OUE COMMERCIAL REIT

stead·fast

adj.

fixed in intensity or direction; steadily directed; unwavering or determined in purpose

also refer to OUE C-REIT

Annual Report 2016

Contents

OUE C-REIT is the definition of steadfast, quality, stability and results.

Corporate Profile

OUE Commercial Real Estate Investment Trust ("OUE C-REIT") is a real estate investment trust ("REIT") listed on Singapore Exchange Securities Trading Limited ("SGX-ST"). Listed on 27 January 2014, its principal investment strategy is to invest in income-producing real estate used primarily for commercial purposes in financial and business hubs in key gateway cities.

OUE C-REIT's portfolio comprises three strategically located landmark commercial properties in Singapore and China with a combined asset value of S$3.4 billion as at 31 December 2016.

The portfolio comprises:

- OUE Bayfront, a premium Grade A commercial building located at Collyer Quay between the Marina Bay downtown and Raffles Place financial hub in Singapore's central business district ("CBD");
- One Raffles Place, an integrated commercial development comprising two Grade A office towers and a retail mall located in the heart of the Singapore's CBD at Raffles Place and;
- Lippo Plaza, a Grade A commercial building located in the business district of Huangpu, one of Shanghai's established core CBD locations.

OUE C-REIT is managed by OUE Commercial REIT Management Pte. Ltd. (the "Manager"), a wholly-owned subsidiary of OUE Limited (the "Sponsor"). OUE Limited is a diversified real estate owner, developer and operator with a real estate portfolio located in prime locations in Asia and the USA.

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

qual·i·ty

noun

degree or standard of excellence; a high standard; distinguishing characteristic; property or attribute

From OUE Bayfront and One Raffles Place in Singapore to Lippo Plaza in China, the strategic locations and premium positioning of OUE C-REIT's portfolio of quality commercial properties, together with the Manager's steadfast commitment to driving portfolio performance, continue to drive OUE C-REIT's growth. Capitalising on our successful asset management capabilities, OUE C-REIT seeks to bolster value through maximising operational efficiency and asset enhancement initiatives as we ascend towards greater heights.

Total Assets-Under-Management
As at 31 December 2016

S$3,408.5m

Net Asset Value Per Unit
As at 31 December 2016

S$0.93

sta·bil·i·ty

noun

the condition of being reliable or unlikely to change suddenly or greatly; the strength to stand or endure

OUE C-REIT's high-quality portfolio has demonstrated resilience despite challenging operating conditions, delivering steady occupancy rates which maintain stability in income. In implementing a prudent and pro-active approach towards capital and risk management, we have established a firm foundation upon which to deliver regular and stable distributions to Unitholders. In ensuring a sound financial position, OUE C-REIT possesses the financial flexibility to capture strategic opportunities for further growth.

Portfolio Committed Occupancy
As at 31 December 2016

94.8%

Aggregate Leverage
As at 31 December 2016

39.8%

re·sults

noun

a desirable or beneficial consequence; outcome or effect; success that is achieved by your actions or efforts

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Underpinned by strong foresight and strategic leadership, OUE C-REIT continued to deliver a robust set of results against the backdrop of an uncertain economic environment. Bearing testament to the Manager's pro-active management approach, OUE C-REIT's portfolio achieved a steady performance as it grew amount available for distribution and recorded an increase in distribution per Unit, delivering enhanced returns to Unitholders. As the Manager forges ahead, the focus remains firmly on augmenting OUE C-REIT's position in the commercial property landscape.

Amount Available for Distribution
FY2016
S$67.4m

Distribution Per Unit
FY2016
5.18 cents

Key Highlights

Amount Available for Distribution
FY2016
S$67.4m

Distribution per Unit (“DPU”)
FY2016
5.18 cents

Total Assets-Under-Management
As at 31 December 2016
S$3,408.5m

Portfolio Committed Occupancy
As at 31 December 2016
94.8%

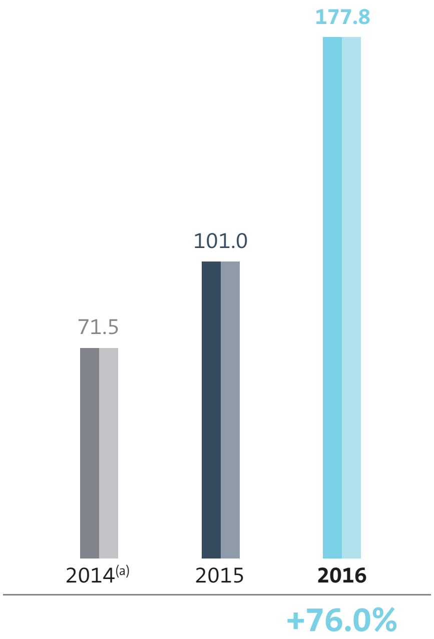
Aggregate Leverage
As at 31 December 2016
39.8%

Net Asset Value (“NAV”) Per Unit
As at 31 December 2016
S$0.93

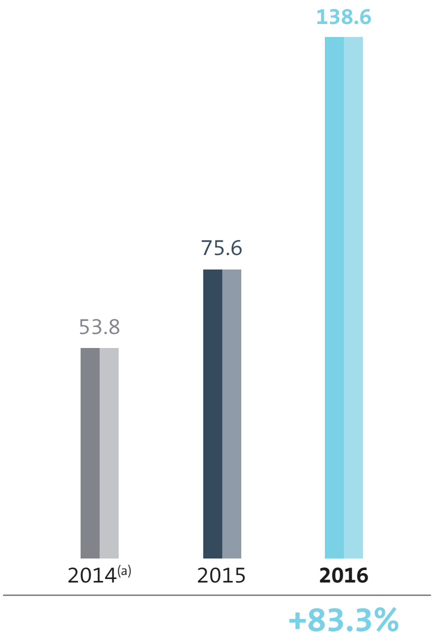
Weighted Average Cost of Debt
As at 31 December 2016
3.6%

Percentage Fixed Rate Debt
As at 31 December 2016
79.3%

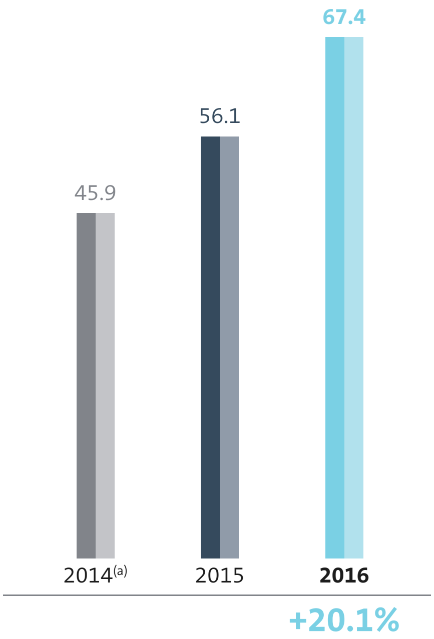
Revenue (S$m)



Net Property Income (S$m)



Amount Available for Distribution (S$m)



Financial Highlights	2016	2015	Change
Revenue (S$'000)	177,809	101,038	76.0%
Net Property Income (S$'000)	138,631	75,639	83.3%
Amount Available for Distribution (S$'000)	67,417	56,118	20.1%
Distribution per Unit (cents)	5.18	4.38	18.3%

Selected Balance Sheet Highlights	As at 31 December 2016
Total Assets (S$'000)	3,459,428
Total Borrowings (S$'000)	1,260,759[b]
Unitholders' Funds (S$'000)	1,206,751
Market Capitalisation (S$'000)	901,993
Number of Units in Issue and to be Issued ('000)	1,302,598

Key Financial Ratios	As at 31 December 2016
NAV per Unit (S$)	0.93
Aggregate Leverage (%)	39.8
Weighted Average Cost of Debt (% per annum)	3.6
Weighted Average Term to Maturity of Debt (years)	1.5[c]
Interest Cover Ratio (times)	3.1

Notes:

[a] Period commencing from OUE C-REIT's listing date of 27 January 2014 to 31 December 2014

[b] Includes OUE C-REIT's share of OUB Centre Limited's loan. OUE C-REIT's interest in One Raffles Place is held via its indirect interest in OUB Centre Limited

[c] In January 2017, the Manager refinanced OUE C-REIT's borrowings due in 2017 and 2019 with a new facility expiring in 2022. Consequently, the weighted term to maturity of debt is expected to increase to approximately 3.5 years

Properties at a Glance

OUE BAYFRONT

Located at Collyer Quay in Singapore's CBD, OUE Bayfront occupies a vantage position between the Marina Bay downtown and established financial hub of Raffles Place

Contribution to Total Property Value[a] as at 31 December 2016

46.5% One Raffles Place
36.7% OUE Bayfront
16.8% Lippo Plaza

FY2016 Revenue Contribution[a] by Property

48.9% One Raffles Place
33.6% OUE Bayfront
17.5% Lippo Plaza

FY2016 Segment Revenue[a]

83.5% Office
16.5% Retail

Note:
[a] Based on OUE C-REIT's proportionate interest in One Raffles Place

OUE Bayfront comprises:

- 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
- OUE Link, an overhead pedestrian link bridge with retail units

Revenue
FY2016
S$59.7m

Property Valuation
As at 31 December 2016
S$1,146.0m

Committed Occupancy
As at 31 December 2016
97.8%

Net Lettable Area
As at 31 December 2016
37,172.7 sqm

ONE RAFFLES PLACE

One of the tallest buildings in the Singapore CBD, One Raffles Place is an iconic commercial development strategically located in the heart of main financial district Raffles Place

One Raffles Place is an integrated commercial development comprising:

- One Raffles Place Tower 1:
  a 62-storey Grade A office building with a rooftop restaurant and observation deck offering scenic views of the city skyline
- One Raffles Place Tower 2:
  a 38-storey Grade A office building
- One Raffles Place Shopping Mall:
  a six-storey retail mall with a direct underground link to the Raffles Place Mass Rapid Transit ("MRT") Station. It is currently the largest purpose-built shopping mall in Raffles Place

Revenue
FY2016
S$87.0m

Property Valuation
As at 31 December 2016
S$1,738.3m

Committed Occupancy
As at 31 December 2016
93.0%

Net Lettable Area
As at 31 December 2016
65,590.0 sqm

LIPPO PLAZA

Lippo Plaza is located on Huaihai Zhong Road, within the Huangpu business district in the Puxi area of downtown Shanghai, China

The Huangpu district is one of the oldest business districts in Shanghai, attracting multinational corporations, international financial institutions and local Chinese enterprises. The stretch of Huaihai Zhong Road contains many commercial, mixed-use developments, including high-quality offices, high-end retail, residential properties and hotels.

Lippo Plaza is a 36-storey Grade A commercial building, with a three-storey retail podium and basement retail units with carpark. OUE C-REIT has 91.2% strata ownership of Lippo Plaza

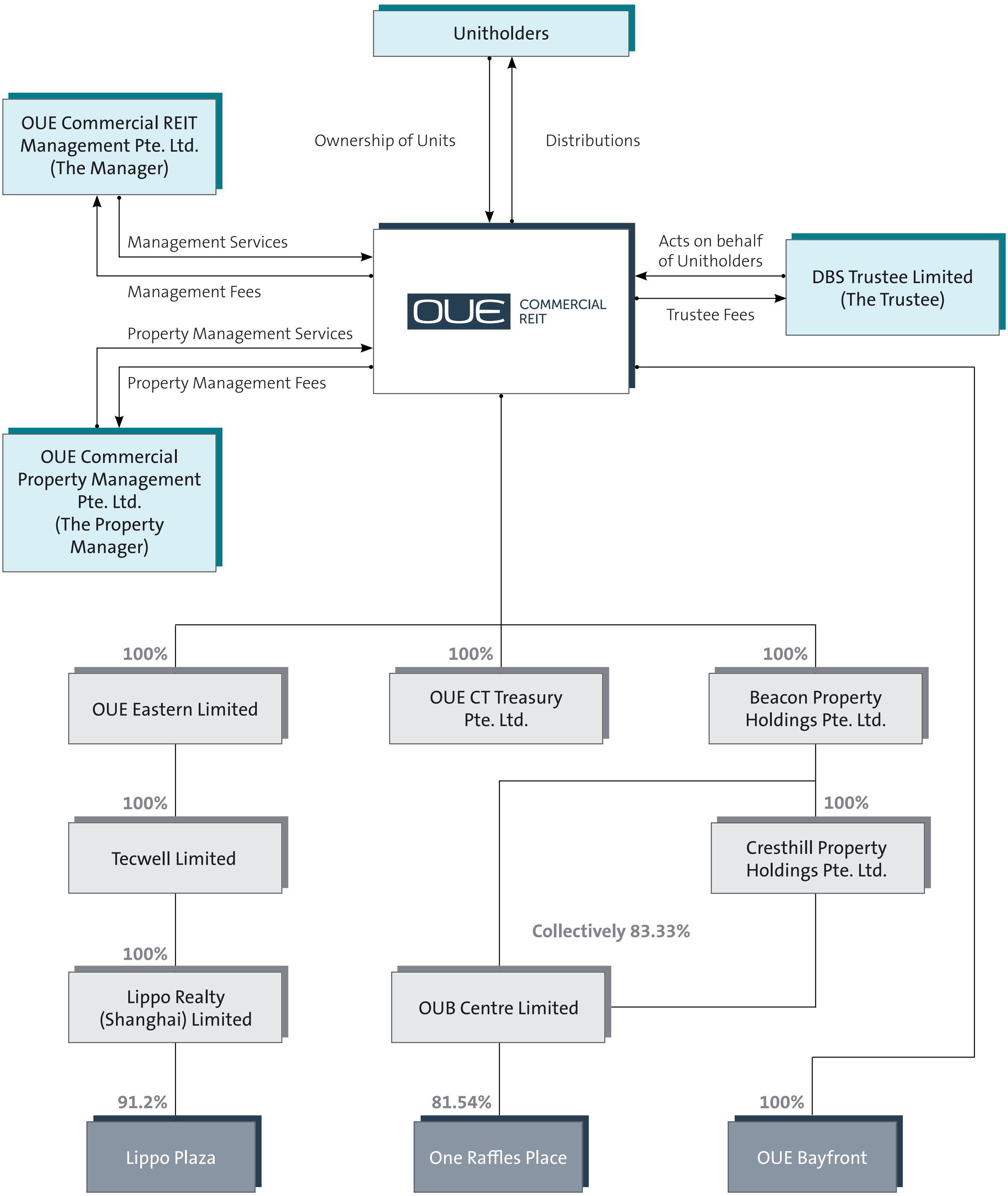
Revenue
FY2016
S$31.1m

Property Valuation
As at 31 December 2016
S$524.2m

Committed Occupancy
As at 31 December 2016
95.0%

Net Lettable Area
As at 31 December 2016
39,224.5 sqm

Structure of OUE Commercial REIT




Zegna

Strategy

Objective

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

Key Strategies

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

1 MAXIMISING OPERATIONAL PERFORMANCE

The 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. It also ensures that OUE C-REIT's properties are occupied by high quality and reputable tenants across diverse business sectors.

Working in partnership with the Property Manager, the Manager focuses on tenant engagement in order to better understand occupiers' requirements and to achieve early renewal commitments, facilitate expansion requirements of existing tenants and effectively market any vacant units.

To achieve stable and sustainable rental growth, the Manager aims to balance lease expiry and rent review profiles in consideration of the cyclicality of the office sector. This may involve extending longer lease tenures and incorporating contractual periodic rental step-up provisions in selected tenancy agreements. As part of revenue management, the Manager also actively monitors any rental arrears and other aspects of tenant performance to mitigate instances of default.

The Manager's asset management strategy also entails working with its service providers to reduce operating costs without comprising the quality of services and building safety. This encompasses a constant review of workflow process to boost productivity, optimise operational costs and to improve cost control measures.

Where feasible and profitable, the Manager will identify and evaluate opportunities for property improvements to enhance the value of the portfolio. This includes upgrading or refurbishment of existing facilities and reconfiguration of existing spaces, to achieve better operational efficiency and higher rental potential.

2 GROWTH THROUGH QUALITY ACQUISITIONS

The Manager seeks investment opportunities that will enhance the diversification of OUE C-REIT's portfolio by location and tenant profile, and optimise risk-adjusted returns to Unitholders. Its investment criteria includes:

Yield requirement

The Manager will seek to acquire properties that provide attractive cash flows and yields relative to OUE C-REIT's weighted average cost of capital, after taking into account political, regulatory, commercial and other relevant factors so as to optimise risk-adjusted returns to Unitholders.

Location

The Manager will assess investment opportunities based on location-specific aspects of the target property to determine the potential for future income and capital growth. This includes ease of access, connectivity to major transportation networks and surrounding amenities.

Strong real estate fundamentals and growth potential

The Manager will seek to acquire good quality properties with potential for increasing occupancy and rental rates.

Besides third party acquisitions, OUE C-REIT has a Right of First Refusal ("ROFR") over its Sponsor's income-producing commercial properties. The size and quality of the ROFR properties provides a strong and visible pipeline that enhances OUE C-REIT's growth profile significantly.

3 PRO-ACTIVE CAPITAL AND RISK MANAGEMENT

The Manager adopts a prudent capital management strategy and strives to maintain a strong and robust balance sheet. By employing an appropriate combination of debt and equity, the Manager seeks to optimise OUE C-REIT's capital structure to deliver regular and stable distributions to Unitholders while maintaining financial flexibility in respect of asset enhancement activities or investment opportunities.

The objectives of the Manager in relation to capital and risk management are to:

- Optimise the cost of debt financing and manage potential refinancing or repayment risks;
- Adopt appropriate interest rate hedging and currency risk management strategies to mitigate exposure to market volatility; and
- Ensure diversified funding sources from financial institutions and capital markets to support OUE C-REIT's funding requirements

The Manager adopts a pro-active interest rate management policy to ensure that OUE C-REIT's on-going cost of debt capital remains competitive. It regularly evaluates the feasibility of utilising the appropriate level of interest rate and foreign exchange hedges, taking into account the prevailing market conditions, to optimise risk-adjusted returns to Unitholders.

In order to manage the currency risk involved in investing in assets beyond Singapore, the Manager will, to the extent possible, explore the use of foreign currency denominated borrowings to match the currency of the asset investment as a natural currency hedge.

Letter to Unitholders

Mr Christopher James Williams
Chairman and Non-Independent
Non-Executive Director

Ms Tan Shu Lin
Chief Executive Officer and
Executive Director

"For FY2016, OUE C-REIT delivered an amount available for distribution of S$67.4 million, an increase of 20.1% YoY. This was achieved on the back of a full year's contribution from One Raffles Place, as well as improved performance at OUE Bayfront and Lippo Plaza."

Dear Unitholders,
2016 was a challenging year for the markets which OUE C-REIT operates in. Both Singapore and China recorded subpar economic growth, while their respective office markets saw lacklustre demand amid increased supply that weighed on rents.

Singapore's Gross Domestic Product ("GDP") grew 2.0% in 2016, marginally higher than 1.9% in the previous year. Average Grade A office rents in Raffles Place corrected 10.9% year-on-year ("YoY") to S$8.77 per square foot ("psf") per month as at end-2016. CBD occupancy edged down 1.7 percentage points ("ppt") YoY to 93.3%, with vacancy expected to continue to increase in the coming quarters as occupiers vacate their existing premises upon relocation to the new office projects coming on-stream.

In China, 2016 GDP growth was 6.7%, within the authorities' forecast range of 6.5% to 7.0%, but at the slowest pace since 1990. Shanghai's overall CBD Grade A office occupancy declined 4.8 ppt YoY to 91.4% as at end-2016. With rents trending down towards the end of 2016 due to competition from upcoming new supply, overall Shanghai CBD Grade A rents grew a modest 0.8% YoY.

Despite these headwinds, we are pleased to present a strong set of results. For FY2016, OUE C-REIT delivered an amount available for distribution of S$67.4 million, an increase of 20.1% YoY. This was achieved on the back of a full year's contribution from One Raffles Place, as well as improved performance at OUE Bayfront and Lippo Plaza.

Delivering Results and Stability

OUE C-REIT acquired One Raffles Place in October 2015, more than doubling its portfolio value from S$1.6 billion to S$3.4 billion. The acquisition of One Raffles Place has not only strengthened OUE C-REIT's revenue base, but has also improved its asset and tenant diversification, reducing the income concentration risk from any single property as well as any single tenant.

For FY2016, portfolio net property income of S$138.6 million was 83.3% higher than in FY2015, mainly due to a full year's contribution from One Raffles Place. The steller growth in net property income was also underpinned by improved performance across the portfolio. Excluding the contribution from One Raffles Place, net property income growth from OUE C-REIT's initial portfolio, comprising OUE Bayfront and Lippo Plaza, was a healthy 10.4%.

As FY2016 finance costs were higher than in FY2015 due to the full year impact of the borrowing costs on loans drawn to finance the acquisition of One Raffles Place, the resultant amount available for distribution was S$67.4 million, an improvement of 20.1% over the previous financial year. FY2016 distribution per unit ("DPU") was 5.18 cents, 18.3% higher YoY.

As at 31 December 2016, OUE C-REIT's properties were valued at S$3,408.5 million, a marginal increase of 0.2% compared to the valuation of S$3,403.2 million as at 31 December 2015. This translated to a net asset value ("NAV") per Unit of S$0.93.

Maximising Performance

In 2016, OUE C-REIT's portfolio of strategically located Grade A office properties recorded steady occupancy levels which provided stability in income. Portfolio committed occupancy was stable at 94.8% as at 31 December 2016 despite a challenging operating environment, highlighting the resilience of the portfolio, and attesting to the success of the Manager's pro-active asset management efforts.

Letter to Unitholders

While rental rates achieved in 2016 for renewed leases were in line with or above market rates, some leases were committed at rates which were lower than their respective expiring leases. Nevertheless, as at 31 December 2016, average passing office rents across OUE C-REIT's properties continued to increase YoY.

At OUE Bayfront, committed rents for new and renewed leases achieved in FY2016 ranged from S$10.40 per square foot ("psf") per month to S$14.20 psf per month, which was above Singapore's Grade A office market rents recorded in the same period. Average passing office rent for the property was S$11.85 psf per month as at December 2016, compared to S$11.75 psf per month a year ago.

We are particularly pleased with the performance of One Raffles Place, where in the one year since acquisition, committed office occupancy increased 2.1 ppt YoY to 92.2% as at 31 December 2016 despite the strong competition for tenants in the Singapore office market. This was accomplished while holding average passing rents steady at S$10.28 psf per month as at December 2016, compared to S$10.26 psf per month a year ago, demonstrating the Manager's ability to maximise operational performance.

As at 31 December 2016, Lippo Plaza's committed office occupancy was 94.5%, significantly above the overall Shanghai CBD Grade A occupancy of 91.4%. Office rental reversion achieved in FY2016 was a robust 9.3% with the range of committed rents for new and renewed office leases from RMB6.86 per square metre ("psm") per day to RMB11.33 psm per day (S$4.04[1] psf per month to S$6.67 psf per month). Consequently, average passing office rent rose 4.7% YoY to RMB9.89 psm per day for December 2016.

The Manager has introduced more services-oriented trades as well as new-to-market concepts to Lippo Plaza's retail podium, repositioning the retail and brand mix to remain competitive as the retail landscape in Shanghai continues to evolve. As an endorsement of Lippo Plaza's standing as a prime location for retail concepts in China and in recognition of our active lease management efforts, Victoria's Secret's first flagship store in China will be opening at Lippo Plaza in March 2017.

Enhancing Quality Assets
Upgrading works at Lippo Plaza to refurbish the common areas and restrooms of the 39-storey office tower, undertaken in phases to minimise disruption to the business operations of our tenants, were completed in 2016. The high office occupancy of 94.5% as at 31 December 2016, which was above market levels, is a recognition of the enhancement in the property's value proposition.

The asset enhancement programme to upgrade the mechanical and engineering specifications at One Raffles Place Tower 1 commenced in 2016 with the phased replacement of the chillers. This is expected to improve operating efficiency and lower utility consumption, resulting in cost savings. Other works planned include upgrading of the common areas for a more contemporary finish, as well as lift modernisation, which will improve the efficiency of vertical transportation. Completion of the project works will be phased as the office tower will continue to be operational.

Prudent and Pro-active Capital Management
As at 31 December 2016, OUE C-REIT's aggregate leverage was 39.8% with a weighted average cost of debt of 3.6% per annum. To mitigate exposure to interest rate fluctuations, 79.3% of OUE C-REIT's interest rate exposure has been hedged into fixed rates, with a weighted average fixed debt maturity of 2.5 years.

In the execution of our prudent capital management strategy, the Manager takes a pro-active approach towards securing funds to refinance borrowings well ahead of maturity. In July 2016, we completed the refinancing of an RMB onshore loan with a new eight-year term loan expiring in 2024, although the loan was only due for repayment in 2017. The new loan was secured at a lower interest rate than previously committed. Further, in December 2016, we obtained a five-year facility of S$680 million maturing in 2022 to refinance the Singapore dollar loans due in 2017 as well as 2019. After the completion of the refinancing, the average term of debt is expected to improve from 1.5 years as at 31 December 2016 to approximately 3.5 years. With these steps taken, OUE C-REIT has no refinancing requirements until 2018.

1 Translated at an SGD:CNY exchange rate of 1:4.803

In 2016, the Manager has elected to receive 20% of its base management fees to be paid in cash, with the balance in Units. As DPU growth was positive in FY2016, the Manager is entitled to a performance fee which is based on 25% of the difference in DPU achieved in FY2016 against the DPU delivered in FY2015. 50% of this performance fee was also paid in cash, with the balance in Units. This is in line with the objective of delivering sustainable and stable DPU to Unitholders.

Looking Ahead

The Ministry of Trade and Industry in Singapore expects GDP growth of between 1.0% and 3.0% in 2017 against the backdrop of a subdued global economy. With the expectation of new demand for office space remaining tepid, coupled with a bumper supply of office in 2017, CBD Grade A rents are expected to continue to decline, albeit at a slower pace as CBD occupancy bottoms out.

While the decline in Singapore office rents has slowed, current market rents are still lower than that achieved in 2014, when most of OUE C-REIT's leases expiring in 2017 were committed. Hence, negative rental reversions for expiring leases in the Singapore portfolio are likely this year. This is however mitigated by the downside protection for rental revenue at OUE Bayfront from the income support which will expire only in January 2019.

Further, in view of the Singapore office supply dynamics, the Manager has pro-actively termed out the office lease expiry at OUE Bayfront such that only 12.7% of OUE Bayfront's gross rental income is due in 2017, with more than 70% of gross rental income due for renewal only in 2019 and beyond. At One Raffles Place, we will continue to focus on driving occupancy and improving operational efficiency to maximise property income.

As China progresses with ongoing reforms to restructure the economy, its GDP growth is expected to continue to moderate. While office demand may remain resilient in Shanghai with the continued growth of the tertiary industry, a record amount of new office supply is scheduled for completion in both the CBD and decentralised markets in 2017. This is expected to result in greater leasing competition, which may curtail overall CBD Grade A rental growth in the short to medium term.

Given the prime location of Lippo Plaza however, we expect a stable performance. Further, the long-term lease committed by Victoria's Secret for its first flagship store in China opening in March 2017 will contribute to Lippo Plaza's performance in 2017, further underpinning stability of the property's income.

We will continue our pro-active efforts to attract and retain tenants to ensure stability of occupancy rates. Focus will also be on active cost management measures so as to mitigate any impact on rental income as a result of negative rental reversions.

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

In the medium to longer term, the Manager will continue to seek growth through yield-accretive acquisitions from third parties as well as from our Sponsor. As OUE C-REIT embarks on its fourth year, we will continue to remain steadfast in delivering stable distributions and sustainable long-term growth to Unitholders.

Accolades and Appreciation

In 2016, we were a proud recipient of the Building and Construction Authority's Green Mark Gold Award for One Raffles Place Tower 1, which now joins OUE Bayfront and One Raffles Place Tower 2 as green-rated buildings within OUE C-REIT's portfolio. This accolade affirms OUE C-REIT's commitment to environmental sustainability.

We would like to express sincere thanks to our valued tenants, business partners and Unitholders for their continued trust and support. We would also like to extend our appreciation to the directors of the Board and employees of the Manager for their contributions and commitment towards achieving another year of strong performance and good results.

Christopher James Williams
Chairman and Non-Independent
Non-Executive Director

Tan Shu Lin
Chief Executive Officer and Executive Director

致单位信托持有人之信函

尊敬的单位信托持有人，

2016年对于华联企业商业房地产投资信托（“本信托”）运营的市场来说是一个极具挑战性的一年。新加坡和中国的经济增长速度欠佳，而个别的办公楼市场需求受较大供应量的影响，租金出现疲弱趋势。

新加坡的国内生产总值于2016年增长2.0%，比2015年的1.9%略高。中央商业区的莱佛士坊子市场甲级办公楼的每平方尺平均月租截至2016年末已年比下降10.9%至8.77新元。中央商业区出租率同比下降1.7百分点至93.3%，而空置率预计将在下来几个季度内继续上升，主要因租户从现有场所搬迁至连续完竣的新办公楼项目。

中国在2016年的国内生产总值增长率则是6.7%，处于官方预测的6.5%至7.0%范围内，但也是自1990年以来最低的记录。截至2016年末，上海中央商业区甲级办公楼的出租率年比下滑4.8百分点至91.4%。随着2016年末租金因市场陆续出现的新供应量所呈献的竞争而下滑，上海的中央商业区甲级办公楼租金与同时期年比整体增长了0.8%。

虽然面临着这些不利因素，我们仍然很高兴地为各位汇报本信托于2016财政年度的佳绩。在此年期间，本信托可派息金额为6,740万新元，比去年增长了20.1%。这项成就仰赖第一莱佛士坊的全年收入贡献，以及华联海湾大厦和力宝广场优越的表现。

呈献稳定的业绩

本信托于2015年10月收购第一莱佛士坊，从而将我们的投资组合价值从16亿新元提升至34亿新元。这项收购项目不仅巩固了本信托的收入基础，而且还优化了资产和租户种类，以减少收入流过度依赖单一物业或租户的现象。

2016财政年度的投资组合物业净收入为1.39亿万新元，比2015财政年度高出83.3%。主要因第一莱佛士坊的全年收入贡献，而且投资组合中物业的整体表现也有所提高。由华联海湾大厦和力宝广场所组成的本信托上市投资组合（不包括第一莱佛士坊）的物业净收入增长为10.4%。

2016财政年度的融资费用因收购第一莱佛士坊所引致的借贷融资费用比2015财政年度高。最终可派息金额为6,740万新元，超出前财政年度20.1%。2016财政年度每单位派息额则为5.18分，年比高出18.3%。

截至2016年12月31日，本信托的物业估值为34.1亿新元，与截至2015年12月31日的34.0亿新元估值相比，微升了0.2%。这导致此期间的每单位资产净值为0.93新元。

优化表现

本信托投资组合地点优越的甲级办公楼在2016年都呈现稳健的出租率，贡献稳定的收入。尽管营运环境极具挑战，投资组合的出租率截至2016年12月31日取得94.8%的佳绩，再次展示了投资组合的坚韧性，也肯定了管理人的积极资产管理策略。

2016年的办公室续租价格处于市场水平内或以上，但有些租赁以较低的租金进行续约。总体而言，截至2016年12月31日，本信托所有物业的同比平均办公室月租仍继续上升。

华联海湾大厦方面，于2016财政年度所锁定的全新和续租每平方尺平均月租介于10.40新元和14.20新元之间，超越了整体新加坡甲级办公室的同期租金。截至2016年12月，该物业的每平方尺平均办公室月租从去年的11.75新元微上调至11.85新元。

第一莱佛士坊于审阅年期间的表现特别杰出。在收购后的短短一年里，尽管新加坡办公楼市场竞争激烈，该物业的办公室出租率截至2016年12月31日对比上年度仍增长了2.1百分点至92.2%。此外，对比一年前10.26新元的每平方尺平均月租，截至2016年12月的每平方尺平均月租没有显示下降而持续保持稳定于10.28新元。这充分地表现了管理人扎实的营运实力。

截至2016年12月31日，力宝广场的办公室出租率为94.5%，超越了上海中央商业区甲级办公楼出租率的91.4%。全新和续租每平方米日均租金介于6.86人民币至11.33人民币之间（即每平方尺平均月租介于4.04新元[1]和6.67新元之间），引致2016财政年度的办公楼续约租金上升9.3%。有鉴于此，截至2016年12月的办公室日均租金年比增长4.7%至每平方米9.89人民币。

管理人也将更多以服务业为主的租户和引领市场的概念租户带进力宝广场的零售平台，以在持续变化的上海零售业中，重新定位其零售贸易和品牌租赁综合，保持竞争优势。Victoria’s Secret于中国开设的首家旗舰店将于2017年3月在力宝广场掀开序幕。该国际知名品牌的加盟，对本大厦于中国零售概念的优质首选定位，无疑是种肯定，而且也反映了管理人积极的租赁管理手法的正面效应。

提升优质资产

39层楼高的力宝广场办公室的公共区域和卫生设施翻新工程分阶段进行，于2016年完成。截至2016年12月31日，力宝广场办公室出租率于94.5%，超越办公楼出租市场水平，确切肯定了该物业翻新后的价值定位。

[1] 以1新元对4.803人民币的兑换率计算

为了改进第一莱佛士坊一号楼的机电素质而推行的资产提升计划，已于2016年开始进行。其中的指定工程项目包括分阶段更换冷水机组，以提高其营运效率和减低水电费，而因此节省开支。此外，其他的工程项目还包括提高公共区域的形象，让外观更为现代简约，以及翻新大楼电梯，以提升效率。各项目工程将逐步实施，让办公楼在期间持续营业。

积极谨慎的资本管理

截至2016年12月31日，本信托的总杠杆比率为39.8%，而平均年利率则为3.6%。为了减少利率波动风险，本信托79.3%的债务已被锁定为固定利率，而锁定了平均固定债务期限为2.5年。

为了实施谨慎的资本管理策略，管理人早在贷款期满前就积极寻获资金，以再融资借款。我们在2016年7月完成了中国国内人民币贷款的再融资项目，以全新的八年期贷款将原本于2017年期满的贷款延迟于2024年。新贷款的利率也低于之前。此外，在2016年12月，我们获得一笔6亿8,000万新元的五年贷款，以为即将于2017年和2019年到期的新元贷款进行再融资，把贷款延迟于2022年。再融资项目完成后，平均贷款期限预计将从截至2016年12月31日的1.5年延伸至约3.5年。随着这一系列的再融资措施的实施，本信托将在2018年之前无任何再融资需求。

管理人于2016年选择以现金收取其20%的基本管理费，而余额则以单位形式领取报酬。由于2016财政年度的每单位派息额正面增长，因此管理人有权获得2016财政年度与2015财政年度每单位派息额之间的差异之25%的表现费。我们以现金支付50%的表现费，余额以单位偿付。管理人以现金支付部分的管理和表现费的目标是为单位持有人提供即可持续又稳定的每单位派息。

展望未来

在全球经济环境明显走弱的情况下，新加坡贸工部预计2017年国内经济增长介于1.0%至3.0%。有鉴于此，新办公楼的需求预计将保持平缓，连带2017年新办公楼的供应数量预期显著上涨，使中央商业区甲级办公楼的租金预料将呈献持续下滑的趋势。然而，随着中央商业区出租率有触低的迹象，该租金的下跌率也有所放缓。

虽然新加坡办公楼的租金下降率减缓，目前的市场租金仍低于2014年，即为大多数本信托即将于2017年到期的租赁所签订的时期。因此，本信托的新加坡投资组合中的到期租赁很可能会出现负面的租金调整局面。不过，华联海湾大厦于2019年1月才到期的收入补贴机制有助抵消负面冲击。

除此之外，有鉴于新加坡办公楼供应的变化，管理人积极转移华联海湾大厦办公楼到期的租赁，以致取得该大厦仅12.7%的总租金收入于2017年到期的成效。此外，超过70%的总租金收入则只在2019年以后才需续租。与此同时，我们将继续专注于提升第一莱佛士坊的出租率，并提高营运效率，以优化物业收入。

由于中国经济的发展延续重组经济的改革效应，国内的生产总值预测将继续放慢。即使第三产业的持续增长支撑着上海办公楼的需求，中央商业区和市郊市场也即将于2017年呈现新完竣的庞大办公楼供应数量。这预料将导致更激烈的租赁竞争，以致削弱中央商业区甲级办公楼整体在短至中期间的租赁增长发展。

鉴于力宝广场的优越地理位置，我们预计物业收入表现稳健。此外，Victoria's Secret于2017年3月在中国开设的首家旗舰店所签订的长期租赁，将有助提升力宝广场的2017年表现，从而进一步巩固稳定的物业收入。

管理人将继续积极引进和保留租户，以确保出租率持续稳定。同时，我们也会继续积极专注实施管理成本措施，以缓和负面的租金调整所带来的租金收入冲击。

尽管新加坡和上海的办公楼市场目前面临挑战，它们仍是关键的金融和商业中心。因此，我们坚信它们将能继续吸引有意在个别区域发展的公司投资。

管理人将在中至长期间继续通过第三方以及保荐人的物业收购，寻求增长新动力。本信托在步入成立四周年之际，将继续坚守信念，致力于为单位持有人提供稳定的派息和可持续的长期增长。

荣誉与谢词

本信托的第一莱佛士坊一号楼于2016年荣获新加坡建设局所颁发的绿色标志金奖，连同华联海湾大厦和第一莱佛士坊二号楼晋升为本信托投资组合中的绿色等级建筑。这项殊荣进一步奠定了本信托对于可持续环保理念的坚定承诺。

我们谨此感谢所有的尊贵租户、业务伙伴和单位持有人所给予的信任和支持。我们也要真诚地感谢董事会和管理人所付出的贡献和努力，让本信托再次取得骄人的表现和佳绩。

Christopher James Williams
主席兼非独立非执行董事

陈淑铃
总裁兼执行董事

Board of Directors

Standing, from left:

Mr Loh Lian Huat
Independent Director

Mr Jonathan Miles Foxall
Non-Independent
Non-Executive Director

Mr Ng Lak Chuan
Lead Independent Director

Mr Carl Gabriel Florian Stubbe
Independent Director

Seated:

Mr Christopher James Williams
Chairman and Non-Independent
Non-Executive Director

Ms Tan Shu Lin
Chief Executive Officer and
Executive Director


OUE
COMMERCIAL REIT

Board of Directors

Mr Christopher James Williams
CHAIRMAN AND NON-INDEPENDENT NON-EXECUTIVE DIRECTOR

Mr Christopher James Williams was appointed as the Chairman and Non-Independent Non-Executive Director of the Board of the Manager on 25 October 2013. He serves as a member of the Nominating and Remuneration Committee of the Manager.

