**

Tan Shu Lin
Executive Director

Singapore
6 March 2020

KPMG LLP
16 Raffles Quay #22-00
Hong Leong Building
Singapore 048581

Telephone +65 6213 3388
Fax +65 6225 0984
Internet www.kpmg.com.sg

Independent auditors' report

Unitholders
OUE Commercial Real Estate Investment Trust

Report on the financial statements

Opinion

We have audited the financial statements of OUE Commercial Real Estate Investment Trust (the "Trust") and its subsidiaries (the "Group"), which comprise the statement of financial position and portfolio statement of the Group and the Trust as at 31 December 2019, and the consolidated statement of total return, distribution statement, consolidated statement of movements in unitholders' funds and statement of cash flows of the Group and the statement of total return, distribution statement and statement of movements in unitholders' funds of the Trust for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages FS1 to FS84.

In our opinion, the accompanying consolidated financial statements of the Group and the statement of financial position, portfolio statement, statement of total return, distribution statement and statement of movements in unitholders' funds of the Trust present fairly, in all material respects, the financial position and portfolio holdings of the Group and the Trust as at 31 December 2019 and the consolidated total return, consolidated distributable income, consolidated movements in unitholders' funds and consolidated cash flows of the Group and the total return, distributable income and movements in unitholders' funds of the Trust for the year then ended on that date in accordance with the recommendations of Statement of Recommended Accounting Practice 7 ("RAP 7") *Reporting Framework for Unit Trusts* issued by the Institute of Singapore Chartered Accountants.

Basis for opinion

We conducted our audit in accordance with Singapore Standards on Auditing ("SSAs"). Our responsibilities under those standards are further described in the "*Auditors' responsibilities for the audit of the financial statements*" section of our report. We are independent of the Group in accordance with the Accounting and Corporate Regulatory Authority *Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities* ("ACRA Code") together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Valuation of investment properties

(Refer to Note 4 to the financial statements)

Risk

The Group has investment properties in Singapore and China with a carrying value of \$6.8 billion as at 31 December 2019. Investment properties represent the most significant asset item on the statement of financial position.

The Group's accounting policy is to state investment properties at fair value which are based on independent external valuations. The valuation process involves significant judgement in determining the valuation method to be used and estimating the underlying assumptions to be applied. The valuations are sensitive to the key assumptions applied and a change in assumptions could have a significant impact to the valuation.

Our response

We evaluated the competency and objectivity of the valuers and made enquiries of the valuers to understand their valuation approach and basis of valuation.

We considered the valuation methods used, which included the discounted cash flow method, capitalisation method and direct comparison method, against those applied for similar property types. We assessed the reasonableness of the key assumptions used in the valuations which included a comparison of the discount rates, terminal yield rates, capitalisation rates, price per square foot and price per room, against historical trends and available industry data, taking into consideration comparability and market factors. We also considered the adequacy of the disclosures in the financial statements.

Our findings

The valuers are members of recognised professional bodies for valuers and have considered their own independence in carrying out their work. The valuation methods used by the valuers are in line with generally accepted market practices and the key assumptions used in the valuations are within range of market data. We also found the disclosures in the financial statements to be appropriate in their description of the judgement inherent in the key assumptions used in the valuations, including the inter-relationship between the key unobservable inputs and the fair values.

Accounting for acquisition of OUE Hospitality Trust ("OUE H-Trust")

(Refer to Note 31 to the financial statements)

Risk

During the year, the Group completed its merger with OUE H-Trust, which has an investment property portfolio of \$2.2 billion, by way of a trust scheme of arrangement. The acquisition is considered a key audit matter as this was a significant non-routine transaction and requires management judgement in determining of whether the acquisition is a business combination or an acquisition of assets, with different accounting implications. The Group accounted for it as an acquisition of assets.

Our response

We assessed the basis of accounting by examining the transaction agreements, to understand the key terms of the acquisition, including the arrangement for asset management. We further assessed the adequacy and appropriateness of the disclosures.

Our findings

The judgement applied by management in determining the basis of accounting as an asset acquisition is balanced. We also found the disclosure of the acquisition to be appropriate.

Other information

OUE Commercial REIT Management Pte. Ltd., the Manager of the Trust ("the Manager"), is responsible for the other information contained in the annual report. Other information is defined as all information in the annual report other than the financial statements and our auditors' report thereon.

We have obtained all other information prior to the date of this auditors' report except for the Statistics of Unitholdings ("the Report") which is expected to be made available to us after that date.

Our opinion on the financial statements does not cover the other information and we do not and will not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed on the other information that we obtained prior to the date of this auditors' report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

When we read the Report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to the Manager and take appropriate actions in accordance with SSAs.

Responsibilities of the Manager for the financial statements

The Manager is responsible for the preparation and fair presentation of these financial statements in accordance with the recommendations of RAP 7 issued by the Institute of Singapore Chartered Accountants, and for such internal controls as the Manager determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Manager is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Manager either intends to terminate the Group or to cease operations of the Group, or has no realistic alternative but to do so.

The Manager's responsibilities include overseeing the Group's financial reporting process.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.
- Obtain an understanding of internal controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Manager.

- Conclude on the appropriateness of the Manager's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Manager regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Manager with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Manager, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless the law or regulations preclude public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

OUE Commercial Real Estate Investment Trust and its subsidiaries
Independent auditors' report
Year ended 31 December 2019

The engagement partner on the audit resulting in this independent auditors' report is Koh Wei Peng.

KPMG LLP
Public Accountants and
Chartered Accountants

Singapore
6 March 2020

Statements of Financial Position
As at 31 December 2019

		Group		Trust	
	Note	2019	2018	2019	2018
		\$'000	\$'000	\$'000	\$'000
Non-current assets					
Plant and equipment		270	393	—	—
Investment properties	4	6,770,187	4,494,535	2,093,000	2,093,100
Intangible assets	5	19,167	24,465	19,167	24,465
Investments in subsidiaries	6	—	—	2,727,742	1,368,506
Trade and other receivables	7	4,139	175	—	—
		<u>6,793,763</u>	<u>4,519,568</u>	<u>4,839,909</u>	<u>3,486,071</u>
Current assets					
Trade and other receivables	7	35,020	14,384	9,331	6,583
Financial derivatives	8	—	116	—	95
Cash and cash equivalents	9	59,410	37,074	7,297	12,725
		<u>94,430</u>	<u>51,574</u>	<u>16,628</u>	<u>19,403</u>
Total assets		<u>6,888,193</u>	<u>4,571,142</u>	<u>4,856,537</u>	<u>3,505,474</u>
Non-current liabilities					
Borrowings	10	2,111,638	1,711,330	1,323,261	1,371,081
Trade and other payables	11	48,258	42,400	18,280	17,356
Financial derivatives	8	14,560	7,828	6,780	5,448
Deferred tax liabilities	12	87,928	87,726	—	—
Lease liability		24,657	—	—	—
		<u>2,287,041</u>	<u>1,849,284</u>	<u>1,348,321</u>	<u>1,393,885</u>
Current liabilities					
Borrowings	10	575,489	1,992	149,844	—
Trade and other payables	11	77,299	65,580	29,176	25,253
Financial derivatives	8	2,751	132	2,404	109
Current tax liabilities		16,411	13,429	—	—
Lease liability		1,000	—	—	—
		<u>672,950</u>	<u>81,133</u>	<u>181,424</u>	<u>25,362</u>
Total liabilities		<u>2,959,991</u>	<u>1,930,417</u>	<u>1,529,745</u>	<u>1,419,247</u>
Net assets		<u>3,928,202</u>	<u>2,640,725</u>	<u>3,326,792</u>	<u>2,086,227</u>

The accompanying notes form an integral part of these financial statements.

Statements of Financial Position (continued)
As at 31 December 2019

	Note	Group		Trust	
		2019	2018	2019	2018
		\$'000	\$'000	\$'000	\$'000
Represented by:					
Unitholders' funds		3,318,417	2,038,092	2,964,902	1,724,337
Convertible Perpetual Preferred Units ("CPPU") holder's funds	13	361,890	361,890	361,890	361,890
		<u>3,680,307</u>	<u>2,399,982</u>	<u>3,326,792</u>	<u>2,086,227</u>
Non-controlling interests		247,895	240,743	—	—
		<u>3,928,202</u>	<u>2,640,725</u>	<u>3,326,792</u>	<u>2,086,227</u>
Units in issue and to be issued ('000)	14	<u>5,392,459</u>	<u>2,861,589</u>	<u>5,392,459</u>	<u>2,861,589</u>
Net asset value per Unit (\$)	15	<u>0.62</u>	<u>0.71</u>	<u>0.55</u>	<u>0.60</u>

The accompanying notes form an integral part of these financial statements.

Statements of Total Return
Year ended 31 December 2019

		Group		Trust	
	Note	2019	2018	2019	2018
		\$'000	\$'000	\$'000	\$'000
Revenue	16	257,329	176,396	140,283	98,969
Property operating expenses	17	(52,378)	(38,209)	(22,262)	(13,610)
Net property income		204,951	138,187	118,021	85,359
Other income	18	17,182	7,189	17,182	7,189
Amortisation of intangible assets	5	(5,298)	(5,286)	(5,298)	(5,286)
Manager's management fees	19	(16,272)	(10,565)	(16,272)	(10,565)
Trustee's fee		(972)	(602)	(835)	(602)
Other expenses		(1,874)	(1,877)	(1,461)	(1,148)
Finance income		3,725	3,681	2,205	2,551
Finance costs		(71,861)	(51,679)	(50,359)	(37,737)
Net finance costs	20	(68,136)	(47,998)	(48,154)	(35,186)
Net income		129,581	79,048	63,183	39,761
Net change in fair value of investment properties	4	21,090	71,399	(2,546)	21,339
Total return for the year before tax	21	150,671	150,447	60,637	61,100
Tax expense	22	(17,448)	(19,734)	—	—
Total return for the year		133,223	130,713	60,637	61,100
Total return attributable to:					
Unitholders and CPPU holder		118,745	117,493	60,637	61,100
Non-controlling interests		14,478	13,220	—	—
		133,223	130,713	60,637	61,100
Earnings per Unit (cents)					
Basic	23	3.15	5.73		
Diluted	23	2.83	4.66		

The accompanying notes form an integral part of these financial statements.

Distribution Statements
Year ended 31 December 2019

	Group		Trust	
	2019	2018	2019	2018
	\$'000	\$'000	\$'000	\$'000
Amount available for distribution to Unitholders at beginning of the year	37,901	35,873	37,901	35,873
Total return for the year attributable to Unitholders and CPPU holder	118,745	117,493	60,637	61,100
Less: Amount reserved for distribution to CPPU holder	(3,750)	(3,750)	(3,750)	(3,750)
Distribution adjustments (Note A)	9,719	(42,453)	67,827	13,940
Amount available for distribution for the current year	124,714	71,290	124,714	71,290
Less: Amount retained for working capital requirements	(1,500)	—	(1,500)	—
Amount to be distributed to Unitholders (Note B)	123,214	71,290	123,214	71,290
Distributions to Unitholders:				
- Distribution of 2.29 cents per Unit for the period from 1/7/2017 to 31/12/2017	—	(35,421)	—	(35,421)
- Distribution of 2.18 cents per Unit for the period from 1/1/2018 to 30/6/2018	—	(33,841)	—	(33,841)
- Distribution of 1.30 cents per Unit for the period from 1/7/2018 to 31/12/2018	(37,200)	—	(37,200)	—
- Distribution of 1.68 cents per Unit for the period from 1/1/2019 to 30/6/2019	(48,243)	—	(48,243)	—
- Distribution of 0.53 cents per Unit for the period from 1/7/2019 to 3/9/2019	(15,220)	—	(15,220)	—
	(100,663)	(69,262)	(100,663)	(69,262)
Amount available for distribution to Unitholders at the end of the year	60,452	37,901	60,452	37,901
Distribution per Unit ("DPU") (cents)	3.31	3.48 ⁽¹⁾	3.31	3.48 ⁽¹⁾

⁽¹⁾ The restated DPU was 3.22 cents to reflect the bonus element in the new Units issued pursuant to the rights issue in October 2018.

The accompanying notes form an integral part of these financial statements.

FS4

Distribution Statements (continued)
Year ended 31 December 2019

Note A – Distribution adjustments

	Group		Trust	
	2019	2018	2019	2018
	\$'000	\$'000	\$'000	\$'000
Net change in fair value of investment properties	(21,090)	(71,399)	2,546	(21,339)
Amortisation of intangible assets	5,298	5,286	5,298	5,286
Amortisation of debt establishment costs	5,336	4,857	3,848	3,388
Net change in fair value of financial derivatives	619	565	592	(263)
Ineffective portion of changes in fair value of cash flow hedges	(2,726)	(2,874)	(2,033)	(1,847)
Hedging reserve transferred from unitholders' funds due to discontinuation of hedge accounting	447	653	447	448
Manager's management fees paid/payable in Units	13,018	8,452	13,018	8,452
Trustee's fee	972	602	835	602
Foreign exchange differences	365	(12)	77	(253)
Deferred tax expense	2,421	5,329	—	—
Straight-lining of lease incentives	(1,268)	1,547	(49)	—
Transfer to statutory reserve	(1,547)	(1,585)	—	—
Net income of subsidiaries not distributed to the Trust	—	—	42,920	19,302
Other items	7,874	6,126	328	164
Distribution adjustments	9,719	(42,453)	67,827	13,940

Note B – Amount available for distribution to Unitholders

	Group and Trust	
	2019	2018
	\$'000	\$'000
Comprises:		
- From operations	86,236	31,676
- From tax exempt income	22,499	23,744
- From Unitholders' contribution	14,479	15,870
	<u>123,214</u>	<u>71,290</u>

The accompanying notes form an integral part of these financial statements.

Statements of Movements in Unitholders' Funds
Year ended 31 December 2019

	<---- Attributable to ---->				
	Unitholders \$'000	CPPU holder \$'000	Total \$'000	Non- controlling interests \$'000	Total \$'000
Group					
Net assets attributable to owners at 1 January 2019	2,038,092	361,890	2,399,982	240,743	2,640,725
Operations					
Total return for the year	118,745	—	118,745	14,478	133,223
Less: Amount reserved for distribution to CPPU holder	(3,750)	3,750	—	—	—
Net increase in net assets resulting from operations	114,995	3,750	118,745	14,478	133,223
Transactions with owners					
Issue of new Units:					
- Acquisition fee paid to Manager in Units	8,318	—	8,318	—	8,318
- Manager's management fees paid/payable in Units	13,018	—	13,018	—	13,018
- Partial consideration paid in Units pursuant to the Merger	1,267,672	—	1,267,672	—	1,267,672
Distributions paid to Unitholders	(100,663)	—	(100,663)	—	(100,663)
Distributions paid to CPPU Holder	—	(3,750)	(3,750)	—	(3,750)
Distributions paid to non-controlling interests	—	—	—	(6,800)	(6,800)
Net increase/(decrease) in net assets resulting from transactions with owners	1,188,345	(3,750)	1,184,595	(6,800)	1,177,795
Movement in foreign currency translation reserve	(14,325)	—	(14,325)	—	(14,325)
Hedging transactions					
Effective portion of change in fair value of cash flow hedges	(9,338)	—	(9,338)	(560)	(9,898)
Hedging reserve transferred to statement of total return	648	—	648	34	682
Net movement in hedging transactions	(8,690)	—	(8,690)	(526)	(9,216)
At 31 December 2019	<u>3,318,417</u>	<u>361,890</u>	<u>3,680,307</u>	<u>247,895</u>	<u>3,928,202</u>

The accompanying notes form an integral part of these financial statements.

Statements of Movements in Unitholders' Funds (continued)
Year ended 31 December 2019

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

The accompanying notes form an integral part of these financial statements.

Statements of Movements in Unitholders' Funds (continued)
Year ended 31 December 2019

	<----- Attributable to ----->		
	Unitholders	CPPU holder	Total
	\$'000	\$'000	\$'000
Trust			
Net assets attributable to owners at 1 January 2019	1,724,337	361,890	2,086,227
Operations			
Total return for the year	60,637	—	60,637
Less: Amount reserved for distribution to CPPU holder	(3,750)	3,750	—
Net increase in net assets resulting from operations	56,887	3,750	60,637
Transactions with owners			
Issue of new Units:			
- Acquisition fee paid to Manager in Units	8,318	—	8,318
- Manager's management fees paid/payable in Units	13,018	—	13,018
- Partial consideration paid in Units pursuant to the Merger	1,267,672	—	1,267,672
Distributions paid to Unitholders	(100,663)	—	(100,663)
Distributions paid to CPPU holder	—	(3,750)	(3,750)
Net increase/(decrease) in net assets resulting from transactions with owners	1,188,345	(3,750)	1,184,595
Hedging transactions			
Effective portion of change in fair value of cash flow hedges	(5,243)	—	(5,243)
Hedging reserve transferred to statement of total return	576	—	576
Net movement in hedging transactions	(4,667)	—	(4,667)
At 31 December 2019	2,964,902	361,890	3,326,792

The accompanying notes form an integral part of these financial statements.

Statements of Movements in Unitholders' Funds (continued)
Year ended 31 December 2019

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

The accompanying notes form an integral part of these financial statements.

