

## IMPORTANT NOTICE

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The attached information memorandum has been made available to you in electronic form. You are reminded that documents or information 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 Commercial Real Estate Investment Trust, OUE Commercial REIT Management Pte. Ltd. (in its capacity as manager of OUE Commercial Real Estate Investment Trust), Australia and New Zealand Banking Group Limited, Standard Chartered Bank or any person who controls any of them nor any of their respective directors, officers, employees, 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. A hard copy version will be provided to you upon request.

**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 Commercial Real Estate Investment Trust), OUE Commercial Real Estate Investment Trust, OUE Commercial REIT Management Pte. Ltd. (in its

capacity as manager of OUE Commercial Real Estate Investment Trust), Australia and New Zealand Banking Group Limited or Standard Chartered Bank 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 a general solicitation or general advertising (as those terms are used in Regulation D under the Securities Act) or directed selling efforts (as defined in Regulation S under the Securities Act).

The attached information memorandum or any materials relating to the offering 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 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 the dealers or such affiliate on behalf of OUE CT Treasury Pte. Ltd., DBS Trustee Limited (in its capacity as trustee of OUE Commercial Real Estate Investment Trust), OUE Commercial Real Estate Investment Trust or, as the case may be, OUE Commercial REIT Management Pte. Ltd. (in its capacity as manager of OUE Commercial Real Estate Investment Trust) 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 this 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 this 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 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 this 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.



**OUE CT TREASURY PTE. LTD.**

(Incorporated in the Republic of Singapore on 18 August 2015)  
(UEN/Company Registration No. 201532087G)

**S\$1,500,000,000**

**Multicurrency Debt Issuance Programme**

Unconditionally and irrevocably guaranteed by

**DBS TRUSTEE LIMITED**

(in its capacity as trustee of OUE Commercial Real Estate Investment Trust)

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 OUE CT Treasury Pte. Ltd. (the "Issuer") pursuant to the S\$1,500,000,000 Multicurrency Debt Issuance Programme (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 persons in Singapore other than (i) to an institutional investor under Section 274 of the Securities and Futures Act, Chapter 289 of Singapore (the "SFA"), (ii) to a relevant person pursuant to Section 275(1), or any person pursuant to Section 275(1A), and in accordance with the conditions specified in Section 275, of the SFA 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 (as defined in Section 239(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 defined in Section 275(2) of the SFA, 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 32 of the Securities and Futures (Offers of Investments) (Shares and Debentures) Regulations 2005 of Singapore.

All sums payable in respect of the Securities are unconditionally and irrevocably guaranteed by DBS Trustee Limited (in its capacity as trustee of OUE Commercial Real Estate Investment Trust ("OUE C-REIT")) (the "Guarantor" or 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 of and quotation for 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 or opinions expressed or reports contained herein. Admission to the Official List of the SGX-ST and the listing of and quotation for any Securities on the SGX-ST is not to be taken as an indication of the merits of the Issuer, the Guarantor, OUE C-REIT, their respective subsidiaries (if any), 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. 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



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## NOTICE

Australia and New Zealand Banking Group Limited and Standard Chartered Bank (the “**Arrangers**”) have been authorised by OUE CT Treasury Pte. Ltd. (the “**Issuer**”) to arrange the S\$1,500,000,000 Multicurrency Debt Issuance Programme (the “**Programme**”) described herein. Under the Programme, the Issuer may, subject to compliance with all relevant laws, regulations and directives, from time to time issue perpetual securities (the “**Perpetual Securities**”) and notes (the “**Notes**” and, together with the Perpetual Securities, the “**Securities**”) denominated in Singapore dollars and/or any other currencies. The payment of all amounts payable in respect of the Securities will be unconditionally and irrevocably guaranteed by DBS Trustee Limited (in its capacity as trustee of OUE Commercial Real Estate Investment Trust (“**OUE C-REIT**”)) (the “**Guarantor**” or the “**OUE C-REIT Trustee**”).

This Information Memorandum contains information with regard to the Issuer, 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 Issuer and the Guarantor confirms that 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 all the information 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 Issuer 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, 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 issue date 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 Bank S.A./N.V. (“**Euroclear**”) and/or Clearstream Banking, société anonyme (“**Clearstream, Luxembourg**”) or otherwise delivered as agreed between the Issuer 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 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 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 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 applicable Conditions 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\$1,500,000,000 (or its equivalent in any other currencies) or such higher amount as may be increased pursuant to the terms and upon the 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 and, if given or made, such information or representation must not be relied upon as having been authorised by the Issuer, the Guarantor, OUE C-REIT, either Arranger or any of the Dealers. 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 the Issuer, the Guarantor, OUE C-REIT or any of their respective subsidiaries (if any) or associated companies (if any). Neither this Information Memorandum nor any other document or information (or any part thereof) delivered or supplied under or in relation to the Programme may be used for the purpose of, or constitutes an offer of, or solicitation or invitation by or on behalf of the Issuer, the Guarantor, either Arranger 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 such other document or information and the offer of the Securities in certain jurisdictions may be restricted by law. Persons who distribute or publish this Information Memorandum or any such other document or information or into whose possession this Information Memorandum or any such other document or information comes are required to inform themselves about and to observe any such restrictions and all applicable laws, orders, rules and regulations.

The Securities and the Guarantee have not been, and will not be, registered under the Securities Act (as defined herein) or with any securities regulatory authority of any state or other jurisdiction of the United States and the Securities are subject to U.S. tax law requirements and restrictions. Subject to certain exceptions, the Securities may not be offered, sold or delivered within the United States or to, or for the account or benefit of, U.S. persons (as defined in the U.S. Internal Revenue Code of 1986, as amended, and regulations thereunder).

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 the Issuer, the Guarantor, OUE C-REIT, either Arranger or any of the Dealers to subscribe for or purchase, any of the Securities.

This Information Memorandum and any other document or material 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 Dealers 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 Securities and Futures Act, Chapter 289 of Singapore (the "SFA") (or equivalent provisions in the relevant jurisdictions) 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 the Issuer, the Guarantor, OUE C-REIT or any of their respective subsidiaries (if any) 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, warranty or undertaking 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 the Issuer, the Guarantor, OUE C-REIT or their respective subsidiaries (if any) or associated companies (if any). Further, neither 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 the Issuer, the Guarantor, OUE C-REIT, their respective subsidiaries (if any) 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 the Issuer, the Guarantor, OUE C-REIT, either Arranger 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 the Issuer, the Guarantor, OUE C-REIT and their respective subsidiaries (if any) and 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 the Issuer, the Guarantor, OUE C-REIT and their respective subsidiaries (if any) and associated companies (if any). Accordingly, notwithstanding anything herein, none of the Arrangers, any of 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 Arranger or any of the Dealers or on its behalf in connection with the Issuer, the Guarantor, the Group 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.

The following documents 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) any annual reports, audited consolidated accounts and/or publicly announced unaudited consolidated financial statements of the Issuer, the Guarantor, OUE C-REIT and their respective subsidiaries and associated companies (if any) and (2) any supplement or amendment to this Information Memorandum issued by the Issuer (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 (as defined herein) 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 the Trust Deed, the Agency Agreement and the Deed of Covenant are available for inspection at the specified office of the Issuing and Paying Agent (as defined herein).

Any purchase or acquisition of the Securities is in all respects conditional on the satisfaction of certain conditions set out in the Programme Agreement (as defined herein) and the issue of the Securities by the 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 Issuer, the Guarantor, OUE C-REIT, either Arranger 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 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 attention of recipients of this Information Memorandum is drawn to the restrictions on resale of the Securities set out under the section "Subscription, Purchase and Distribution" on pages 159 to 160 of this Information Memorandum.

**Any person(s) who is 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 purchasers of the Securities are advised to consult their own tax advisers concerning the tax consequences of the acquisition, ownership or disposal of the Securities.**



## 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 the Issuer, the Guarantor, OUE C-REIT and/or the Group (including statements as to the 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 the Issuer, the Guarantor, OUE C-REIT and/or the Group, expected growth in the 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 involve known and unknown risks, uncertainties and other factors that may cause the actual results, performance or achievements of the 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:

- changes in general political, social and economic conditions;
- changes in currency exchange and interest rates;
- demographic changes;
- changes in competitive conditions; and
- other factors beyond the control of the Issuer, the Guarantor, OUE C-REIT and the Group.

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

Given the risks and uncertainties that may cause the actual future results, performance or achievements of the Issuer, the Guarantor, 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 Issuer, the Guarantor, the Arrangers and the Dealers do not represent or warrant that the actual future results, performance or achievements of the Issuer, the Guarantor, OUE C-REIT or the Group will be as discussed in those statements.

Neither the delivery of this Information Memorandum nor the issue of any Securities by the Issuer shall under any circumstances constitute a continuing representation or create any suggestion or implication that there has been no change in the affairs of the Issuer, the Guarantor, OUE C-REIT, the Group or any statement of fact or information contained in this Information Memorandum since the date of this Information Memorandum or the date on which this Information Memorandum has been most recently amended or supplemented.

Further, the Issuer, the Guarantor, OUE C-REIT, 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 August 2015 between (1) the Issuer, as issuer, (2) the Guarantor, as guarantor, (3) The Bank of New York Mellon, Singapore Branch, as issuing and paying agent, CDP transfer agent and CDP registrar, (4) The Bank of New York Mellon, London Branch, as non-CDP paying agent and calculation agent, (5) The Bank of New York Mellon (Luxembourg) S.A., as non-CDP transfer agent and non-CDP registrar, and (6) the Trustee, as trustee, as amended, restated or supplemented from time to time.
- “Arrangers”** : Australia and New Zealand Banking Group Limited and Standard Chartered Bank.
- “Base Rent”** : Rental income received after taking into account leasing incentives such as rent rebates and rent-free periods where applicable, but excluding Turnover Rent, Service Charge and other income, where applicable.
- “BCA”** : The Building and Construction Authority.
- “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 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.
- “BVI Holding Company”** : OUE Eastern Limited, a wholly-owned subsidiary of OUE C-REIT incorporated in the British Virgin Islands to acquire the entire issued share capital in the holding company of the PRC Company.
- “Calculation Agent”** : The Bank of New York Mellon, London Branch, or its successors in such capacity.
- “CBD”** : The Central Business District of Singapore.

<b>“CDP Registrar”</b>	:	The Bank of New York Mellon, Singapore Branch, or its successors in such capacity.
<b>“CDP Transfer Agent”</b>	:	The Bank of New York Mellon, Singapore Branch, or its successors in such capacity.
<b>“CDP” or the “Depository”</b>	:	The Central Depository (Pte) Limited.
<b>“Certificate”</b>	:	A registered certificate representing one or more Registered Securities of the same Series, being substantially in the form set out in Part II of Schedule 1 to the Trust Deed or, as the case may be, Part II of Schedule 5 to the Trust Deed and, save as provided in the Conditions of the Notes or, as the case may be, the Conditions of the Perpetual Securities, comprising the entire holding by a holder of Registered Securities of that Series.
<b>“CIS Code”</b>	:	The Code on Collective Investment Schemes issued by the MAS, as amended or modified from time to time.
<b>“Clearstream, Luxembourg”</b>	:	Clearstream Banking, <i>société anonyme</i> .
<b>“Common Depository”</b>	:	In relation to a Series of Securities, a depository common to Euroclear and Clearstream, Luxembourg.
<b>“Companies Act”</b>	:	The Companies Act, Chapter 50 of Singapore, as amended or modified from time to time.
<b>“Conditions”</b>	:	<p>(a) 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</p> <p>(b) 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.</p>

<b>“Couponholders”</b>	:	The holders of the Coupons.
<b>“Coupons”</b>	:	The bearer coupons appertaining to an interest or distribution bearing Bearer Security.
<b>“Dealers”</b>	:	Persons appointed as dealers under the Programme.
<b>“Deed of Income Support”</b>	:	The deed of income support entered into by Clifford Development Pte. Ltd., the Sponsor and the REIT Trustee in relation to OUE Bayfront.
<b>“Definitive Security”</b>	:	A definitive Bearer Security, being substantially in the form set out in (in the case of Notes) Part I of Schedule 1 and (in the case of Perpetual Securities) Part I of Schedule 5 to the Trust Deed and having, where appropriate, Coupons and/or a Talon attached on issue.
<b>“Depositors”</b>	:	Persons holding the Securities in securities accounts with CDP.
<b>“Depository Agents”</b>	:	Certain corporate depositors approved by CDP under the Companies Act to maintain securities sub-accounts and to hold the securities in such securities sub-accounts for themselves and their clients.
<b>“Directors”</b>	:	The directors (including alternate directors, if any) of the Issuer as at the date of this Information Memorandum.
<b>“Euro”</b>	:	The 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.
<b>“Euroclear”</b>	:	Euroclear Bank S.A./N.V..
<b>“Extraordinary Resolution”</b>	:	A resolution passed at a meeting duly convened and held in accordance with the Trust Deed by a majority of at least 75 per cent. of the votes cast.
<b>“FY”</b>	:	Financial year ended or ending 31 December.
<b>“Global Certificate”</b>	:	A 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 (a) the Common Depository, (b) the Depository and/or (c) any other clearing system.
<b>“Global Security”</b>	:	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.
<b>“Gross Rental Income”</b>	:	Comprises Base Rent, Service Charge and Turnover Rent (where applicable).
<b>“Group”</b>	:	OUE C-REIT and its subsidiaries.

<b>“Guarantee”</b>	:	The guarantee and indemnity of the Guarantor contained in the Trust Deed.
<b>“Guarantor”</b>	:	DBS Trustee Limited (in its capacity as trustee of OUE C-REIT).
<b>“Income Support”</b>	:	The top-up payments from the Sponsor pursuant to the Deed of Income Support.
<b>“Individual Property Management Agreement”</b>	:	The individual property management agreement for OUE Bayfront.
<b>“IRAS”</b>	:	The Inland Revenue Authority of Singapore.
<b>“Issuer”</b>	:	OUE CT Treasury Pte. Ltd..
<b>“Issuing and Paying Agent”</b>	:	The Bank of New York Mellon, Singapore Branch, or its successors in such capacity.
<b>“ITA”</b>	:	The Income Tax Act, Chapter 134 of Singapore, as amended or modified from time to time.
<b>“Latest Practicable Date”</b>	:	14 August 2015.
<b>“Lippo Plaza”</b>	:	The property described in further detail in the section “Description and Business of the Group – Certain information on the Properties”.
<b>“Listing Manual”</b>	:	The Listing Manual of the SGX-ST, as amended or modified from time to time.
<b>“MAS”</b>	:	The Monetary Authority of Singapore.
<b>“Master Property Management Agreement”</b>	:	The property management agreement entered into between the REIT Trustee, the REIT Manager and the Property Manager pursuant to which the Property Manager is appointed as the property manager of OUE Bayfront and any properties located in Singapore or any other jurisdiction which are subsequently acquired by OUE C-REIT.
<b>“MCST”</b>	:	Management corporation strata title.
<b>“Net Property Income”</b>	:	Gross revenue less property expenses for a relevant property.
<b>“Non-CDP Paying Agent”</b>	:	The Bank of New York Mellon, London Branch, or its successors in such capacity.
<b>“Non-CDP Registrar”</b>	:	The Bank of New York Mellon (Luxembourg) S.A., or its successors in such capacity.
<b>“Non-CDP Transfer Agent”</b>	:	The Bank of New York Mellon (Luxembourg) S.A., or its successors in such capacity.
<b>“Noteholders”</b>	:	The holders of the Notes.

<b>“Notes”</b>	:	The notes issued or to be issued by the Issuer under the Programme and constituted by the Trust Deed (and shall, where the context so admits, include the Global Securities, the Definitive Securities and any related Coupons and Talons, the Global Certificates and the Certificates relating thereto).
<b>“Offshore Renminbi Centre”</b>	:	The offshore Renminbi centre(s) specified as such in the applicable Pricing Supplement.
<b>“One Raffles Place”</b>	:	The property described in further detail in the section “Description and Business of the Group – The Sponsor ROFR”.
<b>“OUE Bayfront”</b>	:	The property described in further detail in the section “Description and Business of the Group – Certain information on the Properties”.
<b>“OUE C-REIT Manager” or “REIT Manager”</b>	:	OUE Commercial REIT Management Pte. Ltd. or such other manager as may be appointed under the OUE C-REIT Trust Deed.
<b>“OUE C-REIT Trust Deed” or “REIT Trust Deed”</b>	:	The first amending and restating deed dated 9 January 2014 made between (1) the OUE C-REIT Manager, as manager, and (2) the OUE C-REIT Trustee, as trustee (amending and restating a deed of trust dated 10 October 2013 constituting OUE Commercial Real Estate Investment Trust) and as subsequently amended by a first supplemental deed dated 26 January 2015.
<b>“OUE C-REIT Trustee” or “REIT Trustee”</b>	:	DBS Trustee Limited or such other trustee as may be appointed under the OUE C-REIT Trust Deed, acting in such capacity.
<b>“OUE Link”</b>	:	Part of OUE Bayfront, comprising a link bridge.
<b>“OUE Tower”</b>	:	Part of OUE Bayfront, comprising a conserved tower building.
<b>“Permanent Global Security”</b>	:	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, being substantially in the form set out in Schedule 3 or, as the case may be, Schedule 7 to the Trust Deed.
<b>“Perpetual Securities”</b>	:	The perpetual securities issued or to be issued by the Issuer under the Programme and constituted by the Trust Deed (and shall, where the context so admits, include the Global Securities, the Definitive Securities and any related Coupons and Talons, the Global Certificates and the Certificates relating thereto).
<b>“Perpetual Securityholders”</b>	:	The holders of the Perpetual Securities.
<b>“PRC”</b>	:	The People’s Republic of China.
<b>“PRC Company”</b>	:	Lippo Realty (Shanghai) Limited, the company through which OUE C-REIT’s share of strata ownership of Lippo Plaza is held.

<b>“Pricing Supplement”</b>	:	In relation to a 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, substantially in the form of Appendix 2 or, as the case may be, Appendix 3 to the Programme Agreement.
<b>“Programme”</b>	:	The S\$1,500,000,000 Multicurrency Debt Issuance Programme of the Issuer.
<b>“Programme Agreement”</b>	:	The Programme Agreement dated 20 August 2015 made between (1) the Issuer, as issuer, (2) the Guarantor, as guarantor, (3) Australia and New Zealand Banking Group Limited and Standard Chartered Bank, as arrangers, and (4) Australia and New Zealand Banking Group Limited and Standard Chartered Bank, as dealers, as amended, varied or supplemented from time to time.
<b>“Properties”</b>	:	OUE Bayfront and Lippo Plaza.
<b>“Property Funds Appendix”</b>	:	Appendix 6 to the CIS Code issued by the MAS in relation to real estate investment trusts.
<b>“Property Manager”</b>	:	OUE Commercial Property Management Pte. Ltd..
<b>“Registered Securities”</b>	:	Securities in registered form.
<b>“Renminbi” or “RMB”</b>	:	The lawful currency of The People’s Republic of China.
<b>“Securities”</b>	:	The Notes and the Perpetual Securities.
<b>“Securities Accounts”</b>	:	The securities accounts of the Depositors maintained with the Depository (but does not include Sub-Accounts).
<b>“Securityholders”</b>	:	The Noteholders and the Perpetual Securityholders.
<b>“Senior Guarantee”</b>	:	The Guarantee by the Guarantor of the Notes, the Senior Perpetual Securities and the Coupons relating thereto on a senior basis.
<b>“Senior Perpetual Securities”</b>	:	Perpetual Securities which are expressed to rank as senior obligations of the Issuer.
<b>“Securities Act”</b>	:	The Securities Act of 1933 of the United States, as amended or modified from time to time.
<b>“Series”</b>	:	(a) (In relation to Securities other than Variable Rate Notes) a Tranche, together with any further Tranche or Tranches, which are (i) expressed to be consolidated and forming a single series and (ii) 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.

<b>“Service Charge”</b>	:	A contribution paid by tenants towards covering the operation and property maintenance expenses of the Properties.
<b>“SFA”</b>	:	The Securities and Futures Act, Chapter 289 of Singapore, as amended or modified from time to time.
<b>“SGX-ST”</b>	:	Singapore Exchange Securities Trading Limited.
<b>“Sponsor”</b>	:	OUE Limited.
<b>“Subordinated Guarantee”</b>	:	The Guarantee by the Guarantor of the Subordinated Perpetual Securities and the Coupons relating thereto on a subordinated basis.
<b>“Subordinated Perpetual Securities”</b>	:	Perpetual Securities which are expressed to rank as subordinated obligations of the Issuer.
<b>“subsidiary”</b>	:	<p>Any company 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 a company, corporation, trust, fund or other entity (whether or not a body corporate):</p> <p>(a) which is controlled, directly or indirectly, by the OUE C-REIT Trustee; or</p> <p>(b) more than half the shares or interests of which are beneficially owned, directly or indirectly, by the OUE C-REIT Trustee; or</p> <p>(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) above applies,</p> <p>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 to control the composition of its board of directors or equivalent body.</p>
<b>“Sub-Accounts”</b>	:	The securities sub-accounts maintained by each Depository Agent for its own account and for the account of its clients.
<b>“Take-over Code”</b>	:	The Singapore Code on Take-overs and Mergers.
<b>“Talons”</b>	:	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.
<b>“TARGET System”</b>	:	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.
<b>“Temporary Global Security”</b>	:	A Global Security representing Bearer Securities of one or more Tranches of the same Series on issue, being substantially in the form set out in Schedule 2 to the Trust Deed or, as the case may be, Schedule 6 to the Trust Deed.



<b>“Tranche”</b>	:	Securities which are identical in all respects (including as to listing).
<b>“Trust Deed”</b>	:	The Trust Deed dated 20 August 2015 made between (1) the Issuer, as issuer, (2) the Guarantor, as guarantor, and (3) the Trustee, as trustee, as amended, varied or supplemented from time to time.
<b>“Trustee”</b>	:	The Bank of New York Mellon, Singapore Branch, or its successors in such capacity.
<b>“Turnover Rent”</b>	:	Rent generally calculated as a pre-determined percentage of the tenant’s gross turnover. In some cases, Turnover Rent may be subject to certain thresholds before it is payable, and the applicable percentage may vary with the turnover achieved.
<b>“United States” or “U.S.”</b>	:	United States of America.
<b>“S\$” or “\$” and “cents”</b>	:	Singapore dollars and cents respectively.
<b>“US\$” or “US dollars”</b>	:	United States dollars.
<b>“%”</b>	:	Per cent.

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

### The Issuer

Board of Directors	:	Tan Shu Lin Tan Bee Lian
Company Secretary	:	Ng Ngai
Registered Office	:	50 Collyer Quay #04-08 OUE Bayfront Singapore 049321
Auditors	:	KPMG LLP 16 Raffles Quay #22-00 Hong Leong Building Singapore 048581

### The Guarantor and the OUE C-REIT Trustee

#### DBS Trustee Limited (in its capacity as trustee of OUE C-REIT)

Registered Office	:	12 Marina Boulevard Marina Bay Financial Centre Tower 3 Singapore 018982
Auditors for OUE C-REIT	:	KPMG LLP 16 Raffles Quay #22-00 Hong Leong Building Singapore 048581

### The OUE C-REIT Manager

#### OUE Commercial REIT Management Pte. Ltd. (in its capacity as manager of OUE C-REIT)

Board of Directors	:	Christopher James Williams Ng Lak Chuan Loh Lian Huat Carl Gabriel Florian Stubbe Jonathan Miles Foxall Tan Shu Lin
Company Secretary	:	Ng Ngai
Registered Office	:	50 Collyer Quay #04-08 OUE Bayfront Singapore 049321

### Arrangers of the Programme

Australia and New Zealand Banking Group Limited  
10 Collyer Quay #30-00  
Singapore 049315

Standard Chartered Bank  
8 Marina Boulevard, Level 20  
Marina Bay Financial Centre Tower 1  
Singapore 018981

**Legal Advisers to the Issuer and the Guarantor**

Drew & Napier LLC  
10 Collyer Quay  
#10-01 Ocean Financial Centre  
Singapore 049315

**Legal Advisers to the Arrangers and the Dealers**

Allen & Gledhill LLP  
One Marina Boulevard  
#28-00  
Singapore 018989

**Trustee for the Securityholders**

The Bank of New York Mellon, Singapore Branch  
One Temasek Avenue  
#03-01 Millenia Tower  
Singapore 039192

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

The Bank of New York Mellon, Singapore Branch  
One Temasek Avenue  
#03-01 Millenia Tower  
Singapore 039192

**Non-CDP Paying Agent and 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 (Luxembourg) S.A.  
Vertigo-Polaris-Building  
2-4, rue. Eugène Ruppert  
L-2453 Luxembourg

**Legal Advisers to the Trustee and the Agents**

Allen & Gledhill LLP  
One Marina Boulevard  
#28-00  
Singapore 018989

## 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 Programme Agreement, the Trust Deed, the Agency Agreement and the relevant Pricing Supplement.

Issuer	:	OUE CT Treasury Pte. Ltd..
Guarantor	:	DBS Trustee Limited (in its capacity as trustee of OUE C-REIT).
Arrangers	:	Australia and New Zealand Banking Group Limited and Standard Chartered Bank.
Dealers	:	Australia and New Zealand Banking Group Limited and Standard Chartered Bank and/or such other Dealers as may be appointed by the Issuer in accordance with the Programme Agreement.
Trustee	:	The Bank of New York Mellon, Singapore Branch.
Issuing and Paying Agent, CDP Transfer Agent and CDP Registrar	:	The Bank of New York Mellon, Singapore Branch.
Non-CDP Paying Agent (in respect of Securities cleared through Euroclear and/or Clearstream, Luxembourg) and Calculation Agent	:	The Bank of New York Mellon, London Branch.
Non-CDP Registrar and Non-CDP Transfer Agent (in respect of Securities cleared through Euroclear and/or Clearstream, Luxembourg)	:	The Bank of New York Mellon (Luxembourg) S.A..
Description	:	S\$1,500,000,000 Multicurrency Debt Issuance Programme.
Programme Size	:	The maximum aggregate principal amount of the Securities outstanding at any time shall be S\$1,500,000,000 (or its equivalent in other currencies) or such higher amount as may be notified by the Issuer and the Guarantor to the Arrangers, the Dealers, the Trustee and the Agents pursuant to the Programme Agreement.
Purpose	:	The Issuer will apply the proceeds of the issue of the Securities for the purpose of on-lending to the Guarantor (a) to refinance the existing borrowings of the Group, (b) for general corporate funding (including investments and capital expenditures) of the Group and/or (c) to finance general working capital purposes of the Group.

### **NOTES**

Currency	:	Subject to compliance with all relevant laws, regulations and directives, Notes may be issued in Singapore dollars or any other currency agreed between the Issuer and the relevant Dealer(s).
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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 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.
Maturities	:	Subject to compliance with all relevant laws, regulations and directives, Notes may have maturities of such tenor as may be agreed between the Issuer and the relevant Dealer(s).
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 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	:	<p>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 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 Issuer and the relevant Dealer(s) prior to their issue.</p> <p>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 Issuer and the relevant Dealer(s).</p>
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 Issuer and the relevant Dealer(s).
Hybrid Notes	:	Hybrid Notes will bear interest, during the fixed rate period to be agreed between the 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 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 Issuer and the relevant Dealer(s)), as adjusted for any applicable margin, in each case payable at the end of each interest period to be agreed between the 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 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, the Common Depositary 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, the Common Depositary 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 to be 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 Notes and the Guarantee : The Notes and Coupons relating thereto of all Series will constitute direct, unconditional, unsubordinated and unsecured obligations of the 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 Issuer.
- The payment obligations of the Guarantor under the Guarantee and the Trust Deed relating to the Notes and the Coupons relating thereto constitute direct, unconditional, unsubordinated and unsecured obligations of the Guarantor and shall at all times rank *pari passu* with all other unsecured obligations (other than subordinated obligations and priorities created by law) of the Guarantor.
- Optional Redemption and Purchase : If so provided on the face of the Note, the Notes may be redeemed (either in whole or in part) prior to their stated maturity at the option of the Issuer and/or the holders of the Notes. Further, if so provided on the face of the Note and the relevant Pricing Supplement, Notes may be purchased by the Issuer (either in whole or in part) prior to their stated maturity at the option of the Issuer and/or the holders of the Notes.
- Redemption for Taxation Reasons : If so provided on the face of the Note, the Notes may be redeemed at the option of the Issuer for certain taxation reasons set out in Condition 6(f) of the Notes.

Redemption at Option of Noteholders upon Change of Control Event	:	The Notes may be redeemed at the option of the Noteholders following the occurrence of a Change of Control Event set out in Condition 6(e)(ii) of the Notes.
Mandatory Redemption upon Termination of OUE C-REIT	:	The Notes shall be redeemed 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.
Mandatory Redemption at Option of Noteholders upon Cessation or Suspension of Trading of Units	:	The Notes shall be redeemed 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 period exceeding seven days.
Negative Pledge	:	<p>The Issuer and the Guarantor have covenanted with the Trustee in the Trust Deed that so long as any of the Notes or the Coupons relating thereto remains outstanding (as defined in the Trust Deed), neither the Issuer nor the Guarantor will create or permit to subsist, and the Guarantor 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:</p> <ul style="list-style-type: none"> <li>(a) 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</li> <li>(b) providing the Notes then outstanding with the benefit of other security as may be approved by the Noteholders by way of an Extraordinary Resolution,</li> </ul> <p>provided that nothing in Condition 4(a) of the Notes shall apply to: (i) any security existing as at 20 August 2015 which was created to secure any Capital Markets Indebtedness incurred on or prior to 20 August 2015 ("<b>Outstanding Capital Markets Indebtedness</b>"); (ii) any security created subsequent to 20 August 2015 (1) as additional top-up security to secure any Outstanding Capital Markets Indebtedness and (2) to satisfy the security margins contained in the finance documents pursuant to which such Outstanding Capital Markets Indebtedness referred to in (ii)(1) was incurred; or (iii) any security created for the purpose of refinancing any Outstanding Capital Markets Indebtedness.</p> <p>"<b>Capital Markets Indebtedness</b>" 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.</p>

Financial Covenants	<p>: The Guarantor has covenanted with the Trustee in the Trust Deed that so long as any of the Notes or the Coupons relating thereto remain outstanding, the Guarantor will, at all times, ensure that:</p> <p>(a) the Consolidated Tangible Net Worth (as defined in Condition 4(b) of the Notes) will be not less than S\$900,000,000;</p> <p>(b) the ratio of the Consolidated Total Borrowings to the Consolidated Total Assets is not in breach of the Aggregate Leverage limit (as defined in Condition 4(b) of the Notes) as construed in accordance with the Property Funds Appendix (as defined in Condition 4(b) of the Notes); and</p> <p>(c) the Interest Coverage Ratio (as defined in Condition 4(b) of the Notes) shall be at least 1.50 times.</p>
Events of Default	<p>: See Condition 10 of the Notes.</p>
Taxation	<p>: All payments in respect of the Notes and the Coupons by the 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 deduction or withholding is required by law. In such event, the 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 "Taxation – Singapore Taxation" herein.</p>
Listing	<p>: Each Series of the Notes may, if so agreed between the Issuer and the relevant Dealer(s), be listed on the SGX-ST or any stock exchange(s) as may be agreed between the 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, such Notes will be traded on the SGX-ST in a minimum board lot size of not less than S\$200,000 (or its equivalent in foreign currencies) for so long as such Notes are listed on the SGX-ST and the rules of the SGX-ST so require.</p>
Selling Restrictions	<p>: 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.</p>
Governing Law	<p>: The Programme and any Notes issued under the Programme will be governed by, and construed in accordance with, the laws of Singapore.</p>



## **PERPETUAL SECURITIES**

- Currency : Subject to compliance with all relevant laws, regulations and directives, Perpetual Securities may be issued in Singapore dollars or any other currency agreed between the 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 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 Issuer shall only have the right (but not the obligation) to redeem or purchase them in accordance with the provisions of the terms and 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 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 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 Issuer and the relevant Dealer(s).
- Distribution Discretion : If so provided on the face of the Perpetual Security, the 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 the Conditions of the Perpetual Securities) by giving notice to the Trustee and the Issuing and Paying Agent and the Perpetual Securityholders (in accordance with Condition 14 of the Perpetual Securities) not less than five nor more than 15 business days (or such other notice period as may be specified on the face of the Perpetual Security) prior to a scheduled Distribution Payment Date.

If a Dividend Pusher is set out thereon, the 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:

- (a) a dividend, distribution or other payment has been declared or paid on or in respect of any of the Issuer’s Junior Obligations (as defined in the Conditions of the Perpetual Securities) or the Guarantor’s Junior Obligations or, in relation to Subordinated Perpetual Securities only, (except on a *pro rata* basis) any of the Issuer’s Parity Obligations (as defined in the Conditions of the Perpetual Securities) or any of the Guarantor’s Parity Obligations; or
- (b) any of the Issuer’s Junior Obligations or the Guarantor’s Junior Obligations has been redeemed, reduced, cancelled, bought back or acquired for any consideration or, in relation to Subordinated Perpetual Securities only, (except on a *pro rata* basis) any of the Issuer’s Parity Obligations or any of the Guarantor’s 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 so provided on the face of the Perpetual Security, any distribution deferred pursuant to Condition 4(IV) of the Perpetual Securities is non-cumulative and will not accrue interest. The Issuer is not under any obligation to pay that or any other distributions that have not been paid in whole or in part. The 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 Issuer can elect not to pay distributions pursuant to Condition 4(IV) of the Perpetual Securities.

If Cumulative Deferral is so provided on the face of the Perpetual Security, any distribution deferred pursuant to Condition 4(IV) of the Perpetual Securities shall constitute “**Arrears of Distribution**”. The 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 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 on the face of the Perpetual Security, each amount of Arrears of Distribution shall bear interest as if it constituted the principal of the Perpetual Securities at the Distribution Rate or Rate of Distribution (as the case may be) 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 Distribution Rate or Rate of Distribution (as the case may be) 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 so provided on the face of the 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 Condition 4(IV) of the Perpetual Securities, the Issuer and the Guarantor shall not and shall procure that none of its subsidiaries shall:

- (a) 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 Issuer's or the Guarantor's Junior Obligations or, in relation to Subordinated Perpetual Securities only, (except on a *pro rata* basis) any of the Issuer's or the Guarantor's Parity Obligations; or
- (b) 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 Issuer's or the Guarantor's Junior Obligations or, in relation to Subordinated Perpetual Securities only, (except on a *pro rata* basis) any of the Issuer's or Guarantor's Parity Obligations,

in each case unless and until (i) (if Cumulative Deferral is specified as being applicable in the applicable Pricing Supplement) the Issuer has satisfied in full all outstanding Arrears of Distribution, (ii) (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 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 (iii) the Issuer or, as the case may be, the Guarantor is permitted 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	:	<p>The Perpetual Securities will be issued in bearer form or registered form and in such denominations as may be agreed between the 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, the Common Depositary 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, the Common Depositary 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.</p>
Custody of the Perpetual Securities	:	<p>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 to be cleared through Euroclear and/or Clearstream, Luxembourg are required to be kept with a common depository on behalf of Euroclear and/or Clearstream, Luxembourg.</p>
Status of the Senior Perpetual Securities and the Senior Guarantee	:	<p>The Senior Perpetual Securities and Coupons relating to them constitute direct, unconditional, unsubordinated and unsecured obligations of the 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 Issuer.</p> <p>The payment obligations of the Guarantor under the Senior Guarantee and the Trust Deed relating to the Senior Perpetual Securities and the Coupons relating thereto constitute direct, unconditional, unsubordinated and unsecured obligations of the Guarantor and shall at all times rank <i>pari passu</i> with all other unsecured obligations (other than subordinated obligations and priorities created by law) of the Guarantor.</p>
Status of the Subordinated Perpetual Securities and the Subordinated Guarantee	:	<p>The Subordinated Perpetual Securities and Coupons relating to them will constitute direct, unconditional, subordinated and unsecured obligations of the 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 Issuer.</p>

The payment obligations of the Guarantor under the Subordinated Guarantee and the Trust Deed relating to the Subordinated Perpetual Securities and the Coupons relating thereto constitute direct, unconditional, subordinated and unsecured obligations of the Guarantor and shall at all times rank *pari passu* with any Parity Obligations of the Guarantor.

Redemption at the Option of the Issuer : If so provided on the face of the Perpetual Security, the Issuer may, on giving irrevocable notice to the Perpetual Securityholders falling within the Issuer's Redemption Option Period shown on the face 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 Arrears of Distribution and any Additional Distribution Amount) to the date fixed for redemption.

Redemption for Taxation Reasons : If so provided on the face of the Perpetual Security, the Perpetual Securities may be redeemed at the option of the Issuer in whole, but not in part, on any Distribution Payment Date or, if so specified on the face thereof, 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 Arrears of Distribution and any Additional Distribution Amount) accrued to the date fixed for redemption), if (i) the Issuer (or, if the Guarantee was called, the Guarantor) has or will become obliged to pay additional amounts as provided or referred to in Condition 7 of the Perpetual Securities, or increase the payment of such additional amounts 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 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 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; or if the 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 ITA and Regulation 2 of the Income Tax (Qualifying Debt Securities) Regulations; or (2) the distributions (including any Arrears of Distribution and any Additional Distribution Amount) will not be regarded as interest payable by the Issuer for the purposes of the withholding tax exemption on interest for "qualifying debt securities" under the ITA.

Redemption for Accounting Reasons : The Perpetual Securities may be redeemed at the option of the Issuer in whole, but not in part, on any Distribution Payment Date or, if so specified on the face thereof, 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 Arrears of Distribution and any Additional Distribution Amount) accrued to the date fixed for redemption) if, on such Distribution Payment Date or 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 any other accounting standards that may replace SFRS for the purposes of the consolidated financial statements of the Issuer (the "**Relevant Accounting Standard**"), the Perpetual Securities will not or will no longer be recorded as "equity" of the Issuer pursuant to the Relevant Accounting Standard.

Redemption for Tax Deductibility : If so provided on the face of the Perpetual Security, the Perpetual Securities may be redeemed at the option of the Issuer in whole, but not in part, on any Distribution Payment Date or, if so specified on the face thereof, 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 Arrears of Distribution and any Additional Distribution Amount) accrued to (but excluding) the date fixed for redemption), if:

- (a) the Issuer satisfies the Trustee immediately before giving such notice that, as a result of:
  - (i) 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 otherwise on or after the Issue Date;
  - (ii) 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 otherwise on or after the Issue Date; or
  - (iii) 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,

payments by the Issuer are no longer, or would in the Distribution Period immediately following that Distribution Payment Date no longer be, fully deductible by the Issuer for Singapore income tax purposes; or

- (b) the Issuer receives a ruling by the Comptroller of Income Tax of Singapore (or other relevant authority) which confirms that the distribution (including any 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 on the face of the Perpetual Security, the Perpetual Securities may be redeemed at the option of the Issuer in whole, but not in part, on any Distribution Payment Date or, if so specified on the face thereof, 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 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 a Change of  
Control Event :

If so provided on the face of the Perpetual Security, the Perpetual Securities may be redeemed at the option of the Issuer in whole, but not in part, on any Distribution Payment Date or, if so specified on the face thereof, 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 Arrears of Distribution and any Additional Distribution Amount) accrued to the date fixed for redemption), following the occurrence of a Change of Control Event set out in Condition 5(g) of the Perpetual Securities.

Redemption upon Cessation or  
Suspension of Trading of Units :

If so provided on the face of the Perpetual Security, in the event that (i) the units in OUE C-REIT cease to be traded on the SGX-ST or (ii) trading in the units in OUE C-REIT on the SGX-ST is suspended for a continuous period of more than seven days, the Perpetual Securities may be redeemed at the option of the Issuer in whole, but not in part, on any Distribution Payment Date or, if earlier, the date falling 45 days after the Effective Date, at their Redemption Amount (together with distribution (including any Arrears of Distribution and any Additional Distribution Amount) accrued to the date fixed for redemption).

“**Effective Date**” means (in the case where the units in OUE C-REIT cease to be traded on the SGX-ST) the date of cessation of trading or (in the case where trading in the units in OUE C-REIT on the SGX-ST is suspended for a continuous period of more than seven days) the business day immediately following the expiry of such continuous period of seven days.

- Redemption upon a Regulatory Event : If so provided on the face of the Perpetual Security, the Perpetual Securities may be redeemed at the option of the Issuer in whole, but not in part, 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 principal amount (together with distributions (including any Arrears of Distribution and any Additional Distribution Amount) accrued from the immediately preceding Distribution Payment Date to the date fixed for redemption) following the occurrence of a Regulatory Event set out in Condition 5(i) of the Perpetual Securities.
- Limited right to institute proceedings in relation to Perpetual Securities : The right to institute proceedings for the bankruptcy, termination, winding-up, liquidation, receivership, administration or similar proceedings ("**Winding-Up**") in respect of the Issuer 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 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 order is made or an effective resolution is passed for the Winding-Up of the Issuer, the Guarantor and/or OUE C-REIT or (ii) the Issuer or the Guarantor does not pay any principal 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 three days after the due date or any interest or other amounts (other than principal) 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 days after the due date, the 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 Issuer and/or OUE C-REIT, prove in the Winding-Up of the Issuer, the Guarantor and/or OUE C-REIT and/or claim in the liquidation of the 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 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 deduction or withholding is required by law. In such event, the 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 "Taxation – Singapore Taxation" herein.



- Listing : Each Series of the Perpetual Securities may, if so agreed between the Issuer and the relevant Dealer(s), be listed on the SGX-ST or any stock exchange(s) as may be agreed between the 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, such Perpetual Securities will be traded on the SGX-ST in a minimum board lot size of not less than S\$200,000 (or its equivalent in foreign currencies) for so long as such Perpetual Securities are listed on the SGX-ST and the rules of the SGX-ST so require.
- 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 on the face of the relevant Notes and in the relevant Pricing Supplement.*

The Notes are constituted by a trust deed (as amended, restated or supplemented from time to time, the “**Trust Deed**”) dated 20 August 2015 made between (1) OUE CT Treasury Pte. Ltd. (the “**Issuer**”), (2) DBS Trustee Limited (in its capacity as trustee of OUE Commercial Real Estate Investment Trust (“**OUE C-REIT**”)) (the “**Guarantor**” or the “**OUE C-REIT Trustee**”) 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 August 2015 (as amended and supplemented from time to time, the “**Deed of Covenant**”), relating to CDP Notes (as defined in the Trust Deed) executed by the Issuer. These terms and 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 Issuer and the Guarantor have entered into an agency agreement (as amended, restated or supplemented from time to time, the “**Agency Agreement**”) dated 20 August 2015 made between (1) the Issuer, (2) the Guarantor, (3) The Bank of New York Mellon, Singapore Branch, as issuing and paying agent (in such capacity, the “**Issuing and Paying Agent**”), CDP transfer agent (in such capacity, the “**CDP Transfer Agent**”) and CDP registrar (in such capacity, the “**CDP Registrar**”), (4) The Bank of New York Mellon, London Branch, as non-CDP paying agent (in such capacity, the “**Non-CDP Paying Agent**”) and calculation agent (in such capacity, the “**Calculation Agent**”), (5) The Bank of New York Mellon (Luxembourg) S.A., as non-CDP transfer agent (in such capacity, the “**Non-CDP Transfer Agent**”) and non-CDP registrar (in such capacity, the “**Non-CDP Registrar**”) 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 Deed of Covenant.

For the purposes of these Conditions, all references to (a) the Issuing and Paying Agent shall, with respect to Non-CDP Notes (as defined in the Trust Deed), be deemed to be a reference to the Non-CDP Paying Agent and all such references shall be construed accordingly, (b) the Registrar means (in the case of CDP Notes) the CDP Registrar or (in the case of Non-CDP Notes) the Non-CDP Registrar, in each case, or such other registrar as may be appointed from time to time under the Agency Agreement and all such references shall be construed accordingly and (c) the Transfer Agent means (in the case of CDP Notes) the CDP Transfer Agent or (in the case of Non-CDP Notes) the Non-CDP Transfer Agent, in each case, or such other transfer agent as may be appointed from time to time under the Agency Agreement and all such references shall be construed accordingly.

Copies of the Trust Deed, the Agency Agreement and the Deed of Covenant are available for inspection at the principal office of the Trustee for the time being and at the specified office of the Issuing and Paying Agent for the time being.