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 Richard Butler in Association with Reed Smith from January 2008 to December 2010 and a partner of Reed Smith Richard Butler from January 2011 to December 2011. He is presently the deputy chairman of OUE Limited and was a non-executive chairman of Food Junction Holdings Limited from November 2009 to December 2013. He was appointed as the chairman and non-independent non-executive director of OUE Hospitality REIT Management Pte. Ltd. and OUE Hospitality Trust Management Pte. Ltd. in April 2013. He was also appointed as a director of OUB Centre Limited in January 2014, and OUE Lippo Limited in December 2014.

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
LEAD INDEPENDENT DIRECTOR

Mr Ng Lak Chuan was appointed as an Independent Director of the Board of the Manager on 8 January 2014. He serves as Lead Independent Director, Chairman of the Audit and Risk Committee of the Manager, and is also a member of the Nominating and Remuneration Committee of the Manager.

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 China, Taiwan and Hong Kong from 2004 to 2011. Mr Ng is currently an independent director of MSIG Insurance (Singapore) Pte. Ltd. and is a member of its audit committee. He has previously held directorships in AcrossAsia Multimedia Limited (now known as AcrossAsia Limited), a company listed on the Hong Kong Stock Exchange ("HKEx"), 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 Carl Gabriel Florian Stubbe
INDEPENDENT DIRECTOR

Mr Carl Gabriel Florian Stubbe was appointed as an Independent Director of the Board of the Manager on 8 January 2014. He is the Chairman of the Nominating and Remuneration Committee of the Manager, and also serves as a member of the Audit and Risk Committee of the Manager.

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, USA, where his last held position was manager of Acquisitions and Development.

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

Mr Loh Lian Huat
INDEPENDENT DIRECTOR

Mr Loh Lian Huat was appointed as an Independent Director of the Board of the Manager on 8 January 2014. He serves as a member of the Audit and Risk Committee of the Manager.

Mr Loh is presently the chief executive officer of Silkrouteasia Capital Partners Pte Ltd, an investment advisory, asset management and direct real estate investments firm. He is also an executive director and managing partner of Silkrouteasia Asset Management Pte. Ltd., a joint venture company with New Silkroutes Capital Pte. Ltd. and Global Advisory & Investments Pte. Ltd.. He is a non-executive director of Gemdale Properties and Investment Corporation Limited (a company listed on HKEx), and a non-independent non-executive director of EFA RET Management Pte Ltd, the trustee-manager of EFA Real Economy Trust. Prior to joining Silkrouteasia Capital Partners Pte Ltd in 2011, he was with MEAG Pacific Star Asset Management Pte Ltd, where his last held position was Senior Vice President, Asset Management. From 2000 to 2005, Mr Loh was with GIC Real Estate Pte Ltd, where his last held position was Vice President, Asset Management. 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 Jonathan Miles Foxall
NON-INDEPENDENT NON-EXECUTIVE DIRECTOR

Mr Jonathan Miles Foxall was appointed as a Non-Independent Non-Executive Director of the Board of the Manager on 8 January 2014.

He is currently the general manager (Properties) of Lippo China Resources Limited ("LCR") (a company listed on the HKEx), 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 listed on the HKEx. Mr Foxall was also a director of MIDAN City Development Co., Ltd. ("MCDC"), a company engaged in the development, construction and management of a residential, leisure and business complex in Incheon, Korea, during the period from April 2009 to March 2010. He was re-appointed as a director of MCDC in July 2016.

About ten years ago, Mr Foxall spearheaded the Lippo group's venture into the Singapore property market. He has subsequently assisted in establishing the Lippo group as a major foreign property developer and investor in Singapore.

He has more than 40 years of experience in property investment and development, sales and leasing, asset management, valuation and the structuring of property transactions in the Asia-Pacific region, as well as in the United Kingdom.

Mr Foxall graduated with 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
CHIEF EXECUTIVE OFFICER AND EXECUTIVE DIRECTOR

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

Ms Tan has extensive experience in corporate finance, investments, mergers and acquisitions, and financial management, with more than 14 years of experience in direct real estate investments and fund management. Prior to joining the Manager, she was with Ascendas Funds Management Pte Ltd, the manager of Ascendas REIT ("A-REIT"), where as head, Singapore Portfolio and head, Capital Markets and Transactions, she had overall strategic direction, as well as operational and capital structure responsibilities for A-REIT's portfolio. She was also responsible for formulating and executing appropriate strategies to meet A-REIT's funding requirements, as well as managing investor relations.

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

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

The REIT Manager

From left:

Ms Janice Lim
Senior Finance Manager

Mr Timothy Wu
Analyst

Ms Celine Kam
Executive Secretary

Ms Lisa Mak
Senior Accounts Executive

Ms Elaine Cheong
Head, Investor Relations

Ms Tan Shu Lin
Chief Executive Officer and Executive Director

Mr Rodney Yeo
Head, Asset and Investment Management

Ms Natalie Wong
Chief Financial Officer

Ms Tan Yi Qian
Finance Manager

Mr Ng Ngai
Company Secretary

The REIT Manager

Ms Tan Shu Lin
CHIEF EXECUTIVE OFFICER AND EXECUTIVE DIRECTOR

Please refer to description under the section on Board of Directors on page 25.

Ms Natalie Wong
FINANCIAL OFFICER

Ms Natalie Wong is the Chief Financial Officer of the Manager and is responsible for OUE C-REIT's financial management functions. She oversees all matters relating to treasury, financial reporting and controls, tax and risk management.

Ms Wong has over 15 years of treasury, finance and accounting experience. Prior to joining the Manager, she was head of treasury with Mapletree Logistics Trust Management Ltd, the manager of Mapletree Logistics Trust, responsible for capital management and corporate finance functions from 2008 to October 2016.

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

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

Mr Rodney Yeo
HEAD OF ASSET AND INVESTMENT MANAGEMENT

As Head of Asset and Investment Management, Mr Rodney Yeo is responsible for two integrated functions. With regards to asset management, he formulates and implements strategic business plans to maximise the asset performance of OUE C-REIT's property portfolio. With respect to investment management, he is responsible for identifying and evaluating potential acquisitions for OUE C-REIT.

Mr Yeo has over 15 years of experience in the real estate and finance industries of the USA, China and Singapore. Prior to joining the 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 and screening, as well as acquisition and 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 USA 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
HEAD, INVESTOR RELATIONS

Ms Elaine Cheong is responsible for the investor relations function of the Manager. She is in charge of conducting effective communication, as well as building and maintaining good relations with the investment and research community.

Ms Cheong has more than 10 years of experience in real estate and finance in Singapore. Prior to joining the 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 degree from Nanyang Technological University, Singapore.

Ms Janice Lim
SENIOR FINANCE MANAGER

Ms Janice Lim is Senior Finance Manager of the Manager, and works closely with the Chief Financial Officer on finance and accounting, budgeting, treasury and taxation matters.

Ms Lim was formerly the finance manager of the Sponsor, where she was responsible for the managing all the finance-related matters of assigned companies within the Sponsor group. Prior to joining the Sponsor 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 degree from Nanyang Technological University, Singapore and is also a non-practising member of the Institute of Singapore Chartered Accountants.

Manager's Report

high·lights

01 Delivering Results

- FY2016 revenue of S$177.8 million was 76.0% higher than FY2015, due mainly to a full year's contribution from One Raffles Place which was acquired on 8 October 2015, as well as improved performance at OUE Bayfront and Lippo Plaza
- FY2016 net property income was 83.3% higher YoY at S$138.6 million, with organic growth from OUE Bayfront and Lippo Plaza of 10.4%
- Amount available for distribution of S$67.4 million was 20.1% higher YoY, resulting in DPU of 5.18 cents which was an 18.3% increase YoY

02 Resilient Operational Performance

- Portfolio committed occupancy was steady at 94.8% as at 31 December 2016 despite challenging market conditions
- Rental rates committed in 2016 for renewed office leases were in line with or above market rates, and average passing office rents as at 31 December 2016 continued to be higher YoY across the portfolio

03 Enhancing Quality Assets

- Upgrading works to rejuvenate the common areas and restrooms at Lippo Plaza's office tower were completed, resulting in higher than market occupancy of 94.5% as at 31 December 2016
- First of several asset enhancement works planned at One Raffles Place Tower 1 have commenced, starting with the upgrading of chillers to improve energy efficiency and drive cost savings

04 Managing Capital for Stability

- Aggregate leverage was 39.8% as at 31 December 2016, with a weighted average cost of debt of 3.6% per annum. To mitigate interest rate volatility, 79.3% of borrowings have been hedged into fixed rates for the next 2.5 years
- Refinanced RMB onshore loan due in January 2017 well ahead of maturity in July 2016, with a new eight-year loan obtained at a lower interest rate than previously committed
- Secured a new five-year Singapore dollar loan in December 2016 to refinance borrowings due in 2017 and 2019. With this, OUE C-REIT has no refinancing requirement until 2018

FINANCIAL REVIEW

OUE C-REIT turned in a set of strong results for Unitholders in FY2016 despite a challenging operating environment. In enlarging its Singapore footprint with the acquisition of One Raffles Place on 8 October 2015, OUE C-REIT has enhanced the diversity and resilience of its income streams as well as strengthened its revenue base.

Higher FY2016 revenue of S$177.8 million was achieved compared to FY2015 revenue of S$101.0 million, as OUE C-REIT reaped the benefit of a full year's contribution from One Raffles Place. The uplift in revenue was also augmented by better performance at OUE Bayfront and Lippo Plaza.

The higher revenue contribution from One Raffles Place together with a healthy organic growth of 10.4% from OUE Bayfront and Lippo Plaza led to higher FY2016 net property income of S$138.6 million, against net property income of S$75.6 million in the previous financial year.

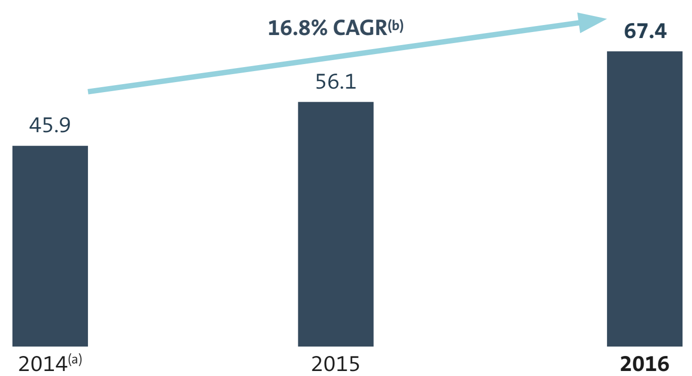
FY2016 amount available for distribution was S$67.4 million, 20.1% higher YoY, translating to a DPU of 5.18 cents. Excluding the income support payments received by OUE C-REIT from the Sponsor in relation to OUE Bayfront, FY2016 DPU would have been 5.00 cents.

FY2016 Financial Results

S$'000	2016	2015	Change
Revenue	177,809	101,038	76.0%
Net Property Income	138,631	75,639	83.3%
Amount Available for Distribution to Unitholders	67,417	56,118	20.1%
Distribution per Unit (cents)	5.18	4.38	18.3%

We are pleased to report that OUE C-REIT has consistently delivered growth in amount available for distribution to Unitholders, achieving a compound annual growth rate of 16.8% for FY2014[1] to FY2016.

Growth in Amount Available for Distribution from FY2014 to FY2016 (S$m)



Notes:

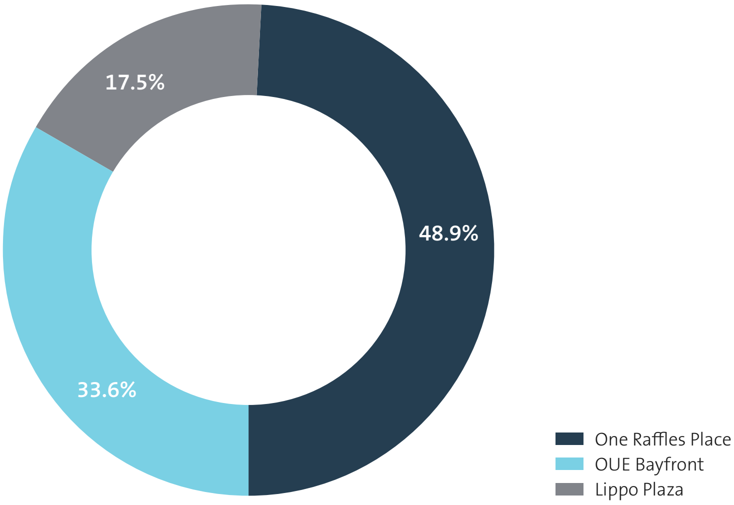
(a) Period commencing from OUE C-REIT's listing date of 27 January 2014 to 31 December 2014

(b) Compound annual growth rate ("CAGR") computed on the basis of annualised amount available for distribution for the period from OUE C-REIT's listing date of 27 January 2014 to 31 December 2014

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

Manager's Report

FY2016 Revenue Contribution[a] by Property



Note:
[a] Based on OUE C-REIT's attributable interest in One Raffles Place

PORTFOLIO REVIEW

As at 31 December 2016, OUE C-REIT's portfolio comprised of three strategically located Grade A commercial properties in Singapore and Shanghai. In Singapore's CBD, the properties comprise OUE Bayfront, a premium Grade A building located at Collyer Quay between the Marina Bay downtown and Raffles Place financial hub; and One Raffles Place, an integrated commercial development comprising two Grade A office towers and a retail mall in the heart of the financial district. OUE C-REIT's portfolio also includes Lippo Plaza, a 36-storey Grade A commercial building located in the business district of Huangpu in Puxi, Shanghai.

Despite weak demand amid an increase in supply for both the Singapore and Shanghai office markets in 2016, OUE C-REIT's portfolio maintained healthy and resilient occupancy which provided stability in income. As at 31 December 2016, committed portfolio occupancy was a steady 94.8%. Rental rates committed in 2016 for renewed office leases were in line with or above market rates, although some office leases were committed at rental rates which were lower than their expiring rates. Nevertheless, average passing office rents as at 31 December 2016 continued to be higher YoY across the portfolio.

The stability of OUE C-REIT's portfolio is also underpinned by its well-diversified exposure to tenants from several different trade sectors. During the year, an aggregate of approximately 402,000 sq ft of new office leases, renewals, as well as rent reviews were committed. New leases made up about 38.5% of the space committed, and such new demand was supported by tenants from diverse trade sectors including Banking, Insurance & Financial Services; Legal; Energy, Commodities, Maritime & Logistics; Business Consultancy; IT, Media & Telecommunications; Pharmaceuticals & Healthcare; as well as Manufacturing & Distribution. As at 31 December 2016, OUE C-REIT had 393 tenants within its portfolio of properties.

OUE Bayfront

OUE Bayfront's committed office occupancy remained stable at 97.7% as at 31 December 2016, above Singapore's CBD occupancy of 93.3%[2]. The range of committed rents for new, renewed and reviewed office leases in 2016 was S$10.40 psf per month to S$14.20 psf per month, which was above CBD Grade A rents recorded in the same period. The average office passing rent at OUE Bayfront for December 2016 was stable at S$11.85 psf per month, compared to S$11.75 psf per month a year ago. This is despite average Grade A office rents declining in 2016. In Marina Bay, average Grade A office rents declined 12.7% YoY to S$9.49 psf per month as at end-2016, while average Grade A office rents at Raffles Place fell 10.9% YoY to S$8.77 psf per month[2].

One Raffles Place

In the one year since the Manager took over operations at One Raffles Place, committed office occupancy improved 2.1 ppt YoY from 90.1% as at 31 December 2015 to 92.2% as at 31 December 2016. This was highly commendable as market occupancy declined 1.7 ppt during the year to 93.3%[2] as at 31 December 2016 given the strong competition for tenants in an environment of weak new demand coupled with ample office supply. The increase in occupancy rates did not come at the expense of rental rates as average passing office rent was S$10.28 psf per month for December 2016, compared to S$10.26 psf per month a year ago.

At One Raffles Place Shopping Mall, more than two years after the refurbishment of the retail mall completed in May 2014, committed retail occupancy continues to be healthy at 97.2% as at 31 December 2016 with average passing rent remaining stable.

Lippo Plaza

Lippo Plaza's committed office occupancy was 94.5% as at 31 December 2016, outperforming the overall Shanghai CBD Grade A office average occupancy rate of 89.8%[3]. Renewal rents saw a 9.3% uplift over preceding rates, resulting in 4.7% YoY increase in average passing office rent to RMB9.89 psm per day (S$5.82[4] psf per month) for December 2016.

Shanghai continues to be an attractive market for new entrants from international retail brands. As an endorsement of Lippo Plaza's standing as a prime location for retail concepts in China and in recognition of our active lease management efforts, the internationally renowned Victoria's Secret will launch its first flagship store in China at Lippo Plaza in March 2017. In its continual review of the trade and brand mix in the retail podium at Lippo Plaza, the Manager in 2016 introduced more services-oriented tenants within the beauty & wellness as well as health & fitness trades, to better cater to shoppers' preferences. As a result of the success of the Manager's repositioning efforts, a high committed retail occupancy of 98.1% was achieved as at 31 December 2016, compared to 77.7% a year ago.

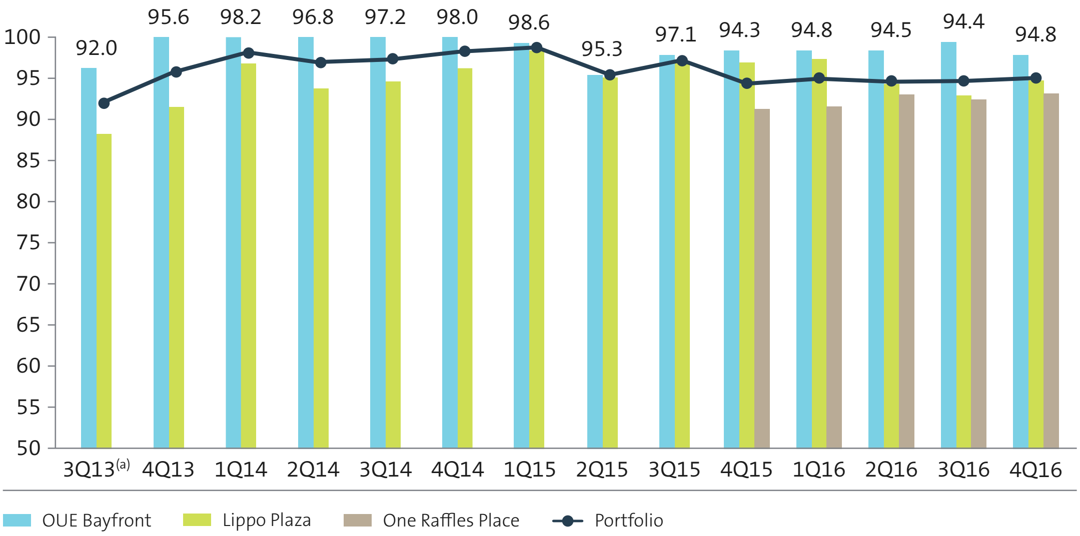
2 Independent Market Review of Singapore Office and Retail Market, JLL, March 2017

3 Independent Market Review of Shanghai Office and Retail Market, JLL, March 2017

4 Translated at an SGD:CNY exchange rate of 1: 4.803

Manager's Report

Stable and Resilient Portfolio Committed Occupancy (%)



Note:

[a] Proforma committed occupancy as at 30 September 2013 as disclosed in OUE C-REIT's Prospectus dated 17 January 2014

FY2016 Committed Office Rents In Line or Above Market Rates

	FY2016 Range of Committed Office Rents[a]	Average Passing Office Rents[b]	
		2016	2015
OUE Bayfront (S$ psf per month)	10.40 – 14.20	11.85	11.75
One Raffles Place (S$ psf per month)	6.20 – 12.50	10.28	10.26
Lippo Plaza (RMB psm per day)	6.86 – 11.33 (S$4.04[c] – S$6.67 psf per month)	9.89 (S$5.82[c] psf per month)	9.45 (S$5.56[c] psf per month)

Notes:

[a] Committed rents for renewals, rent reviews and new leases

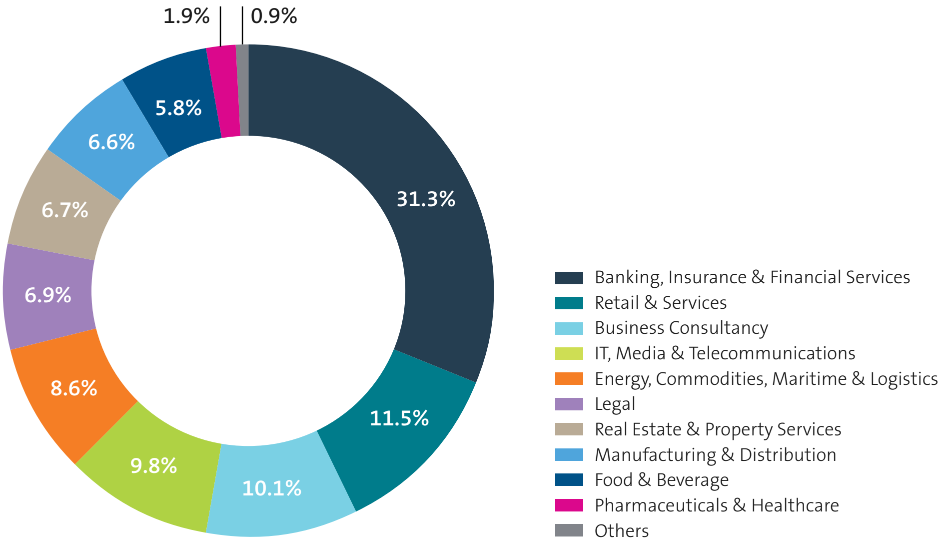
[b] For the month of December

[c] Translated at an SGD:CNY exchange rate of 1: 4.803

Diversified Tenant Profile

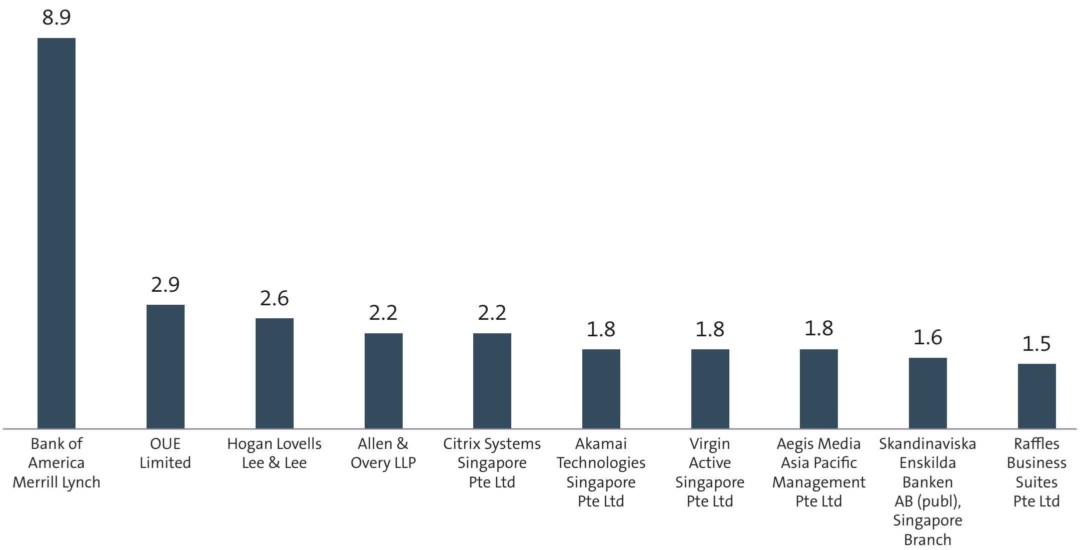
The Manager continues to maintain a diverse tenant trade sector profile so as to mitigate concentration risk from any one particular industry. The Banking, Insurance & Financial Services sector contributed 31.3% to gross rental income while the Retail & Services and Business Consultancy sectors contributed 11.5% and 10.1% respectively to gross rental income.

Tenant Trade Sectors by Gross Rental Income (For December 2016 and excluding retail turnover rent)



Tenant Diversification

Top 10 Tenants by Monthly Gross Rental Income (%)



The top ten tenants of the portfolio accounted for 27.3% of OUE C-REIT's monthly gross rental income for December 2016, with most of these tenants having leases expiring only in 2018 and beyond.

Manager's Report

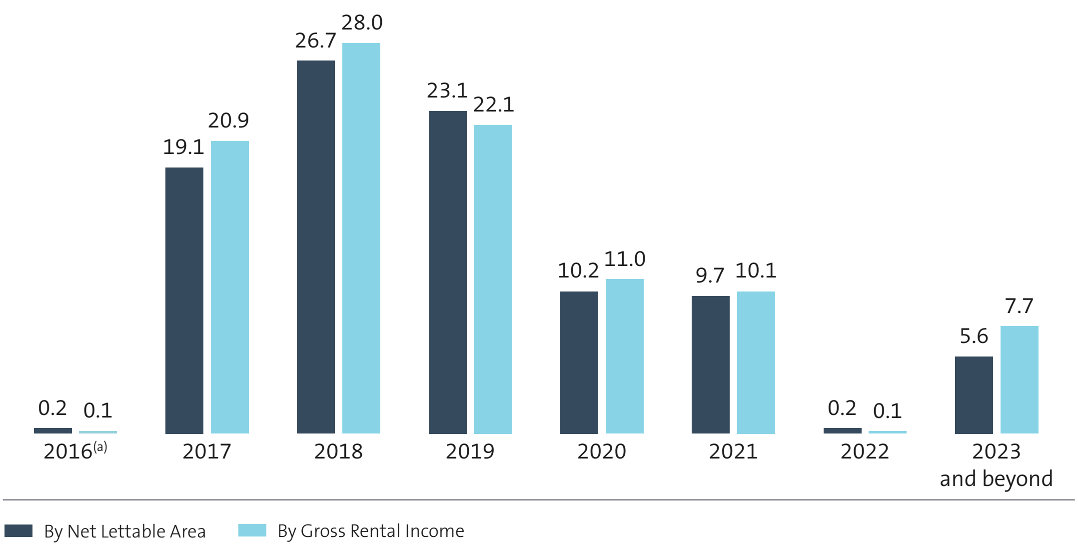
Balanced Lease Expiry Profile

The Manager actively manages the lease expiry profiles of OUE C-REIT's portfolio of properties to mitigate the concentration of lease expiry in any given year, in line with its objective to achieve stable and sustainable gross rental revenue. The weighted average lease expiry of new leases entered into during the year is 3.5 years, with the new leases contributing 10.7% to OUE C-REIT's committed gross rental income as at 31 December 2016.

In view of the significant amount of office supply coming on-stream in Singapore in 2017, which is expected to weigh on rental growth, the Manager has pro-actively termed out the expiry of office leases at OUE Bayfront such that only 12.7% of its gross rental income is due in 2017. More than 70% of OUE Bayfront's gross rental income is due for renewal only in 2019 and beyond, mitigating near-term leasing risk.

At the portfolio level, about 20.9% of OUE C-REIT's gross rental income is due for renewal in 2017. Overall, the weighted average lease to expiry of OUE C-REIT's portfolio by gross rental income as at 31 December 2016 is 2.6 years.

Balanced Portfolio Lease Expiry Profile by Gross Rental Income and Net Lettable Area (%)



Note:

(a) As at 31 December 2016, one lease expiring on 31 December 2016 contributing 0.2% of portfolio lettable area and 0.1% of portfolio gross rental income had not been renewed

Enhancing Quality Assets

The Manager continually evaluates OUE C-REIT's assets to explore opportunities to enhance the quality and value of the portfolio.

In 2016, the rejuvenation of the common areas and restrooms of Lippo Plaza's office tower was completed. The asset enhancement works were undertaken in phases to minimise disruption to tenants' business operations as the office tower remained operational throughout the renovation period. As recognition of the enhancement in the property's value proposition, Lippo Plaza achieved a high committed office occupancy of 94.5% as at 31 December 2016, above the overall Shanghai CBD Grade A office occupancy of 91.4%[4]. Average committed rents for new and renewed office leases were above the Huangpu average market rent of RMB9.4 psm per day[4].

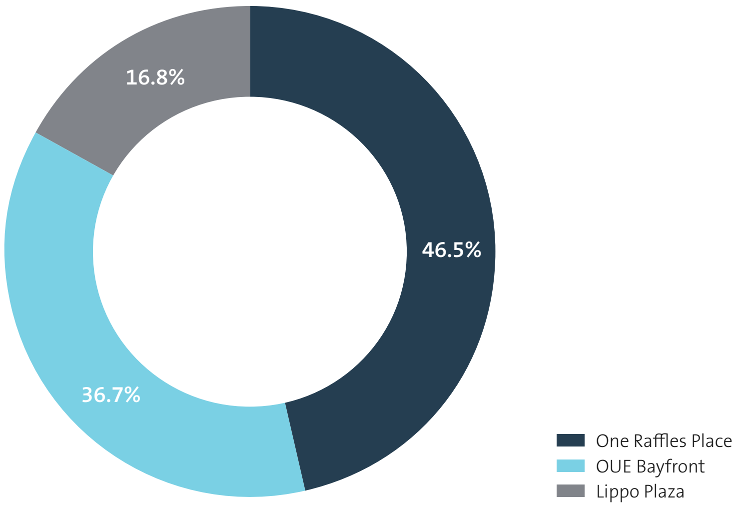
At One Raffles Place Tower 1, the asset enhancement programme to upgrade the building's mechanical and engineering equipment commenced in 2016, beginning with the phased replacement of the air-conditioning chillers. The improvement in operating efficiency is expected to lower utility consumption, and potentially result in cost savings. Other works planned as part of the programme include upgrading of the common areas for a more contemporary finish, as well as lift modernisation to improve the efficiency of vertical transportation. Given the scope and scale of the project works, completion will be phased as the 62-storey office tower will continue to be operational throughout the entire exercise.

Portfolio and Net Asset Value

As at 31 December 2016, OUE C-REIT's investment properties were assessed by independent valuers at S$3,408.5 million[5], a marginal increase of 0.2% from S$3,403.2 million as at 31 December 2016.

Total assets of OUE C-REIT as at 31 December 2016 was S$3,459.4 million, translating to NAV per Unit of S$0.93.

Portfolio Contribution by Property[(a)]



Note:
(a) Based on OUE C-REIT's proportionate interest in One Raffles Place

4 Independent Market Review of Shanghai Office and Retail Market, JLL, March 2017
5 Based on valuations carried out by Cushman & Wakefield VHS Pte. Ltd. and CBRE Limited

Manager's Report

CAPITAL AND RISK MANAGEMENT

The Manager adopts a disciplined and prudent approach towards capital management, and maintains a strong balance sheet by optimising the capital structure and borrowing costs of OUE C-REIT.

As at 31 December 2016, OUE C-REIT's total debt was S$1,260.8 million, inclusive of the proportionate share of loans at OUB Centre Limited[6], translating to an aggregate leverage of 39.8%.

The Manager takes a pro-active approach towards securing funds to refinance borrowings well ahead of maturity. In July 2016, it completed the refinancing of an RMB onshore loan with a new eight-year term loan expiring in 2024, although it was due for repayment only in 2017. Other than extending the tenure of the RMB onshore loan, a lower interest rate than previously committed was secured.

Further, in December 2016, the Manager obtained a five-year facility of S$680 million maturing in 2022 to refinance the Singapore dollar loans due in 2017 as well as 2019. After the completion of the refinancing, the average term of debt is expected to improve from 1.5 years as at 31 December 2016 to approximately 3.5 years. As a result, OUE C-REIT has no refinancing requirement until 2018.

Other than managing refinancing requirements, the Manager also actively manages OUE C-REIT's cashflow position by monitoring its expenses and potential funding requirements against working capital, to ensure that adequate liquid reserves in cash and available credit facilities are in place to meet short- to medium-term obligations.

Key Capital Management Indicators

	As at 31 December 2016
Aggregate Leverage	39.8%
Total Debt (S$m)	1,260.8[(a)]
Fixed Debt as % of Total Debt	79.3%
Weighted Average Cost of Debt (p.a.)	3.6%
Weighted Average Term to Maturity of Debt (years)	1.5[(b)]
Weighted Average Term to Maturity of Fixed Rate Debt (years)	2.5
Interest Cover Ratio (times)	3.1

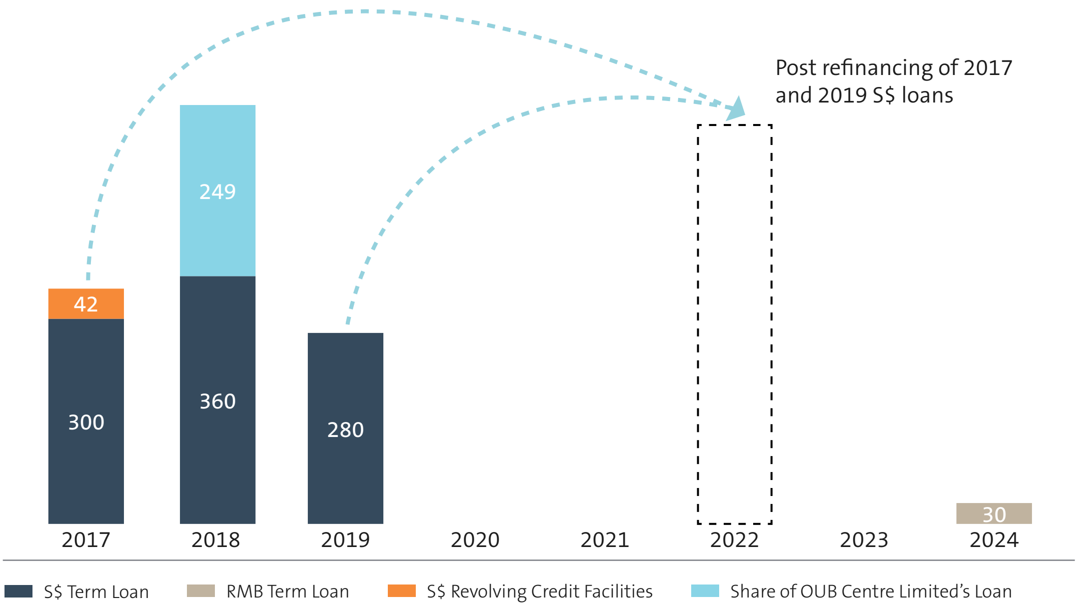
Note:

(a) Includes OUE C-REIT's share of OUB Centre Limited's loan. OUE C-REIT's interest in One Raffles Place is held via its indirect interest in OUB Centre Limited

(b) In January 2017, the Manager refinanced OUE C-REIT's borrowings due in 2017 and 2019 with the new facility expiring in 2022. Consequently, the weighted average term to maturity of debt is expected to increase to 3.5 years

6 OUE C-REIT's interest in One Raffles Place is held via its indirect interest in OUB Centre Limited

Debt Maturity Profile (As at 31 December 2016) (S$m)



In relation to interest rate risk, the Manager monitors interest rate movements closely and continually evaluates the feasibility of using appropriate levels of interest rate hedges to manage OUE C-REIT's interest rate exposure, especially given the current volatility in interest rates. In order to mitigate OUE C-REIT's exposure to interest rate fluctuations, 79.3% of its interest rate exposure has been hedged into fixed rates as at 31 December 2016.