Portfolio Statements
As at 31 December 2019

Description of property	Leasehold tenure	Location	Existing use	Group			
				Carrying value at 31/12/2019 \$'000	Percentage of Unitholders' funds at 31/12/2019 %	Carrying value at 31/12/2018 \$'000	Percentage of Unitholders' funds at 31/12/2018 %
Singapore							
QUE Bayfront (and adjoining properties comprising QUE Tower and QUE Link)	QUE Bayfront and QUE Tower: 99-year lease from 12 November 2007	50 Collyer Quay, QUE Bayfront, Singapore 049321	Commercial	1,181,000	36	1,173,100	58
An integrated commercial development comprising an 18-storey office building, a conserved tower building and a retail link bridge at Collyer Quay, Singapore	QUE Link: 15-year lease from 26 March 2010 Underpass: 99-year lease from 7 January 2002	60 Collyer Quay, QUE Tower, Singapore 049322 62 Collyer Quay, QUE Link, Singapore 049325					
QUE Downtown Office							
QUE Downtown is a mixed-use development comprising a 50-storey building (QUE Downtown 1) and a 37-storey building (QUE Downtown 2), a retail podium and a multi-storey car park	QUE Downtown 1 and QUE Downtown 2: 99-year lease from 19 July 1967	6 Shenton Way, Singapore 068809 and 6A Shenton Way, Singapore 068815	Commercial	912,000	27	920,000	45
The Group owns the office components of QUE Downtown (QUE Downtown Office), comprising QUE Downtown 1 (Strata Lot U4628V) and QUE Downtown 2 (Strata Lot U4629P)							

The accompanying notes form an integral part of these financial statements.

Portfolio Statements (continued)
As at 31 December 2019

Description of property	Leasehold tenure	Location	Existing use	Group			
				Carrying value at 31/12/2019 \$'000	Percentage of Unitholders' funds at 31/12/2019 %	Carrying value at 31/12/2018 \$'000	Percentage of Unitholders' funds at 31/12/2018 %
One Raffles Place							
An integrated commercial development comprising One Raffles Place Tower 1, One Raffles Place Tower 2 and One Raffles Place Shopping Mall	One Raffles Place Tower 1: 841-year lease from 1 November 1985 One Raffles Place Tower 2: 99-year lease from 26 May 1983	1 Raffles Place, One Raffles Place, Singapore 048616	Commercial	1,862,000	56	1,813,500	89
The Group has an effective interest of 67.95% in One Raffles Place	One Raffles Place Shopping Mall: the retail podium straddles two land plots: - approximately 75% of the net lettable area ("NLA") of the retail podium is on a 99-year lease from 1 November 1985 - the balance 25% of the NLA of the retail podium is on a 841-year lease from 1 November 1985						

The accompanying notes form an integral part of these financial statements.

Portfolio Statements (continued)
As at 31 December 2019

Description of property	Leasehold tenure	Location	Existing use	Group			
				Carrying value at 31/12/2019 \$'000	Unitholders' funds at 31/12/2019 %	Carrying value at 31/12/2018 \$'000	Unitholders' funds at 31/12/2018 %
Crowne Plaza Changi Airport An airport hotel situated within the vicinity of passenger terminals of Singapore Changi Airport and is connected to Jewel Changi Airport via a pedestrian bridge from Terminal 3.	74-year lease from 1 July 2009	75 Airport Boulevard, Singapore 819664	Hotel	497,000	15	—	—
The 563-room hotel is managed by Intercontinental Hotels Group and has been named the World's Best Airport Hotel for the 5th consecutive year.							
Mandarin Orchard Singapore A renowned upscale hotel with strong brand recognition and has won numerous internationally recognised awards and accolades. With 1,077 rooms, Mandarin Orchard Singapore is the largest hotel located in the heart of Orchard Road.	99-year lease from 1 July 1957	333 Orchard Road, Singapore 238867	Hotel	1,228,000	37	—	—
Mandarin Gallery High-end retail mall with 152-metre frontage situated along Orchard Road, Singapore and is the preferred location for flagship stores of international brands.	99-year lease from 1 July 1957	333A Orchard Road, Singapore 238897	Retail	493,000	15	—	—

The accompanying notes form an integral part of these financial statements.

Portfolio Statements (continued)
As at 31 December 2019

Description of property	Leasehold tenure	Existing use	Location	Group			
				Carrying value at 31/12/2019 \$'000	Unitholders' funds at 31/12/2019 %	Carrying value at 31/12/2018 \$'000	Unitholders' funds at 31/12/2018 %
Shanghai Lippo Plaza	50-year land use right commencing from 2 July 1994	Commercial	222 Huaihai Zhong Road, Huangpu District, Shanghai, PRC 200021	570,530	17	587,935	29
A 36-storey commercial building with retail podium at Shanghai, China excluding:							
(i) Unit 2 in Basement 1,							
(ii) the 12 th , 13 th , 15 th and 16 th floors and							
(iii) 4 car park lots							
Investment properties, at valuation							
Other assets and liabilities (net)							
Net assets of the Group							
Net assets attributable to CPPU holder				6,743,530	203	4,494,535	221
Net assets attributable to non-controlling interests				(2,815,328)	(85)	(1,853,810)	(91)
Unitholders' funds				3,928,202	118	2,640,725	130
				(361,890)	(11)	(361,890)	(18)
				(247,895)	(7)	(240,743)	(12)
				3,318,417	100	2,038,092	100

The carrying value of Lippo Plaza as at 31 December 2019 in Renminbi is RMB 2,950,000,000 (2018: RMB 2,950,000,000).

The properties are leased to third parties except as otherwise stated in Note 16. Generally, the leases contain an initial non-cancellable period of 1 to 10 years (2018: 1 to 10 years). Subsequent renewals are negotiated with the respective lessees.

The accompanying notes form an integral part of these financial statements.

FS13

Portfolio Statements (continued)
As at 31 December 2019

Description of property	Leasehold tenure	Location	Existing use	Trust			
				Carrying value at 31/12/2019 \$'000	Percentage of funds at 31/12/2019 %	Carrying value at 31/12/2018 \$'000	Percentage of funds at 31/12/2018 %
Singapore OUE Bayfront (and adjoining properties comprising OUE Tower and OUE Link)	OUE Bayfront and OUE Tower: 99-year lease from 12 November 2007	50 Collyer Quay, OUE Bayfront, Singapore 049321	Commercial	1,181,000	40	1,173,100	68
An integrated commercial development comprising an 18-storey office building, a conserved tower building and a retail link bridge at Collyer Quay, Singapore	OUE Link: 15-year lease from 26 March 2010 Underpass: 99-year lease from 7 January 2002	60 Collyer Quay, OUE Tower, Singapore 049322 62 Collyer Quay, OUE Link, Singapore 049325					

The accompanying notes form an integral part of these financial statements.

Portfolio Statements (continued)
As at 31 December 2019

Description of property	Leasehold tenure	Location	Existing use	Trust			
				Carrying value at		Unitholders' funds at	
				31/12/2019	31/12/2018	31/12/2019	31/12/2018
				\$'000	\$'000	%	%
OUE Downtown Office							
OUE Downtown is a mixed-use development comprising a 50-storey building (OUE Downtown 1) and a 37-storey building (OUE Downtown 2), a retail podium and a multi-storey car park	OUE Downtown 1 and OUE Downtown 2; 99-year lease from 19 July 1967	6 Shenton Way, Singapore 068809 and 6A Shenton Way, Singapore 068815	Commercial	912,000	920,000	31	53
The Trust owns the office components of OUE Downtown (OUE Downtown Office), comprising OUE Downtown 1 (Strata Lot U4628V) and OUE Downtown 2 (Strata Lot U4629P)							
Investment properties, at valuation							
Other assets and liabilities (net)							
Net assets of the Trust							
Net assets attributable to CPPU holder				2,093,000	2,093,100	71	121
Unitholders' funds				1,233,792	(6,873)	41	–
				3,326,792	2,086,227	112	121
				(361,890)	(361,890)	(12)	(21)
				2,964,902	1,724,337	100	100

The properties are leased to third parties except as otherwise stated in Note 16. Generally, the leases contain an initial non-cancellable period of 1 to 10 years (2018: 1 to 10 years). Subsequent renewals are negotiated with the respective lessees.

The accompanying notes form an integral part of these financial statements.

Consolidated Statement of Cash Flows
Year ended 31 December 2019

	Note	Group 2019 \$'000	2018 \$'000
Cash flows from operating activities			
Total return for the year		133,223	130,713
Adjustments for:			
Amortisation of intangible assets		5,298	5,286
Depreciation of plant and equipment		177	180
Finance costs		71,496	51,679
Finance income		(3,725)	(3,669)
Manager's fees paid/payable in Units		13,018	8,452
Net change in fair value of investment properties		(21,090)	(71,399)
Gain on disposal of plant and equipment		(1)	–
Loss on write-off of plant and equipment		3	–
Tax expense		17,448	19,734
Operating income before working capital changes		<u>215,847</u>	<u>140,976</u>
Changes in working capital:			
Trade and other receivables		(8,518)	(137)
Trade and other payables		(33,802)	8,741
Cash generated from operating activities		<u>173,527</u>	<u>149,580</u>
Tax paid		(12,671)	(16,924)
Net cash from operating activities		<u>160,856</u>	<u>132,656</u>
Cash flows from investing activities			
Additions to plant and equipment		(61)	(74)
Acquisition of investment property, intangible asset and its related acquisition costs (see Note A)		–	(935,979)
Net cash consideration relating to the Merger	31	(51,199)	–
Payment for capital expenditure on investment properties		(7,790)	(3,549)
Interest received		999	787
Proceed from sale of plant and equipment		1	–
Net cash used in investing activities		<u>(58,050)</u>	<u>(938,815)</u>
Cash flows from financing activities			
Distributions paid to Unitholders		(100,616)	(69,262)
Distributions paid to CPPU holder		(3,750)	(4,255)
Distributions paid to non-controlling interests		(6,800)	(7,200)
Interest paid		(66,460)	(43,274)
Proceeds from issue of Units		–	587,528
Payment of transaction costs related to the issue of Units		–	(7,033)
Payment of transaction costs related to borrowings		–	(8,245)
Payment of lease liability		(1,000)	–
Proceeds from borrowings		168,380	1,139,735
Redemption of CPPUs		–	(100,000)
Repayment of borrowings		(69,200)	(684,538)
Net cash (used in)/from financing activities		<u>(79,446)</u>	<u>803,456</u>

The accompanying notes form an integral part of these financial statements.

Consolidated Statement of Cash Flows (continued)
Year ended 31 December 2019

	Note	Group 2019 \$'000	2018 \$'000
Net increase/(decrease) in cash and cash equivalents		23,360	(2,703)
Cash and cash equivalents at beginning of the year		37,074	40,314
Effect of exchange rate fluctuations on cash held		(1,024)	(537)
Cash and cash equivalents at end of the year	9	59,410	37,074

Notes:

(A) Acquisition of investment property, intangible asset and its related acquisition costs

	Group 2018 \$'000
Investment property	883,000
Intangible asset	25,000
Total assets acquired	908,000
Purchase consideration	908,000
Add: Acquisition costs paid in cash	27,979
Net cash outflow	935,979

(B) Significant non-cash transactions

During the year, there were the following significant non-cash transactions:

Financial year ended 31 December 2019

- a total of 24,503,304 Units, amounting to \$13,018,000, were or would be issued to the Manager as satisfaction of the Manager's management fees for the financial year;
- 14,592,105 Units, amounting to \$8,317,500, were issued as satisfaction of the acquisition fee payable to the Manager for the Merger during the financial year; and
- 2,491,774,895 Units, amounting to \$1,267,672,000, were issued as partial consideration paid pursuant to the Merger.

Financial year ended 31 December 2018

- a total of 14,433,703 Units, amounting to \$8,452,000, were issued to the Manager as satisfaction of the Manager's management fees for the financial year; and
- 11,947,368 Units, amounting to \$6,810,000, were issued as satisfaction of the acquisition fee payable to the Manager for the investment property acquired during the financial year.

The accompanying notes form an integral part of these financial statements.

Notes to the Financial Statements

These notes form an integral part of the financial statements.

The financial statements were authorised for issue by the Manager and the Trustee on 6 March 2020.

1 General

OUE Commercial Real Estate Investment Trust (the “Trust”) is a Singapore-domiciled unit trust constituted pursuant to the trust deed dated 10 October 2013 (as amended) (the “Trust Deed”) between OUE Commercial REIT Management Pte. Ltd. (the “Manager”) and DBS Trustee Limited (the “Trustee”). The Trust Deed is governed by the laws of the Republic of Singapore. The Trustee is under a duty to take into custody and hold the assets of the Trust and its subsidiaries (the “Group”) in trust for the holders (“Unitholders”) of units in the Trust (the “Units”).

The Trust was admitted to the Official List of Singapore Exchange Securities Trading Limited (the “SGX-ST”) on 27 January 2014 (the “Listing Date”).

The principal activity of the Trust is to invest, directly or indirectly, in a portfolio of income-producing real estate used primarily for commercial purposes (including real estate used primarily for office and/or retail purposes) in financial and business hubs and hospitality and/or hospitality-related purposes, within and outside of Singapore, as well as real estate-related assets. The principal activities of the subsidiaries are set out in Note 6.

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

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

The consolidated financial statements relate to the Trust and its subsidiaries (together referred to as the “Group” and individually as “Group entities”).

The Group is regarded as a subsidiary of OUE Limited (“OUE”) for financial reporting purposes. Accordingly, the ultimate holding company of the Trust is Lippo ASM Asia Property Limited, a company incorporated in the Cayman Islands.

Several service agreements were entered into in relation to the management of the Trust and its property operations. The fee structures of these services are as follows:

(a) Manager’s fees

The Manager is entitled to receive the following remuneration:

- (i) a base fee of 0.3% per annum (or such lower percentage as may be determined by the Manager in its absolute discretion) of the value of the Deposited Property (as defined in the Trust Deed);

- (ii) a performance fee of 25% per annum of the difference in DPU (as defined in the Trust Deed) in a financial year with the DPU in the preceding full financial year (calculated before accounting for the performance fee but after accounting for the base fee in each financial year) multiplied by the weighted average number of Units in issue for such financial year. The performance fee is payable if the DPU in any financial year exceeds the DPU in the preceding financial year, notwithstanding that the DPU in the financial year in which the performance fee is payable may be less than the DPU in the financial year prior to any preceding financial year;
- (iii) an acquisition fee of 0.75% of the acquisition price of an investment property for acquisitions from related parties and 1.0% of the acquisition price for all other cases;
- (iv) a divestment fee of 0.5% of the sale price of an investment property on all future disposals of properties; and
- (v) a development management fee of 3.0% of the total project costs incurred in a development project undertaken by the Manager on behalf of the Trust.

Any portion of the base fee payable in the form of Units is payable quarterly in arrears and any portion of the base fee payable in cash is payable monthly in arrears. The performance fee is paid annually in arrears, regardless of whether it is paid in the form of cash and/or Units. For the financial year ended 31 December 2019, 80% (2018: 80%) of the management base fee payable were in the form of Units. There was no management performance fee payable in the form of Units in 2019 (2018: nil).

The acquisition, divestment and development management fees are payable in the form of Units and/or cash as the Manager may elect, and such proportion as may be determined by the Manager.

(b) Fees under the property management agreements

OUE Bayfront and OUE Downtown are managed by OUE Commercial Property Management Pte. Ltd. (the “Commercial Property Manager”) and Mandarin Gallery is managed by OUE Property Management Pte. Ltd. (the “Retail Property Manager” and collectively with the Commercial Property Manager, the “Property Managers”).

Pursuant to the property management agreement between the Trust and the Commercial Property Manager in respect of OUE Bayfront, the following fees are payable:

- A property management fee of (a) 2% per annum of the gross revenue of the relevant property and (b) 2% of the gross revenue less property expenses (“Net Property Income”) for the relevant property (calculated before accounting for the property management fee in that financial period); and
- A lease management fee of 0.5% per annum of the Net Property Income for the relevant property (calculated before accounting for the property management fee in that financial period) in respect of lease management services.

Pursuant to the property management agreement between the Trust and the Commercial Property Manager in respect of OUE Downtown Office, the following fees are payable:

- A property management fee of (a) 1% per annum of the gross revenue of the relevant property and (b) 1% of the Net Property Income for the relevant property (calculated before accounting for the property management fee in that financial period); and
- A lease management fee of 0.25% per annum of the Net Property Income for the relevant property (calculated before accounting for the property management fee in that financial period) in respect of lease management services.

The Commercial Property Manager is also entitled to a project management fee at a scale of between 1.35% to 3.0% of the construction cost or a fee to be mutually agreed in writing between the Manager, the Trustee and the Commercial Property Manager. During the financial year, no project management services were provided by the Commercial Property Manager. Where development management fees are payable to the Manager, there will not be any project management fees payable to the Commercial Property Manager and vice versa.

Pursuant to the property management agreement between OUE Hospitality Sub-Trust and the Retail Property Manager in respect of Mandarin Gallery and the certain commercial areas of Mandarin Orchard Singapore, the following fees are payable:

- A property management fee of (a) 2% per annum of the gross revenue of Mandarin Gallery and certain commercial areas of Mandarin Orchard Singapore; and (b) 2% per annum of the Net Property Income of Mandarin Gallery and certain commercial areas of Mandarin Orchard Singapore (calculated before accounting for the property management fee in that financial period); and
- A lease management fee of 0.5% per annum of the Net Property Income of Mandarin Gallery (calculated before accounting for the property management fee in that financial period), in respect of lease management services.

The property and lease management fees are payable monthly in arrears.

(c) Trustee's fee

The Trust

Pursuant to the Trust Deed, the Trustee's fee shall not exceed 0.1% per annum of the value of the Deposited Property or such higher percentage as may be fixed by an extraordinary resolution of a meeting of Unitholders. The Trustee's fee is presently charged at a scaled basis of up to 0.02% per annum of the value of the Deposited Property (subject to a minimum of \$15,000 per month). The Trustee's fee is payable out of the Deposited Property on a monthly basis, in arrears. The Trustee is also entitled to reimbursement of expenses incurred in the performance of its duties under the Trust Deed.