## 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 on the face of the Note.
- (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 on its face).
- (iii) Bearer Notes are serially numbered and issued with Coupons (and, where appropriate, a Talon) attached, save in the case of Notes that do not bear interest 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 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 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 depository for Euroclear Bank S.A./N.V. (“**Euroclear**”) and Clearstream Banking, *société anonyme* (“**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, 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, 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 Issuer, the Guarantor, the Issuing and Paying Agent, the Calculation Agent, the Registrar, the Transfer Agent and all other agents of the 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 Issuer, the Guarantor, the Issuing and Paying Agent, the Calculation Agent, the Registrar, the Transfer Agent and all other agents of the 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, 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 such 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, “**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 the 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 Issuer) duly completed and executed and any other evidence as the Registrar or the 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 Issuer, 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 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 the Issuer’s or 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 the 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 the 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 or Sunday) on which banks are open for business in the place of the specified office of the Registrar or the 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 Issuer, the Guarantor, the Registrar or the Transfer Agent, 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 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 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 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 Issuer.

**(b) Guarantee**

The payment of all sums expressed to be payable by the Issuer 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 unsecured obligations (other than subordinated obligations and priorities created by law) of the Guarantor.

**4. Negative Pledge and Financial Covenants**

**(a) Negative Pledge**

The Issuer and the Guarantor 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 the Issuer nor the Guarantor will create or permit to subsist, and the Guarantor 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 August 2015 which was created to secure any Capital Markets Indebtedness incurred on or prior to 20 August 2015 ("**Outstanding Capital Markets Indebtedness**"); (2) any security created subsequent to 20 August 2015 (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 Covenants**

The Guarantor has covenanted with the Trustee in the Trust Deed that so long as any of the Notes or the Coupons remain outstanding, the Guarantor will, at all times, ensure that:

- (i) the Consolidated Tangible Net Worth will be not less than S\$900,000,000;
- (ii) the ratio of the Consolidated Total Borrowings to the Consolidated Total Assets is not in breach of the Aggregate Leverage limit as construed in accordance with the Property Funds Appendix; and
- (iii) the Interest Coverage Ratio shall be at least 1.50 times.

*For the avoidance of doubt, as at the date of the Trust Deed, paragraph 9 of the Property Funds Appendix provides that the total borrowings and deferred payments (collectively, the "**aggregate leverage**") of a property fund should not exceed 35 per cent. of the fund's deposited property. The aggregate leverage of a property fund may exceed 35 per cent. of the fund's deposited property (up to a maximum of 60 per cent.) only if a credit rating of the property fund from Fitch Ratings, Moody's Investors Service, Inc. or Standard and Poor's Rating Services is obtained and disclosed to the public. The property fund should continue to maintain and disclose a credit rating so long as its aggregate leverage exceeds 35 per cent. of the fund's deposited property. The aggregate leverage limit is not considered to be breached if due to circumstances beyond the control of the manager the following occurs: (a) a depreciation in the asset value of the property fund or (b) any redemption of units or payments made from the property fund. From 1 January 2016 onwards, the limit on aggregate leverage prescribed by the Property Funds Appendix and applicable to property funds will be amended from 35 per cent. (or 60 per cent. if a credit rating is obtained and publicly disclosed) to 45 per cent. of the fund's deposited property.*

For the purposes of these Conditions:

- (1) "**Aggregate Leverage limit**" means the limit set out in paragraph 9.2 of the Property Funds Appendix (or such other equivalent or substitute provision as may be set out in the Property Funds Appendix from time to time);
- (2) "**CIS Code**" means the Code on Collective Investment Schemes issued by the MAS (as revised or amended from time to time);
- (3) "**Consolidated EBITDA**" means, in relation to any Test Period, the total consolidated operating profit of OUE C-REIT, on a consolidated basis for that Test Period:
  - (A) before taking into account:

- (aa) Interest Expense and all upfront fees;
  - (bb) Tax;
  - (cc) extraordinary and exceptional items; and
  - (dd) unrealised gains or losses from valuation,
- (B) after adding back OUE Commercial REIT Management Pte. Ltd.'s (the "**OUE C-REIT Manager**") management fee payable in units of OUE C-REIT and all amounts provided for depreciation and amortisation for that Test Period,

as determined from the financial statements of the Group delivered to the Trustee under the Trust Deed;

- (4) "**Consolidated Tangible Net Worth**" means, at any particular time, the amount (expressed in Singapore dollars) for the time being, calculated in accordance with generally accepted accounting principles in Singapore, equal to the unitholders' funds of OUE C-REIT less (but without double counting) any amount which is attributable to:
- (A) goodwill or other intangible assets;
  - (B) amounts set aside for Tax;
  - (C) minority interests; and
  - (D) any distribution declared or made by the Group;
- (5) "**Consolidated Total Assets**" means the value of the total assets of OUE C-REIT (as determined pursuant to, and in accordance with, the Property Funds Appendix);
- (6) "**Consolidated Total Borrowings**" means at any time the aggregate amount of the total borrowings and deferred payments of OUE C-REIT (as determined pursuant to, and in accordance with, the Property Funds Appendix);
- (7) "**Interest Coverage Ratio**" means, in relation to any Test Period, the ratio (rounded down to the nearest two decimal places) of (A) the aggregate of Consolidated EBITDA for that Test Period to (B) the Interest Expense for that Test Period;
- (8) "**Interest Expense**" means, in relation to any Test Period, the aggregate amount of interest accrued, paid or payable (including any capitalised interest and commissions paid or payable which are amortised over the tenure of the relevant debt) by the Group during that Test Period, as determined from the financial statements of the Group delivered to the Trustee under the Trust Deed;
- (9) "**Property Funds Appendix**" means Appendix 6 to the CIS Code issued by the Monetary Authority of Singapore in relation to real estate investment trusts;
- (10) "**Tax**" means any tax, levy, impost, duty or other charge or withholding of a similar nature (including any penalty or interest payable in connection with any failure to pay or any delay in paying any of the same); and
- (11) "**Test Period**" means each period of 12 months (on a rolling 12-month basis) ending on the last day of each quarter of each of the financial years of OUE C-REIT.

For the avoidance of doubt, for the purpose of these definitions, any Perpetual Securities (as defined in the Trust Deed) issued by the Issuer or any other member of the Group which are accounted for as "equity" shall be treated as such (and not debt).

5. (I) **Interest on Fixed Rate Notes**

(a) **Interest Rate and Accrual**

Each Fixed Rate Note bears interest on its outstanding principal amount from the Interest Commencement Date in respect thereof and as shown on the face of such Note at the rate per annum (expressed as a percentage) equal to the Interest Rate shown on the face of such Note payable in arrear on each Interest Payment Date or Interest Payment Dates shown on the face of such Note in each year and on the Maturity Date shown on the face 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 on the face 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 on the face of the Note.

Interest will cease to accrue on each Fixed Rate Note from the due date for redemption thereof unless, upon due presentation 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 at such rate will continue to accrue (as well after as before judgment) at the rate and in the manner provided in this Condition 5(I) to the Relevant Date (as defined in Condition 8).

(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 shown on the face of the Note. The amount of interest payable per Calculation Amount (as defined in Condition 5(II)(d)) for any Fixed Rate Interest Period in respect of any Fixed Rate Note shall be calculated by multiplying the product of the Interest Rate 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.

For the purposes of these Conditions, “**Fixed Rate 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.

(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 outstanding principal amount from the Interest Commencement Date in respect thereof and as shown on the face of such Note, and such interest will be payable in arrear on each interest payment date (“**Interest Payment Date**”). Such Interest Payment Date(s) is/are either shown on the face of such Note as Specified Interest Payment Date(s) or, if no Specified Interest Payment Date(s) is/are shown on the face 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) on the face of the Note (the “**Specified Number of Months**”) 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 in Condition 5(II)(c)) 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. 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 (1) 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 (i) such date shall be brought forward to the immediately preceding business day and (ii) 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, (2) the Following Business Day Convention, such date shall be postponed to the next day that is a business day, (3) 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 (4) the Preceding Business Day Convention, such date shall be brought forward to the immediately preceding business day.

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 is herein called an “**Interest Period**”.

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

**(b) 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 on the face 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 on the face of such Note.

Such floating rate may be adjusted by adding or subtracting the Spread (if any) stated on the face of such Note. The “Spread” is the percentage rate per annum specified on the face 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 rate of interest payable in respect of a Floating Rate Note from time to time is referred to in these Conditions as the “**Rate of Interest**”.

- (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 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 on the face of such Note) and as adjusted by the Spread (if any);
- (B) if on any Interest Determination Date, no such rate appears on the Bloomberg Screen Swap Offer and SIBOR (ABSIRFIX) Page (or such other replacement page as aforesaid) or if the Bloomberg Screen Swap Offer and SIBOR (ABSIRFIX) 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 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 defined below) as may be provided on the face of such Note) and as adjusted by the Spread (if any);

- (C) if on any Interest Determination Date, no such rate appears on the Reuters Screen ABSIRFIX01 Page under the column headed “SGD SIBOR” (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 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) 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; and
  - (E) 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);
- (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 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);
  - (B) if on any Interest Determination Date, no such rate is quoted on the Bloomberg Screen Swap Offer and SIBOR (ABSIRFIX) Page (or such other replacement page as aforesaid) or the Bloomberg Screen Swap Offer and SIBOR (ABSIRFIX) 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 Reuters Screen ABSFIX1 Page under the caption “SGD SOR rates as of 11:00hrs 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);

- (C) if on any Interest Determination Date, no such rate is quoted on Reuters Screen ABSFIX1 Page (or such other replacement page as aforesaid) or Reuters Screen ABSFIX1 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 Calculation Agent may select; and
  - (D) if on any Interest Determination Date, the Calculation Agent is otherwise unable to determine the Rate of Interest under paragraph (b)(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
- (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) if the Primary Source for the Floating Rate Notes is Reference Banks or if paragraph (b)(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 (b)(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); and
- (C) if paragraph (b)(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.

- (iii) On the last day of each Interest Period, the 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.

**(c) 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 (c). The interest payable in respect of a Variable Rate Note on the first day of an Interest Period relating to that Variable Rate Note is referred to in these Conditions as the “**Agreed Yield**” and the rate of interest payable in respect of a Variable Rate Note on the last day of an Interest Period relating to that Variable Rate Note is referred to in these Conditions as the “**Rate of Interest**”.
- (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 (c)(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 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 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 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 Issuer and the Relevant Dealer to be paid on the last day of such Interest Period, a Rate of Interest in respect of such Variable Rate Note for such Interest Period (an “**Agreed Rate**”) and, in the event of the 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 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 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 on the face 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 on the face of such Variable Rate Note(s).

Such rate may be adjusted by adding or subtracting the Spread (if any) stated on the face of such Variable Rate Note. The “Spread” is the percentage rate per annum specified on the face of such Variable Rate Note as being applicable to the rate of interest for such Variable Rate 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)(b)(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 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 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.

**(d) 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 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):

- (i) (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;
- (ii) (in the case of Notes denominated in Euros) a day on which the TARGET System is open for settlement in Euros;
- (iii) (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
- (iv) (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 on the face of any Note, or if no such amount is so specified, the Denomination Amount of such Note as shown on the face thereof;

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

- (i) if “Actual/Actual” is specified in the applicable Pricing Supplement, the actual number of days in (in the case of Fixed Rate Notes or Hybrid Notes during the Fixed Rate Period) the Fixed Rate Interest Period or (in the case of Floating Rate Notes, Variable Rate Notes or Hybrid Notes during the Floating Rate Period) the Interest Period divided by 365 (or, if any portion of that Fixed Rate Interest Period or, as the case may be, Interest Period falls in a leap year, the sum of (A) the actual number of days in that portion of the Fixed Rate Interest Period or, as the case may be, Interest Period falling in a leap year divided by 366 and (B) the actual number of days in that portion of the Fixed Rate Interest Period or, as the case may be, Interest Period falling in a non-leap year divided by 365);
- (ii) if “Actual/360” is specified in the applicable Pricing Supplement, the actual number of days in (in the case of Fixed Rate Notes or Hybrid Notes during the Fixed Rate Period) the Fixed Rate Interest Period or (in the case of Floating Rate Notes, Variable Rate Notes or Hybrid Notes during the Floating Rate Period) the Interest Period in respect of which payment is being made divided by 360; and
- (iii) if “Actual/365 (Fixed)” is specified in the applicable Pricing Supplement, the actual number of days in (in the case of Fixed Rate Notes or Hybrid Notes during the Fixed Rate Period) the Fixed Rate Interest Period or (in the case of Floating Rate Notes, Variable Rate Notes or Hybrid Notes during the Floating Rate Period) the Interest Period in respect of which payment is being made divided by 365;

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

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

**“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;

**“Reference Banks”** means the institutions specified as such on the face of the relevant Note or, if none, three major banks selected by the 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 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 Bloomberg agency and Reuters) as may be specified on the face 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.

**(III) Interest on Hybrid Notes**

**(a) Interest Rate and Accrual**

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

**(b) Fixed Rate Period**

- (i) In respect of the Fixed Rate Period shown on the face of such Note, each Hybrid Note bears interest on its outstanding principal amount from the first day of the Fixed Rate Period at the rate per annum (expressed as a percentage) equal to the Interest Rate shown on the face of such Note payable in arrear on each Interest Payment Date or Interest Payment Dates shown on the face 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 on the face 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 on the face of the Note.
- (iii) Where the due date of redemption of any Hybrid Note falls within the Fixed Rate Period, interest will cease to accrue on the Note from the due date for redemption thereof unless, upon due presentation and subject to the provisions of the Trust Deed, payment of principal (or Redemption Amount, as the case may be) is improperly withheld or refused, in which event interest at such rate will continue to accrue (as well after as before judgment) at the rate and in the manner provided in this Condition 5(III) to the Relevant Date.
- (iv) 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 on the face of the Note during the Fixed Rate Period.

**(c) Floating Rate Period**

- (i) In respect of the Floating Rate Period shown on the face of such Note, each Hybrid Note bears interest on its outstanding principal amount from the first day of the Floating Rate Period, and such interest will be payable in arrear on each interest payment date ("**Interest Payment Date**"). Such Interest Payment Date(s) is/are either shown on the face of such Note as Specified Interest Payment Date(s) or, if no Specified Interest Payment Date(s) is/are shown on the face 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 on the face of the Note (the "**Specified Number of Months**") 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). 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 (1) 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 (i) such date shall be brought forward to the immediately preceding business day and (ii) 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, (2) the Following Business Day Convention, such date shall be postponed to the next day that is a business day, (3) 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 (4) the Preceding Business Day Convention, such date shall be brought forward to the immediately preceding business day.

- (ii) The period beginning on (and including) the first day of the Floating Rate Period 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 is herein called an “**Interest Period**”.
- (iii) Where the due date of redemption of any Hybrid Note falls within the Floating Rate Period, interest will cease to accrue on the Note from the due date for redemption thereof unless, upon due presentation thereof, payment of principal (or Redemption Amount, as the case may be) is improperly withheld or refused, in which event interest will continue to accrue (as well after as before judgment) at the rate and in the manner provided in this Condition 5(III) to the Relevant Date.
- (iv) The provisions of Condition 5(II)(b) shall apply to each Hybrid Note during the Floating Rate Period as though references therein to Floating Rate Notes are references to Hybrid Notes.

#### **(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 will, as soon as practicable after the Relevant Time on each Interest Determination Date, determine the Rate of Interest and calculate the amount of interest payable (the “**Interest Amounts**”) in respect of each Calculation Amount of the relevant Floating Rate Notes, Variable Rate Notes or (where applicable) Hybrid Notes for the relevant Interest Period. The amount of interest payable per Calculation Amount in respect of any Floating Rate Note, Variable Rate Note or (where applicable) Hybrid 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) 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 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 Issuing and Paying Agent will at the request and expense of the 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 Floating Rate Notes, Variable Rate Notes or, as the case may be, Hybrid Notes become due and payable under Condition 10, the Rate of Interest and Interest Amounts payable in respect of the Floating Rate Notes, Variable Rate Notes or, as

the case may be, Hybrid 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.

**(c) Determination or Calculation by the Trustee**

If the Calculation Agent does not at any material time determine or calculate the Rate of Interest for an Interest Period or any Interest Amount, the Trustee shall do so or otherwise procure the determination or calculation of such Rate of Interest or Interest Amount. In doing so, the Trustee 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 and each such determination or calculation shall be deemed to have been made by the Calculation Agent.

**(d) Calculation Agent and Reference Banks**

The Issuer 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, so long as any Floating Rate Note, Variable Rate Note, Hybrid Note or Zero Coupon 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 Issuer 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.

**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 on its face (if the Note is shown on its face 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 on its face (if the Note is shown on its face 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 on the face of such Notes, the 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 Issuer accordingly. To exercise such option, the Issuer shall give irrevocable notice to the Noteholders within the Issuer's Purchase Option Period shown on the face 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 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 Issuer in such place and in such manner as may be agreed between the 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 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 Issuer at their Redemption Amount on any Interest Payment Date and the 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 on the face 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 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 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 on the face 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 Issuer at their Redemption Amount on any date on which interest is due to be paid on such Notes and the 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 on the face 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 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 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 on the face of such Notes, the Issuer may, on giving irrevocable notice to the Noteholders falling within the Issuer's Redemption Option Period shown on the face 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 Issuer in such place and in such manner as may be agreed between the Issuer and the Trustee, subject to compliance with any

applicable laws. So long as the Notes are listed on any Stock Exchange, the 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**

- (i) If so provided on the face of such Notes, the 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 Issuer (as applicable) within the Noteholders' Redemption Option Period shown on the face 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 Issuer.
- (ii) Not later than seven days after becoming aware of a Change of Control Event, the Issuer shall procure that a notice (a "**Change of Control Notice**") regarding the Change of Control Event be delivered to the Trustee, the Issuing and Paying Agent or, as the case may be, the Registrar, the Transfer Agent and the Noteholders (in accordance with Condition 16) stating:
  - (1) that Noteholders may require the Issuer to redeem their Note under this Condition 6(e)(ii);
  - (2) the date of such Change of Control Event and, briefly, the events causing such Change of Control Event;
  - (3) the name and address of the Issuing and Paying Agent or, as the case may be, the Registrar;
  - (4) such other information relating to the Change of Control Event as the Trustee may require; and
  - (5) that the Change of Control Redemption Notice once validly given, may not be withdrawn and the last day on which a Change of Control Redemption Notice may be given.

The Issuer shall, at the option of the holder of any Note, redeem such Note on the date falling 45 days from the date of the Change of Control Notice 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 relevant 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 other paying agent, the Registrar, the Transfer Agent or the Issuer (as applicable) within the Noteholders' Redemption Option Period shown on the face of such Note(s). Any Note or Certificate so deposited may not be withdrawn (except as provided in the Agency Agreement) without the prior consent of the Issuer.

For the purposes of this Condition 6(e)(ii), a "**Change of Control Event**" occurs when OUE Limited ceases to own (whether legally or beneficially) at least 51 per cent. of the issued share capital for the time being of the OUE C-REIT Manager.

**(f) Redemption for Taxation Reasons**

If so provided on the face of such Notes, the Notes may be redeemed at the option of the Issuer in whole, but not in part, on any Interest Payment Date or, if so specified on the face 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 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 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 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 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 Issuer stating that the Issuer is entitled to effect such redemption and setting forth a statement of facts showing that the conditions precedent to the right of the 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 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 Issuer, the Guarantor and/or any of the respective related corporations of the Issuer 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 Issuer, the Guarantor and/or any of the respective related corporations of the Issuer 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 Issuer, the Guarantor and/or any of the respective related corporations of the Issuer 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 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 on the face 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 on the face 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 on the face 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 (the “**OUE C-REIT Trust Deed**”), the 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.

The 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) Mandatory Redemption upon Cessation or Suspension of Trading of Listed Units**

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 period exceeding seven days, the 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, not later than the date falling 30 days after the date of cessation of listing or trading. The 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.

**(k) Cancellation**

All Notes purchased by or on behalf of the Issuer, the Guarantor and/or any of the respective related corporations of the Issuer 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 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) at the specified office of any paying agent by a cheque drawn in the currency in which payment is due on, or, at the option of the holders, 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 the Transfer Agent 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 a cheque drawn in the currency in which payment is due and mailed to the holder (or to the first named of joint holders) of such Note at its address appearing in the Register. Upon application by the holder to the specified office of the Registrar or the Transfer Agent before the Record Date, such payment of interest may be made 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 (the “**Code**”) or otherwise imposed pursuant to Sections 1471 through 1474 of the Code, any regulations or agreements thereunder, any official interpretations thereof, or (without prejudice to the provisions of Condition 8) any law, regulation or directive implementing an intergovernmental approach thereto. No commission or expenses shall be charged to the Noteholders or Couponholders in respect of such payments.

### (d) Appointment of Agents

The Issuing and Paying Agent, the Non-CDP Paying Agent, the Calculation Agent, the CDP Transfer Agent, the Non-CDP Transfer Agent, the CDP Registrar and the Non-CDP Registrar initially appointed by the Issuer and the Guarantor and their specified offices are listed below. The Issuer and the Guarantor reserve the right at any time to vary or terminate the appointment of the Issuing and Paying Agent, the Non-CDP Paying Agent, the 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 Issuer, the Guarantor, the Issuing and Paying Agent, the Non-CDP Paying Agent, the 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 Issuer, the Guarantor, the Issuing and Paying Agent, the Non-CDP Paying Agent, the 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 Issuer, the Guarantor, the Issuing and Paying Agent, the Non-CDP Paying Agent, the Calculation Agent, the CDP Transfer Agent, the Non-CDP Transfer Agent, the CDP Registrar, the Non-CDP Registrar 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 unexpired 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 unexpired Coupon (or, in the case of payment not being made in full, that proportion of the amount of such missing unexpired 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, unexpired 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 unexpired 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 unexpired Coupons, and where any Bearer Note is presented for redemption without any unexpired 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 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 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 a Fixed Rate Note or a Hybrid Note during the Fixed Rate Period) the Interest Rate applicable to such Note, (in the case of a Floating Rate Note or a Hybrid Note during the Floating Rate Period) the Rate of Interest applicable to such Note or (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 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 on the face 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 Issuer.

**8. Taxation**

All payments in respect of the Notes and the Coupons by the 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 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 (including, without limitation, the holder being a resident of, or a permanent establishment in, 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;
- (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 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 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 Issuer or the Guarantor does not pay (i) any principal 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 three days after the due date or (ii) any interest or other amounts (other than principal) 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 days after the due date;
- (b) the Issuer or the Guarantor does not perform or comply with any one or more of its obligations (other than the payment obligation of the 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 Issuer or, as the case may be, the Guarantor;
- (c) any representation, warranty or statement by the Issuer or the Guarantor in any of the Issue Documents 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 Issuer or, as the case may be, the Guarantor;

- (d) (i) any other indebtedness of the 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 actual or potential default, event of default or the like (however described) or is not paid when due or, as the case may be, within any originally applicable grace period or, as a result of any actual or potential default, event of default or the like (however

described) any facility relating to any such indebtedness is or is declared to be or is capable of being cancelled or terminated before its normal expiry date or any person otherwise entitled to use any such facility is not so entitled; or

- (ii) the 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\$30,000,000 (or its equivalent in any other currency or currencies);

- (e) the Issuer, the Guarantor, OUE C-REIT or any of the Principal Subsidiaries (i) is (or is, or could be, 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) 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, (v) 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 or declared in respect of or affecting all or any material part of (or of a particular type of) the indebtedness of the Issuer, the Guarantor, OUE C-REIT or any of the Principal Subsidiaries or the value of the assets of the Issuer, the Guarantor, OUE C-REIT or any of the Principal Subsidiaries, as the case may be, (on a consolidated basis) is less than its respective liabilities (taking into account contingent prospective liabilities);
- (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 part of the property, assets or revenues of the 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 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 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 of the 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 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 (as defined in the Trust Deed) on the Issuer, the Guarantor, OUE C-REIT or any of the Principal Subsidiaries (other than the Principal Subsidiary that is subject to the winding up or similar proceedings) and (ii) a voluntary liquidation, winding-up or termination of the Issuer, OUE C-REIT or a Principal Subsidiary not involving insolvency on terms approved by an Extraordinary Resolution of the Noteholders);
- (i) the Issuer, the Guarantor, OUE C-REIT or any of the Principal Subsidiaries ceases or threatens to cease to carry on all or any substantial part of its business (otherwise than pursuant to or following a disposal, reorganisation, amalgamation or reconstruction as

permitted under the Trust Deed) or (otherwise than as permitted by Clause 17.28 of the Trust Deed) disposes or threatens to dispose of the whole or any substantial part of its property or assets;

- (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 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 on the Issuer, the Guarantor, OUE C-REIT or any of the Principal Subsidiaries;
- (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 16.7 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 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 Issuer or the Guarantor not) to be the legal and valid obligations of the Issuer or the Guarantor, binding upon it in accordance with its terms;
- (n) the Issuer 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 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 30 days of its commencement) against the 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 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 on the Issuer, the Guarantor or OUE C-REIT;
- (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 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 Guarantor 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) **“Principal Subsidiary”** means, at any particular time, any subsidiary of OUE C-REIT:

- (I) 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 15 per cent. of the total assets of the Group as shown by such audited consolidated accounts; or
- (II) whose total income available for distribution of the Group, 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 15 per cent. of the total income available for distribution 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:

- (aa) 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
- (bb) 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 (aa) above of this definition or which remains or becomes a Principal Subsidiary by virtue of paragraph (bb) above of this definition shall continue to be a Principal Subsidiary until the earlier of the date of issue of:

- (AA) 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 or total income available for distribution 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 15 per cent. of the total assets of the Group or, as the case may be, 15 per cent. of the total income available for distribution of the Group, as shown by such audited consolidated accounts; and
- (BB) a report by the Auditors (as defined in the Trust Deed) dated on or after the date of the relevant transfer which shows the total assets or total income available for distribution of such subsidiary to be less than 15 per cent. of the total assets of the Group or, as the case may be, 15 per cent. of the total income available for distribution of the Group. A report by the Auditors that in their opinion a subsidiary is or is not a Principal Subsidiary shall, in the absence of manifest error, be conclusive; and

(B) **“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 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 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 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 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 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 on the face 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 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 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 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 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 Issuer on demand the amount payable by the Issuer in respect of such Note, Certificate, Coupon or Talon) and otherwise as the Issuer may require. Mutilated or defaced Notes, Certificates, Coupons or Talons must be surrendered before replacements will be issued.

### **14. Further Issues**

The 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 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 Issuer, the Guarantor or any of the respective related corporations of the Issuer and OUE C-REIT without accounting to the Noteholders or Couponholders for any profit resulting from such transactions.

Each Noteholder 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 Issuer and the Guarantor, and the Trustee shall not at any time have any responsibility for the same and each Noteholder 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.

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.

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 the delivery of the relevant notice to Euroclear, Clearstream, Luxembourg, the Depository and/or such other clearing system for communication by it to the Noteholders, except that if the Notes are listed on the Singapore Exchange Securities Trading Limited and the rules of such exchange so require, notice will in any event be published in accordance with the previous paragraph. Any such notice shall be deemed to have been given to the Noteholders on the seventh 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 Issuer) shall be in writing and given by lodging the same, together with the relative 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 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 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. As such, any liability of or indemnity, covenant, undertaking, representation and/or warranty given by DBST, and all obligations assumed by DBST, under the Trust Deed, the Notes and the Coupons 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 under the Trust Deed, the Notes and the Coupons shall be 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 as trustee for 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 the rights or remedies of the Trustee, the Noteholders and the Couponholders under law or equity in connection with any bad faith, gross negligence, wilful default, fraud, breach of the OUE C-REIT Trust Deed or breach of trust of the Guarantor.

**(b) No Recourse**

Notwithstanding any provision to the contrary in the Trust Deed, the Notes and the Coupons, it is hereby agreed that the Guarantor's obligations under the Trust Deed, the Notes and the Coupons will be solely the corporate obligations of the Guarantor and there shall be no 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 the rights or remedies of the Trustee, the Noteholders and the Couponholders under law or equity in connection with any bad faith, gross negligence, wilful default, fraud, breach of the OUE C-REIT Trust Deed or breach of trust of the Guarantor.

**(c) Legal Action or Proceedings**

For the avoidance of doubt, any legal action or proceedings commenced against the Guarantor 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 the rights or remedies of the Trustee, the Noteholders and the Couponholders under law or equity in connection with any bad faith, gross negligence, wilful default, fraud, breach of the OUE C-REIT Trust Deed or breach of trust of the Guarantor.

**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 Issuer and the Guarantor has in the Trust Deed irrevocably submitted to the jurisdiction of such courts.

**19. Contracts (Rights of Third Parties) Act**

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

## 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 on the face of the relevant Perpetual Securities and in the relevant Pricing Supplement.*

The Perpetual Securities are constituted by a trust deed (as amended, restated or supplemented from time to time, the “**Trust Deed**”) dated 20 August 2015 made between (1) OUE CT Treasury Pte. Ltd. (the “**Issuer**”), (2) DBS Trustee Limited (in its capacity as trustee of OUE Commercial Real Estate Investment Trust (“**OUE C-REIT**”)) (the “**Guarantor**” or the “**OUE C-REIT Trustee**”) 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 August 2015 (as amended and supplemented from time to time, the “**Deed of Covenant**”) relating to the CDP Perpetual Securities (as defined in the Trust Deed) executed by the Issuer. These terms and 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 Issuer and the Guarantor have entered into an agency agreement (as amended, restated or supplemented from time to time, the “**Agency Agreement**”) dated 20 August 2015 made between (1) the Issuer, (2) the Guarantor, (3) The Bank of New York Mellon, Singapore Branch, as issuing and paying agent (in such capacity, the “**Issuing and Paying Agent**”), CDP transfer agent (in such capacity, the “**CDP Transfer Agent**”) and CDP registrar (in such capacity, the “**CDP Registrar**”), (4) The Bank of New York Mellon, London Branch, as non-CDP paying agent (in such capacity, the “**Non-CDP Paying Agent**”) and calculation agent (in such capacity, the “**Calculation Agent**”), (5) The Bank of New York Mellon (Luxembourg) S.A., as non-CDP transfer agent (in such capacity, the “**Non-CDP Transfer Agent**”) and non-CDP registrar (in such capacity, the “**Non-CDP Registrar**”) 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 Deed of Covenant.

For the purposes of these Conditions, all references to (a) the Issuing and Paying Agent shall, with respect to Non-CDP Perpetual Securities (as defined in the Trust Deed), be deemed to be a reference to the Non-CDP Paying Agent and all such references shall be construed accordingly, (b) the Registrar means (in the case of CDP Perpetual Securities) the CDP Registrar or (in the case of Non-CDP Perpetual Securities) the Non-CDP Registrar, in each case, or such other registrar as may be appointed from time to time under the Agency Agreement and all such references shall be construed accordingly and (c) the Transfer Agent means (in the case of CDP Perpetual Securities) the CDP Transfer Agent or (in the case of Non-CDP Perpetual Securities) the Non-CDP Transfer Agent, in each case, or such other transfer agent as may be appointed from time to time under the Agency Agreement and all such references shall be construed accordingly.

Copies of the Trust Deed, the Agency Agreement and the Deed of Covenant are available for inspection at the principal office of the Trustee for the time being and at the specified office of the Issuing and Paying Agent for the time being.

## 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 on the face of the Perpetual Security.
- (ii) This Perpetual Security is a Fixed Rate Perpetual Security or a Floating Rate Perpetual Security (depending upon the Distribution Basis shown on its face).
- (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 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 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 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 S.A./N.V. (“**Euroclear**”) and Clearstream Banking, *société anonyme* (“**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, 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, 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 Issuer, the Guarantor, the Issuing and Paying Agent, the Calculation Agent, the Registrar, the Transfer Agent and all other agents of the 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 Issuer, the Guarantor, the Issuing and Paying Agent, the Calculation Agent, the Registrar, the Transfer Agent and all other agents of the 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, 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 such 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 the 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 Issuer) duly completed and executed and any other evidence as the Registrar or the 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 Issuer, 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 expense of the 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 the 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 the 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 the 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 or Sunday) on which banks are open for business in the place of the specified office of the Registrar or the 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 Issuer, the Guarantor, the Registrar or the Transfer Agent, 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 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 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 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 Issuer.

**(ii) Guarantee of Senior Perpetual Securities**

The payment of all sums expressed to be payable by the Issuer 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 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 Issuer and shall rank *pari passu*, without any preference or priority among themselves, and *pari passu* with any Parity Obligations of the 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 Issuer or the Guarantor, any instrument or security (including without limitation any preference shares) issued, entered into or guaranteed by the 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 Issuer) the Subordinated Perpetual Securities or (in the case of the Guarantor) the Subordinated 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 Issuer or, as the case may be, the Guarantor and/or, in the case of an instrument or security guaranteed by the Issuer or the Guarantor, the issuer thereof.

**(ii) Ranking of claims on Winding-Up – Issuer**

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 the Issuer, 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 the Issuer but at least *pari passu* with all other subordinated obligations of the Issuer that are not expressed by their terms to rank junior to the Subordinated Perpetual Securities and in priority to the claims of shareholders of the Issuer and/or as otherwise specified in the applicable Pricing Supplement.

**(iii) No set-off – Issuer**

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 Issuer 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 Issuer. 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 Issuer 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 Issuer (or, in the event of the Winding-Up of the Issuer, the liquidator or, as appropriate, administrator of the Issuer) and, until such time as payment is made, shall hold such amount in trust for the Issuer (or the liquidator or, as appropriate, administrator of the Issuer) and accordingly any such discharge shall be deemed not to have taken place.

**(iv) Guarantee of Subordinated Perpetual Securities**

The payment of all sums expressed to be payable by the Issuer 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 at all times 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).

**(v) 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, the rights of the Perpetual Securityholders and Couponholders in respect of Subordinated Perpetual Securities to payment under the Subordinated Guarantee are expressly subordinated and subject in right of payment to the prior payment in full of all claims of senior creditors of the Guarantor but at least *pari passu* with all other subordinated obligations of the Guarantor that are not expressed by their terms to rank junior to the Subordinated Guarantee and in priority to the claims of shareholders of the Guarantor, unitholders of OUE C-REIT and/or as otherwise specified in the applicable Pricing Supplement.

**(vi) 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) Distribution Rate and Accrual**

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

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

**(b) Distribution Rate**

The Distribution Rate 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 on the face 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 on the face of such Perpetual Security and (B) for the period from the Step-Up Date specified in the applicable Pricing Supplement, the rate shown on the face 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 on the face 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 Distribution Rate,

Provided always that if Redemption upon a Change of Control Event (as defined in Condition 5(g)) or a Cessation or Suspension of Trading Event (as defined in Condition 5(h)) is specified on the face of such Perpetual Security and a Change of Control Event Margin or, as the case may be, a Cessation or Suspension of Trading Event Margin is specified in the applicable Pricing Supplement, in the event that a Change of Control Event or, as the case may be, a Cessation or Suspension of Trading Event has occurred, so long as the 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 Distribution Rate shall be increased by the Change of Control Event Margin or, as the case may be, a Cessation or Suspension of Trading Event Margin with effect from (and including) the Distribution Payment Date immediately following the date on which the Change of Control Event or, as the case may be, a Cessation or Suspension of Trading Event occurred (or, if the Change of Control Event or, as the case may be, a 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 Distribution Rate”** 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 Change of Control Event Margin or, as the case may be, a Cessation or Suspension of Trading Event Margin (if applicable); and

**“Swap Offer Rate”** means:

- (aa) the rate per annum (expressed as a percentage) notified by the Calculation Agent to the 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 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.

**(c) Calculation of Reset Distribution Rate**

The Calculation Agent will, on each Reset Determination Date, calculate the applicable Reset Distribution Rate or (if a Change of Control Event or, as the case may be, a Cessation or Suspension of Trading Event has occurred) the applicable Distribution Rate payable in respect of each Perpetual Security. The determination of any rate, 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.

**(d) Publication of Relevant Reset Distribution Rate**

The Calculation Agent will cause the applicable Reset Distribution Rate or (if a Change of Control Event and/or a Cessation or Suspension of Trading Event has occurred) the applicable Distribution Rate to be notified to the Issuing and Paying Agent, the Trustee, the

Registrar, the Issuer and the Guarantor as soon as possible after its determination but in no event later than the fourth business day thereafter. The Issuer shall cause notice of the then applicable Reset Distribution Rate or (if a Change of Control Event has occurred) the applicable Distribution Rate to be notified to the Perpetual Securityholders in accordance with Condition 14 as soon as possible after determination thereof. All notifications, opinions, determinations, certificates, calculations, quotations and decisions given, expressed, made or obtained for the purposes of this Condition 4 by the Calculation Agent will (in the absence of manifest error) be binding on the Issuer, the Guarantor, the Issuing and Paying Agent, the other paying agents, the Registrar, the Transfer Agent, the Trustee and the Perpetual Securityholders and (except as provided in the Agency Agreement) no liability to any such person will attach to the Calculation Agent in connection with the exercise or non-exercise by it of its powers, duties and discretions for such purposes.

**(e) Determination or Calculation by Trustee**

If the Calculation Agent does not at any material time determine or calculate the applicable Reset Distribution Rate or (if a Change of Control Event or, as the case may be, a Cessation or Suspension of Trading Event has occurred) the applicable Distribution Rate, the Trustee shall do so or otherwise procure the determination or calculation of such Reset Distribution Rate or Distribution Rate. In doing so, the Trustee shall apply the provisions of this Condition 4(I), 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.

**(f) Calculations**

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 shown on the face of the Perpetual Security. The amount of distribution payable per Calculation Amount (as defined in Condition 4(II)(c) for any Fixed Rate Distribution Period in respect of any Fixed Rate Perpetual Security shall be calculated by multiplying the product of the Distribution Rate and the Calculation Amount, by the Day Count Fraction shown on the face of the Perpetual Security and rounding the resultant figure to the nearest sub-unit of the Relevant Currency.

For the purposes of these Conditions, “**Fixed Rate 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.

**(II) Distribution on Floating Rate Perpetual Securities**

**(a) Distribution Payment Dates**

Each Floating Rate Perpetual Security confers a right to receive distribution on its outstanding principal amount from the Distribution Commencement Date in respect thereof and as shown on the face of such Perpetual Security, and such distribution will be payable in arrear on each distribution payment date (“**Distribution Payment Date**”). Such Distribution Payment Date(s) is/are either shown on the face of such Perpetual Security as Specified Distribution Payment Date(s) or, if no Specified Distribution Payment Date(s) is/are shown on the face 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) on the face of the Perpetual Security (the “**Specified Number of Months**”) 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). 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 (1) 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 (i) such date shall be brought

forward to the immediately preceding business day and (ii) 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, (2) the Following Business Day Convention, such date shall be postponed to the next day that is a business day, (3) 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 (4) the Preceding Business Day Convention, such date shall be brought forward to the immediately preceding business day.

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 is herein called a “**Distribution Period**”.

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

**(b) Rate of Distribution - Floating Rate Perpetual Securities**

- (i) Each Floating Rate Perpetual Security confers a right to receive distribution on its outstanding principal amount at a floating rate determined by reference to a Benchmark as stated on the face 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 on the face 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 on the face of such Perpetual Security. The “Spread” and the “Step-Up Spread” are the percentage rate per annum specified on the face 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.

The rate of distribution payable in respect of a Floating Rate Perpetual Security from time to time is referred to in these Conditions as the “**Rate of Distribution**”.

- (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 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 on the face 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 Bloomberg Screen Swap Offer and SIBOR (ABSIRFIX) Page (or such other replacement page as aforesaid) or if the Bloomberg Screen Swap Offer and SIBOR (ABSIRFIX) 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 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 on the face of such Floating Rate Perpetual Security) and as adjusted by the Spread (if any);
  - (C) if on any Distribution Determination Date no such rate appears on the Reuters Screen ABSIRFIX01 Page under the column headed “SGD SIBOR” (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 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), as determined by the Calculation Agent;
  - (D) 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; and
  - (E) 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);
- (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 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);

- (B) if on any Distribution Determination Date no such rate is quoted on the Bloomberg Screen Swap Offer and SIBOR (ABSIRFIX) Page (or such other replacement page as aforesaid) or the Bloomberg Screen Swap Offer and SIBOR (ABSIRFIX) 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 Reuters Screen ABSFIX1 Page under the caption “SGD SOR rates as of 11:00hrs 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);
  - (C) if on any Distribution Determination Date no such rate is quoted on Reuters Screen ABSFIX1 Page (or such other replacement page as aforesaid) or Reuters Screen ABSFIX1 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 Calculation Agent may select; and
  - (D) if on any Distribution Determination Date the Calculation Agent is otherwise unable to determine the Rate of Distribution under paragraph (b)(ii)(2)(C) above or if no agreement on the relevant authority is reached between the Calculation Agent and the Issuer under paragraph (b)(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
- (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) if the Primary Source for the Floating Rate Perpetual Securities is Reference Banks or if paragraph (b)(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 (b)(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) if paragraph (b)(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.

- (iii) On the last day of each Distribution Period, the 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.

**(c) 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, (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):

- (1) (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;

- (2) (in the case of Perpetual Securities denominated in Euros) a day on which the TARGET System is open for settlement in Euros;
- (3) (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
- (4) (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 on the face of any Perpetual Security or, if no such amount is so specified, the Denomination Amount of such Perpetual Security as shown on the face thereof;

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

- (i) if “Actual/Actual” is specified in the applicable Pricing Supplement, the actual number of days in (in the case of Fixed Rate Perpetual Securities) the Fixed Rate Distribution Period or (in the case of Floating Rate Perpetual Securities) the Distribution Period divided by 365 (or, if any portion of that Fixed Rate Distribution Period or, as the case may be, Distribution Period falls in a leap year, the sum of (1) the actual number of days in that portion of the Fixed Rate Distribution Period or, as the case may be, Distribution Period falling in a leap year divided by 366 and (2) the actual number of days in that portion of the Fixed Rate Distribution Period or, as the case may be, Distribution Period falling in a non-leap year divided by 365);
- (ii) if “Actual/360” is specified in the applicable Pricing Supplement, the actual number of days in (in the case of Fixed Rate Perpetual Securities) the Fixed Rate Distribution Period or (in the case of Floating Rate Perpetual Securities) the Distribution Period in respect of which payment is being made divided by 360; and
- (iii) if “Actual/365 (Fixed)” is specified in the applicable Pricing Supplement, the actual number of days in (in the case of Fixed Rate Perpetual Securities) the Fixed Rate Distribution Period or (in the case of Floating Rate Perpetual Securities) the Distribution Period in respect of which payment is being made divided by 365;

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

**“Distribution Determination Date”** means, 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 on the face of the relevant Perpetual Security;

**“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;

**“Reference Banks”** means the institutions specified as such on the face of the relevant Perpetual Security or, if none, three major banks selected by the 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 Bloomberg agency and Reuters) as may be specified on the face 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.

### **(III) Calculations**

#### **(a) Determination of Rate of Distribution and Calculation of Distribution Amounts**

The Calculation Agent will, as soon as practicable after the Relevant Time on each Distribution Determination Date, determine the Rate of Distribution and calculate the amount of distribution payable (the **“Distribution Amounts”**) in respect of each Calculation Amount of the relevant Floating Rate Perpetual Securities for the relevant Distribution Period. The amount of distribution payable per Calculation Amount in respect of any Floating Rate Perpetual Security shall be calculated by multiplying the product of the 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) Notification**

The Calculation Agent will cause the 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 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 Perpetual Securities, the Issuing and Paying Agent will at the request and expense of the Issuer also cause the 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 Floating Rate Perpetual Securities, the Rate of Distribution and Distribution Amounts payable in respect of the Floating Rate Perpetual Securities shall nevertheless continue to be calculated as previously in accordance with this Condition but no publication of the Rate of Distribution and Distribution Amounts need to be made unless the Trustee requires otherwise.

**(c) Determination or Calculation by the Trustee**

If the Calculation Agent does not at any material time determine or calculate the Rate of Distribution for a Distribution Period or any Distribution Amount, the Trustee shall do so or otherwise procure the determination or calculation of the Rate of Distribution for such Distribution Period or Distribution Amount. In doing so, the Trustee 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 and each such determination or calculation shall be deemed to have been made by the Calculation Agent.

**(d) Calculation Agent and Reference Banks**

The Issuer 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, so long as any Floating Rate 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 for any Distribution Period or to calculate the Distribution Amounts, the Issuer 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 on the face of the relevant Perpetual Security, the 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 on the face of the relevant Perpetual Security) prior to a scheduled Distribution Payment Date.

If a Dividend Pusher is set out on the face of the relevant Perpetual Security, the 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 Issuer’s Junior Obligations or the Guarantor’s Junior Obligations or, in relation to Subordinated Perpetual Securities only, (except on a *pro rata* basis) any of the Issuer’s Parity Obligations or any of the Guarantor’s Parity Obligations; or
- (ii) any of the Issuer’s Junior Obligations or the Guarantor’s Junior Obligations has been redeemed, reduced, cancelled, bought back or acquired for any consideration or, in relation to Subordinated Perpetual Securities only, (except on a *pro rata* basis) any of the Issuer’s Parity Obligations or any of the Guarantor’s 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, “**Junior Obligation**” means, in relation to the 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 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.