To manage the currency risk involved in investing in assets beyond Singapore, the Manager uses foreign currency denominated borrowings to match the currency of the asset investment as a natural currency hedge.

Portfolio Overview

OUE BAYFRONT

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

Property Description
Located at Collyer Quay in Singapore's CBD comprising:

- OUE Bayfront: 18-storey premium Grade A office building with rooftop restaurant premises
- OUE Tower: Conserved tower building with panoramic views of the Marina Bay
- OUE Link: Overhead pedestrian bridge with retail shops

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

Completed in 2011, OUE Bayfront is a premium office building in the Singapore CBD, with 18 floors of Grade A commercial space and rooftop restaurant premises, commanding panoramic views of Marina Bay.

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

Across the open plaza of OUE Bayfront is OUE Link, an air-conditioned overhead pedestrian bridge with retail shops commanding double frontages, which provides convenient and sheltered access to Raffles Place. Other than easy access to Raffles Place and Telok Ayer MRT Stations, the Downtown MRT Station is also within walking distance via an underground pedestrian linkway.

OUE Bayfront is certified with the Green Mark Gold Award by the Building and Construction Authority ("BCA") in Singapore.

Title

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

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

Underpass:
99-year leasehold title commencing 7 January 2002

Purchase Consideration
S$1,005 million

Valuation[1]
S$1,146 million

Gross Floor Area
46,774.6 sq m | (503,477 sq ft)

Net Lettable Area[2]
Overall: 37,172.7 sq m | 400,124 sq ft
Office: 35,342.7 sq m | 380,425 sq ft
Retail: 1,830.0 sq m | 19,699 sq ft

Committed Occupancy[2]
Overall: 97.8%
Office: 97.7%
Retail: 100.0%

FY2016 Revenue
S$59.7 million

Number of Tenants[2]
54

Major Tenants
Bank of America-Merrill Lynch
OUE Limited
Hogan & Lovells

Number of Carpark Lots
245

Weighted Average Lease Expiry[3]
3.0 years

1 Based on valuation carried out by Cushman & Wakefield VHS Pte Ltd as at 31 December 2016. Valuation was determined by Discounted Cashflow Method, Capitalization Approach, and the Comparison Method

2 As at 31 December 2016

3 By monthly gross rental income for December 2016

Portfolio Overview

Landmark Premium Office

Completed in 2011, OUE Bayfront is an office building in the Singapore CBD with 18 floors of premium Grade A commercial space. Strategically located in a vantage position between the Marina Bay downtown and established financial hub of Raffles Place, it commands panoramic views of Marina Bay.

Excellent Connectivity and Accessibility

OUE Bayfront enjoys superb connectivity and accessibility to major transport networks. It provides convenient and sheltered access to the Raffles Place MRT Station, the Telok Ayer MRT Station, as well as to the Downtown MRT Station. The property is also a short drive away to major expressways which provides easy connectivity to other parts of Singapore.

Unique Ancillary Developments

OUE Bayfront is well complemented by its ancillary properties, OUE Tower and OUE Link. Accorded heritage conservation status for its historic significance, OUE Tower houses two storeys of food and beverage space, including a revolving restaurant. OUE Link is an important aerial connector between OUE Bayfront and Raffles Place, providing the office population with enhanced connectivity.

3

1. OUE Link
2. OUE Bayfront office lobby
3. OUE Bayfront

Portfolio Overview

ONE RAFFLES PLACE

Singapore
1 Raffles Place, Singapore 048616

Property Description
Located at Raffles Place comprising:

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

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

One of the tallest buildings in the Singapore CBD, One Raffles Place Tower 1 comprises a 62-storey Grade-A office building, with a rooftop restaurant and observation deck offering scenic views of the city skyline. In 2016, One Raffles Place Tower 1 was certified with the Green Mark Gold Award by the BCA.

One Raffles Place Tower 2 is a 38-storey Grade-A office completed in 2012, awarded the Platinum Green Mark Award for its energy efficiency and environmentally sustainable design.

Offering a diverse range of shopping, dining and leisure options which cater to the needs of the working population in the CBD, One Raffles Place Shopping Mall is a six-storey retail podium that has undergone extensive refurbishment works which were completed in May 2014. It is currently the largest purpose-built shopping mall in Raffles Place.

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

Title

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

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

One Raffles Place Shopping Mall - the retail podium straddles two land plots:

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

Purchase Consideration[1]

S$1,148.3 million

Valuation[2]

S$1,738.3 million

Gross Floor Area

119,626.3 sq m | 1,287,645 sq ft

Net Lettable Area[3]

Overall: 65,590.0 sq m | 706,007 sq ft
Office: 56,090.0 sq m | 603,748 sq ft
Retail: 9,500.0 sq m | 102,259 sq ft

Committed Occupancy[3]

Overall: 93.0%
Office: 92.2%
Retail: 97.2%

FY2016 Revenue

S$87.0 million

Number of Tenants[3]

233

Major Tenants

Akamai Technologies Singapore Pte Ltd
Virgin Active Singapore Pte Ltd
Aegis Media Asia Pacific Management Pte Ltd

Number of Carpark Lots

326

Weighted Average Lease Expiry[4]

2.1 years

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

2 Based on OUB Centre Limited's 81.54% interest in One Raffles Place and carried out by Cushman & Wakefield VHS Pte Ltd as at 31 December 2016. Valuation was determined by Discounted Cashflow Method, Capitalization Approach and the Comparison Method. OUE C-REIT owns 83.33% of OUB Centre Limited

3 As at 31 December 2016

4 By monthly gross rental income for December 2016

Portfolio Overview

1

Iconic Development with Strategic Location

One Raffles Place is a prominent, iconic integrated commercial development with Grade A building specifications, strategically located in the heart of Singapore's main financial district Raffles Place. As one of the tallest buildings in the Singapore CBD, the 62-storey One Raffles Place Tower 1 has an observation deck, offering unparalleled views of the city skyline.

Accessibility and Enhanced Connectivity

Situated above and seamlessly linked to the Raffles Place MRT interchange station, One Raffles Place enjoys excellent connectivity along the North-South and East-West MRT lines, as well as enhanced accessibility to other developments within Raffles Place and Marina Bay via an extensive underground network of pedestrian walkways.

Well-complemented by Retail Facilities

Reopened in May 2014 after undergoing extensive refurbishment works, One Raffles Place Shopping Mall offers a diverse range of shopping, dining and leisure options which cater to the needs of the working population. The six-storey retail mall is currently the largest purpose-built shopping mall in Raffles Place.

1. Office lobby of One Raffles Place Tower 2
2. One Raffles Place Shopping Mall
3. View of One Raffles Place

Portfolio Overview

LIPPO PLAZA

China
222 Huaihai Zhong Road,
Shanghai, PRC 200021

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

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

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

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

With its unique and varied architectural styles, the Huaihai Road precinct is also an established prime retail area in Shanghai, popular with top-end international designer brands and well-known Chinese brand names.

Lippo Plaza is conveniently located within walking distance from the South Huangpi Road Metro station serving Metro Line 1, the main north-south line of the Shanghai Metro, as well as the Huaihai Zhong Road Station on the Metro Line 13.

Land Use Right Expiry
50 years commencing 2 July 1994

Purchase Consideration[1]
S$335.3 million

Valuation[2]
RMB2,524 million | S$524.2 million

Gross Floor Area
58,521.5 sq m | 629,925 sq ft

Net Lettable Area[3]
Overall: 39,224.5 sq m | 422,212 sq ft
Office: 33,538.6 sq m | 361,009 sq ft
Retail: 5,685.9 sq m | 61,203 sq ft

Committed Occupancy[3]
Overall: 95.0%
Office: 94.5%
Retail: 98.1%

FY2016 Revenue
S$31.1 million

Number of Tenants[3]
106

Major Tenants
Victoria's Secret
Ermenegildo Zegna
Q-Med International Trading (Shanghai) Co., Ltd

Number of Carpark Lots
168

Weighted Average Lease Expiry[4]
3.4 years

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

2 Based on OUE C-REIT's 91.2% share of strata ownership in Lippo Plaza and carried out by CBRE Limited. Valuation was determined by Direct Comparison Approach and Discounted Cashflow Approach

3 As at 31 December 2016

4 By monthly gross rental income for December 2016

Portfolio Overview

Located within an Established Commercial District

Situated near the eastern end of Huaihai Zhong Road in the Huangpu district of Shanghai, Lippo Plaza is a 36-storey Grade A commercial building located in one of the key commercial districts in the Puxi area, in downtown Shanghai.

Easy Connectivity and Accessibility

Lippo Plaza is conveniently located within a five-minute walk from the South Huangpi Road Metro station, which serves the key Metro Line 1, the main north-south line of the Shanghai Metro. The property is also accessible to other key commercial areas and transportation lines by virtue of its close proximity to major expressways.

Well-placed within a Major Retail Artery

Lippo Plaza is located along the 5.5 kilometre long Huaihai Zhong Road, an established prime retail area in Shanghai and home to major department stores and shopping malls, as well as numerous hotels and restaurants.

1


2

3

1. View of Lippo Plaza on Huaihai Zhong Road
2. Night view of Lippo Plaza
3. Office lobby of Lippo Plaza

Independent Market Review
Singapore
By JLL

ECONOMIC OVERVIEW

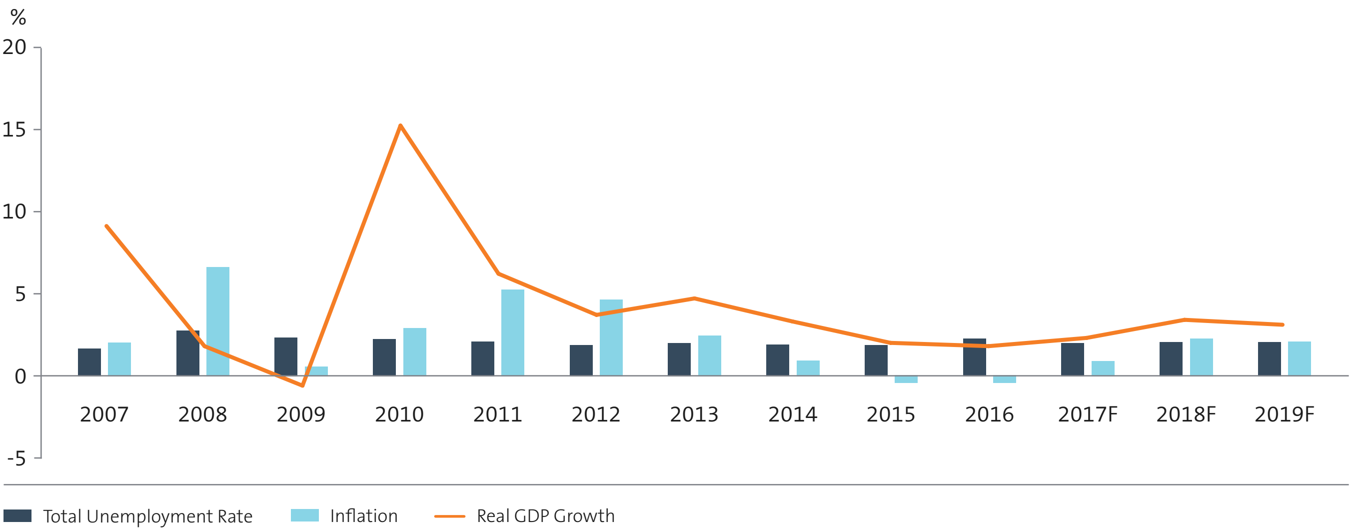
Gross Domestic Product ("GDP") Growth, Unemployment and Inflation
Global economic growth was subdued in 2016, growing at 2.3% compared with 2.6% in 2015, according to the World Bank. Political uncertainty, slowing growth in China, subpar growth in the European Union and an uneven pace of growth in the United States ("US") led to the lacklustre performance. Nonetheless, the US Federal Reserve raised short-term interest rates by 0.25% in December 2016 on the back of the improved GDP growth and employment rate in the US.

Singapore is a small open economy heavily influenced by global economic and trade conditions. As a result, the Singapore economy grew by a modest 2.0% year-on-year ("YoY") in 2016, similar to the 1.9% growth in 2015, according to the Ministry of Trade and Industry ("MTI").

Inflation turned positive in December 2016 at +0.2%, as private road transport costs rose at a faster pace and the prices of education, healthcare, household durables and services rose. The price increases came following 25 consecutive months of decline and/or zero inflation growth. For 2016, inflation came in at -0.5% for the second consecutive year.

The unemployment rate rose 2.1% in 2016 from 1.9% in 2015, the highest rate since 2010. In 2016, total employment is estimated to have increased by 16,300 or 0.4% YoY lower than the 32,300 or 0.9% YoY growth in 2015, and the lowest growth since 2003. The moderation in total employment in 2016 was the result of slower growth in the Singapore economy, a slowdown in the local labour force growth and the continued tightening of the supply of foreign workers.

Real GDP Growth, Inflation and Unemployment Rate



Source: Department of Statistics, Oxford Economics, JLL Research

Economic Outlook

MTI expects the Singapore economy to grow by 1.0% to 3.0% in 2017. Asia is well placed to capitalise on the global recovery in trade with signs of world trade rising on the back of improvements in the manufacturing sector, particularly in electronics, supported by a continued recovery in the global demand for semiconductors and semiconductor equipment. Singapore, as well as other Asian countries that manufacture electronic parts, is expected to continue benefiting via accelerating export orders.

Notwithstanding the green shoots of recovery, trade protectionism under the Trump administration, political risks in Europe and a Brexit-induced sharp pullback in consumption and investment could lead to a further slowdown in global economic growth. A spike in debt defaults as the Chinese economy undergoes restructuring amid rising corporate debt levels, causing a sharp slowdown in the Chinese economy, could also derail global economic growth and, in turn, affect Singapore's heavily trade-dependent open economy and employment.

Domestically, conditions in the labour market have slackened amid a pullback in hiring and this will cap underlying wage growth in 2017. The Monetary Authority of Singapore is expecting the overall annual inflation to pick up by 0.5% – 1.5% in 2017, from -0.5% in 2016, largely reflecting the higher costs of private road transport.

OFFICE PROPERTY MARKET OVERVIEW

Stock

The properties in OUE C-REIT's Singapore portfolio comprise One Raffles Place and OUE Bayfront. Both developments are located in the Raffles Place sub-market and have direct access to the Raffles Place MRT Station, an interchange station for both the East-West and North-South line.

As of 2016, there was an estimated total of 45.5 million square feet ("sq ft") of investment grade office space island-wide of which 28.9 million sq ft, or 63.5%, is in the Central Business District ("CBD"). The CBD stock included the newly completed Guoco Tower, an office tower with approximately 840,000 sq ft of net lettable area located in Tanjong Pagar. Outside the CBD, apart from the completion of Duo Tower (570,000 sq ft) at the CBD Fringe in 2016, there was no other investment grade office space completed during the year.

Demand and Occupancy

Over the past ten years, the demand for office space in the CBD has been healthy, with the exception of the period leading up to and during the global financial crisis. The historical average net demand for CBD office space at 0.8 million sq ft largely matched the net supply of about 0.9 million sq ft.

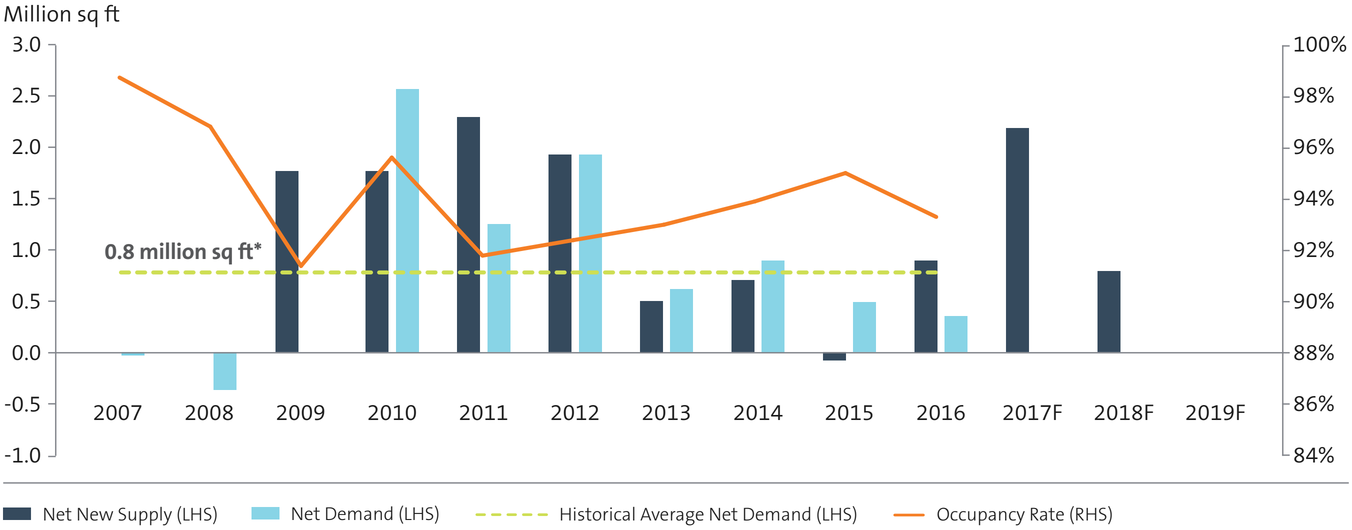
Weak economic conditions affected occupiers' corporate real estate plans in 2016. As a result, the demand for office space in the CBD was a modest 360,000 sq ft, and the occupancy rate slipped 1.7 percentage points ("ppt") YoY to 93.3% as at 4Q 2016.

At the sub-market level, all except for Raffles Place had positive occupier demand. The competitive leasing strategies of newer buildings led to an outflow of tenants from Raffles Place, which had no new recent supply. The Marina Bay sub-market fared well as tenants were attracted to the competitive rents and efficient floor plate of the buildings. The Marina Centre sub-market recorded a slower growth in net demand as it is near frictional vacancy and the only recent supply, South Beach Tower, is already fully let. Also, the Shenton Way sub-market performed well, as the new buildings with better quality were able to attract tenants with competitive rents.

Overall office demand in 2016 was mixed and came from the finance and insurance, technology, and business services sectors. In the finance sector, while international banks faced pressure to cut costs and consolidate operations, local banking groups continued to expand in Singapore. The technology sector also showed a mixed trend. Although rapid technological advancement continued to attract new technology firms into the Singapore office market, some occupiers in the technology sector have restructured to cut costs and consolidate operations ensuing from intense competition. In the business services sector, the growing popularity of flexible office space has increased occupier demand from serviced office operators.

Independent Market Review
Singapore

Net Supply, Demand and Occupancy in the CBD



* The historical average net demand is based on data from 2007 to 2016

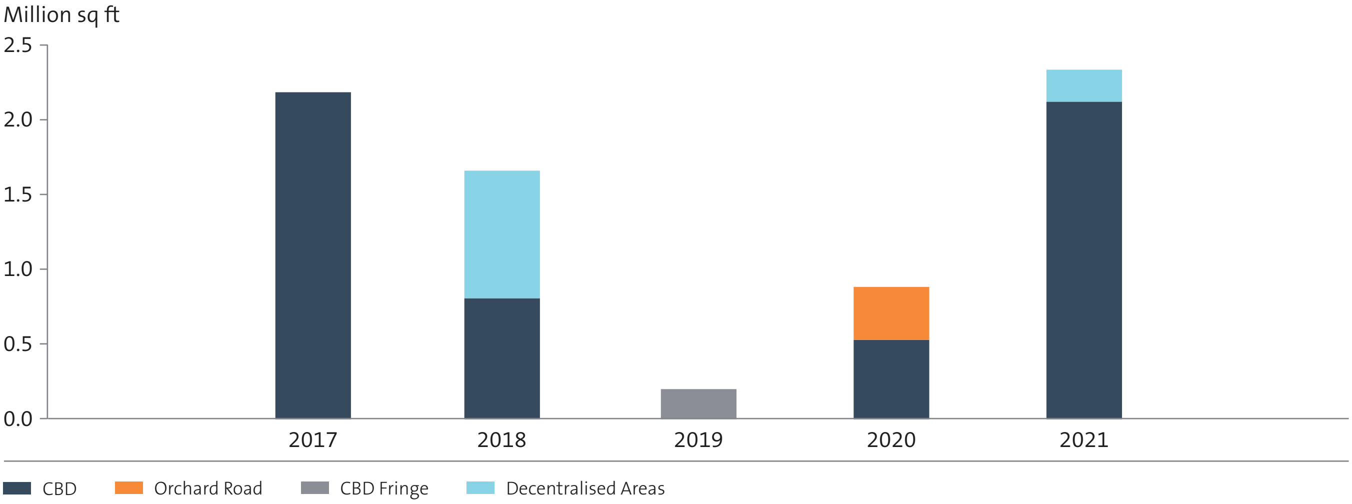
Source: JLL Research, 4Q 2016

Potential Supply

A total of approximately 7.2 million sq ft of island-wide office supply will be made available between 2017 and 2021, of which an estimated 78% will be located in the CBD.

In 2017, the expected completion of Marina One (1.9 million sq ft) and UIC Building (0.3 million sq ft) will contribute 30.6% of the new island-wide supply. Post-2017, the office supply in the CBD is expected to taper off gradually, before increasing in 2021. The recently sold Central Boulevard site and the redevelopment of the Golden Shoe car park are likely to contribute about 1 million sq ft of office space each in 2021.

Potential Island-wide Office Supply



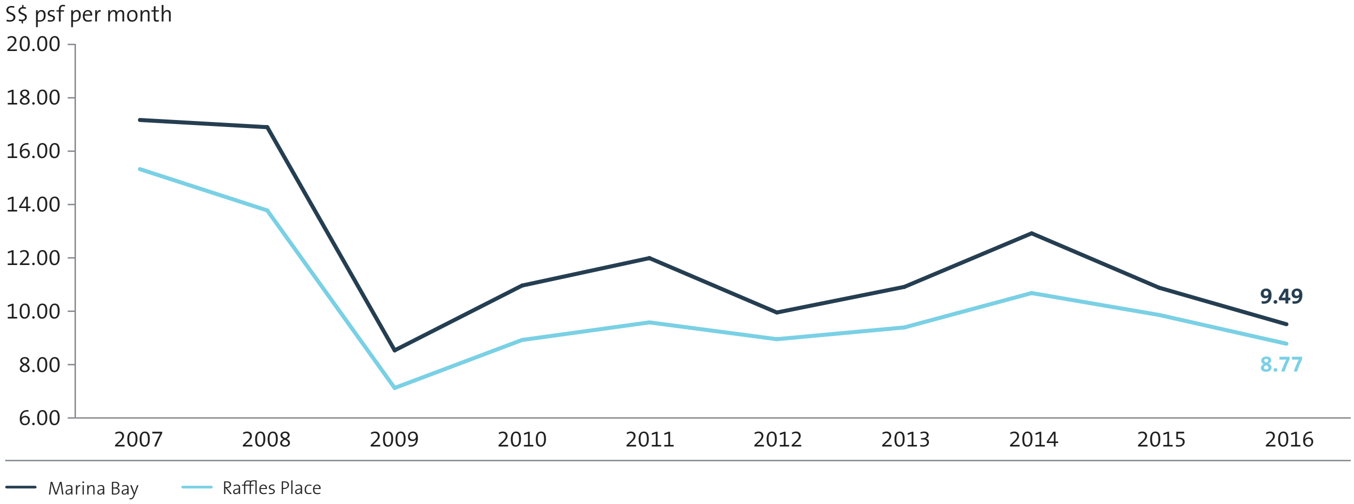
Source: JLL Research, 4Q 2016

Rents

With the large amount of new supply coming in 2017, the lacklustre leasing market and the sluggish global and domestic economy, the average gross rent of Grade A office space in Marina Bay fell by 12.7% YoY to S$9.49 per square foot ("psf") per month while that of Raffles Place declined 10.9% YoY to S$8.77 psf per month in 2016. Pre-leasing activity in Guoco Tower, Marina One and UIC Building intensified competition in the leasing market in 2016, dampening rents as landlords of existing buildings lowered rental expectations to attract new tenants and retain existing tenants.

Marina Bay is an extension of the CBD to support Singapore's continuing growth as a global business and financial hub. As this area features many new premium buildings, rents in Marina Bay generally command a premium over those in Raffles Place. Collectively, these two areas appeal to a wide base of corporate occupiers depending on the real estate budget.

Average Gross Rents of Grade A Office



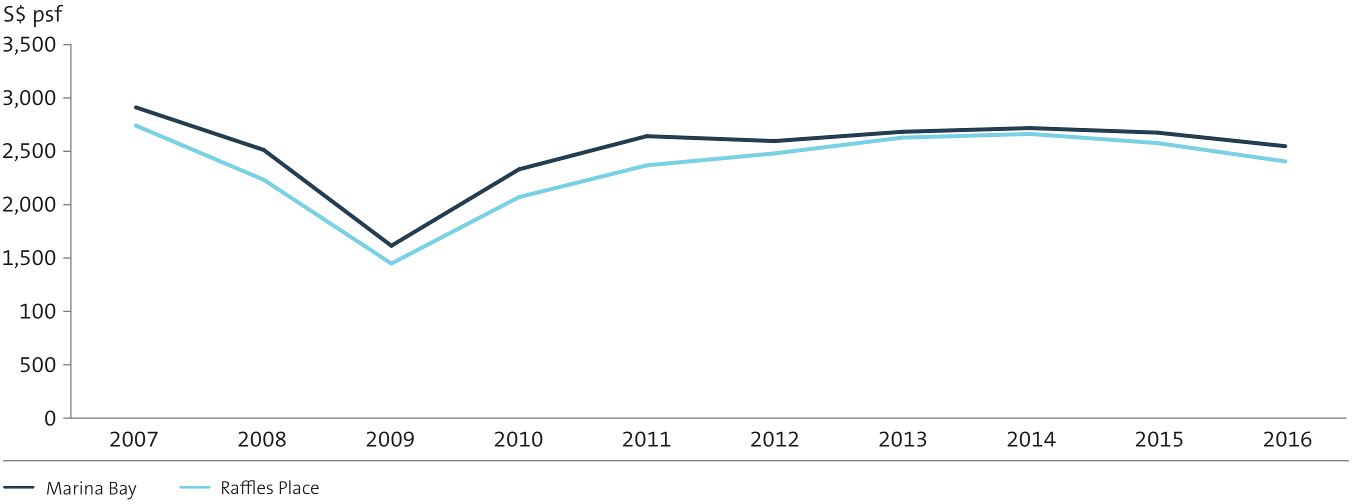
Source: JLL Research, 4Q 2016

Capital Value and Investment Market

The capital value of Grade A office space in the CBD declined amid the weak leasing market and sluggish economic conditions in 2016. The extent of the decline, however, was more modest compared with the decline in rents, buoyed by the low interest rate environment and high liquidity. The average capital value of Grade A office space in the Marina Bay sub-market fell 4.7% YoY to S$2,560 psf while that of Raffles Place declined 6.6% YoY to S$2,417 psf. Some of the largest en bloc investment deals in 2016 included the sales of Asia Square Tower 1 at S$3.4 billion (S$2,650 psf) and 77 Robinson Road at S$530.8 million (S$1,810 psf), as well as the government land sale of the Central Boulevard site at S$2.6 billion (S$1,689 psf per plot ratio) in the Marina Bay sub-market.

Independent Market Review
Singapore

Average Capital Values of Grade A Office



Source: JLL Research, 4Q 2016

Singapore Office Market Outlook
In 2017, the net take-up of office space in the CBD is expected to remain modest and similar to that of 2016, with some upside potential. Pre-commitments in the upcoming supply have improved and are relatively healthy. Some tenants have taken up space for expansion. In addition, there could be some relocation from areas outside the CBD into the CBD, on the back of the attractive rents and a wide choice of leasing options.

The large upcoming new supply amid modest demand is expected to exert downward pressure on rents in the CBD in 2017. This decline, however, is likely to be more moderate compared with 2016, as better quality buildings with high occupancies will provide some rent support. Strategically located properties which are linked to the Raffles Place MRT station, such as One Raffles Place and OUE Bayfront, are expected to continue to display rent resilience.

RETAIL PROPERTY MARKET OVERVIEW

Major Retail Locations
Singapore's retail scene consists of a variety of malls that cater to both residents and visitors. The primary shopping belt, which concerns the malls lining Orchard and Scotts Road, is a well-known destination for both the tourist and the domestic crowd. Retail space within the Marina sub-market[1] also attracts the working population of the CBD, while malls in the Suburban sub-market[2] cater directly to the daily necessities of residents within the relative catchment area.

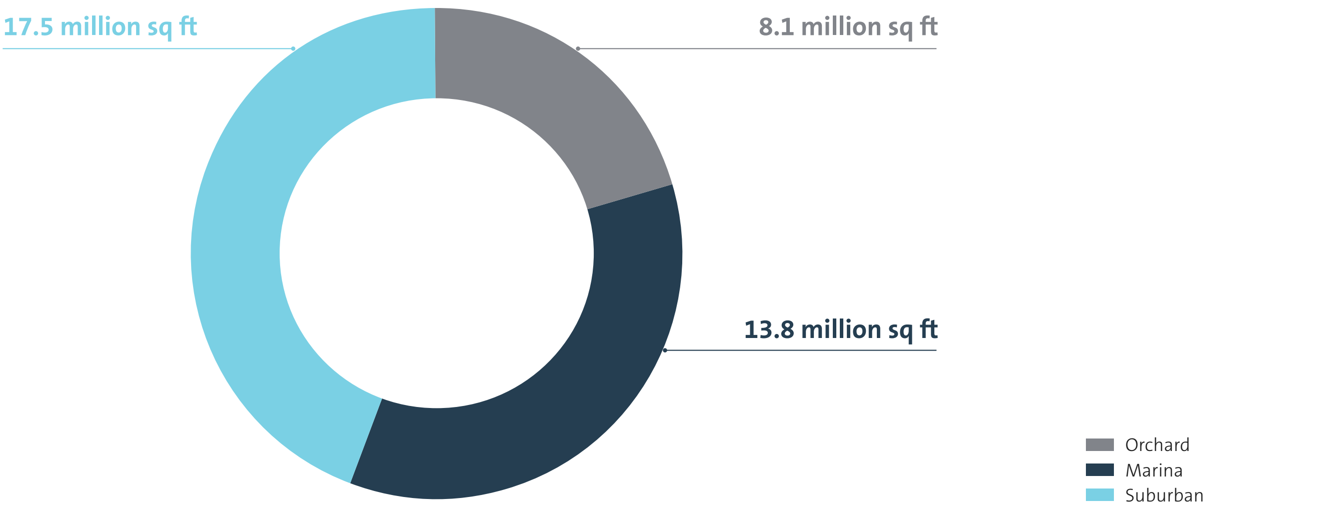
OUE Link is an overhead pedestrian link bridge located within the CBD connecting the Raffles Place MRT station with the new Marina Bay financial district and is fully leased to a mix of food & beverage ("F&B") and fashion offerings. One Raffles Place Shopping Mall is located directly above the Raffles Place MRT station and has a variety of F&B, services and fashion retailers. Both retail amenities cater primarily to the working population in the area.

Stock
As at 4Q 2016, there was 13.8 million sq ft of retail space in the Marina sub-market, constituting approximately 35% of the total retail stock in Singapore. By nature of its location, malls and retailers within the Marina sub-market support the planning authorities' initiative to create an environment that encourages the three aspects of "live, work and play". Hence, retail trades in the sub-market predominantly cater to the needs of the working population on weekdays, in addition to several business travellers and residents. This includes a wide range of F&B operators such as cafes and quick grab-and-go options, necessity services such as banking and laundry services, as well as lifestyle and fitness related offerings such as gymnasiums.

1 Refers to the area bounded by the Central Area – a red outline inside the Central Region, according to the Urban Redevelopment Authority's definition of boundaries – and Lavender and Kallang, excluding the Primary Shopping Belt

2 The rest of Singapore, excluding the Central Area

Breakdown of Retail Stock (4Q 2016)



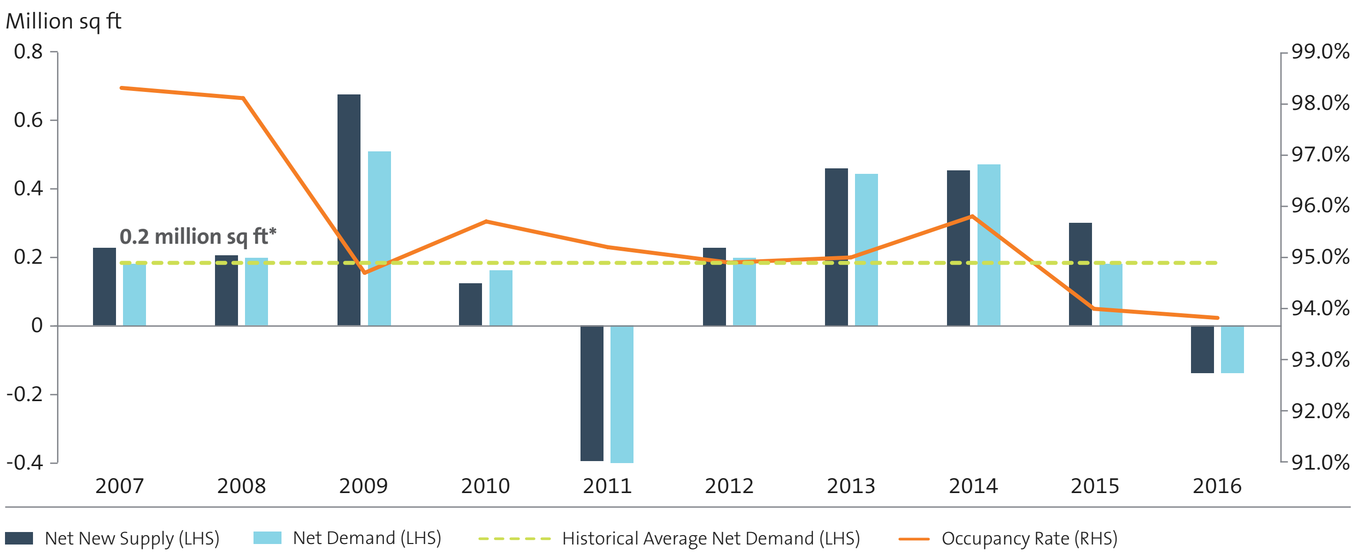
Source: JLL Research, 4Q 2016

Net Supply, Demand and Occupancy

Amid the opening of the new developments of South Beach (60,000 sq ft) and Tanjong Pagar Centre (100,000 sq ft) in 2016, the closure of Funan DigitaLife Mall (296,600 sq ft) for redevelopment caused a contraction of 134,600 sq ft in the net supply for the Marina sub-market for 2016. This resulted in a mild reduction of 2.5% YoY in the retail stock in the Marina sub-market.

Demand for 2016 contracted slightly more at 137,600 sq ft, as more retailers consolidated unprofitable operations or exited the Singapore retail scene. Consequently, occupancy in the Marina sub-market saw a decline of 0.2% YoY to 93.8% in 2016. Comparing with the decline in the island-wide occupancy rate of 0.6% YoY to 96.3% in 2016, the fall in occupancy in the Marina sub-market was less steep, as the closure of Funan DigitaLife Mall led to a reduction in retail stock in the corresponding sub-market.

Net Supply, Demand and Occupancy in the Marina Sub-market



* The historical average net demand is based on data from 2007 to 2016

Source: JLL Research, 4Q 2016

Independent Market Review
Singapore

Below are the trends and challenges in demand for the retail sector.

Retail Trends

- **Omni-channel retailing:** With the aim of bridging the gap between losing shoppers to online competitors, more retailers are expanding their online presence. To drive traffic to their outlets, some retailers are providing incentives for shoppers to purchase online and opt for in-store delivery while other retailers are utilising loyalty programmes in the form of rebates and cashback as part of their omni-channel retailing platforms to build a strong recurring customer base.

- **F&B streets:** Themed food streets that feature new-to-market and already established F&B operators are increasingly popular, as the experience of eating out cannot be fulfilled through e-commerce, hence the tendency to provide greater variety and authenticity of food offerings to attract crowds to the malls.