The Sub-trust

Pursuant to the Sub-trust Deed, the Sub-trust Trustee's fee shall not exceed 0.1% per annum of the value of Sub-trust's Deposited Property. The Sub-trust Trustee's fee is payable out of Sub-trust's Deposited Property on a monthly basis, in arrears. The Sub-trust Trustee's fee is presently charged on a scaled basis of up to 0.02% per annum of the value of the Sub-trust Deposited Property (subject to a minimum of \$20,000 per month). The Sub-trust Trustee is also entitled to reimbursement of expenses incurred in the performance of its duties under the Sub-trust Deed.

2 Basis of preparation

2.1 Statement of compliance

The financial statements have been prepared in accordance with the Statement of Recommended Accounting Practice (“RAP”) 7 “Reporting Framework for Unit Trusts” issued by the Institute of Singapore Chartered Accountants, the applicable requirements of the Code on Collective Investment Schemes (the “CIS Code”) issued by the Monetary Authority of Singapore (the “MAS”) and the provisions of the Trust Deed. RAP 7 requires the accounting policies to generally comply with the recognition and measurement principles of Singapore Financial Reporting Standards (“FRS”).

This is the first set of the Group’s annual financial statements in which FRS 116 *Leases* has been applied. The related changes to significant accounting policies are described in Note 2.5.

2.2 Basis of measurement

The financial statements have been prepared on the historical cost basis, except as described below.

2.3 Functional and presentation currency

The financial statements are presented in Singapore dollars, which is the functional currency of the Trust. All financial information presented in Singapore dollars has been rounded to the nearest thousand, unless otherwise stated.

2.4 Use of estimates and judgments

The preparation of financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods effected.

Information about assumptions and estimation uncertainties that have the most significant effect on the amounts recognised in the financial statements is described in Note 4 – valuation of investment properties.

Measurement of fair values

A number of the Group’s accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.

The Group has an established process with respect to the measurement of fair values.

The Manager reviews significant unobservable inputs and valuation adjustments. If third party information is used to measure fair values, then the Manager assesses and documents the evidence obtained from the third parties to support the conclusion that such valuations meet the requirements of FRS, including the level in the fair value hierarchy in which such valuations should be classified.

Significant valuation issues are reported to the Audit and Risk Committee.

When measuring the fair value of an asset or a liability, the Group uses market observable data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

- Level 1 : quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 : inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3 : inputs for the asset or liability that are not based on observable market data (unobservable inputs).

If the inputs used to measure the fair value of an asset or a liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement (with Level 3 being the lowest).

The Group recognises transfers between levels of the fair value hierarchy as of the end of the reporting period during which the change has occurred.

Further information about the assumptions made in measuring fair values is included in the following notes:

- Note 4 – investment properties
- Note 26 – financial instruments

2.5 Changes in significant accounting policies

New standards and amendments

The Group has applied the principles relating to the recognition and measurement of following FRS, amendments to and interpretations of FRS for the first time for the annual period beginning on 1 January 2019:

- FRS 116 *Leases*
- FRS INT 123 *Uncertainty over Income Tax Treatments*
- Amendments to FRS 109, FRS 39 and FRS 107 *Interest Rate Benchmark Reform*

Other than FRS 116, the application of these principles did not have a material effect on the financial statements.

FRS 116 *Leases*

The Group applied FRS 116 using the modified retrospective approach, under which the cumulative effect of initial application is recognised in retained earnings at 1 January 2019. Accordingly, the comparative information presented for 2018 is not restated – i.e. it is presented, as previously reported, under FRS 17 and related interpretations. The details of the changes in accounting policies are disclosed below. Additionally, the disclosure requirements in FRS 116 have not generally been applied to comparative information.

As a lessee

As a lessee, the Group leases land and photocopiers. The Group previously classified leases as operating leases based on its assessment of whether the lease transferred significantly all of the risks and rewards incidental to ownership of the underlying asset to the Group. Under FRS 116, the Group recognises a right-of-use asset and lease liability for the land lease – i.e. the lease is on-balance sheet.

As a lessor

The Group leases out its investment property and has classified these leases as operating leases.

The Group is not required to make any adjustments on transition to FRS 116 for leases in which it acts as a lessor.

The Group has applied FRS 15 *Revenue from Contracts with Customers* to allocate consideration in the contract to each lease and non-lease component.

Impact on transition

There is no impact to the Group on transition to FRS 116.

Amendments to FRS 109, FRS 39 and FRS 107 *Interest Rate Benchmark Reform*

The Group applied the interest rate benchmark reform amendments retrospectively to hedging relationship that existed at 1 January 2019 or were designated thereafter and that are directly affected by interest rate benchmark reform. These amendments also apply to the gain or loss recognised in the Statements of Unitholders Funds that existed at 1 January 2019. The details of the accounting policies are disclosed in Note 3.6 and Note 26 for related disclosures about the risks and hedge accounting.

3 Significant accounting policies

The accounting policies set out below have been applied by the Group entities consistently to all the periods presented in these financial statements, except as explained in Note 2.5, which addresses changes in accounting policies arising from the adoption of new standards.

3.1 Basis of consolidation

(i) Business combinations

Business combinations are accounted for using the acquisition method in accordance with the recognition and measurement principles of FRS 103 *Business Combinations* as at the date of acquisition, which is the date on which control is transferred to the Group.

The Group measures goodwill at the date of acquisition as:

- the fair value of the consideration transferred; plus
 - the recognised amount of any non-controlling interests (“NCI”) in the acquiree; plus
 - if the business combination is achieved in stages, the fair value of the pre-existing equity interest in the acquiree,
- over the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed. Any goodwill that arises is tested annually for impairment.

When the excess is negative, a bargain purchase gain is recognised immediately in the statement of total return.

The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognised in the statement of total return.

Any contingent consideration payable is recognised at fair value at the date of acquisition and included in the consideration transferred. If the contingent consideration that meets the definition of a financial instrument is classified as equity, it is not remeasured and settlement is accounted for within equity. Otherwise, other contingent consideration is remeasured at fair value at each reporting date and subsequent changes to the fair value of the contingent consideration are recognised in the statement of total return.

NCI that are present ownership interests and entitle their holders to a proportionate share of the acquiree’s net assets in the event of liquidation are measured either at fair value or at the NCI’s proportionate share of the recognised amounts of the acquiree’s identifiable net assets, at the date of acquisition. The measurement basis taken is elected on a transaction-by-transaction basis. All other NCI are measured at acquisition-date fair value, unless another measurement basis is required by FRSS.

Costs related to the acquisition, other than those associated with the issue of debt or equity securities, that the Group incurs in connection with a business combination are expensed as incurred.

Changes in the Group’s interest in a subsidiary that do not result in a loss of control are accounted for as transactions with owners in their capacity as owners and therefore no adjustments are made to goodwill and no gain or loss is recognised in the statement of total return. Adjustments to NCI arising from transactions that do not involve the loss of control are based on a proportionate amount of the net assets of the subsidiary.

(ii) Property acquisitions and business combinations

When a property is acquired through corporate acquisitions or otherwise, the Manager considers whether the acquisition represents an acquisition of business or an acquisition of an asset. An acquisition is accounted for as a business combination when an integrated set of activities is acquired, in addition to the property. In determining whether an integrated set of activities is acquired, the Manager considers whether significant processes, such as strategic management and operational processes, are acquired. Where significant processes are acquired, the acquisition is considered an acquisition of business. Where an acquisition does not represent a business, it is accounted for as an acquisition of a group of assets and liabilities. The cost of acquisition is allocated to the assets and liabilities acquired and no goodwill or deferred tax is recognised.

(iii) Subsidiaries

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. Investments in subsidiaries are stated at cost less accumulated impairment losses.

The accounting policies of subsidiaries have been changed when necessary to align them with the policies adopted by the Group.

(iv) Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income or expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements.

(v) Subsidiaries in the financial statements of the Trust

Investments in subsidiaries are stated in the Trust's statement of financial position at cost less accumulated impairment losses.

3.2 Foreign currencies

(i) Foreign currency transactions

Transactions in foreign currencies are translated to the respective functional currencies of the Group entities at the exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated to the functional currency at the exchange rate at that date. The foreign currency gain or loss on monetary items is the difference between amortised cost in the functional currency at the beginning of the year, adjusted for effective interest and payments during the year, and the amortised cost in foreign currency translated at the exchange rate at the end of the year.

Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are translated to the functional currency at the exchange rate at the date that the fair value was determined. Non-monetary items in a foreign currency that are measured in terms of historical cost are translated using the exchange rate at the date of the transaction. Foreign currency differences arising on translation are recognised in the statement of total return, except for differences arising from the translation of a financial liability designated as a hedge of the net investment in a foreign operation to the extent that the hedge is effective, or qualifying cash flow hedges to the extent that the hedge is effective, which are recognised in unitholders' funds.

(ii) Foreign operations

The assets and liabilities of foreign operations are translated to Singapore dollars at exchange rates prevailing at the reporting date. The income and expenses of foreign operations are translated to Singapore dollars at exchange rates at the dates of the transactions.

Foreign currency differences are recognised in the foreign currency translation reserve in unitholders' funds. However, if the operation is not a wholly-owned subsidiary, then the relevant proportionate share of the translation difference is allocated to the non-controlling interests. When a foreign operation is disposed of such that control, significant influence or joint control is lost, the cumulative amount in the translation reserve related to that foreign operation is transferred to the statement of total return as part of the gain or loss on disposal. When the Group disposes of only part of its interest in a subsidiary that includes a foreign operation while retaining control, the relevant proportion of the cumulative amount is reattributed to non-controlling interests.

When the settlement of a monetary item receivable from or payable to a foreign operation is neither planned nor likely in the foreseeable future, foreign exchange gains and losses arising from such a monetary item that is considered to form part of a net investment in a foreign operation, or qualifying cash flow hedges to the extent that the hedge is effective, which are recognised in the unitholders' funds.

3.3 Plant and equipment

(i) **Recognition and measurement**

Plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses.

Cost includes expenditure that is directly attributable to the acquisition of the asset.

When parts of an item of plant and equipment have different useful lives, they are accounted for as separate items (major components) of plant and equipment.

The gain or loss on disposal of an item of plant and equipment (calculated as the difference between the net proceeds from disposal and the carrying amount of the item) is recognised in the statement of total return.

(ii) **Depreciation**

Depreciation is based on the cost of an asset less its residual value. Significant components of individual assets are assessed and if a component has a useful life that is different from the remainder of that asset, that component is depreciated separately.

Depreciation is recognised in the statement of total return on a straight-line basis over the estimated useful lives of each component of an item of plant and equipment.

Depreciation is recognised from the date that the plant and equipment are installed and are ready for use.

The estimated useful lives for the current and comparative years are as follows:

Furniture and fittings	-	5 years
Office equipment	-	5 years
Operating equipment	-	5 years

Depreciation methods, useful lives and residual values are reviewed at the end of each reporting period and adjusted if appropriate.

3.4 Investment properties

Investment properties are properties held either to earn rental income or for capital appreciation or both, but not for sale in the ordinary course of business, use in the production or supply of goods or services or for administrative purposes. Investment properties are measured at cost on initial recognition and subsequently at fair value with any change therein recognised in the statement of total return.

The cost of a purchased property comprises its purchase price and any directly attributable expenditure, including transaction costs. Fair value is determined in accordance with the Trust Deed, which requires the investment properties to be valued by independent registered valuers at least once a year, in accordance with the CIS Code issued by the MAS.

Any gain or loss on disposal of an investment property (calculated as the difference between the net proceeds from disposal and the carrying amount of the item) is recognised in the statement of total return.

The investment properties are subject to continued maintenance and regularly revalued on the basis set out above. For income tax purposes, the Group may claim capital allowances on assets that qualify as plant and machinery under the Income Tax Act.

3.5 Intangible assets

The intangible assets represent the income support receivable by the Group and the Trust under the Deeds of Income Support in relation to OUE Bayfront and OUE Downtown Office.

The intangible assets are measured at cost less accumulated amortisation and accumulated impairment losses.

The intangible assets are amortised in the statement of total return on a straight-line basis over its estimated useful life of 5 years. The intangible assets are tested for impairment as described in Note 3.7.

Amortisation method, useful life and residual value are reviewed at the end of each reporting period and adjusted, if appropriate.

3.6 Financial instruments

(i) Recognition and initial measurement

Non-derivative financial assets and financial liabilities

Trade receivables issued are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the Group becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at fair value through profit or loss ("FVTPL"), transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

(ii) Classification and subsequent measurement

Non-derivative financial assets

On initial recognition, a financial asset is classified and measured at amortised cost or FVTPL.

Financial assets are not reclassified subsequent to their initial recognition unless the Group changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

Financial assets at amortised cost

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at FVTPL

All financial assets not classified as measured at amortised cost or fair value through other comprehensive income (“FVOCI”) are measured at FVTPL. On initial recognition, the Group may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Financial assets: Business model assessment

The Group makes an assessment of the objective of the business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management. The information considered includes:

- how the performance of the portfolio is evaluated and reported to the Group’s management; and
- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed.

Non-derivative financial assets: Assessment whether contractual cash flows are solely payments of principal and interest

For the purposes of this assessment, ‘principal’ is defined as the fair value of the financial asset on initial recognition. ‘Interest’ is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Group considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Group considers:

- contingent events that would change the amount or timing of cash flows;
- terms that may adjust the contractual coupon rate, including variable rate features;
- prepayment and extension features; and
- terms that limit the Group's claim to cash flows from specified assets (e.g. non-recourse features).

A prepayment feature is consistent with the sole payments of principal and interest criterion if the prepayment amount substantially represents unpaid amounts of principal and interest on the principal amount outstanding, which may include reasonable additional compensation for early termination of the contract. Additionally, for a financial asset acquired at a significant discount or premium to its contractual par amount, a feature that permits or requires prepayment at an amount that substantially represents the contractual par amount plus accrued (but unpaid) contractual interest (which may also include reasonable additional compensation for early termination) is treated as consistent with this criterion if the fair value of the prepayment feature is insignificant at initial recognition.

Non-derivative financial assets: Subsequent measurement and gains and losses

Financial assets at amortised cost

These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in the statement of total return. Any gain or loss on derecognition is recognised in the statement of total return.

Financial assets at FVTPL

These assets are subsequently measured at fair value. Net gains and losses are recognised in the statement of total return.

Non-derivative financial liabilities: Classification, subsequent measurement and gains and losses

Financial liabilities are classified and measured at amortised cost.

Other financial liabilities are initially measured at fair value less directly attributable transaction costs. They are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in the statement of total return.

These financial liabilities comprise trade and other payables (excluding advance rental received) and borrowings.

(iii) Derecognition

Financial assets

The Group derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Group neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

Financial liabilities

The Group derecognises a financial liability when its contractual obligations are discharged, cancelled or expire. The Group also derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value.

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in the statement of total return.

(iv) Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

(v) Cash and cash equivalents

Cash and cash equivalents comprise cash balances and bank deposits.

(vi) Derivative financial instruments and hedge accounting

Derivative financial instruments and hedge accounting

The Group holds derivative financial instruments to hedge its interest rate risk exposures. Embedded derivatives are separated from the host contract and accounted for separately if the host contract is not a financial asset and certain criteria are met.

Derivatives are initially measured at fair value and any directly attributable transaction costs are recognised in the statement of total return as incurred. Subsequent to initial recognition, derivatives are measured at fair value, and changes therein are generally recognised in the statement of total return.

The Group designates certain derivatives and non-derivative financial instruments as hedging instruments in qualifying hedging relationships. At inception of designated hedging relationships, the Group documents the risk management objective and strategy for undertaking the hedge. The Group also documents the economic relationship between the hedged item and the hedging instrument, including whether the changes in cash flows of the hedged item and hedging instrument are expected to offset each other.

The Group early adopted the amendments to recognition and measurement principles of FRS 109, FRS 39 and FRS 107 issued in December 2019 in relation to the project on interest rate benchmark reform. The related disclosures for the comparative period are made under FRS 109 and FRS 107 before the amendments.

Specific policies applicable from 1 January 2019 for hedges directly affected by IBOR reform

On initial designation of the hedging relationship, the Group formally documents the relationship between the hedging instrument(s) and hedged item(s), including the risk management objective and strategy in undertaking the hedge, together with the method that will be used to assess the effectiveness of the hedging relationship. The Group makes an assessment, both on inception of the hedging relationship and on an ongoing basis, of whether the hedging instrument(s) is (are) expected to be highly effective in offsetting the changes in the fair value or cash flows of the respective hedged item(s) during the period for which the hedge is designated. For the purpose of evaluating whether the hedging relationship is expected to be highly effective (i.e. prospective effectiveness assessment), the Group assumes that the benchmark interest rate is not altered as a result of IBOR reform.

The Group will cease to apply the amendments to its retrospective and prospective effectiveness assessment of the hedging relationship when the uncertainty arising from interest rate benchmark reform is no longer present with respect to the timing and the amount of the interest rate benchmark-based cash flows of the hedged item or hedging instrument, or when the hedging relationship is discontinued.

Cash flow hedges

The Group designates certain derivatives as hedging instruments to hedge the variability in cash flows associated with highly probable forecast transactions arising from changes in interest rates.

When a derivative is designated as a cash flow hedging instrument, the effective portion of changes in the fair value of the derivative is recognised in unitholders' funds and accumulated in the hedging reserve. The effective portion of changes in the fair value of the derivative that is recognised in unitholders' funds is limited to the cumulative change in fair value of the hedged item, determined on a present value basis, from inception of the hedge. Any ineffective portion of changes in the fair value of the derivative is recognised immediately in the statement of total return.