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 Issuer confirming that no Compulsory Distribution Payment Event has occurred. Any such certificate shall be conclusive evidence that no Compulsory Distribution Payment Event has occurred 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 on the face of the relevant Perpetual Security and subject to Condition 4(IV)(c) and Condition 4(IV)(d), the 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 Issuer in respect of the Perpetual Securities.

**(c) Non-Cumulative Deferral and Cumulative Deferral**

(i) If Non-Cumulative Deferral is set out on the face of the relevant Perpetual Security, any distribution deferred pursuant to this Condition 4(IV) is non-cumulative and will not accrue interest. The Issuer is not under any obligation to pay that or any other distributions that have not been paid in whole or in part. The 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 Issuer can elect not to pay distributions pursuant to this Condition 4(IV).

Any partial payment of outstanding Optional Distribution by the 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 on the face of the relevant Perpetual Security, any distribution deferred pursuant to this Condition 4(IV) shall constitute “**Arrears of Distribution**”. The 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 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 on the face 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 Distribution Rate or Rate of Distribution (as the case may be) 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 Distribution Rate or Rate of Distribution (as the case may be) 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 on the face 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 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 Issuer's Junior Obligations or the Guarantor's Junior Obligations or, in relation to Subordinated Perpetual Securities only, (except on a *pro rata* basis) any of the Issuer's Parity Obligations or the Guarantor's 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 Issuer's Junior Obligations or the Guarantor's Junior Obligations or, in relation to Subordinated Perpetual Securities only, (except on a *pro rata* basis) any of the Issuer's Parity Obligations or the Guarantor's Parity Obligations,

in each case unless and until (1) (if Cumulative Deferral is specified as being applicable in the applicable Pricing Supplement) the 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 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 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 on the face of the relevant Perpetual Security) prior to the relevant payment date specified in such notice (which notice is irrevocable and shall oblige the 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 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 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 Issuer or the Guarantor under the Perpetual Securities.

**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 Issuer shall (subject to the provisions of Condition 3 and without prejudice to Condition 9) only have the right 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 on the face of the relevant Perpetual Security, the Issuer may, on giving irrevocable notice to the Perpetual Securityholders falling within the Issuer's Redemption Option Period shown on the face 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 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 Issuer in such place and in such manner as may be agreed between the Issuer and the Trustee, subject to compliance with any applicable laws. So long as the Perpetual Securities are listed on any Stock Exchange, the 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 on the face of the relevant Perpetual Security, the Perpetual Securities may be redeemed at the option of the Issuer in whole, but not in part, on any Distribution Payment Date or, if so specified on the face 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 Arrears of Distribution and any Additional Distribution Amount) accrued to the date fixed for redemption), if:

- (i) the 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; or
  - (2) the distributions (including any Arrears of Distribution and any Additional Distribution Amount) will not be regarded as interest payable by the Issuer for the purposes of the withholding tax exemption on interest for "qualifying debt securities" under the ITA; or

- (ii) (1) the 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 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 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 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 Issuer stating that the Issuer is entitled to effect such redemption and setting forth a statement of facts showing that the conditions precedent to the right of the Issuer so to redeem have occurred; and
- (B) an opinion of independent legal, tax or any other professional advisers of recognised standing to the effect that the 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,

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.

**(d) Redemption for Accounting Reasons**

The Perpetual Securities may be redeemed at the option of the Issuer in whole, but not in part, on any Distribution Payment Date or, if so specified on the face 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 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 any other accounting standards that may replace SFRS 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 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 Issuer stating that the circumstances referred to above prevail and setting out the details of such circumstances; and
- (ii) an opinion of the 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 Issuer shall be bound to redeem the Perpetual Securities in accordance with this Condition 5(d).

**(e) Redemption for Tax Deductibility**

If so provided on the face of the relevant Perpetual Security, the Perpetual Securities may be redeemed at the option of the Issuer in whole, but not in part, on any Distribution Payment Date or, if so specified on the face 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 Arrears of Distribution and any Additional Distribution Amount) accrued to the date fixed for redemption):

- (i) if the 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 otherwise 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 otherwise 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,

payments by the Issuer are no longer, or would in the Distribution Period immediately following that Distribution Payment Date no longer be, fully deductible by the Issuer for Singapore income tax purposes; or

- (ii) the Issuer receives a ruling by the Comptroller of Income Tax in Singapore (or other relevant authority) which confirms that the distributions (including any 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 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 Issuer stating that the circumstances referred to above prevail and setting out the details of such circumstances; and
- (B) an opinion of the 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 or amendment to the tax regime 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(e), the 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 on the face of the relevant Perpetual Security, the Perpetual Securities may be redeemed at the option of the Issuer in whole, but not in part, on any Distribution Payment Date or, if so specified on the face 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 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 Issuer shall be bound to redeem all the Perpetual Securities in accordance with this Condition 5(f).

**(g) Redemption upon a Change of Control Event**

If so provided on the face of the relevant Perpetual Security, the Perpetual Securities may be redeemed at the option of the Issuer in whole, but not in part, on any Distribution Payment Date or, if so specified on the face 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 Arrears of Distribution and any Additional Distribution Amount) accrued to the date fixed for redemption), following the occurrence of a Change of Control Event.

For the purposes of this Condition 5(g), a “**Change of Control Event**” occurs when OUE Limited ceases to own (whether legally or beneficially) at least 51 per cent. of the issued share capital for the time being of OUE Commercial REIT Management Pte. Ltd (the “**OUE C-REIT Manager**”).

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

**(h) Redemption upon Cessation or Suspension of Trading of Units**

If so provided on the face of the relevant Perpetual Security, in the event that (i) the units in OUE C-REIT cease to be traded on the SGX-ST or (ii) trading in the units in OUE C-REIT on the SGX-ST is suspended for a continuous period of more than seven days (each, a “**Cessation or Suspension of Trading Event**”), the Perpetual Securities may be redeemed at the option of the Issuer in whole, but not in part, on any Distribution Payment Date or, if earlier, the date falling 45 days after the Effective Date, at their Redemption Amount (together with distribution (including Arrears of Distribution and any Additional Distribution Amount) accrued to the date fixed for redemption). The Issuer shall within seven days after the Effective Date, give notice to the Trustee, the Issuing and Paying Agent and the Perpetual Securityholders of the occurrence of the event specified in this Condition 5(h).

For the purposes of this Condition 5(h), “**Effective Date**” means (in the case where the units in OUE C-REIT cease to be traded on the SGX-ST) the date of cessation of trading or (in the case where trading in the units in OUE C-REIT on the SGX-ST is suspended for a continuous period of more than seven days) the business day immediately following the expiry of such continuous period of seven days.

**(i) Redemption upon a Regulatory Event**

If so provided on the face of the relevant Perpetual Security, the 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 Arrears of Distribution and any Additional Distribution Amount) accrued from the immediately preceding Distribution Payment Date to the date fixed for redemption, on the 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 Issuer to redeem the Perpetual Securities), if the 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(i), the 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 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 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(i), the Issuer shall be bound to redeem the Perpetual Securities in accordance with this Condition 5(i).

For the purposes of this Condition 5(i):

- (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.

**(j) Purchases**

The Issuer, the Guarantor and/or any of the respective related corporations of the Issuer 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 Issuer, the Guarantor and/or any of the respective related corporations of the Issuer 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 Issuer, the Guarantor and/or any of the respective related corporations of the Issuer 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 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 Issuer, the Guarantor and/or any of the respective related corporations of the Issuer 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 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) at the specified office of any paying agent by a cheque drawn in the currency in which payment is due on, or, at the option of the holders, 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 a cheque drawn in the currency in which payment is due and mailed to the holder (or to the first named of joint holders) of such Perpetual Security at its address appearing in the Register. Upon application by the holder to the specified office of the Registrar or the Transfer Agent before the Record Date, such payment of distribution may be made 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 (the "**Code**") or otherwise imposed pursuant to Sections 1471 through 1474 of the Code, any regulations or agreements thereunder, any official interpretations thereof, or (without prejudice to the provisions of Condition 7) any law, regulation or directive implementing an intergovernmental approach thereto. No commission or expenses shall be charged to the Perpetual Securityholders or Couponholders in respect of such payments.

**(d) Appointment of Agents**

The Issuing and Paying Agent, the Non-CDP Paying Agent, the Calculation Agent, the CDP Transfer Agent, the Non-CDP Transfer Agent, the CDP Registrar and the Non-CDP Registrar initially appointed by the Issuer and the Guarantor and their specified offices are listed below. The Issuer and the Guarantor reserve the right at any time to vary or terminate the appointment of the Issuing and Paying Agent, the Non-CDP Paying Agent, the 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 Issuer, the Guarantor, the Issuing and Paying Agent, the Non-CDP Paying Agent, the 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 Issuer, the Guarantor, the Issuing and Paying Agent, the Non-CDP Paying Agent, the 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 Issuer, the Guarantor, the Issuing and Paying Agent, the Non-CDP Paying Agent, the Calculation Agent, the CDP Transfer Agent, the Non-CDP Transfer Agent, the CDP Registrar, the Non-CDP Registrar 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 unmatured Coupons (if any) relating to such Perpetual Securities, failing which an amount equal to the face value of each missing unmatured Coupon (or, in the case of payment not being made in full, that proportion of the amount of such missing unmatured 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, unmatured 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 unmatured 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 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 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 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 (including, without limitation, the holder being a resident of, or a permanent establishment in, 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;
- (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 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 Issuer 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 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 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 order is made or an effective resolution is passed for the Winding-Up of the Issuer, the Guarantor and/or OUE C-REIT or (ii) the Issuer or the Guarantor does not pay any principal 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 three days after the due date or any interest or other amounts (other than principal) 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 days after the due date (together, the “**Enforcement Events**”), the 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 Issuer and/or OUE C-REIT, prove in the Winding-Up of the Issuer, the Guarantor and/or OUE C-REIT and/or claim in the liquidation of the 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 Issuer or the Guarantor institute such proceedings against the Issuer or the Guarantor as it may think fit to enforce any term or condition binding on the 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 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 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 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 Issuer or the Guarantor or to institute proceedings for the Winding-Up or claim in the liquidation of the 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 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 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 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 Issuer 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 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 on the face 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 or (h) 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 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 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 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 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 Issuer on demand the amount payable by the Issuer in respect of such Perpetual Security, Certificate, Coupon or Talon) and otherwise as the Issuer may require. Mutilated or defaced Perpetual Securities, Certificates, Coupons or Talons must be surrendered before replacements will be issued.

#### **12. Further Issues**

The 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 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 Issuer, the Guarantor or any of the respective related corporations of the Issuer 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 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.

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.

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 the delivery of the relevant notice to Euroclear, Clearstream, Luxembourg, the Depository and/or such other clearing system for communication by it to the Perpetual Securityholders, except that if the Perpetual Securities are listed on the Singapore Exchange Securities Trading Limited and the rules of such exchange so require, notice will in any event be published in accordance with the previous paragraph. Any such notice shall be deemed to have been given to the Perpetual Securityholders on the seventh 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 Issuer) shall be in writing and given by lodging the same, together with the relative 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 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. As such, any liability of or indemnity, covenant, undertaking, representation and/or warranty given

by DBST, and all obligations assumed by DBST, under the Trust Deed, the Perpetual Securities and the Coupons 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 under the Trust Deed, the Perpetual Securities and the Coupons shall be 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 as trustee for 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 the rights or remedies of the Trustee, the Perpetual Securityholders and the Couponholders under law or equity in connection with any bad faith, gross negligence, wilful default, fraud, breach of the OUE C-REIT Trust Deed or breach of trust of the Guarantor.

**(b) No Recourse**

Notwithstanding any provision to the contrary in the Trust Deed, the Perpetual Securities and the Coupons, it is hereby agreed that the Guarantor's obligations under the Trust Deed, the Perpetual Securities and the Coupons will be solely the corporate obligations of the Guarantor and there shall be no 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 the rights or remedies of the Trustee, the Perpetual Securityholders and the Couponholders under law or equity in connection with any bad faith, gross negligence, wilful default, fraud, breach of the OUE C-REIT Trust Deed or breach of trust of the Guarantor.

**(c) Legal Action or Proceedings**

For the avoidance of doubt, any legal action or proceedings commenced against the Guarantor 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 the rights or remedies of the Trustee, the Perpetual Securityholders and the Couponholders under law or equity in connection with any bad faith, gross negligence, wilful default, fraud, breach of the OUE C-REIT Trust Deed or breach of trust of the Guarantor.

**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 Issuer and the Guarantor has in the Trust Deed irrevocably submitted to the jurisdiction of such courts.

**17. Contracts (Rights of Third Parties) Act**

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



## RISK FACTORS

*Prior to making any investment decision, prospective investors should consider carefully all of the information in this Information Memorandum, including the risks and uncertainties described below. The business, financial condition or results of operations of OUE C-REIT (including for these purposes its subsidiaries and associated companies) could be materially adversely affected by any of these risks. The Issuer and OUE C-REIT believe that the following factors may affect their ability to fulfil their obligations under the Notes issued under the Programme. All of these factors are contingencies which may or may not occur and neither the Issuer nor OUE C-REIT is in a position to express a view on the likelihood of any such contingency occurring.*

*Factors which the Issuer and OUE C-REIT believe may be material for the purpose of assessing the market risks associated with Notes issued under the Programme are also described below.*

*The Issuer and OUE C-REIT believe that the factors described below represent the principal risks inherent in investing in Securities issued under the Programme, but the Issuer or OUE C-REIT may be unable to pay interest, principal or other amounts on or in connection with any Securities for other reasons and the Issuer and OUE C-REIT do not represent that the statements below regarding the risks of holding any Securities are exhaustive. Prospective investors should also read the detailed information set out elsewhere in this Information Memorandum (including any documents incorporated by reference herein) and reach their own views prior to making any investment decision.*

### LIMITATIONS OF THIS INFORMATION MEMORANDUM

***Prospective investors in the Securities should make their own investigations of the Issuer, the Guarantor, OUE C-REIT and the Group, prior to making an investment or divestment decision in relation to the Securities issued under the Programme***

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 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 the Issuer, the Guarantor, 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 or purchase or sell any of the Securities. This Information Memorandum is not, and does not purport to be, investment advice. A prospective investor should make an investment in the Securities only after it has determined that such investment is suitable for its investment objectives. Determining whether an investment 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 such person has not relied on the Issuer, the Guarantor, OUE C-REIT, their respective subsidiaries (if any) or associated companies (if any), 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 or divestment decision. Any recipient of this Information Memorandum contemplating subscribing for or purchasing or selling any of the Securities 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 or divestment should be, and shall be deemed to be, based solely upon its own independent investigation of the financial condition and affairs, and its own appraisal of the creditworthiness, of the Issuer, the Guarantor, OUE C-REIT, their respective subsidiaries (if any) and 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 prior to deciding to make an investment in the Securities.

***Certain financial information of the Group has not been audited or reviewed by the Group's auditors***

The unaudited financial statements of OUE C-REIT for the six month period ended 30 June 2015, presented and/or included in this Information Memorandum has been extracted from the second quarter results announcement of OUE C-REIT for the six month period ended 30 June 2015.

The unaudited financial statements of OUE C-REIT for the six month period ended 30 June 2015, presented and/or included in this Information Memorandum has not been audited or reviewed by the Group's auditors. Accordingly, there can be no assurance that, had an audit or review been conducted in respect of such financial information, that information presented therein would not have been materially different, and potential investors must exercise caution when using such data to evaluate the Group's business, financial condition and results of operations.

***Neither OUE C-REIT nor the OUE C-REIT Manager has a long established operating history***

OUE C-REIT was constituted as a private trust on 10 October 2013 and the OUE C-REIT Manager was incorporated on 4 October 2013. Neither OUE C-REIT nor the OUE C-REIT Manager has the relevant operating history by which its past performances may be judged. Accordingly, save for the audited financial statements prepared for the period from the date of its constitution to 31 December 2014, there are no other audited financial statements prepared in respect of OUE C-REIT. The lack of an operating track record and historical financial information will make it more difficult for investors to assess OUE C-REIT's future performance and prospects. There is no assurance that OUE C-REIT will be able to generate sufficient revenue from operations to fulfil the payment obligations under the Securities.

## **RISKS RELATING TO THE GROUP**

### **Risks relating to investments in commercial real estate**

***OUE C-REIT may be adversely affected by economic and real estate market conditions, as well as changes in regulatory, fiscal and other governmental policies in Singapore and the PRC***

The Properties are located in Singapore and Shanghai. Singapore and Shanghai are international financial centres and are therefore particularly 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 future growth. The global credit markets have experienced, and may continue to experience, volatility and liquidity disruptions, which have resulted in the consolidation, failure or near failure of a number of institutions in the banking and insurance industries. There remains a concern that the debt crisis in Europe as well as the uncertainty surrounding the monetary policy of the U.S. Federal Reserve will impinge upon the health of the global financial system. These events could adversely affect OUE C-REIT insofar as they result in:

- a negative impact on the ability of the tenants to pay their rents in a timely manner 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 (i) OUE C-REIT's banking syndicates (if any), (ii) banks or insurers, as the case may be, providing bankers' guarantees or performance bonds for the rental deposits or other types of deposits relating to or in connection with the Properties or OUE C-REIT's operations or (iii) OUE C-REIT's insurers, may be unable to honour their commitments to OUE C-REIT.

There is also uncertainty as to the pace of recovery in the global economy, the strength of consumer demand and hence the resultant impact on the external trade-dependent economies of Singapore and the PRC.

Investments in commercial and commercial-related assets in other countries will expose OUE C-REIT to additional local real estate market conditions. Other real estate market conditions which 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 as a result 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 impact OUE C-REIT's properties.

***A significant percentage of the Properties' leases are for terms of two to three years, which exposes the Properties to significant rates of lease expiries each year***

As at 30 June 2015, 23.7% of the leases (by Gross Rental Income) for the Properties will expire during 2016, while 23.8% and 11.5% of the leases (by Gross Rental Income) for the Properties are expected to expire during 2017 and 2018 respectively, reflecting lease terms which are generally reflective of the duration of lease terms in the Singapore and PRC commercial property markets. As a result, the Properties experience lease cycles in which a significant percentage of the leases expire each year.

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

***There is no assurance that the Properties will be able to maintain rental rates at prevailing market rates***

The rental rates of the Properties will depend upon various factors, including but not limited to prevailing supply and demand conditions as well as the quality and design of the Properties. There is no assurance that the REIT Manager will be able to procure new leases or renew existing leases at these prevailing market rates.

***OUE C-REIT is subject to the risk of non-renewal, non-replacement or early termination of leases***

If a large number of tenants in the Properties do not renew their leases at the end of a lease cycle or a significant number of early terminations occur, and replacement tenants cannot be found in a timely manner and on terms acceptable to the REIT Manager, there is likely to be a material adverse effect on the Properties, which could materially and adversely affect the business, financial condition and results of operations of OUE C-REIT.

***The loss of key tenants or a significant number of tenants of any of the 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 and results of operations and capital growth may be adversely affected by the bankruptcy, insolvency or downturn in the businesses of one or more of the key tenants or a significant number of tenants of any of the Properties, as well as 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 amount of rent and the terms on which lease renewals and new leases are agreed may be less favourable than the current leases.

The loss of key tenants or a significant number of tenants in any one of OUE C-REIT's Properties or future acquisitions could result in periods of vacancy, which could adversely affect the revenue and financial conditions of the relevant Property.

***Planned amenities and transportation infrastructure near the 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 the 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 impact the accessibility of the relevant Property and the attractiveness and marketability of the relevant Property to tenants. This may then have an adverse effect on the demand and the rental rates for the relevant Property and adversely affect the business, financial condition and results of operations of OUE C-REIT.

***The Properties and properties to be acquired by OUE C-REIT 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 the Properties or properties to be acquired by OUE C-REIT in order 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 is not able to obtain such financing, the marketability of such property may be affected.

***OUE C-REIT's assets might be adversely affected if the REIT Manager, the Property Manager, the local property manager which manages Lippo Plaza and/or any property manager appointed to manage any other property owned by OUE C-REIT does not provide adequate management and maintenance***

Should the REIT Manager, the Property Manager, the local property manager which manages Lippo Plaza and/or any property manager appointed to manage any other property owned by OUE C-REIT fail to provide adequate management and maintenance, the value of OUE C-REIT's assets might be adversely affected and this may result in a loss of tenants, which will adversely affect OUE C-REIT's business, financial condition and results of operations.

***Renovation or redevelopment works or physical damage to any of the Properties may disrupt the operations of the affected Property and collection of rental income or otherwise result in an adverse impact on the financial condition of OUE C-REIT***

The quality and design of the Properties have a direct influence over the demand for space in, and the rental rates of, the Properties. The 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 in respect of faults or problems that may develop or because of new planning laws or regulations. The costs of maintaining commercial properties and the risk of unforeseen maintenance or repair requirements tend to increase over time as the building ages. The business and operations of the 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.

In addition, physical damage to any of the Properties resulting from fire or other causes may lead to a significant disruption to the business and operations of the affected Property and, together with the foregoing, may impose unbudgeted costs on OUE C-REIT and result in an adverse impact on the financial condition and results of operations of OUE C-REIT.

***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 the Properties may require additional capital expenditure, special repair, maintenance expenses, the payment of damages or other obligations to third parties.

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.

***The Properties may face increased competition from other properties***

The Properties are located in areas where other competing properties are present and new properties may be developed which may compete with the Properties.

The income from and the market value of the Properties will be dependent on the ability of the Properties to compete against other properties for tenants. If competing properties are more successful in attracting and retaining tenants, the income from the Properties could be reduced thereby adversely affecting OUE C-REIT's business, financial condition and results of operations.

***OUE C-REIT is reliant on OUE Bayfront for a substantial portion of its Gross Rental Income***

OUE C-REIT is reliant on OUE Bayfront for a substantial portion of its Gross Rental Income. For the second quarter of 2015, OUE Bayfront accounted for 61.7% of the Gross Rental Income of OUE C-REIT.

Any circumstance which adversely affects the operations or business of OUE Bayfront, or its attractiveness to tenants, such as physical damage to the building due to fire or other causes, may reduce OUE Bayfront's contribution to the Gross Rental Income of OUE C-REIT. This in turn may adversely affect the business, financial condition and results of operations of OUE C-REIT.

#### **Risks relating to OUE Bayfront**

***There is no assurance that the income attributable to OUE Bayfront can be sustained at the levels attained with the provision of Income Support once the Deed of Income Support entered into with OUE Limited expires or is withdrawn***

OUE Limited has entered into a Deed of Income Support arrangement with the REIT Trustee and Clifford Development Pte. Ltd., the vendor of OUE Bayfront. The Income Support will end on 26 January 2019. Under the terms of the Deed of Income Support, if the Gross Rental Income of OUE Bayfront for the relevant period is less than the target Gross Rental Income in respect of OUE Bayfront, OUE Limited will be required to pay to the REIT Trustee a sum equal to the difference in respect of that period subject to a maximum annual limit.

Following the expiry or withdrawal of the Income Support, there is no assurance that OUE Bayfront will be able to generate a level of income commensurate with the levels attained with the provision of Income Support. Further, where the difference for the relevant period exceeds the maximum annual limit, the income attributable to OUE Bayfront may be adversely affected.

***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 10 years.

OUE C-REIT may have to incur certain costs in order to obtain an extension or grant of a new leasehold title to OUE Link. If OUE C-REIT is not able to obtain an extension or grant of a new leasehold title to OUE Link on commercially acceptable terms or at all, OUE C-REIT will have to 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.

#### **Risks relating to Lippo Plaza**

***The underlying land use right of Lippo Plaza will expire in 2044 and in the event that 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 currently no precedents of such extension), 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***

Lippo Plaza is directly held under the land use right granted by the PRC government, which will expire in 2044. According to PRC law, the grantee of the land use right of non-residential land may apply for renewal at least 12 months prior to the expiry of the land use right, otherwise the land use right shall revert to the State upon expiry. If an application for extension is granted (and such grant shall be given by the PRC government unless the land in issue shall be taken back for the purpose of public interests), the land user will 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, Lippo Plaza shall be disposed of in accordance with the land use right grant contract. As none of the land use rights granted by the PRC government similar to those granted for Lippo Plaza has, at the Latest Practicable Date, run its full term, there is no precedent of such extension to provide an indication of 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 rights 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. In the event that the extension is not granted, Lippo Plaza would revert to the PRC government 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.

***Any foreclosure of the security created over Lippo Plaza may result in the PRC Company breaching its obligations under its lease agreements.***

OUE C-REIT has entered into a secured three-year term loan facility of RMB320.0 million on 27 January 2014 (the “**Onshore Facility**”), of which RMB248.9 million was outstanding as at 30 June 2015.

According to the Property Law of the PRC (《中华人民共和国物权法》) (the “**Property Law**”), where a property is mortgaged and subsequently leased to a third party, at the point of foreclosure of the mortgage the mortgagee (or a subsequent purchaser of the property) has the right to terminate any lease agreement entered into following the creation of the security over the property. The lease agreements entered into by the PRC Company provide that the PRC Company, as landlord, shall ensure that the respective lease agreements will remain binding on the landlord’s successors.

Should foreclosure of the security under the Onshore Facility occur, there is no assurance that the mortgagee (or a subsequent purchaser of OUE C-REIT’s share of strata ownership of Lippo Plaza) will not seek termination of the lease agreements in relation to Lippo Plaza. In the event that the lease agreements are so terminated, the PRC Company would be in breach of its obligations under any lease agreements signed after the security is created, and consequently be liable to pay compensation to the relevant tenants.

**Risks relating to the proposed acquisition of an indirect interest in One Raffles Place**

***OUE C-REIT’s proposed acquisition of an indirect interest in One Raffles Place may be subject to risks associated with the acquisition of real estate***

On 10 June 2015, the REIT Manager announced the proposed acquisition by OUE C-REIT of an indirect interest in One Raffles Place (see section on “Description and Business of the Group – Recent developments” for more information). The REIT Manager believes that reasonable due diligence investigations with respect to the proposed acquisition have been conducted prior to its acquisition and to the best of the REIT Manager’s knowledge, One Raffles Place is in compliance with all material laws and regulations, has received the necessary approvals and is in compliance with the conditions of such licenses and permits which are material for its operations. However, there is no assurance that One Raffles Place will not have defects or deficiencies requiring repair or maintenance (including design, construction or other latent property or equipment defects in One Raffles Place which may require additional capital expenditure, special repair, maintenance expenses, the payment of damages or other obligations to third parties) or be affected by breaches of laws and regulations. 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.

In addition, the representations and warranties granted in favour of OUE C-REIT by OUE Limited under the sale and purchase agreement relating to the proposed acquisition are subject to limitations as to (i) their scope and (ii) the amount and timing of claims which can be made thereunder after the completion of the proposed acquisition. There can be no assurance that OUE C-REIT would be entitled to be reimbursed or be otherwise successful in recovering monetary compensation under such representations and warranties for all losses or liabilities suffered or incurred by it as a result of the proposed acquisition.

***The proposed acquisition may not yield the returns expected, resulting in disruptions to OUE C-REIT’s business and straining of management resources***

The proposed acquisition of an indirect interest in One Raffles Place is not immediately yield-accretive and may not provide positive returns. It may also cause disruptions to OUE C-REIT’s operations and divert the management’s attention away from day-to-day operations.

## **Risks relating to OUE C-REIT's operations**

### ***OUE C-REIT may be unable to comply with the terms of the Tax Rulings or the Tax Rulings may be revoked or amended***

OUE C-REIT has obtained tax rulings from the IRAS on the taxation of certain income (“**Specified Taxable Income**”) from OUE Bayfront (the “**Tax Transparency Ruling**”) and on the Singapore taxation of dividend income received from the BVI Holding Company (the “**Foreign-Sourced Income Tax Exemption Ruling**”) (collectively, the “**Tax Rulings**”).

The Tax Rulings have been granted to OUE C-REIT on stipulated terms and conditions. These terms and conditions include a requirement for the REIT Trustee and the REIT Manager to take reasonable steps necessary to safeguard the IRAS against the loss of tax as a result of the Tax Transparency Ruling and to comply with all administrative requirements to ensure ease of tax administration, amongst others.

The Tax Rulings are subject to OUE C-REIT satisfying the stipulated conditions. They may also, either in part or in whole, be revoked or have their terms reviewed and amended by the IRAS at any time. If either or both of the Tax Rulings are revoked or if OUE C-REIT is unable to comply with the stipulated conditions, the tax transparency or exemption may not apply. The approvals are also granted based on the facts presented to the IRAS. Where the facts turn out to be different from those represented to the IRAS, or where there is a subsequent change in the tax laws or conditions imposed, the tax transparency or exemption under the Tax Rulings may not apply.

### ***Regulatory issues and changes in law may have an adverse impact on OUE C-REIT's business, financial condition or results of operations***

OUE C-REIT is subject to the usual business risks that there may be changes in laws that adversely impact its business, financial condition or results of operations. For example, it may be adversely impacted by proposed changes to the regulatory regime governing REITs.

### ***Potential competition may arise in the future between OUE C-REIT and the Sponsor Group***

OUE Limited is a diversified real estate owner, developer and operator which focuses its business across the commercial, retail, hospitality and residential property segments.

While OUE Limited has granted the Sponsor ROFR (as defined below) to OUE C-REIT in order to demonstrate the commitment of OUE Limited, and as a means to mitigate any potential conflict of interests which may arise in the future, potential competition may arise between OUE C-REIT and the Sponsor Group (as defined below) 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 Sponsor ROFR will be terminated if OUE Limited and/or any of its related corporations cease to be the controlling shareholder of the REIT Manager***

OUE Limited has granted the Sponsor ROFR to OUE C-REIT, subject to certain conditions. In the event (i) OUE Limited and/or any of its related corporations, alone or in aggregate, cease to remain as a controlling shareholder of the 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, the Sponsor ROFR will be terminated. This may adversely affect OUE C-REIT's pipeline of future acquisitions.

### ***If the 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 REIT Manager is subject to conditions and is valid unless otherwise cancelled. If the CMS Licence of the REIT Manager is cancelled by the MAS, the operations of OUE C-REIT will be adversely affected, as the REIT Manager would no longer be able to act as the manager of OUE C-REIT.

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. In the event that the authorisation of OUE C-REIT is suspended, revoked or withdrawn, its operations will also be adversely affected.

***Any breach by the major tenants of their obligations under the lease agreements or a downturn in their businesses may have an adverse effect on OUE C-REIT***

In the event that any major tenants of OUE C-REIT are unable to pay their rent or breach their obligations under the lease agreements, the business, financial condition and results of operations of OUE C-REIT may be adversely affected. The performance of the major tenants' businesses could also have an impact on their ability to make rental payments to OUE C-REIT.

Factors that affect the ability of such major tenants to meet their obligations include, but are not limited to:

- their financial position;
- the local economies in which they have business operations;
- the ability of such major tenants to compete with their respective competitors;
- in the instance where such major tenants have sub-leased the Properties, the failure of the sub-tenants to pay rent; and
- material losses in excess of insurance proceeds.

***The amount OUE C-REIT may borrow is limited, which may affect the operations of OUE C-REIT***

Under the current Property Funds Appendix, OUE C-REIT is permitted to borrow up to 60.0% of the value of its deposited property at the time the borrowing is incurred, taking into account deferred payments (including deferred payments for assets whether to be settled in cash or in units).

With effect from 1 January 2016, pursuant to the proposed revisions to the Property Funds Appendix published by the MAS, OUE C-REIT will be permitted to borrow up to 45.0% of the value of its deposited property.

As at 30 June 2015, OUE C-REIT had gross borrowings of approximately S\$638.0 million<sup>1</sup>, with its total borrowings and deferred payments (if any) as a percentage of its deposited property (the "**Aggregate Leverage**") of approximately 37.9%.

OUE C-REIT may, from time to time, require further debt financing to achieve its investment strategy. In the event that OUE C-REIT decides to incur additional borrowings in the future, OUE C-REIT may face adverse business consequences as a result 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 be able to resolve by borrowing funds.

The proposed Acquisition is intended to be funded partially through debt financing and if the proposed Acquisition is completed, the Aggregate Leverage is expected to be between 40.9% to 41.9%.

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<sup>1</sup> Based on a S\$ - Renminbi exchange rate of 1:4.613 as at 30 June 2015.



***OUE C-REIT may face risks associated with debt financing and the Facilities (as defined herein) and the debt covenants could limit or affect OUE C-REIT's operations***

As at 30 June 2015, OUE C-REIT has in place a financing package comprising term loan facilities of an aggregate of approximately S\$734.0 million, comprising:

- a five-year term loan facility of S\$280.0 million and a three-year term loan facility of S\$300.0 million (the “**Term Loan Facilities**”); and
- a three-year revolving credit facility of S\$100.0 million (the “**Revolving Credit Facility**”)

both in relation to OUE Bayfront, as well as:

- A RMB248.9 million term loan facility (the “**Onshore Facility**”) in relation to OUE C-REIT's share of strata ownership of Lippo Plaza

(the Term Loan Facilities, the Revolving Credit Facility and the Onshore Facility, together, the “**Facilities**”). OUE C-REIT is subject to risks associated with debt financing, including the risk that its cash flow will be insufficient to meet the required payments of principal and interest under such financing.

OUE C-REIT will distribute 100.0% of its distributable income for 2015 and at least 90.0% of its Specified Taxable Income thereafter. As a result of this distribution policy, OUE C-REIT may not be able to meet all of its obligations to repay any future borrowings through its cash flow from operations. OUE C-REIT may be required to repay maturing debt with funds from additional debt or equity financing or both. There is no assurance that such financing will be available on acceptable terms or at all. If OUE C-REIT defaults under the Facilities, the lenders may be able to declare a default and initiate enforcement proceedings in respect of any security provided, and/or call upon any guarantees provided.

As OUE C-REIT's Properties are mortgaged to secure the Facilities, such property could be foreclosed by the lenders or the lenders could require a forced sale of the property and utilise the proceeds therefrom to repay the principal and interest under the debt facilities, which will result in a loss of income and asset value to OUE C-REIT.

If principal amounts due for repayment at maturity cannot be refinanced, extended or paid with proceeds of other capital transactions, such as new equity capital, OUE C-REIT may not be able to make distributions of interest, distribution or principal to Noteholders and/or Perpetual Securityholders. OUE C-REIT may be subject to the risk that the terms of any refinancing undertaken (which may arise from a change of control provision) will be less favourable than the terms of the original borrowings. For example, the terms of any refinancing undertaken in the future may contain covenants that may limit or otherwise adversely affect its operations and other covenants which may also restrict OUE C-REIT's ability to acquire properties or undertake other capital expenditure and may require it to set aside funds for maintenance or repayment of security deposits or require OUE C-REIT to maintain certain financial ratios (e.g. loan to value ratios). The triggering of any of such covenants may have an adverse impact on OUE C-REIT's financial condition.

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.

***OUE C-REIT is subject to interest rate fluctuations***

As at the Latest Practicable Date, approximately 82.1% of the borrowings of the Group are on a fixed rate basis or have been hedged with interest rate swaps. The remaining 17.9% is on a floating rate basis. There is no certainty that the interest rates will not move against OUE C-REIT. Consequently, the interest cost to the Group for the floating interest rate debt will be subject to the risks of interest rate fluctuations.

***The REIT Manager may not be able to successfully implement its investment strategy for OUE C-REIT***

There is no assurance that the REIT Manager will be able to implement its investment strategy successfully or that it will be able to expand OUE C-REIT's portfolio at any specified rate or to any specified size. The 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. Since the amount of borrowings that OUE C-REIT can incur to finance acquisitions is limited by the Property Funds Appendix, such acquisitions are likely to be largely dependent 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 will be able to 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 be successful.

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.

***The REIT Manager's strategy to initiate asset enhancement on some of the Properties from time to time may not materialise***

The REIT Manager may from time to time initiate asset enhancement on some of the Properties. There is no assurance that such plans for asset enhancement will materialise, or in the event that they do materialise, they may not achieve their desired results or may incur significant costs.

***OUE C-REIT depends on certain key personnel and the loss of 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 REIT Manager (the "**Executive Officers**", and each an "**Executive Officer**"). These key personnel may leave the employment of the REIT Manager. If any of the above were to occur, the REIT Manager will need to spend time searching for replacement(s) and the duties which such Executive Officers are responsible for may be affected. The loss of any of these individuals could have a material adverse effect on the business, financial condition and results of operations of OUE C-REIT.

***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.

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 are not in compliance 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 the properties, enjoin future action or (in the case of OUE C-REIT and/or its subsidiaries not being in compliance 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 or cash flow of OUE C-REIT.

***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 activities involve risks and transaction costs, which may adversely affect OUE C-REIT's financial condition and results of operations. The REIT Manager will regularly monitor the feasibility of engaging in such hedging transactions, taking into account the cost of such transactions.

***Epidemic diseases in Asia and elsewhere may adversely affect OUE C-REIT's operations***

Several countries in Asia have suffered from outbreaks of communicable diseases such as severe acute respiratory syndrome ("SARS"), Middle East respiratory syndrome ("MERS") and avian flu. The outbreak of an infectious disease such as MERS, Influenza A (H1N1-2009), avian influenza or SARS in Asia and elsewhere, together with any resulting restrictions on travel and/or imposition of quarantines, could have a negative impact on the economy and business activities in Asia and could thereby adversely impact the business, financial condition and results of operations of OUE C-REIT.

***Occurrence of any acts of God, natural disasters, severe environmental pollution, war and terrorist attacks may adversely and materially affect the business and operations of the 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 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 the Properties. In addition, physical damage to the Properties resulting from fire, earthquakes or other acts of God may lead to a significant disruption to the business and operations of the Properties. This may then result in an adverse impact on the business, financial condition and results of operations of OUE C-REIT.

***There is no assurance that OUE C-REIT will be able to leverage on OUE Limited's experience in the operation of the Properties or OUE Limited's experience in the management of REITs***

In the event that OUE Limited decides to transfer or dispose of its units in OUE C-REIT or its shares in the REIT Manager, OUE C-REIT may no longer be able to leverage on:

- OUE Limited's experience in the ownership and operation of commercial properties;
- OUE Limited's financial strength, market reach and network of contacts to further its growth; or
- OUE Limited's experience in the management of REITs.

In such an event, OUE C-REIT may not be able to benefit from the range of corporate services which are 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 REIT Manager and/or the Property Manager could have an adverse effect on the financial condition and results of operations of OUE C-REIT***

The REIT Manager is responsible for, among other things, formulating and executing OUE C-REIT's investment strategy and making recommendations to the REIT Trustee on the acquisition and disposal of commercial assets. The Property Manager is engaged under the Master Property Management Agreement and (with respect to OUE Bayfront) the Individual Property Management Agreement, and provides, among other things, property management, lease management, project management and marketing services. As such, OUE C-REIT's business, financial condition and results of operations will depend on the performance of the REIT Manager and the Property Manager.

Under the REIT Trust Deed, the REIT Manager may be removed by the REIT Trustee upon the occurrence of certain events, including the passing of a resolution by a majority consisting of more than 50.0% of the total number of votes (with no participants being disenfranchised) at a meeting of unitholders duly convened and held. Under the Master Property Management Agreement, the REIT Trustee or the REIT Manager may also terminate the appointment of the Property Manager on the occurrence of certain specified events, including the liquidation or cessation of business of the Property Manager. Upon the retirement and/or removal of the REIT Manager and/or the Property Manager, the replacement of the manager of OUE C-REIT and/or the property manager of the properties of OUE C-REIT generally on satisfactory terms may not occur in a timely manner, 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 that have a more diverse range of investments***

OUE C-REIT's principal investment strategy of investing, 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, 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 that have 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. In the event that 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 the 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.

***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 REIT Manager intends to manage the taxation in each of these countries efficiently, there can be no assurance that the desired tax outcome will necessarily be achieved. In addition, the level of taxation in each of these countries 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 Notes and/or the Perpetual Securities.

## **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. 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 will be able to pay dividends in foreign currencies without prior approval from the State Administration of Foreign Exchange ("**SAFE**") by complying with certain procedural requirements. However, there is no assurance that the said policies regarding payment of dividends in foreign currencies will continue in the future. In the event approvals are required in the future or there are delays in granting or a refusal to grant any such approval, or a revocation or variation of consents granted prior to the investments being made, or in the event 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 result in 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 has placed emphasis on regulating investments in the residential property market given that this relates closely to people's livelihoods. While these regulations and policies do not have any material impact on the commercial property market from a legal point of view, 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 are intended to promote more balanced property developments in the long-term, these measures could adversely affect the development and sales of the 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 a number of regulations and rules regulating foreign investment in the real estate sector.

Pursuant to the Circular on Strengthening Administration of Approval and Filing of Foreign Investment in Real Estate Industry (关于加强外商投资房地产业审批备案管理的通知) (Shang Ban Zi Han [2010] No. 1542) issued by the General Office of the Ministry of Commerce of the PRC (the "**MOC**") on 22 November 2010, real estate enterprises funded by foreign capital are not permitted to 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 purposes adopted by some foreign investors, which is an indication 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 the acquisition of 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 applicable taxes evidenced by tax record forms for remittance issued by the PRC tax authorities, in the event the tax record forms for remittance cannot be obtained from the PRC tax authorities in a timely manner, 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, with a view to developing 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 as such, 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 currently does not have any centralised register or official resources where legislation enacted by the central and local authorities is made available to the public. Legislation or regulations, particularly for local applications, may be enacted without prior notice or announcement to the public. Accordingly, the REIT Manager may not be aware of the existence of new legislation or regulations. There is at present 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. Accordingly, 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 which are 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 building standards applicable and materials employed in the PRC may not be as stringent as those in other jurisdictions***

Lippo Plaza has passed the examination process and has obtained real estate title certificates certifying that it can be handed over for occupation or use. However, the building standards applicable in the PRC when Lippo Plaza was built may not be as stringent as those in other jurisdictions. For example, the applicable PRC seismic load design requirements may be less than those required by other international standards. Where a developed property asset is acquired which was constructed prior to the entry into force of the latest PRC building standards, the risk that the building is not in conformity with international standards is increased. Compliance with amended building codes may be required retrospectively, which could entail significant costs for OUE C-REIT. Furthermore, construction materials employed may not comply with international standards.

If Lippo Plaza does not meet the most recent requirements for building standards and materials, it may be less desirable than developments which have been built in accordance with the latest standards, which may affect the ability to sell or let it and consequently the business, financial condition and results of operations of OUE C-REIT.

### ***The PRC's political policies and foreign relations could affect the 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 REIT Manager believes that 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 investing in real estate**

#### ***There are general risks attached to investments in real estate***

Investments in real estate and therefore the income generated from the Properties are subject to various risks, including but not limited to:

- adverse changes in political or economic conditions;
- adverse local market conditions (such as over-supply of properties or reduction in demand for properties in the markets in which OUE C-REIT operates);
- the financial condition of tenants;
- the availability of financing such as changes in availability of debt or equity financing, which may result in an inability by OUE C-REIT to finance future acquisitions on favourable terms or at all;
- changes in interest rates and other operating expenses;
- changes in exchange rates;
- changes in environmental laws and regulations, zoning laws and other governmental laws, regulations and rules and fiscal policies (including tax laws and regulations);
- environmental claims in respect of real estate;
- changes in market rents;
- changes in energy prices;
- changes in the relative popularity of property types and locations leading to an oversupply of space or a reduction in tenant demand for a particular type of property in a given market;
- competition among property owners for tenants which may lead to vacancies or an inability to rent space on favourable terms;
- inability to renew leases or re-let space as existing leases expire;
- inability to collect rents from tenants on a timely basis or at all due to bankruptcy or insolvency of the tenants or otherwise;

- insufficiency of insurance coverage or increases in insurance premiums;
- increases in the rate of inflation;
- inability of the Property Manager to provide or procure the provision of adequate maintenance and other services;
- defects affecting the Properties which need to be rectified, or other required repair and maintenance of the Properties, leading to unforeseen capital expenditure;
- the relative illiquidity of real estate investments;
- considerable dependence on cash flow for the maintenance of, and improvements to, the Properties;
- increased operating costs, including real estate taxes;
- any defects or illegal structures that were not uncovered by physical inspection or due diligence review;
- management style and strategy of the REIT Manager;
- the attractiveness of OUE C-REIT's properties to tenants;
- the cost of regulatory compliance;
- ability to rent out properties on favourable terms; and
- power supply failure, acts of God, wars, terrorist attacks, uninsurable losses and other factors.

Many of these factors may cause fluctuations in occupancy rates, rental rates or operating expenses, causing a negative effect on the value of real estate and income derived from real estate. The annual valuation of the Properties will reflect such factors and as a result may fluctuate upwards or downwards. The capital value of OUE C-REIT's real estate assets may be significantly diminished in the event of a sudden downturn in real estate market prices or the economies in Singapore, the PRC or any other country in which OUE C-REIT may own properties, which may adversely affect the financial condition of OUE C-REIT.