- **Pop-up stores:** This is commonly represented by online retailers looking to migrate into a physical space to allow its customers to test and try out their products. Likewise, it allows the retailer to test the market, as retail space that caters to pop-up stores is largely temporary.

Challenges

- **Spending cuts:** Retail sales, excluding motor vehicle sales, have recorded persistent year-on-year declines across trades such as wearing apparel and footwear, watches and jewellery as well as computer and telecommunications equipment. This is likely due to weak consumer sentiment and an uncertain economic outlook, causing shoppers to hold back on purchases in general.

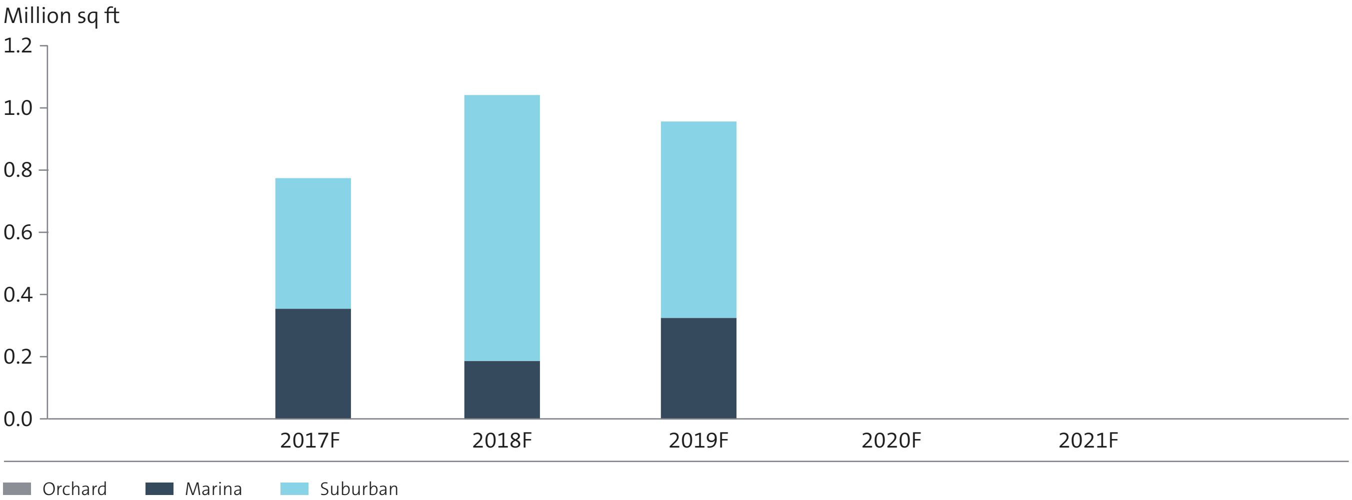
Further to the above, the Marina sub-market has the added challenge of retail business hours being largely limited to working days, due to the location of the retail space being close to the office working population. This limitation has led retailers to provide promotions in a bid to attract shoppers back to the area during the weekends.

Potential Supply

Between 2017 and 2021, an estimated 2.8 million sq ft of retail space is expected to be completed. The new supply consists of 16 new and refurbished retail projects in the pipeline, of which the majority has been planned for the Suburban sub-market (68.8%), followed by the Marina sub-market (31.2%).

In 2017, about 354,000 sq ft of retail space is expected to complete in the Marina sub-market and the projects include Downtown Gallery (160,000 sq ft), Duo Galleria (54,000 sq ft) and The Heart (within Marina One development) (140,000 sq ft).

Potential Island-wide Retail Supply



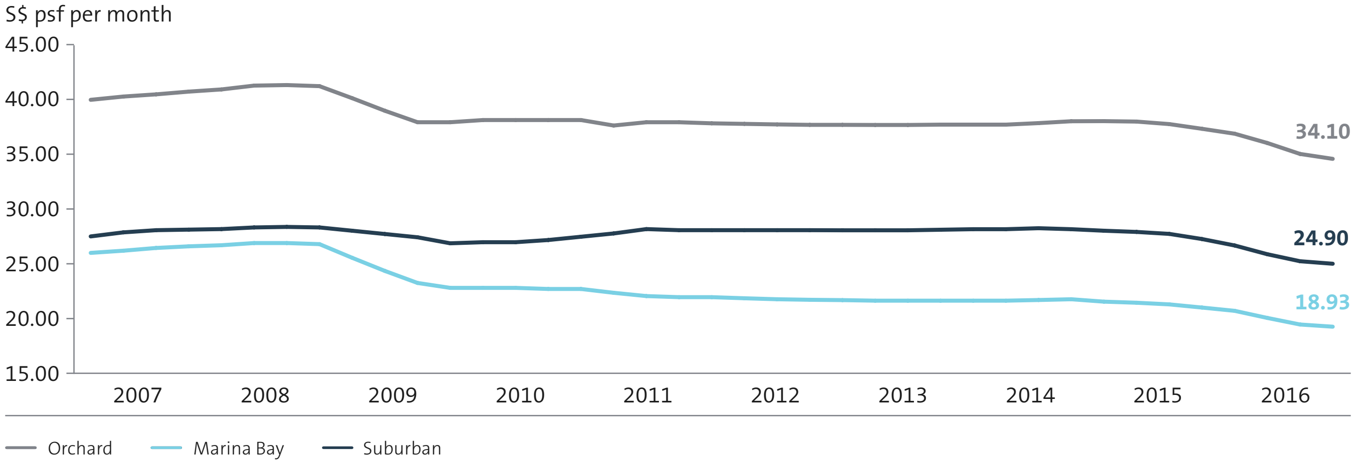
Source: JLL Research, 4Q 2016

Rents

The retail scene in Singapore remained challenging in 2016. Retailers continued to face concerns over weak retail sales from both necessity and discretionary spending, persistent labour constraints and competition from online retailers. To aid retailers and maintain an attractive tenant mix, landlords have been pressured to reduce rents.

In light of the large pending retail supply and the weaker leasing activity in the Marina sub-market, rents for the corresponding retail space are lower compared with rents in the Orchard and Suburban sub-markets. As at 4Q 2016, the average gross rents for malls tracked by JLL in the Marina sub-market declined 8.3% YoY to S$18.93 psf per month.

Average Gross Rents of Prime Retail Space



Source: JLL Research, 4Q 2016

Singapore Retail Market Outlook

Singapore's retail scene is likely to face headwinds on the back of uncertainty in the economy alongside increased competition from online retailing and regional markets, as well as the labour crunch. Leasing activity is expected to be weaker, denoted by limited entrances of new-to-market retailers, which are likely to be confined to tried-and-tested brand names.

As the challenging operating environment is likely to continue in light of the surge of retail supply expected in the near to medium term, a further contraction in the average monthly gross rents of prime retail space can be expected in 2017.

To gain a competitive edge, more retailers will integrate unique lifestyle-related experiences by offering elements that combine retail, fitness and food as a means to provide a broader range of interests, and attract a wider customer base.

While overall rents for the Marina sub-market are expected to decline, rents at OUE Link and One Raffles Place Shopping Mall are likely to remain relatively more resilient as both malls are likely to continue enjoying high human traffic compared to the competing retail podiums. This is in view of these malls' prime strategic location as well as the attractive tenant mix that is ancillary to the working population within the adjacent office towers.


oneRafflesPlace

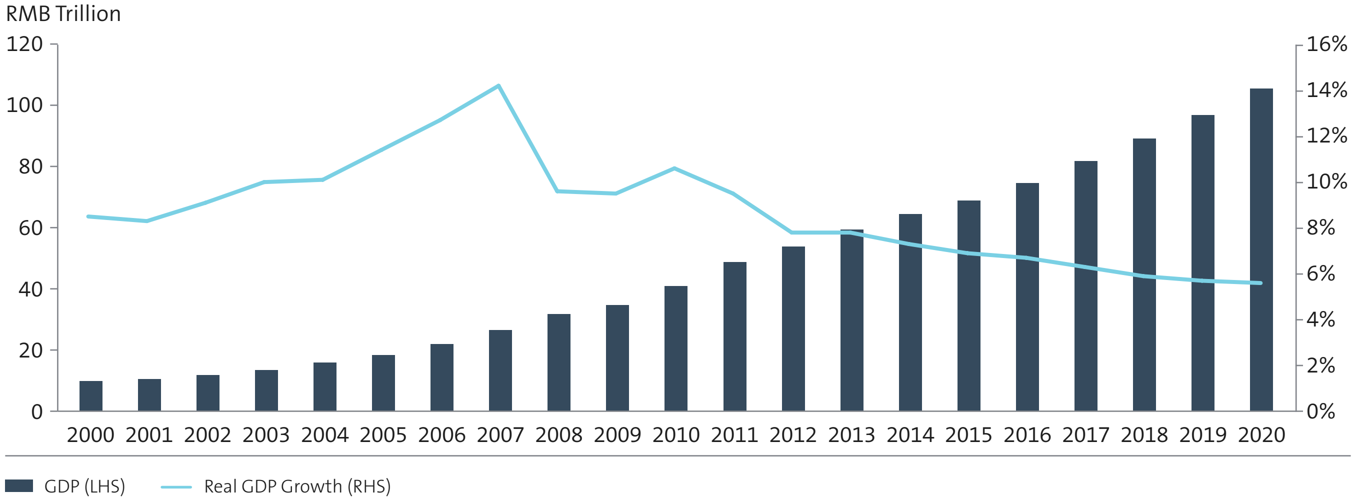
Independent Market Review
Shanghai
By JLL

CHINA AND SHANGHAI ECONOMIC OVERVIEW

GDP, Economic Structure and Foreign Direct Investment

China GDP
China's GDP reached RMB74.4 trillion in 2016, making it the world's second largest economy after the United States. Following an extended period of double-digit economic growth, growth started to slow in 2010. Economists generally are sanguine about the slowdown, which is regarded as a necessary step to weaning China off its reliance on credit-fuelled investment and putting it on a more sustainable foundation supported by domestic consumption. Over the past several years, China's government occasionally has applied stimulus measures to ensure the economy slows at a stable pace.

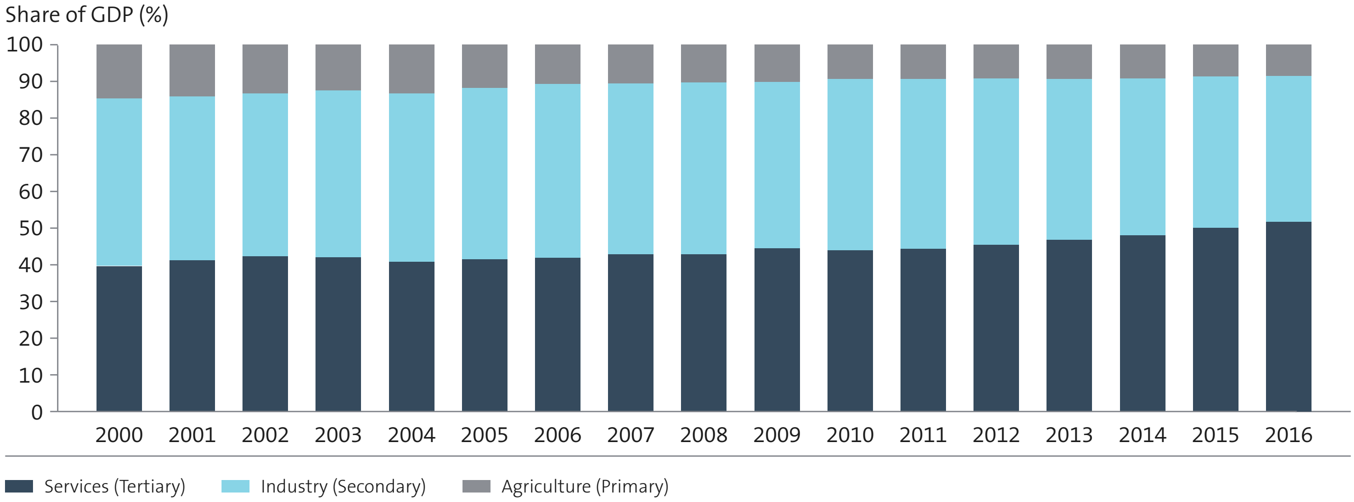
China GDP and Real GDP Growth



Source: CEIC, Oxford Economics forecasts

China Economic Structure
For most of China's reform period, the secondary sector (industry) accounted for the largest share of the economy, followed by the tertiary sector (services) and agriculture at a distant third. This has changed over the past several years, as the tertiary sector grew to equal the secondary sector in 2012, and in 2015 accounted for over half of the national economy. By the end of 2016, 52% of China's economy was driven by services.

China GDP Breakdown



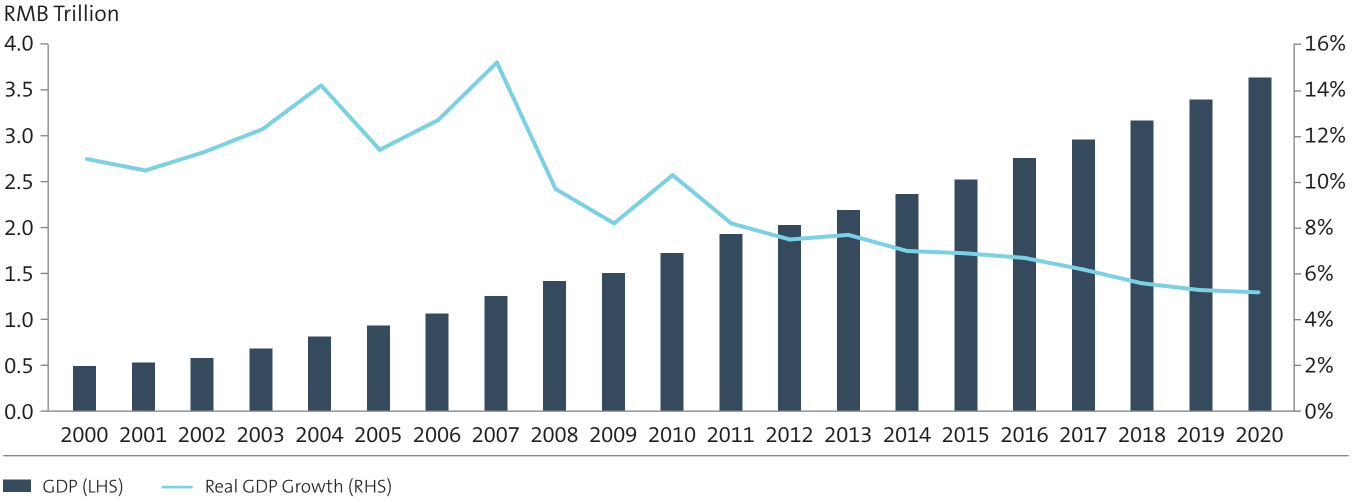
Source: CEIC

Independent Market Review
Shanghai

China Foreign Direct Investment
China's utilized foreign direct investment ("FDI") reached USD126 billion in 2016. China's government explicitly seeks to attract investment in sectors targeted for development and upgrading, including high technology, new materials, services, recycling, clean production, renewable energy, and environmental protection. Of these, investment into services has been the most significant, accounting for just over 70% of FDI in 2016.

Shanghai GDP
Shanghai's 2016 GDP was approximately RMB2.7 trillion, making it the largest urban economy in China. For over two decades, Shanghai has benefited from national-level incentives that put it at the forefront of the country's economic planning policy, which have helped it grow into China's leading commercial and financial centre. Its growth has held up well despite China's overall slowdown, due in part to its robust services and financial sectors.

Shanghai GDP and Real GDP Growth



Source: CEIC, EIU forecasts

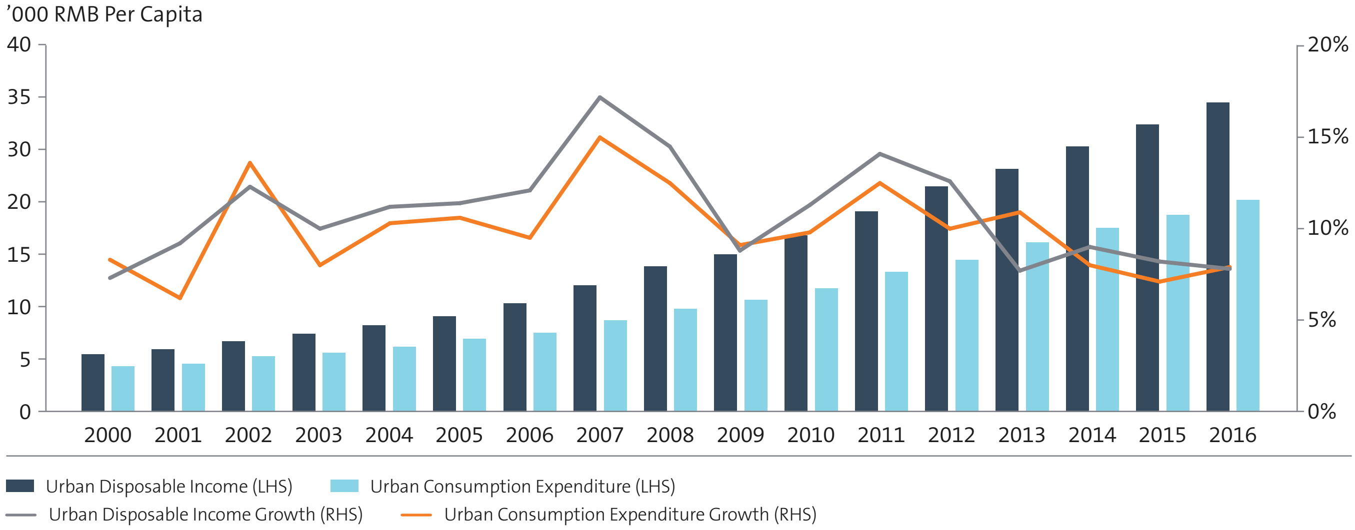
Shanghai Economic Structure
Shanghai's designated role as China's commercial and financial capital have accelerated its transition from an industrial to a services-dominated economy. Services overtook the industrial share of GDP in the mid-2000s, and in 2016 accounted for 70% of the city's economy. Shanghai's robust services sector is led by financial services, which is boosted by the national government's explicit push to make Shanghai an 'international financial center' by 2020. Wholesale and retail trading, tourism, transportation, and professional services also contribute to Shanghai's tertiary sector strength.

Shanghai Foreign Direct Investment
Shanghai's utilised FDI reached USD18.5 billion in 2016, accounting for approximately 15% of China's total FDI. Shanghai has long been at the forefront of China's efforts to reform and open up its economy, and its international reputation and skilled labor force have made it a key destination for foreign firms investing in the country. The service sector accounted for an 86.3% share of FDI in 2015 (the latest year for which detailed figures are available). Financial services and information services have grown at particularly strong rates in recent years, in line with the local government's development priorities.

Disposable Income and Consumption Expenditure

China Disposable Income and Consumption Expenditure
Income and consumer spending for China's urban households have risen at rapid rates for the past 15 years, with growth in the former supporting the latter. Per capita disposable incomes for urban residents rose at a compound annual growth rate ("CAGR") of 11.1% over 2000 – 2016, while per capita consumer expenditures for the same group rose at 10.0%. Growth rates for both disposable incomes and consumption have slowed in recent years, broadly in line with China's overall economic slowdown.

China Urban Disposable Income and Consumption



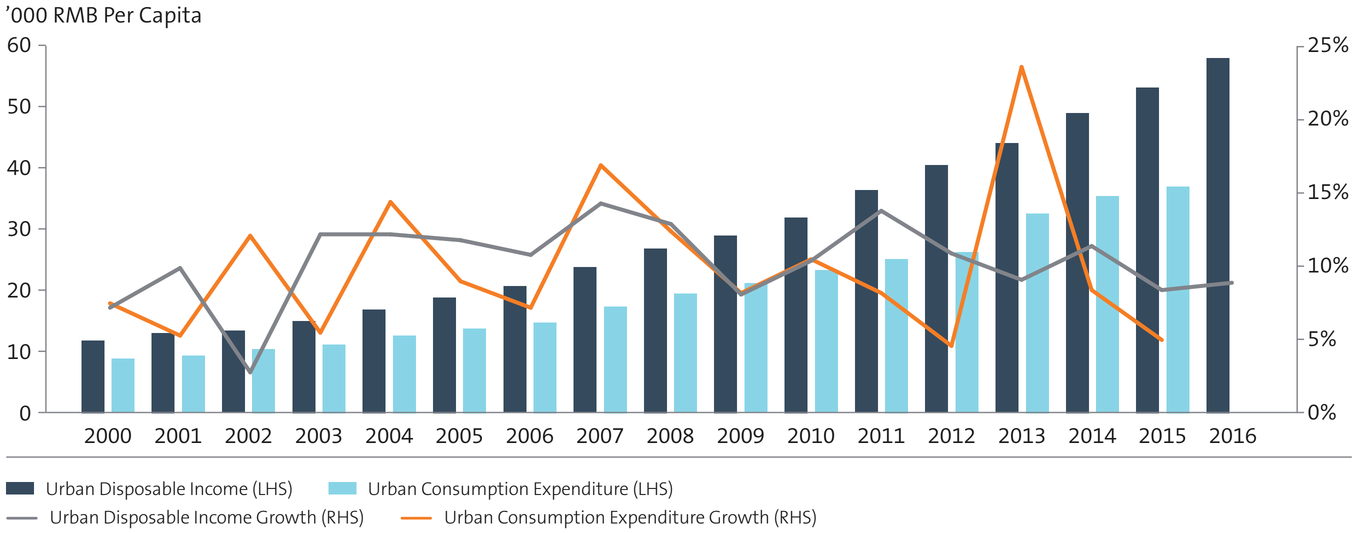
Source: CEIC

Shanghai Disposable Income and Consumption Expenditure

In 2016, Shanghai's per capita disposable incomes for urban consumers reached RMB57,692, 72% above the national average. Shanghai's high average incomes and spending reflect a population engaged in high-skilled jobs (mostly in services) whose better pay makes its residents some of the most sophisticated consumers in the country.

Growth rates for Shanghai's per capita incomes and spending have slowed in recent years, in line with the national slowdown. The decline has been relatively moderate, however, with Shanghai's disposable incomes in particular showing faster growth in 2016 than the national average. This gives us further reassurance that Shanghai is holding up well even as the rest of the country slows.

Shanghai Urban Disposable Income and Consumption



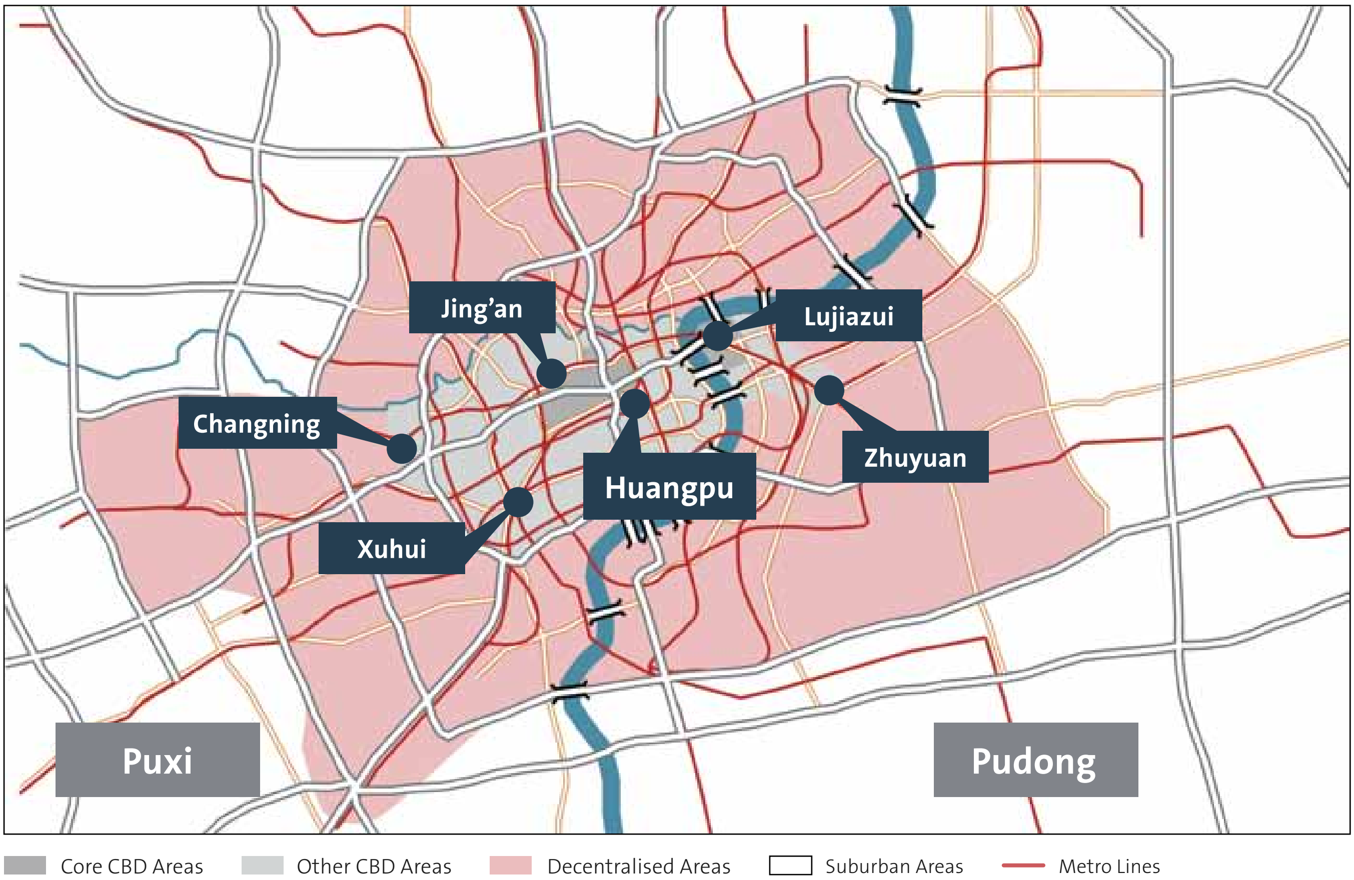
Source: CEIC

Independent Market Review
Shanghai

GRADE A OFFICE PROPERTY MARKET OVERVIEW

Major Business Districts in Shanghai
The Huangpu River separates central Shanghai into two areas: Puxi (west of Huangpu River) and Pudong (east of Huangpu River). Shanghai office market can be divided into the central business district (CBD) and a rapidly emerging decentralised Grade A office zone. This can be seen as a natural step in the evolution of Shanghai's office market, driven by expansion of the city's subway. There are six major CBD submarkets in Shanghai. In Puxi CBD, the four submarkets are Changning, Huangpu, Jing'an, and Xuhui. In Pudong CBD, the two submarkets are Lujiazui and Zhuyuan.

Shanghai Grade A Office Map

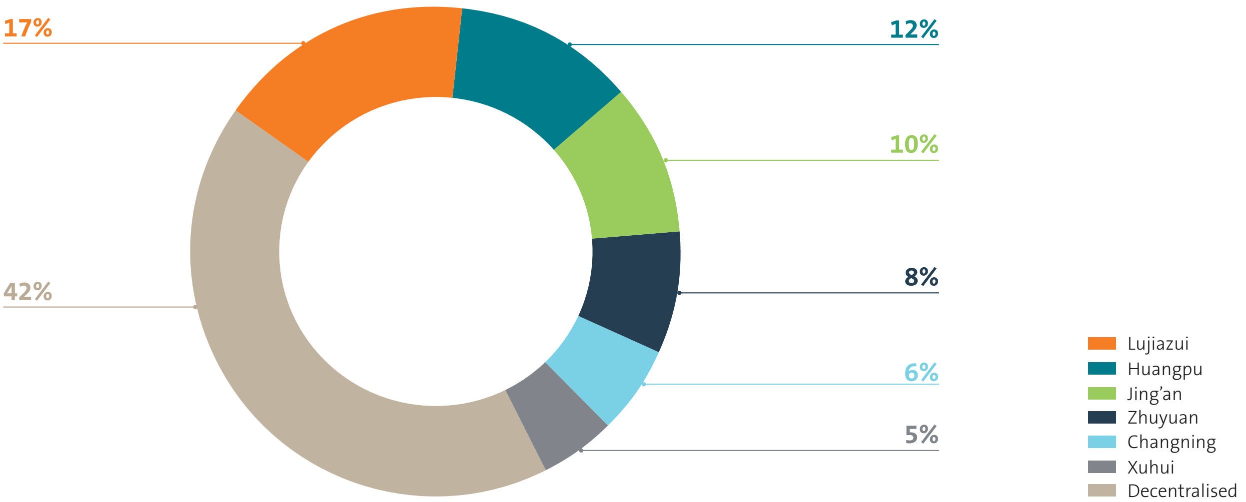


Source: JLL Research

Stock

As of 4Q 2016, Shanghai's overall (CBD and decentralised) Grade A office stock totals 9.6 million square metres ("sqm") in gross floor area ("GFA"). Pudong CBD market accounts for 25%, with around 2.4 million sqm of stock. Puxi CBD market accounts for 33%, with around 3.1 million sqm of stock. The decentralised market, which has undergone significant expansion over the past couple of years, now accounts for 42% of total stock, with around 4.1 million sqm of stock. 75% of the total decentralised stock is in Puxi.

Overall Shanghai CBD Grade A Office Stock by Sub-market



Source: JLL Research, March 2017

Supply, Demand and Occupancy

In the CBD, seven projects with a total GFA of 385,200 sqm were completed in 2016, three of which are located in Pudong CBD and four in Puxi CBD. In the decentralised market, twelve projects with a total GFA of 632,945 sqm were completed in 2016, eleven of which are located in Puxi decentralised market and only one in Pudong decentralised market.

CBD Grade A New Supply in 2016

Project Name	Area	Submarket	GFA (sqm)
Bund Finance Center N1, N2, N3	Puxi	Huangpu	29,300
Raffles City Changning T2	Puxi	Changning	32,418
HKRI Centre One	Puxi	Jing'an	95,725
SOHO Tianshan Plaza	Puxi	Changning	72,000
UOB Plaza	Pudong	Lujiazui	26,347
Century Link Tower 1	Pudong	Zhuyuan	64,850
Century Link Tower 2	Pudong	Zhuyuan	64,850

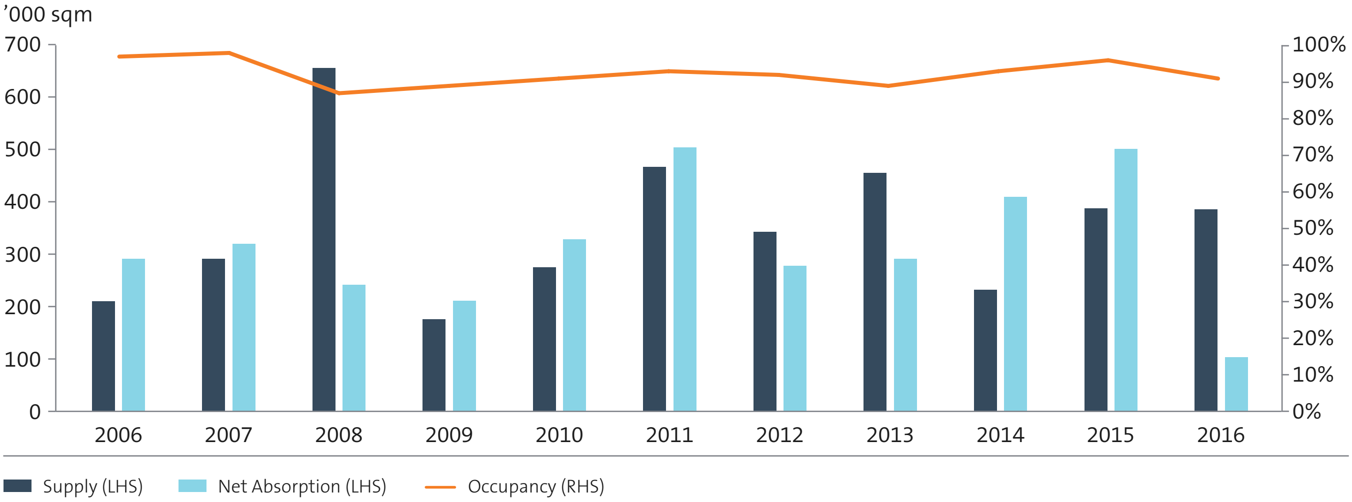
Source: JLL Research, March 2017

Independent Market Review
Shanghai

Leasing activities slowed in the CBD market towards year-end, partially due to competition from decentralised areas. City-level commercial banks, insurance, and securities companies led demand in Pudong, while technology and communications rose as an emerging demand source in Puxi, alongside professional services and retail firms. Net absorption in the CBD was 104,425 sqm for 2016.

The decentralised market recorded a strong net absorption of 563,000 sqm in 2016, surpassing the previous five years' average of 396,000 sqm. Several fringe CBD areas that are closest to the existing CBD with good public transportation became particularly attractive to cost-conscious CBD tenants looking to consolidate or expand, as well as to companies that are seeking upgrade options.

Shanghai CBD Grade A Supply, Demand, and Occupancy



Source: JLL Research, March 2017

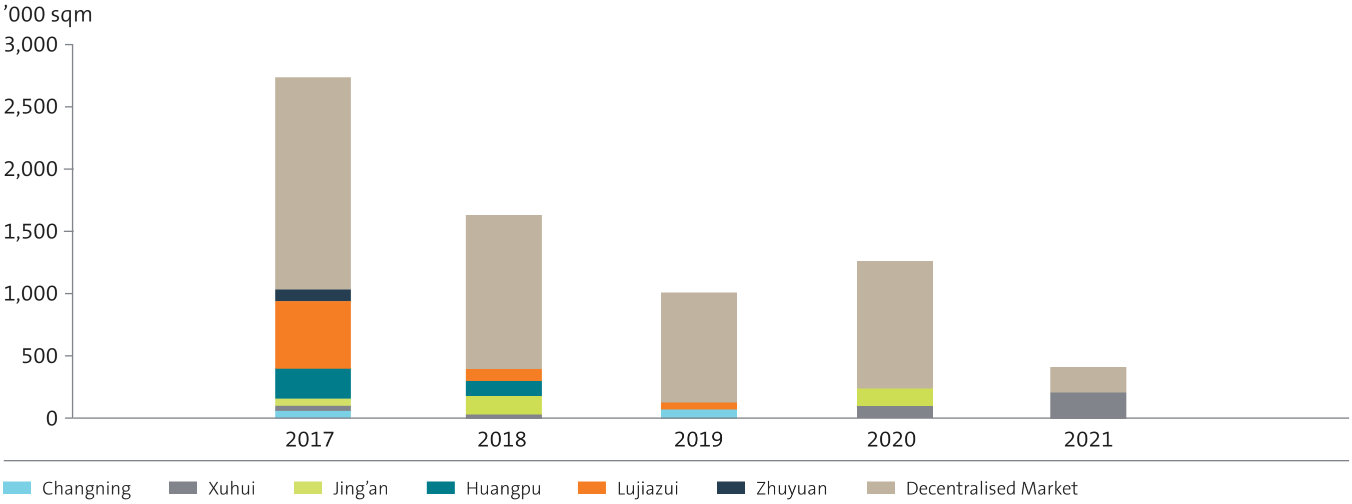
In 2016, Huangpu CBD recorded a negative net absorption of 10,525 sqm, due mainly to increasing competition from the decentralised market. Landlords faced challenges in keeping tenants from relocating to newer and more affordable Grade A projects in the decentralised market, especially for the older existing projects in Huangpu. Meanwhile, several new projects in Huangpu including Bund Finance Center (Building N1/2/3), Corporate Avenue 3, and SOHO Bund, which were completed between 2015 and 2016, saw good leasing progress benefiting mainly from upgrade and expansion demand.

Overall, the Shanghai CBD occupancy rate decreased 4.8% YoY to 91.4% in 2016. Huangpu CBD occupancy decreased 3.3% YoY to 92.6% mainly due to tenants relocating to the newer and more affordable projects in the decentralised market.

Potential Supply

New supply in the Shanghai Grade A market is expected at around 7.0 million sqm between 2017 and 2021. The CBD market accounts for approximately 29% of that supply, while the majority will be in the decentralised areas (71%). Pudong CBD will receive approximately 777,129 sqm between 2017 and 2019, accounting for 11% of total supply. Puxi CBD will receive approximately 18% of total Grade A supply: Jing'an (363,030 sqm, 5%), Xuhui (367,018 sqm, 5%), Huangpu (362,064 sqm, 5%), and Changning (160,826 sqm, 2%).