If the hedge no longer meets the criteria for hedge accounting or the hedging instrument is sold, expires, is terminated or is exercised, then hedge accounting is discontinued prospectively. When hedge accounting for cash flow hedges is discontinued, the amount that has been accumulated in the hedging reserve and the cost of hedging reserve remains in unitholders' funds until it is reclassified to the statement of total return in the same period or periods as the hedged expected future cash flows affect the statement of total return.

If the hedged future cash flows are no longer expected to occur, then the amounts that have been accumulated in the hedging reserve and the cost of hedging reserve are immediately reclassified to the statement of total return.

3.7 Impairment

(i) **Non-derivative financial assets**

The Group recognises loss allowances for expected credit losses (“ECLs”) on financial assets measured at amortised costs.

Loss allowances of the Group are measured on either of the following bases:

- 12-month ECLs: these are ECLs that result from default events that are possible within the 12 months after the reporting date (or for a shorter period if the expected life of the instrument is less than 12 months); or
- Lifetime ECLs: these are ECLs that result from all possible default events over the expected life of a financial instrument.

Simplified approach

The Group applies the simplified approach to provide for ECLs for all trade receivables. The simplified approach requires the loss allowance to be measured at an amount equal to lifetime ECLs.

General approach

The Group applies the general approach to provide for ECLs on all other financial instruments. Under the general approach, the loss allowance is measured at an amount equal to 12-month ECLs at initial recognition.

At each reporting date, the Group assesses whether the credit risk of a financial instrument has increased significantly since initial recognition. When credit risk has increased significantly since initial recognition, loss allowance is measured at an amount equal to lifetime ECLs.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group’s historical experience and informed credit assessment and includes forward-looking information.

If credit risk has not increased significantly since initial recognition or if the credit quality of the financial instruments improves such that there is no longer a significant increase in credit risk since initial recognition, loss allowance is measured at an amount equal to 12-month ECLs.

The Group considers a financial asset to be in default when the debtor is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realising security (if any is held).

The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

Measurement of ECLs

ECLs are probability-weighted estimates of credit losses. Credit losses are measured at the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Group expects to receive). ECLs are discounted at the effective interest rate of the financial asset.

Credit-impaired financial assets

At each reporting date, the Group assesses whether financial assets carried at amortised cost are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes a breach of contract such as a default.

Presentation of allowance for ECLs in the statement of financial position.

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of these assets.

Write-off

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Group determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's procedures for recovery of amounts due.

(ii) Non-financial assets

The carrying amounts of the Group's non-financial assets, other than investment property, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the assets' recoverable amounts are estimated.

The recoverable amount of an asset or cash-generating unit ("CGU") is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGU.

An impairment loss is recognised if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses are recognised in the statement of total return.

Impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

3.8 Leases

The Group has applied FRS 116 using the modified retrospective approach and therefore the comparative information has not been restated and continues to be reported under FRS 17 and INT FRS 104. The details of accounting policies under FRS 17 and INT FRS 104 are disclosed separately.

Policy applicable from 1 January 2019

At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group uses the definition of a lease in FRS 116.

This policy is applied to contracts entered into, on or after 1 January 2019.

(i) As a lessee

The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date.

The right-of-use asset is presented in investment property and subsequently measured at fair value.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate.

The Group determines its incremental borrowing rate by obtaining interest rates from various external financing sources and makes certain adjustments to reflect the terms of the lease and type of the asset leased.

Lease payments included in the measurement of the lease liability comprise of fixed payments, including in-substance fixed payments.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments if the Group changes its assessment of whether it will exercise the termination option or if there is a revised in-substance fixed lease payment.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in statement of total return if the carrying amount of the right-of-use asset has been reduced to zero.

Short-term leases and leases of low-value assets

The Group has elected not to recognise right-of-use assets and lease liabilities for leases of low-value assets and short-term leases. The Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

(ii) As a lessor

To classify each lease, the Group makes an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then it is an operating lease. As part of this assessment, the Group considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

The Group recognises lease payments received from investment property under operating leases as income on a straight-line basis over the lease term as part of ‘revenue’.

Leases - Policy applicable before 1 January 2019

At inception, an arrangement that contains a lease is accounted for as such based on the terms and conditions even though the arrangement is not in the legal form of a lease.

(i) As a lessee

In the comparative period, payments made under operating leases were recognised in statement of total return on a straight-line basis over the term of the lease. Lease incentives received were recognised as an integral part of the total lease expense, over the term of the lease.

(ii) As a lessor

When the Group acted as a lessor, it determined at lease inception whether each lease was a finance lease or an operating lease.

To classify each lease, the Group made an overall assessment of whether the lease transferred substantially all of the risks and rewards incidental to ownership of the underlying asset. If this was the case, then the lease was a finance lease; if not, then it was an operating lease. As part of this assessment, the Group considered certain indicators such as whether the lease was for the major part of the economic life of the asset.

Rental income from investment property is recognised as “revenue” on a straight-line basis over the term of the lease.

3.9 Unitholders’ funds

Unitholders’ funds are classified as equity.

Issue costs relate to expenses incurred in connection with the issue of units. The expenses are deducted directly against unitholders’ funds.

3.10 Convertible perpetual preferred units

The convertible perpetual preferred units do not have a maturity date and distribution payment is optional at the discretion of the Manager of the Trust. As the Trust does not have a contractual obligation to repay the principal nor make any distributions, the convertible perpetual preferred units are classified as equity.

Any distributions made are directly debited from equity. Incremental costs directly attributable to the issue of the convertible perpetual preferred units are deducted against the proceeds from the issue.

3.11 Revenue recognition

(i) Service fee income

Revenue from servicing and maintaining the investment property is recognised on a time apportioned basis following the timing of satisfaction of performance obligations.

(ii) Car park income

Car park income consists of season and hourly parking income. Season parking income is recognised on a straight-line basis over the non-cancellable lease term. Hourly parking income is recognised at a point of time upon the utilisation of car parking facilities.

(iii) Dividend income

Dividend income is recognised in the statement of total return on the date that the Trust's right to receive payment is established.

3.12 Employee benefits

(i) Short term employee benefits

All short term employee benefits are recognised in the statement of total return in the period in which the employees render their services.

A provision is recognised for the amount expected to be paid under variable bonus if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

(ii) Defined contribution plans

Contributions to post-employment benefits under defined contribution plans are recognised as an expense in the statement of total return as incurred.

3.13 Levies

A provision for levies is recognised when the condition that triggers the payment of the levy as specified in the relevant legislation is met. If a levy obligation is subject to a minimum activity threshold so that the obligating event is reaching a minimum activity, then a provision is recognised when that minimum activity threshold is reached.

3.14 Finance income and finance costs

The Group's finance income and finance costs include:

- interest income;
- interest expense;
- the foreign currency gain or loss on financial assets and financial liabilities;
- hedge ineffectiveness recognised in the statement of total return; and
- the reclassification of net gains and losses previously recognised in unitholders' funds on cash flow hedges of interest rate risk for borrowings.

Foreign currency gains and losses are reported on a net basis as either finance income or finance costs depending on whether foreign currency movements are in a net gain or net loss position.

Interest income or expense is recognised using the effective interest method.

The ‘effective interest rate’ is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument to:

- the gross carrying amount of the financial asset; or
- the amortised cost of the financial liability.

In calculating interest income and expense, the effective interest rate is applied to the gross carrying amount of the asset (when the asset is not credit-impaired) or to the amortised cost of the liability. However, for financial assets that have become credit-impaired subsequent to initial recognition, interest income is calculated by applying the effective interest rate to the amortised cost of the financial asset. If the asset is no longer credit-impaired, then the calculation of interest income reverts to the gross basis.

Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in the statement of total return using the effective interest method.

3.15 Tax

Tax expense comprises current and deferred tax. Current tax and deferred tax are recognised in the statement of total return except to the extent that it relates to items recognised directly in unitholders’ funds.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years. The amount of current tax payable or receivable is the best estimate of the tax amount expected to be paid or received that reflects uncertainty related to income taxes, if any.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for:

- temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit; and
- temporary differences relating to investments in subsidiaries to the extent that the Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future.

The measurement of deferred taxes reflects the tax consequences that would follow the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities. For investment properties that are measured at fair value, the amount of deferred tax recognised is measured using the tax rates that would apply on sale of those assets at their carrying value at the reporting date unless the property is depreciable and is held within a business model whose objective is to consume substantially all the economic benefits embodied in the investment property over time, rather than through sale. In all other cases, the amount of deferred tax is measured based on the expected manner of realisation or settlement of the carrying amount of the assets and liabilities, using the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to taxes levied by the same tax authority on the same taxable entity.

A deferred tax asset is recognised for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

In determining the amount of current and deferred tax, the Group takes into account the impact of uncertain tax positions and whether additional taxes and interest may be due. The Group believes that its accruals for tax liabilities are adequate for all open tax years based on its assessment of many factors, including interpretations of tax law and prior experience. This assessment relies on estimates and assumptions and may involve a series of judgements about future events. New information may become available that causes the Group to change its judgement regarding the adequacy of existing tax liabilities; such changes to tax liabilities will impact tax expense in the period that such a determination is made.

The Inland Revenue Authority of Singapore (“IRAS”) has issued the Tax Transparency Ruling and Foreign-Sourced Income Tax Exemption Ruling.

Tax Transparency Ruling

Pursuant to the Tax Transparency Ruling issued by the IRAS, tax transparency treatment has been granted to the Trust in respect of certain taxable income (“Specified Taxable Income”). Subject to meeting the terms and conditions of the Tax Transparency Ruling, which includes a distribution of at least 90% of the Specified Taxable Income of the Trust, the Trust is not subject to tax on the Specified Taxable Income distributed to the Unitholders in the same year in which the Specified Taxable Income was derived. Instead, the Trustee and the Manager would undertake to deduct income tax at the prevailing corporate tax rate (currently at 17%) from distributions made to Unitholders out of such Specified Taxable Income, except:

- (i) Where the beneficial owners are Qualifying Unitholders, the Trustee and the Manager will make the distributions to such Unitholders without deducting any income tax; or
- (ii) Where the beneficial owners are Qualifying Foreign Non-Individual Unitholders, the Trustee and the Manager will deduct Singapore income tax at the reduced rate of 10% for distributions made up to 31 December 2025, unless the concession is extended.
- (iii) Where the beneficial owners are Qualifying Non-Resident Fund, the Trustee and the Manager will deduct Singapore income tax at the reduced rate of 10% for distributions for the period from 1 July 2019 to 31 December 2025, unless the concession is extended.

A “Qualifying Unitholder” is a Unitholder who is:

- an individual;
- a company incorporated and tax resident in Singapore;
- a Singapore branch of a company incorporated outside Singapore;

- a body of persons (excluding partnerships) incorporated or registered in Singapore, including:
 - (i) a charity registered under the Charities Act (Cap. 37) or established by any written law;
 - (ii) a town council;
 - (iii) a statutory board;
 - (iv) a co-operative society registered under the Co-operative Societies Act (Cap. 62); or
 - (v) a trade union registered under the Trade Unions Act (Cap. 333);
- an international organisation that is exempt from tax on such distributions by reason of an order made under the International Organisations (Immunities and Privileges) Act (Cap. 145); or
- a real estate investment trust exchange-traded fund which has been accorded the tax transparency treatment.

A Qualifying Foreign Non-Individual Unitholder is a person other than an individual who is not resident in Singapore for Singapore income tax purposes and who:

- does not have a permanent establishment in Singapore; or
- carries on an operation in Singapore through a permanent establishment in Singapore, where the funds used by that person to acquire units of the Trust are not obtained from that operation.

A Qualifying Non-resident Fund is a non-resident fund that qualifies for tax exemption under Section 13CA, 13X or 13Y of the Income Tax Act (Cap.134) and who:

- does not have a permanent establishment in Singapore (other than a fund manager in Singapore); or

carries on an operation through a permanent establishment in Singapore (other than a fund manager in Singapore), where the funds used by that qualifying fund to acquire units of the Trust are not obtained from that operation.

The Tax Transparency Ruling does not apply to gains or profits from the disposal of any properties such as immovable properties and shares that are determined by the IRAS to be revenue gains chargeable to tax and income derived by the Trust but not distributed to the Unitholders in the same year in which the income is derived. Tax on such gains or profits will be subject to tax in accordance with Section 10(1)(a) of the Income Tax Act (Cap. 134). Distribution made out of the after-tax amount will not be subject to any further tax. Where the disposal gains are regarded as capital in nature, they will not be subject to tax and the Trustee and the Manager may distribute the capital gains without tax being deducted at source.

Any distributions made by the Trust to the Unitholders out of tax-exempt income and taxed income would be exempt from Singapore income tax in the hands of all Unitholders, regardless of their corporate or residence status.

Foreign-sourced Income Tax Exemption Ruling

Pursuant to the Foreign-sourced Income Tax Exemption Ruling issued by the IRAS and subject to the meeting of certain conditions, the Trust will be exempt from Singapore income tax on dividends received by the Trust from its subsidiary, OUE Eastern Limited.

3.16 Earnings per Unit

The Group presents basic and diluted earnings per Unit. Basic earnings per Unit is calculated by dividing the total return attributable to the Unitholders by the weighted average number of Units outstanding during the year. Diluted earnings per Unit is determined by adjusting the total return attributable to Unitholders and the weighted average number of Units outstanding for the effects of all dilutive potential Units, which comprise the convertible perpetual preferred units issued by the Trust.

3.17 Segment reporting

An operating segment is a component of the Group that engages in business activities from which they may earn revenue and incur expenses, including revenue and expenses that relate to transactions with any of the other components of the Group. All operating segments' operating results are reviewed regularly by the Board of Directors of the Manager to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

Segment results that are reported to the Board of Directors of the Manager include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly finance income and trust expenses.

3.18 New standards and interpretations not yet adopted

A number of new standards, amendments to standards and interpretations are not yet effective and have not been applied in preparing these financial statements. An explanation of the impact, if any, on adoption of these new requirements is provided in Note 33.

4 Investment properties

	Group		Trust	
	2019 \$'000	2018 \$'000	2019 \$'000	2018 \$'000
At 1 January	4,494,535	3,515,148	2,093,100	1,153,000
Acquisition during the year * (including acquisition costs)	2,262,157	917,817	—	917,817
Capital expenditure capitalised	8,500	5,621	2,417	944
Lease incentives	1,312	(1,566)	29	—
Fair value changes recognised in the statement of total return (unrealised)	21,090	71,399	(2,546)	21,339
Translation differences	(17,407)	(13,884)	—	—
At 31 December	6,770,187	4,494,535	2,093,000	2,093,100

*Included right-of-use asset of \$26.8 million

As at 31 December 2019, investment properties with a carrying amount of \$3,472,530,000 (2018: \$1,761,035,000) are pledged as security to secure bank loans (see Note 10).

Included in the acquisition costs capitalised are fees of \$108,000 (2018: \$22,000) paid to auditors of the Trust for assurance services performed in relation to the Group's acquisition of investment properties arising from the merger with OUE H-Trust during the year.

Measurement of fair value

(i) Fair value hierarchy

The investment properties are stated at fair value at the reporting date.

Properties	Valuer
31 December 2019	
OUE Bayfront	Cushman & Wakefield VHS Pte Ltd
OUE Downtown Office	Savills Valuation and Professional Services (S) Pte Ltd
One Raffles Place	Savills Valuation and Professional Services (S) Pte Ltd
Crowne Plaza Changi Airport	Cushman & Wakefield VHS Pte Ltd
Mandarin Orchard Singapore	Cushman & Wakefield VHS Pte Ltd
Mandarin Gallery	Cushman & Wakefield VHS Pte Ltd
Lippo Plaza	Beijing Colliers International Real Estate Valuation Co., Ltd.
31 December 2018	
OUE Bayfront	Savills Valuation and Professional Services (S) Pte Ltd
OUE Downtown Office	Colliers International Real Estate Valuation Co., Ltd.
One Raffles Place	Knight Frank Pte Ltd and Colliers International Consultancy and Valuation (Singapore) Pte Ltd
Lippo Plaza	Beijing Colliers International Real Estate Valuation Co., Ltd.

The fair values were derived based on the discounted cash flow, capitalisation and direct comparison methods. The valuation methods involve certain estimates including those relating to discount rate, terminal yield rate, capitalisation rate, price per square foot and price per room. The specific risks inherent in each of the properties are taken into consideration in arriving at the valuations.

The discounted cash flow method involves the estimation and projection of an income stream over a period and discounting the income stream with an internal rate of return to arrive at the market value. The capitalisation method capitalises an income stream into a present value using single-year capitalisation rate. The direct comparison method involves the analysis of comparable sales of similar properties, with adjustments made to differentiate the comparables in terms of location, area, quality and other relevant factors.

In relying on the valuation reports, the Manager has exercised its judgment and is satisfied that the valuation methods and estimates used are reflective of the current market conditions.

The fair value measurement of all of the Group's investment properties has been categorised as a Level 3 fair value based on the inputs to the valuation technique used (see Note 2.4).

	2019 \$'000
Fair value of investment property (based on valuation report)	6,743,530
Add: Carrying amount of lease liability	25,657
Add: Prepayment of lease	1,000
Carrying amount of investment property	<u>6,770,187</u>

(ii) Valuation techniques and significant unobservable inputs

The following table shows the Group's valuation techniques used in measuring the fair value of investment properties, as well as the significant unobservable inputs used.