***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 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, involves a higher level of risk as compared to a portfolio which has 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 in order 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 the Properties are based on various assumptions and the price at which OUE C-REIT is able to sell a Property in future may be lower than the initial acquisition value of the Property***

There can be no assurance that the assumptions relied on are accurate measures of the market, and the values of the 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 the Properties such as their relative market positions, financial and competitive strengths, and physical condition and,



accordingly, their valuation of the Properties may be subjective. The valuation of any of the Properties does not guarantee a sale price at that value at present or in the future. The price at which OUE C-REIT may sell a property may be lower than its purchase price.

***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 the Properties and its potential liabilities to third parties***

The 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 the Properties.

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 be required to pay compensation and/or lose capital invested in the affected property as well as 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.

***OUE C-REIT may suffer losses and be liable for the damage suffered by third parties as a result of contamination or other environmental issues in the event that contaminants are found on the land on which the Properties or other assets of OUE C-REIT are located***

The Properties and other assets acquired in the future by OUE C-REIT may be affected by contamination or other environmental issues which may not previously have been identified and/or rectified at the time of acquisition or which may subsequently occur after acquisition. This gives rise to a number of 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 will be able to recover such costs from other parties which might have contributed to or are responsible for such contamination.

***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 which could lead to an increase in expenses include, but are not limited to, the following:

- 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 REIT Manager's management fee, the Property Manager's fees, the 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.

***The property tax to which OUE C-REIT is subject may increase***

Property expenses for OUE C-REIT include property tax on the 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, the following:

- an increase in the applicable property tax rate;
- changes to the basis of assessment for property tax; and
- changes to the relevant 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. Presently, the PRC Company 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 Company may not be required to pay property tax in relation to Lippo Plaza as computed based on rental income for the past and/or in the future. In the event of a disposal 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.

***The properties owned by OUE C-REIT or a part of them may be acquired compulsorily by the respective governments of Singapore, the PRC or any other country in which OUE C-REIT may own properties***

Under the laws and regulations of Singapore and the PRC, there are various circumstances under which the respective governments of Singapore and the PRC are empowered to acquire any of OUE C-REIT's properties in Singapore and the PRC, respectively.

The Land Acquisition Act, Chapter 152 of Singapore gives the Singapore Government the power to acquire any land in Singapore (i) for any public purpose, (ii) where the acquisition is of public benefit or of public utility or in the public interest, or (iii) for any residential, commercial or industrial purposes.

In the event that any of OUE C-REIT's properties in Singapore are acquired compulsorily, the relevant authority will take into consideration, amongst others, the market value of the property (or part thereof) as assessed on the basis prescribed in the relevant rules and regulations, which 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.

Article 20 of the Law on the Administration of the Urban Real Estate of the PRC (中华人民共和国城市房地产管理法) gives the PRC government the power to acquire the state-owned land use right granted to individuals or entities under special circumstances as required by public interests. In such an event, the PRC government may, in accordance with legal procedures, acquire the land use right before the expiry of the term of the state-owned land use right and provide compensation based on the number of utilised years and the actual development of the land by the land user.

Article 148 of the Property Law of the PRC (中华人民共和国物权法) provides that for the acquisition of the land for public interests before the expiration of the term of the land use right, compensation for a property and other fixtures on the land shall be paid to the land user, and the corresponding land premiums paid for the land use right shall be refunded appropriately.

Article 8 of the Regulations for Expropriation of and Compensation for Buildings on State-owned Land (国有土地上房屋征收与补偿条例) gives the PRC government the power to acquire a property in the public interest. The PRC government at municipal and county levels shall make the decision to acquire a property (i) for national defence and diplomacy, (ii) for the construction of energy, transportation, water resources and other infrastructure implemented by the PRC government, (iii) for construction of public utilities, (iv) for construction of government-subsidised housing projects implemented by the PRC government, (v) for the renovation of the old urban district in areas with dangerous buildings and backward infrastructure facilities as implemented by the PRC government in accordance with the relevant provisions of the Law on Urban and Rural Planning, or (vi) for other public interests stipulated by the laws and administrative regulations. In the event of any compulsory acquisition of property in the PRC, the amount of compensation to be awarded includes, among others, compensation for the value of the property, which is based on the open market value of such property and assessed on the basis prescribed in the relevant ordinances. If any of OUE C-REIT's properties in the PRC are acquired compulsorily by the PRC government, the level of compensation for the property paid to OUE C-REIT pursuant to this basis of calculation may be less than the price which OUE C-REIT paid for such property and/or the market value of such property at the relevant time.

In such event, the compulsory acquisition of any of the 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's acquisition of the Properties and future acquisitions may be subject to risks associated with the acquisition of real estate***

The REIT Manager believes that reasonable due diligence investigations with respect to the Properties have been conducted prior to their acquisitions and to the best of the REIT Manager's knowledge, the Properties are in compliance with all material laws and regulations, have received the necessary approvals and are in compliance with the conditions of such licenses and permits which are material for its operations. However, there is no assurance that the Properties will not have defects or deficiencies requiring repair or maintenance (including design, construction or other latent property or equipment defects in the Properties which may require additional capital expenditure, special repair or maintenance expenses) or be affected by breaches of laws and regulations. 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.

In addition, the representations, warranties and indemnities which were granted in favour of OUE C-REIT by the vendors of the Properties are, or in the case of future acquisitions (including the Acquisition), 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 thereunder, 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 would be entitled to 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 as a result of its acquisition of the Properties or future acquisitions.

## **RISKS RELATING TO AN INVESTMENT IN THE SECURITIES**

### **Risks relating to an investment in the Securities generally**

#### ***U.S. Foreign Account Tax Compliance Act Withholding***

Sections 1471 through 1474 of the U.S. Internal Revenue Code of 1986, as amended (“**FATCA**”) may affect payments made to custodians or intermediaries in the subsequent payment chain leading to the ultimate investor if any such custodian or intermediary generally is unable to receive payments free of FATCA withholding. It also may affect payment to any ultimate investor that is a financial institution that is not entitled to receive payments free of withholding under FATCA, or an ultimate investor that fails to provide its broker (or other custodian or intermediary from which it receives payment) with any information, forms, other documentation or consents that may be necessary for the payments to be made free of FATCA withholding. Investors should choose the custodians or intermediaries with care (to ensure each is compliant with FATCA or other laws or agreements related to FATCA) and provide each custodian or intermediary with any information, forms, other documentation or consents that may be necessary for such custodian or intermediary to make a payment free of FATCA withholding. Investors should consult their own tax adviser to obtain a more detailed explanation of FATCA and how FATCA may affect them. The Issuer’s and the Guarantor’s obligations under the Notes are discharged once payment has been made to CDP or the common depository for the clearing systems (as bearer or registered holder of the Notes) and the Issuer has and the Guarantor have therefore no responsibility for any amount thereafter transmitted through the clearing systems and custodians or intermediaries.

FATCA is particularly complex and its application is uncertain at this time. The above description is based in part on regulations and official guidance, all of which are subject to change.

### **Risks relating to an investment in the Notes generally**

#### ***Absence of secondary market for the Notes***

The Notes are a new issue of securities for which there is currently no trading market. There is no assurance that an active trading market for the Notes will develop, or as to the liquidity or sustainability of any such market, the ability of holders to sell their Notes or the price at which holders of the Notes will be able to sell their Notes. If an active market for the Notes fails to develop or be sustained, the value of the Notes could fall. If an active trading market were to develop, the Notes could trade at prices that may be lower than the initial offering price of the Notes.

Although the issue of additional Notes may increase the liquidity of the Notes, there can be no assurance that the price of the Notes will not be adversely affected by the issue in the market of such additional Notes.

#### ***Fluctuation of market value of Notes issued under the Programme***

Trading prices of the Notes are influenced by numerous factors, including the operating results and financial condition of OUE C-REIT, political, economic, financial and any other factors that can affect the capital markets, the industry or OUE C-REIT generally. Adverse economic developments in Singapore as well as countries in which OUE C-REIT operates or has business dealings, could have a material adverse effect on the business, financial condition or results of operations of OUE C-REIT.

#### ***Investments in the Notes are subject to interest rate risk***

Noteholders may suffer unforeseen losses due to fluctuation in interest rates. Generally, a rise in interest rates may cause a fall in the price of the Notes, resulting in a capital loss for the Noteholders. However, the Noteholders may reinvest the interest payments at higher prevailing interest rates. Conversely, when interest rates fall, the price of the Notes may rise. The Noteholders may enjoy a capital gain but interest payments received may be reinvested at lower prevailing interest rates.

#### ***OUE C-REIT may not fully hedge the currency risks associated with Notes denominated in foreign currencies***

The majority of OUE C-REIT’s revenue is generally denominated in Singapore dollars and Renminbi and the majority of its operating expenses are generally incurred in Singapore dollars and Renminbi as well. As Notes issued under the Programme can be denominated in currencies other than Singapore dollars and Renminbi, OUE C-REIT’s business, financial conditions and results of operations may be affected by

fluctuations between the Singapore dollar and such foreign currencies in meeting the payment obligations under such Notes and there is no assurance that OUE C-REIT will be able to fully hedge the currency risks associated with such Notes denominated in foreign currencies.

***Investments in the Notes are subject to inflation risk***

Noteholders may suffer erosion on the return of their investments due to inflation. Noteholders would have an anticipated rate of return based on expected inflation rates on the purchase of the Notes. An unexpected increase in inflation could reduce the quantum of actual returns.

***Performance of contractual obligations by the Issuer is dependent on other parties***

The ability of the Issuer to make payments in respect of the Notes may depend upon the due performance by the other parties to the Programme Agreement, the Trust Deed and the Agency Agreement of their obligations thereunder including the performance by the Trustee, the Issuing and Paying Agent, the non-CDP Paying Agent, the Calculation Agent, the CDP Transfer Agent, the Non-CDP Transfer Agent, the CDP Registrar, and the Non-CDP Registrar of their respective obligations. Whilst the non-performance of any relevant parties will not relieve the Issuer of their obligations to make payments in respect of the Notes, the Issuer may not, in such circumstances, be able to fulfill its obligations to the Noteholders.

***The Notes are subject to modification***

The Conditions contain provisions for calling meetings of Noteholders to consider matters affecting their interests generally. These provisions permit defined majorities to bind all Noteholders including Noteholders who did not attend and vote at the relevant meeting and Noteholders who voted in a manner contrary to the majority.

***The Notes may not be a suitable investment for all investors***

Each potential investor in the Notes must determine the suitability of that investment in light of its own circumstances. In particular, each potential investor should:

- have sufficient knowledge and experience to make a meaningful evaluation of the relevant Notes, the merits and risks of investing in the relevant Notes and the information contained in this Information Memorandum or any applicable supplement to this Information Memorandum;
- have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the relevant Notes and the impact such investment will have on its overall investment portfolio;
- have sufficient financial resources and liquidity to bear all of the risks of an investment in the relevant Notes, including Notes with principal or interest payable in one or more currencies, or where the currency for principal or interest payments is different from the potential investor's currency;
- understand thoroughly the terms of the relevant Notes and be familiar with the behaviour of any relevant indices and financial markets; and
- 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.

***Notes may be issued at a substantial discount or premium***

The market value 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.

***The Notes may be subject to optional redemption by the Issuer***

An optional redemption feature is likely to limit the market value of Notes. During any period when an Issuer may elect to redeem Notes issued by it, the market value of such Notes generally will not rise substantially above the price at which they can be redeemed. This may also be true prior to any redemption period. Such 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 that is as high as the interest rate on the Notes being redeemed and may only be able to do so at a significantly lower rate. Potential investors should consider reinvestment risk in light of other investments available at that time.

***The Notes and the Guarantee are not secured***

The Notes and Coupons relating thereto of all Series constitute direct, unconditional, unsubordinated and unsecured obligations of the 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 Issuer. Save in the case of Subordinated Perpetual Securities and any Coupons relating thereto, the payment obligations of OUE C-REIT under the Guarantee constitute direct, unconditional, unsubordinated and unsecured obligations of OUE C-REIT and shall rank *pari passu* with all other present and future unsecured obligations (other than subordinated obligations and priorities created by law) of OUE C-REIT.

Accordingly, on a winding-up or termination of the Issuer and/or OUE C-REIT at any time prior to maturity of any Notes, the Noteholders will not have recourse to any specific assets of the Issuer or OUE C-REIT as security for outstanding payment or other obligations under the Notes and/or Coupons owed to the Noteholders and there can be no assurance that there would be sufficient value in the assets of the Issuer and/or OUE C-REIT, after meeting all claims ranking ahead of the Notes, to discharge all outstanding payment and other obligations under the Notes and/or Coupons owed to the Noteholders.

***Noteholders may be subject to tax in Singapore and other jurisdictions***

Prospective purchasers of the Notes are advised to consult their own tax advisors concerning the overall tax consequences of the acquisition, ownership or disposition of the Notes. See “Singapore Taxation” for certain Singapore tax consequences.

***Investments in the Notes may be subject to Singapore taxation***

The Notes to be issued are intended to be “qualifying debt securities” for the purpose of the ITA subject to the fulfilment of certain conditions more particularly described in the “Taxation” section of this Information Memorandum. However, there is no assurance that such Notes will continue to enjoy the tax concessions should the relevant tax laws be amended or revoked at any time. The Qualifying Debt Securities Plus Scheme (“**QDS Plus Scheme**”) has also been introduced as an enhancement of the Qualifying Debt Securities Scheme. Under the QDS Plus Scheme, subject to certain qualifications and conditions, income tax exemption is granted on interest, discount income, “prepayment fee”, “redemption premium” and “break cost” (as such terms are defined in the ITA) derived by any investor from qualifying debt securities (excluding Singapore Government Securities) which:

- (a) are issued during the period from 16 February 2008 to 31 December 2018;
- (b) have an original maturity of not less than 10 years;
- (c) cannot be redeemed, called, exchanged or converted within 10 years from the date of their issue; and
- (d) cannot be re-opened with a resulting tenure of less than 10 years to the original maturity date.

With respect to any Notes issued with an original maturity of at least 10 years and which are “qualifying debt securities”, there is no assurance that holders of such Notes would enjoy any tax exemption under the QDS Plus Scheme as it is currently unclear how the above requirements would be applicable in the context of certain events occurring within 10 years from the date of issue of such Notes.

### ***Enforcement of the Guarantee is subject to limitations***

Noteholders should note that the Guarantee is issued by the REIT Trustee and not OUE C-REIT, as the latter is not a legal entity. Noteholders should note that under the terms of the Guarantee, Noteholders 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, Noteholders do not have direct access to the assets of OUE C-REIT but may only have recourse to such assets through the REIT Trustee and if necessary seek to subrogate the 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 Noteholder's right of subrogation could be limited by the REIT Trustee's right of indemnity under the REIT Trust Deed. Noteholders should also note that such right of indemnity of the REIT Trustee may be lost by virtue of fraud, gross negligence or wilful default of the REIT Trustee or breach of any provisions of the REIT Trust Deed or breach of trust by the REIT Trustee.

In this regard, the Trust Deed, the Programme Agreement, the Agency Agreement and the Notes (the "**Relevant Documents**") provide that any liability of or indemnity given by the Guarantor under the Relevant Documents is limited to the assets of OUE C-REIT over which the Guarantor has recourse 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 the rights or remedies of any of the other parties to the Relevant Documents under law or equity in connection with any bad faith, gross negligence, wilful default, fraud, breach of the OUE C-REIT Trust Deed or breach of trust of the Guarantor.

### **Risks relating to an investment in Renminbi-denominated Notes or Renminbi-denominated Perpetual Securities**

#### ***Investment considerations associated with investment in Renminbi-denominated Notes or Renminbi-denominated Perpetual Securities***

Notes denominated in RMB ("**RMB Notes**") and/or Perpetual Securities denominated in RMB ("**RMB Perpetual Securities**") may be issued under the Programme. RMB Notes and RMB Perpetual Securities contain particular risks for potential investors.

#### ***Renminbi is not freely convertible; there are significant restrictions on remittance of Renminbi into and outside the PRC***

Renminbi is not freely convertible at present. The PRC government continues to regulate conversion between Renminbi and foreign currencies, including the Hong Kong dollar and U.S. dollar, despite the significant reduction over the years by the PRC government of control over foreign exchange transactions.

However, remittance of Renminbi by foreign investors into the PRC for the purposes of capital account items, such as capital contributions, is generally only permitted upon obtaining specific approvals from, or completing specific registrations or filings with, the relevant authorities on a case-by-case basis and is subject to a strict monitoring system. Regulations in the PRC on the remittance of Renminbi into the PRC for settlement of capital account items are developing gradually.

In respect of Renminbi foreign direct investments ("**FDI**"), the People's Bank of China ("**PBOC**") promulgated the Administrative Measures on Renminbi Settlement of Foreign Direct Investment (the "**PBOC FDI Measures**") on 13 October 2011 as part of PBOC's detailed Renminbi FDI accounts administration system. The system covers almost all aspects in relation to FDI, including capital injections, payments for the acquisition of PRC domestic enterprises, repatriation of dividends and other distributions, as well as Renminbi denominated cross-border loans. On 14 June 2012, PBOC issued a circular setting out the operational guidelines for FDI. Under the PBOC FDI Measures, special approval for FDI and shareholder loans from PBOC, which was previously required, is no longer necessary. In some cases however, post-event filing with PBOC is still necessary. On 5 July 2013, the PBOC promulgated the Circular on Policies related to Simplifying and Improving Cross-border Renminbi Business Procedures, which sought to improve the efficiency of the cross-border Renminbi settlement process. For example, where automatic fund remittance occurs, the bank can debit the amount into the relevant account first and subsequently verify the relevant transaction. The PBOC further issued the Circular on the Relevant Issues on Renminbi Settlement of Investment in Onshore Financial Institutions by Foreign Investors on 23 September 2013, which provides further details for using Renminbi to invest in a financial institution domiciled in the PRC.

On 3 December 2013, the Ministry of Commerce of the PRC (“**MOFCOM**”) promulgated the Circular on Issues in relation to Cross-border Renminbi Foreign Direct Investment (the “**MOFCOM Circular**”), which became effective on 1 January 2014, to further facilitate FDI by simplifying and streamlining the applicable regulatory framework. Pursuant to the MOFCOM Circular, the appropriate office of MOFCOM and/or its local counterparts will grant written approval for each FDI and specify “Renminbi Foreign Direct Investment” and the amount of capital contribution in the approval. Unlike previous MOFCOM regulations on FDI, the MOFCOM Circular removes the approval requirement for foreign investors who intend to change the currency of its existing capital contribution from a foreign currency to Renminbi. In addition, the MOFCOM Circular also clearly prohibits the FDI funds from being used for any investment in securities and financial derivatives (except for investment in the PRC listed companies as strategic investors) or for entrustment loans in the PRC. To support the development of the China (Shanghai) Pilot Free Trade Zone (the “**Shanghai FTZ**”), the Shanghai Head Office of the PBOC issued the Circular on Supporting the Expanded Cross-border Utilisation of Renminbi in the Shanghai FTZ (the “**PBOC Shanghai FTZ Circular**”) on 20 February 2014, which allows banks in Shanghai to settle FDI based on a foreign investor’s instruction. In respect of FDI in industries that are not on the “negative list” of the Shanghai FTZ, the MOFCOM approval previously required is replaced by a filing. However, the application of the PBOC Shanghai FTZ Circular is limited to the Shanghai FTZ.

On 13 February 2015, the SAFE promulgated Circular of the State Administration of Foreign Exchange on Further Simplifying and Improving the Direct Investment-related Foreign Exchange Administration Policies (the “**2015 SAFE Circular**”), which will be effective on 1 June 2015. The 2015 SAFE Circular aims to deepen the reform of foreign exchange administration of capital accounts, promote and facilitate the capital operation of enterprises in making cross-border investments, regulate the direct investment-related foreign exchange administration business and improve the efficiency of administration. The 2015 SAFE Circular sets forth the following reformation: (i) cancel the administrative examination and approval procedures relating to the foreign exchange registration approval under domestic direct investment and the foreign exchange registration approval under overseas direct investment; (ii) cancel the confirmation and registration of foreign investors’ non-monetary contribution and the confirmation and registration of foreign investors’ contribution to purchasing the equity held by the Chinese party under domestic direct investment; (iii) the confirmation and registration of foreign investors’ monetary contribution is adjusted to book-entry registration of domestic direct investment monetary contribution.

The above measures and circulars are relatively new and will be subject to interpretation and application by the relevant authorities in the PRC. There is no assurance that the PRC government will continue to gradually liberalize control over cross-border remittance of Renminbi in the future, that the pilot schemes for Renminbi cross-border utilization will not be discontinued or that new regulations in the PRC will not be promulgated in the future which have the effect of restricting or eliminating the remittance of Renminbi into or out of the PRC. In the event that funds cannot be repatriated out of the PRC in Renminbi, this may affect the overall availability of Renminbi outside the PRC and the ability of the Issuer to source Renminbi to finance its obligations under Notes or Perpetual Securities denominated in Renminbi. Each investor should consult its own advisors to obtain a more detailed explanation of how the PRC regulations and rules may affect their investment decisions.

***There is only limited availability of Renminbi outside the PRC, which may affect the liquidity of RMB Notes and/or RMB Perpetual Securities and the Issuer’s ability to source Renminbi outside the PRC to service such RMB Notes and/or RMB Perpetual Securities***

As a result of the restrictions by the PRC government on cross-border Renminbi fund flows, the availability of Renminbi outside the PRC is limited. Since February 2004, in accordance with arrangements between the PRC central government and the Hong Kong government, licensed banks in Hong Kong may offer limited Renminbi-denominated banking services to Hong Kong residents and specified business customers. The PBOC, the central bank of the PRC, has also established a Renminbi clearing and settlement system for participating banks in Hong Kong. On 19 July 2010, further amendments were made to the Settlement Agreement on the Clearing of Renminbi Business (the “**Settlement Agreement**”) between the PBOC and Bank of China (Hong Kong) Limited (the “**RMB Clearing Bank**”) to further expand the scope of Renminbi business for participating banks in Hong Kong. Pursuant to the revised arrangements, all corporations are allowed to open Renminbi accounts in Hong Kong; there is no longer any limit (other than as provided in the following paragraph) on the ability of corporations to convert Renminbi; and there will no longer be any restriction on the transfer of Renminbi funds between different accounts in Hong Kong.



However, the current size of Renminbi-denominated financial assets outside the PRC is limited. In addition, participating banks are also required by the Hong Kong Monetary Authority to maintain a total amount of Renminbi (in the form of cash and its settlement account balance with the RMB Clearing Bank) of no less than 25.0% of their Renminbi deposits, which further limits the availability of Renminbi that participating banks can utilise for conversion services for their customers. Renminbi business participating banks do not have direct Renminbi liquidity support from the PBOC. The RMB Clearing Bank only has access to onshore liquidity support from the PBOC to square open positions of participating banks for limited types of transactions. The RMB Clearing Bank is not obliged to square for participating banks any open positions resulting from other foreign exchange transactions or conversion services and the participating banks will need to source Renminbi from the offshore market to square such open positions.

Although it is expected that the offshore Renminbi market will continue to grow in depth and size, its growth is subject to many constraints as a result of PRC laws and regulations on foreign exchange. There is no assurance that new PRC regulations will not be promulgated or the Settlement Agreement will not be terminated or amended in the future which will have the effect of restricting availability of Renminbi offshore. The limited availability of Renminbi outside the PRC may affect the liquidity of the RMB Notes and/or RMB Perpetual Securities. To the extent the Issuer is required to source Renminbi in the offshore market to service the RMB Notes and/or RMB Perpetual Securities, there is no assurance that the Issuer will be able to source such Renminbi on satisfactory terms, if at all.

***Investment in RMB Notes or RMB Perpetual Securities is subject to exchange rate risks***

The value of Renminbi against the U.S. dollar and other foreign currencies fluctuates and is affected by changes in the PRC and international political and economic conditions and by many other factors. All payments of interest and principal will be made with respect to RMB Notes and RMB Perpetual Securities in Renminbi. If an investor measures its investment returns by reference to a currency other than Renminbi, an investment in the RMB Notes and/or RMB Perpetual Securities entails foreign exchange related risks, including possible significant changes in the value of Renminbi relative to the currency by reference to which an investor measures its investment returns. Depreciation of the Renminbi against such currency could cause a decrease in the effective yield of the RMB Notes and/or RMB Perpetual Securities below their stated coupon rates and could result in a loss when the return on the RMB Notes and/or RMB Perpetual Securities is translated into such currency. In addition, there may be tax consequences for investors as a result of any foreign currency gains resulting from any investment in the Notes and/or Perpetual Securities.

***Payments in respect of RMB Notes and/or RMB Perpetual Securities will only be made to investors in the manner specified in such RMB Notes and/or RMB Perpetual Securities***

All payments to investors in respect of RMB Notes and/or RMB Perpetual Securities will solely be made (i) in the case of RMB Notes or RMB Perpetual Securities which are represented by Global Notes or Global Securities, by transfer to a Renminbi bank account maintained in Hong Kong in accordance with prevailing CMU rules and procedures, or by transfer to a Renminbi bank account with a bank in the offshore Renminbi centre which processes payments in Renminbi in the offshore Renminbi centre, or (ii) in the case of RMB Notes or RMB Perpetual Securities which are in definitive form, by transfer to a Renminbi bank account maintained in Hong Kong in accordance with prevailing rules and regulations, or by transfer to a Renminbi bank account with a bank in the offshore Renminbi centre which processes payments in Renminbi in the offshore Renminbi centre. Subject to the Conditions, the Issuer cannot be required to make payment by any other means (including in any other currency or in bank notes, by cheque or draft or by transfer to a bank account in the PRC).

***Risks relating to an investment in the Perpetual Securities generally***

***Risks relating to an investment in the Perpetual Securities generally***

The risks relating to investments in the Notes would generally apply, with necessary modifications, in respect of investments in the Perpetual Securities. See “Risk factors – Risks relating to an investment in the Notes – Risks relating to an investment in the Notes generally”.

***Perpetual Securities may be issued for which Investors have no right to require redemption***

The Perpetual Securities have no fixed final maturity date. Perpetual Securityholders have no right to require the Issuer to redeem Perpetual Securities at any time, and an investor who acquires Perpetual Securities may only dispose of such Perpetual Securities by sale. Perpetual 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, holders of Perpetual Securities 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 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 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 Issuer is not subject to any limit as to the number of times or the amount with respect to which the Issuer can elect not to pay distributions under the Perpetual Securities. While the 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 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 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 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 Group's financial condition.

***If specified in the relevant Pricing Supplement, the Perpetual Securities may be redeemed at the Issuer's option at date(s) specified in the relevant Pricing Supplement or on the occurrence of certain other events***

The Perpetual Securities have no fixed final redemption date. If specified in the relevant Pricing Supplement, the Perpetual Securities may be redeemed at the option of the Issuer on certain 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 the date fixed for redemption. In addition, if specified in the relevant Pricing Supplement, the 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 "Terms and Conditions of the Perpetual Securities – Redemption and Purchase".

The date on which the Issuer elects to redeem the Perpetual Securities may not accord with the preference of individual Perpetual Securityholders. This may be disadvantageous to Perpetual Securityholders in light of market conditions or the individual circumstances of the holder of Perpetual Securities. 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 default under the Perpetual Securities***

Any scheduled distribution will not be due if the Issuer elects not to pay all or a part of that distribution pursuant to the terms and conditions of the Perpetual Securities. Notwithstanding any of the provisions relating to non-payment defaults, the right to institute winding-up proceedings is limited to circumstances where payment has become due and the Issuer fails to make payment when due. The only remedy against the Issuer available to any Perpetual Securityholder for recovery of amounts in respect of the Perpetual Securities following the occurrence of a payment default after any sum becomes due in respect of the Perpetual Securities will be proving in such winding-up and/or claiming in the liquidation of the Issuer in respect of any payment obligations of the Issuer arising from the Perpetual Securities.

***The Issuer may raise or redeem other capital which affects the price of the Perpetual Securities***

The 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 which the Issuer may issue or incur and which rank senior to, or *pari passu* with, the Perpetual Securities. Similarly, subject to compliance with the terms and conditions of the Perpetual Securities, the 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 Issuer, 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 are subordinated obligations***

The obligations of the Issuer under the Subordinated Perpetual Securities will constitute unsecured and subordinated obligations of the Issuer. In the event of the winding-up of the Issuer, the rights of the holders of Subordinated Perpetual Securities to receive payments in respect of the Subordinated Perpetual Securities will rank *pari passu* with the holders of all Parity Obligations, but junior to the claims of all other creditors, including, for the avoidance of doubt, the holders of Senior Perpetual Securities and/or Notes. In the event of a shortfall of funds or a winding-up, there is a real risk that an investor in the Subordinated Perpetual Securities will lose all or some of its investment and will not receive a full return of the principal amount or any unpaid Arrears of Distribution, Additional Distribution Amounts or accrued distribution.

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 Issuer without the consent of the Securityholders), there is no restriction on the amount of unsubordinated securities or other liabilities which the 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 any Issuer 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 concessions available for qualifying debt securities under the qualifying debt securities scheme (as set out in the section “Taxation – Singapore Taxation”) 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 holders may differ. Investors and holders of the Relevant 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 the Relevant Tranche of the Perpetual Securities.

## DESCRIPTION OF THE ISSUER

### History and background

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

Since its incorporation, the Issuer has not engaged in any material activities other than the establishment of the Programme and the authorisation of documents and agreements referred to in this Information Memorandum to which it is or will be a party.

### Registered office

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

### Shareholding and capital

As at the date of this Information Memorandum, the issued share capital of the Issuer is S\$1.00 comprising of one ordinary share. All the issued share capital of the Issuer is held by the Guarantor.

The Issuer has no borrowings, indebtedness in the nature of borrowings, loan capital outstanding or created but unissued (including term loans), guarantees or material contingent liabilities, as at the date of this Information Memorandum.

### Directors

As at the date of this Information Memorandum, the directors of the Issuer are Tan Shu Lin and Tan Bee Lian.

## DESCRIPTION AND BUSINESS OF THE GROUP

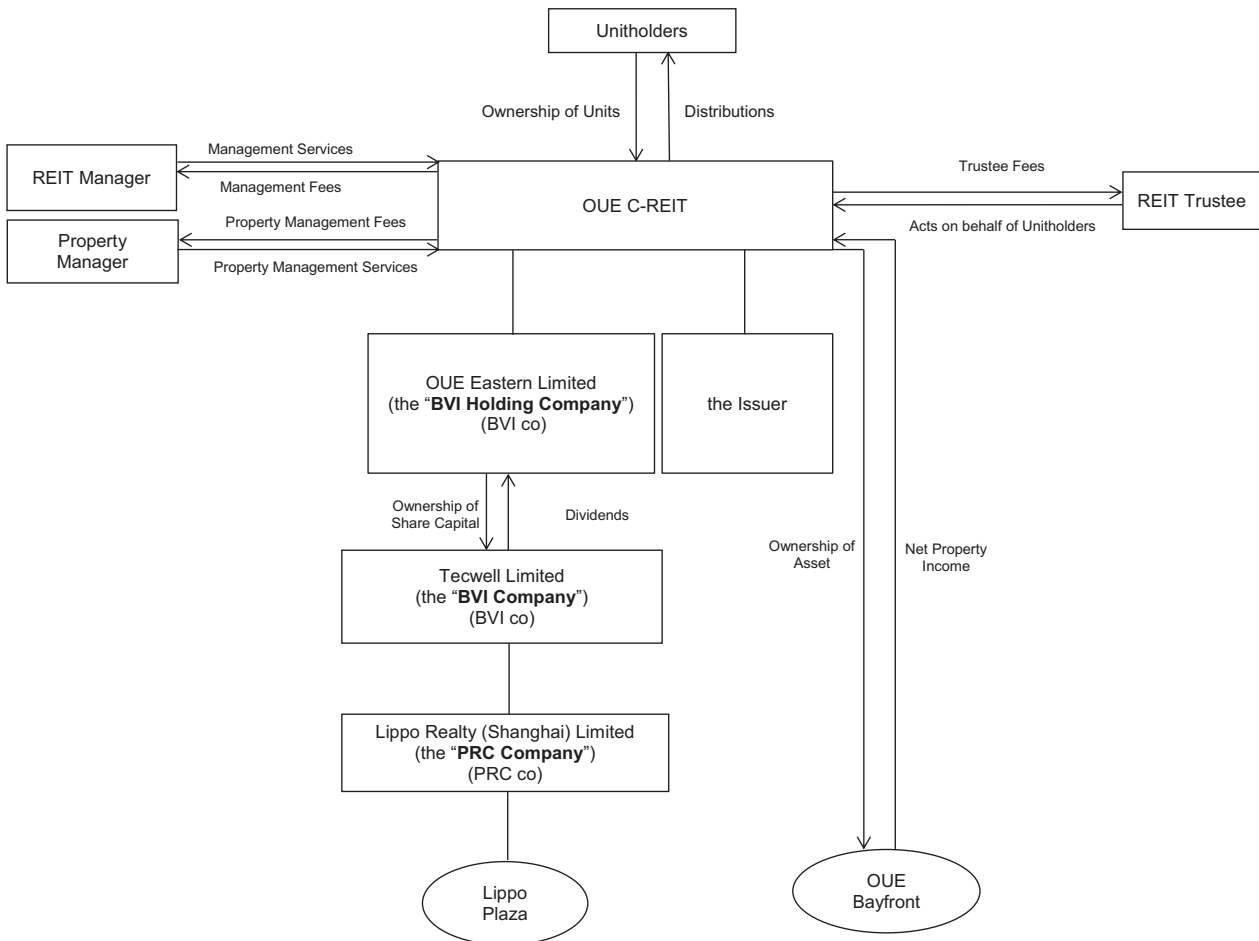
### Overview

OUE C-REIT is a Singapore real estate investment trust (“REIT”) established with the principal investment strategy of investing, 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. Details of OUE C-REIT’s property portfolio are set out in the section entitled “Description and Business of the Group – Certain information on the Properties” of this Information Memorandum.

### The formation and structure of OUE C-REIT

OUE C-REIT was constituted as a private trust by the REIT Trust Deed on 10 October 2013. OUE C-REIT is principally regulated by the SFA and the CIS Code (including the Property Funds Appendix). OUE C-REIT was authorised as a collective investment scheme by the MAS on 17 January 2014 and was admitted to the Official List of the SGX-ST on 27 January 2014.

The structure of OUE C-REIT as at the Latest Practicable Date is set out below:



### Key objective

The REIT manager’s objective is to provide unitholders of OUE C-REIT with regular and stable distributions, and to achieve long-term growth in distribution per unit and net asset value per unit, while maintaining an appropriate capital structure.

### Operational structure

OUE C-REIT is established to invest in real estate and real estate-related assets. The REIT Manager must manage OUE C-REIT so that the principal investments of OUE C-REIT are real estate and real estate-related assets (including ownership of companies or other legal entities whose primary purpose is

to hold or own real estate and real estate-related assets). OUE C-REIT is a Singapore REIT established with the principal investment strategy of investing, directly or indirectly, in a portfolio of income-producing real estate used primarily for commercial purposes (including real estate used primarily for office and/or retail purposes) in financial and business hubs within and outside of Singapore, as well as real estate-related assets. OUE C-REIT aims to own, buy and actively manage such properties in line with its investment strategy (including the selling of any property that has reached a stage that offers only limited scope for growth).

Subject to the restrictions and requirements in the Property Funds Appendix and the Listing Manual, the REIT Manager is also authorised under the REIT Trust Deed to invest in investments which need not be real estate.

The REIT Manager may use certain financial derivative instruments for hedging purposes or efficient portfolio management, provided that (i) such financial derivative instruments are not used to gear OUE C-REIT's overall portfolio or are intended to be borrowings of OUE C-REIT and (ii) the policies regarding such use of financial derivative instruments have been approved by the Board. Although the REIT Manager may use certain financial derivative instruments to the extent permitted by such laws, rules and regulations as may be applicable including, but not limited, to the CIS Code (including the Property Funds Appendix) and the Listing Manual, the REIT Manager presently does not have any intention for OUE C-REIT to invest in options, warrants, commodities, futures contracts and precious metals.

### Recent developments

On 10 June 2015, the REIT Manager announced that the REIT Trustee had entered into a conditional sale and purchase agreement ("**SPA**") with OUE Limited for the proposed acquisition ("**Acquisition**") by the REIT Trustee of the entire issued share capital of Beacon Property Holdings Pte. Ltd. ("**BPHPL**"), a wholly-owned subsidiary of OUE Limited. As at 10 June 2015, OUE Limited and BPHPL collectively<sup>2</sup> held a 50.0% interest in OUB Centre Limited ("**OUBC**"), which owns 81.54% of the beneficial interest in One Raffles Place. Pursuant to an agreement entered into between OUE Limited and Kuwait Investment Office ("**KIO**") in relation to KIO's divestment of its 33.33% interest in OUBC, BPHPL would acquire an additional interest in OUBC of between 25.0% and 33.33%, depending on whether the other shareholders of OUBC exercised their respective entitlements to acquire KIO's shares in OUBC on a *pro rata* basis.

The SPA, if completed, would therefore result in OUE C-REIT acquiring an effective interest of between 61.16% and 67.95% in One Raffles Place through the indirect acquisition of a 75.0% to 83.33% interest in OUBC. See section on "Description and Business of the Group – The Sponsor ROFR" for more information on One Raffles Place.

The purchase consideration shall be the net asset value ("**NAV**") attributable to the controlling shareholder of BPHPL and its shareholding in OUBC ("**BPHPL Group**") as at the date of completion of the proposed Acquisition after taking into account the agreed value of S\$1,715.0 million for OUBC's 81.54% interest in One Raffles Place and the shareholder's loan to be repaid by BPHPL upon completion of the proposed Acquisition.

The principal terms of the SPA include, among others, the following conditions precedent:

- (a) BPHPL having acquired the additional 25.0% to 33.33% interest in OUBC and being the legal and beneficial owner of the 75.0% to 83.33% shares in OUBC;
- (b) no statute, regulation or decision which would prohibit the sale and purchase of the shares of BPHPL or the operation of any of OUBC and its subsidiaries having been proposed, enacted or taken by any governmental or official authority;
- (c) the approval of OUE Limited's shareholders for the disposal of BPHPL and transactions in connection with such disposal;

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<sup>2</sup> As at 10 June 2015, BPHPL held a 45.0% interest in OUBC, while OUE Limited held the remaining 5.0% interest in OUBC and intended to transfer such interest to BPHPL prior to completion of the proposed acquisition by OUE C-REIT of the shares in BPHPL.

- (d) the approval of the unitholders of OUE C-REIT for the proposed Acquisition and transactions in connection with such proposed Acquisition (including the issuance of convertible perpetual preferred units (“**CPPUs**”) to OUE Limited and/or its nominees (the “**CPPU Issue**”) and any applicable whitewash resolution to be obtained from the unitholders in connection with such issuance);
- (e) the approval and confirmation being received by OUE C-REIT from the IRAS that the CPPUs will be treated as equity;
- (f) the approval and confirmation being received by OUE C-REIT from the MAS that the CPPUs will not count towards OUE C-REIT’s Aggregate Leverage limit under the Property Funds Appendix; and
- (g) (i) no event or circumstance shall have occurred in respect of or in connection with the affairs of OUBC and/or One Raffles Place, and (ii) there being no breach of any clause of the SPA (including any of the warranties), which adversely affects the NAV of OUBC by 25% when compared to that reflected in the audited consolidated financial statement of OUBC for the financial year ended 31 December 2014.

Completion of the proposed Acquisition is conditional upon the above conditions precedent being fulfilled or waived by the relevant party (other than paragraphs (c) and (d) above which cannot be waived) to the SPA on or prior to the date falling three months after the date of the extraordinary general meeting convened to seek OUE C-REIT’s unitholders’ approval for, among others, the acquisition of BPHPL (or such other earlier date as may be mutually agreed by OUE C-REIT and OUE Limited).

On 27 July 2015, the unitholders of OUE C-REIT approved the proposed Acquisition.

### **Competitive strengths**

The REIT Manager is of the view that OUE C-REIT enjoys the following competitive strengths:

#### ***Strong sponsor support and ROFR***

OUE Limited is a diversified real estate owner, developer and operator with a real estate portfolio located in prime locations in Asia and the U.S.. OUE Limited is one of the leading publicly-listed property companies in Singapore with a market capitalisation of approximately S\$1.68 billion as at the Latest Practicable Date. OUE Limited and its subsidiaries and related corporations (the “**Sponsor Group**”) are focused on the commercial, retail, residential and hospitality property segments.

OUE Limited also has a proven track record of successfully managing and operating investment properties across key markets in Singapore, Malaysia and the PRC. OUE Limited’s expertise in real estate management is further augmented by OUE Limited’s track record in real estate asset management, via the successful listing of OUE Hospitality Trust (“**OUE H-Trust**”), a stapled group comprising OUE Hospitality Real Estate Investment Trust (“**OUE H-REIT**”) and OUE Hospitality Business Trust (“**OUE H-BT**”), listed on the SGX-ST and managed by wholly-owned subsidiaries of OUE Limited.

OUE Limited’s commitment to OUE C-REIT is demonstrated by the Sponsor ROFR (as defined below), which provides OUE C-REIT with access to potential future acquisition opportunities 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.

OUE Limited has granted a right of first refusal (“**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)<sup>3</sup> in financial and business hubs within and outside of Singapore, for so long as (i) the REIT Manager or any of its related corporations (as defined in the Companies Act) remains the manager of OUE C-REIT, (ii) OUE Limited and/or any of its related corporations, alone or in aggregate, remains as a controlling shareholder of the REIT Manager and (iii) OUE Limited and/or any of its related corporations,

<sup>3</sup> The Sponsor ROFR does not cover retail and/or commercial assets which are either complementary to or adjoining hospitality assets which are owned by OUE H-REIT or which OUE H-REIT has committed to buy, as these assets are the subject of a separate ROFR which OUE Limited has earlier granted to OUE H-Trust.

alone or in aggregate, remains as a controlling unitholder of OUE C-REIT (the “**Sponsor ROFR**”). See sections on “Description and Business of the Group – The Sponsor” and “Description and Business of the Group – The Sponsor ROFR” for more information about OUE Limited and the Sponsor ROFR.

The REIT Manager believes that the Sponsor ROFR provides OUE C-REIT with a strong and visible pipeline of properties that will greatly enhance OUE C-REIT’s growth profile and presence given the estimated size and quality of the Sponsor ROFR Properties (as defined below).

The Sponsor ROFR is in respect of three properties with an aggregate GFA of approximately 409,428.3 sq m, potentially increasing OUE C-REIT’s IPO portfolio by GFA by more than four times. On 10 June 2015, the REIT Manager announced that the REIT Trustee had entered into an SPA with OUE Limited with the aim of acquiring an effective interest in one of the Sponsor ROFR Properties. See section “Description and Business of the Group – Recent developments” for details.

***Properties comprise landmark commercial properties strategically located in the prime commercial districts of Singapore and Shanghai***

The Properties of OUE C-REIT comprise OUE Bayfront in Singapore, and a 91.2% share of strata ownership of Lippo Plaza in Shanghai, the PRC. The Properties are valued at approximately S\$1,135.0 million and RMB2,340.0 million respectively as at 31 December 2014 with a total GFA of approximately 105,296.1 sq m.

OUE Bayfront is a premium office building located at Collyer Quay, near the major traffic interchange of Raffles Quay and Robinson Road/Cecil Street, between the developing Marina Bay area and the established financial hub of Raffles Place. It enjoys easy connectivity both within and out of Singapore’s CBD, offering convenient access with an underpass connection to the Raffles Place Mass Rapid Transit (“**MRT**”) station, convenient vehicular access and convenient access to expressways such as the Ayer Rajah Expressway, the new Marina Coastal Expressway, the Kallang-Paya Lebar Expressway via the nearby Nicoll Highway and the East Coast Parkway.

OUE Bayfront is also well-complemented by its ancillary properties, namely OUE Tower and OUE Link. Accorded heritage conservation status for its historic significance, OUE Tower serves as an experiential and unique attraction for patrons by being one of only two waterfront revolving restaurants in Singapore and the only one in the Singapore CBD. OUE Tower offers panoramic views of the Marina Bay landscape and is currently occupied by Tóng Lè Private Dining, a fine dining Chinese restaurant operated by the established Tung Lok Group. OUE Link is an important aerial connector between OUE Bayfront and Raffles Place MRT station which provides the office population in the vicinity with enhanced connectivity to the Marina Bay financial district, and enjoys a high volume of shopper and commuter traffic.