Potential Shanghai Grade A Supply



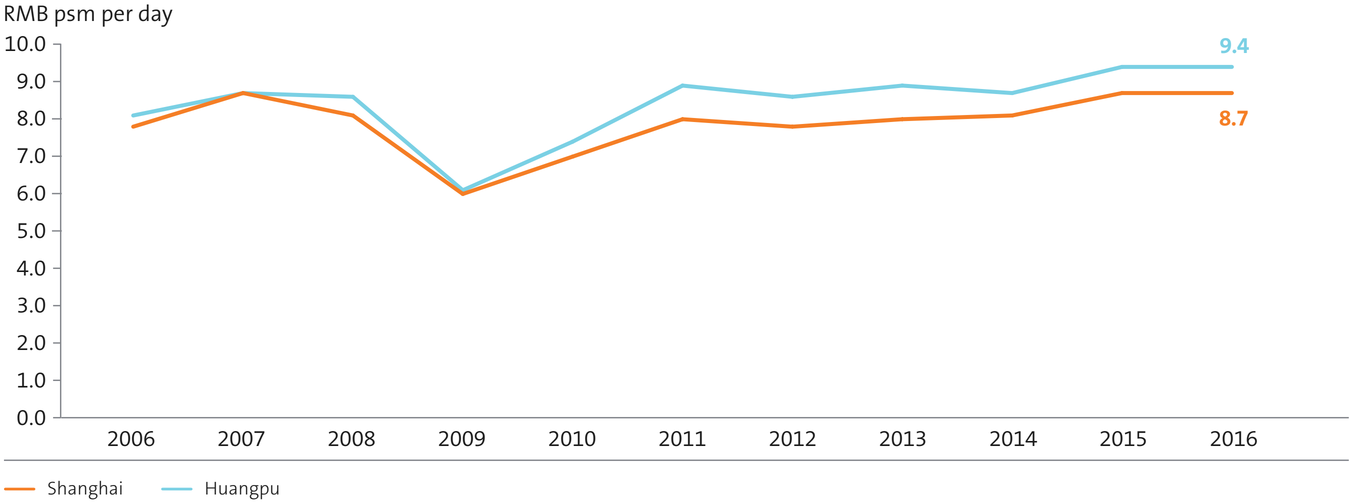
Source: JLL Research, March 2017

2017 is expected to be a peak year for new supply in both the CBD and the decentralised markets, as the completion of Shanghai Tower was delayed from 2016 to the first quarter of 2017. The building's commitment rate has reached 48%, and is expected to exceed 50% upon completion. Domestic financial services and related professional services companies will have a big presence in the building. In Huangpu, two projects are expected to complete in 2017 including Bund Finance Center (Building S1 & S2, 162,000 sqm) and JP Morgan + China Overseas Xujiahui Plot (North, 85,227 sqm). The former project has started pre-leasing, and a domestic tech giant has already pre-committed two whole floors in this project.

Independent Market Review
Shanghai

Grade A Office Rents
Decentralised rents increased 4.4% YoY. CBD rents had a strong first half of the year, but increasing competition from decentralised areas and upcoming new supply led rents to trend downwards towards the end of the year. Overall, Shanghai CBD Grade A rents saw a moderate increase of 0.8% YoY in 2016 and reached RMB8.7 per square metre ("psm") per day. As a well-established submarket, Huangpu continued to enjoy a higher than city-average rental rate of RMB9.4 psm per day.

Grade A Office Average Rents



Source: JLL Research, March 2017

Investment Market
Shanghai continued to dominate the investment market and was the clear favorite for investors in 2016. Total transaction volume in the city surpassed RMB100 billion, accounting for more than 48% of China's total investment volume. Office transaction volume in the city in 2016 was around RMB78 billion, as most potential buyers (most notably domestic players) continued to see Shanghai as a strong long-term investment environment.

The largest transaction in 2016 was the mixed-use project Century Link's RMB20 billion (approximately RMB70,000 psm) purchased by ARA and mainland insurer China Life. This deal also set an all-time price record for the purchase of a single asset in Shanghai. The second largest transaction was China Jinmao's sale of the Shanghai International Shipping Institute Building to China's State Development Investment Corporation (SDIC) for RMB5.3 billion (approximately RMB82,000 psm), while SOHO China's sale of SOHO Century Avenue to Guohua Life Insurance came in third at RMB3.2 billion (approximately RMB75,000 psm).

With ample liquidity in the domestic market, investor appetite will likely remain strong in 2017. However, with sellers remaining firm on their prices (leaving limited discounts), buyers would likely will require longer times for decision making as they deal with a limited range of quality assets available for sale.

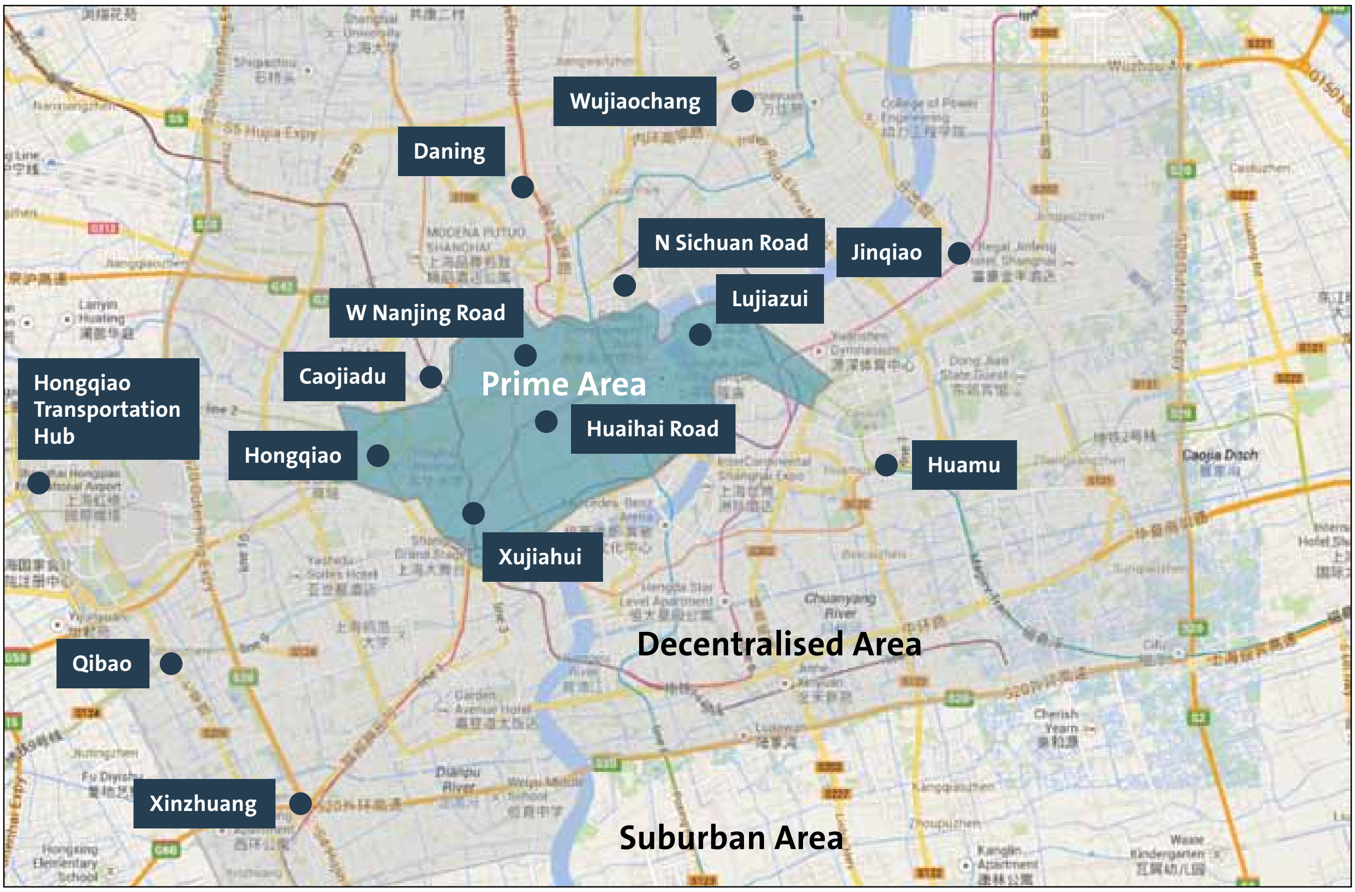
Shanghai Office Market Outlook
The market will need time to absorb the added stock. Vacancy is expected to increase, leading landlords to adjust their rental expectations. In the short-term, the CBD market is likely to face a rental correction as the decentralised market, especially those sub-markets that are closest to the traditional CBD and have good public transportation, continues to develop and traditional CBD landlords come under increasing pressure to offer attractive rents to retain and entice tenants.

PRIME RETAIL PROPERTY MARKET OVERVIEW

Major Retail Markets in Shanghai

Prime retail markets refer to areas within the inner ring road of Shanghai and to the south of Suzhou Creek. It consists of the most prestigious retail markets in Shanghai and even in China, including Huaihai Road (including Xintiandi), West Nanjing Road, East Nanjing Road, Lujiazui, and Xujiahui. While urbanisation has led to the emergence and popularity of decentralised markets which cater to the shopping needs of local communities, the prime retail markets remain the top destination for luxury brands, new-entrants and niche brands attempting to enter Shanghai.

Prime and Decentralised Retail Markets in Shanghai



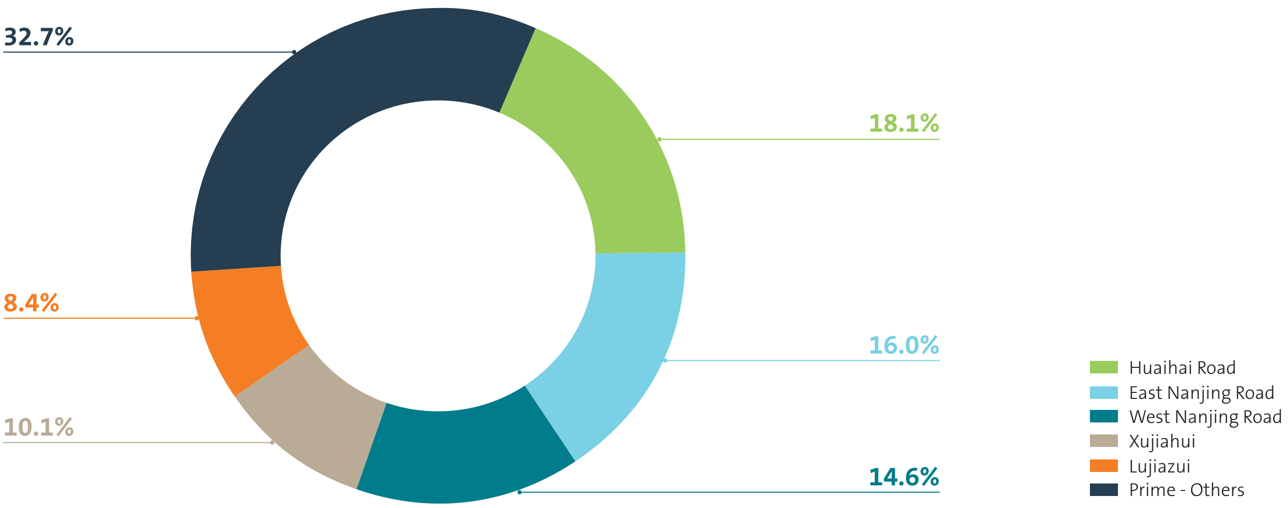
Decentralised Area   Prime Area

Source: JLL Research, March 2017

Independent Market Review
Shanghai

Stock
As at the end of 2016, the five major prime retail sub-markets combined have 3.1 million sqm of stock, accounting for 67.3% of total prime retail stock (4.6 million sqm). Huaihai Road is the biggest prime retail sub-market with a total stock of 826,856 sqm, representing 18.1% of total prime retail stock. The Huaihai Road submarket is dominated by shopping malls (84.7% of total stock), while department store stock has been declining in recent years.

Distribution of Prime Retail Stock by Sub-market

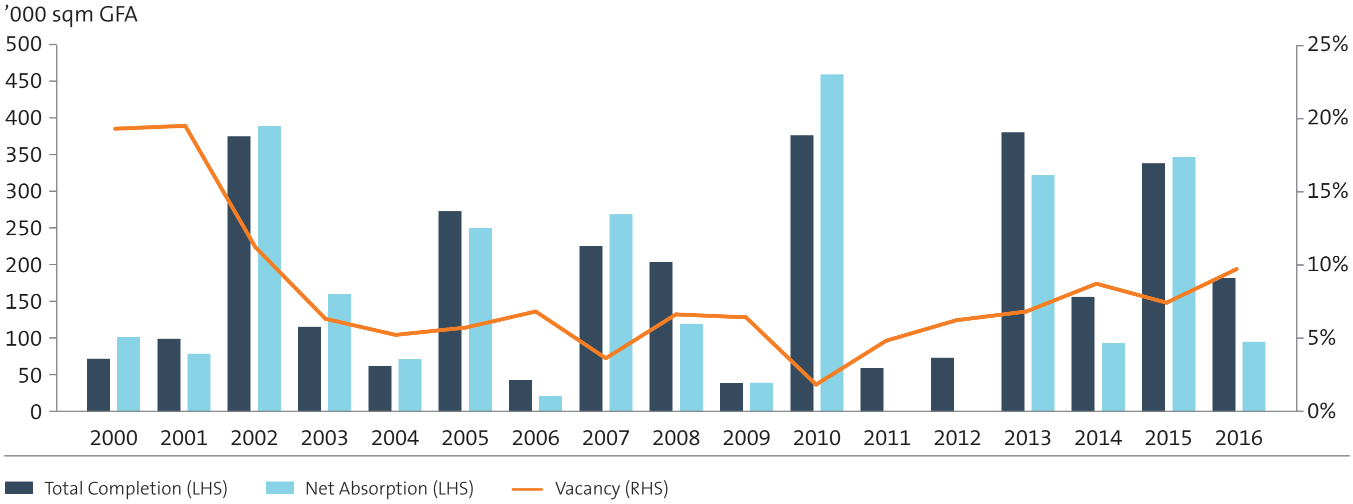


Source: JLL Research, March 2017

Supply, Demand and Occupancy

Most of the new supply in recent years is concentrated in the decentralised markets, while new supply in prime markets increasingly consist of en-bloc refurbishment of existing properties due to land scarcity. In 2016, three new shopping malls and two refurbished projects with a total GFA of 179,277 sqm were launched in the prime retail markets. Within this new supply, three projects totaling 75,277 sqm (Hu Bin Dao Phase 1, Yangguang Center and Infinitus) opened[1] in the Huaihai Road submarket, representing 42.0% of the new supply.

New Supply, Net Absorption and Vacancy of Prime Markets in Shanghai



Note: Total historical completions include new completions and refurbishments of shopping malls only

Source: JLL Research, March 2017

In terms of leasing demand in the prime markets, F&B and experience-oriented brands were the major demand drivers. Expansion efforts were particularly strong from mid-range restaurants serving regional Chinese cuisine, as well as small casual shops like juice bars, which benefited from collaboration with mobile take-out dining apps. Children's retailers continued to expand, as well as fitness centers, sportswear brands and other tenants promoting a healthy lifestyle. Sentiment improved among fashion retailers; however they are still cautious about overcommitting.

In addition, there has been an increase in shops selling discounted designer brands and branding themselves as 'urban outlets', offering the outlet shopping experience in a traditional mall environment. Such shops have been relatively more likely to open in prime malls that are undergoing repositioning or facing intense competitive pressures.

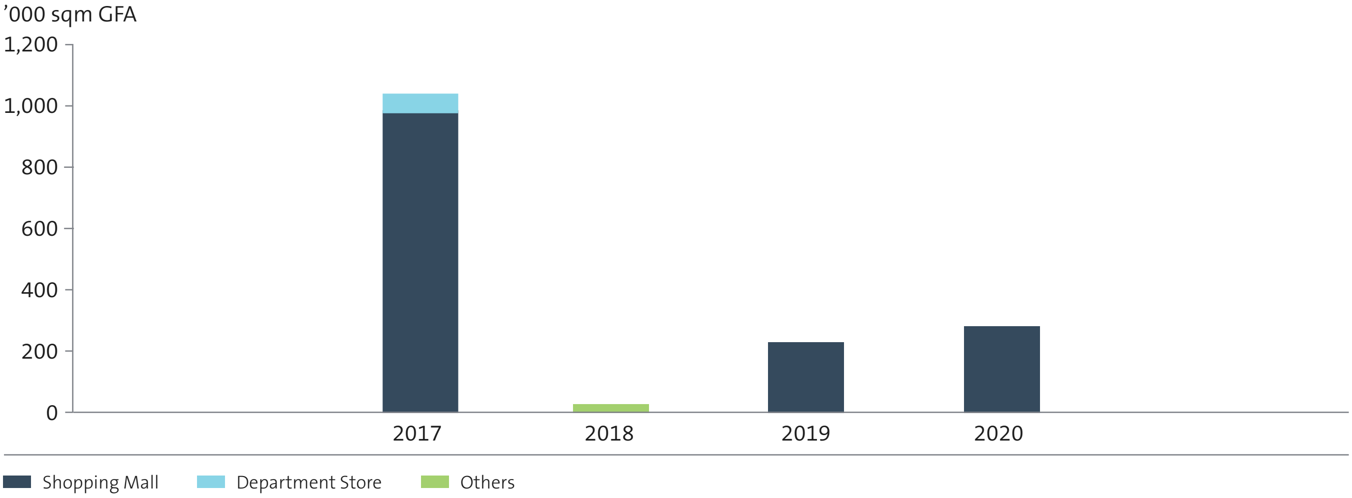
Vacancy in 4Q 2016 decreased slightly from 10.3% in 3Q 2016 to 9.7% in prime areas as projects in mature submarkets saw improving occupancy, such as Infiniti and Hu Bin Dao in Huaihai Road and Metro City in Xujiahui. Specifically, vacancy in Huaihai Road submarket remained flat quarter-on-quarter ("QoQ") at 12.3% in 4Q 2016. Increases in vacancy were largely driven by renovation and refurbishment of existing projects.

[1] A project is deemed "open" if its pre-leasing rate reaches at least 30%

Independent Market Review
Shanghai

Potential Supply
In the prime markets, we expect 17 projects with a total retail GFA of 1.0 million sqm to be completed in 2017, compared to 179,277 sqm in 2016. Several projects originally scheduled for opening in 4Q 2016 were pushed back into 2017.

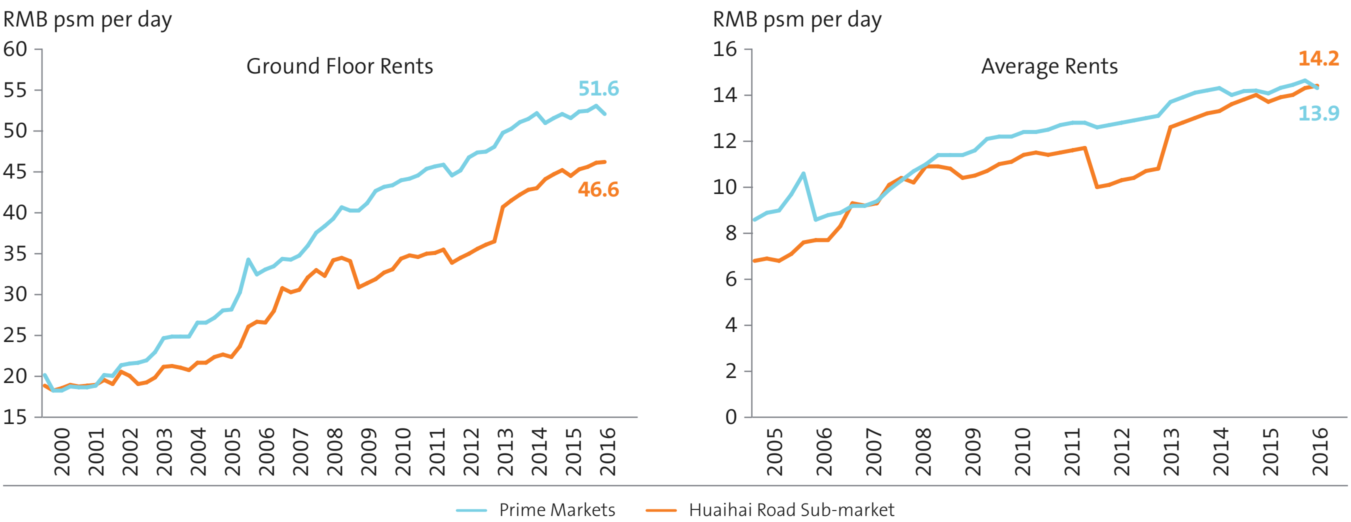
Potential Prime Retail Supply



Source: JLL Research, March 2017

Rents
Prime ground floor base rental growth decelerated from 2.8% YoY in 3Q 2016 to 1.3% in 4Q 2016, with rents reaching RMB51.6 psm per day.

Rents of Prime Markets and Huaihai Road Submarket



Source: JLL Research, March 2017

Shanghai Retail Market Outlook

In recent years, the decentralised markets have replaced prime markets as the growth hotspot for the retail sector. The emergence of experience-oriented "community malls" have taken away the sales and foot traffic from aging projects in traditional retail submarkets. As the retail landscape grows and revolves, eventually most routine shopping needs can be handled in the new generation of decentralised malls, while prime markets are expected to remain the preferred destination for the new-entrant brands and niche shopping.

The demand pattern in the prime retail market is expected to remain similar in the near future. F&B and experience-oriented brands will remain major demand drivers. Fashion retailers are expected to remain cautious, though sports and casual wear brands will remain active. Vacancy is expected to continue edging down throughout 2017 as landlords adopt more conservative rental expectations.

Supply pressure and rising competition in prime markets indicate that rental growth is likely to further decelerate in early 2017, and rebound in the medium-term as rents bottom out. Established malls with experienced operators in good locations will support rental increases, as we continue to observe significant numbers of brands (especially new-entrants and niche brands) entering Shanghai or expanding their presence in the market.

Investor Relations

The Manager is committed to maintaining regular, timely and transparent communication with Unitholders, prospective investors, analysts and the media.

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

The Manager also maintains regular engagement with the investment community to provide updates on OUE C-REIT's development and financial performance as well as insights on its strategies and market outlook. Senior management conducts analysts' briefings for half-year and full-year results, in addition to holding post-results meetings each quarter to meet with investors.

In 2016, the management team met with more than 150 investors and research analysts through analysts briefings, one-on-one and group meetings and investor conferences. To connect with more retail investors, the Manager also presented at REITs Symposium 2016 jointly organised by ShareInvestor and REITAS, which attracted about 1,100 participants. The Manager also conducts property tours to OUE C-REIT's properties for analysts and institutional investors to have a better understanding of its operations.

Analyst Coverage

As at 31 December 2016

- CIMB Securities
- Citi Research
- DBS Bank
- OCBC Investment Research

Investor Relations Activities in 2016

1st Quarter	
DBS Pulse of Asia Conference, Singapore	5 January 2016
Analysts Briefing for Financial Results for FY2015	26 January 2016
FY2015 Post-results investor luncheon, Singapore	27 January 2016
2nd Quarter	
Second Annual General Meeting	19 April 2016
1Q 2015 Post-results investor luncheon, Singapore	11 May 2016
RHB Securities Non-Deal Roadshow, Singapore	12 May 2016
Standard Chartered Bank Asia Investor Forum, Singapore	24 May 2016
Citi ASEAN C-Suite Forum 2016, Singapore	2 June 2016
REITs Symposium 2016, ShareInvestor and REITAS, Singapore	4 June 2016
Citi Asia Pacific Property Conference, Hong Kong	23 June 2016
3rd Quarter	
Analysts Briefing for Financial Results for 2Q 2016	2 August 2016
2Q 2016 Post-results investor luncheon, Singapore	3 August 2016
Citi Non-Deal Roadshow, Tokyo	25 August 2016
DBS Vickers / Alliance Investment Bank Corporate Day, Kuala Lumpur	7 September 2016
4th Quarter	
3Q 2016 Post-results investor meeting, Singapore	2 November 2016
DBS Non-Deal Roadshow, Bangkok	3 – 4 November 2016

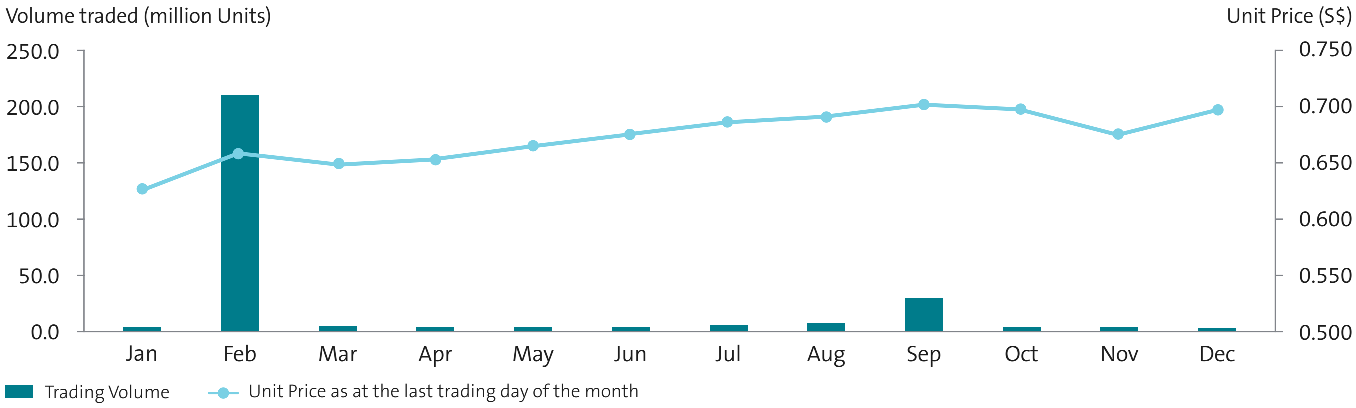
Financial Calendar	2016	2017 (tentative)
First Quarter Financial Results Announcement	10 May 2016	May 2017
Second Quarter Financial Results Announcement	2 August 2016	August 2017
Payment of Distribution to Unitholders	8 September 2016	September 2017
Third Quarter Financial Results Announcement	1 November 2016	November 2017
Full Year Financial Results Announcement	26 January 2017	January 2018
Payment of Distribution to Unitholders	28 February 2017	February 2018
Annual General Meeting	21 April 2017	April 2018

Unit Price Performance		
Closing Price (S$)	**2016**	**2015**[a]
Highest	0.715	0.750
Lowest	0.590	0.565
Average	0.670	0.701
Last Done on 31 December	0.695	0.655

Note:
[a] Adjusted to include the 393,305,817 new Units issued at S$0.555 on 4 August 2015 pursuant to the rights issue

Trading Volume		
Number of Units	**2016**	**2015**
Total Volume Traded	272,993,200	265,867,000
Average Daily Trading Volume	1,093,334	1,080,760

2016 Trading Performance



Source: Bloomberg

Unitholders' Enquiries

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

OUE Commercial REIT Management Pte. Ltd.
50 Collyer Quay
#04-08 OUE Bayfront
Singapore 049321
Tel: +65 6809 8700
Fax: +65 6809 8701
Email: enquiry@ouect.com
Website: www.ouect.com

Unit Registrar

Boardroom Corporate and Advisory Services Pte. Ltd.
50 Raffles Place
#32-01 Singapore Land Tower
Singapore 048623
Tel: +65 6536 5355
Fax: +65 6438 8710
Website: www.boardroomlimited.com

Unitholder Depository

For depository-related matters, please contact:

The Central Depository (Pte) Limited
11 North Buona Vista Drive
#06-07 The Metropolis Tower 2
Singapore 138589
Tel: +65 6236 8888
Fax: +65 6535 6994
Website: www.cdp.sgx.com

Corporate Social Responsibility

Community, People and Environment

In working towards our objective of delivering stable distributions and sustainable long-term growth to Unitholders, OUE C-REIT is committed to sustainable business practices, making a difference to the community and nurturing our people.

Community Engagement

Our belief is that strong and progressive communities are essential to the success of any business. The Manager actively supports causes that benefit underprivileged children and the elderly, especially in the areas of health and education, and we continue to care for our local community through financial contributions, in-kind donations and volunteer work in partnership with our Sponsor, OUE Limited.

Stars of Christmas 2016

The Manager joined our Sponsor OUE Limited in its annual 'Stars of Christmas' community programme, to spread some Christmas cheer to beneficiaries of non-profit organisations providing programmes and services to children with special needs and critical illnesses. For 2016, our partner organisations were the Children's Cancer Foundation, Club Rainbow, Community Chest (the fund-raising and engagement arm of the National Council of Social Service of Singapore), KK Women's and Children's Hospital as well as VIVA Foundation.

Stars of Christmas 2016

The community programme kicked off with an appeal for Christmas presents for the beneficiaries from employees of supporting organisations including OUE group, guests and visitors of Mandarin Orchard Singapore hotel. Donors were encouraged to pick as many 'stars' decorating the Christmas tree at the main lobby of the hotel, with each star bearing the name, age and gender of each of the beneficiaries, for guidance in purchasing the gifts. On 14 December 2016, beneficiaries of Stars of Christmas together with their family members and caregivers were guests-of-honour at a Christmas luncheon where they were treated to a Christmas feast at Mandarin Orchard Singapore, with an afternoon of games and entertainment.

More than 1,000 presents were collected for Stars of Christmas 2016, a new record since the annual community initiative began seven years ago, which were presented to the children at the various homes and hospitals.

Breast Cancer Foundation Christmas Fundraiser

As part of the festive celebrations at One Raffles Place, we partnered with the Breast Cancer Foundation ("BCF") of Singapore to showcase products such as fashion accessories, tote bags, notebook and cards handmade by breast cancer survivors for sale at the atrium of One Raffles Place Shopping Mall. All funds raised would go towards the BCF in support of the initiatives and programmes to raise breast cancer awareness, promote early detection and provide support to people affected by the disease.

Tenants at Lippo Plaza's evening cocktail event

Tenant Engagement and Appreciation

As our customers, tenants of OUE C-REIT's properties are important stakeholders and participants within our business eco-system.

The Manager seeks to provide high service standards for our tenants so as to increase tenant satisfaction and retention. We hold regular dialogue sessions with tenants to gather feedback on property management matters, so as to better understand their on-going requirements and to improve our service standards.

In appreciation of our tenants' continued support, the Manager hosted its annual year-end tenant get-together at ME@OUE in OUE Bayfront, attended by tenants as well as staff from both the Manager and Property Manager. At Lippo Plaza, the centre management team also hosted an evening cocktail event for office tenants. Other than serving as a platform for the Manager to gather feedback from tenants and an opportunity to share about events and activities at our office properties, the gatherings also provide a forum for tenants to meet informally to network.

Get Healthy At Your Workplace

OUE C-REIT and the Health Promotion Board came together to introduce a "Healthy Workplace Ecosystem" programme at OUE Bayfront for our tenant community. Specially designed for the busy executive, the programme integrates healthy, active living into daily work life. Weekly workout sessions including activities such as pilates, zumba and kickboxing were held at the OUE Bayfront open plaza, while monthly health education sessions on nutrition and maintaining mental well-being were also conducted. Since the programme was launched at the end of May 2016, attendance of more than 1,200 participants was recorded for the various activities.

Corporate Social Responsibility

MINDS Christmas Premiums

OUE C-REIT collaborated with a unit of voluntary welfare organisation Movement for the Intellectually Disabled of Singapore ("MINDS"), MINDS Bakers, to put together Christmas premiums for our tenants at OUE Bayfront as a gesture of our appreciation for their support. MINDS Bakers is a social enterprise initiative which trains the intellectually disabled to pick up kitchen skills from basic food preparation, to area cleaning and packing based on modified techniques designed by their training officers. This allowed tenants to share in our support for MINDS' passion to empower their clients through employment and vocational training, so as to advance the development, wellbeing and aspirations of persons with intellectually disability.

Developing Human Capital

We believe in the importance of nurturing and developing our employees, as human capital is pivotal in contributing to the success of our business. The Manager leverages on the Sponsor's initiatives to provide training and development opportunities for employees, which are vital to talent retention. Employees are encouraged to pursue development opportunities such as certified skills training programmes, industry seminars and conferences or obtain professional qualifications. Full-time employees can also avail of paid examination leave to pursue studies of their interest.
As part of empowering employees to manage their personal and professional development, annual performance evaluations are conducted for employees to discuss their work performance, training plans and aspirations with their supervisors.

Employee Engagement and Wellness

We advocate a positive workplace culture and pro-actively engage our people to establish a conducive and family-friendly work environment.

To encourage staff cohesion, the Manager participated in various social and recreational activities during the year. Team bonding activities include the annual Dinner and Dance, and Christmas celebrations. To promote employee well-being, annual health screenings and complimentary flu vaccinations are also provided as part of the benefits scheme under the Manager's human resource policies.

Employees are also encouraged to adopt good work-life harmony practices to balance both family and work priorities. In support of the nationwide "Eat with Your Family Day" national campaign on 27 May 2016, employees were encouraged to leave the office earlier, to spend quality time with their families over dinner.

Environmental Protection

The Manager adopts green practices that reduce our impact on the environment. To reduce resource consumption, energy and water efficiency measures have been implemented in our properties. Eco-friendly building fittings such as motion-activated light controls have been installed in the restrooms at OUE Bayfront to conserve electricity when the facilities are not in use. At both OUE Bayfront and Lippo Plaza, energy-efficient LED lighting has been installed in common areas, in furthering our conservation efforts. The use of recycled water in OUE Bayfront's cooling towers helps to reduce our water consumption.

OUE Bayfront has achieved the Green Mark Gold certification while One Raffles Place Tower 2 is certified Green Mark Platinum as awarded by the BCA in Singapore. With the commencement of the upgrade to the chillers at One Raffles Place Tower 1 as well as other planned enhancements to improve energy efficiency, we are pleased to report that One Raffles Place Tower 1 has been certified Green Mark Gold in 2016.

Corporate Governance

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

The directors ("Directors") and management ("Management") of the Manager are committed to maintaining good standards of corporate governance as they firmly believe it is essential in protecting the interests of unitholders of OUE C-REIT ("Unitholders"), and is critical to the performance of the Manager. This report sets out OUE C-REIT's corporate governance practices for the financial year ended 31 December 2016 ("FY2016") with specific reference to guidelines set out in the Code of Corporate Governance 2012 (the "Code"). The Manager is pleased to report that they have complied in all material aspects with the principles and guidelines set out in the Code, save for deviations from the Code which are explained under the respective sections.

The Manager of OUE C-REIT

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

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

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

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

- developing OUE C-REIT's business plans and budget so as to manage the performance of OUE C-REIT's assets;

- ensuring compliance with applicable requirements, laws and regulations, such as those set out in the listing manual of Singapore Exchange Securities Trading Limited (the "SGX-ST") (the "Listing Manual"), the Code on Collective Investment Schemes (the "CIS Code") (including the Property Funds Appendix) issued by the Monetary Authority of Singapore (the "MAS"), the Capital Markets Services Licence ("CMS Licence") for REIT management issued by the MAS, the Securities and Futures Act, Chapter 289 of Singapore ("SFA") and the Code, as well as ensuring that the Manager's obligations under the Trust Deed are properly carried out; and

- establishing a framework of prudent and effective controls which enable financial, operational and compliance risks to be assessed and managed.

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

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

A. BOARD MATTERS

Principle 1 : Board's Conduct of Affairs

The Manager is headed by an effective board of Directors (the "Board"), half of which comprises non-executive Directors who are independent of the Management. The Board is supported by two Board committees, namely the audit and risk committee (the "ARC") and the nominating and remuneration committee (the "NRC"). Each Board committee is governed by clear terms of reference which have been approved by the Board and set out the duties and authority of such Board committee.

The principal roles and responsibilities of the Board include:

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

Corporate Governance

- establishing a framework of prudent and effective controls which enables risks to be assessed and managed, including safeguarding the interests of the Unitholders and OUE C-REIT's assets;
- reviewing the Management's performance;
- identifying the key stakeholder groups and recognising that their perceptions affect the reputation of the Manager and OUE C-REIT;
- setting the Manager's values and standards (including ethical standards), and ensuring that obligations to Unitholders and other stakeholders are understood and met; and
- considering sustainability issues (including environmental and social factors) as part of the Manager's overall strategy.

The Manager has adopted internal guidelines which require Board approval for investments, divestments, fund raising (equity, debt or hybrid instruments) and bank borrowings. The Manager has adopted a framework of delegated authorisation, as set out in its Limits of Authority ("LOA"). The LOA sets out the procedures and levels of authorisation required for specified transactions. It also sets out approval limits for operating and capital expenditure. The LOA also contains a schedule of matters specifically reserved for the Board's approval. These include approval of annual business plans, operating budgets, statutory accounts, declaration of distribution per Unit, and material transactions, namely, major acquisitions, joint ventures, strategic alliances, investment proposals, establishment of banking facilities and corporate restructuring.