Valuation techniques	cash flow	Significant unobservable inputs	Commercial (Singapore)	Commercial (China)	Hospitality (Singapore)	Inter-relationship between key unobservable inputs and fair value measurement
<i>Discounted cash flow method</i>		Discount rate				The estimated fair value would increase/(decrease) if:
		2019	6.5% - 7.0%	6.8%	7.0%	• discount rate was lower
		2018	6.5% - 7.0%	7.0%	—	(higher);
		Terminal yield rate				• terminal yield rate was
		2019	3.8% - 5.3%	4.0%	4.8% - 5.5%	lower (higher).
		2018	3.5% - 5.0%	4.0%	—	
<i>Capitalisation method</i>		Capitalisation rate				
		2019	3.5% - 6.5%	—	—	The estimated fair value would increase/(decrease) if
		2018	3.5% - 5.5%	—	—	the capitalisation rate was lower (higher).
<i>Direct comparison method</i>		Price per square foot (psf)				
		2019	\$1,746 - \$3,928	\$1,363	—	The estimated fair value would increase/(decrease) if
		2018	\$1,811	\$1,403	—	the price psf or per room was
		Price per room				higher (lower).
		2019	—	—	\$0.9 million - \$1.1 million	

5 Intangible assets

	Group and Trust \$'000
Cost	
At 1 January 2018	33,000
Acquisition	25,000
At 31 December 2018 and 31 December 2019	<u>58,000</u>
Amortisation and impairment loss	
At 1 January 2018	28,249
Amortisation for the year	5,286
At 31 December 2018	33,535
Amortisation for the year	5,298
At 31 December 2019	<u>38,833</u>
Carrying amount	
At 1 January 2018	4,751
At 31 December 2018	24,465
At 31 December 2019	<u>19,167</u>

Intangible assets represent the unamortised income support receivable by the Group and the Trust under the Deeds of Income Support entered into with OUE and Alkas Realty Pte. Ltd. ("Alkas"), related parties of the Trust, in relation to OUE Bayfront and OUE Downtown Office, respectively.

Pursuant to the terms of the Deed of Income Support on OUE Bayfront, OUE will provide income support on OUE Bayfront of up to \$12 million per annum, for 5 years from 27 January 2014. The income support for OUE Bayfront expired in January 2019.

Pursuant to the terms of the Deed of Income Support on OUE Downtown Office, Alkas will provide income support on OUE Downtown Office of up to \$60 million for a period of 5 years from 1 November 2018 or the date when the total income support payments to the Trust exceeds \$60 million, whichever is earlier.

Under the Deeds of Income Support on OUE Bayfront and OUE Downtown Office, the Group and the Trust drew down \$17,182,000 (2018: \$7,189,000) during the financial year (Note 18).

As at 31 December 2019, the Group and the Trust has drawn down \$46,445,000 (2018: \$29,263,000) under the Deeds of Income Support on OUE Bayfront and OUE Downtown Office.

6 Investments in subsidiaries

	2019 \$'000	Trust 2018 \$'000
Equity investments at cost	<u>2,727,742</u>	<u>1,368,506</u>

Details of the subsidiaries are as follows:

Name of subsidiaries	Principal place of business/ Country of incorporation	Principal activities	Ownership interest	
			2019 %	2018 %
Direct subsidiaries				
OUE Eastern Limited ⁽¹⁾	British Virgin Island	Investment holding	100	100
OUE CT Treasury Pte. Ltd. ⁽²⁾	Singapore	Provision of financial services	100	100
Beacon Property Holdings Pte. Ltd. ⁽²⁾	Singapore	Investment holding	100	100
OUE H-Trust ^{(2) (4)}	Singapore	Property owner and investment holding	100	—
Indirect subsidiaries				
Tecwell Limited ⁽¹⁾	British Virgin Island	Investment holding	100	100
Lippo Realty (Shanghai) Limited ⁽³⁾	China	Property owner	100	100
Cresthill Property Holdings Pte. Ltd. ⁽²⁾	Singapore	Investment holding	100	100
OUB Centre Limited ⁽²⁾	Singapore	Property owner and investment holding	83.33	83.33

⁽¹⁾ Not required to be audited under the laws of the country in which it is incorporated.

⁽²⁾ Audited by KPMG LLP, Singapore.

⁽³⁾ Audited by KPMG China (a member firm of KPMG International).

⁽⁴⁾ OUE H-Trust is a stapled group consisting of OUE Hospitality Sub-Trust and OUE Hospitality Business Trust.

Non-controlling interests

The non-controlling interests (“NCI”) relate to the following subsidiary:

Name	Principal place of business/Country of incorporation	Ownership interest held by NCI	
		2019 %	2018 %
OUB Centre Limited	Singapore	16.67	16.67

The following summarised financial information of the above subsidiary is prepared in accordance with FRS, modified for fair value adjustments on acquisition and differences in the Group's accounting policies.

	OUB Centre Limited	
	2019	2018
	\$'000	\$'000
Revenue	84,532	81,504
Profit and total comprehensive income	86,867	79,322
Profit and total comprehensive income attributable to NCI	14,478	13,220
Non-current assets	1,862,449	1,813,910
Current assets	10,654	8,033
Non-current liabilities	(357,444)	(350,028)
Current liabilities	(28,288)	(27,458)
Net assets	1,487,371	1,444,457
Net assets attributable to NCI	247,895	240,743
Cash flows from operating activities	53,881	54,542
Cash flows used in investing activities	(4,259)	(3,324)
Cash flows used in financing activities	(48,727)	(52,973)
Net increase/(decrease) in cash and cash equivalents	895	(1,755)

7 Trade and other receivables

	Group		Trust	
	2019	2018	2019	2018
	\$'000	\$'000	\$'000	\$'000
Current				
Trade receivables from:				
- other related parties	15,769	8	91	5
- third parties	2,058	1,347	199	350
	17,827	1,355	290	355
Other receivables from:				
- the Manager	—	27	—	27
- subsidiaries	—	—	534	361
- other related parties	7,962	5,190	7,962	5,190
- third parties	6,711	6,847	209	309
	14,673	12,064	8,705	5,887
Deposits	320	314	287	289
	32,820	13,733	9,282	6,531
Prepayments	2,200	651	49	52
	35,020	14,384	9,331	6,583
Non-current				
Deposits	3,826	—	—	—
Prepayments	313	175	—	—
	4,139	175	—	—

Trade receivables from related parties mainly relate to receivables from the master lessees of Mandarin Orchard Singapore and Crowne Plaza Changi Airport. The receivables are considered to be held with a held-to-collect business model.

Included in other receivables from related parties of the Group and the Trust are income support receivable on OUE Bayfront of Nil (2018: \$2,205,000) and income support receivable on OUE Downtown Office of \$7,962,000 (2018: \$2,955,000) (see Note 5).

Outstanding balance with subsidiaries and related parties are unsecured, interest-free and repayable on demand. There is no allowance for doubtful debt arising from these outstanding balances as the ECL is not material.

Credit and market risks, and impairment losses

The Group and the Company's exposure to credit and currency risks, and impairment losses for trade and other receivables, are disclosed in Note 26.

The ageing of trade receivables that were not impaired at the reporting date is:

	----- Group -----		----- Trust -----	
	2019	2018	2019	2018
	\$'000	\$'000	\$'000	\$'000
Not past due	16,254	734	226	322
Past due 0 – 30 days	1,033	421	37	33
Past due 31 – 90 days	133	75	26	–
Past due over 90 days	407	125	1	–
	<u>17,827</u>	<u>1,355</u>	<u>290</u>	<u>355</u>

The Group believes that the unimpaired amounts that are past due are still collectible based on historic payment behaviour and the deposits held.

8 Financial derivatives

	----- Group -----		----- Trust -----	
	2019	2018	2019	2018
	\$'000	\$'000	\$'000	\$'000
Derivative assets				
Interest rate swaps used for hedging				
- Current	–	116	–	95
Derivative liabilities				
Interest rate swaps used for hedging				
- Current	(2,751)	(132)	(2,404)	(109)
- Non-current	(14,560)	(7,828)	(6,780)	(5,448)
	<u>(17,311)</u>	<u>(7,960)</u>	<u>(9,184)</u>	<u>(5,557)</u>
	<u>(17,311)</u>	<u>(7,844)</u>	<u>(9,184)</u>	<u>(5,462)</u>
Financial derivatives as a percentage of net assets	<u>(0.4%)</u>	<u>(0.3%)</u>	<u>(0.3%)</u>	<u>(0.3%)</u>

The Group uses interest rate swaps to manage its exposure to interest rate movements on its floating rate interest-bearing bank loans by swapping the interest expense of bank loans from floating rates to fixed rates.

Master netting or similar agreements

The Group enters into derivative transactions under International Swaps and Derivatives Association (“ISDA”) master netting agreements. In general, under such agreements the amounts owed by each counterparty on a single day in respect of all transactions outstanding in the same currency are aggregated into a single net amount that is payable by one party to the other. In certain circumstances – e.g. when a credit event such as a default occurs, all outstanding transactions under the agreement are terminated, the termination value is assessed and only a single net amount is payable in settlement of all transactions.

The above ISDA agreements do not meet the criteria for offsetting in the statement of financial position. This is because they create a right of set-off of recognised amounts that is enforceable only following an event of default, insolvency or bankruptcy of the Group or the counterparties. In addition, the Group and its counterparties do not intend to settle on a net basis or to realise the assets and settle the liabilities simultaneously.

The following table sets out the carrying amounts of recognised financial instruments that are subject to the above agreements.

	Gross amounts of recognised financial instruments \$'000	Gross amounts of recognised financial instruments offset in the statement of financial position \$'000	Net amounts of financial instruments included in the statement of financial position \$'000	Related financial instruments that are not offset \$'000	Net amount \$'000
Group					
31 December 2019					
Derivatives liabilities					
Interest rate swaps used for hedging	(17,311)	–	(17,311)	–	(17,311)
31 December 2018					
Derivatives assets					
Interest rate swaps used for hedging	116	–	116	(105)	11
Derivatives liabilities					
Interest rate swaps used for hedging	(7,960)	–	(7,960)	105	(7,855)

	Gross amounts of recognised financial instruments offset in the statement of financial position \$'000	Gross amounts of recognised financial instruments included in the statement of financial position \$'000	Net amounts of financial instruments included in the statement of financial position \$'000	Related financial instruments that are not offset \$'000	Net amount \$'000
Trust					
31 December 2019					
Derivatives liabilities					
Interest rate swaps used for hedging	(9,184)	–	(9,184)	–	(9,184)
31 December 2018					
Derivatives assets					
Interest rate swaps used for hedging	95	–	95	(95)	–
Derivatives liabilities					
Interest rate swaps used for hedging	(5,557)	–	(5,557)	95	(5,462)

9 Cash and cash equivalents

	Group		Trust	
	2019 \$'000	2018 \$'000	2019 \$'000	2018 \$'000
Cash at bank	19,788	7,781	2,487	2,855
Short-term deposits with financial institutions	39,622	29,293	4,810	9,870
	<u>59,410</u>	<u>37,074</u>	<u>7,297</u>	<u>12,725</u>

As at 31 December 2018, included in short-term deposits with financial institutions is \$17,937,000 of structured deposits, which are measured at FVTPL and matured in January 2019.

10 Borrowings

	Group		Trust	
	2019 \$'000	2018 \$'000	2019 \$'000	2018 \$'000
Bank loans				
- Secured	1,573,555	651,302	674,480	624,500
- Unsecured	977,935	926,735	656,934	608,735
Unsecured notes	150,000	150,000	–	–
Loan from a subsidiary	–	–	150,000	150,000
Less: Unamortised transaction costs	(14,363)	(14,715)	(8,309)	(12,154)
	<u>2,687,127</u>	<u>1,713,322</u>	<u>1,473,105</u>	<u>1,371,081</u>

	Group		Trust	
	2019	2018	2019	2018
	\$'000	\$'000	\$'000	\$'000
Classified as:				
Current	575,489	1,992	149,844	—
Non-current	2,111,638	1,711,330	1,323,261	1,371,081
	<u>2,687,127</u>	<u>1,713,322</u>	<u>1,473,105</u>	<u>1,371,081</u>

Terms and debt repayment schedule

Terms and conditions of outstanding borrowings are as follows:

			Group		Trust	
	Nominal	Year of	Face	Carrying	Face	Carrying
	interest	maturity	value	amount	value	amount
	rate		\$'000	\$'000	\$'000	\$'000
	%					
2019						
Bank loans						
- SGD	2.31 – 3.21	2020 - 2024	2,527,415	2,513,214	1,331,414	1,323,261
- Chinese Renminbi	4.90	2024	24,075	24,069	—	—
Unsecured notes	3.03	2020	150,000	149,844	—	—
Loan from a subsidiary	3.03	2020	—	—	150,000	149,844
			<u>2,701,490</u>	<u>2,687,127</u>	<u>1,481,414</u>	<u>1,473,105</u>
2018						
Bank loans						
- SGD	2.72 – 3.42	2021 - 2024	1,551,235	1,536,913	1,233,235	1,221,467
- Chinese Renminbi	4.90	2024	26,802	26,795	—	—
Unsecured notes	3.03	2020	150,000	149,614	—	—
Loan from a subsidiary	3.03	2020	—	—	150,000	149,614
			<u>1,728,037</u>	<u>1,713,322</u>	<u>1,383,235</u>	<u>1,371,081</u>

(a) Secured bank loans

The Group has secured term loans and revolving credit facilities of 3 to 8 years (2018: 5 to 8 years) which are secured on the following:

- investment properties with a total carrying amount of \$3,472,530,000 (2018: \$1,761,035,000) (Note 4);
- assignment of insurance policies on the above investment properties, except public liability insurance;
- assignment of all rights, titles, benefits and interests in connection with the sale and tenancy agreements, tenancy deposits/proceeds, sales deposits/proceeds, property management agreements and the receivables of certain properties;
- assignment of all rights, titles, benefits and interests in connection with the Deed of Income Support over OUE Bayfront which expired in January 2019;
- assignment of all rights, titles, benefits and interests in connection with any master lease, entered into by OUE H-Sub-Trust and lease or tenancy deposits/proceeds in connection with such master lease in respect of Mandarin Orchard Singapore;

- a debenture incorporating a fixed charge over book debt, charged accounts, goodwill, intellectual property and plant and machinery in connection with OUE Bayfront and floating charge over generally all of the present and future assets of the Trust in connection with OUE Bayfront; Mandarin Orchard Singapore and Mandarin Gallery; and
- the account control or charge over certain bank accounts of the Trust and certain subsidiary.

(b) Unsecured bank loans

The Group has in place the following unsecured bank loans:

- a total of \$1,050.0 million (2018: \$1,050.0 million) committed bank loans and revolving credit facilities with banks. At the reporting date, \$977.9 million (2018: \$926.7 million) was drawn down; and
- \$30.0 million (2018: \$30.0 million) uncommitted revolving credit facility with a bank. The uncommitted revolving credit facility was undrawn at the reporting date (2018: \$Nil). The uncommitted revolving credit facility is repayable on demand.

(c) Unsecured notes

The Trust, through its wholly-owned subsidiary, OUE CT Treasury Pte. Ltd., established a \$1.5 billion Multicurrency Debt Issuance Programme (the “Programme”). Under the Programme, OUE CT Treasury Pte. Ltd. may from time to time issue notes and/or perpetual securities in series or tranches.

The unsecured notes outstanding as at 31 December 2019 under the Programme is \$150.0 million (2018: \$150.0 million). The unsecured notes has a fixed rate of 3.03% per annum payable semi-annually in arrears, fully repayable on 5 September 2020.

The unsecured notes and the coupons relating thereto of all series will constitute direct, unconditional, unsubordinated and unsecured obligations of OUE CT Treasury Pte. Ltd. and shall at all times rank pari passu, without any preference or priority among themselves, and pari passu with all other present and future unsecured obligations (other than the subordinated obligations and priorities created by law) of OUE CT Treasury Pte. Ltd.. All sums payable in respect of the unsecured notes will be unconditionally and irrevocably guaranteed by the Trustee.

OUE H-Sub-Trust, through its wholly-owned subsidiary, OUE H-T Treasury Pte. Ltd., established a US\$1.0 billion Guaranteed Euro Medium Term Note Programme (“EMTN Programme”). Under the EMTN Programme, OUE H-Sub-Trust, through its subsidiary, may from time to time issue the notes in series or tranches. As at 31 December 2019, no notes have been issued under the EMTN Programme.

(d) Loan from a subsidiary

OUE CT Treasury Pte. Ltd. has on-lent the proceeds from the issuance of the notes to the Trust.