Lippo Plaza is situated near the eastern end of Huaihai Zhong Road in the Huangpu district of Shanghai, one of the main commercial districts in the Puxi area. The retail podium at Lippo Plaza was refurbished and repositioned to a prime retail mall in 2010 which is now home to flagship stores of two international brand names, while refurbishment of the office lobby was completed in 2014. Lippo Plaza is located among other renowned commercial developments in the district, including the K11 (formerly Hong Kong New World Tower), Shui On Plaza, Central Plaza, Hong Kong Plaza, Bund Centre, Shanghai Times Square, Raffles City and Henderson Metropolitan. The main tenants in this area generally comprise multinational corporations (“**MNCs**”), international financial institutions and Chinese state-owned enterprises (“**SOEs**”).

The Huaihai Road precinct, where Lippo Plaza is located, is classified as a prime retail area in Shanghai’s retail landscape. The unique and varied architectural styles as well as historical buildings set the area apart from other retail areas, resulting in the precinct’s popularity with top-end designer brands from all over the world as well as renowned and established Chinese brands. Huaihai Zhong Road has the largest area of prime retail space in the Puxi area, comprising approximately 30.0% of total prime retail space in the Puxi area.

Lippo Plaza is located within a five minutes’ walk from the South Huangpi Road Metro station, which serves the key Metro Line 1 (the main north-south line of the Shanghai Metro). In addition, the future Huaihai Zhong Road Station on the upcoming Metro Line 13 (an East-West line on the Shanghai metro network) will be located within walking distance from Lippo Plaza. This new station will be the interchange station with the planned Metro Line 14, which will further enhance accessibility to Huaihai Zhong Road by



connecting the Puxi area with the Pudong district, another of Shanghai's core commercial districts across the Huangpu River. Tenants of Lippo Plaza can also access the Pudong district via nearby underground tunnels and major bridges such as the Nanpu and Lupu bridges. Lippo Plaza is also easily accessible by bus, with routes covering major commercial precincts such as West Nanjing Road, Xujiahui and People's Square. Also located in close proximity are the North-South Elevated Road and Yan'an Elevated Road, two major expressways which connect Lippo Plaza to other major transportation lines and key commercial areas in Shanghai.

### ***Well-positioned portfolio of premium Grade A office space in the respective CBD areas of Singapore and Shanghai***

#### *Singapore*

The CBD areas of Singapore have favourable office sector dynamics, with relatively strong demand for office space resulting in a high level of average occupancy. Since falling to a low of 90.7% in 2010 following the global financial crisis in 2009, average occupancy rates for office space in the Singapore CBD have recovered strongly. According to CBRE<sup>4</sup>, Singapore's CBD core occupancy rate rose by 0.1 percentage points quarter-on-quarter to 96.2% as at 30 June 2015. With no additional large office developments scheduled to complete in 2015, vacancy levels are expected to remain relatively stable.

Major new office supply is expected in 2016, including Marina One at Marina Bay, Guoco Tower at Anson Road/Tanjong Pagar and DUO Tower at Bugis. While there are concerns over significant office supply in 2016, offices in Raffles Place are expected to remain relatively resilient as there is very limited supply in the Raffles Place micromarket. Apart from GSH Plaza, a strata-titled office for sale which is expected to complete in 2016, there is currently no known office supply in the Raffles Place micromarket until 2018. Further, anticipated completions in the Singapore CBD farther out in 2017 and 2018 are expected to be moderate which will support occupancy and rental rates. Good quality Grade A offices with high specifications in Raffles Place will continue to offer a strong proposition for tenants within the CBD with rentals expected to be relatively resilient.

#### *Shanghai*

Supported by the limited supply as well as the stability of demand arising largely from the area's excellent accessibility, considerable presence of MNCs and Chinese SOEs in the Huangpu district and comprehensive retail amenities, Grade-A occupancy rates have been relatively stable vis-à-vis the Shanghai office market at large and have been maintained above 90.0% since 2004. Shanghai's Grade-A office rental performance has recorded continued stable growth following the global financial crisis in 2009. As at 2Q 2015, overall Shanghai CBD Grade A office vacancy improved from 7.4% to 6.2% quarter-on-quarter even with two new projects totalling close to 84,000 sq m completing in the quarter, as net absorption more than doubled from the previous quarter to 118,900 sq m. As a consequence average market rents increased 2.4% quarter-on-quarter to RMB9.7 psm per day, according to Colliers International<sup>5</sup>. In the Puxi office submarket, Grade A vacancy decreased from 9.1% in the previous quarter to 7.8%, and rents rose 1.9% quarter-on-quarter to about RMB9.1 psm per day.

The projected supply of office property in the Huangpu district is expected to be limited between 2015 and 2017 given the land scarcity in the area, supporting both occupancy rates and rental rates in the Huangpu district. Office developments in this area are often seen as long-term investment assets given their generally high and relatively stable capital values. The total potential office supply for the Huangpu district is estimated to be a total of approximately 374,000 sq m for the period between 2015 and 2017, as compared to a total of approximately 1.7 million sq m of potential supply over the same period for the overall Shanghai region, implying less direct competition to Lippo Plaza.

### ***Stable and resilient portfolio with a diversified and high quality tenant base***

The Properties have maintained strong occupancy rates historically, with OUE Bayfront's committed office occupancy rate at 95.1% as at 30 June 2015. The occupancy rate of Lippo Plaza has remained resilient even throughout the global financial crisis, with committed office occupancy rate of 95.2% as at 30 June 2015.

<sup>4</sup> CBRE, Singapore MarketView 2Q15. See <http://www.cbre.com.sg/research/Pages/singaporereports.aspx>.

<sup>5</sup> Colliers International, Shanghai Research and Forecast Report 2Q 2015. See <http://www.colliers.com/en-gb/china/about/media/>.

As at 30 June 2015, the Properties together have a large tenant base which covers a wide variety of trade sectors, providing OUE C-REIT with trade diversification. No single trade sector accounted for more than 33.3% of committed NLA (as at 30 June 2015) and 37.1% of portfolio Gross Rental Income (for the month of June 2015). The top ten tenants of OUE C-REIT's portfolio contributed approximately 46.5% of Gross Rental Income for the month of June 2015.

### ***Experienced and professional REIT management and property management teams***

The Board of Directors of the REIT Manager comprises Directors who 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 REIT Manager also employs experienced professionals who have prior experience in commercial property 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 REIT Manager possesses over 10 years of experience in his or her respective competencies.

The Property Manager comprises staff seconded to the Property Manager from the Sponsor's experienced pool of staff, who possess extensive experience in the management of commercial space.

### **Key strategies**

The REIT Manager plans to achieve its key objective through the following strategies:

- **Active asset management strategy** – The REIT Manager closely monitors and actively manages OUE C-REIT's property portfolio to drive organic growth and maximise income generation potential, seeking to maintain high tenant retention and occupancy levels to achieve sustainable rental growth. The REIT Manager focuses on regular engagement with tenants, so as to facilitate effective marketing of vacant units and achieve earlier renewal commitments. The REIT Manager's asset management strategy also entails working with its service providers to reduce operating costs without compromising the quality of services and building safety. This encompasses a constant review of workflow processes to boost productivity, optimise operational costs and to improve cost control measures.
- **Active asset enhancement strategy** – The REIT Manager, where feasible and profitable, will identify and evaluate opportunities for property improvements to enhance the value of the portfolio. This includes implementing programmes for regular maintenance and upgrading of buildings, upgrading or refurbishment of existing facilities and reconfiguration of existing spaces, to achieve better operational efficiency and higher rental potential.
- **Acquisition growth strategy by leveraging on OUE Limited's experience and supported by the Sponsor ROFR** – The REIT Manager aims to achieve portfolio growth through the acquisition of quality income-producing commercial properties in the financial and business hubs of key gateway cities, which provide attractive cash flows and yields to improve future income and capital growth.
- **Capital and risk management strategy** – The REIT Manager adopts a prudent capital management strategy, and strives to maintain a strong balance sheet while maintaining financial flexibility by employing an appropriate combination of debt and equity. Key capital management objectives include optimising the cost of debt financing and managing refinancing risk, mitigating exposure to market volatility by adopting appropriate interest rate hedging and currency risk management strategies, as well as ensuring diversified funding sources.

#### **(a) Active asset management strategy**

The REIT Manager intends to meet its objective of increasing the yields of existing properties, improving the competitive positioning of the assets and maximising returns from OUE C-REIT's property portfolio through the following strategies:

#### Improving rentals while maintaining high occupancy rates

The REIT Manager intends to improve rentals while maintaining high occupancy rates through:

- identifying leases that are about to expire and for which there is potential upside;
- advancing renewal negotiations with tenants whose tenancies are approaching expiry;
- actively marketing current and impending vacancies to minimise vacancy periods;
- increasing the overall marketability and profile of the Properties to increase the prospective tenant base;
- actively monitoring rental arrears to minimise defaults by tenants; and
- exploring expansion needs of existing tenants.

#### Diversifying tenant base across different industries

The REIT Manager intends to diversify the tenant base through the following:

- monitoring the exposure of total rental income to any one business sector;
- improving the diversity of its tenant base so as not to overly expose revenue to certain business sectors more susceptible to general economic cycles in order to achieve more stable cash flows; and
- working closely with the Property Manager or local property manager whenever a new tenant is being considered and provide feedback on potential concentration risk or other exposure.

#### Delivering quality services to tenants

The REIT Manager intends to continue providing quality services to tenants through:

- providing quality asset management services to maintain high retention rates;
- facilitating relocation or expansion of tenants according to their operational requirements;
- reviewing facility management services on an on-going basis to ensure service standards are met;
- improving responsiveness to tenants' feedback and enquiries; and
- providing additional value-added services for tenants, such as on-site amenities.

#### Improving operational efficiency and reducing operating costs

The REIT Manager intends to introduce initiatives aimed at improving operational efficiency and reducing operating costs without compromising the quality of services provided so as to further increase Net Property Income. Such initiatives include:

- actively reviewing the portfolio's overall energy needs, consumption patterns and the operational efficiency of equipment with a view to implement measures to minimise energy costs; and
- working closely with the Property Manager and local property manager to manage and reduce property operating expenses (without reducing the quality of maintenance).

### **(b) Active asset enhancement strategy**

#### Implementing asset enhancements

The REIT Manager's plans for asset enhancement initiatives to provide an additional source of organic growth include:

- improving exterior signage, lighting, restroom facilities and other aesthetic aspects of the Properties;
- improving existing infrastructure of the Properties, such as the lift upgrading to be undertaken in Lippo Plaza in 2015; and
- improving surrounding infrastructure/amenities.

**(c) Acquisition growth strategy supported by the Sponsor ROFR**

Besides considering third-party acquisitions, OUE C-REIT has a ROFR over its Sponsor's income-producing commercial properties. The size and quality of the ROFR properties provide a strong and visible pipeline that enhances OUE C-REIT's growth profile significantly. The REIT Manager also intends to leverage on OUE Limited's existing relationships with prospective tenants within OUE Limited's network to create new leasing opportunities and provide real estate solutions for tenants, which could satisfy the objectives of both OUE C-REIT and prospective tenants.

**(d) Capital and risk management strategy**

The REIT Manager will endeavour to:

- maintain a strong balance sheet;
- employ an appropriate mix of debt and equity in financing acquisitions while maintaining the capital structure to be within the Aggregate Leverage limit as stipulated under the Property Funds Appendix;
- diversify its funding sources to access both financial institutions and capital markets;
- optimise its cost of debt financing; and
- adopt appropriate interest rates and currency hedging strategies (where applicable) to minimise exposure to market volatility.

Debt Strategy

In addition to diversifying its sources of debt financing in the future by way of accessing the public debt capital markets through the issuance of bonds to further enhance the debt maturity profile of OUE C-REIT, the REIT Manager intends to adopt an active interest rate management policy to manage the risks associated with changes in interest rates on the facilities while also seeking to ensure that OUE C-REIT's on-going cost of debt capital remains competitive.

Any excess operating cash flow from operations may be used to reduce its level of indebtedness to reduce interest costs.

**Certain information on the Properties**

**OUE Bayfront**

Located at Collyer Quay in Singapore's CBD, OUE Bayfront occupies a vantage position between the Marina Bay downtown and the established financial hub of Raffles Place. OUE Bayfront is a commercial building with ancillary retail comprising:

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

Completed in 2011, OUE Bayfront is one of the latest premium office buildings in the Singapore CBD and has been certified as Green Mark Gold by the BCA for its environmentally sustainable design. It has an efficient floor layout offering column-free floor plates ranging from approximately 2,415 sq m to 2,787

sq m which are easily configurable, allowing for flexibility in its leasing strategy. In addition, a significant proportion of OUE Bayfront's office space overlooks the Marina Bay waterfront, making OUE Bayfront one of the few offices in the area offering panoramic views of Marina Bay.

### Lippo Plaza

Comprising a 91.2% share of strata ownership in Lippo Plaza, Lippo Plaza is a 36-storey Grade A commercial building with a three-storey retail podium and basement carpark 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 now home to flagship stores of two international brand names, while refurbishment of the office lobby was completed in 2014.

The Huangpu district is one of the oldest business districts in Shanghai, attracting multinational corporations, international financial institutions and Chinese state-owned enterprises. With its unique and varied architectural styles, the Huaihai Road precinct is also an established prime retail area in Shanghai, popular with top-end international designer brands and well-known Chinese brand names, and contains many commercial, mixed-use developments, including high-quality offices, high-end retail, residential properties and hotels.

### Detailed information

	OUE Bayfront	Lippo Plaza
<b>Address</b>	OUE Bayfront: 50 Collyer Quay, OUE Bayfront, Singapore 049321  OUE Tower: 60 Collyer Quay, OUE Tower, Singapore 049322  OUE Link: 62 Collyer Quay, OUE Link, Singapore 049325	222 Huaihai Zhong Road, Huangpu District, Shanghai, the PRC
<b>Completion Date</b>	2011	1999
<b>Land Area (sq m)</b>	6,447.5 <sup>(1)</sup>	7,457.0
<b>Leasehold Tenure</b>	OUE Bayfront and OUE Tower: 99-year leasehold title commencing 12 November 2007  OUE Link: 15-year leasehold title commencing 26 March 2010  Underpass: 99-year leasehold title commencing 7 January 2002	50 years commencing 2 July 1994
<b>Major Tenants (as at Latest Practicable Date)</b>	Bank of America Merrill Lynch  Hogan Lovells International LLP  Citrix Systems Singapore Pte Ltd	Ermenegildo Zegna  TMF Limited  British IFX Markets Ltd Shanghai Representative Office
<b>Approximate gross floor area ("GFA")</b>	46,774.6 sq m	58,521.5 sq m

	<b>OUE Bayfront</b>	<b>Lippo Plaza</b>
<b>Net lettable area (“NLA”)</b>	Overall: 37,399.1 sq m Office component: 35,569.0 sq m Retail component: 1,830.1 sq m	Overall: 39,224.5 sq m Office component: 33,538.6 sq m Retail component: 5,685.9 sq m
<b>Carpark Lots</b>	245, including three handicap lots	168
<b>Valuation (as at 31 December 2014)</b>	S\$1,135.0 million based on independent valuation by Colliers International Consultancy & Valuation (Singapore) Pte Ltd	RMB2,340.0 million based on independent valuation by Colliers International (Hong Kong) Limited

**Notes:**

- (1) Refers to the land area of OUE Bayfront and OUE Tower. In addition, the land area of OUE Link is 589.6 sq m, while the land area of subterranean Lot 80020K is 60.8 sq m.

**Other general information about the Properties**

**Legal proceedings**

None of OUE C-REIT, the REIT Manager, the Property Manager and/or the PRC Company is currently involved in any material litigation nor, to the best of the REIT Manager’s knowledge, involved in any material litigation or arbitration proceedings currently contemplated or threatened against OUE C-REIT, the REIT Manager, the Property Manager or the PRC Company.

**Insurance**

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

**Planning requirement regarding OUE Link**

In relation to OUE Bayfront, it is a requirement that the link bridge comprising OUE Link be open at all times for public use as part of the public pedestrian network and directly accessible via an escalator and/or staircases from the public area on the first storey.

**Encumbrances**

The Term Loan Facilities and the Revolving Credit Facility in relation to OUE Bayfront are secured by:

- a registered first legal mortgage over OUE Bayfront;
- legal assignment of all insurance save in respect of the third party liability insurance including workmen’s compensation taken in respect of OUE Bayfront;
- assignment of all rights, titles, benefits and interest in connection with (i) any lease or tenancy agreement, (ii) lease or tenancy deposits/proceeds, (iii) sales agreements, (iv) sales deposits/proceeds, (v) Deed of Income Support, and (vi) property management agreements in respect of OUE Bayfront; and
- a debenture incorporating a fixed charge over book debts, charged accounts, goodwill, intellectual property and plant and machinery in connection with OUE Bayfront and floating charge over generally all present and future assets of OUE C-REIT in connection with OUE Bayfront.

The Onshore Facility in relation to OUE C-REIT's share of strata ownership of Lippo Plaza is secured by:

- a first priority mortgage over the PRC Company's right, title and interests in Lippo Plaza;
- the account control over certain bank accounts of the PRC Company;
- an assignment of the rights under the property management agreement, insurance policies save in respect of third party liability insurance; and
- a first priority pledge over receivables from Lippo Plaza including all monetary rights, title, claims and interest, present and future, actual and contingent arising from any existing and future tenancy agreements with respect to Lippo Plaza.

### The Sponsor

OUE Limited (formerly known as Overseas Union Enterprise Limited) was incorporated in Singapore on 8 February 1964 under the Companies Ordinance, Chapter 174 as a limited liability company. OUE Limited is listed on the Main Board of the SGX-ST.

OUE Limited is a diversified real estate owner, developer and operator with a real estate portfolio located in prime locations in Singapore, Malaysia and the U.S.. OUE Limited and its subsidiaries and associated companies (collectively, the "**Sponsor Group**") focuses its business across the commercial, retail, hospitality and residential property segments. The Sponsor Group develops and holds commercial and retail properties for investment and rental income purposes, and it develops residential properties for sale. It operates its hospitality business under the brands "Meritus", "Mandarin" and "Meritus Mandarin". The Sponsor Group developed, and had been managing through a third party managing agent, OUE Bayfront prior to it being transferred to OUE C-REIT.

OUE Limited is one of the leading publicly-listed property companies in Singapore with a market capitalisation of S\$1.68 billion as at the Latest Practicable Date. OUE Limited has an experienced management team and established track record of operations dating back to 1964.

### The Sponsor ROFR

OUE Limited has granted a Sponsor 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)<sup>6</sup> in financial and business hubs within and outside of Singapore, for so long as (i) the REIT Manager or any of its related corporations (as defined in the Companies Act) remains the manager of OUE C-REIT, (ii) OUE Limited and/or any of its related corporations, alone or in aggregate, remains as a controlling shareholder of the REIT Manager and (iii) OUE Limited and/or any of its related corporations, alone or in aggregate, remains as a controlling unitholder of OUE C-REIT.

Selected details of the properties which are the subject of the Sponsor ROFR ("**Sponsor ROFR Properties**") are set out in the table below:

Name of Sponsor ROFR Property	OUE Downtown 2 and Downtown Gallery <sup>(1)</sup>	U.S. Bank Tower	One Raffles Place <sup>(2)</sup>
End Construction Year	OUE Downtown 2: 1994 Downtown Gallery: 2016 (expected)	1989	1986

<sup>6</sup> The Sponsor ROFR does not cover retail and/or commercial assets which are either complementary to or adjoining hospitality assets which are owned by OUE H-REIT or which OUE H-REIT has committed to buy, as these assets are the subject of a separate right of first refusal which OUE Limited has earlier granted to OUE H-Trust.

Name of Sponsor ROFR Property	OUE Downtown 2 and Downtown Gallery <sup>(1)</sup>	U.S. Bank Tower	One Raffles Place <sup>(2)</sup>
<b>Highlights</b>	<ul style="list-style-type: none"> <li>37-storey office building and four-storey retail podium with a rooftop space on the fifth floor and a retail basement level</li> <li>Strategically located along an established financial artery between Raffles Place and Tanjong Pagar</li> </ul>	<ul style="list-style-type: none"> <li>One of the tallest buildings in the western U.S.</li> <li>72-storey Class-A office building (excluding three storeys used for mechanical and other purposes), with six levels of underground parking. A skydeck is currently under construction</li> </ul>	<ul style="list-style-type: none"> <li>One of Singapore's tallest buildings</li> <li>Two Grade-A office towers: 62-storey Tower One and 38-storey Tower Two</li> <li>Six-storey retail podium</li> </ul>
<b>Location</b>	Shenton Way, Singapore	Los Angeles, U.S.	Raffles Place, Singapore
<b>Effective Interest (%)</b>	100.0	100.0	40.8 <sup>(2)</sup>
<b>GFA (sq m)</b>	116,055.1 (estimated) <sup>(4)</sup>	173,647.4	119,725.8 <sup>(3)</sup>
<b>NLA (sq m)</b>	Office: 41,199.9 Retail: 14,962.4 (estimated)	133,500.4	79,896.7 <sup>(3)</sup>
<b>Tenure</b>	99-year leasehold title commencing 19 July 1967	Freehold	<p>Tower One: 841-year leasehold title commencing 1 November 1985</p> <p>The retail podium straddles two land plots:</p> <ul style="list-style-type: none"> <li>approximately 75% of the retail podium is on a 99-year leasehold title commencing 1 November 1985</li> <li>the balance 25% is on the 841-year leasehold title commencing 1 November 1985</li> </ul> <p>Tower Two: 99-year leasehold title commencing 26 May 1983</p>
<b>Latest Valuation</b>	S\$1,401.0 million <sup>(5)</sup>	S\$640.4 million <sup>(6)</sup>	S\$1,733.5 million <sup>(7)</sup>



**Notes:**

- (1) OUE Downtown 1 is not presently identified as one of the Sponsor ROFR Properties as the middle and low zones of OUE Downtown 1 are expected to be converted into serviced apartments. Hence, including the entire OUE Downtown 1 as a Sponsor ROFR Property would not be appropriate for OUE C-REIT. Where an asset or any part thereof (including, for example, the high zone of OUE Downtown 1, if applicable) falls within the scope of the Sponsor ROFR, the asset or any part thereof will, as a matter of course, be subject to the Sponsor ROFR. Following strata subdivision, the multi-storey car park will be managed by the MCST, and the owners of OUE Downtown 1 will hold shares in the MCST in proportion to their strata holdings.
- (2) OUE Limited owns an effective interest of approximately 40.8% in One Raffles Place through its 50.0% interest in OUB Centre Limited (“OUBC”). On 10 June 2015, the REIT Manager announced that the REIT Trustee had entered into an SPA with OUE Limited with the aim of acquiring an effective interest of between 61.16% and 67.95% in One Raffles Place through the indirect acquisition of a 75.0% to 83.33% interest in OUBC, which is addressed in further detail in the section “Description and business of the Group – Recent developments”.
- (3) These represent the aggregate GFA and NLA, as the case may be, of One Raffles Place Tower One, One Raffles Place Tower Two and the retail podium.
- (4) This represents the GFA of the OUE Downtown development as at 31 December 2014.
- (5) This represents the latest valuation of the OUE Downtown development as at 31 December 2014.
- (6) This represents the latest valuation of the U.S. Bank Tower as at 31 December 2014.
- (7) This represents OUBC’s 81.54% interest in the trust which holds the land and properties that comprise One Raffles Place, based on the average of two valuations as at 5 June 2015.

The Sponsor ROFR Properties include OUE Downtown 2, Downtown Gallery, U.S. Bank Tower and One Raffles Place,<sup>7</sup> which OUE Limited would be obliged to offer to OUE C-REIT should OUE Limited decide to divest.

On 10 June 2015, the REIT Manager announced that the REIT Trustee had entered into an SPA with OUE Limited with the aim of acquiring an effective interest of between 61.16% and 67.95% in One Raffles Place through the indirect acquisition of a 75.0% to 83.33% interest in OUBC. See section “Description and business of the Group – Recent developments” for details.

**OUE Downtown**

6 Shenton Way, Singapore 068809

OUE Downtown comprises two tower blocks (namely OUE Downtown 1 and OUE Downtown 2), a podium and a multi-storey car park.

*OUE Downtown 1<sup>8</sup> and OUE Downtown 2*

OUE Downtown 1, completed in 1974, is a 50-storey building and comprises three vertical zones, while OUE Downtown 2, completed in 1994, is a 37-storey building. While both towers and the podium were originally used as offices, the low and mid zones of OUE Downtown 1 will be converted to serviced apartments and the original podium will be converted to a retail mall. The high zone of OUE Downtown 1 and the whole of OUE Downtown 2 will remain as offices. This conversion is expected to be completed in 2016.

*Downtown Gallery*

The original podium will be converted into a five-storey retail mall named “Downtown Gallery”. Downtown Gallery will comprise F&B outlets and retail shops. There will be a supermarket at the basement level. The existing office lobbies on the first level serving OUE Downtown 1 and OUE Downtown 2 will be relocated to the fourth level, clearing the first three levels for an uninterrupted mall stretching the entire length of the

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<sup>7</sup> OUE Limited owns an effective interest of approximately 40.8% in One Raffles Place through its 50.0% interest in OUBC. The subject of the Sponsor ROFR is OUE Limited’s 50.0% interest in OUBC.

<sup>8</sup> OUE Downtown 1 is not presently identified as one of the Sponsor ROFR Properties as the middle and low zones of OUE Downtown 1 are expected to be converted into serviced apartments. Hence, including the entire OUE Downtown 1 as a Sponsor ROFR Property would not be appropriate for OUE C-REIT. Where an asset or any part thereof (including, for example, the high zone of OUE Downtown 1, if applicable) falls within the scope of the Sponsor ROFR, the asset or any part thereof will, as a matter of course, be subject to the Sponsor ROFR. Following strata subdivision, the multi-storey car park will be managed by the MCST, and the owners of OUE Downtown 1 will hold shares in the MCST in proportion to their strata holdings.

building. The first level and basement of the multi-storey car park, as well as part of the third level, will be converted into retail space, with a link on the third level connecting Downtown Gallery to the neighbouring V on Shenton, SGX Building and 78 Robinson Road.

OUE Downtown 2 and Downtown Gallery will have an estimated total GFA (combined with OUE Downtown 1) of approximately 116,055.1 sq m and retail NLA of approximately 14,962.4 sq m upon completion of the conversion works, along with an office NLA of approximately 41,199.9 sq m.

### **U.S. Bank Tower**

633 West Fifth Street, Los Angeles, California, CA 90071

U.S. Bank Tower is one of the tallest buildings in the western U.S. and is located in downtown Los Angeles. It comprises a 72-storey Class-A office building (excluding three storeys used for mechanical and other purposes) with six levels of underground parking, and has a NLA of approximately 133,500.4 sq m. It includes retail space and other amenities, and a skydeck is currently under construction.

### **One Raffles Place**

1 Raffles Place, Singapore 048616

One Raffles Place is located in Singapore's main financial district, above the Raffles Place MRT station. It was previously known as OUB Centre. The development comprises One Raffles Place Tower One, One Raffles Place Tower Two and the retail podium and has an aggregate NLA of approximately 79,896.7 sq m of office, retail and entertainment space. One Raffles Place Tower One currently comprises a 62-storey office tower and a six-storey retail podium. The newly-completed One Raffles Place Tower Two, a 38-storey office building, has attracted tenants such as Virgin Active, a health club chain. One Raffles Place Tower Two has a BCA Green Mark Platinum certification for its energy efficiency and environmentally sustainable design.

As at the Latest Practicable Date, OUE Limited owns an effective interest of approximately 40.8% in One Raffles Place through its 50.0% interest in OUBC, with the remaining interest in One Raffles Place being held by unrelated third parties. OUBC is the registered owner of One Raffles Place and owns 81.54% of the beneficial interest in One Raffles Place. The subject of the Sponsor ROFR is OUE Limited's 50.0% interest in OUBC. On 10 June 2015, the REIT Manager announced that the REIT Trustee had entered into an SPA with OUE Limited with the aim of acquiring an effective interest of between 61.16% and 67.95% in One Raffles Place through the indirect acquisition of a 75.0% to 83.33% interest in OUBC. See section on "Description and Business of the Group – Recent developments" for more information.

## **Management and Corporate Governance**

### ***OUE C-REIT***

OUE C-REIT is a Singapore-based REIT. The REIT Manager is the responsible entity of OUE C-REIT and has its Board of Directors and its own set of procedures in relation to corporate governance.

### ***The REIT Manager***

The REIT Manager, OUE Commercial REIT Management Pte. Ltd., was incorporated in Singapore under the Companies Act on 4 October 2013. It has a paid-up capital of S\$1,000,000. Its registered office is located at 50 Collyer Quay #04-08, OUE Bayfront, Singapore 049321, and its telephone number and fax number are +65 6809 8700 and +65 6809 8701, respectively. The REIT Manager is a wholly-owned subsidiary of OUE Limited.

The REIT Manager has been issued a CMS Licence pursuant to the SFA on 15 January 2014 and is regulated by the MAS.

## Board of Directors of the REIT Manager

The Board is entrusted with the responsibility for the overall management of the REIT Manager. The following table sets forth certain information regarding the Directors:

Name	Address	Position
Mr Christopher James Williams	c/o 50 Collyer Quay #04-08, OUE Bayfront, Singapore 049321	Chairman and Non-Executive Non-Independent Director
Mr Ng Lak Chuan	c/o 50 Collyer Quay #04-08, OUE Bayfront, Singapore 049321	Audit and Risk Committee Chairman and Lead Independent Director
Mr Loh Lian Huat	c/o 50 Collyer Quay #04-08, OUE Bayfront, Singapore 049321	Independent Director
Mr Carl Gabriel Florian Stubbe	c/o 50 Collyer Quay #04-08, OUE Bayfront, Singapore 049321	Independent Director
Mr Jonathan Miles Foxall	c/o 50 Collyer Quay #04-08, OUE Bayfront, Singapore 049321	Non-Executive Non- Independent Director
Ms Tan Shu Lin	c/o 50 Collyer Quay #04-08, OUE Bayfront, Singapore 049321	Chief Executive Officer and Executive Director

None of the Directors are related to one another, any substantial shareholder of the REIT Manager or any unitholder with an interest in one or more units constituting not less than 5.0% of all units in issue. None of the Independent Directors of the REIT Manager sits on the boards of the principal subsidiaries of OUE C-REIT that are based in jurisdictions other than in Singapore.

## Experience and expertise of the Board of Directors of the REIT Manager

Information on the business and working experience of the Directors is set out below:

**Mr Christopher James Williams** is the Chairman and a Non-Executive Non-Independent Director of the Board.

Mr Williams is a founding partner of Howse Williams Bowers, Hong Kong and was previously a partner of Richards Butler, Hong Kong from May 1994 to December 2007, a partner of Richards Butler in Association with Reed Smith from January 2008 to December 2010 and a partner of Reed Smith Richards Butler from January 2011 to December 2011. He is presently the Deputy Chairman of OUE Limited and the Chairman and non-executive director of the OUE H-REIT Manager and the OUE H-BT Trustee-Manager. Mr Williams was formerly the non-executive chairman of Food Junction Holdings Limited (which was previously listed on the SGX-ST) from November 2009 to December 2013.

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 Ng Lak Chuan** is the Audit and Risk Committee Chairman and Lead Independent Director of the Board.

Mr Ng is currently a private investor and was previously the founding partner of Affinity Equity Partners (HK) Limited, with overall responsibility for its investment activities in the PRC, Taiwan and Hong Kong from 2004 to 2011. He has previously held directorships in AcrossAsia Multimedia Limited (now known as AcrossAsia Limited) (a company listed on the Hong Kong Stock Exchange) and MK Electron Co., Ltd (a company listed on the Korea Exchange).

Prior to founding Affinity Equity Partners (HK) Limited, he was with UBS Capital (Hong Kong) from 2001 to 2004, where his last held position was Partner and Head of Portfolio Management Group, Asia Pacific. He was responsible for the review of new investment proposals, risk management of investment portfolios and active restructuring of investee companies.

From 2000 to 2001, Mr Ng was chief financial officer and executive director of AcrossAsia Multimedia Limited (Hong Kong) and was with UBS Warburg in Singapore from 1996 to 2000, where his last held position was Executive Director, Corporate Finance. From 1990 to 1996, he was with Baring Brothers Limited, and from 1987 to 1990 he was with the Singapore Administrative Service, with postings to the Ministry of Education and the Ministry of Home Affairs.

Mr Ng holds a Bachelor of Arts in Politics, Philosophy and Economics from the University of Oxford, United Kingdom, and has completed the Corporate Finance course with the London Business School, United Kingdom.

**Mr Loh Lian Huat** is an Independent Director of the Board.

Mr Loh Lian Huat is presently 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, Mr Loh 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. He is also a patron of the Bukit Timah Citizen Consultative Management Committee, a non-profit organisation.

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 Carl Gabriel Florian Stubbe** is an Independent Director of the Board.

Mr Stubbe is currently the chief executive officer of Peredigm Private Limited, a company involved in packaging and marketing excess capacity for asset-heavy businesses. He founded the company in April 2013 and is responsible for the overall strategic direction of the company.

Prior to founding Peredigm Private Limited, Mr Stubbe was with Bank Julius Baer Singapore, where his last held position was director. From 2009 to 2010, he was chief executive officer of the Gaia Hotels Private Ltd., and from 2006 to 2008 he was with Grove International Partners LLP, a global real estate private equity firm, where his last held position was vice president. In 2006, Mr Stubbe was with Colony Capital Asia, Ltd., a private international investment firm focusing primarily on real estate-related assets and operating companies, and from 2003 to 2005 he was with Global Hyatt Corporation in Chicago, U.S., where his last held position was manager of Acquisitions and Development.

Mr Stubbe graduated from the University of Massachusetts, U.S. with a Bachelor of Arts degree in English, and holds a Master of Business Administration from Johnson and Wales University, U.S.

**Mr Jonathan Miles Foxall** is a Non-Executive Non-Independent Director of the Board.

Mr Foxall is currently the general manager (Properties) of Lippo China Resources Limited (“**LCR**”) (a company listed on Hong Kong Stock Exchange and a director of Lippo Realty Limited. Since Mr Foxall joined the Lippo group in 1991, he has completed numerous major property acquisitions and disposals for the Lippo group and has been managing its property portfolio outside of Indonesia. Mr Foxall has held various senior executive appointments and directorships within the Lippo group. He has previously held

directorships in LCR, The Hong Kong Building Loan Agency Limited and Asia Securities International Limited (now known as Dan Form Holdings Company Limited), which are companies which are listed on the Hong Kong Stock Exchange.

Mr Foxall spearheaded the Lippo group's venture into the Singapore property market, during which he firmly established the Lippo group as a major foreign property developer and investor in Singapore.

He has more than 38 years of experience in property investment and development, sales and leasing, valuation and the structuring of property transactions in the Asia-Pacific region, as well as in the United Kingdom.

Mr Foxall holds a Bachelor of Arts in Geography from Liverpool University, United Kingdom, and he is both a Fellow of the Royal Institution of Chartered Surveyors of the United Kingdom and the Hong Kong Institute of Surveyors.

**Ms Tan Shu Lin** is the Chief Executive Officer of the REIT Manager and an Executive Director of the Board.

Ms Tan has extensive experience in corporate finance, investments, mergers and acquisitions, and financial management, with more than 12 years of experience in direct real estate investments and fund management. Prior to joining the REIT Manager, Ms Tan 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.

#### **The REIT Manager executive officers**

The Executive Officers are entrusted with the responsibility for the daily operations of the REIT Manager. The following table sets forth information regarding the Executive Officers:

<b>Name</b>	<b>Address</b>	<b>Position</b>
Ms Tan Shu Lin	c/o 50 Collyer Quay #04-08, OUE Bayfront, Singapore 049321	Chief Executive Officer and Executive Director
Ms Tan Bee Lian	c/o 50 Collyer Quay #04-08, OUE Bayfront, Singapore 049321	Chief Financial Officer
Mr Yeo Kuang Hsing Rodney	c/o 50 Collyer Quay #04-08, OUE Bayfront, Singapore 049321	Head of Asset and Investment Management
Ms Elaine Cheong	c/o 50 Collyer Quay #04-08, OUE Bayfront, Singapore 049321	Head of Investor Relations
Ms Lim Mei Chin	c/o 50 Collyer Quay #04-08, OUE Bayfront, Singapore 049321	Senior Finance Manager

## **Experience and expertise of the REIT Manager executive officers**

Information on the working experience of the Executive Officers is set out below:

**Ms Tan Shu Lin** is the Chief Executive Officer of the REIT Manager and an Executive Director of the Board.

Details of her working experience are set out in the section “Description and Business of the Group – Management and Corporate Governance – The REIT Manager – Experience and Expertise of the Board of Directors of the REIT Manager”.

**Ms Tan Bee Lian** is the Chief Financial Officer of the REIT Manager.

Ms Tan has over 20 years of finance and accounting experience in the real estate industry. Prior to joining the REIT Manager, she was the deputy chief financial officer of Perennial China Retail Trust Management Pte Ltd, the trustee-manager of Perennial China Retail Trust, from 2011 to 2013.

From 2008 to 2011, Ms Tan was with LaSalle Investment Management (“LIM”), where she was national director, Finance, during which she was responsible for overall financial reporting, financing, cash management, tax and other finance related matters in respect of the investments by the core fund managed by LIM across five Asian countries. Ms Tan occupied managerial positions within the finance function of two other SGX-ST listed REITs from 2004 to 2008 prior to joining LIM. From 1998 to 2003, Ms Tan was with Ascendas Land (Singapore) Pte Ltd.

Ms Tan has an Association of Chartered Certified Accountants qualification. She is a non-practising member of the Institute of Singapore Chartered Accountants.

**Mr Yeo Kuang Hsing Rodney** is the Head of Asset and Investment Management of the REIT Manager.

Mr Yeo has over 15 years of experience in the real estate and finance industries of the U.S., PRC and Singapore. Prior to joining the REIT Manager, he was with KOP Properties Pte Ltd from 2011 to 2012, a real estate developer, as director of Investments. He was responsible for investment sourcing as well as asset management. Previously, Mr Yeo was vice president, Investment and Asset Management with Wachovia Bank’s Real Estate Asia team from 2007 to 2010 and from 2006 to 2007, he was with Kailong REI in Shanghai, as vice president, Investment and Asset Management. Prior to this, Mr Yeo had worked in the U.S. for about 8 years in various real estate acquisition and asset management roles.

Mr Yeo graduated from the University of Southern California, U.S., with a Bachelor of Science degree in Business Administration.

**Ms Elaine Cheong** is the Head of Investor Relations of the REIT Manager.

Prior to joining the 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 the 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 from Nanyang Technological University, Singapore.

**Ms Lim Mei Chin** is the Senior Finance Manager of the REIT Manager.

Ms Lim was formerly the finance manager of OUE Limited, where she was responsible for managing all the finance-related matters of assigned companies within the OUE Limited group. Prior to joining OUE Limited in 2010, she was a senior auditor with the Defence Science Technology, where she performed

internal audit functions and reviewed internal processes and controls. From 2009 to 2010, she was internal audit manager with MediaCorp Pte Ltd. Ms Lim started her career with KPMG LLP Singapore as an external auditor.

Ms Lim holds a Bachelor of Accountancy from Nanyang Technological University, Singapore and is also a non-practising member of the Institute of Singapore Chartered Accountants.

### **The key roles of the REIT Manager Board**

The key roles of the REIT Manager Board are to:

- guide the corporate strategy and directions of the REIT Manager;
- ensure that senior management discharges business leadership and demonstrates the highest quality of management skills with integrity and enterprise;
- ensure that measures relating to corporate governance, financial regulations and other required policies are in place and enforced; and
- oversee the proper conduct of the REIT Manager.

The Board meets regularly, at least once every quarter to review the key activities and business strategies of the REIT Manager and deliberate the strategies of OUE C-REIT, including acquisitions and divestments, funding and hedging activities, approval of the annual budget and review of the performance of OUE C-REIT.

Each Director has been appointed on the basis of his professional experience and ability to contribute to the proper guidance of OUE C-REIT.

The positions of Chairman of the Board and Chief Executive Officer are separately held by two persons in order to maintain an effective check and balance. The Chairman of the Board is Mr Christopher James Williams, while the Chief Executive Officer is Ms Tan Shu Lin. There is a clear separation of the roles and responsibilities between the Chairman and the Chief Executive Officer of the REIT Manager. The Chairman is responsible for the overall management of the Board as well as ensuring that the members of the Board and the management work together with integrity and competency, and that the Board engages the management in constructive debate on strategy, business operations, enterprise risk and other plans. The Chief Executive Officer has full executive responsibilities over the business directions and operational decisions in the day-to-day management of the REIT Manager.

At least half of the Directors are non-executive and independent. This enables the management to benefit from their external, diverse and objective perspective on issues that are brought before the Board. It also enables the Board to interact and work with the management through a robust exchange of ideas and views to help shape the strategic process. This, together with a clear separation of the roles of the Chairman and the Chief Executive Officer, provides a healthy professional relationship between the Board and the management, with clarity of roles and robust oversight as they deliberate on the business activities of the REIT Manager.

The Board has separate and independent access to senior management and the company secretary(s) at all times. The company secretary(s) attends to corporate secretarial administration matters and attends all Board meetings. The Board also has access to independent professional advice where appropriate and when requested.

### **Roles and responsibilities of the REIT Manager in relation to the management of OUE C-REIT**

The REIT Manager has general powers of management over the assets of OUE C-REIT. The REIT Manager's main responsibility is to manage OUE C-REIT's assets and liabilities for the benefit of unitholders. The REIT Manager sets the strategic direction of OUE C-REIT and gives recommendations to the REIT Trustee on the acquisition, divestment and/or enhancement of assets of OUE C-REIT in accordance with its stated investment strategy.

The 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 purpose of these plans is to explain the performance of OUE C-REIT's Properties.

The REIT Manager is also responsible for ensuring compliance with the applicable provisions of the SFA and all other relevant legislation, the Listing Manual, the Property Funds Appendix, the Take-over Code, the REIT Trust Deed, the CMS Licence, any tax ruling and all relevant contracts.

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

The 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 REIT Manager**

The REIT Manager shall have the power to retire in favour of a corporation approved by the REIT Trustee to act as the manager of OUE C-REIT.

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

- the REIT Manager goes into liquidation (except a voluntary liquidation for the purpose of reconstruction or amalgamation upon terms previously approved in writing by the REIT Trustee) or a receiver is appointed over its assets or a judicial manager is appointed in respect of the REIT Manager;
- the REIT Manager ceases to carry on business;
- the REIT Manager fails or neglects after reasonable notice from the REIT Trustee to carry out or satisfy any material obligation imposed on the REIT Manager by the 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 REIT Trust Deed, with no unitholder (including the REIT Manager and its related parties) being disenfranchised, vote to remove the REIT Manager;
- for good and sufficient reason, the REIT Trustee is of the opinion, and so states in writing, that a change of the REIT Manager is desirable in the interests of the unitholders provided that where the REIT Manager is removed on the basis that a change of the REIT Manager is desirable in the interests of the unitholders, the REIT Manager has a right under the REIT Trust Deed to refer the matter to arbitration. Any decision made pursuant to such arbitration proceedings is binding upon the REIT Manager, the REIT Trustee and all unitholders; or
- the MAS directs the REIT Trustee to remove the REIT Manager.

### **The Property Manager**

OUE Commercial Property Management Pte. Ltd. has been appointed as property manager of OUE Bayfront and any properties located in Singapore or any other jurisdiction<sup>9</sup> which are subsequently acquired by OUE C-REIT pursuant to the Master Property Management Agreement, and as property manager of OUE Bayfront pursuant to the Master Property Management Agreement and the Individual Property Management Agreement.

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<sup>9</sup> The Property Manager provides its services in respect of OUE Bayfront but does not provide its services in respect of Lippo Plaza, as such services are provided by the local property manager of Lippo Plaza under the local property management agreement for Lippo Plaza.



Pursuant to the Master Property Management Agreement, the Property Manager is entitled to the following fees:

- a property management fee of (a) 2% per annum of the gross revenue of the relevant property and (b) 2% 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 0.5% 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.

The 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 REIT Manager, the REIT Trustee and the Property Manager. During the financial period, no project management services were provided by the Property Manager. Where development management fees are payable to the REIT Manager, there will not be any project management fees payable to the Property Manager and *vice versa*.

Under the Master Property Management Agreement, the REIT Trustee or the REIT Manager may terminate the appointment of the Property Manager on the occurrence of certain specified events, including the liquidation or cessation of business of the Property Manager.

The Property Manager is a wholly-owned subsidiary of OUE Limited, and was incorporated in Singapore on 16 September 2011. Its registered office is located at 50 Collyer Quay, #18-01/02 OUE Bayfront, Singapore 049321.