The Board holds regular scheduled meetings on a quarterly basis, with ad hoc meetings convened as and when required. A total of five Board meetings were held in FY2016. The report on the attendance of the Directors for Board and Board committee meetings is set out below. Directors who are unable to attend Board or Board committee meetings may convey their views to the Chairman or the company secretary of the Manager (the "Company Secretary"). The Manager's constitution provides for participation in meetings via telephone and/or video conference where Directors are unable to be physically present at such meetings. Where required, Directors may raise questions and seek clarification through discussion forums with the Management in respect of significant matters passed via circular resolutions.

Attendance of Board and Board Committee Meetings

	Number of meetings attended in FY2016		
Name of Director	**Board**	**ARC**	**NRC**
Christopher James Williams	5	–	1
Ng Lak Chuan	5	4	1
Carl Gabriel Florian Stubbe	5	4	1
Loh Lian Huat	5	4	–
Jonathan Miles Foxall	4	–	–
Tan Shu Lin	5	–	–
Number of meetings held in FY2016	**5**	**4**	**1**

Board Orientation and Training

The Manager will provide orientation programmes for newly-appointed directors to familiarise them with the business, operations and financial performance of OUE C-REIT. The newly-appointed directors will also be briefed on the Manager's governance practices, including board processes, policies on disclosure of interests in securities, prohibitions on dealing in units of OUE C-REIT (the "Units") and restrictions on disclosure of price-sensitive information. OUE C-REIT was listed on the Main Board of SGX-ST on 27 January 2014 (the "Listing Date") and no new director has been appointed since the Listing Date.

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

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

The Board is routinely updated on developments and changes in the operating environment and applicable laws and regulations, including directors' duties and responsibilities, corporate governance matters and changes in financial reporting standards, so as to enable them to discharge their duties effectively as members of the Board and where applicable, as Board committee members. The Directors may also attend other appropriate courses, conferences and seminars, at the Manager's expense. These include programmes run by the Singapore Institute of Directors.

The NRC makes recommendations to the Board on relevant matters relating to the review of training and professional development programs for the Board.

Principle 2 : Board Composition and Guidance
Principle 3 : Chairman and Chief Executive Officer

The Board assesses the independence of each of the Directors in accordance with the requirements of the Code. Under the Code, an independent director is one who has no relationship with the Manager, its related corporations, its 10% shareholders, their officers or the 10% Unitholders that could interfere, or be reasonably perceived to interfere, with the exercise of the Director's independent business judgement with a view to the best interests of the Manager and OUE C-REIT.

The Board comprises six Directors with three non-executive Directors who are independent of the Management. No individual or small group of individuals dominate the Board's decision-making. In addition to the Board's annual review of the Directors' independence, each independent Director also submits an annual declaration regarding his independence.

In addition to the requirements of the Code, the Board also assesses the independence of each Director in accordance with the enhanced independence requirements for REIT managers as implemented by the MAS pursuant to its Response to Feedback on Consultation on Enhancements to the Regulatory Regime Governing REITs and REIT Managers (the "Enhanced Independent Requirements").

Under the Enhanced Independent Requirements, an independent director is a director who is:

(a) independent from any management and business relationship with the Manager and OUE C-REIT;
(b) independent from any substantial shareholder of the Manager and any substantial unitholder of OUE C-REIT; and
(c) has not served on the Board of Directors of the Manager for a continuous period of 9 years or longer.

With reference to the Enhanced Independence Requirements, the independent Directors are Mr Ng Lak Chuan and Mr Carl Gabriel Florian Stubbe. Although Mr Loh Lian Huat is deemed to be not independent from the substantial shareholder of the Manager and the substantial unitholder of OUE C-REIT in the context of the Enhanced Independent Requirements because he is obliged to act in accordance with the directions of OUE Limited (who is the sponsor (the "Sponsor") and a substantial unitholder of OUE C-REIT) in his capacity as a nominee director on the board of Gemdale Properties and Investment Corporation Limited ("Gemdale"), the Board has in its review taken the following into consideration:

- As a non-executive director of Gemdale, Mr Loh Lian Huat owes a fiduciary duty to Gemdale to act in its interest, notwithstanding his nomination by the Sponsor.
- The Sponsor only holds an effective interest of 14.9% in Gemdale. OUE Lippo Limited owns 29.8% of Gemdale. The Sponsor owns 50% of OUE Lippo Limited (through its wholly-owned subsidiary OUE Baytown Pte. Ltd.) and the other 50% is owned by an independent third party. As such, Gemdale is not a "related corporation" or "associated corporation" of the Sponsor.
- None of the Sponsor, OUE Baytown Pte. Ltd. and OUE Lippo Limited make any payment to Mr Loh Lian Huat for his directorship in Gemdale.

Based on the above, the Board is of the view that Mr Loh Lian Huat's appointment as the Sponsor's nominee director on Gemdale should not interfere with his ability to exercise independent judgement and act in the interests of all the unitholders of OUE C-REIT as a whole. Therefore, the Board has determined that Mr Loh Lian Huat should still be considered as an independent Director.

For the purpose of the Enhanced Independence Requirements, Mr Christopher James Williams is considered a non-independent Director as he is also the Deputy Chairman and Non-Executive Director of the Sponsor. The Manager is a wholly-owned subsidiary of the Sponsor. Ms Tan Shu Lin is considered a non-independent Director as she is the Chief Executive Officer ("CEO") of the Manager. Mr Jonathan Miles Foxall is considered a non-independent Director as he is currently the general manager (Properties) of Lippo China Resources Limited and a director of Lippo Realty Limited.

Corporate Governance

Board Composition

Board Member	
Christopher James Williams	Chairman and Non-Independent Non-Executive Director
Ng Lak Chuan	Lead Independent Director
Carl Gabriel Florian Stubbe	Independent Director
Loh Lian Huat	Independent Director
Jonathan Miles Foxall	Non-Independent Non-Executive Director
Tan Shu Lin	Chief Executive Officer and Executive Director

The integrity and professionalism of the Directors have allowed them to discharge their responsibilities with due care and diligence.

The Board is of the opinion that its current size is appropriate, taking into account the nature and scope of the Manager's role *vis-a-vis* OUE C-REIT, for effective decision-making. The Board comprises Directors who collectively have the core competencies, such as accounting or finance, business or management experience, legal, industry knowledge, strategic planning experience and customer-based experience or knowledge, required for the Board to be effective in all aspects of its roles.

Key information on the Directors' particulars and background can be found on pages 22 to 25 of the Annual Report.

The Board is chaired by Mr Christopher James Williams, who is a non-independent non-executive Director (the "Chairman"). The Chairman, in consultation with the Management, sets the agenda for Board meetings and ensures that they are held regularly and whenever necessary. He seeks to ensure that the Directors receive timely, clear and adequate information. As part of the Chairman's responsibilities, he also seeks to ensure that good standards of corporate governance are promoted and adhered to within the Manager and by all Directors.

The Code recommends that a company should appoint an independent director to be the lead independent director where, *inter alia*, the Chairman is not an independent director. In this regard, Mr Ng Lak Chuan, an Independent Director, is the Lead Independent Director. As the Lead Independent Director, Mr Ng Lak Chuan has the discretion to hold meetings with the independent Directors without the presence of the Management as he deems appropriate or necessary and to provide feedback to the Chairman after such meetings.

The non-executive Directors participate in setting and developing strategies and goals for the Management, and reviewing and assessing the Management's performance. This enables the Management to benefit from their external and objective perspective on issues that are brought before the Board.

There is a clear separation of responsibilities between the Chairman and the CEO, so as to maintain an appropriate balance of power and authority. The Chairman and the CEO are not related to each other.

Principle 4 : Board Membership
Principle 5 : Board Performance

The NRC comprises three non-executive Directors namely Mr Carl Gabriel Florian Stubbe, Mr Christopher James Williams and Mr Ng Lak Chuan. Mr Carl Gabriel Florian Stubbe is the chairman of the NRC. The NRC met once in FY2016.

The principal responsibilities of the NRC in performing the functions of a nominating committee include reviewing and evaluating nominations of directors for appointment to the Board, evaluating the performance of the Directors and the Board as a whole and the Board committees, reviewing and being mindful of the independence of the Directors, reviewing and making recommendations on the training and professional development programs for the Board.

The NRC determines on an annual basis whether or not a Director is independent, taking into account the Code's guidance on what constitutes an "independent" director, and as to relationships the existence of which would deem a director not to be independent. A director who has no relationship with the Manager, its related corporations, its 10% shareholders, their officers or the 10% Unitholders that could interfere, or be reasonably perceived to interfere, with the exercise of his independent business judgment with a view to the best interests of the Manager and OUE C-REIT, is considered to be independent.

In its selection, appointment and re-appointment process, the NRC reviews the composition of the Board including the mix of expertise, skills and attributes of existing Directors, so as to identify needed and/or desired competencies to supplement the Board's existing attributes. In doing so, where necessary or appropriate, the NRC may tap on its networking contacts and/or engage external professional headhunters to assist with identifying and shortlisting such candidates.

The NRC assesses the effectiveness of the Board as a whole and its Board committees and the contribution by the Chairman and each Director to the effectiveness of the Board. A formal appraisal process to assess the effectiveness of the Board and Board committees has been implemented. The Board performance evaluation process includes a questionnaire designed to assess the performance of the Board and enhance the overall effectiveness of the Directors. There is a self-performance assessment to be undertaken by each Director. The Company Secretary will compile the Directors' responses to the questionnaire into a consolidated report, and the report will be discussed at a NRC meeting and then shared with the entire Board. In evaluating each Director's performance and that of the Board and its Board committees, the NRC considers, *inter alia*, the Directors' attendance, contribution and participation at Board and Board Committee meetings, Directors' individual evaluations and the overall effectiveness of the Board in steering and overseeing the conduct of the Manager's business *vis-a-vis* OUE C-REIT. Based on the NRC's assessment and review, the Board and its Board Committees operate effectively and each Director has contributed to the effectiveness of the Board.

The Directors must ensure that they are able to give sufficient time and attention to the affairs of the Manager, and as part of its review process, the NRC decides whether or not a Director is able to do so and whether he has been adequately carrying out his duties as a Director of the Manager. The NRC believes that setting a maximum limit on the number of directorships a Director can hold is arbitrary, given that time requirements for each board may vary, and thus should not be prescriptive.

The Directors have opportunities for continuing education in a number of areas including directors' duties, corporate governance, financial reporting, insider trading, the Companies Act, Chapter 50 of Singapore (the "Companies Act"), the CIS Code and the Listing Manual, real estate-related matters and other areas to enhance their performance as Board and Board Committee members.

Principle 6 : Access to Information

In order to enable the Directors to make informed decisions to discharge their duties and responsibilities, the Management endeavours to provide the Board with complete and adequate information in a timely manner prior to Board meetings. Such information includes on-going reports relating to the operational and financial performance of OUE C-REIT, as well as matters requiring the Board's decision. The Management is also required to furnish any additional information, when so requested by the Board, as and when the need arises. The Directors also have separate and independent access to the Management and the Company Secretary. The role of the Company Secretary and the Management is to ensure that all Board procedures are followed and that applicable regulations and rules prescribed by the Companies Act, the Listing Manual and all other applicable laws and regulations are complied with. Under the direction of the Chairman, the responsibilities of the Company Secretary include ensuring timely information flows within the Board and its Board committees and between the Management and non-executive Directors.

The Directors may seek independent professional advice, at the Manager's expense, as and when required.

B. REMUNERATION MATTERS

Principle 7 : Procedures for Developing Remuneration Policies
Principle 8 : Level and Mix of Remuneration
Principle 9 : Disclosure on Remuneration

The principal responsibilities of the NRC in relation to the remuneration matters include (i) recommending to the Board a general framework of remuneration for Directors and key management personnel of the Manager, namely the CEO of the Manager, (ii) developing policies for fixing of, and recommending to, the Board, the remuneration packages of individual Directors and the key management personnel of the Manager, and (iii) reviewing the remuneration policy of the Manager to ensure the policy meets its stated objectives having regard to the performance of OUE C-REIT and other considerations.

The NRC sets the remuneration policy to ensure that the compensation offered by the Manager is (i) competitive and will attract, retain and motivate Directors and key management personnel and (ii) for Directors to be good stewards of the Manager and OUE C-REIT and for key management personnel with the required experience and expertise to run the

Corporate Governance

Manager successfully. In developing and reviewing the policy for the remuneration packages for Directors and the key management personnel of the Manager, the NRC would take into consideration the Manager's existing remuneration policy and other conditions within the REIT management industry and in comparable REIT managers. The remuneration policy of the Manager is structured to attract and retain highly qualified persons, and the Manager's overall goal is to ensure the long term sustainability and success of the Manager and OUE C-REIT.

The remuneration of the Directors and the Management is paid by the Manager, and not by OUE C-REIT. The remuneration of the Directors in the form of directors' fees is paid wholly in cash and the remuneration of the Management in the form of salaries, annual bonuses and allowances is also paid wholly in cash. There is no non-monetary remuneration in the form of stock options or Units paid to the Directors or the Management.

For FY2016, the Manager did not engage any remuneration consultant with regard to the remuneration of its Directors and key management personnel.

The structure of the Directors' fees for Non-Executive Directors comprises a base fee for serving as a Director, and additional fees for (i) serving as Chairman of the Board, or chairman of Board committees, (ii) for serving as Lead Independent Director and/or (iii) serving on Board committees as members, as the case may be. The Directors' fees take into account:

(i) the Directors' level of contribution and respective responsibilities at Board meetings and Board committee meetings; and

(ii) the industry practices and norms on remuneration including guidelines set out in the Statement of Good Practice issued by the Singapore Institute of Directors.

The remuneration framework for the key executive officers of the Manager comprises monthly salaries, annual bonuses and allowances. The Manager links executive remuneration to corporate and individual performance, based on the performance appraisal of the key executive officers, that take into account the following criteria namely (i) leadership, (ii) self-management and effectiveness, (iii) communication and interpersonal skills, (iv) quality management, (v) administration and managerial skills, (vi) human resource management and development, (vii) technical and functional skills, and (viii) customer focus. The Manager currently does not have in place long-term or short-term incentive schemes for its executive Directors and key executive officers.

The Code and the Notice to All Holders of a Capital Markets Services Licence for Real Estate Investment Trust Management (issued pursuant to Section 101 of the Securities and Futures Act) require (i) the disclosure of the remuneration of each individual Director and the CEO on a named basis, (ii) the disclosure of the remuneration of at least the top five key management personnel / top five executive officers (who are neither Directors nor the CEO) in bands of S$250,000, and (iii) in aggregate the total remuneration paid to the top five key management personnel (who are not Directors or the CEO) and in the event of non-disclosure, the Manager is required to provide reasons for such non-disclosure. After much deliberation, the Board is of the view that full disclosure of the specific remuneration of each individual Director, the CEO and the top five executive officers, and the total remuneration paid to the top five key management personnel (who are not Directors or the CEO) will not be in the best interests of the Manager, OUE C-REIT or its Unitholders. In arriving at its decision, the Board had taken into consideration, *inter alia*, the commercial sensitivity and confidential nature of remuneration matters, the competitive nature of the REIT management industry, the competitive business environment which OUE C-REIT operates in, the importance of ensuring stability and continuity of business operations with a competent and experienced management team in place and the negative impact which such disclosure may have on the Manager in attracting and retaining talent for the Manager (at the Board and Management levels) on a long-term basis. Accordingly, the Board is of the view that the non-disclosure of the specific remuneration of each individual director, the CEO and top five executive officers will not be prejudicial to the interest of the Unitholders.

There are no employees of the Manager who are immediate family members of a Director or the CEO, and whose remuneration exceeds S$50,000 during FY2016. The Manager does not have any employee share scheme.

No termination, retirement or post-employment benefits were granted to Directors, the CEO or key executive officers of the Manager during FY2016.

C. ACCOUNTABILITY & AUDIT

Principle 10 : Accountability

The Board is responsible for presenting a balanced and understandable assessment of OUE C-REIT's performance, position and prospects to its Unitholders, the public and the regulators. The Management is accountable to the Board and provides the Board with quarterly and full-year results, which are then reviewed and approved by the Board for release to the SGX-ST.

Principle 12 : Audit and Risk Committee

The ARC consists of three non-executive Directors, namely Mr Ng Lak Chuan, Mr Carl Gabriel Florian Stubbe and Mr Loh Lian Huat, who are all independent Directors. Mr Ng Lak Chuan is the chairman of the ARC and is also the Lead Independent Director. All members of the ARC have many years of experience in senior management positions. The Board is of the view that the ARC members are appropriately qualified to discharge their responsibilities. A total of four ARC meetings were held in FY2016.

The ARC's responsibilities, under its terms of reference, include the following:

1. Monitoring and evaluating the effectiveness of the Manager's internal controls. Reviewing and reporting to the Board at least annually the adequacy and effectiveness of the Manager's risk management and internal control policies and systems, including financial, operational, compliance and information technology controls. Such review can be carried out internally or with the assistance of any competent third parties.

2. Reviewing the financial statements of OUE C-REIT and reviewing the quality and reliability of information prepared for inclusion in financial reports.

3. Reviewing the significant financial reporting issues and judgements so as to ensure the integrity of the financial statements of OUE C-REIT and any formal announcements relating to the financial performance of OUE C-REIT, including the quarterly and full-year financial statements of OUE C-REIT.

4. Reviewing the annual audit plans of the external and internal auditors. The ARC may suggest matters to be included for review by the external and internal auditors during their audit of OUE C-REIT.

5. Reviewing with the external and internal auditors their findings on their evaluation of the system of the internal accounting controls of OUE C-REIT and the Manager.

6. Reviewing the external audit reports to ensure that where deficiencies in internal controls have been identified, appropriate and prompt remedial action is taken by the Management.

7. Monitoring the procedures established to regulate Related Party Transactions, including ensuring compliance with the provisions of the Listing Manual relating to Interested Person Transactions ("IPTs") (as defined in the Listing Manual) and the provisions of Appendix 6 to the CIS Code (the "Property Funds Appendix") relating to Interested Party Transactions (as defined in the Property Funds Appendix) (both types of transactions constituting "Related Party Transactions").

8. Reviewing the internal audit reports at least twice a year to ascertain that the guidelines and procedures established to monitor Related Party Transactions have been complied with. Such review will include the examination of the nature of the transaction and its supporting documents or such other data deemed necessary to the ARC.

9. Reviewing the adequacy, scope and performance/results of the external audit and its cost effectiveness.

10. Reviewing the independence and objectivity of the external auditors annually and stating (a) the aggregate amount of fees paid to the external auditors for that financial year, and (b) a breakdown of the fees paid in total for audit and non-audit services respectively, or an appropriate negative statement, in OUE C-REIT's Annual Report. Where the external auditors also supply a substantial volume of non-audit services to OUE C-REIT and/or the Manager, the ARC should keep the nature and extent of such services under review, seeking to balance the maintenance of objectivity and value for money.

Corporate Governance

11. Making recommendations to the Board on the proposals to the Unitholders on the appointment, re-appointment and removal of OUE C-REIT's external auditors, and approving the remuneration and terms of engagement of the external auditors.

12. Reviewing the scope and results of the internal audit procedures, and, at least annually, reviewing the adequacy and effectiveness of the Manager's internal audit function.

13. Ensuring that the internal audit function is independent from the Management, that the internal audit function will report to the chairman of the ARC and that the internal audit function is adequately qualified to perform an effective role.

14. Ensuring that the internal audit function is adequately resourced, staffed with persons with the relevant qualifications and experience, and has appropriate standing within the Manager.

15. Ensuring that the internal auditors carry out their function according to the standards set by nationally or internationally recognised professional bodies including the Standards for the Professional Practice of Internal Auditing set by The Institute of Internal Auditors.

16. Meeting with the external auditors and with the internal auditors, in each case without the presence of the management of the Manager, at least annually.

17. Monitoring the procedures implemented to ensure compliance with the applicable legislation, the Listing Manual and the Property Funds Appendix.

The results of the ARC's review are reported to the Board.

The ARC has reviewed the non-audit fees paid to the external auditors. The ARC has considered the nature and extent of the non-audit services provided and is satisfied that the independence and objectivity of the external auditors have not been compromised by the provision of non-audit services. The amount of non-audit fees paid to the external auditors for FY2016 was S$77,000. The ARC is satisfied that OUE C-REIT has complied with the requirements of Rule 712 and 715 of the Listing Manual in relation to the appointment of its auditing firm. Accordingly, the ARC has recommended to the Board the nomination of the external auditors, Messrs KPMG LLP, for re-appointment at the forthcoming Annual General Meeting to be held on 21 April 2017. The ARC has met with the external auditors and the internal auditors without the presence of the Management and has unfettered access to any information it may require.

The details of the remuneration of the auditors of OUE C-REIT during FY2016 are as follows:

Breakdown of Audit and Non-Audit Services	Amount (S$)
Audit Services	310,000
Non-Audit Services	77,000

The Manager has in place a whistle-blowing procedure whereby employees of the Manager may, in confidence, raise concerns about possible improprieties in matters of financial reporting or other matters as well as any breach of the Manager's Code of Business Conduct and Ethics, without fear of reprisals in any form. The ARC has the responsibility of overseeing this policy which is administered with the assistance of the head of OUE's Internal Audit Department ("OUE IA"). Under these procedures, arrangements are in place for independent investigation of such matters raised and for appropriate follow-up action to be taken. The ARC is empowered to conduct or authorise investigations into any activity within its terms of reference, and obtain independent professional advice as it deems necessary. The ARC has full access to and co-operation from the Management and full discretion to invite any Director or executive officer to attend its meetings, and has adequate resources to enable it to discharge its functions properly. In carrying out its duties, the ARC is guided by the Guidebook for Audit Committees in Singapore. The external auditors, Messrs KPMG LLP, updates the ARC members on a regular basis on recent changes to financial reporting standards and regulatory developments.

Principle 11 : Risk Management and Internal Controls
Principle 13 : Internal Audit

The Manager has an established enterprise risk assessment and management framework (the "ERM Framework") for OUE C-REIT, which has been approved by the Board. The ERM Framework is used by the Manager to determine the nature and the extent of the significant financial, operational, compliance and information technology risks in order to achieve strategic objectives. The ERM Framework also provides internal controls as to how to address these risks.

The ownership of these risks lies with the CEO and the function heads of the Manager, with stewardship residing with the Board.

The ARC, together with the Manager, assists the Board to oversee, review and update the ERM Framework to ensure its adequacy and effectiveness on the business, with internal controls in place to manage risks including but not limited to finance, operations, compliance and information technology. The Manager identifies these risks through a risk register with specific internal controls in place to manage or mitigate those risks. The risk register is reviewed by the Manager, the ARC and the Board quarterly (and updated as and when necessary). Internal auditors and external auditors conduct audits that involve testing the effectiveness of the material internal control systems of OUE C-REIT.

Any material non-compliance or lapses in internal controls together with corrective measures recommended by internal auditors and external auditors are reported to the ARC. The effectiveness of the measures taken by the Management in response to the recommendations made by the internal auditors and external auditors is also reviewed by the ARC. The system of risk management and internal controls is continually being refined by the Manager, the ARC and the Board.

The Board has received assurance from the CEO and the Chief Financial Officer (the "CFO") of the Manager that:

(a) the financial records of OUE C-REIT have been properly maintained and the financial statements for the financial year ended 31 December 2016 give a true and fair view of OUE C-REIT's operations and finances; and

(b) the ERM Framework implemented within OUE C-REIT is adequate and effective in identifying and addressing the material risks in OUE C-REIT in its current business environment including material financial, operational, compliance and information technology risks.

Based on the ERM Framework established and reviews conducted by OUE C-REIT's internal auditors and external auditors as well as the assurance from the CEO and the CFO, the Board opines, pursuant to Rule 1207(10) of the Listing Manual, with the concurrence of the ARC, that OUE C-REIT's system of risk management and internal controls were adequate and effective as at 31 December 2016 to address the material financial, operational, compliance and information technology risks faced by OUE C-REIT.

The Board notes that the ERM Framework established by the Manager provides reasonable, but not absolute, assurance that OUE C-REIT will not be significantly affected by any event that can be reasonably foreseen as it strives to achieve its business objectives. However, the Board also notes that no system of risk management and internal controls can provide absolute assurance in this regard, or absolute assurance against poor judgment in decision making, human error, fraud, other irregularities and losses.

OUE IA has been appointed to undertake the internal audit function in respect of OUE C-REIT, under the direct supervision of the Board. OUE IA's primary line of reporting is to the chairman of the ARC. OUE IA is responsible for assisting the ARC in reviewing and evaluating the adequacy and effectiveness of the Manager's system of internal controls to address financial, operational and compliance risks for OUE C-REIT. It also audits the operations, regulatory compliance and risk management processes of the Manager. The scope of the internal audit reviews is carried out in accordance with the yearly plans prepared by OUE IA and approved by the ARC. All audit findings are communicated to the ARC as well as the Management.

In the course of carrying out their duties, OUE C-REIT's external auditors will highlight any material internal control weaknesses which have come to their attention in carrying out their normal audit, which is designed primarily to enable them to express their opinion on the financial statements. Such material internal control weaknesses noted during their audit, and recommendations, if any, by the external auditors are reported to the ARC.

Corporate Governance

In carrying out its functions, OUE IA has adopted the Standards for the Professional Practice of Internal Auditing set by the Institute of Internal Auditors. The ARC is satisfied with the adequacy and effectiveness of the internal audit function and its resources.

D. COMMUNICATION WITH UNITHOLDERS

Principle 14 : Regular, Effective and Fair Communication with Unitholders
Principle 15 : Encouraging Greater Unitholder Participation
Principle 16 : Conduct of Unitholders' Meetings

Unitholders are informed of OUE C-REIT's performance and developments through press releases and the publication of its quarterly and full-year results on the SGXNET and the annual report. Unitholders are also regularly kept up-to-date on significant events and happenings through the same channels. Information on OUE C-REIT is also available on its website at http://www.ouect.com, where investors can subscribe to email alerts of all announcements and press releases issued by OUE C-REIT or submit questions at their convenience via an enquiry form on the website.

The Manager maintains regular dialogue with and solicits views of the investment community, through group/individual meetings with investors, investor conferences and non-deal investor roadshows facilitated by the Manager's Investor Relations department and attended by the CEO. The CEO, CFO and senior management of the Manager are present at analyst briefings which are held least twice a year, to answer questions. More details on the Manager's investor relations activities and efforts are found on pages 74 to 75 of this Annual Report.

In addition, Unitholders are given the opportunity to communicate their views and to raise pertinent questions to the Directors and to vote at Unitholders' meetings. The Chairman of the ARC, as well as the external auditors are also present at Unitholders' meetings to address relevant questions raised by the Unitholders.

E. INTERESTED PERSON TRANSACTIONS POLICY

The Manager has established procedures to monitor and review IPTs, including ensuring compliance with the provisions of the Listing Manual and the Property Funds Appendix related to IPTs. The ARC and the Board review the IPTs on a quarterly basis. Any IPTs requiring disclosure are disclosed in the announcements and/or the Annual Report.

F. DEALINGS IN THE UNITS

The Manager has issued guidelines on dealing in the Units. These pertain to the existence of insider trading laws and the rules and regulations with regard to dealings in the Units by the Directors and officers. The Manager sends out memoranda and e-mails to the Directors and the employees of the Manager to remind them that the Directors and employees of the Manager and their connected persons are prohibited from dealing in the Units during the following periods:

(a) two weeks before the announcement of OUE C-REIT's financial statements for each of the first three quarters of its financial year;

(b) one month before the announcement of OUE C-REIT's full year results and (where applicable) property valuations; or

(c) any time while in possession of price-sensitive information.

The Directors and the employees of the Manager are prohibited from communicating price sensitive information to any person. In addition, the Manager also discourages the Directors and employees of the Manager from dealing in the Units on short-term considerations.

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 year covered by these financial statements set out on pages 96 to 159, 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
3 March 2017

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 96 to 159 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 2016, the total return, distributable income, movements in unitholders' funds and cash flows of the Group and the total return, distributable income and movements in unitholders' funds of the Trust for the year ended 31 December 2016, 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
3 March 2017

Independent Auditors' Report

Unitholders
OUE Commercial Real Estate Investment Trust

REPORT ON THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of OUE Commercial Real Estate Investment Trust (the "Trust") and its subsidiaries (the "Group"), which comprise the statement of financial position and portfolio statement of the Group and the Trust as at 31 December 2016, and the statement of total return, distribution statement, statement of movements in unitholders' funds and statement of cash flows of the Group and the statement of total return, distribution statement and statement of movements in unitholders' funds of the Trust for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 96 to 159.

In our opinion, the accompanying consolidated financial statements of the Group and the statement of financial position, portfolio statement, statement of total return, distribution statement and statement of movements in unitholders' funds of the Trust present fairly, in all material respects, the financial positions and portfolio holdings of the Group and the Trust as at 31 December 2016 and the total return, distributable income, movements in unitholders' funds and cash flows of the Group and the total return, distributable income and movements in unitholders' funds of the Trust for the year then ended on that date in accordance with the recommendations of Statement of Recommended Accounting Practice 7 *Reporting Framework for Unit Trusts* ("RAP 7") issued by the Institute of Singapore Chartered Accountants.

Basis for opinion

We conducted our audit in accordance with Singapore Standards on Auditing ("SSAs"). Our responsibilities under those standards are further described in the "*Auditors' Responsibilities for the Audit of the Financial Statements*" section of our report. We are independent of the Group in accordance with the Accounting and Corporate Regulatory Authority *Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities* ("ACRA Code") together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Valuation of investment properties
(Refer to Note 4 to the financial statements)

Risk

The Group has investment properties in Singapore and China with a carrying value of $3.4 billion as at 31 December 2016. Investment properties represent the most significant asset item on the statement of financial position.

The Group's accounting policy is to state investment properties at fair value which are based on independent external valuations. Significant judgements and estimations are involved in determining the appropriate valuation methodologies and assumptions to be applied in the valuations.

Our response

We evaluated the competency and objectivity of the valuers and made enquiries of the valuers to understand their valuation approach and basis of valuation.

We considered the valuation methods used, which included the discounted cash flow method, capitalisation method and direct comparison method, against those applied for similar property types. We assessed the reasonableness of the key assumptions used in the valuations which included a comparison of the expected market rental growth rates, discount rates, terminal yield rates, capitalisation rates and price per square foot, against historical trends and available industry data, taking into consideration comparability and market factors. We also considered the adequacy of the disclosures in the financial statements.

Our findings

The valuers are members of recognised professional bodies for valuers and have considered their own independence in carrying out their work. The valuation methods used by the valuers are in line with generally accepted market practices and the key assumptions used in the valuations are comparable to market data. We also found the disclosures in the financial statements to be appropriate in their description of the judgement inherent in the key assumptions used in the valuations, including the inter-relationship between the key unobservable inputs and the fair values.

Other information

OUE Commercial REIT Management Pte. Ltd., the Manager of the Trust ("the Manager"), is responsible for the other information. The other information comprises Corporate Profile, Key Highlights, Properties At A Glance, Structure of OUE C-REIT, Strategy, Letter To Unitholders, Board Of Directors, The REIT Manager, Manager's Report, Portfolio Overview, Independent Market Review, Corporate Social Responsibility, Investor Relations, Corporate Governance, Report of the Trustee, Report of the Manager, Interested Person And Interested Party Transactions and Corporation Information, which we obtained prior to the date of this auditors' report, and the Statistics of Unitholdings ("the Report") which is expected to be made available to us after that date.

Our opinion on the financial statements does not cover the other information and we do not and will not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditors' report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

When we read the Report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to the Manager and take appropriate actions in accordance with SSAs.

Independent Auditors' Report

Responsibilities of the Manager for the financial statements

The Manager is responsible for the preparation and fair presentation of these financial statements in accordance with the recommendations of RAP 7 issued by the Institute of Singapore Chartered Accountants, and for such internal controls as the Manager determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Manager is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Manager either intends to terminate the Group or to cease operations of the Group, or has no realistic alternative but to do so.

The Manager's responsibilities include overseeing the Group's financial reporting process.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.

- Obtain an understanding of internal controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal controls.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Manager.

- Conclude on the appropriateness of the Manager's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

Independent Auditors' Report

We communicate with the Manager regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Manager with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Manager, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless the law or regulations preclude public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditors' report is Lo Mun Wai.

KPMG LLP
Public Accountants and
Chartered Accountants

Singapore
3 March 2017

Statements of Financial Position
As at 31 December 2016

	Note	Group 2016 $'000	Group 2015 $'000	Trust 2016 $'000	Trust 2015 $'000
Non-current assets					
Plant and equipment		486	661	–	–
Investment properties	4	3,408,535	3,403,178	1,146,000	1,146,000
Intangible asset	5	9,203	13,674	9,203	13,674
Investments in subsidiaries	6	–	–	1,400,935	1,400,935
Trade and other receivables	7	309	493	–	–
Financial derivatives	8	315	6,573	288	6,573
		3,418,848	3,424,579	2,556,426	2,567,182
Current assets					
Trade and other receivables	7	11,302	13,600	2,820	5,862
Financial derivatives	8	–	30	–	30
Cash and cash equivalents	9	29,278	25,913	3,107	5,690
		40,580	39,543	5,927	11,582
Total assets		3,459,428	3,464,122	2,562,353	2,578,764
Non-current liabilities					
Loans and borrowings	10	961,949	1,302,184	636,553	975,011
Trade and other payables	11	39,196	39,277	12,084	14,051
Financial derivatives	8	7,747	180	6,440	180
Deferred tax liabilities	12	66,267	60,481	–	–
		1,075,159	1,402,122	655,077	989,242
Current liabilities					
Loans and borrowings	10	341,796	1,732	341,796	–
Trade and other payables	11	57,590	54,060	16,319	12,757
Financial derivatives	8	43	–	43	–
Current tax liabilities		15,962	10,954	–	–
		415,391	66,746	358,158	12,757
Total liabilities		1,490,550	1,468,868	1,013,235	1,001,999
Net assets		1,968,878	1,995,254	1,549,118	1,576,765
Represented by:					
Unitholders' funds		1,206,751	1,233,064	1,018,353	1,047,484
Convertible Perpetual Preferred Units ("CPPU") holder's funds	13	530,765	529,281	530,765	529,281
		1,737,516	1,762,345	1,549,118	1,576,765
Non-controlling interests		231,362	232,909	–	–
		1,968,878	1,995,254	1,549,118	1,576,765
Units in issue and to be issued ('000)	14	1,302,598	1,289,452	1,302,598	1,289,452
Net asset value per Unit ($)	15	0.93	0.96	0.78	0.81

The accompanying notes form an integral part of these financial statements.

Statements of Total Return
Year ended 31 December 2016

	Note	Group 2016 $'000	Group 2015 $'000	Trust 2016 $'000	Trust 2015 $'000
Revenue	16	177,809	101,038	109,642	53,534
Property operating expenses	17	(39,178)	(25,399)	(12,806)	(12,732)
Net property income		138,631	75,639	96,836	40,802
Other income	18	2,552	8,347	2,552	8,347
Negative goodwill arising from acquisition of subsidiaries	26	–	30,629	–	–
Costs associated with acquisition of subsidiaries	26	–	(1,881)	–	–
Amortisation of intangible asset	5	(4,471)	(4,187)	(4,471)	(4,187)
Write-back of impairment loss on intangible asset	5	–	5,300	–	5,300
Manager's management fees	19	(12,141)	(6,367)	(12,141)	(6,367)
Manager's acquisition fee	26	–	(10,719)	–	–
Trustee's fee		(551)	(389)	(551)	(389)
Other expenses		(1,404)	(1,456)	(707)	(986)
Finance income		6,135	1,043	6,227	373
Finance costs		(62,178)	(26,674)	(46,630)	(20,449)
Net finance costs	20	(56,043)	(25,631)	(40,403)	(20,076)
Net income		66,573	69,285	41,115	22,444
Net change in fair value of investment properties	4	25,495	21,825	(229)	10,235
Total return for the year before tax	21	92,068	91,110	40,886	32,679
Tax expense	22	(21,823)	(10,410)	–	–
Total return for the year		70,245	80,700	40,886	32,679
Total return attributable to:					
Unitholders and CPPU holder		61,998	79,198	40,886	32,679
Non-controlling interests		8,247	1,502	–	–
		70,245	80,700	40,886	32,679
Earnings per Unit (cents)					
Basic	23	4.37	7.49		
Diluted	23	3.17	6.64		

The accompanying notes form an integral part of these financial statements.