Reconciliation of movements of liabilities to cash flows arising from financing activities

	Liabilities		Derivative (assets)/ liabilities held to hedge long-term borrowings		
	Borrowings \$'000	Accrued interest payable \$'000	Lease liability \$'000	Interest rate swap used for hedging – assets \$'000	Interest rate swap used for hedging – liabilities \$'000
Balance at 1 January 2019	1,713,322	9,216	–	(116)	7,960
Changes from financing cash flows					
Proceeds from bank loans	168,380	–	–	–	–
Repayment of bank loans	(69,200)	–	–	–	–
Payment of lease liability – principal	–	–	(117)	–	–
Payment of lease liability – interest	–	–	(883)	–	–
Interest paid	–	(66,510)	–	–	50
Total changes from financing cash flows	99,180	(66,510)	(1,000)	–	50
Balance at 31 December 2019	1,812,502	8,706	–	–	1,730,382
The effect of changes in foreign exchange rates	(729)	(29)	–	–	–
Change in fair value	–	–	–	116	7,441
Other changes					
Liability-related					
Merger	870,018	3,380	26,373	–	1,860
Amortisation of debt establishment costs	5,336	–	–	–	–
Interest expense	–	64,810	284	–	–
Total liability-related other changes	875,354	68,190	26,657	–	1,860
Balance at 31 December 2019	2,687,127	10,867	25,657	–	17,311
Balance at 31 December 2019					2,740,962

Reconciliation of movements of liabilities to cash flows arising from financing activities

	Liabilities		Derivative (assets)/liabilities held to hedge long-term borrowings			
	Borrowings	Accrued interest payable	Lease liability	Interest rate swap used for hedging – assets	Interest rate swap used for hedging – liabilities	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Balance at 1 January 2018	1,262,335	7,091	–	–	11,192	1,280,618
Changes from financing cash flows						
Payment of transaction costs related to borrowings	(8,245)	–	–	–	–	(8,245)
Proceeds from bank loans	1,139,735	–	–	–	–	1,139,735
Repayment of bank loans	(684,538)	–	–	–	–	(684,538)
Interest paid	–	(43,274)	–	–	–	(43,274)
Total changes from financing cash flows	446,952	(43,274)	–	–	–	403,678
The effect of changes in foreign exchange rates						
Change in fair value	(822)	(205)	–	–	–	(1,027)
Other changes				(116)	(3,232)	(3,348)
Liability-related						
Amortisation of debt establishment costs	4,857	–	–	–	–	4,857
Interest expense	–	45,604	–	–	–	45,604
Total liability-related other changes	4,857	45,604	–	–	–	50,461
Balance at 31 December 2018	1,713,322	9,216	–	(116)	7,960	1,730,382

11 Trade and other payables

	----- Group -----		----- Trust -----	
	2019	2018	2019	2018
	\$'000	\$'000	\$'000	\$'000
Current				
Trade payables	4,210	3,448	1,589	635
Other payables due to:				
- subsidiaries	—	—	1,687	1,668
- related parties	1,964	992	1,304	992
- third parties	9,574	7,235	830	53
Advance rental received	3,576	4,848	1,131	1,723
Accrued expenses	29,291	21,838	8,509	7,403
Interest payable to:				
- a subsidiary	—	—	1,470	1,469
- third parties	10,867	9,216	5,950	5,061
Rental deposits				
- related parties	1,351	1,380	1,351	1,351
- third parties	14,071	14,862	4,551	4,211
Other deposits				
- related parties	25	48	25	25
- third parties	2,370	1,713	779	662
	<u>77,299</u>	<u>65,580</u>	<u>29,176</u>	<u>25,253</u>
Non-current				
Rental deposits				
- related parties	538	592	538	421
- third parties	47,720	41,808	17,742	16,935
	<u>48,258</u>	<u>42,400</u>	<u>18,280</u>	<u>17,356</u>

Other payables due to subsidiaries and related parties are unsecured, interest-free and repayable on demand.

12 Deferred tax liabilities

Deferred tax liabilities are attributable to the following:

	Group		Trust	
	2019	2018	2019	2018
	\$'000	\$'000	\$'000	\$'000
Investment properties	77,451	78,151	—	—
Plant and equipment	9,220	8,269	—	—
Other items	1,257	1,306	—	—
	<u>87,928</u>	<u>87,726</u>	<u>—</u>	<u>—</u>

Movements in deferred tax liabilities of the Group during the year are as follows:

	Investment properties	Plant and equipment	Others	Total
	\$'000	\$'000	\$'000	\$'000
2019				
At 1 January 2019	78,151	8,269	1,306	87,726
Recognised in statement of total return (Note 22)	1,209	1,221	(9)	2,421
Exchange differences	(1,909)	(270)	(40)	(2,219)
At 31 December 2019	<u>77,451</u>	<u>9,220</u>	<u>1,257</u>	<u>87,928</u>
2018				
At 1 January 2018	75,677	7,032	1,443	84,152
Recognised in statement of total return (Note 22)	4,000	1,433	(104)	5,329
Exchange differences	(1,526)	(196)	(33)	(1,755)
At 31 December 2018	<u>78,151</u>	<u>8,269</u>	<u>1,306</u>	<u>87,726</u>

13 Convertible perpetual preferred units

In October 2015, the Group and the Trust issued 550 million Convertible Perpetual Preferred Units (“CPPU”) at \$1 per Unit to a substantial unitholder of the Trust and a related party of the Manager, as partial satisfaction of the purchase consideration for the subsidiaries acquired. The key terms and conditions of the CPPUs are as follows:

- the CPPU holder has the right to receive preferential non-cumulative distribution of an amount equivalent to 1.0% per annum of the issue price which may be declared by the Manager at its sole discretion;
- any preferential distribution or part thereof not due or payable shall not accumulate for the benefit of the CPPU holder or entitle the CPPU holder to any claim in respect thereof against the Trust, the Trustee and/or the Manager;

- the CPPUs rank senior to the Units in respect of the entitlement to participate in the distributions of the Trust and rank senior to the Units in respect of the entitlement to receive out of the assets of the Trust the amount equivalent to the number of CPPUs held by the CPPU holder multiplied by the issue price and outstanding preferred and special preferred distribution upon the liquidation of the Trust. The CPPUs rank junior to the claims of all other present and future creditors of the Trust;
- the CPPU holder has the sole right to convert the CPPUs into Units, provided that the number of CPPUs converted in each financial year shall not exceed one-third of the total number of CPPUs initially issued to the CPPU holder, at a conversion price of \$0.7154 per CPPU, being the adjusted conversion price pursuant to the rights issue undertaken by the Trust in October 2018. The CPPUs may not be converted into Units for a period of four years commencing from the date of issuance of the CPPUs on 8 October 2015;
- the Manager shall have the sole right to redeem any number of CPPUs for the time being issued and outstanding on a pro-rata basis at the issue price at all times;
- the Manager shall not declare distributions or pay any distributions to the Unitholders, or make any redemption, unless the Manager declares or pays distributions to the CPPU holder; and
- the CPPU holder does not have the right to attend and vote at the meetings of Unitholders except during such period as the preferred or special preferred distribution remains in arrears and unpaid for at least 12 months, or upon any resolution which varies or abrogates any right, preference or privilege of the CPPUs, or upon any resolution for the dissolution or winding up of the Trust.

The CPPUs are classified as equity instruments in the statement of financial position. The \$361,890,000 (2018: \$361,890,000) presented in the statement of financial position represents the carrying value of the remaining 375.0 million CPPUs and the total return attributable to the CPPU holder from the last distribution date.

14 Units in issue and to be issued

	-----Group and Trust-----	
	2019	2018
	'000	'000
Units in issue		
At 1 January	2,855,978	1,544,013
Creation of Units:		
- Partial consideration paid in Units pursuant to the Merger	2,491,775	—
- Rights issue	—	1,288,439
- Acquisition fee paid to Manager in Units	14,592	11,947
- Manager's management fees paid in Units	23,053	11,579
At 31 December	<u>5,385,398</u>	<u>2,855,978</u>
Units to be issued		
Manager's management fees payable in Units	7,061	5,611
Units in issue and to be issued	<u><u>5,392,459</u></u>	<u><u>2,861,589</u></u>

Financial year ended 31 December 2019

During the financial year, the following Units were issued:

- 23,053,355 Units were issued at issue prices ranging from \$0.46 to \$0.53 per Unit, amounting to \$11,621,000 as satisfaction of the Manager's management fees payable in Units;
- 14,592,105 Units were issued at \$0.57 per Unit, amounting to \$8,317,500, as satisfaction of the acquisition fee payable to the Manager arising from the Merger during the financial year; and
- 2,491,774,895 Units, amounting to \$1,267,672,000, were issued as partial consideration paid pursuant to the Merger.

Financial year ended 31 December 2018

During the financial year, the following Units were issued:

- 1,288,438,981 Units were issued at \$0.456 per Unit, amounting to \$587,528,000 for cash as part of the rights issue undertaken by the Trust, wherein Unitholders were entitled to subscribe for 83 new Units for every 100 existing Units held. The proceeds raised from the rights issue were used to partially fund the acquisition of an investment property and the related acquisition costs during the financial year;
- 11,579,111 Units were issued at issue prices ranging from \$0.60 to \$0.72 per Unit, amounting to \$7,852,000 as satisfaction of the Manager's management fees payable in Units; and
- 11,947,368 Units were issued at \$0.57 per Unit, amounting to \$6,810,000, as satisfaction of the acquisition fee payable to the Manager arising from the acquisition of an investment property during the financial year.

Each Unit in the Trust represents an undivided interest in the Trust.

A Unitholder has no equitable or proprietary interest in the underlying asset of the Group and is not entitled to the transfer to it of any asset (or any part thereof) or of any real estate, any interests in any asset and the real estate-related assets (or any part thereof) of the Group.

A Unitholder's liability is limited to the amount paid or payable for any Units. The provisions of the Trust Deed provide that no Unitholders will be personally liable to indemnify the Trustee or any creditor of the Trustee in the event that liabilities of the Trust exceed its assets.

15 Net asset value per Unit

		----- Group -----		----- Trust -----	
	Note	2019	2018	2019	2018
Net asset value per Unit is based on:					
- Net assets attributable to Unitholders (\$'000)		3,318,417	2,038,092	2,964,902	1,724,337
- Units in issue and to be issued at 31 December ('000)	14	5,392,459	2,861,589	5,392,459	2,861,589

16 Revenue

	----- Group -----		----- Trust -----	
	2019	2018	2019	2018
	\$'000	\$'000	\$'000	\$'000
Rental income	221,271	151,066	81,164	52,311
Service fee income	19,981	14,829	11,225	6,950
Carpark income	3,469	3,721	1,395	1,392
Dividend income	—	—	41,122	35,995
Others	12,787	6,963	5,377	2,321
Less: Business and other taxes	(179)	(183)	—	—
	257,329	176,396	140,283	98,969

Under the terms of the lease agreements for the properties, the Group and the Trust are generally entitled to a fixed rent component and/or a variable rent component computed based on a certain percentage of the revenue. Mandarin Orchard Singapore is leased to a related party under a master lease arrangement. The lease contains an initial term of 15 years from 25 July 2013 with an option to renew for a further 15 years. Crowne Plaza Changi Airport is leased to a related party under a master lease agreement till 27 May 2028, with an option to renew for two consecutive terms of five years each.

Included in rental income is variable rent of \$11,229,000 (2018: \$664,000) and \$23,000 (2018: \$46,000) recognised in the statement of total return for the Group and the Trust, respectively.

Included in the revenue of the Group and the Trust are amounts derived from related parties of \$39,341,000 (2018: \$6,843,000) and \$6,516,000 (2018: \$6,111,000), respectively.

Other income consists of miscellaneous income such as utilities and annual license fee, which are recognised when over time as the service is provided.

17 Property operating expenses

	----- Group -----		----- Trust -----	
	2019	2018	2019	2018
	\$'000	\$'000	\$'000	\$'000
Property maintenance expenses	12,816	8,763	5,914	3,334
Property management fees	3,621	2,444	3,179	2,444
Property-related taxes	23,559	17,992	10,657	6,430
Insurance	274	261	103	87
Utilities	2,786	1,953	1,808	1,033
Land rent expenses (Note 28)	1,309	—	—	—
Centre management costs	4,578	4,281	—	—
Others	3,435	2,515	601	282
	<u>52,378</u>	<u>38,209</u>	<u>22,262</u>	<u>13,610</u>
Centre management costs comprise:				
Salaries, bonuses and other costs	4,061	3,783	—	—
Contributions to defined contribution plans	517	498	—	—
	<u>4,578</u>	<u>4,281</u>	<u>—</u>	<u>—</u>

18 Other income

	----- Group -----		----- Trust -----	
	2019	2018	2019	2018
	\$'000	\$'000	\$'000	\$'000
Income support on OUE Bayfront and OUE Downtown Office	17,182	7,189	17,182	7,189

19 Manager's management fees

	-----Group and Trust-----	
	2019	2018
	\$'000	\$'000
Base fee	<u>16,272</u>	<u>10,565</u>

The Manager's management fees comprise an aggregate of 24,503,304 (2018: 14,433,703) Units, amounting to approximately \$13,018,000 (2018: \$8,452,000), that have been or will be issued to the Manager as satisfaction of the Manager's management fees payable in Units at unit prices ranging from \$0.51 to \$0.56 (2018: \$0.46 to \$0.71) per Unit.

20 Net finance costs

	----- Group -----		----- Trust -----	
	2019 \$'000	2018 \$'000	2019 \$'000	2018 \$'000
Finance income				
Interest income	999	795	172	188
Ineffective portion of changes in fair value of cash flow hedges	2,726	2,874	2,033	1,847
Net change in fair value of derivatives	–	–	–	263
Net foreign exchange gain	–	12	–	253
	<u>3,725</u>	<u>3,681</u>	<u>2,205</u>	<u>2,551</u>
Finance costs				
Amortisation of debt-related transaction costs	(5,336)	(4,857)	(3,848)	(3,388)
Interest paid/payable to a subsidiary	–	–	(1,469)	(4,545)
Interest paid/payable to banks	(64,810)	(45,604)	(43,926)	(29,356)
Net change in fair value of derivatives	(619)	(565)	(592)	–
Hedging reserve transferred from unitholders' funds due to discontinuation of hedge accounting	(447)	(653)	(447)	(448)
Net foreign exchange losses	(365)	–	(77)	–
Financial liability measured at amortised cost – interest expense	(284)	–	–	–
	<u>(71,861)</u>	<u>(51,679)</u>	<u>(50,359)</u>	<u>(37,737)</u>
Net finance costs	<u>(68,136)</u>	<u>(47,998)</u>	<u>(48,154)</u>	<u>(35,186)</u>

The above finance income and expenses include the following interest income and expense and debt-related transaction costs in respect of assets and liabilities not at fair value through statement of total return:

	----- Group -----		----- Trust -----	
	2019 \$'000	2018 \$'000	2019 \$'000	2018 \$'000
Total interest income on financial assets	999	795	172	188
Total interest expense on financial liabilities and debt-related transaction costs	<u>(67,136)</u>	<u>(44,542)</u>	<u>(46,381)</u>	<u>(32,424)</u>

21 Total return for the year before tax

Included in total return for the year before tax are the following:

	----- Group -----		----- Trust -----	
	2019	2018	2019	2018
	\$'000	\$'000	\$'000	\$'000
Audit fees paid/payable to:				
- Auditors of the Trust	380	245	175	146
- Other auditors	53	49	—	—
Non-audit fees paid to:				
- Auditors of the Trust	217	65	195	56
- Other auditors	63	6	—	—
Valuation fees	130	76	45	20

22 Tax expense

	----- Group -----		----- Trust -----	
	2019	2018	2019	2018
	\$'000	\$'000	\$'000	\$'000
Current tax expense				
Current year	13,552	13,703	—	—
Under/(Over) provision in respect of prior years	82	(724)	—	—
	13,634	12,979	—	—
Withholding tax	1,393	1,426	—	—
Deferred tax expense				
Origination and reversal of temporary differences	2,421	5,329	—	—
	17,448	19,734	—	—
Reconciliation of effective tax rate				
Total return for the year before tax	150,671	150,447	60,637	61,100
Tax calculated using Singapore tax rate of 17% (2018: 17%)	25,614	25,576	10,308	10,387
Effect of tax rates in foreign jurisdictions	2,014	3,058	—	—
Non-tax deductible items	11,209	6,416	6,753	5,103
Non-taxable items	(8,178)	(10,597)	(1,616)	(3,986)
Tax exempt income	(8)	(26)	(5,932)	(6,119)
Tax incentives	(18)	(10)	—	—
Under/(Over) provision in respect of prior years	82	(724)	—	—
Tax transparency (Note 3.15)	(14,660)	(5,385)	(9,513)	(5,385)
Withholding tax	1,393	1,426	—	—
	17,448	19,734	—	—

23 Earnings per Unit and distribution per Unit

(i) Basic earnings per Unit

The calculation of basic earnings per Unit was based on the total return attributable to Unitholders and the weighted average number of Units, as set out below:

Total return attributable to Unitholders

	Group	
	2019	2018
	\$'000	\$'000
Total return for the year attributable to Unitholders and CPPU holder	118,745	117,493
Less: Amount reserved for distribution to CPPU holder	(3,750)	(3,750)
Total return attributable to Unitholders	<u>114,995</u>	<u>113,743</u>

Weighted average number of Units

	Group	
	2019	2018
	'000	'000
Units issued or to be issued at beginning of the year	2,861,589	1,546,769
Effect of Units issued during the year	791,026	228,716
Effect of Units to be issued as payment of the Manager's management fees payable in Units	19	15
Adjustment for effect of rights issue ⁽¹⁾	—	210,174
Weighted average number of Units during the year	<u>3,652,634</u>	<u>1,985,674</u>

⁽¹⁾ The weighted average number of Units has been adjusted to reflect the bonus element in the new Units pursuant to the rights issue on 30 October 2018.

(ii) Diluted earnings per Unit

The calculation of diluted earnings per Unit was based on the total return attributable to Unitholders and CPPU holder and the weighted average number of Units, after adjustment for the effect of all dilutive potential Units, as set out below:

Total return attributable to Unitholders (diluted)

	Group	
	2019	2018
	\$'000	\$'000
Total return attributable to Unitholders (basic)	114,995	113,743
Add: Amount reserved for distribution to CPPU holder	3,750	3,750
Total return attributable to Unitholders and CPPU holder (diluted)	<u>118,745</u>	<u>117,493</u>

Weighted average number of Units (diluted)

	Group	
	2019	2018
	'000	'000
Weighted average number of Units (basic)	3,652,634	1,985,674
Effect of the Manager's fees paid/payable in Units	16,269	10,087
Effect of the rights issue ⁽¹⁾	—	609
Effect of conversion of CPPUs into Units ⁽²⁾	524,182	524,182
Weighted average number of Units (diluted)	<u>4,193,085</u>	<u>2,520,552</u>

⁽¹⁾ The weighted average number of Units has been adjusted to reflect the bonus element in the new Units pursuant to the rights issue on 30 October 2018.

⁽²⁾ The weighted average number of Units includes the weighted average potential Units to be issued assuming all the remaining CPPUs were converted at \$0.7154 per Unit, being the adjusted conversion price pursuant to the rights issue.

24 Issue costs

Issue costs comprise professional, advisory and underwriting fees and other costs related to the issue of Units.