Ms Emily Teo is the General Manager of the Property Manager and is responsible for supervising the staff of the Property Manager. Save for Ms Emily Teo, staff within the Property Manager involved in property management matters in respect of any property in OUE C-REIT's portfolio will not manage any other commercial properties other than those in OUE C-REIT's portfolio.

#### **The centre management team for Lippo Plaza**

The centre management team of Lippo Plaza is responsible for providing day-to-day operational services in relation to Lippo Plaza, which include:

- lease management services, such as tenancy mix planning and negotiation of leases, licenses and concessions, lease administration, planning and coordination of marketing and promotional programmes;
- administration and finance services, such as bookkeeping and accounting, supervision and control of all collections and receipts, payments and expenditure, tax filing, liaising with government authorities and legal compliance; and
- directing the local property manager to fulfil property management and administration and finance services.

#### **The local property manager for Lippo Plaza**

The local property manager for Lippo Plaza is responsible for day-to-day operational services in relation to Lippo Plaza. These services include:

- property management services, such as insurance procurement, general cleanliness, repair and maintenance, security, tenant compliance, legal compliance, emergency response, implementation of building management plans; and
- administration and finance services such as annual financial budgeting, management fee calculation and collection, payment of operating expenses and capital expenditure.

### ***The REIT Trustee***

The trustee of OUE C-REIT is DBS Trustee Limited. The 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 REIT Trustee's registered office is located at 12 Marina Boulevard, Marina Bay Financial Centre Tower 3, Singapore 018982.

### **The REIT Trust Deed**

The provisions of the SFA and the CIS Code (including the Property Funds Appendix) prescribe certain terms of the REIT Trust Deed and certain rights, duties and obligations of the REIT Manager, the REIT Trustee and unitholders under the 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 REIT Trustee**

The REIT Trustee's powers, duties and obligations are set out in the REIT Trust Deed. The powers and duties of the REIT Trustee 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 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 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 the exercise of its powers, the REIT Trustee may (on the recommendation of the REIT Manager) and subject to the provisions of the REIT Trust Deed, acquire or dispose of any real or personal property, borrow and encumber any asset.

Subject to the REIT Trust Deed and the Property Funds Appendix, the REIT Manager may direct the 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 REIT Trustee must carry out its functions and duties and comply with all the obligations imposed on it as set out in the REIT Trust Deed, the Listing Manual, the SFA, the CIS Code (including the Property Funds Appendix), the Take-over Code, 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 REIT Trust Deed, it can appoint any custodian, joint-custodian or sub-custodian (including, without limitation, any related party of the 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 REIT Trust Deed contains certain indemnities in favour of the 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 REIT Trustee**

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

- The 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 REIT Trust Deed).

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

### **Termination of the REIT**

Under the provisions of the 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 REIT Manager in such circumstances as set out under the provisions of the REIT Trust Deed as described below; or
- the date on which OUE C-REIT is terminated by the REIT Trustee in such circumstances as set out under the provisions of the REIT Trust Deed as described below.

The 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 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 REIT Manager impracticable or inadvisable for OUE C-REIT to exist;
- if the NAV 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 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 REIT Trustee by notice in writing in any of the following circumstances:

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

The decision of the REIT Trustee in any of the events specified above shall be final and binding upon all the parties concerned but the 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 REIT Manager shall accept the decision of the REIT Trustee and relieve the 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 REIT Trustee shall, subject to any authorisations or directions given to it by the REIT Manager or the unitholders pursuant to the 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 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 FINANCIAL INFORMATION

The following sets out selected financial information of OUE C-REIT and its subsidiaries (the “Group”) as at 30 June 2015, 30 June 2014 and 31 December 2014, and for the period from 1 April 2014 to 30 June 2014 (“2Q 2014”), from 1 April 2015 to 30 June 2015 (“2Q 2015”), from 1 January 2015 to 30 June 2015 (“1H 2015”), from 10 October 2013 to 30 June 2014 and from 10 October 2013 to 31 December 2014.

### Consolidated Statements of Total Return

	Unaudited 2Q 2015 <sup>(1)</sup> (S\$'000)	Unaudited 2Q 2014 <sup>(2)</sup> (S\$'000)	Unaudited 1H 2015 <sup>(1)</sup> (S\$'000)	Unaudited Period from 10 Oct 2013 (Constitution Date) to 30 Jun 2014 <sup>(2),(4)</sup> (S\$'000)	Audited Period from 10 Oct 2013 (Constitution Date) to 31 Dec 2014 <sup>(3),(4)</sup> (S\$'000)
Gross revenue	19,677	18,670	40,088	32,489	71,545
Property operating expenses	(4,984)	(4,378)	(9,688)	(7,880)	(17,715)
<b>Net property income</b>	<b>14,693</b>	<b>14,292</b>	<b>30,400</b>	<b>24,609</b>	<b>53,830</b>
Other income	2,651	2,392	4,449	3,649	7,863
Amortisation of intangible asset	(1,047)	(1,650)	(2,094)	(2,839)	(6,139)
Impairment loss on intangible asset	-	-	-	-	(14,300)
Manager's management fees					
- Base fee	(1,260)	(1,221)	(2,522)	(2,098)	(4,618)
- Performance fee	-	(113)	-	(128)	(512)
Trustee's fee	(81)	(78)	(161)	(134)	(295)
Other expenses	(391)	(434)	(830)	(794)	(1,688)
Finance income	51	17	206	34	192
Finance costs	(4,636)	(4,220)	(9,318)	(7,102)	(16,069)
Foreign exchange differences	(263)	(304)	226	(559)	176
<b>Net income</b>	<b>9,717</b>	<b>8,681</b>	<b>20,356</b>	<b>14,638</b>	<b>18,440</b>
Net change in fair value of investment properties	-	-	-	283,077	316,585
<b>Total return for the period before tax</b>	<b>9,717</b>	<b>8,681</b>	<b>20,356</b>	<b>297,715</b>	<b>335,025</b>
Tax expense	(1,320)	(965)	(2,651)	(40,003)	(42,017)
<b>Total return for the period</b>	<b>8,397</b>	<b>7,716</b>	<b>17,705</b>	<b>257,712</b>	<b>293,008</b>
<b>Distribution Statement</b>					
Total return for the period	8,397	7,716	17,705	257,712	293,008
Distribution adjustments	4,397	4,757	7,706	(236,596)	(247,099)
Amount available for distribution	12,794	12,473	25,411	21,116	45,909
<b>Unitholders' Distribution</b>					
From operations	9,231	9,740	18,720	16,701	35,715
From Unitholders' contributions	3,563	2,733	6,691	4,415	10,194
Total Unitholders' distribution	12,794	12,473	25,411	21,116	45,909

#### Footnotes:

- (1) The current period results of OUE C-REIT's foreign subsidiaries are translated using the SGD:CNY rate of 1:4.614 for 2Q 2015 and 1:4.598 for 1H 2015.
- (2) The prior period results of OUE C-REIT's foreign subsidiaries are translated using the SGD:CNY rate of 1:4.977 for 2Q 2014 and 1:4.890 for the financial period 27 January 2014 to 30 June 2014.
- (3) The results of OUE C-REIT's foreign subsidiaries are translated using the SGD:CNY rate of 1:4.861 for the financial period 27 January 2014 to 31 December 2014
- (4) OUE C-REIT was constituted on 10 October 2013 and was dormant since its constitution to 27 January 2014 (the “Listing Date”). The comparative information presented relates to the financial period starting from 27 January 2014.

## Statements of Financial Position

	Group		OUE C-REIT	
	Unaudited As at 30 Jun 2015 <sup>(1)</sup> (S\$'000)	Audited As at 31 Dec 2014 <sup>(2)</sup> (S\$'000)	Unaudited As at 30 Jun 2015 <sup>(1)</sup> (S\$'000)	Audited As at 31 Dec 2014 <sup>(2)</sup> (S\$'000)
<b>Non-current assets</b>				
Plant and equipment	32	51	-	-
Investment properties	1,642,529	1,630,612	1,135,000	1,135,000
Intangible asset	10,468	12,561	10,468	12,561
Investment in subsidiary	-	-	262,081	262,081
Financial derivatives	2,101	1,478	2,101	1,478
	<hr/>	<hr/>	<hr/>	<hr/>
	1,655,130	1,644,702	1,409,650	1,411,120
<b>Current assets</b>				
Trade and other receivables	5,351	5,195	5,539	7,003
Cash and cash equivalents	23,730	31,066	3,485	5,247
	<hr/>	<hr/>	<hr/>	<hr/>
	29,081	36,261	9,024	12,250
<b>Total assets</b>	<hr/>	<hr/>	<hr/>	<hr/>
	1,684,211	1,680,963	1,418,674	1,423,370
<b>Non-current liabilities</b>				
Loans and borrowings	627,647	632,730	575,138	569,121
Trade and other payables	17,138	16,377	13,142	11,699
Financial derivatives	803	973	803	973
Deferred tax liabilities	41,986	40,215	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
	687,574	690,295	589,083	581,793
<b>Current liabilities</b>				
Loans and borrowings	945	168	-	-
Trade and other payables	28,266	28,908	9,649	11,966
Current tax payable	4,426	3,807	-	-
Financial derivatives	29	-	29	-
	<hr/>	<hr/>	<hr/>	<hr/>
	33,666	32,883	9,678	11,966
<b>Total liabilities</b>	<hr/>	<hr/>	<hr/>	<hr/>
	721,240	723,178	598,761	593,759
<b>Net assets attributable to Unitholders</b>	<hr/>	<hr/>	<hr/>	<hr/>
	962,971	957,785	819,913	829,611
<b>Represented by:</b>				
Unitholders' funds	962,971	957,785	819,913	829,611

### Footnotes:

- (1) The statements of financial position of OUE C-REIT's foreign subsidiaries as at 30 June 2015 are translated using the SGD:CNY rate of 1:4.613.
- (2) The statements of financial position of OUE C-REIT's foreign subsidiaries as at 31 December 2014 are translated using the SGD:CNY rate of 1:4.721.

## Consolidated Statements of Cash Flows

	Unaudited 2Q 2015 (S\$'000)	Unaudited 2Q 2014 (S\$'000)	Unaudited 1H 2015 (S\$'000)	Unaudited Period from 10 Oct 2013 (Constitution Date) to 30 Jun 2014 <sup>(1)</sup> (S\$'000)	Audited Period from 10 Oct 2013 (Constitution Date) to 31 Dec 2014 <sup>(1)</sup> (S\$'000)
<b>Cash flows from operating activities</b>					
Total return for the period	8,397	7,716	17,705	257,712	293,008
Adjustments for:					
Amortisation of intangible asset	1,047	1,650	2,094	2,839	6,139
Impairment loss on intangible asset	-	-	-	-	14,300
Depreciation of plant and equipment	1	2	3	3	6
Loss on disposal of plant and equipment	-	-	-	-	5
Finance costs	4,636	4,220	9,318	7,102	16,069
Finance income	(51)	(17)	(206)	(34)	(192)
Manager's management fees paid/ payable in Units	1,260	1,334	2,522	2,226	5,130
Net change in fair value of investment properties	-	-	-	(283,077)	(316,585)
Tax expense	1,320	965	2,651	40,003	42,017
Operating income before working capital changes	16,610	15,870	34,087	26,774	59,897
Changes in working capital:					
Trade and other receivables	(2,460)	2,131	(160)	(4,497)	(4,890)
Trade and other payables	114	(138)	(616)	24,358	20,910
<b>Cash generated from operating activities</b>	14,264	17,863	33,311	46,635	75,917
Tax paid	(739)	(483)	(1,150)	(483)	(1,414)
<b>Net cash from operating activities</b>	13,525	17,380	32,161	46,152	74,503
<b>Cash flow from investing activities</b>					
Acquisition of subsidiaries, net of cash acquired	-	-	-	(127,664)	(121,598)
Acquisition of investment property and intangible asset	-	-	-	(658,600)	(658,600)
Payment for capital expenditure on investment properties	(15)	(30)	(219)	(30)	(108)
Proceeds from disposal of plant and equipment	-	-	-	-	4
Additions to plant and equipment	-	-	(2)	-	-
Interest received	51	17	206	34	192
<b>Net cash from/(used in) investing activities</b>	36	(13)	(15)	(786,260)	(780,110)

	Unaudited 2Q 2015 (S\$'000)	Unaudited 2Q 2014 (S\$'000)	Unaudited 1H 2015 (S\$'000)	Unaudited Period from 10 Oct 2013 (Constitution Date) to 30 Jun 2014 <sup>(1)</sup> (S\$'000)	Audited Period from 10 Oct 2013 (Constitution Date) to 31 Dec 2014 <sup>(1)</sup> (S\$'000)
<b>Cash flows from financing activities</b>					
Distribution paid	-	-	(24,777)	-	(21,108)
Interest paid	(3,648)	(3,008)	(7,255)	(3,008)	(9,530)
Payment of transaction costs related to the issue of Units	-	(57)	-	(16,187)	(16,474)
Payment of transaction costs related to loans and borrowings	-	-	-	(15,624)	(15,624)
Proceeds from issue of Units	-	-	-	346,400	346,400
Proceeds from borrowings	-	-	14,000	682,379	696,379
Repayment of borrowings	(18,995)	(35,000)	(22,081)	(226,831)	(243,911)
Movement in restricted cash	652	-	652	(2,218)	(2,218)
<b>Net cash (used in)/from financing activities</b>	<b>(21,991)</b>	<b>(38,065)</b>	<b>(39,461)</b>	<b>764,911</b>	<b>733,914</b>
<b>Net (decrease)/increase in cash and cash equivalents</b>					
	(8,430)	(20,698)	(7,315)	24,803	28,307
Cash and cash equivalents at beginning of the period	31,044	45,223	28,736	-	-
Effect of exchange rate fluctuations on cash held	(619)	(323)	574	(601)	429
<b>Cash and cash equivalents at end of the period</b>	<b>21,995</b>	<b>24,202</b>	<b>21,995</b>	<b>24,202</b>	<b>28,736</b>

Footnote:

- (1) OUE C-REIT was constituted on 10 October 2013 and was dormant since its constitution to the Listing Date. The comparative information presented relates to the financial period starting from 27 January 2014.

### Review of OUE C-REIT Group's performance 2Q 2015 vs 2Q 2014

Gross revenue of S\$19.7 million was 5.4% higher mainly due to higher rental income from Lippo Plaza and other property-related income from both properties. Property operating expenses of S\$5.0 million was higher by 13.8% mainly due to higher property tax as a result of higher gross revenue and higher maintenance expenses incurred by both properties. This was partly offset by lower utilities cost at OUE Bayfront. As a result, net property income of S\$14.7 million was 2.8% higher in 2Q 2015.

Other income of S\$2.7 million was 10.8% higher mainly due to higher drawdown of Income Support as a result of a non-renewal lease in OUE Bayfront in April 2015. To date, approximately 51.9% of this space has been back-filled with new tenants at rental rates which are higher than the non-renewal lease.

Amortisation of intangible asset of S\$1.0 million was 36.5% lower. An impairment on intangible asset of S\$14.3 million recognised in the fourth quarter of 2014 led to a lower intangible asset and hence lower amortisation.

Other expenses of S\$0.4 million was 9.9% lower mainly due to lower trust expenses incurred.

Finance costs of S\$4.6 million was 9.9% higher mainly due to higher proportion of fixed rate debt in 2Q 2015 and higher interest rates as compared to 2Q 2014.

Tax expense of S\$1.3 million was 36.8% higher mainly due to higher corporate tax provision as a result of better performance at Lippo Plaza and deferred tax provision.



Total return for the period of S\$8.4 million was 8.8% higher as a result of the above.

**Review of OUE C-REIT Group's performance 1H 2015 vs financial period from 27 January 2014 to 30 June 2014 ("Prior Period")**

Gross revenue of S\$40.1 million was 23.4% higher mainly because the comparative information relates to a shorter period from Listing Date of 27 January 2014 to 30 June 2014. Similarly, property operating expenses was approximately 22.9% higher for 1H 2015.

After adjusting for the shorter period, gross revenue was approximately 5.7% higher mainly due to higher rental income achieved in Lippo Plaza and other property-related income from both properties. Property operating expenses was higher by 5.3% mainly due to higher property tax as a result of higher gross revenue and higher maintenance expenses incurred by both properties. This was partly offset by lower utilities cost at OUE Bayfront. As a result, net property income was 5.8% higher after adjusting for the shorter prior period.

Other income of S\$4.4 million was 21.9% higher as a result of a shorter prior period. After adjusting, the increase was approximately 4.4%.

Amortisation of intangible asset of S\$2.1 million was 26.2% lower, mainly due to the impairment of intangible asset mentioned in the description above.

Finance costs of S\$9.3 million was 31.2% higher. Other than the longer period in 1H 2015, the higher finance cost was also due to higher proportion of fixed rate debt in 1H 2015 and higher interest rates as compared to Prior Period. Adjusting for the shorter period, the increase is approximately 12.4%.

Tax expense of S\$2.7 million was 93.4% lower than the S\$40.0 million mainly due to the deferred tax provision on fair value gain of Lippo Plaza in Prior Period.

Amount available for distribution was approximately 20.3% higher than Prior Period, and 3.1% higher after adjusting for the shorter prior period.

## **USE OF PROCEEDS**

The net proceeds arising from the issue of the Notes under the Programme (after deducting issue expenses) will be used for the purpose of on-lending to the Guarantor (a) to refinance the existing borrowings of the Group, (b) for general corporate funding (including investments and capital expenditures) of the Group and/or (c) to finance general working capital purposes of the Group.

## 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 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. Although CDP encourages settlement on the third business day following the trade date of debt securities, market participants may mutually agree on a different settlement period if necessary.

Settlement of over-the-counter trades in the Securities through the Depository System may only be effected through certain corporate depositors (“**Depository Agents**”) approved by CDP under the Companies Act to maintain securities sub-accounts and to hold the Securities in such securities sub-accounts for themselves and their clients. Accordingly, Securities for which trade settlement is to be effected through the Depository System must be held in securities sub-accounts with 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 be traded from such direct securities accounts to a securities sub-account with a Depository Agent for trade settlement.

CDP is not involved in money settlement between Depository Agents (or any other persons) as CDP is not a counterparty in the settlement of trades of debt securities. However, CDP will make payment of interest and distribution and repayment of principal on behalf of issuers of debt securities.

Although CDP has established procedures to facilitate transfer 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 Guarantor, the 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 Issuing and Paying Agent, to the cash accounts of the relevant Euroclear or Clearstream, Luxembourg participants in accordance with the relevant system's rules and procedures.

## 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 Issuer, 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 distribution payments made under each tranche of the Perpetual Securities 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, any distribution payment made under any tranche of the Perpetual Securities is 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.*

### **Singapore Taxation**

#### **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 20.0%, and is to be increased to 22.0%

with effect from the year of assessment 2017. 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 is wholly arranged by Australia and New Zealand Banking Group Limited (acting through its Singapore branch) and Standard Chartered Bank (acting through its Singapore branch), each of which is a Financial Sector (Bond Market) Company, 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 2018 would be, pursuant to the ITA and the MAS Circular FSD Cir 02/2013 entitled "Extension and Refinement of Tax Concessions for Promoting the Debt Market" issued by MAS on 28 June 2013 (the "**MAS Circular**"), 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 of a return on debt securities for the Relevant Securities in the prescribed format within such period as the relevant authorities may specify and such other particulars in connection with the Relevant Securities as the relevant authorities may require to MAS and such other relevant authorities as may be prescribed, and the inclusion by the 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 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 of a return on debt securities for the Relevant Securities in the prescribed format within such period as the relevant authorities may specify and such other particulars in connection with the Relevant Securities as the relevant authorities may require to MAS and such other relevant authorities as may be prescribed), Qualifying Income from the Relevant Securities paid by the Issuer and 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 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 of a return on debt securities for the Relevant Securities in the prescribed format within such period as the relevant authorities may specify and such other particulars in connection with the Relevant Securities as the relevant authorities may require to MAS and such other relevant authorities as may be prescribed,

payments of Qualifying Income derived from the Relevant Securities are not subject to withholding of tax by the 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 Issuer, 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 Issuer, Qualifying Income derived from such Relevant Securities held by:
  - (I) any related party of the Issuer; 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 Issuer,

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 (including for the reasons described above) shall include such income in a return of income made under the ITA.

Under the Qualifying Debt Securities Plus Scheme ("**QDS Plus Scheme**"), subject to certain conditions having been fulfilled (including the furnishing of a return on debt securities in respect of the QDS in the prescribed format within such period as the relevant authorities may specify and such other particulars in connection with the QDS as the relevant authorities may require to MAS and such other relevant authorities as may be prescribed), income tax exemption is granted on Qualifying Income derived by any investor from QDS (excluding Singapore Government Securities) which:

- (a) are issued during the period from 16 February 2008 to 31 December 2018;
- (b) have an original maturity of not less than 10 years;
- (c) cannot have their tenure shortened to less than 10 years from the date of their issue; and
- (d) cannot be re-opened with a resulting tenure of less than 10 years to the original maturity date.

However, even if a particular tranche of the Relevant Securities are QDS which qualify under the QDS Plus Scheme, 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 Issuer, Qualifying Income from such Relevant Securities derived by:

- (i) any related party of the Issuer; 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 Issuer,

shall not be eligible for the tax exemption under the QDS Plus Scheme as described above.

The MAS Circular states that, with effect from 28 June 2013, the QDS Plus Scheme will be refined to allow QDS with certain standard early termination clauses (as prescribed in the MAS Circular) to qualify for the QDS Plus Scheme at the point of issuance of such debt securities. MAS has also clarified that if such debt securities are subsequently redeemed prematurely pursuant to such standard early termination clauses before the 10th year from the date of issuance of such debt securities, the tax exemption granted under the QDS Plus Scheme to Qualifying Income accrued prior to such redemption will not be clawed back. Under such circumstances, the QDS Plus status of such debt securities will be revoked prospectively for such outstanding debt securities (if any), and holders thereof may still enjoy the tax benefits under the QDS scheme if the QDS conditions continue to be met.

MAS has stated that, notwithstanding the above, QDS with embedded options with economic value (such as call, put, conversion or exchange options which can be triggered at specified prices or dates and are built into the pricing of such debt securities at the onset) which can be exercised within ten years from the date of issuance of such debt securities will continue to be excluded from the QDS Plus Scheme from such date of issuance.



## 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 39 (“**FRS 39**”) may, for Singapore income tax purposes, be required to recognise gains or losses (not being gains or losses in the nature of capital) on the Securities, irrespective of disposal, in accordance with FRS 39. Please see the section below on “Adoption of FRS 39 Treatment for Singapore Income Tax Purposes”.

## 3. Adoption of FRS 39 Treatment for Singapore Income Tax Purposes

The IRAS has issued a circular entitled “Income Tax Implications Arising from the Adoption of FRS 39 - Financial Instruments: Recognition and Measurement” (the “**FRS 39 Circular**”). The ITA has since been amended to give effect to the FRS 39 Circular.

The FRS 39 Circular generally applies, subject to certain “opt-out” provisions, to taxpayers who are required to comply with FRS 39 for financial reporting purposes.

Holders of the Securities who may be subject to the tax treatment under the FRS 39 Circular 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.

## Foreign Account Tax Compliance Act

FATCA imposes a new reporting regime and potentially a 30% withholding tax with respect to certain payments to any non-U.S. financial institution (a “**foreign financial institution**”, or “**FFI**” (as defined by FATCA)) that does not become a “**Participating FFI**” by entering into an agreement with the U.S. Internal Revenue Service (“**IRS**”) to, among other things (i) deduct and withhold a 30% tax on any “passthru payment” (defined in FATCA as certain US-sourced payments) made to a recalcitrant account holder or another FFI that is not a Participating FFI and (ii) provide the IRS with certain information in respect of its account holders and investors or is not otherwise exempt from or in deemed compliance with FATCA. The Issuer and/or the Guarantor may be classified as an FFI.

The new withholding regime is now in effect for payments from sources within the United States and will apply to “**foreign passthru payments**” (a term not yet defined) no earlier than 1 January 2017. This withholding would potentially apply to payments in respect of (a) any Securities characterised as debt (or which are not otherwise characterised as equity and have a fixed term) for U.S. federal tax purposes that are issued after the “**grandfathering date**”, which is the date that is six months after the date on which final U.S. Treasury regulations defining the term foreign passthru payment are filed with the Federal Register, or which are materially modified after the grandfathering date and (b) any Securities characterised as equity or which do not have a fixed term for U.S. federal tax purposes, whenever issued. If Securities are issued on or before the grandfathering date, and additional Securities of the same series are issued after that date, the additional Securities may not be treated as grandfathered, which may have negative consequences for the existing Securities, including a negative impact on market price.

The Issuer and/or the Guarantor and financial institutions through which payments on the Securities are made may be required to withhold FATCA Withholding if any FFI through or to which payment on such Securities is made is not a Participating FFI, a Reporting FI, or otherwise exempt from or in deemed compliance with FATCA.

The United States and a number of other jurisdictions have entered into IGAs to facilitate the implementation of FATCA. Pursuant to FATCA and the “Model 1” and “Model 2” IGAs released by the United States, an FFI in an IGA signatory country could be treated as a “**Reporting FI**” not subject to withholding under FATCA on any payments it receives. Further, an FFI in an IGA jurisdiction meeting such jurisdictional requirements would generally not be required to withhold under FATCA or an IGA (or any law implementing an IGA) (any such withholding being “**FATCA Withholding**”) from payments it makes. Under each Model IGA, a Reporting FI would still be required to report certain information in respect of its account holders and investors to its home government or to the IRS. The United States and Singapore have entered into an agreement (the “**US-Singapore IGA**”) based largely on the Model 1 IGA.

**FATCA is particularly complex and its application is uncertain at this time. The above description is based in part on regulations, official guidance and model IGAs, all of which are subject to change or may be implemented in a materially different form. Prospective investors should consult their tax advisers on how these rules may apply to the Issuer and to payments they may receive in connection with the Securities.**

## 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 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 or procure subscribers for Securities from the Issuer pursuant to the Programme Agreement.

The Issuer may also from time to time agree with the relevant Dealer(s) that the Issuer may pay certain third parties commissions (including, without limitation, rebates to private banks as specified in the applicable Pricing Supplement).

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 Issuer or its 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 Issuer, the Guarantor, OUE C-REIT 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 but not with a view to distribution.

### 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.

### **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 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 under Section 274 of the SFA, (ii) to a relevant person pursuant to Section 275(1), or to any person pursuant to Section 275(1A), and in accordance with the conditions specified in Section 275, of the SFA or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

### **General**

Each Dealer understands that 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 where action for that purpose is required.

Each Dealer has agreed that it will comply with all applicable securities 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 or publishes any prospectus, circular, advertisement or any other document (including this Information Memorandum) or any Pricing Supplement.

If a jurisdiction requires that the offering be made by a licensed broker or dealer and a Dealer or any affiliate of any 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 Issuer in such jurisdiction.

*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 adviser(s) 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, the Issuer or (ii) units of OUE C-REIT has been granted to, or was exercised by, any Director of the Issuer or the OUE C-REIT Manager.

### SHARE CAPITAL

2. As at the date of this Information Memorandum, the Issuer is a wholly-owned subsidiary of the Guarantor.
3. (a) As at the date of this Information Memorandum, there is only one class of ordinary shares in the Issuer. The rights and privileges attached to the shares are stated in the Articles of Association of the Issuer.  
  
(b) As at the date of this Information Memorandum, there is only one class of units in OUE C-REIT. The rights and privileges attached to the units of OUE C-REIT are stated in the OUE C-REIT Trust Deed.
4. No shares in, or debentures of, the Issuer 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.
5. The issued share capital of the Issuer 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

6. As at the Latest Practicable Date, there are 1,268,872,775 units of OUE C-REIT in issue or which OUE C-REIT has agreed to issue.

### BORROWINGS

7. Save as disclosed in Appendix III, as at 30 June 2015, OUE C-REIT had no other borrowings or indebtedness in the nature of borrowings.

### WORKING CAPITAL

8. The Directors of the Issuer are of the opinion that, after taking into account the present banking facilities and the net proceeds of the issue of the Securities, the Issuer will have adequate working capital for its present requirements.

### CHANGES IN ACCOUNTING POLICIES

9. There have been no significant changes in the accounting policies of OUE C-REIT since its audited financial accounts for the period from 10 October 2013 to 31 December 2014.

### LITIGATION

10. There are no legal or arbitration proceedings pending or, so far as the Issuer is aware, threatened against the Issuer, the Guarantor, OUE C-REIT or any of their respective subsidiaries the outcome of which, in the opinion of the Directors, may have or have had a material adverse effect on the financial position of the Issuer, OUE C-REIT or the Group.

### MATERIAL ADVERSE CHANGE

11. There has been no material adverse change in the financial condition or operations of the Issuer since the date of its incorporation, or the financial condition or operations of OUE C-REIT or the Group since 30 June 2015.

## **CONSENTS**

12. KPMG LLP, the auditors of the Issuer and OUE C-REIT, have given and have not withdrawn their written consent to the issue of this Information Memorandum with the references herein to their name and, where applicable, reports in the form and context in which they appear in this Information Memorandum.

## **DOCUMENTS AVAILABLE FOR INSPECTION**

13. Copies of the following documents may be inspected at at 50 Collyer Quay, #04-08 OUE Bayfront, Singapore 049321 during normal business hours for a period of six months from the date of this Information Memorandum:
  - (a) the Memorandum and Articles of Association of the Issuer;
  - (b) the OUE C-REIT Trust Deed;
  - (c) the Trust Deed;
  - (d) the letter of consent referred to in paragraph 12 above; and
  - (e) the audited financial statements of OUE C-REIT for the period from 10 October 2013 to 31 December 2014 and the unaudited financial statements of OUE C-REIT for the second quarter and financial period from 1 January 2015 to 30 June 2015.

## **FUNCTIONS, RIGHTS AND OBLIGATIONS OF THE TRUSTEE**

14. The functions, rights and obligations of the Trustee are set out in the Trust Deed.

**AUDITED FINANCIAL STATEMENTS OF OUE COMMERCIAL REAL ESTATE  
INVESTMENT TRUST FOR THE PERIOD FROM 10 OCTOBER 2013 TO  
31 DECEMBER 2014**

*The information in this Appendix II has been extracted and reproduced from the audited financial statements of OUE C-REIT for the period from 10 October 2013 to 31 December 2014 and has not been specifically prepared for inclusion in this Information Memorandum.*

## **FINANCIAL STATEMENTS**

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## 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 period covered by these financial statements set out on pages 81 to 125, 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  
27 February 2015

## REPORT OF 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 81 to 125 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 2014, 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 period from 10 October 2013 (date of constitution) to 31 December 2014, 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  
27 February 2015

## INDEPENDENT AUDITORS' REPORT

### Unitholders

#### OUE Commercial Real Estate Investment Trust

### Report on the financial statements

We have audited the accompanying financial statements of OUE Commercial Real Estate Investment Trust (the "Trust") and its subsidiaries (the "Group"), which comprise the Statements of Financial Position and Portfolio Statements of the Group and the Trust as at 31 December 2014, the Statements of Total Return, Distribution Statements, Statements of Movements in Unitholders' Funds of the Group and the Trust and the Consolidated Statement of Cash Flows of the Group for the period from 10 October 2013 (date of constitution) to 31 December 2014, and a summary of significant accounting policies and other explanatory information, as set out on pages 81 to 125.

#### *Manager's responsibilities for the financial statements*

OUE Commercial REIT Management Pte. Ltd., the Manager of the Trust (the "Manager"), is responsible for the preparation and fair presentation of these financial statements 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 for such internal control as the Manager of the Trust determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

#### *Auditors' responsibility*

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Singapore Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the financial statements that give a true and fair view 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Manager, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

#### *Opinion*

In our opinion, the consolidated financial statements of the Group and the financial statements of the Trust present fairly, in all material respects, the financial positions of the Group and the Trust as at 31 December 2014 and the total return, distributable income, movements in unitholders' funds of the Group and the Trust and the cash flows of the Group for the period 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.

### **KPMG LLP**

*Public Accountants and  
Chartered Accountants*

Singapore  
27 February 2015

## STATEMENTS OF FINANCIAL POSITION

AS AT 31 DECEMBER 2014

	Note	Group \$'000	Trust \$'000
<b>Non-current assets</b>			
Plant and equipment		51	–
Investment properties	4	1,630,612	1,135,000
Intangible asset	5	12,561	12,561
Investment in subsidiaries	6	–	262,081
Financial derivatives	7	1,478	1,478
		1,644,702	1,411,120
<b>Current assets</b>			
Trade and other receivables	8	5,195	7,003
Cash and cash equivalents	9	31,066	5,247
		36,261	12,250
<b>Total assets</b>		1,680,963	1,423,370
<b>Non-current liabilities</b>			
Loans and borrowings	10	632,730	569,121
Trade and other payables	11	16,377	11,699
Financial derivatives	7	973	973
Deferred tax liabilities	12	40,215	–
		690,295	581,793
<b>Current liabilities</b>			
Loans and borrowings	10	168	–
Trade and other payables	11	28,908	11,966
Current tax liabilities		3,807	–
		32,883	11,966
<b>Total liabilities</b>		723,178	593,759
<b>Net assets</b>		957,785	829,611
Represented by:			
<b>Unitholders' funds</b>		957,785	829,611
<b>Units in issue and to be issued ('000)</b>	13	872,430	872,430
<b>Net asset value per Unit (\$)</b>	14	1.10	0.95

The accompanying notes form an integral part of these financial statements

## STATEMENTS OF TOTAL RETURN

FOR THE PERIOD FROM 10 OCTOBER 2013 (DATE OF CONSTITUTION) TO 31 DECEMBER 2014

	Note	Group \$'000	Trust \$'000
Gross revenue	15	71,545	48,604
Property operating expenses	16	(17,715)	(11,469)
<b>Net property income</b>		53,830	37,135
Other income	17	7,863	7,863
Amortisation of intangible asset		(6,139)	(6,139)
Impairment loss on intangible asset	5	(14,300)	(14,300)
Manager's management fees	18	(5,130)	(5,130)
Trustee's fee		(295)	(295)
Other expenses	19	(1,688)	(1,509)
Finance income		368	2
Finance costs		(16,069)	(11,791)
<b>Net finance costs</b>	20	(15,701)	(11,789)
<b>Net income</b>		18,440	5,836
Net change in fair value of investment properties		316,585	162,922
<b>Total return for the period before tax</b>		335,025	168,758
Tax expense	21	(42,017)	-
<b>Total return for the period</b>		293,008	168,758
<b>Earnings per Unit (cents)</b>	22		
Basic and Diluted		33.74	19.44

The accompanying notes form an integral part of these financial statements

## DISTRIBUTION STATEMENTS

FOR THE PERIOD FROM 10 OCTOBER 2013 (DATE OF CONSTITUTION) TO 31 DECEMBER 2014

	Group \$'000	Trust \$'000
Amount available for distribution at the date of constitution	-	-
Total return for the period	293,008	168,758
Net tax adjustments (Note A)	(247,099)	(133,042)
Amount available for distribution for the current period	45,909	35,716
Distribution of 2.43 cents per Unit for the period from 27/1/2014 to 30/6/2014	(21,108)	(21,108)
Amount available for distribution at the end of the period	24,801	14,608
Distribution per Unit (DPU) (cents) *	5.27	4.10

### Note A – Net tax adjustments comprise:

Non-tax deductible/(chargeable) items:

- Net change in fair value of investment properties	(316,585)	(162,922)
- Amortisation of intangible asset	6,139	6,139
- Impairment loss on intangible asset	14,300	14,300
- Amortisation of debt establishment costs	3,843	3,781
- Foreign exchange differences	(243)	4
- Manager's management fee paid/payable in Units	5,130	5,130
- Trustee's fee	295	295
- Deferred tax expense	39,786	-
- Other items	236	231
Net tax adjustments	(247,099)	(133,042)

\* The DPU relates to the distributions in respect of the relevant financial year. The distribution for the second half of the financial year will be made subsequent to the reporting date.

The accompanying notes form an integral part of these financial statements

## STATEMENTS OF MOVEMENTS IN UNITHOLDERS' FUNDS

FOR THE PERIOD FROM 10 OCTOBER 2013 (DATE OF CONSTITUTION) TO 31 DECEMBER 2014

	Note	Group \$'000	Trust \$'000
<b>At beginning of the financial period</b>		–	–
<b>Operations</b>			
Total return for the period		293,008	168,758
<b>Net increase in net assets resulting from operations</b>		293,008	168,758
<b>Unitholders' transactions</b>			
Issue of new Units:			
- Initial public offering		346,400	346,400
- Units issued in partial satisfaction of the purchase consideration for an investment property acquired		346,400	346,400
- Manager's management fees paid/payable in Units		5,130	5,130
Issue costs	23	(16,474)	(16,474)
Distribution paid to Unitholders		(21,108)	(21,108)
<b>Net increase in net assets resulting from Unitholders' transactions</b>		660,348	660,348
<b>Movement in foreign currency translation reserve</b>		3,924	–
<b>Hedging transactions</b>			
Effective portion of change in fair value of cash flow hedges		505	505
<b>Net increase in net assets resulting from hedging transactions</b>		505	505
<b>At end of the financial period</b>		957,785	829,611

The accompanying notes form an integral part of these financial statements

## PORTFOLIO STATEMENTS

AS AT 31 DECEMBER 2014

Description of property	Leasehold tenure	Location	Existing use	Group	
				Carrying value at 31/12/2014	Percentage of total net assets at 31/12/2014
				\$'000	%
<b>Singapore</b>					
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	1,135,000	118
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	60 Collyer Quay, OUE Tower, Singapore 049322			
	Underpass: 99-year lease from 7 January 2002	62 Collyer Quay, OUE Link, Singapore 049325			
<b>Shanghai</b>					
Lippo Plaza	50-year land use right commencing from 2 July 1994	222 Huaihai Zhong Road, Huangpu District, Shanghai, PRC 200021	Commercial	495,612	52
A 36-storey commercial building with retail podium at Shanghai, China excluding					
(i) Unit 2 in Basement 1,					
(ii) the 12 <sup>th</sup> , 13 <sup>th</sup> , 15 <sup>th</sup> and 16 <sup>th</sup> floors and					
(iii) 4 car park lots					
<b>Investment properties, at valuation</b>				1,630,612	170
<b>Other assets and liabilities (net)</b>				(672,827)	(70)
<b>Net assets</b>				957,785	100

The properties are leased to third parties except as otherwise stated in Note 15. Generally, the leases contain an initial non-cancellable period of 1 to 10 years. Subsequent renewals are negotiated with the respective lessees.



## PORTFOLIO STATEMENTS

AS AT 31 DECEMBER 2014

Description of property	Leasehold tenure	Location	Existing use	Trust	
				Carrying value at 31/12/2014	Percentage of total net assets at 31/12/2014
				\$'000	%
<b>Singapore</b>					
<p>OUE Bayfront (and adjoining properties comprising OUE Tower and OUE Link)</p> <p>An integrated commercial development comprising an 18-storey office building, a conserved tower building and a retail link bridge at Collyer Quay, Singapore</p>	<p>OUE Bayfront and OUE Tower: 99-year lease from 12 November 2007</p> <p>OUE Link: 15-year lease from 26 March 2010</p> <p>Underpass: 99-year lease from 7 January 2002</p>	<p>50 Collyer Quay, OUE Bayfront, Singapore 049321</p> <p>60 Collyer Quay, OUE Tower, Singapore 049322</p> <p>62 Collyer Quay, OUE Link, Singapore 049325</p>	Commercial	1,135,000	137
<b>Investment property, at valuation</b>				1,135,000	137
<b>Other assets and liabilities (net)</b>				(305,389)	(37)
<b>Net assets</b>				829,611	100

The property is leased to third parties except as otherwise stated in Note 15. Generally, the leases contain an initial non-cancellable period of 2 to 10 years. Subsequent renewals are negotiated with the respective lessees.

## CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE PERIOD FROM 10 OCTOBER 2013 (DATE OF CONSTITUTION) TO 31 DECEMBER 2014

	Group \$'000
<b>Cash flows from operating activities</b>	
Total return for the period	293,008
Adjustments for:	
Amortisation of intangible asset	6,139
Impairment loss on intangible asset	14,300
Depreciation of plant and equipment	6
Loss on disposal of plant and equipment	5
Finance costs	16,069
Finance income	(192)
Manager's management fees paid/payable in Units	5,130
Net change in fair value of investment properties	(316,585)
Tax expense	42,017
<b>Operating income before working capital changes</b>	59,897
Changes in working capital:	
Trade and other receivables	(4,890)
Trade and other payables	20,910
<b>Cash generated from operating activities</b>	75,917
Tax paid	(1,414)
<b>Net cash from operating activities</b>	74,503
<b>Cash flows from investing activities</b>	
Acquisition of subsidiaries, net of cash acquired (see Note A)	(121,598)
Acquisition of investment property and intangible asset (see Note B)	(658,600)
Payment for capital expenditure on investment properties	(108)
Proceeds from disposal of plant and equipment	4
Interest received	192
<b>Net cash used in investing activities</b>	(780,110)
<b>Cash flows from financing activities</b>	
Distribution paid to Unitholders	(21,108)
Interest paid	(9,530)
Payment of transaction costs related to the issue of Units	(16,474)
Payment of transaction costs related to loans and borrowings	(15,624)
Proceeds from issue of Units	346,400
Proceeds from borrowings	696,379
Repayment of borrowings	(243,911)
Movement in restricted cash	(2,218)
<b>Net cash from financing activities</b>	733,914
<b>Net increase in cash and cash equivalents</b>	28,307
Effect of exchange rate fluctuations on cash held	429
<b>Cash and cash equivalents at end of the period (Note 9)</b>	28,736

The accompanying notes form an integral part of these financial statements

## CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE PERIOD FROM 10 OCTOBER 2013 (DATE OF CONSTITUTION) TO 31 DECEMBER 2014

### Notes:

#### (A) Acquisition of subsidiaries, net of cash acquired

	Group \$'000
Plant and equipment	63
Investment property	336,635
Trade and other receivables	368
Cash and cash equivalents	16,228
Trade and other payables	(15,024)
Loans and borrowings	(191,777)
Tax payables	(2,993)
Net identifiable assets and liabilities acquired	143,500
Purchase consideration	143,500
Acquisition costs	392
Less: Amount not yet paid	(6,066)
Less: Cash acquired	(16,228)
Net cash outflow	121,598

#### (B) Acquisition of investment property and intangible asset

	Group \$'000
Investment property	972,000
Intangible asset	33,000
Net identifiable assets and liabilities acquired	1,005,000
Purchase consideration	1,005,000
Less: Amount satisfied through issuance of Units	(346,400)
Net cash outflow	658,600

#### (C) Significant non-cash transactions

There were the following significant non-cash transactions during the financial period:

- 432,999,999 Units were issued at \$0.80 per Unit amounting to \$346.4 million, to the vendor of OUE Bayfront, a related corporation of the Manager, as partial satisfaction of the purchase consideration for the property; and
- a total of 6,429,898 Units, amounting to \$5,130,000, were or would be issued at unit prices ranging from \$0.79 to \$0.80 per Unit, to the Manager as satisfaction of the Manager's management fees for the financial period.

## 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 27 February 2015.

### 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 formally 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").

Several service agreements were entered into in relation to 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.

For the period from Listing Date to the financial year ending 31 December 2015, 100.0% of the management fees payable to the Manager would be paid in the form of Units at the market price (as defined in the Trust Deed) prevailing at the date in which the management fees accrue. Thereafter, the management fees shall be payable in the form of cash or Units, or a combination of both, as the Manager may elect. Any portion of the management base fee payable in the form of Units is payable quarterly in arrears and any portion of the management base fee payable in cash is payable monthly in arrears.

The management performance fees are paid annually in arrears, whether in the form of cash and/or Units.

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.

## NOTES TO THE FINANCIAL STATEMENTS

### 1 GENERAL (CONT'D)

#### (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.

The 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 Property Manager. During the financial period, 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 Trust's 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 Trust's Deposited Property (subject to a minimum of \$15,000 per month). The Trustee's fee is payable out of the Trust's 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.

### 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").

#### 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.

## NOTES TO THE FINANCIAL STATEMENTS

### 2 BASIS OF PREPARATION (CONT'D)

#### 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 critical judgments in applying accounting policies, assumptions and estimation uncertainties that have the most significant effect on the amounts recognised in the financial statements is described in the following notes:

- Note 4 – valuation of investment properties
- Note 5 – impairment of intangible asset
- Note 25 – valuation of financial instruments

#### **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 control framework with respect to the measurement of fair values. This includes a valuation team that has overall responsibility for all significant fair value measurements, including Level 3 fair values, and reports directly to the Chief Financial Officer.