Distribution Statements

Year ended 31 December 2016

	Group		Trust	
	2016 $'000	2015 $'000	2016 $'000	2015 $'000
Amount available for distribution to Unitholders at beginning of the year	30,765	24,801	30,765	24,801
Total return for the year attributable to Unitholders and CPPU holder	61,998	79,198	40,886	32,679
Less: Amount reserved for distribution to CPPU holder	(5,500)	(1,281)	(5,500)	(1,281)
Distribution adjustments (Note A)	10,919	(21,799)	32,031	24,720
Amount available for distribution to Unitholders for the current year (Note B)	67,417	56,118	67,417	56,118
Distributions to Unitholders:				
- Distribution of 2.84 cents per Unit for the period from 1/7/2014 to 31/12/2014	–	(24,777)	–	(24,777)
- Distribution of 2.00 cents per Unit for the period from 1/1/2015 to 30/6/2015	–	(25,377)	–	(25,377)
- Distribution of 2.38 cents per Unit for the period from 1/7/2015 to 31/12/2015	(30,689)	–	(30,689)	–
- Distribution of 2.68 cents per Unit for the period from 1/1/2016 to 30/6/2016	(34,710)	–	(34,710)	–
	(65,399)	(50,154)	(65,399)	(50,154)
Amount available for distribution to Unitholders at the end of the year	32,783	30,765	32,783	30,765
Distribution per Unit (DPU) (cents)	5.18	4.38	5.18	4.38

The accompanying notes form an integral part of these financial statements.

Distribution Statements
Year ended 31 December 2016

NOTE A – DISTRIBUTION ADJUSTMENTS

	Group		Trust	
	2016 $'000	2015 $'000	2016 $'000	2015 $'000
Net change in fair value of investment properties	(25,495)	(21,825)	229	(10,235)
Negative goodwill arising from acquisition of subsidiaries	–	(30,629)	–	–
Costs associated with acquisition of subsidiaries	–	1,881	–	–
Amortisation of intangible asset	4,471	4,187	4,471	4,187
Write-back of impairment loss on intangible asset	–	(5,300)	–	(5,300)
Amortisation of debt establishment costs	10,383	5,362	8,331	4,507
Net change in fair value of financial derivatives	(6,001)	–	(6,227)	–
Ineffective portion of changes in fair value of cash flow hedges	2,209	1,331	2,020	1,331
Hedging reserve transferred from unitholders' funds due to discontinuation of hedge accounting	10,915	–	8,811	–
Manager's management fees paid/payable in Units	8,899	6,367	8,899	6,367
Acquisition fee paid to the Manager in Units	–	10,719	–	–
Trustee's fee	551	389	551	389
Foreign exchange differences	451	(328)	3	8
Interest expense	–	1,280	–	1,280
Deferred tax expense	7,964	4,790	–	–
Straight-lining of lease incentives	(3,212)	(314)	–	–
Transfer to statutory reserve	(1,302)	–	–	–
Net income of subsidiaries not distributed to the Trust	–	–	4,410	21,887
Other items	1,086	291	533	299
Distribution adjustments	10,919	(21,799)	32,031	24,720

NOTE B – AMOUNT AVAILABLE FOR DISTRIBUTION TO UNITHOLDERS

	Group and Trust	
	2016 $'000	2015 $'000
Comprises:		
- From operations	29,336	36,641
- From tax exempt income	25,517	–
- From Unitholders' contribution	12,564	19,477
	67,417	56,118

Statements of Movements in Unitholders' Funds
Year ended 31 December 2016

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

Statements of Movements in Unitholders' Funds
Year ended 31 December 2016

	Note	← Attributable to → Unitholders $'000	CPPU holder $'000	Total $'000	Non-controlling interests $'000	Total $'000
Group						
Net assets attributable to owners at 1 January 2015		957,785	–	957,785	–	957,785
Operations						
Total return for the year		79,198	–	79,198	1,502	80,700
Less: Amount reserved for distribution to CPPU holder		(1,281)	1,281	–	–	–
Net increase in net assets resulting from operations		77,917	1,281	79,198	1,502	80,700
Transactions with owners						
Issue of new Units:						
- Rights issue	14	218,285	–	218,285	–	218,285
- Acquisition fee paid to Manager in Units	14	10,719	–	10,719	–	10,719
- Manager's management fees paid/payable in Units		6,367	–	6,367	–	6,367
Issue of CPPU	13	–	528,000	528,000	–	528,000
Issue costs	24	(5,991)	–	(5,991)	–	(5,991)
Distributions paid to Unitholders		(50,154)	–	(50,154)	–	(50,154)
		179,226	528,000	707,226	–	707,226
Acquisition of subsidiaries with non-controlling interests		–	–	–	231,407	231,407
Net increase in net assets resulting from transactions with owners		179,226	528,000	707,226	231,407	938,633
Movement in foreign currency translation reserve		10,887	–	10,887	–	10,887
Hedging transactions						
Effective portion of change in fair value of cash flow hedges		7,249	–	7,249	–	7,249
At 31 December 2015		1,233,064	529,281	1,762,345	232,909	1,995,254

Statements of Movements in Unitholders' Funds

Year ended 31 December 2016

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

The accompanying notes form an integral part of these financial statements.

Statements of Movements in Unitholders' Funds
Year ended 31 December 2016

	Note	⟵ Attributable to Unitholders $'000	⟶ CPPU holder $'000	Total $'000
Trust				
Net assets attributable to owners at 1 January 2015		829,611	–	829,611
Operations				
Total return for the year		32,679	–	32,679
Less: Amount reserved for distribution to CPPU holder		(1,281)	1,281	–
Net increase in net assets resulting from operations		31,398	1,281	32,679
Transactions with owners				
Issue of new Units:				
- Rights issue	14	218,285	–	218,285
- Acquisition fee paid to Manager in Units	14	10,719	–	10,719
- Manager's management fees paid/payable in Units		6,367	–	6,367
Issue of CPPU	13	–	528,000	528,000
Issue costs	24	(5,991)	–	(5,991)
Distributions paid to Unitholders		(50,154)	–	(50,154)
Net increase in net assets resulting from transactions with owners		179,226	528,000	707,226
Hedging transactions				
Effective portion of change in fair value of cash flow hedges		7,249	–	7,249
At 31 December 2015		1,047,484	529,281	1,576,765

The accompanying notes form an integral part of these financial statements.

Portfolio Statements
As at 31 December 2016

Description of property	Leasehold tenure
Singapore	
OUE Bayfront (and adjoining properties comprising OUE Tower and OUE Link) An integrated commercial development comprising an 18-storey office building, a conserved tower building and a retail link bridge at Collyer Quay, Singapore	OUE Bayfront and OUE Tower: 99-year lease from 12 November 2007 OUE Link: 15-year lease from 26 March 2010 Underpass: 99-year lease from 7 January 2002
One Raffles Place An integrated commercial development comprising One Raffles Place Tower 1, One Raffles Place Tower 2 and One Raffles Place Shopping Mall The Group has an effective interest of 67.95% in One Raffles Place	One Raffles Place Tower 1: 841-year lease from 1 November 1985 One Raffles Place Tower 2: 99-year lease from 26 May 1983 One Raffles Place Shopping Mall: the retail podium straddles two land plots: - approximately 75% of the net lettable area ("NLA") of the retail podium is on a 99-year lease from 1 November 1985 - the balance 25% of the NLA of the retail podium is on a 841-year lease from 1 November 1985
Shanghai	
Lippo Plaza A 36-storey commercial building with retail podium at Shanghai, China excluding: (i) Unit 2 in Basement 1, (ii) the 12th, 13th, 15th and 16th floors and (iii) 4 car park lots	50-year land use right commencing from 2 July 1994
Investment properties, at valuation	
Other assets and liabilities (net)	
Net assets of the Group	
Net assets attributable to CPPU holder	
Net assets attributable to non-controlling interests	
Unitholders' funds	

The properties are leased to third parties except as otherwise stated in Note 16. Generally, the leases contain an initial non-cancellable period of 1 to 10 years (2015: 1 to 10 years). Subsequent renewals are negotiated with the respective lessees.

Portfolio Statements
As at 31 December 2016

		Group			
Location	Existing use	Carrying value at 31/12/2016 $'000	Percentage of Unitholders' funds at 31/12/2016 %	Carrying value at 31/12/2015 $'000	Percentage of Unitholders' funds at 31/12/2015 %
50 Collyer Quay, OUE Bayfront, Singapore 049321 60 Collyer Quay, OUE Tower, Singapore 049322 62 Collyer Quay, OUE Link, Singapore 049325	Commercial	1,146,000	95	1,146,000	93
1 Raffles Place, One Raffles Place, Singapore 048616	Commercial	1,738,300	144	1,734,000	141
222 Huaihai Zhong Road, Huangpu District, Shanghai, PRC 200021	Commercial	524,235	43	523,178	42
		3,408,535	282	3,403,178	276
		(1,439,657)	(119)	(1,407,924)	(114)
		1,968,878	163	1,995,254	162
		(530,765)	(44)	(529,281)	(43)
		(231,362)	(19)	(232,909)	(19)
		1,206,751	100	1,233,064	100

Portfolio Statements

As at 31 December 2016

Description of property	Leasehold tenure
Singapore	
OUE Bayfront (and adjoining properties comprising OUE Tower and OUE Link)	OUE Bayfront and OUE Tower: 99-year lease from 12 November 2007
An integrated commercial development comprising an 18-storey office building, a conserved tower building and a retail link bridge at Collyer Quay, Singapore	OUE Link: 15-year lease from 26 March 2010 Underpass: 99-year lease from 7 January 2002
Investment property, at valuation	
Other assets and liabilities (net)	
Net assets of the Trust	
Net assets attributable to CPPU holder	
Unitholders' funds	

The property is leased to third parties except as otherwise stated in Note 16. Generally, the leases contain an initial non-cancellable period of 2 to 10 years (2015: 2 to 10 years). Subsequent renewals are negotiated with the respective lessees.

Portfolio Statements
As at 31 December 2016

Location	Existing use	Trust Carrying value at 31/12/2016 $'000	Trust Percentage of Unitholders' funds at 31/12/2016 %	Trust Carrying value at 31/12/2015 $'000	Trust Percentage of Unitholders' funds at 31/12/2015 %
50 Collyer Quay, OUE Bayfront, Singapore 049321	Commercial	1,146,000	113	1,146,000	109
60 Collyer Quay, OUE Tower, Singapore 049322					
62 Collyer Quay, OUE Link, Singapore 049325					
		1,146,000	113	1,146,000	109
		403,118	40	430,765	41
		1,549,118	153	1,576,765	150
		(530,765)	(53)	(529,281)	(50)
		1,018,353	100	1,047,484	100

Consolidated Statement of Cash Flows
Year ended 31 December 2016

	Note	Group 2016 $'000	Group 2015 $'000
Cash flows from operating activities			
Total return for the year		70,245	80,700
Adjustments for:			
Amortisation of intangible asset		4,471	4,187
Write-back of impairment loss on intangible asset		–	(5,300)
Depreciation of plant and equipment		205	48
Finance costs		61,727	26,674
Finance income		(6,135)	(715)
Manager's fees paid/payable in Units		8,899	17,086
Net change in fair value of investment properties		(25,495)	(21,825)
Negative goodwill arising from acquisition of subsidiaries		–	(30,629)
Costs associated with acquisition of subsidiaries		–	1,881
Tax expense		21,823	10,410
Operating income before working capital changes		135,740	82,517
Changes in working capital:			
Trade and other receivables		(644)	(1,956)
Trade and other payables		5,330	(1,392)
Cash generated from operating activities		140,426	79,169
Tax paid		(8,598)	(1,556)
Net cash from operating activities		131,828	77,613
Cash flows from investing activities			
Acquisition of subsidiaries, net of cash acquired	26	–	(594,076)
Additions to plant and equipment		(31)	(6)
Payment for capital expenditure on investment properties		(1,386)	(1,857)
Interest received		134	715
Net cash used in investing activities		(1,283)	(595,224)

The accompanying notes form an integral part of these financial statements.

Consolidated Statement of Cash Flows

Year ended 31 December 2016

	Note	Group 2016 $'000	Group 2015 $'000
Cash flows from financing activities			
Distributions paid to Unitholders		(65,399)	(50,154)
Distributions paid to CPPU holder		(4,016)	–
Distributions paid to non-controlling interests		(10,000)	–
Interest paid		(38,124)	(13,234)
Proceeds from issue of Units		–	218,285
Payment of transaction costs related to the issue of Units		–	(5,991)
Payment of transaction costs related to loans and borrowings		–	(6,005)
Proceeds from borrowings		141,855	421,000
Repayment of borrowings		(150,755)	(52,265)
Movement in restricted cash		1,719	652
Net cash (used in)/from financing activities		(124,720)	512,288
Net increase/(decrease) in cash and cash equivalents		5,825	(5,323)
Cash and cash equivalents at beginning of the year		24,149	28,736
Effect of exchange rate fluctuations on cash held		(696)	736
Cash and cash equivalents at end of the year	9	29,278	24,149

Significant non-cash transactions

During the year, there were the following significant non-cash transactions:

Financial year ended 31 December 2016

- a total of 13,146,631 Units, amounting to $8,899,000, were or would be issued to the Manager as satisfaction of the Manager's management fees for the financial year.

Financial year ended 31 December 2015

- a total of 9,052,722 Units, amounting to $6,367,000, were or would be issued to the Manager as satisfaction of the Manager's management fees for the financial year;
- 14,663,132 Units, amounting to $10,719,000, were issued as satisfaction of the acquisition fee payable to the Manager for the subsidiaries acquired during the financial year; and
- 550,000,000 CPPUs were issued to a related corporation of the Manager, as partial satisfaction for the subsidiaries acquired during the financial year (Note 26).

Notes to the Financial Statements
Year ended 31 December 2016

These notes form an integral part of the financial statements.

The financial statements were authorised for issue by the Manager and the Trustee on 3 March 2017.

1 GENERAL

OUE Commercial Real Estate Investment Trust (the "Trust") is a Singapore-domiciled unit trust constituted pursuant to the trust deed dated 10 October 2013 (as amended) (the "Trust Deed") between OUE Commercial REIT Management Pte. Ltd. (the "Manager") and DBS Trustee Limited (the "Trustee"). The Trust Deed is governed by the laws of the Republic of Singapore. The Trustee is under a duty to take into custody and hold the assets of the Trust and its subsidiaries (the "Group") in trust for the holders ("Unitholders") of units in the Trust (the "Units").

The Trust was admitted to the Official List of Singapore Exchange Securities Trading Limited (the "SGX-ST") on 27 January 2014 (the "Listing Date").

The principal activity of the Trust is to invest, directly or indirectly, in a portfolio of income-producing real estate used primarily for commercial purposes (including real estate used primarily for office and/or retail purposes) in financial and business hubs within and outside of Singapore, as well as real estate-related assets. The principal activities of the subsidiaries are set out in Note 6.

The consolidated financial statements relate to the Trust and its subsidiaries (together referred to as the "Group" and individually as "Group entities").

The Group is regarded as a subsidiary of OUE Limited ("OUE") for financial reporting purposes. Accordingly, the ultimate holding company of the Trust is Lippo ASM Asia Property Limited, a company incorporated in the Cayman Islands.

Several service agreements were entered into in relation to the management of the Trust and its property operations. The fee structures of these services are as follows:

(a) Manager's fees

The Manager is entitled to receive the following remuneration:

(i) a base fee of 0.3% per annum (or such lower percentage as may be determined by the Manager in its absolute discretion) of the value of the Deposited Property (as defined in the Trust Deed);

(ii) a performance fee of 25% per annum of the difference in DPU (as defined in the Trust Deed) in a financial year with the DPU in the preceding full financial year (calculated before accounting for the performance fee but after accounting for the base fee in each financial year) multiplied by the weighted average number of Units in issue for such financial year. The performance fee is payable if the DPU in any financial year exceeds the DPU in the preceding financial year, notwithstanding that the DPU in the financial year in which the performance fee is payable may be less than the DPU in the financial year prior to any preceding financial year;

(iii) an acquisition fee of 0.75% of the acquisition price of an investment property for acquisitions from related parties and 1.0% of the acquisition price for all other cases;

(iv) a divestment fee of 0.5% of the sale price of an investment property on all future disposals of properties; and

(v) a development management fee of 3.0% of the total project costs incurred in a development project undertaken by the Manager on behalf of the Trust.

1 GENERAL (CONT'D)

(a) Manager's fees (cont'd)

Any portion of the base fee payable in the form of Units is payable quarterly in arrears and any portion of the base fee payable in cash is payable monthly in arrears. The performance fee is paid annually in arrears, regardless of whether it is paid in the form of cash and/or Units. For the financial year ended 31 December 2016, 80% (2015: 100%) of the management base fee and 50% (2015: nil) of the management performance fee payable to the Manager were in the form of 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.

(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 year, no project management services were provided by the Property Manager. Where development management fees are payable to the Manager, there will not be any project management fees payable to the Property Manager and vice versa.

(c) Trustee's fee

Pursuant to the Trust Deed, the Trustee's fee shall not exceed 0.1% per annum of the value of the Deposited Property or such higher percentage as may be fixed by an extraordinary resolution of a meeting of Unitholders. The Trustee's fee is presently charged at a scaled basis of up to 0.02% per annum of the value of the Deposited Property (subject to a minimum of $15,000 per month). The Trustee's fee is payable out of the Deposited Property on a monthly basis, in arrears. The Trustee is also entitled to reimbursement of expenses incurred in the performance of its duties under the Trust Deed.

Notes to the Financial Statements
Year ended 31 December 2016

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.

2.4 Use of estimates and judgements

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods effected.

Information about assumptions and estimation uncertainties that have the most significant effect on the amounts recognised in the financial statements is described in the following notes:

- Note 4 - valuation of investment properties
- Note 26 - fair values of identifiable assets acquired and liabilities assumed of subsidiaries acquired

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.

2 BASIS OF PREPARATION (CONT'D)

2.4 Use of estimates and judgements (cont'd)

Measurement of fair values (cont'd)

When measuring the fair value of an asset or a liability, the Group uses market observable data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

- Level 1 : quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 : inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3 : inputs for the asset or liability that are not based on observable market data (unobservable inputs).

If the inputs used to measure the fair value of an asset or a liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement (with Level 3 being the lowest).

The Group recognises transfers between levels of the fair value hierarchy as of the end of the reporting period during which the change has occurred.

Further information about the assumptions made in measuring fair values is included in the following notes:

- Note 4 - investment properties
- Note 26 - acquisition of subsidiaries
- Note 27 - financial risk management

3 SIGNIFICANT ACCOUNTING POLICIES

The Group adopted new or revised financial reporting standards and interpretations which became effective during the year. The initial adoption of these standards and interpretations did not have a material impact on the financial statements of the Group and the Trust.

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

Notes to the Financial Statements

Year ended 31 December 2016

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.1 Basis of consolidation

(i) Business combinations

Business combinations are accounted for using the acquisition method in accordance with FRS 103 *Business Combinations* as at the date of acquisition, which is the date on which control is transferred to the Group.

The Group measures goodwill at the date of acquisition as:

- the fair value of the consideration transferred; plus
- the recognised amount of any non-controlling interests ("NCI") in the acquiree; plus
- if the business combination is achieved in stages, the fair value of the pre-existing equity interest in the acquiree,

over the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed. Any goodwill that arises is tested annually for impairment.

When the excess is negative, a bargain purchase gain is recognised immediately in the statement of total return.

The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognised in the statement of total return.

Any contingent consideration payable is recognised at fair value at the date of acquisition and included in the consideration transferred. If the contingent consideration that meets the definition of a financial instrument is classified as equity, it is not remeasured and settlement is accounted for within equity. Otherwise, other contingent consideration is remeasured at fair value at each reporting date and subsequent changes to the fair value of the contingent consideration are recognised in statement of total return.

NCI that are present ownership interests and entitle their holders to a proportionate share of the acquiree's net assets in the event of liquidation are measured either at fair value or at the NCI's proportionate share of the recognised amounts of the acquiree's identifiable net assets, at the date of acquisition. The measurement basis taken is elected on a transaction-by-transaction basis. All other NCI are measured at acquisition-date fair value, unless another measurement basis is required by FRSs.

Costs related to the acquisition, other than those associated with the issue of debt or equity securities, that the Group incurs in connection with a business combination are expensed as incurred.

Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as transactions with owners in their capacity as owners and therefore no adjustments are made to goodwill and no gain or loss is recognised in the statement of total return. Adjustments to NCI arising from transactions that do not involve the loss of control are based on a proportionate amount of the net assets of the subsidiary.

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.1 Basis of consolidation (cont'd)

(ii) Property acquisitions and business combinations

When a property is acquired through corporate acquisitions or otherwise, the Manager considers whether the acquisition represents an acquisition of business or an acquisition of an asset. An acquisition is accounted for as a business combination when an integrated set of activities is acquired, in addition to the property. In determining whether an integrated set of activities is acquired, the Manager considers whether significant processes, such as strategic management and operational processes, are acquired. Where significant processes are acquired, the acquisition is considered an acquisition of business. Where an acquisition does not represent a business, it is accounted for as an acquisition of a group of assets and liabilities. The cost of acquisition is allocated to the assets and liabilities acquired and no goodwill or deferred tax is recognised.

(iii) Subsidiaries

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. Investments in subsidiaries are stated at cost less accumulated impairment losses.

The accounting policies of subsidiaries have been changed when necessary to align them with the policies adopted by the Group.

(iv) Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income or expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements.

(v) Subsidiaries in the financial statements of the Trust

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

3.2 Foreign currencies

(i) Foreign currency transactions

Transactions in foreign currencies are translated to the respective functional currencies of the Group entities at the exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency at the exchange rate at that date. The foreign currency gain or loss on monetary items is the difference between amortised cost in the functional currency at the beginning of the year, adjusted for effective interest and payments during the year, and the amortised cost in foreign currency translated at the exchange rate at the end of the year.

Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are translated to the functional currency at the exchange rate at the date that the fair value was determined. Non-monetary items in a foreign currency that are measured in terms of historical cost are translated using the exchange rate at the date of the transaction. Foreign currency differences arising on translation 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 to the extent that the hedge is effective, or qualifying cash flow hedges to the extent that the hedge is effective, which are recognised in unitholders' funds.

Notes to the Financial Statements

Year ended 31 December 2016

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.2 Foreign currencies (cont'd)

(ii) Foreign operations

The assets and liabilities of foreign operations are translated to Singapore dollars at exchange rates prevailing at the reporting date. The income and expenses of foreign operations are translated to Singapore dollars at exchange rates at the dates of the transactions.

Foreign currency differences are recognised in the foreign currency translation reserve in unitholders' funds. However, if the operation is not a wholly-owned subsidiary, then the relevant proportionate share of the translation difference is allocated to the non-controlling interests. When a foreign operation is disposed of such that control, significant influence or joint control is lost, the cumulative amount in the translation reserve related to that foreign operation is transferred to the statement of total return as part of the gain or loss on disposal. When the Group disposes of only part of its interest in a subsidiary that includes a foreign operation while retaining control, the relevant proportion of the cumulative amount is reattributed to non-controlling interests.

When the settlement of a monetary item receivable from or payable to a foreign operation is neither planned nor likely in the foreseeable future, foreign exchange gains and losses arising from such a monetary item that is considered to form part of a net investment in a foreign operation, or qualifying cash flow hedges to the extent that the hedge is effective, which are recognised in the unitholders' funds.

3.3 Plant and equipment

(i) Recognition and measurement

Plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses.

Cost includes expenditure that is directly attributable to the acquisition of the asset.

When parts of an item of plant and equipment have different useful lives, they are accounted for as separate items (major components) of plant and equipment.

The gain or loss on disposal of an item of plant and equipment (calculated as the difference between the net proceeds from disposal and the carrying amount of the item) is recognised in the statement of total return.

(ii) Depreciation

Depreciation is based on the cost of an asset less its residual value. Significant components of individual assets are assessed and if a component has a useful life that is different from the remainder of that asset, that component is depreciated separately.

Depreciation is recognised in the statement of total return on a straight-line basis over the estimated useful lives of each component of an item of plant and equipment.

Depreciation is recognised from the date that the plant and equipment are installed and are ready for use.

The estimated useful lives for the current and comparative years are as follows:

Furniture and fittings	-	5 years
Office equipment	-	5 years
Operating equipment	-	5 years

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

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.4 Investment properties

Investment properties are properties held either to earn rental income or for capital appreciation or both, but not for sale in the ordinary course of business, use in the production or supply of goods or services or for administrative purposes. Investment properties are measured at cost on initial recognition and subsequently at fair value with any change therein recognised in the statement of total return.

The cost of a purchased property comprises its purchase price and any directly attributable expenditure, including transaction costs. Fair value is determined in accordance with the Trust Deed, which requires the investment properties to be valued by independent registered valuers at least once a year, in accordance with the CIS Code issued by the MAS.

Any gain or loss on disposal of an investment property (calculated as the difference between the net proceeds from disposal and the carrying amount of the item) is recognised in the statement of total return.

The investment properties are subject to continued maintenance and regularly revalued on the basis set out above. For income tax purposes, the Group may claim capital allowances on assets that qualify as plant and machinery under the Income Tax Act.

3.5 Intangible asset

The intangible asset represents the income support receivable by the Group and the Trust under the Deed of Income Support in relation to OUE Bayfront.

The intangible asset is measured at cost less accumulated amortisation and accumulated impairment losses.

The intangible asset is amortised in the statement of total return on a straight-line basis over its estimated useful life of 5 years. The intangible asset is tested for impairment as described in Note 3.7.

Amortisation method, useful life and residual value are reviewed at the end of each reporting period and adjusted, if appropriate.

3.6 Financial instruments

(i) 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.

Notes to the Financial Statements
Year ended 31 December 2016

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.6 Financial instruments (cont'd)

(i) Non-derivative financial assets (cont'd)

Loans and receivables

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method, less any impairment losses.

Loans and receivables comprise trade and other receivables (excluding prepayments) and cash and cash equivalents.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and bank deposits.

(ii) 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 following categories: financial liabilities at fair value through profit or loss and other financial liabilities.

A financial liability is classified as at fair value through profit or loss if it is classified as held for trading or is designated as such on initial recognition. Directly attributable transaction costs are recognised in profit or loss as incurred. Financial liabilities at fair value through profit or loss are measured at fair value and changes therein, including any interest expense, are recognised in profit or loss.

Other non-derivative financial liabilities are initially measured at fair value less any directly attributable transaction costs. Subsequent to initial recognition, these financial liabilities are measured at amortised cost using the effective interest method. These financial liabilities comprise trade and other payables (excluding advance rental received) and loans and borrowings.

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.6 Financial instruments (cont'd)

(iii) 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.

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.7 Impairment

(i) 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, 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.

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.7 Impairment (cont'd)

(ii) 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.

3.8 Unitholders' funds

Unitholders' funds are classified as equity.

Issue costs relate to expenses incurred in connection with the issue of units. The expenses are deducted directly against unitholders' funds.

3.9 Convertible perpetual preferred units

The convertible perpetual preferred units do not have a maturity date and distribution payment is optional at the discretion of the Manager of the Trust. As the Trust does not have a contractual obligation to repay the principal nor make any distributions, the convertible perpetual preferred units are classified as equity.

Any distributions made are directly debited from equity. Incremental costs directly attributable to the issue of the convertible perpetual preferred units are deducted against the proceeds from the issue.

Notes to the Financial Statements
Year ended 31 December 2016

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.10 Revenue recognition

(i) Rental income

Rental income from investment properties is recognised in the statement of total return on a straight-line basis over the term of the lease. Lease incentives granted are recognised as an integral part of the total rental income, over the term of the lease. Variable rent is recognised as income in the accounting period in which it is earned and can be reliably estimated.

(ii) Service fee income

Revenue from servicing and maintaining the investment property is recognised when the services are rendered and collectability is reasonably assured.

(iii) Car park income

Car park income is recognised on utilisation of car parking facilities.

(iv) Dividend income

Dividend income is recognised in the statement of total return on the date that the Trust's right to receive payment is established.

3.11 Employee benefits

(i) Short term employee benefits

All short term employee benefits are recognised in the statement of total return in the period in which the employees render their services.

A provision is recognised for the amount expected to be paid under variable bonus if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

(ii) Defined contribution plans

Contributions to post-employment benefits under defined contribution plans are recognised as an expense in the statement of total return as incurred.

3.12 Levies

A provision for levies is recognised when the condition that triggers the payment of the levy as specified in the relevant legislation is met. If a levy obligation is subject to a minimum activity threshold so that the obligating event is reaching a minimum activity, then a provision is recognised when that minimum activity threshold is reached.

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.13 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 and net losses on hedging instruments that are recognised in the statement of total return. 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.

3.14 Tax

Tax expense comprises current and deferred tax. Current tax and deferred tax are recognised in the statement of total return except to the extent that it relates to items recognised directly in unitholders' funds.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years. The amount of current tax payable or receivable is the best estimate of the tax amount expected to be paid or received that reflects uncertainty related to income taxes, if any.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for:

- temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit; and

- temporary differences relating to investments in subsidiaries to the extent that the Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future.

The measurement of deferred taxes reflects the tax consequences that would follow the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities. For investment properties that are measured at fair value, the amount of deferred tax recognised is measured using the tax rates that would apply on sale of those assets at their carrying value at the reporting date unless the property is depreciable and is held within a business model whose objective is to consume substantially all the economic benefits embodied in the investment property over time, rather than through sale. In all other cases, the amount of deferred tax is measured based on the expected manner of realisation or settlement of the carrying amount of the assets and liabilities, using the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to taxes levied by the same tax authority on the same taxable entity.

A deferred tax asset is recognised for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Notes to the Financial Statements
Year ended 31 December 2016

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.14 Tax (cont'd)

In determining the amount of current and deferred tax, the Group takes into account the impact of uncertain tax positions and whether additional taxes and interest may be due. The Group believes that its accruals for tax liabilities are adequate for all open tax years based on its assessment of many factors, including interpretations of tax law and prior experience. This assessment relies on estimates and assumptions and may involve a series of judgements about future events. New information may become available that causes the Group to change its judgement regarding the adequacy of existing tax liabilities; such changes to tax liabilities will impact tax expense in the period that such a determination is made.

The Inland Revenue Authority of Singapore ("IRAS") has issued the Tax Transparency Ruling and Foreign-Sourced Income Tax Exemption Ruling.

Tax Transparency Ruling

Pursuant to the Tax Transparency Ruling issued by IRAS, tax transparency treatment has been granted to the Trust in respect of certain taxable income ("Specified Taxable Income"). Subject to meeting the terms and conditions of the Tax Transparency Ruling, which includes a distribution of at least 90% of the Specified Taxable Income of the Trust, the Trust is not subject to tax on the Specified Taxable Income distributed to the Unitholders in the same year in which the Specified Taxable Income was derived. Instead, the Trustee and the Manager would undertake to deduct income tax at the prevailing corporate tax rate (currently at 17%) from distributions made to Unitholders out of such Specified Taxable Income, except:

(i) Where the beneficial owners are Qualifying Unitholders, the Trustee and the Manager will make the distributions to such Unitholders without deducting any income tax; or

(ii) Where the beneficial owners are Qualifying Foreign Non-Individual Unitholders, the Trustee and the Manager will deduct Singapore income tax at the reduced rate of 10% for distributions made up to 31 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 Singapore branch of a company incorporated outside Singapore;
- a body of persons (excluding partnerships) incorporated or registered in Singapore, including:
    - (i) a charity registered under the Charities Act (Cap 37) or established by any written law;
    - (ii) a town council;
    - (iii) a statutory board;
    - (iv) a co-operative society registered under the Co-operative Societies Act (Cap 62); or
    - (v) a trade union registered under the Trade Unions Act (Cap 333); or
- an international organisation that is exempt from tax on such distributions by reason of an order made under the International Organisations (Immunities and Privileges) Act (Cap. 145).

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.14 Tax (cont'd)

A Qualifying Foreign Non-Individual Unitholder is a person other than an individual who is not resident in Singapore for Singapore income tax purposes and who:

- does not have a permanent establishment in Singapore; or
- carries on an operation in Singapore through a permanent establishment, 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). Distribution made out of the after-tax amount will not be subject to any further tax. Where the disposal gains are regarded as capital in nature, they will not be subject to tax and the Trustee and the Manager may distribute the capital gains without tax being deducted at source.

Any distributions made by the Trust to the Unitholders out of tax-exempt income and taxed income would be exempt from Singapore income tax in the hands of all Unitholders, regardless of their corporate or residence status.

Foreign-sourced Income Tax Exemption Ruling

Pursuant to the Foreign-sourced Income Tax Exemption Ruling issued by the IRAS and subject to the meeting of certain conditions, the Trust will be exempt from Singapore income tax on dividends received by the Trust from its subsidiary, OUE Eastern Limited.

3.15 Earnings per Unit

The Group presents basic and diluted earnings per Unit. Basic earnings per Unit is calculated by dividing the total return attributable to the Unitholders by the weighted average number of Units outstanding during the year. Diluted earnings per Unit is determined by adjusting the total return attributable to Unitholders and the weighted average number of Units outstanding for the effects of all dilutive potential Units, which comprise the convertible perpetual preferred units issued by the Trust.

3.16 Segment reporting

An operating segment is a component of the Group that engages in business activities from which they may earn revenue and incur expenses, including revenue and expenses that relate to transactions with any of the other components of the Group. All operating segments' operating results are reviewed regularly by the Board of Directors of the Manager to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

Segment results that are reported to the Board of Directors of the Manager include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly finance income and trust expenses.

Notes to the Financial Statements
Year ended 31 December 2016

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.17 New standards and interpretations not adopted

A number of new standards and amendments to standards are effective for annual periods beginning after 1 January 2016 and earlier application is permitted; however, the Group has not early applied the following new or amended standards in preparing these statements.

For those new standards and amendments to standards that are expected to have an effect on the financial statements of the Group and the Trust in future financial periods, the Group is assessing the transition options and the potential impact on its financial statements. The Group does not plan to adopt these standards early.

An initial assessment of the new standards that are relevant to the Group is set out below.

Applicable to 2018 financial statements

FRS 109 *Financial Instruments*

FRS 109 replaces most of the existing guidance in FRS 39 *Financial Instruments: Recognition and Measurement*. It includes revised guidance on the classification and measurement of financial instruments, a new expected credit loss model for calculating impairment on financial assets, and new general hedge accounting requirements. It also carries forward the guidance on recognition and derecognition of financial instruments from FRS 39.

Retrospective application of FRS 109 on adoption is generally required, except for hedge accounting. For hedge accounting, the requirements are generally applied prospectively, with some limited exceptions. Restatement of comparative information is not mandatory. If comparative information is not restated, the cumulative effect is recorded in opening equity as at 1 January 2018.

Potential impact on the financial statements

Classification and measurement - The Group does not expect a significant change to the measurement basis arising from adopting the new classification and measurement model under FRS 109.

Loans and receivables that are currently accounted for at amortised cost will continue to be accounted for using amortised cost model under FRS 109.

For financial assets and liabilities currently held at fair value, the Group expects to continue measuring these assets and liabilities at fair value under FRS 109.

Impairment – The Group is evaluating the approach to adopt in respect of recording expected impairment losses on trade receivables. On adoption of FRS 109, the Group does not expect a significant impact to the impairment loss allowance.

Hedge accounting - The Group expects that all its existing hedges that are designated in effective hedging relationships will continue to qualify for hedge accounting under FRS 109.

Transition – The Group plans to adopt the standard when it becomes effective on 2018 without restating comparative information.

4 INVESTMENT PROPERTIES

	Group		Trust	
	2016 $'000	2015 $'000	2016 $'000	2015 $'000
At 1 January	3,403,178	1,630,612	1,146,000	1,135,000
Acquisition	–	1,734,000[i]	–	–
Capital expenditure capitalised	1,200	2,196	229	765
Lease incentives	3,198	312	–	–
Fair value changes recognised in the statement of total return (unrealised)	25,495	21,825	(229)	10,235
Translation differences	(24,536)	14,233	–	–
At 31 December	3,408,535	3,403,178	1,146,000	1,146,000

(i) This relates to the acquisition of One Raffles Place in October 2015 (Note 26).

As at 31 December 2016, investment properties with a carrying amount of $1,670,235,000 (2015: $1,669,178,000) are pledged as security to secure bank loans (see Note 10).