For the financial year ended 31 December 2018, included in issue costs are fees paid to the auditors of the Trust of \$53,000 for the services rendered in relation to the fund raising exercise undertaken by the Trust.

25 Operating segments

Information regarding the results of each reportable segment is included below. Performance is measured based on segment net property income, as included in the internal management reports that are reviewed by the Board of Directors of the Manager. Segment net property income is used to measure performance as management believes that such information is the most relevant in evaluating the results of its segments relative to other entities that operate within the same industry.

Segment information by business is not presented for 2018 as all of the Group's assets are classified as commercial assets.

Information about reportable segments

	Commercial	Hospitality	Total
	\$'000	\$'000	\$'000
Year ended 31 December 2019			
Revenue	225,045	32,284	257,329
Property operating expenses	(49,721)	(2,657)	(52,378)
Reportable segment net property income	<u>175,324</u>	<u>29,627</u>	<u>204,951</u>

OUE Commercial Real Estate Investment Trust and its subsidiaries
Financial statements
Year ended 31 December 2019

	Commercial \$'000	Hospitality \$'000	Total \$'000
Year ended 31 December 2019			
Other income	17,182	–	17,182
Depreciation and amortisation	(5,475)	–	(5,475)
Finance income	3,712	–	3,712
Finance costs	(64,995)	(6,590)	(71,585)
Unallocated items			
- Finance income			13
- Finance costs			(276)
- Expenses			(18,941)
Net income			129,581
Net change in fair value of investment properties			21,090
Tax expense			(17,448)
Total return for the year			133,223
31 December 2019			
Non-current assets ⁽¹⁾	5,038,279	1,751,658	6,789,937

Geographical information

The Group has two reportable segments, which are Singapore and China. The reporting segments operate in different countries and are managed separately because of the differences in operating and regulatory environment. For each of the reporting segments, the Board of Directors of the Manager reviews internal management reports on a regular basis.

Information about reportable segments

	Singapore \$'000	China \$'000	Total \$'000
Year ended 31 December 2019			
Revenue	226,708	30,621	257,329
Property operating expenses	(47,071)	(5,307)	(52,378)
Reportable segment net property income	179,637	25,314	204,951
Other income	17,182	–	17,182
Depreciation and amortisation	(5,434)	(41)	(5,475)
Finance income	2,902	813	3,715
Finance costs	(70,305)	(1,280)	(71,585)
Unallocated items			
- Finance income			10
- Finance costs			(276)
- Expenses			(18,941)
Net income			129,581
Net change in fair value of investment properties			21,090
Tax expense			(17,448)
Total return for the year			133,223
31 December 2019			
Non-current assets ⁽¹⁾	6,219,274	570,663	6,789,937

	Singapore \$'000	China \$'000	Total \$'000
Year ended 31 December 2018			
Revenue	144,478	31,918	176,396
Property operating expenses	(32,288)	(5,921)	(38,209)
Reportable segment net property income	112,190	25,997	138,187
Other income	7,189	–	7,189
Depreciation and amortisation	(5,427)	(39)	(5,466)
Finance income	3,146	519	3,665
Finance costs	(50,265)	(1,414)	(51,679)
Unallocated items			
- Finance income			16
- Expenses			(12,864)
Net income			79,048
Net change in fair value of investment properties			71,399
Tax expense			(19,734)
Total return for the year			130,713
31 December 2018			
Non-current assets ⁽¹⁾	3,931,475	588,093	4,519,568

⁽¹⁾ Excluding financial instruments

26 Financial instruments

Financial risk management

Risk management framework

Risk management is integral to the whole business of the Group. The Group has a system of controls in place to create an acceptable balance between the cost of risks occurring and the cost of managing the risks. The Manager continually monitors the Group's risk management process to ensure that an appropriate balance between risk and control is achieved. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities.

The Board of Directors of the Manager has overall responsibility for the establishment and oversight of the risk management framework of the Group. The Audit and Risk Committee of the Manager assists the Board of Directors and oversees how the Manager monitors compliance with the risk management policies and procedures of the Group, and reviews the adequacy of the risk management framework in relation to the risks faced by the Group. The Audit and Risk Committee reports regularly to the Board of Directors on its activities.

Overview

The Group has exposure to the following risks arising from financial instruments:

- credit risk
- liquidity risk
- market risk

This note presents information about the exposure of the Group to each of the above risks, its objectives, policies and processes for measuring and managing risk, and its management of capital.

Credit risk

Credit risk is the potential financial loss resulting from the failure of a lessee to settle its financial and contractual obligations to the Group, as and when they fall due.

Concentration of credit risk is limited due to many varied tenants.

Credit evaluations are performed before lease agreements are entered into with prospective tenants. Rental deposits are obtained, where appropriate, to mitigate credit risk. In addition, the Manager monitors closely the balances due from its tenants.

Expected credit loss assessment for individual tenants

The Group uses an allowance matrix to measure the ECLs of trade receivables from individual tenants.

Loss rates are calculated using a 'roll rate' method based on the probability of a receivable progressing through successive stages of delinquency to write-off and are based on actual credit loss experience over the past three years.

The Group believes that no allowance for impairment is necessary in respect of the trade receivables as these receivables relate mainly to tenants that have a good record with the Group or have sufficient security deposits as collateral, and hence ECL is not material.

Other receivables and deposits

Impairment on other receivables and deposits has been measured on the 12 months expected loss basis and the amount of the allowance is insignificant.

Cash and cash equivalents

The Group and the Trust held cash and cash equivalents of \$59,410,000 and \$7,297,000 respectively at 31 December 2019 (2018: \$37,074,000 and \$12,725,000 respectively). The cash and cash equivalents are held with bank and financial institution counterparties which are rated P-1, based on Moody's ratings.

Impairment on cash and cash equivalents has been measured on the 12-month expected loss basis and reflects the short maturities of the exposures. The Trust considers that its cash and cash equivalents have low credit risk based on the external credit ratings of the counterparties. The amount of the allowance on cash and cash equivalents was negligible.

Derivatives

At the reporting date, the Group has interest rate swap contracts with a total notional amount of \$1,855.0 million (2018: \$1,235.0 million). In 2018, \$80.0 million related to forward start interest rate swaps which was effective in 2019. The Trust has interest rate swap contracts with a total notional amount of \$970.0 million (2018: \$840.0 million).

The derivatives are entered into with bank and financial institution counterparties, which are rated Aa1/P-1 to A3/P-2, based on Moody's ratings.

At reporting date, there were no significant concentrations of credit risk. The maximum exposure to credit risk is represented by the carrying value of each financial asset on the statement of financial position.

Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Manager monitors its liquidity risk and maintains a level of cash and cash equivalents deemed adequate to finance the Group's operations and to mitigate the effects of fluctuations in cash flows. The Manager also monitors and observes the CIS Code issued by the MAS concerning limits on total borrowings.

In addition, as at 31 December 2019, the Group maintains term loans and revolving credit facilities of \$2,709.1 million (2018: \$1,786.8 million) with banks. At the reporting date, \$2,551.5 million (2018: \$1,578.0 million) of the facilities was utilised.

As at 31 December 2019, the Group has issued unsecured notes of \$150.0 million (2018: \$150.0 million) through OUE CT Treasury Pte. Ltd..

The following are the contractual maturities of financial liabilities, including estimated interest payments and excluding the impact of netting agreements:

			----- Cash flows -----		
	Carrying amount \$'000	Contractual cash flows \$'000	Within 1 year \$'000	Within 2 to 5 years \$'000	More than 5 years \$'000
Group					
2019					
Non-derivative financial liabilities					
Trade and other payables*	121,981	(121,981)	(73,724)	(45,221)	(3,036)
Borrowings	2,687,127	(2,810,779)	(930,671)	(1,880,108)	–
Lease liability	25,657	(62,667)	(1,000)	(4,000)	(57,667)
	<u>2,834,765</u>	<u>(2,995,427)</u>	<u>(1,005,395)</u>	<u>(1,929,329)</u>	<u>(60,703)</u>
Derivative financial instruments					
Interest rate swaps used for hedging (net-settled)	17,311	(17,564)	(9,636)	(7,928)	–
	<u>2,852,076</u>	<u>(3,012,991)</u>	<u>(1,015,031)</u>	<u>(1,937,257)</u>	<u>(60,703)</u>

OUE Commercial Real Estate Investment Trust and its subsidiaries
Financial statements
Year ended 31 December 2019

			----- Cash flows -----		
	Carrying amount \$'000	Contractual cash flows \$'000	Within 1 year \$'000	Within 2 to 5 years \$'000	More than 5 years \$'000
Group					
2018					
Non-derivative financial liabilities					
Trade and other payables*	103,132	(103,132)	(60,732)	(39,116)	(3,284)
Borrowings	1,713,322	(1,895,396)	(270,978)	(1,526,664)	(97,754)
	<u>1,816,454</u>	<u>(1,998,528)</u>	<u>(331,710)</u>	<u>(1,565,780)</u>	<u>(101,038)</u>
Derivative financial instruments					
Interest rate swaps used for hedging (net-settled)	(116)	121	121	—	—
Interest rate swaps used for hedging (net-settled)	7,960	(8,160)	(3,699)	(4,461)	—
	<u>7,844</u>	<u>(8,039)</u>	<u>(3,578)</u>	<u>(4,461)</u>	<u>—</u>
	<u>1,824,298</u>	<u>(2,006,567)</u>	<u>(335,288)</u>	<u>(1,570,241)</u>	<u>(101,038)</u>
Trust					
2019					
Non-derivative financial liabilities					
Trade and other payables*	46,325	(46,325)	(28,045)	(18,082)	(198)
Borrowings	1,473,105	(1,523,563)	(474,799)	(1,048,764)	—
	<u>1,519,430</u>	<u>(1,569,888)</u>	<u>(502,844)</u>	<u>(1,066,846)</u>	<u>(198)</u>
Derivative financial instruments					
Interest rate swaps used for hedging (net-settled)	9,184	(9,263)	(5,864)	(3,399)	—
	<u>1,528,614</u>	<u>(1,579,151)</u>	<u>(508,708)</u>	<u>(1,070,245)</u>	<u>(198)</u>

	Carrying amount \$'000	Contractual cash flows \$'000	Within 1 year \$'000	Cash flows Within 2 to 5 years \$'000	More than 5 years \$'000
Trust					
2018					
Non-derivative financial liabilities					
Trade and other payables*	40,886	(40,886)	(23,530)	(16,954)	(402)
Borrowings	1,371,081	(1,495,252)	(257,499)	(1,157,066)	(80,687)
	<u>1,411,967</u>	<u>(1,536,138)</u>	<u>(281,029)</u>	<u>(1,174,020)</u>	<u>(81,089)</u>
Derivative financial instruments					
Interest rate swaps used for hedging (net-settled)	(95)	99	99	—	—
Interest rate swaps used for hedging (net-settled)	5,557	(5,682)	(2,920)	(2,762)	—
	<u>5,462</u>	<u>(5,583)</u>	<u>(2,821)</u>	<u>(2,762)</u>	<u>—</u>
	<u>1,417,429</u>	<u>(1,541,721)</u>	<u>(283,850)</u>	<u>(1,176,782)</u>	<u>(81,089)</u>

* Excluding lease liability (shown separately) and advance rental received

The maturity analyses show the contractual undiscounted cash flows of the Group's and the Trust's financial liabilities on the basis of their earliest possible contractual maturity. Derivative financial instruments held are normally not closed out prior to contractual maturity. The disclosure shows net cash flow amounts for derivatives that are net cash-settled.

All the derivative financial instruments are designated as cash flow hedges. The table above reflects the periods in which the cash flows associated with cash flow hedges are expected to occur and to impact the total return.

Market risk

Market risk is the risk that changes in market prices, such as interest rates and foreign exchange rates, will affect the Group's total return or the value of its holding of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

Interest rate benchmark reform

A fundamental review and reform of major interest rate benchmarks is being undertaken globally. There is uncertainty as to the timing and the methods of transition for replacing existing benchmark interbank offered rates ("IBORs") with alternative rates. In Singapore, the fundamental review and reform of the two key Singapore Dollar interest rate benchmarks that are widely referenced in financial contracts, namely Singapore interbank offered rates ("SIBORs") and Singapore swap offer rates ("SORs"), and the transition from SOR to the Singapore Overnight Rate Average ("SORA"), is also ongoing.

The Group evaluated the extent to which its cash flow hedging relationships are subject to uncertainty driven by IBOR reform as at the reporting date. The Group's hedged items and hedging instruments continue to be indexed to IBOR benchmark rate. However, the Group's cash flow hedging relationships extend beyond the anticipated cessation dates for SOR. The Group expects that SOR will be replaced by other benchmark rates, but there is uncertainty over the timing and amount of the replacement rate cash flows.

The Group applies the principles of the amendments to these hedging relationships directly affected by IBOR reform, namely the hedges of SOR, and assumes that the cash flows of the hedged item and hedging instrument will not be materially altered as a result of IBOR reform.

Interest rate risk

The Manager's strategy to manage the risk of potential interest rate volatility may be through the use of interest rate hedging instruments and/or fixed rate borrowings. The Manager will regularly evaluate the feasibility of putting in place the appropriate level of interest rate hedges, after taking into account the prevailing market conditions.

Derivative financial instruments are used to manage exposures to interest rate risks arising from financing activities. Derivative financial instruments are not used for trading purposes. However, derivatives that do not qualify for hedge accounting are accounted for as trading instruments.

The Group determines the existence of an economic relationship between the hedging instrument and hedged item based on the reference interest rates, tenors, repricing dates and the notional or par amounts. The Group considers whether the critical terms of the interest rate swaps to align with the hedged borrowings when assessing the presence of an economic relationship. The Group assesses whether the derivative designated in each hedge relationship is expected to be effective in offsetting changes in cash flows of the hedged item using the regression method. For cash flow hedging relationships directly impacted by IBOR reform (i.e. hedges of SOR), the Group assumes that the cash flows of the hedged item and hedging instrument will not be altered as a result of IBOR reform.

In these hedge relationships, the main sources of ineffectiveness are the differences in the inception dates between the swaps and the borrowings.

Hedging relationships impacted by IBOR reform may experience ineffectiveness attributable to market participants' expectations for when the shift from the existing IBOR benchmark rate to an alternative benchmark interest rate will occur. This transition may occur at different times for the hedged item and hedging instrument, which may lead to hedge ineffectiveness.

There were no other sources of ineffectiveness in these hedging relationships.

The Group's exposure to changes in interest rates relate primarily to interest-earning financial assets and interest-bearing financial liabilities. At the reporting date, the interest rate profile of the interest-bearing financial instruments was as follows:

	Nominal amount			
	Group		Trust	
	2019	2018	2019	2018
	\$'000	\$'000	\$'000	\$'000
Fixed rate instruments				
Short-term deposits with financial institutions	39,622	29,293	4,810	9,870
Borrowings	(150,000)	(150,000)	(150,000)	(150,000)
Interest rate swaps	(1,855,000)	(1,155,000)	(970,000)	(840,000)
	<u>(1,965,378)</u>	<u>(1,275,707)</u>	<u>(1,115,190)</u>	<u>(980,130)</u>
Variable rate instruments				
Borrowings	(2,551,490)	(1,578,037)	(1,331,414)	(1,233,235)
Interest rate swaps	1,855,000	1,155,000	970,000	840,000
	<u>(696,490)</u>	<u>(423,037)</u>	<u>(361,414)</u>	<u>(393,235)</u>

Fair value sensitivity analysis for fixed rate instruments

The Group does not account for the fixed rate financial assets and liabilities at fair value through statement of total return. The Group does not designate interest rate swaps as hedging instruments under a fair value hedge accounting model. Therefore, a change in interest rates at the reporting date would not affect total return.

Sensitivity analysis for variable instruments

For the variable rate instruments, a change in 50 (2018: 50) basis points ("bp") in interest rate at the reporting date would impact total return and unitholders' funds (before any tax effects) by the amounts shown below. This analysis assumes that all other variables remain constant.

	Statement of Total Return		Unitholders' funds	
	Increase in	Decrease in	Increase in	Decrease in
	interest rate	interest rate	interest rate	interest rate
	\$'000	\$'000	\$'000	\$'000
Group				
2019				
Variable rate instruments				
Borrowings (50 bp)	(12,757)	12,757	—	—
Interest rate swaps (50 bp)	9,291	(9,273)	1,227	(1,212)
	<u>(3,466)</u>	<u>3,484</u>	<u>1,227</u>	<u>(1,212)</u>
2018				
Variable rate instruments				
Borrowings (50 bp)	(7,890)	7,890	—	—
Interest rate swaps (50 bp)	7,309	(7,337)	492	(644)
	<u>(581)</u>	<u>553</u>	<u>492</u>	<u>(644)</u>

	Statement of Total Return		Unitholders' funds	
	Increase in interest rate \$'000	Decrease in interest rate \$'000	Increase in interest rate \$'000	Decrease in interest rate \$'000
Trust				
2019				
Variable rate instruments				
Borrowings (50 bp)	(6,657)	6,657	—	—
Interest rate swaps (50 bp)	4,866	(4,848)	364	(368)
	(1,791)	1,809	364	(368)
2018				
Variable rate instruments				
Borrowings (50 bp)	(6,166)	6,166	—	—
Interest rate swaps (50 bp)	4,200	(4,200)	296	(459)
	(1,966)	1,966	296	(459)

Hedge accounting

Cash flow hedges

The Group and the Trust held the following instruments to hedge exposures to changes in interest rates.