The valuation team regularly reviews significant unobservable inputs and valuation adjustments. If third party information, such as broker quotes or pricing services, is used to measure fair values, then the valuation team 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 might be categorised in 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; and
- Note 25 – financial instruments.

## NOTES TO THE FINANCIAL STATEMENTS

### 3 SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied by the Group entities consistently to the period presented in these financial statements.

#### 3.1 Basis of consolidation

##### ***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. Investment 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.

##### ***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.

##### ***Subsidiaries in the separate financial statements***

Investments in subsidiaries are stated in the Trust's statement of financial position at cost less accumulated impairment losses.

#### 3.2 Foreign currencies

##### ***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 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 period, adjusted for effective interest and payments during the period, and the amortised cost in foreign currency translated at the exchange rate at the end of the reporting period.

Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated 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, except for differences arising from the retranslation of a financial liability designated as a hedge of the net investment in a foreign operation, or qualifying cash flow hedges, which are recognised in unitholders' funds.

## NOTES TO THE FINANCIAL STATEMENTS

### 3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

#### 3.2 Foreign currencies (cont'd)

##### *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 are recognised in unitholders' funds.

#### 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 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.

Investment properties are not depreciated. The 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.

#### 3.4 Intangible asset

The intangible asset acquired by the Group 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 5 years. The intangible asset is tested for impairment as described in Note 3.6.

Amortisation methods, useful lives and residual values are reviewed at the end of each reporting period and adjusted, if appropriate.



## NOTES TO THE FINANCIAL STATEMENTS

### 3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

#### 3.5 Financial instruments

##### ***Non-derivative financial assets***

The Group initially recognises loans and receivables on the date that they are originated. All other financial assets are recognised initially on the trade date, which is the date that the Group becomes a party to the contractual provisions of the instrument.

The Group derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred, or it neither transfers nor retains substantially all the risks and rewards of ownership and does not retain control over the transferred asset. Any interest in transferred financial assets that is created or retained by the Group is recognised as a separate asset or liability.

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

Non-derivative financial assets are classified into loans and receivables category.

##### ***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.

##### ***Cash and cash equivalents***

Cash and cash equivalents comprise cash balances and bank deposits.

##### ***Non-derivative financial liabilities***

The Group initially recognises debt securities issued on the date that they are originated. All other financial liabilities (including liabilities designated at fair value through statement of total return) are recognised initially on the trade date, which is the date that the Group becomes a party to the contractual provisions of the instrument.

The Group derecognises a financial liability when its contractual obligations are discharged, cancelled or expire.

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

The Group classifies non-derivative financial liabilities into the other financial liabilities category. Such financial liabilities are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, these financial liabilities are measured at amortised cost using the effective interest method.

Other financial liabilities comprise trade and other payables excluding advance rental received, and loans and borrowings.

## NOTES TO THE FINANCIAL STATEMENTS

### 3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

#### 3.5 Financial instruments (cont'd)

##### ***Derivative financial instruments, including hedge accounting***

The Group holds derivative financial instruments to hedge its interest rate risk exposure. Embedded derivatives are separated from the host contract and accounted for separately if the economic characteristics and risks of the host contract and the embedded derivative are not closely related, a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative, and the combined instrument is not measured at fair value through the statement of total return.

On initial designation of derivative as the hedging instrument, the Group formally documents the relationship between the hedging instrument(s) and hedged item(s), including the risk management objectives and strategy in undertaking the hedge transaction and the hedged risk, together with the methods that will be used to assess the effectiveness of the hedging relationship. The Group makes an assessment, both at the inception of the hedge relationship as well as on an ongoing basis, whether the hedging instruments are expected to be "highly effective" in offsetting the changes in the fair value or cash flows of the respective hedged items attributable to the hedged risk, and whether the actual results of each hedge are within a range of 80% - 125%. For a cash flow hedge of a forecast transaction, the transaction should be highly probable to occur and should present an exposure to variations in cash flows that could ultimately affect the reported total return.

Derivatives are recognised initially at fair value; any attributable transaction costs are recognised in the statement of total return when incurred. Subsequent to initial recognition, derivatives are measured at fair value, and changes therein are accounted for as described below.

##### ***Cash flow hedges***

When a derivative is designated as the hedging instrument in a hedge of the variability in cash flows attributable to a particular risk associated with a recognised asset or liability or a highly probable forecast transaction that could affect the statement of total return, the effective portion of changes in the fair value of the derivative is recognised in unitholders' funds. Any ineffective portion of changes in the fair value of the derivative is recognised immediately in statement of total return.

When the hedged item is a non-financial asset, the amount accumulated in unitholders' funds is retained in unitholders' funds and is reclassified to the statement of total return in the same period or periods during which the non-financial item affects the total return. In other cases, the amount accumulated in unitholders' funds is reclassified to the statement of total return in the same period that the hedged item affects the total return. If the hedging instrument no longer meets the criteria for hedge accounting, expires or is sold, terminated or exercised, or the designation is revoked, then hedge accounting is discontinued prospectively. If the forecast transaction is no longer expected to occur, then the balance in unitholders' funds is reclassified to the statement of total return.

##### ***Other derivative financial instruments***

When a derivative financial instrument is not designated in a hedge relationship that qualifies for hedge accounting, all changes in its fair value are recognised in the statement of total return.

## NOTES TO THE FINANCIAL STATEMENTS

### 3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

#### 3.6 Impairment

##### ***Non-derivative financial assets***

A financial asset not carried at fair value through the statement of total return is assessed at each reporting date to determine whether there is any objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event has an impact on the estimated future cash flows of that asset that can be estimated reliably.

Objective evidence that financial assets are impaired can include default or delinquency by a debtor, restructuring of an amount due to the Group on terms that the Group would not consider otherwise, indications that a debtor or issuer will enter bankruptcy, adverse changes in the payment status of borrowers or issuers in the group, economic conditions that correlate with defaults or the disappearance of an active market for a security.

##### *Loans and receivables*

The Group considers evidence of impairment for loans and receivables at both a specific asset and collective level. All individually significant loans and receivables are assessed for specific impairment. All individually significant receivables found not to be specifically impaired are then collectively assessed for any impairment that has been incurred but not yet identified. Loans and receivables that are not individually significant are collectively assessed for impairment by grouping together loans and receivables with similar risk characteristics.

In assessing collective impairment, the Group uses historical trends of the probability of default, the timing of recoveries and the amount of loss incurred, adjusted for management's judgment as to whether current economic and credit conditions are such that the actual losses are likely to be greater or less than suggested by historical trends.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Losses are recognised in the statement of total return and reflected in an allowance account against loans and receivables. Interest on the impaired asset continues to be recognised. When the Group considers that there are no realistic prospects of recovery of the asset, the relevant amounts are written off. If the amount of impairment loss subsequently decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, then the previously recognised impairment loss is reversed through the statement of total return.

##### ***Non-financial assets***

The carrying amounts of the Group's non-financial assets, other than investment properties, 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 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.

## NOTES TO THE FINANCIAL STATEMENTS

### 3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

#### 3.7 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.

#### 3.8 Revenue recognition

##### *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.

##### *Service fee income*

Revenue from servicing and maintaining the investment property is recognised when the services are rendered and collectability is reasonably assured.

##### *Car park income*

Car park income consists of seasonal and hourly parking income. Seasonal parking income is recognised on a straight-line basis over the non-cancellable lease term. Hourly parking income is recognised on utilisation of car parking facilities.

##### *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.

#### 3.9 Employee benefits

##### *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.

##### *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.

#### 3.10 Finance income and finance costs

Finance income comprises interest income which is recognised as it accrues, using the effective interest method.

Finance costs comprise interest expense on borrowings, including amortisation of transaction costs incurred on the borrowings. Finance costs are recognised in the statement of total return using the effective interest method.

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.

## NOTES TO THE FINANCIAL STATEMENTS

### 3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

#### 3.11 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 period, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous periods.

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 the 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 property that is 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.

## NOTES TO THE FINANCIAL STATEMENTS

### 3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

#### 3.11 Tax (cont'd)

##### ***Tax Transparency Ruling***

Pursuant to the Tax Transparency Ruling issued by 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 Trustee 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 March 2020, unless the concession is extended.

A "Qualifying Unitholder" is a Unitholder who is:

- an individual;
- a company incorporated and tax resident in Singapore;
- a branch in Singapore of a company incorporated outside Singapore that has obtained IRAS' approval for distributions to be made by the Trust to it without deduction of tax; and
- 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).

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
- who carries on an operation in Singapore through a permanent establishment, where the funds used by that person to acquire units of the Trust are not obtained from that operation in Singapore.

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) and collected from the 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 Trustee and the Manager may distribute the capital gains without tax being deducted at source.

##### ***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 Trustee will be exempt from Singapore income tax on dividends received by the Trust from its subsidiary, OUE Eastern Limited.

## NOTES TO THE FINANCIAL STATEMENTS

### 3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

#### 3.12 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, finance costs and trust expenses.

#### 3.13 New standards and interpretations not adopted

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning after 10 October 2013 (date of constitution), and have not been applied in preparing these financial statements. None of these are expected to have a significant effect on the financial statements of the Group. The Group does not plan to adopt these standards early.

### 4 INVESTMENT PROPERTIES

	Note	Group \$'000	Trust \$'000
At 10 October 2013		–	–
Acquisitions (including acquisition costs)	(i)	1,309,027	972,000
Capital expenditure capitalised		108	78
Fair value changes (unrealised) recognised in the statement of total return		316,585	162,922
Translation differences		4,892	–
At 31 December 2014		1,630,612	1,135,000

(i) This relates to the acquisition of OUE Bayfront (and adjoining properties comprising OUE Tower and OUE Link) and Lippo Plaza in January 2014.

As at 31 December 2014, the investment properties are pledged as security to secure bank loans (see Note 10).

## NOTES TO THE FINANCIAL STATEMENTS

### 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 2014 based on independent valuations undertaken by Colliers International Consultancy & Valuation (Singapore) Pte Ltd and Colliers International (Hong Kong) Limited who have appropriate recognised professional qualifications and recent experience in the location and category of the properties being valued. The fair values are based on market values, being the estimated amount for which a property could be exchanged on the date of the valuation between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion. The Group undertakes an independent valuation of its investment property portfolio annually.

The valuation methods used in determining the fair value involve certain estimates including those relating to discount rate, terminal yield and capitalisation rate. 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 net change in fair value of the investment properties has been recognised in the statement of total return in accordance with the Group's accounting policies.

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).

##### (ii) Level 3 fair value

#### 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	Inter-relationship between key unobservable inputs and fair value measurement
Discounted cash flow method	<ul style="list-style-type: none"> <li>Expected market rental growth rate of 3.8% to 8.0%</li> <li>Terminal yield rate of 4.0% to 8.0%</li> <li>Risk-adjusted discount rate of 7.0% to 9.0%</li> </ul>	<p>The estimated fair value would increase/(decrease) if:</p> <ul style="list-style-type: none"> <li>expected market rental growth rate was higher (lower);</li> <li>terminal yield rate was (lower) higher;</li> <li>risk-adjusted discount rate was lower (higher).</li> </ul>
Investment method	<ul style="list-style-type: none"> <li>Capitalisation rate of 3.8% to 6.0%</li> </ul>	<p>The estimated fair value would increase/(decrease) if the capitalisation rate was (lower) higher.</p>
Direct comparison method	<ul style="list-style-type: none"> <li>Price per square feet (psf) of \$1,174 to \$2,819</li> </ul>	<p>The estimated fair value would increase/(decrease) if the price psf was higher (lower).</p>



## NOTES TO THE FINANCIAL STATEMENTS

### 5 INTANGIBLE ASSET

	Group and Trust \$'000
<b>Cost</b>	
At 10 October 2013	–
Acquisition	33,000
At 31 December 2014	33,000
<b>Amortisation and impairment loss</b>	
At 10 October 2013	–
Amortisation for the period	6,139
Impairment loss	14,300
At 31 December 2014	20,439
<b>Carrying amount</b>	
At 10 October 2013	–
At 31 December 2014	12,561

Intangible asset represents the unamortised income support receivable by the Group and the Trust under the Deed of Income Support entered into with OUE Limited (“OUE”), a related corporation, in relation to OUE Bayfront.

Pursuant to the terms of the Deed of Income Support, OUE will provide income support on OUE Bayfront of up to \$12 million per annum, for 5 years from 27 January 2014. As at 31 December 2014, the Group and the Trust has drawn down \$7,863,000 under the Deed of Income Support.

#### Impairment test

During the year, as OUE Bayfront achieved higher than expected rental income, the Group and the Trust were entitled to lower income support than expected from OUE. As a result, the Group and the Trust carried out an impairment assessment of its intangible asset.

The recoverable amount of the intangible asset was based on its value in use and determined by discounting the estimated future cash flows to be derived under the Deed of Income Support over the balance period. The carrying amount was determined to be higher than its recoverable amount and an impairment loss of \$14,300,000 was recognised in the statement of total return.

The key assumptions used in the estimation of the recoverable amount are set out below.

	Group and Trust 2014
Average market rental growth rate	3.8% - 4.4%
Discount rate	7%

Following the impairment loss recognised, the recoverable amount is equal to the carrying amount. Therefore, any adverse movement in the key assumptions would lead to a further impairment.

## NOTES TO THE FINANCIAL STATEMENTS

### 6 INVESTMENT IN SUBSIDIARIES

	Trust 2014 \$'000
Equity investment at cost	262,081

Details of the subsidiaries are as follow:

Name of subsidiaries	Country of incorporation	Principal activities	Ownership interest 2014 %
<b>Direct subsidiary</b>			
OUE Eastern Limited <sup>(1)</sup>	British Virgin Island	Investment holding	100
<b>Indirect subsidiaries</b>			
Tecwell Limited <sup>(1)</sup>	British Virgin Island	Investment holding	100
Lippo Realty (Shanghai) Limited <sup>(2)</sup>	China	Property owner	100

<sup>(1)</sup> Not required to be audited under the laws of the country in which it is incorporated.

<sup>(2)</sup> Audited by KPMG China (a member firm of KPMG International).

### 7 FINANCIAL DERIVATIVES

	Group 2014 \$'000	Trust 2014 \$'000
<b>Non-current</b>		
<b>Derivative assets</b>		
Interest rate swaps used for hedging	1,478	1,478
<b>Derivative liabilities</b>		
Interest rate swaps used for hedging	(973)	(973)
	505	505
Financial derivatives as a percentage of net assets	0.05%	0.06%

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.

As at 31 December 2014, the Group and the Trust have interest rate swap contracts with a total notional amount of \$520.0 million and tenors of between 2 years to 5 years, of which \$110.0 million relate to forward start interest rate swaps which will be effective in 2016. Under the contracts, the Group and the Trust pay fixed interest rates of 0.83% to 2.45% and receive interest at the three-month Singapore Dollar swap offer rate.

## NOTES TO THE FINANCIAL STATEMENTS

### 7 FINANCIAL DERIVATIVES (CONT'D)

#### 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
<b>Group and Trust</b>					
<b>31 December 2014</b>					
<b>Derivatives assets</b>					
Interest rate swaps used for hedging	1,478	–	1,478	(722)	756
<b>Derivatives liabilities</b>					
Interest rate swaps used for hedging	(973)	–	(973)	722	(251)

## NOTES TO THE FINANCIAL STATEMENTS

### 8 TRADE AND OTHER RECEIVABLES

	<b>Group 2014 \$'000</b>	<b>Trust 2014 \$'000</b>
Trade receivables from:		
- the Manager	7	7
- other related parties	51	22
- third parties	173	134
	231	163
Other receivables from:		
- a subsidiary	-	1,971
- other related parties	4,256	4,244
- third parties	163	85
	4,419	6,300
Deposits	517	517
	5,167	6,980
Prepayments	28	23
	5,195	7,003

Included in other receivables from related parties of the Group and the Trust is income support receivable on OUE Bayfront of \$4,244,000 (see Note 5).

Other receivables from related parties and a subsidiary are unsecured, interest-free and repayable on demand.

The ageing of trade receivables at the reporting date is:

	<b>Gross</b>	
	<b>Group 2014 \$'000</b>	<b>Trust 2014 \$'000</b>
Not past due	199	160
Past due 0 – 30 days	2	2
Past due 31 – 90 days	14	-
Past due 91 – 180 days	16	1
	231	163

Based on historical default rates, the Group believes that no impairment losses is necessary in respect of trade receivables as these receivables mainly arose from tenants that have a good track record with the Group and there are sufficient security deposits as collateral.

## NOTES TO THE FINANCIAL STATEMENTS

### 9 CASH AND CASH EQUIVALENTS

	Group 2014 \$'000	Trust 2014 \$'000
Cash at bank	15,240	5,247
Fixed deposits with financial institutions	15,826	–
Cash and cash equivalents in the statement of financial position	31,066	5,247
Restricted cash	(2,330)	–
Cash and cash equivalents in the statement of cash flows	28,736	5,247

Restricted cash represent bank balances of a subsidiary pledged as security to obtain credit facility (see Note 10).

### 10 LOANS AND BORROWINGS

	Group 2014 \$'000	Trust 2014 \$'000
Secured bank loans	644,447	580,000
Less: Unamortised transaction costs	(11,549)	(10,879)
	632,898	569,121
Classified as:		
Current	168	–
Non-current	632,730	569,121
	632,898	569,121

The Group has put in place credit facilities on a secured basis, comprising:

- (i) term loan facilities (“TLF”) of \$580.0 million comprising (a) a five-year term loan facility of \$280.0 million and (b) a three-year term loan facility of \$300.0 million; and
- (ii) a three-year revolving credit facility (“RCF”) of \$100.0 million; and
- (iii) an onshore term loan facility (“Onshore Facility”) of RMB304.3 million, with a loan maturity of three years.

The TLF and RCF are secured on:

- a registered first legal mortgage over OUE Bayfront;
- legal assignment of all insurance taken in respect of OUE Bayfront;
- assignment of all rights, titles, benefits and interest in connection with (i) any lease or tenancy agreements, (ii) lease or tenancy deposits/proceeds, (iii) sales agreements, (iv) sales deposits/proceeds, (v) Deed of Income Support, and (vi) property management agreements in respect of OUE Bayfront; and
- a debenture incorporating a fixed charge over book debts, charged accounts, goodwill, intellectual property and plant and machinery in connection with OUE Bayfront and floating charge over generally all of the present and future assets of the Trust in connection with OUE Bayfront.

## NOTES TO THE FINANCIAL STATEMENTS

### 10 LOANS AND BORROWINGS (CONT'D)

The Onshore Facility is secured on:

- first priority mortgages over the rights, title and interests of Lippo Realty (Shanghai) Limited (the "PRC Company"), a subsidiary, in Lippo Plaza;
- the account control over certain bank accounts of the PRC Company;
- an assignment of rights under the property management agreement, insurance policies save in respect of third party liability insurance, to the lender as first loss payee; and
- first priority pledge over the receivables of Lippo Plaza including all monetary rights, title, claims and interest, present and future, actual and contingent arising from any existing and future tenancy agreements with respect of any part of Lippo Plaza.

#### Terms and debt repayment schedule

Terms and conditions of outstanding borrowings are as follows:

	Nominal interest rate	Year of maturity	Group		Trust	
			Face value	Carrying amount	Face value	Carrying amount
			2014 \$'000	2014 \$'000	2014 \$'000	2014 \$'000
	%					
Bank loans						
- SGD	0.89 – 1.04	2017 – 2019	580,000	569,121	580,000	569,121
- Chinese Renminbi	6.77	2017	64,447	63,777	–	–
			644,447	632,898	580,000	569,121

### 11 TRADE AND OTHER PAYABLES

	Group 2014 \$'000	Trust 2014 \$'000
<b>Current</b>		
Trade payables	3,236	706
Other payables due to:		
- subsidiaries	–	1,777
- related parties	66	66
- third parties	910	864
Advance rental received	2,095	713
Accrued expenses	12,682	3,060
Interest payable	2,572	1,797
Rental deposits		
- related parties	145	–
- third parties	6,551	2,471
Other deposits	651	512
	28,908	11,966

## NOTES TO THE FINANCIAL STATEMENTS

### 11 TRADE AND OTHER PAYABLES (CONT'D)

	Group 2014 \$'000	Trust 2014 \$'000
<b>Non-current</b>		
Rental deposits		
- related parties	1,753	1,711
- third parties	14,624	9,988
	16,377	11,699

Other payables due to related parties are unsecured, interest-free and repayable on demand.

Included in accrued expenses is property tax payable of \$5.8 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 2014 \$'000	Trust 2014 \$'000
Investment properties	38,804	–
Plant and equipment	1,477	–
Other items	(66)	–
	40,215	–

Movements in deferred tax liabilities of the Group during the period are as follows:

	At 10 October 2013 \$'000	Recognised in statement of total return (Note 21) \$'000	Exchange differences \$'000	At 31 December 2014 \$'000
<b>Deferred tax liabilities</b>				
Investment properties	–	38,416	388	38,804
Plant and equipment	–	1,435	42	1,477
Other items	–	(65)	(1)	(66)
	–	39,786	429	40,215

## NOTES TO THE FINANCIAL STATEMENTS

### 13 UNITS IN ISSUE AND TO BE ISSUED

	Group and Trust '000
<b>Units in issue</b>	
At 10 October 2013	*
Creation of Units:	
- initial public offering	433,000
- Units issued in partial satisfaction of the purchase consideration for an investment property acquired	433,000
- Manager's management fee paid in Units	4,197
At 31 December 2014	870,197
<b>Units to be issued</b>	
Manager's management fee payable in Units	2,233
<b>Units in issue and to be issued</b>	<b>872,430</b>

\* Less than 1,000 units

During the financial period, the following Units were issued:

- 1 Unit was issued at \$1 per Unit on establishment of the Trust;
- 433,000,000 Units were issued at \$0.80 per Unit, amounting to \$346,400,000, during the Group's initial public offering exercise;
- 432,999,999 Units were issued at \$0.80 per Unit, amounting to \$346,399,999, as partial satisfaction of the purchase consideration for an investment property acquired; and
- 6,429,898 Units were or would be issued at \$0.79 to \$0.80 per Unit, amounting to \$5,130,000, as satisfaction of the Manager's management fees payable in units.

Each Unit in the Trust represents an undivided interest in the Trust.

A Unitholder has no equitable or proprietary interest in the underlying asset of the Group and is not entitled to the transfer to it of any asset (or any part thereof) or of any real estate, any interests in any asset and the real estate-related assets (or any part thereof) of the Group.

A Unitholder's liability is limited to the amount paid or payable for any Units. The provisions of the Trust Deed provide that no Unitholders will be personally liable to indemnify the Trustee or any creditor of the Trustee in the event that liabilities of the Trust exceed its assets.



## NOTES TO THE FINANCIAL STATEMENTS

### 14 NET ASSET VALUE PER UNIT

	Note	Group 2014	Trust 2014
Net asset value per Unit is based on:			
- Net assets (\$'000)		957,785	829,611
- Total Units issued and to be issued at 31 December ('000)	13	872,430	872,430

### 15 GROSS REVENUE

	For the period from 10 October 2013 to 31 December 2014	
	Group \$'000	Trust \$'000
Rental income	62,733	39,274
Service fee income	5,747	5,747
Carpark income	1,688	1,414
Others	2,677	2,169
Less: Business and other taxes	(1,300)	-
	71,545	48,604

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 \$1,053,000 and \$120,000 recognised in the statement of total return for the Group and the Trust respectively.

Included in the gross revenue of the Group and the Trust are amounts derived from related parties of \$6,913,000 and \$6,673,000, respectively.

## NOTES TO THE FINANCIAL STATEMENTS

### 16 PROPERTY OPERATING EXPENSES

	For the period from 10 October 2013 to 31 December 2014	
	Group \$'000	Trust \$'000
Property maintenance expenses	4,189	2,423
Property management fees	1,969	1,969
Property-related taxes	8,102	5,149
Insurance	125	74
Utilities	1,653	1,639
Centre management costs	1,227	–
Others	450	215
	17,715	11,469

Property operating expenses represent the direct operating expenses arising from the rental of investment properties.

	For the period from 10 October 2013 to 31 December 2014	
	Group \$'000	Trust \$'000
Centre management costs:		
Salaries, bonuses and other costs	1,157	–
Contributions to defined contribution plans	70	–
	1,227	–

### 17 OTHER INCOME

	Note	For the period from 10 October 2013 to 31 December 2014	
		Group \$'000	Trust \$'000
Income support on OUE Bayfront	5	7,863	7,863

## NOTES TO THE FINANCIAL STATEMENTS

### 18 MANAGER'S MANAGEMENT FEES

	For the period from 10 October 2013 to 31 December 2014	
	Group and Trust	\$'000
Base fee		4,618
Performance fee		512
		5,130

The Manager's management fees comprise an aggregate of 6,429,898 Units, amounting to approximately \$5,130,000, 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 \$0.79 to \$0.80 per Unit.

For financial period ended 31 December 2014, given there is no preceding financial year for the Group, for the purpose of computing the performance fee, the difference in DPU is the difference between the actual DPU and the forecast DPU based on the pro-rated profit forecast which is derived for the year ended 31 December 2014 as set out in the Trust's prospectus dated 17 January 2014.

### 19 OTHER EXPENSES

Included in other expenses are the following:

	For the period from 10 October 2013 to 31 December 2014	
	Group \$'000	Trust \$'000
Audit fees paid to:		
- Auditors of the Trust	164	164
- Other auditors	43	-
Non-audit fees paid to:		
- Auditors of the Trust	41	41
Valuation fees	53	20

## NOTES TO THE FINANCIAL STATEMENTS

### 20 NET FINANCE COSTS

	For the period from 10 October 2013 to 31 December 2014	
	Group \$'000	Trust \$'000
<b>Finance income</b>		
Interest income	192	2
Net foreign exchange gain	176	–
	368	2
<b>Finance costs</b>		
Amortisation of debt-related transaction costs	(4,071)	(3,781)
Interest paid/payable to banks	(11,998)	(8,006)
Net foreign exchange loss	–	(4)
	(16,069)	(11,791)
<b>Net finance costs</b>	(15,701)	(11,789)

The above finance income and expenses include the following interest income and expense in respect of assets and liabilities not at fair value through profit or loss:

	For the period from 10 October 2013 to 31 December 2014	
	Group \$'000	Trust \$'000
Total interest income on financial assets	192	2
Total interest expense on financial liabilities	(13,297)	(9,015)
	(13,105)	(9,013)

## NOTES TO THE FINANCIAL STATEMENTS

### 21 TAX EXPENSE

	For the period from 10 October 2013 to 31 December 2014	
	Group \$'000	Trust \$'000
<b>Current tax expense</b>		
Current period	1,825	–
<b>Withholding tax</b>	406	–
<b>Deferred tax expense</b>		
Origination and reversal of temporary differences	39,786	–
	42,017	–
<b>Reconciliation of effective tax rate</b>		
Total return for the period before tax	335,025	168,758
Tax calculated using Singapore tax rate of 17%	56,954	28,689
Effect of tax rates in foreign jurisdictions	13,264	–
Non-tax deductible items	5,162	5,080
Non-taxable items	(27,697)	(27,697)
Tax transparency (Note 3.11)	(6,072)	(6,072)
Withholding tax	406	–
	42,017	–

### 22 EARNINGS PER UNIT

Basic earnings per Unit is based on:

	Group 2014 \$'000	Trust 2014 \$'000
Total return for the period from 10 October 2013 to 31 December 2014	293,008	168,758

	Number of Units	
	Group 2014 '000	Trust 2014 '000
Weighted average number of Units:		
- issued during the period	868,163	868,163
- to be issued as payment of the Manager's management fees payable in Units	142	142
	868,305	868,305

Diluted earnings per Unit is the same as the basic earnings per Unit as there are no dilutive instruments in issue during the period.

## NOTES TO THE FINANCIAL STATEMENTS

### 23 ISSUE COSTS

Issue costs comprise professional, advisory and underwriting fees and other costs related to the issue of Units.

Included in issue costs are \$671,000 of fees paid to the auditors of the Group for services rendered in relation to the initial public offering of the Trust.

### 24 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 review internal management reports on a quarterly 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	Others \$'000	Total \$'000
<b>Group</b>				
<b>Period from 10 October 2013 to 31 December 2014</b>				
Gross revenue	48,604	22,941	–	71,545
Property operating expenses	(11,469)	(6,246)	–	(17,715)
Reportable segment net property income	37,135	16,695	–	53,830
Other income	7,863	–	–	7,863
Depreciation and amortisation	(6,139)	(6)	–	(6,145)
Impairment loss on intangible asset	(14,300)	–	–	(14,300)
Finance income	2	174	192	368
Finance costs	(11,787)	(4,282)	–	(16,069)
Unallocated costs				(7,107)
<b>Net income</b>				18,440
Net change in fair value of investment properties	162,922	153,663	–	316,585
Tax expense	–	(42,017)	–	(42,017)
<b>Total return for the period</b>				293,008
<b>31 December 2014</b>				
Non-current assets <sup>(1)</sup>	1,147,561	495,663	–	1,643,224

<sup>(1)</sup> Excluding financial assets

## NOTES TO THE FINANCIAL STATEMENTS

### 25 FINANCIAL RISK MANAGEMENT

#### ***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 Unitholders' funds 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 35.0% of its Deposited Property except that the Aggregate Leverage of a property fund may exceed 35.0% of its Deposited Property (up to a maximum of 60.0%) if a credit rating of the property fund from Fitch Inc., Moody's or Standard and Poor's is obtained and disclosed to the public. The property fund should continue to maintain and disclose a credit rating so long as its Aggregate Leverage exceeds 35.0% of its Deposited Property.

The Aggregate Leverage of the Group as at 31 December 2014 was 38.3% of its Deposited Property. This complied with the Aggregate Leverage limit as described above.

The Trust has a corporate rating of Ba1 from Moody's.

There were no substantial changes in the Group's and the Trust's approach to capital management during the period.

#### ***Overview of risk management***

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 Audit and Risk Committee of the Manager assists the Manager's Board in reviewing the effectiveness of the Group's material internal controls, including those relating to financial, operational and compliance.

## NOTES TO THE FINANCIAL STATEMENTS

### 25 FINANCIAL RISK MANAGEMENT (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 regularly.

The Group establishes an allowance for impairment, based on a specific loss component that relates to individually significant exposures, that represents its estimate of incurred losses in respect of trade and other receivables.

The allowance account in respect of trade and other receivables is used to record impairment losses unless the Group is satisfied that no recovery of the amount owing is possible. At that point, 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.

Cash and fixed deposits are placed with financial institutions which are regulated. Investments and transactions involving derivative financial instruments are allowed only with counterparties who have sound credit ratings. As at the reporting date, the Group and the Trust have entered into interest rate swaps with a total nominal amount of \$520.0 million, of which \$110.0 million relate to forward start interest rate swaps which will be effective in 2016.

At 31 December 2014, there was no significant concentration 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, the Group maintains the following lines of credit:

- A total of \$580.0 million secured term loan facilities with banks. At the reporting date, these facilities were fully drawn down;
- \$100.0 million secured revolving credit facilities with banks. At the reporting date, the facility was not utilised;
- RMB304.3 million secured term loan facility with banks. At the reporting date, this facility was fully drawn down.



## NOTES TO THE FINANCIAL STATEMENTS

### 25 FINANCIAL RISK MANAGEMENT (CONT'D)

#### Liquidity risk (cont'd)

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		
			Within 1 year \$'000	Within 2 to 5 years \$'000	More than 5 years \$'000
<b>Group</b>					
<b>2014</b>					
<b>Non-derivative financial liabilities</b>					
Trade and other payables*	43,190	(43,190)	(26,813)	(12,031)	(4,346)
Loan and borrowings	632,898	(692,850)	(12,745)	(680,105)	–
	676,088	(736,040)	(39,558)	(692,136)	(4,346)
<b>Derivative financial instruments</b>					
Interest rate swaps used for hedging (net-settled)	(1,478)	1,644	(1,273)	2,917	–
Interest rate swaps used for hedging (net-settled)	973	(893)	(684)	(209)	–
	(505)	751	(1,957)	2,708	–
	675,583	(735,289)	(41,515)	(689,428)	(4,346)
<b>Trust</b>					
<b>2014</b>					
<b>Non-derivative financial liabilities</b>					
Trade and other payables*	22,952	(22,952)	(11,253)	(7,353)	(4,346)
Loan and borrowings	569,121	(619,697)	(8,330)	(611,367)	–
	592,073	(642,649)	(19,583)	(618,720)	(4,346)
<b>Derivative financial instruments</b>					
Interest rate swaps used for hedging (net-settled)	(1,478)	1,644	(1,273)	2,917	–
Interest rate swaps used for hedging (net-settled)	973	(893)	(684)	(209)	–
	(505)	751	(1,957)	2,708	–
	591,568	(641,898)	(21,540)	(616,012)	(4,346)

\* 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.

## NOTES TO THE FINANCIAL STATEMENTS

### 25 FINANCIAL RISK MANAGEMENT (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'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 2014 \$'000	Trust 2014 \$'000
<b>Fixed rate instruments</b>		
Cash at bank	15,826	–
Interest rate swaps	(410,000)	(410,000)
	(394,174)	(410,000)
<b>Variable rate instruments</b>		
Loans and borrowings	(644,447)	(580,000)
Interest rate swaps	410,000	410,000
	(234,447)	(170,000)

## NOTES TO THE FINANCIAL STATEMENTS

### 25 FINANCIAL RISK MANAGEMENT (CONT'D)

#### **Interest rate risk (cont'd)**

##### *Fair value sensitivity analysis for fixed rate instruments*

The Group does not account for any fixed rate financial assets and liabilities at fair value through 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 of 10 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.

	Statement of Total Return		Unitholders' funds	
	10 bp increase \$'000	10 bp decrease \$'000	10 bp increase \$'000	10 bp decrease \$'000
<b>Group</b>				
<b>2014</b>				
<b>Variable rate instruments</b>				
Loans and borrowings	(651)	651	–	–
Interest rate swaps	410	(410)	(14)	(73)
	(241)	241	(14)	(73)
<b>Trust</b>				
<b>2014</b>				
<b>Variable rate instruments</b>				
Loans and borrowings	(580)	580	–	–
Interest rate swaps	410	(410)	(14)	(73)
	(170)	170	(14)	(73)

## NOTES TO THE FINANCIAL STATEMENTS

### 25 FINANCIAL RISK MANAGEMENT (CONT'D)

#### 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;
- the use of cross currency swaps to swap a portion of debt in another currency into the currency of the asset investment to reduce the underlying currency exposure; 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.

	2014 HKD \$'000
<b>Group</b>	
Cash and cash equivalents	1,025

#### Sensitivity analysis

A 5% strengthening of the HKD against the Singapore dollar at the reporting date would have increased total return before tax by the amount shown below. There is no impact on Unitholders' funds. The analysis assumes that all other variables, in particular interest rates, remain constant.

	Increase in total return S\$'000
<b>2014</b>	
HKD (5% strengthening)	51

A 5% weakening of the HKD against the Singapore dollar at the reporting date would have the equal but opposite effect on the above currency to the amounts shown above, on the basis that all other variables remain constant.

## NOTES TO THE FINANCIAL STATEMENTS

### 25 FINANCIAL RISK MANAGEMENT (CONT'D)

#### Fair values

#### 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.

	Note	Carrying amount				Fair value			
		Loans and receivables \$'000	Fair value - hedging instruments \$'000	Other financial liabilities \$'000	Total carrying amount \$'000	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
<b>Group</b>									
<b>2014</b>									
<b>Financial assets measured at fair value</b>									
Financial derivatives	7	-	1,478	-	1,478		1,478		1,478
<b>Financial assets not measured at fair value</b>									
Trade and other receivables <sup>^</sup>	8	5,167	-	-	5,167				
Cash and cash equivalents	9	31,066	-	-	31,066				
		36,233	-	-	36,233				
<b>Financial liabilities measured at fair value</b>									
Financial derivatives	7	-	(973)	-	(973)		(973)		(973)
<b>Financial liabilities not measured at fair value</b>									
Loans and borrowings	10	-	-	(632,898)	(632,898)				
Trade and other payables <sup>#</sup>	11	-	-	(43,190)	(43,190)		(42,769)		(42,769)
		-	-	(676,088)	(676,088)				

<sup>^</sup> Excluding prepayments

<sup>#</sup> Excluding advance rental received

## NOTES TO THE FINANCIAL STATEMENTS

### 25 FINANCIAL RISK MANAGEMENT (CONT'D)

*Fair values (cont'd)*

Accounting classifications and fair values (cont'd)

	Note	Carrying amount			Fair value				
		Loans and receivables \$'000	Fair value - hedging instruments \$'000	Other financial liabilities \$'000	Total carrying amount \$'000	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
<b>Trust</b>									
<b>2014</b>									
<b>Financial assets measured at fair value</b>									
Financial derivatives	7	-	1,478	-	1,478		1,478		1,478
<b>Financial assets not measured at fair value</b>									
Trade and other receivables <sup>^</sup>	8	6,980	-	-	6,980				
Cash and cash equivalents	9	5,247	-	-	5,247				
		12,227	-	-	12,227				
<b>Financial liabilities measured at fair value</b>									
Financial derivatives	7	-	(973)	-	(973)		(973)		(973)
<b>Financial liabilities not measured at fair value</b>									
Loans and borrowings	10	-	-	(569,121)	(569,121)				
Trade and other payables <sup>#</sup>	11	-	-	(22,952)	(22,952)		(22,835)		(22,835)
		-	-	(592,073)	(592,073)				

<sup>^</sup> Excluding prepayments

<sup>#</sup> Excluding advance rental received

## NOTES TO THE FINANCIAL STATEMENTS

### 25 FINANCIAL RISK MANAGEMENT (CONT'D)

#### *Fair values (cont'd)*

#### Measurement of fair values

#### 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.

#### Financial instruments measured at fair value

Type	Valuation technique
<b>Group and Trust</b>	
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	Significant unobservable input
<b>Group and Trust</b>		
Trade and other payables	<i>Discounted cash flows</i>	• Discount rate (0.94% - 6.77%)

### 26 COMMITMENTS

#### Operating lease rental receivable

Non-cancellable operating lease rentals are receivable as follows:

	Group 2014 \$'000	Trust 2014 \$'000
Within 1 year	69,379	46,178
After 1 year but within 5 years	159,174	124,715
After 5 years	27,883	27,883
	256,436	198,776

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.

## NOTES TO THE FINANCIAL STATEMENTS

### 27 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 Trustee respectively. Property management fees are payable to the Property Manager, a related party of the Manager.

During the financial period, other than the transactions disclosed elsewhere in the financial statements, there were the following related party transactions:

	For the period from 10 October 2013 to 31 December 2014	
	Group \$'000	Trust \$'000
Acquisition of investment property and intangible asset from a related party	1,005,000	1,005,000
Acquisition of subsidiaries from a related party	143,500	143,500
Settlement of liabilities by related parties of the Manager on behalf of the Group and the Trust	2,100	2,100

### 28 FINANCIAL RATIOS

	Group 2014 %	Trust 2014 %
Expenses to weighted average net assets <sup>1</sup>		
- including performance component of the Manager's fees	0.77	0.85
- excluding performance component of the Manager's fees	0.72	0.79
Portfolio turnover rate <sup>2</sup>	-	-

<sup>1</sup> 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.

<sup>2</sup> 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.

### 29 COMPARATIVE INFORMATION

No comparative figures have been presented as this is the first set of financial statements prepared for the Trust since the date of constitution.



**UNAUDITED FINANCIAL STATEMENTS OF OUE COMMERCIAL REAL ESTATE  
INVESTMENT TRUST FOR THE SECOND QUARTER AND FINANCIAL PERIOD  
FROM 1 JANUARY 2015 TO 30 JUNE 2015**

*The information in this Appendix III has been extracted and reproduced from the Unaudited Financial Statements and Distribution Announcement for the Second Quarter and Financial Period from 1 January 2015 to 30 June 2015 of OUE C-REIT and has not been specifically prepared for inclusion in this Information Memorandum.*

**OUE COMMERCIAL REAL ESTATE INVESTMENT TRUST**  
**Unaudited Financial Statements and Distribution Announcement**  
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Standard Chartered Securities (Singapore) Pte. Limited, CIMB Bank Berhad, Singapore Branch and Oversea-Chinese Banking Corporation Limited were the joint global coordinators and issue managers (collectively, the "Joint Global Coordinators and Issue Managers") for the initial public offering of OUE Commercial Real Estate Investment Trust (the "Offering").

The Joint Global Coordinators and Issue Managers for the Offering assume no responsibility for the contents of this announcement.

**OUE COMMERCIAL REAL ESTATE INVESTMENT TRUST**  
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## **Introduction**

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

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

OUE C-REIT’s portfolio comprises two prime commercial properties located in Singapore and Shanghai:

- OUE Bayfront: Premium office building with ancillary retail facilities located between the new Marina Bay downtown and Raffles Place, within Singapore’s central business district.
- Lippo Plaza: Grade-A commercial building located along Huai Hai Middle Road in the Huangpu district, one of Shanghai’s established core commercial districts.

On 10 June 2015, OUE C-REIT announced the proposed acquisition of an indirect interest in One Raffles Place, a Grade-A commercial building strategically located in the heart of Singapore’s central business district (the “**Acquisition**”).

On 29 June 2015, OUE C-REIT announced the proposed renounceable rights issue of 393,305,817 new Units in OUE C-REIT to raise gross proceeds of approximately S\$218.3 million (the “**Rights Issue**”). The Rights Issue was completed on 27 July 2015. The new Units were issued at an issue price of S\$0.555 per Unit and rank *pari passu* in all respects with the existing Units in issue and to be issued as at 30 June 2015, including the right to any distributions which may accrue for the financial period from 1 January 2015 to 30 June 2015. The new Units for the Rights Issue were issued on 4 August 2015.

On 27 July 2015 at an extraordinary general meeting of unitholders of OUE C-REIT (the “**Unitholders**”), approval was obtained for the proposed Acquisition and the proposed issue of convertible perpetual preferred units (the “**CPPU**”).

## **Distribution Policy**

OUE C-REIT’s distribution policy is to distribute 100.0% of its amount available for distribution to Unitholders from Listing Date to 31 December 2015 semi-annually based on its half-yearly results. Thereafter the Manager will distribute at least 90.0% of OUE C-REIT’s amount available for distribution with the actual level of distribution to be determined at the discretion of the Board of Directors of the Manager.

Unless otherwise stated, all capitalised terms used in this announcement shall have the same meaning as in the prospectus dated 17 January 2014 (the “**Prospectus**”).

**OUE COMMERCIAL REAL ESTATE INVESTMENT TRUST**  
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**Summary of OUE C-REIT Group Results**

**Actual vs Prior Period**

	<b>2Q 2015<sup>(1)</sup></b> <b>(S\$'000)</b>	<b>2Q 2014<sup>(2)</sup></b> <b>(S\$'000)</b>	<b>Change</b> <b>(%)</b>	<b>1H 2015<sup>(1)</sup></b> <b>(S\$'000)</b>	<b>10 Oct 2013</b> <b>(Constitution</b> <b>Date) to 30 Jun</b> <b>2014<sup>(2),(3)</sup></b> <b>(S\$'000)</b>	<b>Change</b> <b>(%)</b>
Gross revenue	19,677	18,670	5.4	40,088	32,489	23.4
Net property income	14,693	14,292	2.8	30,400	24,609	23.5
Amount available for distribution	12,794	12,473	2.6	25,411	21,116	20.3
Distribution per Unit ("DPU") (cents)	1.46 <sup>(4)</sup>	1.43	2.1	2.90 <sup>(4)</sup>	2.43	19.3

**Actual vs Forecast**

	<b>2Q 2015</b>			<b>1H 2015</b>		
	<b>Actual<sup>(1)</sup></b> <b>(S\$'000)</b>	<b>Forecast<sup>(5)</sup></b> <b>(S\$'000)</b>	<b>Change</b> <b>(%)</b>	<b>Actual<sup>(1)</sup></b> <b>(S\$'000)</b>	<b>Forecast<sup>(5)</sup></b> <b>(S\$'000)</b>	<b>Change</b> <b>(%)</b>
Gross revenue	19,677	19,287	2.0	40,088	38,367	4.5
Net property income	14,693	14,240	3.2	30,400	28,250	7.6
Amount available for distribution	12,794	12,187	5.0	25,411	24,439	4.0
Distribution per Unit ("DPU") (cents)	1.46 <sup>(4)</sup>	1.39	5.0	2.90 <sup>(4)</sup>	2.79	3.9

**Distribution per Unit**

	<b>1Q 2015</b>	<b>2Q 2015</b>	<b>1H 2015</b>
Amount available for distribution (S\$'000)	12,617	12,794	25,411
Actual DPU (cents) <sup>(6)</sup>	0.99	1.01	2.00

Unitholders will be entitled to the Actual DPU of 2.00 cents per Unit for the financial period from 1 January 2015 to 30 June 2015.

Footnotes:

- (1) The current period results of OUE C-REIT's foreign subsidiaries are translated using the SGD:CNY rate of 1:4.614 for 2Q 2015 and 1: 4.598 for 1H 2015.
- (2) The prior period results of OUE C-REIT's foreign subsidiaries are translated using the SGD:CNY rate of 1:4.977 for 2Q 2014 and 1:4.890 for the financial period 27 January 2014 to 30 June 2014.
- (3) OUE C-REIT was constituted on 10 October 2013 and was dormant since its constitution to the Listing Date. The comparative information presented relates to the financial period from 27 January 2014 to 30 June 2014.
- (4) Based on number of Units in issue and to be issued as at 30 June 2015 without taking into consideration the new Units from the Rights Issue. This DPU is presented for comparison purposes only.
- (5) The Forecast was derived from the Projection for 2015 as disclosed in the Prospectus. An exchange rate of SGD:CNY 1:4.783 was adopted in the Forecast.
- (6) Based on number of Units in issue and to be issued as at 30 June 2015, including the new Units issued on 4 August 2015 pursuant to the Rights Issue. Unitholders will be entitled to this Actual DPU.

**OUE COMMERCIAL REAL ESTATE INVESTMENT TRUST**  
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**Distribution Details**

<b>Distribution period</b>	1 January 2015 to 30 June 2015
<b>Distribution rate / type</b>	2.00 cents per Unit comprising of: (i) Taxable income distribution of 1.48 cents per Unit (ii) Capital distribution of 0.52 cents per Unit
<b>Trade ex-date</b>	18 August 2015, 9.00 a.m.
<b>Books closure date</b>	20 August 2015, 5.00 p.m.
<b>Payment date</b>	15 September 2015

**OUE COMMERCIAL REAL ESTATE INVESTMENT TRUST**  
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**1(a) Consolidated Statement of Total Return and Distribution Statement**

<b>Statement of Total Return</b>	<b>Note</b>	<b>2Q 2015 <sup>(1)</sup> (S\$'000)</b>	<b>2Q 2014 <sup>(2)</sup> (S\$'000)</b>	<b>Change (%)</b>	<b>1H 2015 <sup>(1)</sup> (S\$'000)</b>	<b>10 Oct 2013 (Constitution Date) to 30 Jun 2014 <sup>(2),(3)</sup> (S\$'000)</b>	<b>Change (%)</b>
Gross revenue		19,677	18,670	5.4	40,088	32,489	23.4
Property operating expenses		(4,984)	(4,378)	13.8	(9,688)	(7,880)	22.9
<b>Net property income</b>		14,693	14,292	2.8	30,400	24,609	23.5
Other income	1	2,651	2,392	10.8	4,449	3,649	21.9
Amortisation of intangible asset		(1,047)	(1,650)	(36.5)	(2,094)	(2,839)	(26.2)
Manager's management fees							
- Base fee	2	(1,260)	(1,221)	3.2	(2,522)	(2,098)	20.2
- Performance fee		-	(113)	N/M	-	(128)	N/M
Trustee's fee		(81)	(78)	3.8	(161)	(134)	20.1
Other expenses		(391)	(434)	(9.9)	(830)	(794)	4.5
Finance income		51	17	N/M	206	34	N/M
Finance costs	3	(4,636)	(4,220)	9.9	(9,318)	(7,102)	31.2
Foreign exchange differences		(263)	(304)	(13.5)	226	(559)	N/M
<b>Net income</b>		9,717	8,681	11.9	20,356	14,638	39.1
Net change in fair value of investment properties	4	-	-	-	-	283,077	N/M
<b>Total return for the period before tax</b>		9,717	8,681	11.9	20,356	297,715	(93.2)
Tax expense	5	(1,320)	(965)	36.8	(2,651)	(40,003)	(93.4)
<b>Total return for the period</b>		8,397	7,716	8.8	17,705	257,712	(93.1)
<b>Distribution Statement</b>							
Total return for the period		8,397	7,716	8.8	17,705	257,712	(93.1)
Distribution adjustments	6	4,397	4,757	(7.6)	7,706	(236,596)	N/M
Amount available for distribution		12,794	12,473	2.6	25,411	21,116	20.3
<b>Unitholders' Distribution</b>							
From operations		9,231	9,740	(5.2)	18,720	16,701	12.1
From Unitholders' contributions		3,563	2,733	30.4	6,691	4,415	51.6
Total Unitholders' distribution		12,794	12,473	2.6	25,411	21,116	20.3

N/M: Not meaningful

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Footnotes:

- (1) The current period results of OUE C-REIT's foreign subsidiaries are translated using the SGD:CNY rate of 1:4.614 for 2Q 2015 and 1: 4.598 for 1H 2015.
- (2) The prior period results of OUE C-REIT's foreign subsidiaries are translated using the SGD:CNY rate of 1:4.977 for 2Q 2014 and 1:4.890 for the financial period 27 January 2014 to 30 June 2014.
- (3) OUE C-REIT was constituted on 10 October 2013 and was dormant since its constitution to the Listing Date. The comparative information presented relates to the financial period from 27 January 2014 to 30 June 2014.

**Notes to Consolidated Statement of Total Return and Distribution Statement:**

**(1) Other income**

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

**(2) Manager's management fees – Performance fee**

Manager's Performance fee is calculated as 25% of the difference in DPU in a financial year with the DPU in the preceding financial year (calculated before accounting for the performance fee but after accounting for the base fee in each financial year) multiplied by the weighted average number of Units in issue for such financial year.

**(3) Finance costs**

Finance costs comprise of the following:

	<b>2Q 2015 (S\$'000)</b>	<b>2Q 2014 (S\$'000)</b>	<b>Change (%)</b>	<b>1H 2015 (S\$'000)</b>	<b>10 Oct 2013 (Constitution Date) to 30 Jun 2014 (S\$'000)</b>	<b>Change (%)</b>
Borrowing costs	3,520	3,128	12.5	7,116	5,242	35.7
Amortisation of debt establishment costs	1,116	1,092	2.2	2,202	1,860	18.4
Finance costs	4,636	4,220	9.9	9,318	7,102	31.2

**(4) Net change in fair value of investment properties**

Net change in fair value of investment properties for the financial period 10 October 2013 to 30 June 2014 relate to the revaluation gains on both properties of OUE C-REIT between the acquisition costs and their respective independent valuations as at 30 September 2013.

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**(5) Tax expense**

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

	<b>2Q 2015 (S\$'000)</b>	<b>2Q 2014 (S\$'000)</b>	<b>Change (%)</b>	<b>1H 2015 (S\$'000)</b>	<b>10 Oct 2013 (Constitution Date) to 30 Jun 2014 (S\$'000)</b>	<b>Change (%)</b>
Current tax						
- Current period	703	502	40.0	1,444	899	60.6
- Under provision in respect of prior period	-	-	-	106	-	N/M
Deferred tax						
- Current period	502	340	47.6	987	38,861	(97.5)
- Over provision in respect of prior period	-	-	-	(164)	-	N/M
Withholding tax	115	123	(6.5)	278	243	14.4
	<b>1,320</b>	<b>965</b>	<b>36.8</b>	<b>2,651</b>	<b>40,003</b>	<b>(93.4)</b>

N/M: Not meaningful

**(6) Distribution adjustments**

	<b>2Q 2015 (S\$'000)</b>	<b>2Q 2014 (S\$'000)</b>	<b>Change (%)</b>	<b>1H 2015 (S\$'000)</b>	<b>10 Oct 2013 (Constitution Date) to 30 Jun 2014 (S\$'000)</b>	<b>Change (%)</b>
Net change in fair value of investment properties	-	-	-	-	(283,077)	N/M
Amortisation of intangible asset	1,047	1,650	(36.5)	2,094	2,839	(26.2)
Amortisation of debt establishment costs	1,181	989	19.4	2,202	1,757	25.3
Management base fees paid/payable in Units	1,260	1,221	3.2	2,522	2,098	20.2
Management performance fee payable in Units	-	113	N/M	-	128	N/M
Trustee's fees	81	78	3.8	161	134	20.1
Deferred tax expenses	502	340	47.6	823	38,861	(97.9)
Foreign exchange differences	263	310	(15.2)	(226)	562	N/M
Others	63	56	12.5	130	102	27.5
Net distribution adjustments	<b>4,397</b>	<b>4,757</b>	<b>(7.6)</b>	<b>7,706</b>	<b>(236,596)</b>	<b>N/M</b>

N/M: Not meaningful

Please refer to Section 8 on Review of the Performance.



**OUE COMMERCIAL REAL ESTATE INVESTMENT TRUST**  
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**1(b)(i) Statements of Financial Position**

Note	Group			Trust		
	30 Jun 2015 <sup>(1)</sup> (S\$'000)	31 Dec 2014 <sup>(2)</sup> (S\$'000)	Change (%)	30 Jun 2015 <sup>(1)</sup> (S\$'000)	31 Dec 2014 <sup>(2)</sup> (S\$'000)	Change (%)
<b>Non-current assets</b>						
	32	51	(37.3)	-	-	-
	1,642,529	1,630,612	0.7	1,135,000	1,135,000	-
1	10,468	12,561	(16.7)	10,468	12,561	(16.7)
	-	-	-	262,081	262,081	-
2	2,101	1,478	42.2	2,101	1,478	42.2
	1,655,130	1,644,702	0.6	1,409,650	1,411,120	(0.1)
<b>Current assets</b>						
3	5,351	5,195	3.0	5,539	7,003	(20.9)
4	23,730	31,066	(23.6)	3,485	5,247	(33.6)
	29,081	36,261	(19.8)	9,024	12,250	(26.3)
<b>Total assets</b>	1,684,211	1,680,963	0.2	1,418,674	1,423,370	(0.3)
<b>Non-current liabilities</b>						
	627,647	632,730	(0.8)	575,138	569,121	1.1
5	17,138	16,377	4.6	13,142	11,699	12.3
2	803	973	(17.5)	803	973	(17.5)
	41,986	40,215	4.4	-	-	-
	687,574	690,295	(0.4)	589,083	581,793	1.3
<b>Current liabilities</b>						
	945	168	N/M	-	-	-
5	28,266	28,908	(2.2)	9,649	11,966	(19.4)
6	4,426	3,807	16.3	-	-	-
2	29	-	N/M	29	-	N/M
	33,666	32,883	2.4	9,678	11,966	(19.1)
<b>Total liabilities</b>	721,240	723,178	(0.3)	598,761	593,759	0.8
<b>Net assets attributable to Unitholders</b>	962,971	957,785	0.5	819,913	829,611	(1.2)
<b>Represented by:</b>						
Unitholders' funds	962,971	957,785	0.5	819,913	829,611	(1.2)

N/M: Not meaningful

Footnotes:

- (1) The statements of financial position of OUE C-REIT's foreign subsidiaries as at 30 June 2015 are translated using the SGD:CNY rate of 1:4.613.
- (2) The statements of financial position of OUE C-REIT's foreign subsidiaries as at 31 December 2014 are translated using the SGD:CNY rate of 1:4.721.

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**Notes to Statements of Financial Position:**

**(1) Intangible asset**

Intangible asset represents the unamortised income support receivable by OUE C-REIT from the Sponsor pursuant to the Deed of Income Support. The decrease in intangible assets was due to the amortisation of intangible asset.

**(2) Financial derivatives**

Financial derivatives represent the fair value of the interest rate swaps entered to hedge the floating interest rate risk of OUE C-REIT Group's borrowings. The movement for the financial period from December 2014 to June 2015 was due to favourable changes in the fair value of the interest rate swaps as at 30 June 2015.

**(3) Trade and other receivables**

The decrease in the Trust's trade and other receivables is mainly due to the settlement of balances due from a subsidiary in 1Q 2015.

**(4) Cash and cash equivalents**

The decrease in the Group's cash and cash equivalents is mainly due to the partial prepayment of the RMB-denominated term loan facility in April 2015 and the distributions paid to Unitholders in February 2015.

**(5) Trade and other payables**

The increase in the Group's and Trust's non-current trade and other payables and the corresponding decrease in current trade and other payables is mainly due to the reclassification of tenants' rental deposits from current to non-current as a result of lease renewals.

**(6) Current tax payable**

The increase in current tax payable from S\$3.8 million to S\$4.4 million is mainly due to the better performance of Lippo Plaza in current financial period, resulting in higher current tax provision.

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

	<b>30 Jun 2015 <sup>(1)</sup></b> <b>(S\$'000)</b>	<b>31 Dec 2014 <sup>(2)</sup></b> <b>(S\$'000)</b>
Secured borrowings		
Amount repayable within one year, or on demand	954	169
Amount repayable after one year	637,004	644,278
Less: Debt establishment costs <sup>(3)</sup>	(9,366)	(11,549)
Total secured borrowings	628,592	632,898
Unsecured borrowings	-	-
Total borrowings	628,592	632,898

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Footnotes:

- (1) The borrowings of OUE C-REIT's foreign subsidiaries as at 30 June 2015 are translated using the SGD:CNY rate of 1:4.613.
- (2) The borrowings of OUE C-REIT's foreign subsidiaries as at 31 December 2014 are translated using the SGD:CNY rate of 1:4.721.
- (3) Debt establishment costs are amortised over the tenure of the respective loan facilities.

**Details of any collaterals**

The OUE C-REIT Group has total credit facilities of approximately S\$734.0 million comprising (1) S\$580.0 million term loan facilities, (2) S\$100.0 million revolving credit facility and (3) RMB248.9 million term loan facility. Approximately S\$638.0 million of the facilities were utilised as at 30 June 2015.

The S\$580.0 million term loan facilities and S\$100.0 million revolving credit facility are secured by:

- (a) a registered first legal mortgage over OUE Bayfront;
- (b) legal assignment of all insurance save in respect of the third party liability insurance including workmen's compensation taken in respect of OUE Bayfront;
- (c) assignment of all rights, titles, benefits and interest in connection with any lease or tenancy agreement, lease or tenancy deposit/proceeds, sales agreements, sales deposits/proceeds, deed of income support and property management agreements in respect of OUE Bayfront; and
- (d) a debenture incorporating a fixed charge over book debts, charged accounts, goodwill, intellectual property and plant and machinery in connection with OUE Bayfront and floating charge over generally all present and future assets of OUE C-REIT in connection with OUE Bayfront.

The RMB248.9 million term loan facility is secured by:

- (a) a first priority mortgage over Lippo Realty (Shanghai) Limited's (the "PRC Company") right, title and interests in Lippo Plaza;
- (b) the account control over certain bank accounts of the PRC Company;
- (c) an assignment of the rights under the property management agreement, insurance policies save in respect of third party liability insurance; and
- (d) a first priority pledge over receivables from Lippo Plaza including all monetary rights, title, claims and interest, present and future, actual and contingent arising from any existing and future tenancy agreements with respect to Lippo Plaza.

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

				<b>10 Oct 2013 (Constitution Date) to 30 Jun 2014 <sup>(1)</sup></b>
<b>Note</b>	<b>2Q 2015 (S\$'000)</b>	<b>2Q 2014 (S\$'000)</b>	<b>1H 2015 (S\$'000)</b>	<b>(S\$'000)</b>
<b>Cash flows from operating activities</b>				
Total return for the period	8,397	7,716	17,705	257,712
Adjustments for:				
Amortisation of intangible asset	1,047	1,650	2,094	2,839
Depreciation of plant and equipment	1	2	3	3
Finance costs	4,636	4,220	9,318	7,102
Finance income	(51)	(17)	(206)	(34)
Manager's management fees paid/ payable in Units	1,260	1,334	2,522	2,226
Net change in fair value of investment properties	-	-	-	(283,077)
Tax expense	1,320	965	2,651	40,003
Operating income before working capital changes	16,610	15,870	34,087	26,774
Changes in working capital:				
Trade and other receivables	(2,460)	2,131	(160)	(4,497)
Trade and other payables	114	(138)	(616)	24,358
<b>Cash generated from operating activities</b>	<b>14,264</b>	<b>17,863</b>	<b>33,311</b>	<b>46,635</b>
Tax paid	(739)	(483)	(1,150)	(483)
<b>Net cash from operating activities</b>	<b>13,525</b>	<b>17,380</b>	<b>32,161</b>	<b>46,152</b>
<b>Cash flow from investing activities</b>				
Acquisition of subsidiaries, net of cash acquired	-	-	-	(127,664)
Acquisition of investment property and intangible assets	-	-	-	(658,600)
Additions to plant and equipment	-	-	(2)	-
Payment for capital expenditure on investment properties	(15)	(30)	(219)	(30)
Interest received	51	17	206	34
<b>Net cash from/(used in) investing activities</b>	<b>36</b>	<b>(13)</b>	<b>(15)</b>	<b>(786,260)</b>
<b>Cash flows from/(used in) financing activities</b>				
Distribution paid	-	-	(24,777)	-
Interest paid	(3,648)	(3,008)	(7,255)	(3,008)
Payment of transaction costs related to the issue of Units	-	(57)	-	(16,187)
Payment of transaction costs related to loans and borrowings	-	-	-	(15,624)
Proceeds from issue of Units	-	-	-	346,400
Proceeds from borrowings	-	-	14,000	682,379
Repayment of borrowings	(18,995)	(35,000)	(22,081)	(226,831)
Movement in restricted cash	652	-	652	(2,218)
<b>Net cash (used in)/from financing activities</b>	<b>(21,991)</b>	<b>(38,065)</b>	<b>(39,461)</b>	<b>764,911</b>
<b>Net (decrease)/increase in cash and cash equivalents</b>	<b>(8,430)</b>	<b>(20,698)</b>	<b>(7,315)</b>	<b>24,803</b>
Cash and cash equivalents at beginning of the period	31,044	45,223	28,736	-
Effect of exchange rate fluctuations on cash held	(619)	(323)	574	(601)
<b>Cash and cash equivalents at end of the period</b>	<b>21,995</b>	<b>24,202</b>	<b>21,995</b>	<b>24,202</b>

Footnote:

- (1) OUE C-REIT was constituted on 10 October 2013 and was dormant since its constitution to the Listing Date. The comparative information presented relates to the financial period from 27 January 2014 to 30 June 2014.

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

- (1) 432,999,999 Units amounting to S\$346.4 million were issued to Clifford Development Pte Ltd, a wholly owned subsidiary of OUE Limited and the vendor of OUE Bayfront, as partial satisfaction of the purchase consideration for the property ("Consideration Units").
- (2) An aggregate of 433,000,000 Units amounting to S\$346.4 million were issued on Listing Date.
- (3) Transaction costs relating to the issue of Units were paid out from the gross proceeds from the initial public offering. Such costs were incurred in accordance with pages 102 and 103 of the Prospectus. With the payment of these transaction costs, the gross proceeds of the initial public offering have been materially disbursed.
- (4) For purpose of the Consolidated Statement of Cash Flows, the OUE C-REIT Group cash and cash equivalents comprise the following:

	<b>30 Jun 2015</b> <b>(S\$'000)</b>	<b>30 Jun 2014</b> <b>(S\$'000)</b>
Bank and cash balances	14,031	16,323
Fixed deposit	9,699	10,052
Cash and cash equivalents at end of the period	23,730	26,375
Less: Restricted cash	(1,735)	(2,173)
Cash and cash equivalents	21,995	24,202

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

	<b>Group</b>		<b>Trust</b>	
	<b>2Q 2015</b> <b>(S\$'000)</b>	<b>2Q 2014</b> <b>(S\$'000)</b>	<b>2Q 2015</b> <b>(S\$'000)</b>	<b>2Q 2014</b> <b>(S\$'000)</b>
<b>Balance at beginning of financial period</b>				
<b>Operations</b>				
Total return for the period	964,252	917,934	814,249	810,625
<b>Net increase in net assets resulting from operations</b>	8,397	7,716	5,769	5,607
<b>Unitholders' transactions</b>				
Issue of new Units				
- Manager's management fees paid/payable in Units	1,260	1,334	1,260	1,334
Issue expenses	-	688	-	688
<b>Net increase in net assets resulting from Unitholders' transactions</b>	1,260	2,022	1,260	2,022
<b>Movement in foreign currency translation reserve</b>	(9,573)	(7,380)	-	-
<b>Hedging transactions</b>				
Effective portion of change in fair value of cash flow hedges	(1,365)	(2,203)	(1,365)	(2,203)
<b>Net decrease in net assets resulting from hedging transactions</b>	(1,365)	(2,203)	(1,365)	(2,203)
<b>Total Unitholders' funds as at end of the period</b>	962,971	918,089	819,913	816,051

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

	Group		Trust	
	1H 2015 (S\$'000)	10 Oct 2013 (Constitution Date) to 30 Jun 2014 <sup>(1)</sup> (S\$'000)	1H 2015 (S\$'000)	10 Oct 2013 (Constitution Date) to 30 Jun 2014 <sup>(1)</sup> (S\$'000)
<b>Balance at beginning of the financial period</b>				
<b>Operations</b>	957,785	- <sup>(2)</sup>	829,611	- <sup>(2)</sup>
Total return for the period	17,705	257,712	11,793	139,674
<b>Net increase in net assets resulting from operations</b>	17,705	257,712	11,793	139,674
<b>Unitholders' transactions</b>				
Issue of new Units				
- Initial public offering	-	346,400	-	346,400
- Consideration Units	-	346,400	-	346,400
- Manager's management fees paid/payable in Units	2,522	2,226	2,522	2,226
Issue expenses	-	(16,442)	-	(16,442)
Distribution paid to Unitholders	(24,777)	-	(24,777)	-
<b>Net (decrease)/ increase in net assets resulting from Unitholders' transactions</b>	(22,255)	678,584	(22,255)	678,584
<b>Movement in foreign currency translation reserve</b>	8,972	(16,000)	-	-
<b>Hedging transactions</b>				
Effective portion of change in fair value of cash flow hedges	764	(2,207)	764	(2,207)
<b>Net increase/ (decrease) in net assets resulting from hedging transactions</b>	764	(2,207)	764	(2,207)
<b>Total Unitholders' funds as at end of the period</b>	962,971	918,089	819,913	816,051

Footnotes:

- (1) OUE C-REIT was constituted on 10 October 2013 and was dormant since its constitution to the Listing Date. The comparative information presented relates to the financial period from 27 January 2014 to 30 June 2014.
- (2) Less than S\$1,000

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

	<b>2Q 2015 ('000)</b>	<b>2Q 2014 ('000)</b>	<b>1H 2015 ('000)</b>	<b>10 Oct 2013 (Constitution Date) to 30 Jun 2014 <sup>(1)</sup> ('000)</b>
<b>Units in issue:</b>				
At the beginning of the financial period	872,430	866,000	870,197	- <sup>(2)</sup>
Issue of new Units relating to:				
- Initial public offering	-	-	-	433,000
- Consideration Units	-	-	-	433,000
- Manager's management fee paid in Units	1,583	1,105	3,816	1,105
At end of period	874,013	867,105	874,013	867,105
<b>Units to be issued:</b>				
Manager's management fee payable in Units	1,554	1,688	1,554	1,688
At the end of the period	875,567	868,793	875,567	868,793

Footnotes:

- (1) OUE C-REIT was constituted on 10 October 2013 and was dormant since its constitution to the Listing Date. The comparative information presented relates to the financial period from 27 January 2014 to 30 June 2014.
- (2) Less than S\$1,000

On 4 August 2015, OUE C-REIT issued 393,305,817 new Units pursuant to the Rights Issue, resulting in a total of 1,268,872,775 Units issued and to be issued as at 30 June 2015. The new Units rank parri passu with the existing Units in issue and to be issued as at 30 June 2015, including the right to any distributions which may accrue for the financial period from 1 January 2015 to 30 June 2015. Details of the Rights Issue are set out on page 2 of this announcement.

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

The figures have not been audited or reviewed.

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

Not applicable.

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

The accounting policies and methods of computation adopted in the preparation of the financial statements for the current report financial period are consistent with those described in the audited financial statements for the financial period ended 31 December 2014.

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

Not applicable.

- 6 Earnings per Unit and Distribution per Unit**

**Earnings per Unit (“EPU”)**

	<b>2Q 2015</b>		
	<b>2Q 2015 <sup>(1)</sup></b>	<b>2Q 2014</b>	
		<b>As restated <sup>(1)</sup></b>	<b>As previously reported</b>
Weighted average number of Units	966,502,380	958,886,599	867,142,882
Earnings per Unit			
- Basic and Diluted (Cents)	0.87	0.80	0.89

	<b>1H 2015</b>		
	<b>1H 2015 <sup>(1)</sup></b>	<b>10 Oct 2013 (Constitution Date ) to 30 June 2014</b>	
		<b>As restated <sup>(1)</sup></b>	<b>As previously reported</b>
Weighted average number of Units	965,632,240	958,372,796	866,678,238
Earnings per Unit			
- Basic and Diluted (Cents)	1.83	26.89	29.74

The Diluted EPU is the same as the Basic EPU as there is no dilutive instrument in issue at the reporting date. On 27 July 2015, Unitholders approved the proposed issue of CPPUs to partially fund the proposed acquisition of an indirect interest in One Raffles Place. The CPPUs will impact the Diluted EPU when they are issued.

**Distribution per Unit (“DPU”)**

	<b>2Q 2015</b>		
	<b>2Q 2015</b>	<b>2Q 2014</b>	
		<b>As restated <sup>(2),(3)</sup></b>	<b>As previously reported</b>
No of Units entitled to distribution	1,268,872,775 <sup>(4)</sup>	1,261,938,660	868,632,843 <sup>(5)</sup>
Distribution per Unit (Cents)	1.01	0.99	1.43

	<b>1H 2015</b>		
	<b>1H 2015</b>	<b>10 Oct 2013 (Constitution Date ) to 30 June 2014</b>	
		<b>As restated <sup>(2),(3)</sup></b>	<b>As previously reported</b>
No of Units entitled to distribution	1,268,872,775 <sup>(4)</sup>	1,261,938,660	868,632,843 <sup>(5)</sup>
Distribution per Unit (Cents)	2.00	1.67	2.43



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Footnotes:

- (1) The weighted average number of Units and EPU have been adjusted to reflect the bonus element in the new Units issued pursuant to the Rights Issue on 4 August 2015.
- (2) The number of Units entitled for distribution and DPU have been restated to include the 393,305,817 new Units issued pursuant to the Rights Issue on 4 August 2015.
- (3) The DPU for 2Q 2014 and from 10 October 2013 (Constitution Date) to 30 June 2014 based on the number of Units entitled to distribution, adjusted for the bonus element in the Rights Units, as of those dates are 1.30 cents and 2.20 cents, respectively.
- (4) Comprises the Units in issue and to be issued as at 30 June 2015 of 875,566,958 Units (note 1(d)(ii)) and 393,305,817 new Units issued pursuant to the Rights Issue on 4 August 2015.
- (5) Comprises the Units in issue as at 30 June 2014 of 867,105,242 Units (note 1(d)(ii)) and Units to be issued to the Manager as satisfaction of Manager's base fee payable for 2Q 2014 of 1,527,601.

**7 Net Asset Value per Unit**

	Group		Trust	
	30 Jun 2015	31 Dec 2014	30 Jun 2015	31 Dec 2014
No of Units in issue and to be issued at end of period	875,566,958	872,429,898	875,566,958	872,429,898
Net asset value (" <b>NAV</b> ") per Unit (S\$)	1.10	1.10	0.94	0.95

The NAV per Unit is computed based on the Units in issue and to be issued as at the end of the financial period (note 1(d)(ii)).

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**8 Review of the Performance**

	<b>2Q 2015 <sup>(1)</sup> (S\$'000)</b>	<b>2Q 2014 <sup>(2)</sup> (S\$'000)</b>	<b>Change (%)</b>	<b>1H 2015 <sup>(1)</sup> (S\$'000)</b>	<b>10 Oct 2013 (Constitution Date) to 30 Jun 2014 <sup>(2),(3)</sup> (S\$'000)</b>	<b>Change (%)</b>
<b><u>Statement of Total Return</u></b>						
Gross revenue	19,677	18,670	5.4	40,088	32,489	23.4
Property operating expenses	(4,984)	(4,378)	13.8	(9,688)	(7,880)	22.9
<b>Net property income</b>	<b>14,693</b>	<b>14,292</b>	<b>2.8</b>	<b>30,400</b>	<b>24,609</b>	<b>23.5</b>
Other income	2,651	2,392	10.8	4,449	3,649	21.9
Amortisation of intangible asset	(1,047)	(1,650)	(36.5)	(2,094)	(2,839)	(26.2)
Manager's management fees						
- Base fee	(1,260)	(1,221)	3.2	(2,522)	(2,098)	20.2
- Performance fee	-	(113)	N/M	-	(128)	N/M
Trustee's fee	(81)	(78)	3.8	(161)	(134)	20.1
Other expenses	(391)	(434)	(9.9)	(830)	(794)	4.5
Finance income	51	17	N/M	206	34	N/M
Finance costs	(4,636)	(4,220)	9.9	(9,318)	(7,102)	31.2
Foreign exchange differences	(263)	(304)	(13.5)	226	(559)	N/M
<b>Net income</b>	<b>9,717</b>	<b>8,681</b>	<b>11.9</b>	<b>20,356</b>	<b>14,638</b>	<b>39.1</b>
Net change in fair value of investment properties	-	-	-	-	283,077	N/M
<b>Total return for the period before tax</b>	<b>9,717</b>	<b>8,681</b>	<b>11.9</b>	<b>20,356</b>	<b>297,715</b>	<b>(93.2)</b>
Tax expense	(1,320)	(965)	36.8	(2,651)	(40,003)	(93.4)
<b>Total return for the period</b>	<b>8,397</b>	<b>7,716</b>	<b>8.8</b>	<b>17,705</b>	<b>257,712</b>	<b>(93.1)</b>
<b><u>Distribution Statement</u></b>						
Total return for the period	8,397	7,716	8.8	17,705	257,712	(93.1)
Distribution adjustments	4,397	4,757	(7.6)	7,706	(236,596)	N/M
Amount available for distribution	12,794	12,473	2.6	25,411	21,116	20.3

N/M: Not meaningful

Footnotes:

- (1) The current period results of OUE C-REIT's foreign subsidiaries are translated using the SGD:CNY rate of 1:4.614 for 2Q 2015 and 1: 4.598 for 1H 2015.
- (2) The prior period results of OUE C-REIT's foreign subsidiaries are translated using the SGD:CNY rate of 1:4.977 for 2Q 2014 and 1:4.890 for the financial period 27 January 2014 to 30 June 2014.
- (3) OUE C-REIT was constituted on 10 October 2013 and was dormant since its constitution to the Listing Date. The comparative information presented relates to the financial period from 27 January 2014 to 30 June 2014.

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**Review of OUE C-REIT Group's performance 2Q 2015 vs 2Q 2014**

Gross revenue of S\$19.7 million was 5.4% higher mainly due to higher rental income from Lippo Plaza and other property-related income from both properties. Property operating expenses of S\$5.0 million was higher by 13.8% mainly due to higher property tax as a result of higher gross revenue and higher maintenance expenses incurred by both properties. This was partly offset by lower utilities cost at OUE Bayfront. As a result, net property income of S\$14.7 million was 2.8% higher in 2Q 2015.

Other income of S\$2.7 million was 10.8% higher mainly due to higher drawdown of income support as a result of a non-renewal lease in OUE Bayfront in April 2015. To date, approximately 51.9% of this space has been back-filled with new tenants at rental rates which are higher than the non-renewal lease.

Amortisation of intangible asset of S\$1.0 million was 36.5% lower. An impairment on intangible asset of S\$14.3 million recognised in 4Q 2014 led to a lower intangible asset and hence lower amortisation.

Other expenses of S\$0.4 million was 9.9% lower mainly due to lower trust expenses incurred.

Finance costs of S\$4.6 million was 9.9% higher mainly due to higher proportion of fixed rate debt in 2Q 2015 and higher interest rates as compared to 2Q 2014.

Tax expense of S\$1.3 million was 36.8% higher mainly due to higher corporate tax provision as a result of better performance at Lippo Plaza and deferred tax provision.

Total return for the period of S\$8.4 million was 8.8% higher as a result of the above.

**Review of OUE C-REIT Group's performance 1H 2015 vs financial period from 27 January 2014 to 30 June 2014 ("Prior Period")**

Gross revenue of S\$40.1 million was 23.4% higher mainly because the comparative information relates to a shorter period from Listing Date of 27 January 2014 to 30 June 2014. Similarly, property operating expenses was approximately 22.9% higher for 1H 2015.

After adjusting for the shorter period, gross revenue was approximately 5.7% higher mainly due to higher rental income achieved in Lippo Plaza and other property-related income from both properties. Property operating expenses was higher by 5.3% mainly due higher property tax as a result of higher gross revenue and higher maintenance expenses incurred by both properties. This was partly offset by lower utilities cost at OUE Bayfront. As a result, net property income was 5.8% higher after adjusting for the shorter prior period.

Other income of S\$4.4 million was 21.9% higher as a result of a shorter prior period. After adjusting, the increase was approximately 4.4%.

Amortisation of intangible asset of S\$2.1 million was 26.2% lower, mainly due to the impairment of intangible asset mentioned in the description above.

Finance costs of S\$9.3 million was 31.2% higher. Other than the longer period in 1H 2015, the higher finance cost was also due to higher proportion of fixed rate debt in 1H 2015 and higher interest rates as compared to Prior Period. Adjusting for the shorter period, the increase is approximately 12.4%.

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Tax expense of S\$2.7 million was 93.4% lower than the S\$40.0 million mainly due to the deferred tax provision on fair value gain of Lippo Plaza in Prior Period.

Amount available for distribution was approximately 20.3% higher than Prior Period, and 3.1% higher after adjusting for the shorter prior period.

**9 Variance between Actual and Forecast Results**

<b>Statement of Total Return</b>	<b>2Q 2015</b>			<b>1H 2015</b>		
	<b>Actual <sup>(1)</sup> (S\$'000)</b>	<b>Forecast <sup>(2)</sup> (S\$'000)</b>	<b>Change (%)</b>	<b>Actual <sup>(1)</sup> (S\$'000)</b>	<b>Forecast <sup>(2)</sup> (S\$'000)</b>	<b>Change (%)</b>
Gross revenue	19,677	19,287	2.0	40,088	38,367	4.5
Property operating expenses	(4,984)	(5,047)	(1.2)	(9,688)	(10,117)	(4.2)
<b>Net property income</b>	<b>14,693</b>	<b>14,240</b>	<b>3.2</b>	<b>30,400</b>	<b>28,250</b>	<b>7.6</b>
Other income	2,651	2,085	27.1	4,449	4,513	(1.4)
Amortisation of intangible asset	(1,047)	(1,650)	(36.5)	(2,094)	(3,300)	(36.5)
Manager's management fees						
- Base fee	(1,260)	(1,252)	0.6	(2,522)	(2,510)	0.5
- Performance fee	-	(84)	N/M	-	(168)	N/M
Trustee's fee	(81)	(80)	1.3	(161)	(160)	0.6
Other expenses	(391)	(645)	(39.4)	(830)	(1,290)	(35.7)
Finance income	51	-	N/M	206	-	N/M
Finance costs	(4,636)	(4,441)	4.4	(9,318)	(8,883)	4.9
Foreign exchange differences	(263)	-	N/M	226	-	N/M
<b>Total return for the period before tax</b>	<b>9,717</b>	<b>8,173</b>	<b>18.9</b>	<b>20,356</b>	<b>16,452</b>	<b>23.7</b>
Tax expense	(1,320)	(888)	48.6	(2,651)	(1,821)	45.6
<b>Total return for the period</b>	<b>8,397</b>	<b>7,285</b>	<b>15.3</b>	<b>17,705</b>	<b>14,631</b>	<b>21.0</b>
<b><u>Distribution Statement</u></b>						
Total return for the period	8,397	7,285	15.3	17,705	14,631	21.0
Distribution adjustments	4,397	4,902	(10.3)	7,706	9,808	(21.4)
Amount available for distribution	12,794	12,187	5.0	25,411	24,439	4.0

N/M: Not meaningful

Footnotes:

- (1) The Actual results of OUE C-REIT's foreign subsidiaries are translated using the SGD:CNY rate of 1:4.614 for 2Q 2015 and 1: 4.598 for 1H 2015.
- (2) The Forecast was derived from the Projection for 2015 disclosed in the Prospectus. An exchange rate of SGD:CNY 1:4.783 was adopted in the Forecast.

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**Review of OUE C-REIT Group's performance Actual vs Forecast**

2Q 2015

Gross revenue of S\$19.7 million was 2.0% higher than Forecast of S\$19.3 million mainly due to higher rental income achieved in Lippo Plaza and higher other property related-income earned as compared to Forecast. Property operating expenses of S\$5.0 million was 1.2% lower than Forecast of S\$5.1 million mainly due to lower utilities incurred offset by higher property tax expense.

As a result, net property income was S\$14.7 million, 3.2% higher than Forecast of S\$14.2 million.

Other income of S\$2.7 million was 27.1% higher than Forecast mainly due to higher drawdown from income support as a result of a non-renewal lease in OUE Bayfront in April 2015. To date, approximately 51.9% of this space has been back-filled with new tenants at rental rates which are higher than the non-renewal lease.

Amortisation of intangible asset of S\$1.0 million was 36.5% lower than Forecast. An impairment on intangible asset of S\$14.3 million recognised in 4Q 2014 led to a lower intangible asset and hence lower amortisation.

Other expenses of S\$0.4 million was 39.4% lower than Forecast due to lower trust expenses incurred.

Finance costs of S\$4.6 million was 4.4% higher than Forecast as a larger proportion of floating rate loan was hedged into fixed rate as well as higher interest rates as compared to Forecast. This was offset by the lower loan quantum outstanding as compared to the amount estimated to be drawn in the Forecast.

Tax expense of S\$1.3 million was 48.6% higher than Forecast of S\$0.9 million mainly due to higher corporate tax and withholding tax provisions as a result of better performance of Lippo Plaza. This is partly offset by lower deferred tax provision.

As a result of the above, total return for the period before tax of S\$8.4 million and the amount available for distribution of S\$12.8 million were 15.3% and 5.0% higher than Forecast, respectively.

1H 2015

Gross revenue of S\$40.0 million was 4.5% higher than Forecast of S\$38.4 million mainly due to higher rental income achieved in Lippo Plaza coupled with higher other property related-income from both properties. Property operating expenses of S\$9.7 million was 4.2% lower than Forecast of S\$10.1 million mainly due to lower utilities and maintenance costs incurred at OUE Bayfront. This was offset by higher property tax expense.

As a result, net property income was S\$30.4 million, 7.6% higher than Forecast of S\$28.3 million.

Amortisation of intangible asset of S\$2.1 million was 36.5% lower than Forecast, mainly due to the impairment of intangible asset mentioned in description above.

Other expenses of S\$0.8 million was 35.7 % lower than Forecast due to lower trust expenses incurred.

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Finance costs of S\$9.3 million was 4.9% higher than Forecast as a larger proportion of floating rate loan was hedged into fixed rate as well as higher interest rates as compared to Forecast. This was offset by the lower loan quantum outstanding as compared to the amount estimated to be drawn in the Forecast.

Tax expense of S\$2.7 million was 45.6% higher than Forecast of S\$1.8 million mainly due to higher corporate tax and withholding tax provisions a result of better performance of Lippo Plaza. This is partly offset by lower deferred tax provision.

As a result of the above, the total return for the period before tax of S\$17.7 million and the amount available for distribution of S\$25.4 million were 21.0% and 4.0% higher than Forecast, respectively.

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

Singapore

According to the Ministry of Trade and Industry (“MTI”), GDP growth in Singapore in 2Q 2015 moderated to 1.8%<sup>1</sup> year-on-year (“YoY”), from the 2.8% growth in the previous quarter. On a quarter-on-quarter (“QoQ”) basis, the economy contracted by 4.0%, reversing the 4.1% expansion of the preceding quarter. The official GDP growth forecast for 2015 was narrowed to 2.0% to 2.5%, from 2.0% to 4.0% previously.

According to CBRE<sup>2</sup>, island-wide net office absorption in Singapore was a modest 296,000 sq ft in 2Q 2015, slowing down from the five-year average of 459,500 sq ft typically seen during the quarter. Leasing activity was driven primarily by tenants upgrading to better quality locations or rent advantage, while demand for office space continued to be underpinned by tenants from the information technology, e-commerce, insurance and energy sectors. The Core CBD office occupancy rate edged up slightly by 0.1 percentage points (“ppt”) to 96.2% QoQ in 2Q 2015, though CBD Grade A office rents eased marginally by 0.9% QoQ to S\$11.30 psf per month. With no large office developments scheduled for completion this year, vacancy levels are expected to remain stable over the next six months.

China

China’s GDP growth in 2Q 2015 was 7.0%<sup>3</sup> YoY, holding steady from last quarter, as key production indicators rebounded in June 2015 on the back of stimulus measures by the central government, which included cutting benchmark interest rates four times since November 2014 and reducing the required reserve ratio by more than 1.5 percentage points. The rate of growth is in line with the official growth target of 7.0% growth for 2015. To sustain its growth momentum, further policy easing and other stimulus measures such as further fiscal spending on infrastructure by the authorities can be expected.

Overall Shanghai CBD Grade A office vacancy improved from 7.4% as at 1Q 2015 to 6.2% as at 2Q 2015, as net absorption more than doubled from the previous quarter to 118,900 sq m in 2Q 2015 despite the completion of two new office projects in Puxi totalling 84,000 sq m within the same period. Consequently, overall CBD Grade A rents rose 2.4% QoQ to RMB9.7 psm per day, according to Colliers International<sup>4</sup>.

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In the Puxi office submarket, Grade A office vacancy improved from 9.1% in 1Q 2015 to 7.8% as at 2Q 2015, with rents rising 1.9% QoQ to about RMB9.1 psm per day. In view of further new supply coming on-stream in the second half of 2015, the overall Shanghai vacancy rate may increase in the coming quarters and hence the rental outlook is expected to be subdued.

Outlook for financial year ending 2015

OUE C-REIT's portfolio comprises two strategically located Grade A office properties which enjoy high occupancy levels, thereby providing a stable income stream. At the beginning of 2015, about 19.8% of OUE C-REIT's portfolio by gross rental income was due for renewal. These have been substantially completed and only 4.2% of portfolio gross rental income is due for renewal for the balance of 2015 as at 30 June 2015.

With the approval by Unitholders on 27 July 2015 for the proposed acquisition of an indirect interest One Raffles Place ("ORP"), OUE C-REIT's portfolio will be further enlarged with the completion of the acquisition expected in 4Q 2015. With about 10% to 15%<sup>5</sup> overall estimated office vacancy at the office towers of ORP, there could be potential upside to OUE C-REIT's rental income when some of this space is leased.

Barring any unforeseen event and unexpected weakening of the economic environment, the Manager expects OUE C-REIT to meet its forecast amount available for distribution for the financial year ending 2015.

<sup>1</sup> Ministry of Trade and Industry Press Release, 11 August 2015

<sup>2</sup> CBRE, Singapore MarketView Q2 2015

<sup>3</sup> National Bureau of Statistics of China Press Release, 15 July 2015

<sup>4</sup> Colliers International, Shanghai Research and Forecast Report 2Q15

<sup>5</sup> DTZ Debenham Tie Leung (SEA) Pte Ltd, Independent Market Research Report, 24 April 2015

## **11 Distribution**

### **(a) Current financial period**

Any distribution declared for the current financial period? Yes

Name of distribution: Distribution for the financial period from 1 January 2015 to 30 June 2015

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

Distribution rate: (i) Taxable income distribution: 1.48 cents per Unit  
(ii) Capital distribution: 0.52 cents per Unit

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

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

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

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

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

Capital distribution

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

Book closure date: 20 August 2015

Date payable: 15 September 2015

**(b) Corresponding period of the immediately preceding financial year**

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

Name of distribution: Distribution for the financial period from 27 January 2014 to 30 June 2014

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

Distribution rate: (i) Taxable income distribution: 1.92 cents per Unit  
(ii) Capital distribution: 0.51 cents per Unit

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

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

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



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

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

Capital distribution

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

Book closure date: 7 August 2014

Date payable: 2 September 2014

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

Not applicable.

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

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

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

We, on behalf of the directors of OUE Commercial REIT Management Pte. Ltd. (as Manager of OUE C-REIT), hereby confirm that, to the best of our knowledge, nothing has come to the attention of the board of directors of the Manager which may render the unaudited financial results of OUE C-REIT Group for the financial period from 1 January 2015 to 30 June 2015 to be false or misleading in any material respect.

On behalf of the Board of the Manager

Christopher Williams  
Chairman and Non-Executive Director

Tan Shu Lin  
Chief Executive Officer and Executive Director

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

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

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

By Order of the Board

Ng Ngai  
Company Secretary

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

12 August 2015