	Maturity	
	1-12 months	More than one year
31 December 2019		
<u>Group</u>		
Interest rate risk		
Interest rate swaps		
Net exposure (\$'000)	470,000	1,385,000
Fixed interest rate	1.59% - 1.93%	1.46% - 2.17%
<u>Trust</u>		
Interest rate risk		
Interest rate swaps		
Net exposure (\$'000)	300,000	670,000
Fixed interest rate	1.59% - 1.93%	1.46% - 2.13%
31 December 2018		
<u>Group</u>		
Interest rate risk		
Interest rate swaps		
Net exposure (\$'000)	440,000	715,000
Fixed interest rate	1.53% - 2.45%	1.88% - 2.55%
<u>Trust</u>		
Interest rate risk		
Interest rate swaps		
Net exposure (\$'000)	260,000	580,000
Fixed interest rate	1.53% - 2.45%	1.88% - 2.55%

The amounts at the reporting date relating to items designated as hedged items were as follows.

<u>Group</u>	Change in value used for calculating hedge ineffectiveness \$'000	Cash flow hedge reserve \$'000
31 December 2019		
Interest rate risk		
Variable-rate instruments	8,310	(12,355)
31 December 2018		
Interest rate risk		
Variable-rate instruments	(763)	(3,139)
<u>Trust</u>		
31 December 2019		
Interest rate risk		
Variable-rate instruments	5,196	(6,911)
31 December 2018		
Interest rate risk		
Variable-rate instruments	(2,283)	(2,244)

There are no balances remaining in cash flow hedge reserve from hedging relationships for which hedge accounting no longer applied.

QUE Commercial Real Estate Investment Trust and its subsidiaries
Financial statements
Year ended 31 December 2019

The amounts relating to items designated as hedging instruments and hedge ineffectiveness were as follows.

	As at 31 December			During the period				
	Line item in the statement of financial position where the hedging instrument is included	Carrying amount – assets \$'000	Carrying amount – liabilities \$'000	Changes in the value of the hedging instrument recognised in unitholders' funds and NCI \$'000	Hedge ineffectiveness recognised in statement of total return \$'000	Line item in statement of total return that includes hedge ineffectiveness	Amount reclassified from hedging reserve to statement of total return \$'000	Line item in statement of total return affected by the reclassification
Group								
2019								
Interest rate risk								
Interest rate swaps	Financial derivatives	–	(17,311)	(9,898)	2,726	Finance income	682	Finance cost
2018								
Interest rate risk								
Interest rate swaps	Financial derivatives	116	(7,960)	(13)	2,874	Finance income	1,705	Finance cost
		As at 31 December			During the period			
	Line item in the statement of financial position where the hedging instrument is included	Carrying amount – assets \$'000	Carrying amount – liabilities \$'000	Changes in the value of the hedging instrument recognised in unitholders' funds \$'000	Hedge ineffectiveness recognised in statement of total return \$'000	Line item in statement of total return that includes hedge ineffectiveness	Amount reclassified from hedging reserve to statement of total return \$'000	Line item in statement of total return affected by the reclassification
Trust								
2019								
Interest rate risk								
Interest rate swaps	Financial derivatives	–	(9,184)	(5,243)	2,033	Finance income	576	Finance cost
2018								
Interest rate risk								
Interest rate swaps	Financial derivatives	95	(5,557)	908	1,847	Finance income	1,889	Finance cost

FS73

The following table provides a reconciliation by risk category of components of equity and analysis of unitholders' funds items, net of tax, resulting from cash flow hedge accounting.

	Group Hedging reserve \$'000	Trust Hedging reserve \$'000
Balance at 1 January 2019	(3,139)	(2,244)
Cash flow hedges		
Change in fair value:		
Interest rate risk	(9,898)	(5,243)
Amount reclassified to statement of total return:		
Interest rate risk	682	576
Balance at 31 December 2019	<u>(12,355)</u>	<u>(6,911)</u>
Balance at 1 January 2018	(5,014)	(5,041)
Cash flow hedges		
Change in fair value:		
Interest rate risk	139	908
Amount reclassified to statement of total return:		
Interest rate risk	1,736	1,889
Balance at 31 December 2018	<u>(3,139)</u>	<u>(2,244)</u>

Currency risk

In order to manage the currency risk involved in investing in assets outside Singapore, the Manager adopts the currency risk management strategies that may include:

- the use of foreign currency denominated borrowings to match the currency of the asset investment as a natural currency hedge; and
- entering into currency forward contracts to hedge the foreign currency income received from its foreign subsidiaries, back into Singapore Dollars.

The following table details the Group's exposure at the end of the reporting period to currency risk arising from recognised assets or liabilities denominated in a currency other than the functional currency of the entity to which they relate.

	HKD \$'000	USD \$'000	RMB \$'000
Group			
2019			
Cash and cash equivalents	<u>1</u>	<u>72</u>	<u>4,823</u>
2018			
Cash and cash equivalents	<u>2</u>	<u>73</u>	<u>11,365</u>

Changes in the exchange rates between the above currencies and the Singapore dollar would not have a significant impact to the Group's total return before tax.

Accounting classifications and fair values

The fair values of financial assets and liabilities, including their levels in the fair value hierarchy are set out below. It does not include the fair value information of financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value. Further, for the current year the fair value disclosure of lease liability is also not required.

Group 2019	Note	Amortised cost \$'000	FVTPL \$'000	Carrying amount		Fair value				
				Fair value – hedging instruments \$'000	Other financial liabilities \$'000	Total \$'000	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
Financial assets not measured at fair value	7	36,646	–	–	–	36,646	–	–	34,127	34,127
Trade and other receivables ^	9	59,410	–	–	–	59,410	–	–	–	–
Cash and cash equivalents		96,056	–	–	–	96,056	–	–	–	–
Financial liabilities measured at fair value	8	–	–	–	–	(17,311)	–	(17,311)	–	(17,311)
Financial derivatives										
Financial liabilities not measured at fair value										
Borrowings:										
- Bank loans	10	–	–	–	–	(2,537,283)	(2,537,283)	–	–	–
- Unsecured notes	10	–	–	–	–	(149,844)	(149,844)	–	–	–
Trade and other payables #	11	–	–	–	–	(121,981)	(121,981)	–	(118,572)	(118,572)
		–	–	–	–	(2,809,108)	(2,809,108)	–	–	–

^ Excluding prepayments

Excluding advance rental received

OUUE Commercial Real Estate Investment Trust and its subsidiaries
Financial statements
Year ended 31 December 2019

	Note	Carrying amount					Fair value			
		Amortised cost \$'000	FVTPL \$'000	Fair value – hedging instruments \$'000	Other financial liabilities \$'000	Total \$'000	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
Group 2018										
Financial assets measured at fair value										
Financial derivatives	8	–	–	116	–	116	–	116	–	116
Financial assets not measured at fair value										
Trade and other receivables ^	7	13,733	–	–	–	13,733				
Cash and cash equivalents	9	19,137	17,937	–	–	37,074	–	17,937	–	17,937
		32,870	17,937	–	–	50,807				
Financial liabilities measured at fair value										
Financial derivatives	8	–	–	(7,960)	–	(7,960)	–	(7,960)	–	(7,960)
Financial liabilities not measured at fair value										
Borrowings:										
- Bank loans	10	–	–	–	(1,563,708)	(1,563,708)				
- Unsecured notes	10	–	–	–	(149,614)	(149,614)	–	(146,945)	–	(146,945)
Trade and other payables #	11	–	–	–	(103,132)	(103,132)	–	–	(99,857)	(99,857)
		–	–	–	(1,816,454)	(1,816,454)				

^ Excluding prepayments

Excluding advance rental received

FS76

		Carrying amount				Fair value			
Note	Amortised cost \$'000	Fair value – hedging instruments \$'000	Other financial liabilities \$'000	Total \$'000	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000	
Trust 2019									
Financial assets not measured at fair value									
7	9,282	–	–	9,282					
9	7,297	–	–	7,297					
	16,579	–	–	16,579					
Financial liabilities measured at fair value									
8	–	(9,184)	–	(9,184)	–	(9,184)	–	–	
Financial liabilities not measured at fair value									
Borrowings:									
10	–	–	(1,323,261)	(1,323,261)					
10	–	–	(149,844)	(149,844)					
11	–	–	(46,325)	(46,325)	–	–	(45,411)	(45,411)	
	–	–	(1,519,430)	(1,519,430)					

^ Excluding prepayments

Excluding advance rental received

OUÉ Commercial Real Estate Investment Trust and its subsidiaries
Financial statements
Year ended 31 December 2019

		Carrying amount			Fair value				
	Note	Amortised cost \$'000	Fair value – hedging instruments \$'000	Other financial liabilities \$'000	Total \$'000	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
Trust 2018									
Financial assets measured at fair value									
	8	–	95	–	95	–	95	–	95
Financial assets not measured at fair value									
	7	6,531	–	–	6,531				
	9	12,725	–	–	12,725				
		19,256	–	–	19,256				
Financial liabilities measured at fair value									
	8	–	(5,557)	–	(5,557)	–	(5,557)	–	(5,557)
Financial liabilities not measured at fair value									
Borrowings:									
	10	–	–	(1,221,467)	(1,221,467)				
	10	–	–	(149,614)	(149,614)	–	(146,945)	–	(146,945)
	11	–	–	(40,886)	(40,886)	–	–	(39,926)	(39,926)
		–	–	(1,411,967)	(1,411,967)				

^ Excluding prepayments

Excluding advance rental received

Valuation techniques and significant unobservable inputs

The following tables show the valuation techniques used in measuring Level 2 and Level 3 fair values.

Financial instruments measured at fair value

Type	Valuation technique

Group and Trust

Interest rate swaps	<i>Market comparison technique:</i> The fair values are based on broker quotes. Similar contracts are traded in an active market and the quotes reflect the actual transactions in similar instruments.

Financial instruments not measured at fair value

Type	Valuation technique

Group

Trade and other receivables	<i>Discounted cash flows</i>
Trade and other payables	<i>Discounted cash flows</i>
Unsecured notes	<i>The fair value of the unsecured notes is based on the quoted price at reporting date.</i>

Trust

Trade and other payables	<i>Discounted cash flows</i>
Loan from subsidiary	<i>Loan from a subsidiary is based on the same terms as the unsecured notes and therefore, the fair value of the loan from a subsidiary is determined based on the fair value of the unsecured notes.</i>

There were no transfers between Level 2 and 3 during the year.

Capital management

The Manager's principal objectives are to deliver regular and stable distributions to Unitholders and to achieve sustainable long-term growth in distributions and in the net asset value per Unit, while maintaining an appropriate capital structure. Capital consists of all components of equity of the Group.

The Group's capital funding objectives are to maintain a strong statement of financial position, manage the cost of debt financing, and potential refinancing or repayment risks, secure diversified funding sources and implement appropriate hedging strategies to manage interest rate volatility and foreign exchange exposure, after taking into account the prevailing market conditions.

The Group has income derived from its investments in the PRC. The conversion of the Chinese Renminbi is subject to the rules and regulations of foreign exchange control promulgated by the PRC government.

The Trust and its subsidiaries are subject to the aggregate leverage limit as defined in the Property Funds Appendix of the CIS Code issued by the MAS. The CIS Code stipulates that the total borrowings and deferred payments (together the “Aggregate Leverage”) of a property fund should not exceed 45.0% of its Deposited Property.

The Aggregate Leverage of the Group as at 31 December 2019 was 40.3% (2018: 39.3%) of its Deposited Property. This complied with the Aggregate Leverage limit as described above.

There were no substantial changes in the Group’s and the Trust’s approach to capital management during the year.

27 Commitments

The Group and the Trust has the following commitments as at the reporting date:

Capital commitments

	----- Group -----		----- Trust -----	
	2019	2018	2019	2018
	\$’000	\$’000	\$’000	\$’000
Contracted but not provided for in the financial statements:				
- Expenditure in respect of investment properties	9,144	5,647	351	—

28 Leases

Leases as lessee (FRS 116)

The Group leases land in relation to the Crowne Plaza Changi Airport site. The lease runs for a period of 74 years. Under the terms of the lease agreement, the land rent payable comprises a fixed component and a variable component computed based on certain percentage of the hotel revenue.

Information about leases for which the Group is a lessee is presented below.

Right-of-use assets

Right-of-use assets related to land meets the definition of investment property (see Note 4).

Amounts recognised in statement of total return

	2019 \$'000
Leases under FRS 116	
Interest on lease liability	284

Amounts recognised in statement of cash flows

	2019 \$'000
Total cash outflow for leases	1,000

Leases as lessor

Operating lease

The Group leases out its investment properties (see Note 4). The Group has classified these leases as operating leases, because they do not transfer substantially all of the risks and rewards incidental to the ownership of the assets. Note 3.8 sets out information about the operating leases of investment property.

Rental income from investment properties recognised by the Group during 2019 was \$241,252,000 (2018: \$165,895,000) and Trust was \$92,389,000 (2018: \$59,261,000).

The following table sets out a maturity analysis of lease payments, showing the undiscounted lease payments to be received after the reporting date.

	Group \$'000	Trust \$'000
2019 – Operating leases under FRS 116		
Less than one year	287,905	94,371
One to two years	222,888	62,948
Two to three years	164,594	36,566
Three to four years	111,681	14,969
Four to five years	93,429	6,752
More than five years	260,254	306
Total	1,140,751	215,912
2018 – Operating leases under FRS 17		
Less than one year	188,335	91,853
Between one and five years	270,859	123,797
More than five years	23,646	544
Total	482,840	216,194

29 Related party transactions

In the normal course of the operations of the Trust, the Manager's management fee and Trustee's fee have been paid or are payable to the Manager and the Trustee respectively. Property management fees are payable to the Property Managers, related parties of the Manager.

During the financial year, other than the transactions disclosed elsewhere in the financial statements, there were the following related party transactions:

	Group		Trust	
	2019	2018	2019	2018
	\$'000	\$'000	\$'000	\$'000
Acquisition of investment property and intangible asset from a related party	—	908,000	—	908,000
Hotel service expenses and professional fees paid/payable to related parties	637	68	70	68
Settlement of liabilities by related parties of the Manager on behalf of the Group and the Trust	159	471	114	471
Consideration for stapled securities of OUE Hospitality Trust pursuant to the Merger	525,539	—	—	—

30 Financial ratios

	Group		Trust	
	2019	2018	2019	2018
	\$'000	\$'000	\$'000	\$'000
Expenses to weighted average net assets ¹				
- including performance component of the Manager's fees	0.99	1.18	1.12	1.39
- excluding performance component of the Manager's fees	0.99	1.18	1.12	1.39
Portfolio turnover rate ²	—	—	—	—

¹ The annualised ratios are computed in accordance with the guidelines of the Investment Management Association of Singapore. The expenses used in the computation relate to expenses of the Group and the Trust, excluding property expenses and finance expenses.

² The annualised ratio is computed based on the lesser of purchases or sales of underlying investment properties of the Group and the Trust expressed as a percentage of daily average net asset value.

31 Acquisition of OUE H-Trust

On 4 September 2019, OUE C-REIT completed its merger with OUE H-Trust by way of a trust scheme of arrangement. OUE H-Trust owns a portfolio of three properties.

The purchase consideration of \$1,342.4 million was settled by a cash consideration of \$74.7 million and issuance of 2,491.8 million new Units, amounting to \$1,267.7 million, which is the fair value of the net assets of OUE H-Trust less the cash consideration. The Merger was accounted for as an asset acquisition.

The fair value of identifiable assets and liabilities of OUE H-Trust as at 3 September 2019 (the Merger date) and the cashflow effect of the Merger were:

	2019 \$'000
Investment properties (including right-of-use assets)	2,245,346
Trade and other receivables	17,383
Cash and cash equivalents	31,674
Borrowings	(870,018)
Trade and other payables	(52,926)
Lease liability	(26,373)
Tax payable	(800)
Financial derivatives	(1,860)
Total identifiable net assets at fair value	<u>1,342,426</u>
Acquisition costs	<u>16,811</u>
Purchase consideration paid (including acquisition costs)	<u><u>1,359,237</u></u>

Effect of the acquisition on cash flows

Purchase consideration (including acquisition costs)	1,359,237
Less:	
- Cash at bank of subsidiaries acquired	(31,674)
- Considerations paid in Units	(1,267,673)
- Manager's acquisition fee in Units	(8,318)
- Accrued acquisition costs	(373)
Net cash outflow on Merger net of cash acquired	<u><u>51,199</u></u>

32 Subsequent events

There were the following events subsequent to the reporting date:

- On 30 January 2020, the Manager declared a distribution of \$1,890,000 to the CPPU holder in respect of the period from 1 July 2019 to 31 December 2019.
- On 30 January 2020, the Manager declared a distribution of 1.10 cents per Unit, amounting to \$59,283,000, in respect of the period from 4 September 2019 to 31 December 2019.

- On 4 February 2020, the Trust issued 7,060,763 Units at \$0.5634 per Unit, amounting to \$3,978,000, to the Manager as payment of the management base fee for the period from 1 October 2019 to 31 December 2019.
- There is a novel coronavirus (“COVID-19”) outbreak which will impact the performance of the Singapore hospitality and China segments in 2020. Should the duration of the COVID-19 situation be protracted, the minimum rent component embedded in the master lease agreements of the Group’s hotel portfolio provides significant downside protection. Additionally, only 14.3% of Lippo Plaza’s gross rental income is due for renewal in FY2020.

33 New standards and interpretations not yet adopted

A number of new standards and amendments to standards are effective for annual periods beginning after 1 January 2019 and earlier application is permitted; however, the Group has not early adopted the new or amended standards in preparing these financial statements.

The following new FRSs, interpretations and amendments to FRSs are not expected to have a significant impact on the Group’s consolidated financial statements.

- *Amendments to References to Conceptual Framework in FRS standards*
- *Definition of a Business* (Amendments to FRS 103)
- *Definition of Material* (Amendments to FRS 101-1 and FRS 101-8)