Measurement of fair value

(i) Fair value hierarchy

The investment properties are stated at fair value at the reporting date. As at 31 December 2016, the fair values of OUE Bayfront and One Raffles Place were based on independent valuations undertaken by Cushman & Wakefield VHS Pte Ltd and the fair value of Lippo Plaza was based on an independent valuation by CBRE Limited. The fair values of OUE Bayfront, Lippo Plaza and One Raffles Place as at 31 December 2015 were based on independent valuations undertaken by Cushman & Wakefield VHS Pte Ltd, DTZ Dehenham Tie Leung International Property Advisers (Shanghai) Co., Ltd. and Savills Valuation and Professional Services (S) Pte Ltd, respectively.

The fair values were derived based on the discounted cash flow, capitalisation and direct comparison methods. The valuation methods involve certain estimates including those relating to market rental growth rate, discount rate, terminal yield rate, capitalisation rate and price per square foot. The specific risks inherent in each of the properties are taken into consideration in arriving at the valuations. In relying on the valuation reports, the Manager has exercised its judgment and is satisfied that the valuation methods and estimates used are reflective of the current market conditions.

The fair value measurement of all of the Group's investment properties has been categorised as a Level 3 fair value based on the inputs to the valuation technique used (see Note 2.4).

Notes to the Financial Statements

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4 INVESTMENT PROPERTIES (CONT'D)

(ii) Valuation techniques and significant unobservable inputs

The following table shows the Group's valuation techniques used in measuring the fair value of investment properties, as well as the significant unobservable inputs used.

Valuation techniques	Significant unobservable inputs	Country		Inter-relationship between key unobservable inputs and fair value measurement
		Singapore	China	
Discounted cash flow method: The discounted cash flow method involves the estimation and projection of an income stream over a period and discounting the income stream with an internal rate of return to arrive at the market value	Expected market rental growth rate	0% - 6.5% (2015: 0.5% - 13.1%)	4.5% (2015: 0% - 6.0%)	The estimated fair value would increase/(decrease) if: • expected market rental growth rate was higher (lower); • discount rate was lower (higher). • terminal yield rate was lower (higher);
	Discount rate	7.0% - 9.0% (2015: 7.0% - 9.0%)	7.0% - 7.3% (2015: 8.0%)	
	Terminal yield rate	3.9% - 4.9% (2015: 4.0% - 5.3%)	4.0% - 4.3% (2015: 4.5%)	
Capitalisation method: The capitalisation method capitalises an income stream into a present value using single-year capitalisation rates	Capitalisation rate	3.6% to 6.5% (2015: 3.8% to 6.5%)	Not applicable	The estimated fair value would increase/(decrease) if the capitalisation rate was lower (higher).
Direct comparison method: The direct comparison method involves the analysis of comparable sales of similar properties, with adjustments made to differentiate the comparables in terms of location, area, quality and other relevant factors	Price per square feet (psf)	$2,462 - $2,932 (2015: $2,552 - $2,910)	$1,309 (2015: $1,320)	The estimated fair value would increase/(decrease) if the price psf was higher (lower).

5 INTANGIBLE ASSET

	Group and Trust $'000
Cost	
At 1 January 2015, 31 December 2015, 1 January 2016 and 31 December 2016	33,000
Amortisation and impairment loss	
At 1 January 2015	20,439
Amortisation for the year	4,187
Write-back of impairment loss	(5,300)
At 31 December 2015	19,326
At 1 January 2016	19,326
Amortisation for the year	4,471
At 31 December 2016	23,797
Carrying amount	
At 1 January 2015	12,561
At 31 December 2015	13,674
At 31 December 2016	9,203

Intangible asset represents the unamortised income support receivable by the Group and the Trust under the Deed of Income Support entered into with OUE, a related party, 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. The Group and the Trust drew down $2,552,000 (2015: $8,347,000) under the Deed of Income Support during the financial year (Note 18). As at 31 December 2016, the Group and the Trust has drawn down $18,762,000 (2015: $16,210,000) under the Deed of Income Support.

Impairment test

In 2015, the Group and the Trust re-assessed the recoverable amount of the intangible asset 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 and taking into consideration the prevailing market conditions. The carrying amount was determined to be lower than the recoverable amount and a partial write-back of the impairment loss previously recognised on the intangible asset of $5,300,000 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 2015
Average market rental growth rate	2.8% - 4.3%
Discount rate	7.0%

Any adverse or favourable movement in the key assumptions would lead to a further impairment or write-back.

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Year ended 31 December 2016

6 INVESTMENTS IN SUBSIDIARIES

	Trust	
	2016 $'000	2015 $'000
Equity investments at cost	1,400,935	1,400,935

The shares held by the Trust in certain subsidiaries with a carrying amount of $1,138,854,000 (2015: $1,138,854,000) are pledged as security to secure bank loans (see Note 10).

Details of the subsidiaries are as follows:

Name of subsidiaries	Principal place of business/ Country of incorporation	Principal activities	Ownership interest 2016 %	Ownership interest 2015 %
Direct subsidiaries				
OUE Eastern Limited[(1)]	British Virgin Island	Investment holding	100	100
OUE CT Treasury Pte. Ltd.[(2)]	Singapore	Provision of financial services	100	100
Beacon Property Holdings Pte. Ltd.[(2)]	Singapore	Investment holding	100	100
Indirect subsidiaries				
Tecwell Limited[(1)]	British Virgin Island	Investment holding	100	100
Lippo Realty (Shanghai) Limited[(3)]	China	Property owner	100	100
Cresthill Property Holdings Pte. Ltd.[(2)]	Singapore	Investment holding	100	100
OUB Centre Limited[(2)]	Singapore	Property owner and investment holding	83.33	83.33
Ampat Industrial Pte Ltd[(4)]	Singapore	Property development	83.33	83.33
Triplan Pte Ltd[(4)]	Singapore	Property development and investment	83.33	83.33
Eyton Pte Ltd[(4)]	Singapore	Property development	83.33	83.33
Chilatin Pte Ltd[(4)]	Singapore	Investment holding and property management	83.33	83.33
Ardenis Pte Ltd[(4)]	Singapore	Investment holding	54.17	54.17

(1) Not required to be audited under the laws of the country in which it is incorporated.
(2) Audited by KPMG LLP, Singapore.
(3) Audited by KPMG China (a member firm of KPMG International).
(4) Under members' voluntary liquidation.

6 INVESTMENTS IN SUBSIDIARIES (CONT'D)

Non-controlling interests

The non-controlling interests (NCI) relate to the following subsidiary:

Name	Principal place of business/ Country of incorporation	Ownership interest held by NCI	
		2016 %	2015 %
OUB Centre Limited	Singapore	16.67	16.67

The following summarised financial information of the above subsidiary is prepared in accordance with FRS, modified for fair value adjustments on acquisition and differences in the Group's accounting policies.

	OUB Centre Limited	
	2016 $'000	2015[(1)] $'000
Revenue	87,013	19,442
Profit and total comprehensive income	49,478	9,026
Profit and total comprehensive income attributable to NCI	8,247	1,502
Non-current assets	1,739,099	1,735,124
Current assets	10,965	11,212
Non-current liabilities	(329,838)	(323,613)
Current liabilities	(32,194)	(25,408)
Net assets	1,388,032	1,397,315
Net assets attributable to NCI	231,362	232,909
Cash flows from operating activities	63,746	11,492
Cash flows used in investing activities	(556)	(89)
Cash flows used in financing activities	(63,492)	(14,193)
Net decrease in cash and cash equivalents	(302)	(2,790)

(1) On 8 October 2015, the Trust acquired an 83.33% equity interest in OUB Centre Limited ("OUBC") which became a subsidiary from that date (see Note 26). Accordingly, the information relating to OUBC is only for the period from 8 October 2015 to 31 December 2015.

7 TRADE AND OTHER RECEIVABLES

	Group		Trust	
	2016 $'000	2015 $'000	2016 $'000	2015 $'000
Current				
Trade receivables from:				
- the Manager	9	7	9	7
- other related parties	80	9	80	9
- third parties	1,130	1,625	338	75
	1,219	1,641	427	91
Less:				
Allowance for doubtful receivables				
- third parties	–	(7)	–	–
Trade receivables - net	1,219	1,634	427	91
Other receivables from:				
- subsidiaries	–	–	674	660
- other related parties	1,091	3,898	1,091	3,898
- third parties	7,093	6,681	73	656
	8,184	10,579	1,838	5,214
Deposits	544	545	518	518
	9,947	12,758	2,783	5,823
Prepayments	1,355	842	37	39
	11,302	13,600	2,820	5,862
Non-current				
Prepayments	309	493	–	–

Included in other receivables from related parties of the Group and the Trust is income support receivable on OUE Bayfront of $1,091,000 (2015: $3,898,000) (see Note 5).

Other receivables from related parties and subsidiaries are unsecured, interest-free and repayable on demand.

The ageing of trade receivables that were not impaired at the reporting date is:

	Group		Trust	
	2016 $'000	2015 $'000	2016 $'000	2015 $'000
Not past due	703	567	341	91
Past due 0 – 30 days	377	311	32	–
Past due 31 – 90 days	120	185	54	–
Past due over 90 days	19	571	–	–
	1,219	1,634	427	91

The Group believes that the unimpaired amounts that are past due are still collectible based on historic payment behaviour and the deposits held.

8 FINANCIAL DERIVATIVES

	Group		Trust	
	2016 $'000	2015 $'000	2016 $'000	2015 $'000
Derivative assets				
Interest rate swaps used for hedging				
- Current	–	30	–	30
- Non-current	315	6,573	288	6,573
	315	6,603	288	6,603
Derivative liabilities				
Interest rate swaps used for hedging				
- Current	(43)	–	(43)	–
- Non-current	(7,747)	(180)	(6,440)	(180)
	(7,790)	(180)	(6,483)	(180)
	(7,475)	6,423	(6,195)	6,423
Financial derivatives as a percentage of net assets	(0.4%)	0.3%	(0.4%)	0.4%

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.

At the reporting date, the Group has interest rate swap contracts with a total notional amount of $1,050.0 million (2015: $880.0 million), of which $50.0 million (2015: $110.0 million) relate to forward start interest rate swaps which will be effective in 2018 (2015: 2016). The Trust has interest rate swap contracts with a total notional amount of $820.0 million (2015: $880.0 million). As at 31 December 2015, interest rate swaps of the Trust included forward start interest rate swaps of $110.0 million which would be effective in 2016. The interest rate swap contracts have tenors of between 4 months to 5 years (2015: 2 years to 5 years). Under the contracts, the Group and the Trust pay fixed interest rates of 0.85% to 2.55% (2015: 0.83% to 2.55%) and receive interest at the three-month Singapore Dollar swap offer rate.

Master netting or similar agreements

The Group enters into derivative transactions under International Swaps and Derivatives Association (ISDA) master netting agreements. In general, under such agreements the amounts owed by each counterparty on a single day in respect of all transactions outstanding in the same currency are aggregated into a single net amount that is payable by one party to the other. In certain circumstances – e.g. when a credit event such as a default occurs, all outstanding transactions under the agreement are terminated, the termination value is assessed and only a single net amount is payable in settlement of all transactions.

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.

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8 FINANCIAL DERIVATIVES (CONT'D)

Master netting or similar agreements (cont'd)

The following table sets out the carrying amounts of recognised financial instruments that are subject to the above agreements.

	Gross amounts of recognised financial instruments $'000	Gross amounts of recognised financial instruments offset in the statement of financial position $'000	Net amounts of financial instruments included in the statement of financial position $'000	Related financial instruments that are not offset $'000	Net amount $'000
Group					
31 December 2016					
Derivatives assets					
Interest rate swaps used for hedging	315	–	315	(315)	–
Derivatives liabilities					
Interest rate swaps used for hedging	(7,790)	–	(7,790)	315	(7,475)
Trust					
31 December 2016					
Derivatives assets					
Interest rate swaps used for hedging	288	–	288	(288)	–
Derivatives liabilities					
Interest rate swaps used for hedging	(6,483)	–	(6,483)	288	(6,195)
Group and Trust					
31 December 2015					
Derivatives assets					
Interest rate swaps used for hedging	6,603	–	6,603	(180)	6,423
Derivatives liabilities					
Interest rate swaps used for hedging	(180)	–	(180)	180	–

9 CASH AND CASH EQUIVALENTS

	Group		Trust	
	2016 $'000	2015 $'000	2016 $'000	2015 $'000
Cash at bank	14,227	14,376	3,107	5,690
Fixed deposits with financial institutions	15,051	11,537	–	–
Cash and cash equivalents in the statement of financial position	29,278	25,913	3,107	5,690
Restricted cash	–	(1,764)		
Cash and cash equivalents in the statement of cash flows	29,278	24,149		

In 2015, restricted cash represent bank balances of a subsidiary pledged as security to obtain credit facility (see Note 10).

10 LOANS AND BORROWINGS

	Group		Trust	
	2016 $'000	2015 $'000	2016 $'000	2015 $'000
Secured bank loans	1,310,509	1,321,070	982,000	987,000
Less: Unamortised transaction costs	(6,764)	(17,154)	(3,651)	(11,989)
	1,303,745	1,303,916	978,349	975,011
Classified as:				
Current	341,796	1,732	341,796	–
Non-current	961,949	1,302,184	636,553	975,011
	1,303,745	1,303,916	978,349	975,011

Terms and debt repayment schedule

Terms and conditions of outstanding borrowings are as follows:

			Group		Trust	
	Nominal interest rate %	Year of maturity	Face value $'000	Carrying amount $'000	Face value $'000	Carrying amount $'000
2016						
Bank loans						
- SGD	1.07 – 2.36	2017 – 2019	1,280,500	1,273,746	982,000	978,349
- Chinese Renminbi	4.90	2024	30,009	29,999	–	–
			1,310,509	1,303,745	982,000	978,349
2015						
Bank loans						
- SGD	1.88 – 3.02	2017 – 2019	1,280,000	1,263,113	987,000	975,011
- Chinese Renminbi	5.23	2017	41,070	40,803	–	–
			1,321,070	1,303,916	987,000	975,011

10 LOANS AND BORROWINGS (CONT'D)

The Group has put in place term loan and revolving credit facilities of 3 to 8 years (2015: 3 to 5 years) which are secured on the following:

- investment properties with a total carrying amount of $1,670,235,000 (2015: $1,669,178,000) (Note 4);
- assignment of insurance policies on the above investment properties;
- assignment of all rights, titles, benefits and interests in connection with the sale and tenancy agreements, tenancy deposits/proceeds, sales deposits/proceeds, property management agreements and the receivables of certain properties;
- assignment of all rights, titles, benefits and interests in connection with the Deed of Income Support over OUE Bayfront;
- a debenture incorporating a fixed charge over book debts, charged accounts, goodwill, intellectual property and plant and machinery in connection with OUE Bayfront and floating charge over generally all of the present and future assets of the Trust in connection with OUE Bayfront;
- first priority fixed charge over the shares of certain subsidiaries (Note 6); and
- the account control or charge over certain bank accounts of the Trust and certain subsidiaries.

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

11 TRADE AND OTHER PAYABLES

	Group		Trust	
	2016 $'000	2015 $'000	2016 $'000	2015 $'000
Current				
Trade payables	4,486	2,656	299	253
Other payables due to:				
- subsidiaries	–	–	537	157
- related parties	2,275	–	2,275	–
- third parties	9,602	9,750	717	–
Advance rental received	2,984	3,274	545	924
Accrued expenses	17,082	16,522	4,266	4,817
Interest payable	5,617	6,995	4,154	5,246
Rental deposits				
- related parties	298	155	298	155
- third parties	13,657	12,998	2,665	627
Other deposits				
- related parties	35	–	35	–
- third parties	1,554	1,710	528	578
	57,590	54,060	16,319	12,757

11 TRADE AND OTHER PAYABLES (CONT'D)

	Group		Trust	
	2016 $'000	2015 $'000	2016 $'000	2015 $'000
Non-current				
Rental deposits				
- related parties	1,480	1,497	1,480	1,497
- third parties	37,716	37,780	10,604	12,554
	39,196	39,277	12,084	14,051

Other payables due to subsidiaries and related parties are unsecured, interest-free and repayable on demand.

Included in other payables due to third parties are payables for capital expenditure of $4.5 million (2015: $4.5 million).

Included in accrued expenses is property tax payable of $4.1 million (2015: $4.3 million) on a property relating to prior years. Where such amounts are not required to be paid, they will be refunded to the vendor of the property.

12 DEFERRED TAX LIABILITIES

Deferred tax liabilities are attributable to the following:

	Group		Trust	
	2016 $'000	2015 $'000	2016 $'000	2015 $'000
Investment properties	59,929	57,114	–	–
Plant and equipment	5,269	3,513	–	–
Other items	1,069	(146)	–	–
	66,267	60,481	–	–

Movements in deferred tax liabilities of the Group during the year are as follows:

	Investment properties $'000	Plant and equipment $'000	Others $'000	Total $'000
2016				
At 1 January 2016	57,114	3,513	(146)	60,481
Recognised in statement of total return (Note 22)	4,832	1,921	1,211	7,964
Exchange differences	(2,017)	(165)	4	(2,178)
At 31 December 2016	59,929	5,269	1,069	66,267
2015				
At 1 January 2015	38,804	1,477	(66)	40,215
Acquisition of subsidiaries (Note 26)	14,223	110	–	14,333
Recognised in statement of total return (Note 22)	2,978	1,889	(77)	4,790
Exchange differences	1,109	37	(3)	1,143
At 31 December 2015	57,114	3,513	(146)	60,481

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13 CONVERTIBLE PERPETUAL PREFERRED UNITS

In October 2015, the Group and the Trust issued 550 million Convertible Perpetual Preferred Units ("CPPU") at $1 per Unit to a substantial unitholder of the Trust and a related party of the Manager, as partial satisfaction of the purchase consideration for the subsidiaries acquired (Note 26). The key terms and conditions of the CPPUs are as follows:

- the CPPU holder has the right to receive preferential non-cumulative distribution of an amount equivalent to 1.0% per annum of the issue price which may be declared by the Manager at its sole discretion;

- any preferential distribution or part thereof not due or payable shall not accumulate for the benefit of the CPPU holder or entitle the CPPU holder to any claim in respect thereof against the Trust, the Trustee and/or the Manager;

- the CPPUs rank senior to the Units in respect of the entitlement to participate in the distributions of the Trust and rank senior to the Units in respect of the entitlement to receive out of the assets of the Trust the amount equivalent to the number of CPPUs held by the CPPU holder multiplied by the issue price and outstanding preferred and special preferred distribution upon the liquidation of the Trust. The CPPUs rank junior to the claims of all other present and future creditors of the Trust;

- the CPPU holder has the sole right to convert the CPPUs into Units, provided that the number of CPPUs converted in each financial year shall not exceed one-third of the total number of CPPUs initially issued to the CPPU holder, at a conversion price of $0.841 per CPPU. The CPPUs may not be converted into Units for a period of four years commencing from the date of issuance of the CPPUs on 8 October 2015;

- the Manager shall have the sole right to redeem any number of CPPUs for the time being issued and outstanding on a pro-rata basis at the issue price at all times;

- the Manager shall not declare distributions or pay any distributions to the Unitholders, or make any redemption, unless the Manager declares or pays distributions to the CPPU holder; and

- the CPPU holder does not have the right to attend and vote at the meetings of Unitholders except during such period as the preferred or special preferred distribution remains in arrears and unpaid for at least 12 months, or upon any resolution which varies or abrogates any right, preference or privilege of the CPPUs, or upon any resolution for the dissolution or winding up of the Trust.

During the financial year, there were no conversion or redemption of CPPUs.

The CPPUs are classified as equity instruments in the statement of financial position. The $530,765,000 (2015: $529,281,000) presented in the statement of financial position represents the carrying value of the 550.0 million CPPUs issued and the total return attributable to the CPPU holder from the last distribution date.

14 UNITS IN ISSUE AND TO BE ISSUED

	Group and Trust	
	2016 **'000**	**2015** **'000**
Units in issue		
At 1 January	1,285,799	870,197
Creation of Units:		
- Rights issue	–	393,306
- Manager's management fees paid in Units	12,033	7,633
- Acquisition fee paid to Manager in Units	–	14,663
At 31 December	1,297,832	1,285,799
Units to be issued		
Manager's management fees payable in Units	4,766	3,653
Units in issue and to be issued	1,302,598	1,289,452

Financial year ended 31 December 2016

During the financial year, the following Units were issued:

- 12,033,501 Units were issued at $0.65 to $0.70 per Unit, amounting to $8,030,000, as satisfaction of the Manager's management fees payable in Units.

Financial year ended 31 December 2015

During the financial year, the following Units were issued:

- 393,305,817 Units were issued at $0.555 per Unit, amounting to $218,285,000, for cash as part of the rights issue undertaken by the Trust, wherein Unitholders were entitled to subscribe for 9 new Units for every 20 existing Units held. The proceeds raised from the rights issue were used to partially fund the acquisition of subsidiaries and the related acquisition costs during the financial year;

- 7,632,671 Units were issued at $0.64 to $0.81 per Unit, amounting to $5,751,000, as satisfaction of the Manager's management fees payable in Units; and

- 14,663,132 Units were issued at $0.731 per Unit, amounting to $10,719,000, as satisfaction of the acquisition fee payable to the Manager arising from the acquisition of subsidiaries during the financial year (Note 26).

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.

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Year ended 31 December 2016

15 NET ASSET VALUE PER UNIT

	Note	Group 2016 $'000	Group 2015 $'000	Trust 2016 $'000	Trust 2015 $'000
Net asset value per Unit is based on:					
- Net assets attributable to Unitholders ($'000)		1,206,751	1,233,064	1,018,353	1,047,484
- Units in issue and to be issued at 31 December ('000)	14	1,302,598	1,289,452	1,302,598	1,289,452

16 REVENUE

	Group 2016 $'000	Group 2015 $'000	Trust 2016 $'000	Trust 2015 $'000
Rental income	152,381	88,038	48,353	42,644
Service fee income	14,001	7,792	6,095	6,010
Carpark income	3,428	2,126	1,576	1,462
Dividend income	–	–	49,976	–
Others	8,623	4,823	3,642	3,418
Less: Business and other taxes	(624)	(1,741)	–	–
	177,809	101,038	109,642	53,534

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 $751,000 (2015: $1,302,000) and $111,000 (2015: $143,000) recognised in the statement of total return for the Group and the Trust, respectively.

Included in the revenue of the Group and the Trust are amounts derived from related parties of $7,114,000 (2015: $6,964,000) and $7,093,000 (2015: $6,843,000), respectively.

17 PROPERTY OPERATING EXPENSES

	Group 2016 $'000	Group 2015 $'000	Trust 2016 $'000	Trust 2015 $'000
Property maintenance expenses	8,958	4,657	3,310	2,398
Property management fees	2,432	2,166	2,432	2,166
Property-related taxes	17,332	12,256	5,672	6,549
Insurance	339	129	94	85
Utilities	3,082	1,576	1,065	1,219
Centre management costs	4,620	2,304	–	–
Others	2,415	2,311	233	315
	39,178	25,399	12,806	12,732

17 PROPERTY OPERATING EXPENSES (CONT'D)

	Group		Trust	
	2016 $'000	2015 $'000	2016 $'000	2015 $'000
Centre management costs comprise:				
Salaries, bonuses and other costs	4,102	2,034	–	–
Contributions to defined contribution plans	518	270	–	–
	4,620	2,304	–	–

Property operating expenses represent the direct operating expenses arising from the rental of investment properties.

18 OTHER INCOME

		Group		Trust	
	Note	2016 $'000	2015 $'000	2016 $'000	2015 $'000
Income support on OUE Bayfront	5	2,552	8,347	2,552	8,347

19 MANAGER'S MANAGEMENT FEES

	Group and Trust	
	2016 $'000	2015 $'000
Base fee	9,427	6,367
Performance fee	2,714	–
	12,141	6,367

The Manager's management fees comprise an aggregate of 13,146,631 (2015: 9,052,722) Units, amounting to approximately $8,899,000 (2015: $6,367,000), 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 $0.65 to $0.70 (2015: $0.64 to $0.81) per Unit. No performance fee was payable for the financial year ended 31 December 2015.

Notes to the Financial Statements
Year ended 31 December 2016

20 NET FINANCE COSTS

	Group		Trust	
	2016 $'000	**2015 $'000**	**2016 $'000**	**2015 $'000**
Finance income				
Interest income	134	715	–	373
Net change in fair value of derivatives	6,001	–	6,227	–
Net foreign exchange gains	–	328	–	–
	6,135	1,043	6,227	373
Finance costs				
Amortisation of debt-related transaction costs	(10,383)	(5,362)	(8,331)	(4,507)
Interest paid/payable to banks	(38,220)	(19,981)	(27,465)	(14,603)
Ineffective portion of changes in fair value of cash flow hedges	(2,209)	(1,331)	(2,020)	(1,331)
Hedging reserve transferred from unitholders' funds due to discontinuation of hedge accounting	(10,915)	–	(8,811)	–
Net foreign exchange losses	(451)	–	(3)	(8)
	(62,178)	(26,674)	(46,630)	(20,449)
Net finance costs	(56,043)	(25,631)	(40,403)	(20,076)

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:

	Group		Trust	
	2016 $'000	**2015 $'000**	**2016 $'000**	**2015 $'000**
Total interest income on financial assets	134	715	–	373
Total interest expense on financial liabilities	(40,021)	(22,506)	(28,787)	(16,340)

21 TOTAL RETURN FOR THE YEAR BEFORE TAX

Included in total return for the year before tax are the following:

	Group		Trust	
	2016 $'000	**2015 $'000**	**2016 $'000**	**2015 $'000**
Audit fees paid to:				
- Auditors of the Trust	252	182	159	174
- Other auditors	58	80	–	–
Non-audit fees paid to:				
- Auditors of the Trust	71	154	67	72
- Other auditors	6	38	–	–
Valuation fees	71	72	25	26

22 TAX EXPENSE

	Group 2016 $'000	Group 2015 $'000	Trust 2016 $'000	Trust 2015 $'000
Current tax expense				
Current year	12,875	4,892	–	–
(Over)/Under provision in respect of prior years	(188)	106	–	–
	12,687	4,998	–	–
Withholding tax	1,172	622	–	–
Deferred tax expense				
Origination and reversal of temporary differences	7,964	4,954	–	–
Over provision in respect of prior years	–	(164)	–	–
	7,964	4,790	–	–
	21,823	10,410	–	–
Reconciliation of effective tax rate				
Total return for the year before tax	92,068	91,110	40,886	32,679
Tax calculated using Singapore tax rate of 17% (2015: 17%)	15,652	15,489	6,951	5,555
Effect of tax rates in foreign jurisdictions	3,460	2,244	–	–
Non-tax deductible items	9,248	6,367	7,591	3,314
Non-taxable items	(2,491)	(7,977)	(1,059)	(2,640)
Tax exempt income	(23)	(27)	(8,496)	–
Tax incentives	(20)	(21)	–	–
Over provision in respect of prior years	(188)	(58)	–	–
Tax transparency (Note 3.14)	(4,987)	(6,229)	(4,987)	(6,229)
Withholding tax	1,172	622	–	–
	21,823	10,410	–	–

23 EARNINGS PER UNIT AND DISTRIBUTION PER UNIT

(i) Basic earnings per Unit

The calculation of basic earnings per Unit was based on the total return attributable to Unitholders and the weighted average number of Units, as set out below:

Total return attributable to Unitholders

	Group	
	2016 $'000	**2015 $'000**
Total return for the year attributable to Unitholders and CPPU holders	61,998	79,198
Less: Amount reserved for distribution to CPPU holder	(5,500)	(1,281)
Total return attributable to Unitholders	56,498	77,917

Weighted average number of Units

	Group	
	2016 '000	**2015 '000**
Units issued or to be issued at beginning of the year	1,289,452	872,430
Effect of Units issued during the year	4,275	167,608
Effect of Units to be issued as payment of the Manager's management fees payable in Units	13	10
Weighted average number of Units during the year	1,293,740	1,040,048

(ii) Diluted earnings per Unit

The calculation of diluted earnings per Unit was based on the total return attributable to Unitholders and the weighted average number of Units, after adjustment for the effect of all dilutive potential Units, as set out below:

Total return attributable to Unitholders (diluted)

	Group	
	2016 $'000	**2015 $'000**
Total return attributable to Unitholders (basic)	56,498	77,917
Add: Amount reserved for distribution to CPPU holder	5,500	1,281
Total return attributable to Unitholders and CPPU holders (diluted)	61,998	79,198

Weighted average number of Units (diluted)

	Group	
	2016 '000	**2015 '000**
Weighted average number of Units (basic)	1,293,740	1,040,048
Effect of the Manager's management fees payable in Units	8,858	–
Effect of conversion of CPPUs into Units[(1)]	653,984	152,298
Weighted average number of Units (diluted)	1,956,582	1,192,346

(1) Assume conversion of the CPPUs at the conversion price of $0.841 per CPPU.

24 ISSUE COSTS

Issue costs comprise professional, advisory and underwriting fees and other costs related to the issue of Units.

For the financial year ended 31 December 2015, included in issue costs were fees paid to the auditors of the Trust of $192,000 for the services rendered in relation to the fund raising exercise undertaken by the Trust.

25 OPERATING SEGMENTS

The Group has two reportable segments, which are Singapore and China. The reporting segments operate in different countries and are managed separately because of the differences in operating and regulatory environment. For each of the reporting segments, the Board of Directors of the Manager reviews internal management reports on a regular basis.

Information regarding the results of each reportable segment is included below. Performance is measured based on segment net property income, as included in the internal management reports that are reviewed by the Board of Directors of the Manager. Segment net property income is used to measure performance as management believes that such information is the most relevant in evaluating the results of its segments relative to other entities that operate within the same industry.

Information about reportable segments

	Singapore $'000	China $'000	Total $'000
Year ended 31 December 2016			
Revenue	146,679	31,130	177,809
Property operating expenses	(33,179)	(5,999)	(39,178)
Reportable segment net property income	113,500	25,131	138,631
Other income	2,552	–	2,552
Depreciation and amortisation	(4,670)	(6)	(4,676)
Finance income	6,001	132	6,133
Finance costs	(59,768)	(2,064)	(61,832)
Unallocated items			
- Finance income			2
- Finance costs			(346)
- Expenses			(13,891)
Net income			66,573
Net change in fair value of investment properties	5,986	19,509	25,495
Tax expense	(9,521)	(12,302)	(21,823)
Total return for the year			70,245
31 December 2016			
Non-current assets[1]	2,894,276	524,257	3,418,533

(1) Excluding financial assets

25 OPERATING SEGMENTS (CONT'D)

Information about reportable segments (cont'd)

	Singapore $'000	China $'000	Total $'000
Year ended 31 December 2015			
Revenue	72,974	28,064	101,038
Property operating expenses	(18,491)	(6,908)	(25,399)
Reportable segment net property income	54,483	21,156	75,639
Other income	8,347	–	8,347
Negative goodwill arising from acquisition of subsidiaries	30,629	–	30,629
Costs relating to acquisition of subsidiaries	(1,881)	–	(1,881)
Depreciation and amortisation	(4,228)	(7)	(4,235)
Write-back of impairment loss on intangible asset	5,300	–	5,300
Manager's acquisition fee	(10,719)	–	(10,719)
Finance income	364	260	624
Finance costs	(22,820)	(3,854)	(26,674)
Unallocated items			
- Finance income			419
- Expenses			(8,164)
Net income			69,285
Net change in fair value of investment properties	10,429	11,396	21,825
Tax expense	(2,267)	(8,143)	(10,410)
Total return for the year			80,700
31 December 2015			
Non-current assets[(1)]	2,894,798	523,208	3,418,006

(1) Excluding financial assets

26 ACQUISITION OF SUBSIDIARIES

Financial year ended 31 December 2015

On 8 October 2015, the Trust acquired 83.33% of the shares and voting interests in OUB Centre Limited and its subsidiaries ("OUBC Group"), through the acquisition of a 100% equity interest in Beacon Property Holdings Pte. Ltd. ("Beacon") from OUE Limited, a related party. OUBC owns an 81.54% interest in One Raffles Place.

The acquisition provides the Group with portfolio diversification and enhances the resilience of its income stream, as well as reduces its asset concentration risk.

For the period from the date of acquisition to 31 December 2015, the OUBC Group contributed revenue of $19,442,000 and total return of $9,026,000 to the Group's results. If the acquisition had occurred on 1 January 2015, the Manager estimates that the consolidated revenue would have been $165,082,000 and the consolidated total return would have been $110,433,000. In determining these amounts, the Manager has assumed that the fair value adjustments that arose on the date of acquisition would have been the same if the acquisition had occurred on 1 January 2015.

Consideration transferred

The following table summarises the acquisition-date fair value of each major class of consideration transferred for the shares acquired in Beacon and the repayment of the shareholder's loan of $465.4 million extended by the vendor to Beacon:

	Note	$'000
Cash		598,254
Equity instruments issued (550,000,000 CPPUs)	13	528,000
Total consideration transferred		1,126,254

Equity instruments issued

The fair value of the CPPUs issued was determined using the discounted cash flows method. The valuation model considers the present value of the expected cash flows, discounted using a risk-adjusted discount rate.

Acquisition-related costs

The Group incurred acquisition-related costs of $12,600,000, including an acquisition fee of $10,719,000 paid to the Manager in Units and stamp duty, legal fees and due diligence costs of $1,881,000 (including fee paid to the Trustee of $18,000), which have been recognised in the statement of total return.

Identifiable assets acquired and liabilities assumed

The following table summarises the recognised amounts of assets acquired and liabilities assumed at the date of acquisition.

	$'000
Group	
Plant and equipment	670
Investment property	1,734,000
Trade and other receivables	10,864
Inventories	51
Cash and cash equivalents	6,059
Trade and other payables	(44,800)
Loans and borrowings	(301,036)
Deferred tax liabilities	(14,333)
Current tax payable	(3,185)
Net identifiable assets and liabilities acquired	1,388,290

26 ACQUISITION OF SUBSIDIARIES (CONT'D)

Measurement of fair values

The valuation techniques used for measuring the fair value of material assets acquired were as follows:

Assets acquired	Valuation technique
Investment property	*Capitalisation method and market comparison method:* The capitalisation method capitalises an income stream into a present value using a single-year capitalisation rate. The market comparison method considers the selling prices of comparable properties, with adjustments made to differentiate the comparables in terms of tenure, location, condition and other relevant factors.

The fair value of the investment property was based on independent valuation undertaken by Savills Valuation and Professional Services (S) Pte Ltd.

The trade and other receivables comprise gross contractual amounts due to $10,967,000, of which $103,000 was expected to be uncollectible at the date of acquisition.

Negative goodwill

Negative goodwill arising from the acquisition has been recognised as follows:

	$'000
Fair value of identifiable net assets	1,388,290
Less: Non-controlling interests, based on their proportionate interest in the recognised amounts of the assets and liabilities of the acquiree	(231,407)
Identifiable net assets acquired	1,156,883
Total consideration transferred[1]	1,126,254
Negative goodwill	30,629

(1) Including the repayment of the shareholder's loan extended by the vendor to Beacon.

The negative goodwill is mainly attributable to the lower consideration paid, taking into consideration the fair value of the CPPUs issued (Note 13) as part satisfaction of the purchase consideration, and the discount on the fair value of One Raffles Place.

Cash flows relating to the acquisition

	$'000
Purchase consideration	1,126,254
Acquisition costs	12,600
Less: Consideration satisfied through the issuance of CPPUs	(528,000)
Less: Acquisition costs satisfied through the issuance of Units	(10,719)
Less: Cash acquired	(6,059)
Net cash outflow	594,076

27 FINANCIAL RISK MANAGEMENT

Risk management framework

Risk management is integral to the whole business of the Group. The Group has a system of controls in place to create an acceptable balance between the cost of risks occurring and the cost of managing the risks. The Manager continually monitors the Group's risk management process to ensure that an appropriate balance between risk and control is achieved. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities.

The Board of Directors of the Manager has overall responsibility for the establishment and oversight of the risk management framework of the Group. The Audit and Risk Committee of the Manager assists the Board of Directors and oversees how the Manager monitors compliance with the risk management policies and procedures of the Group, and reviews the adequacy of the risk management framework in relation to the risks faced by the Group. The Audit and Risk Committee reports regularly to the Board of Directors on its activities.

Overview

The Group has exposure to the following risks arising from financial instruments:

- credit risk
- liquidity risk
- market risk

This note presents information about the exposure of the Group to each of the above risks, its objectives, policies and processes for measuring and managing risk, and its management of capital.

Credit risk

Credit risk is the potential financial loss resulting from the failure of a lessee to settle its financial and contractual obligations to the Group, as and when they fall due.

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.

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. At the reporting date, the Group has interest rate swap contracts with a total notional amount of $1,050.0 million (2015: $880.0 million), of which $50.0 million (2015: $110.0 million) relate to forward start interest rate swaps which will be effective in 2018 (2015: 2016). The Trust has interest rate swap contracts with a total notional amount of $820.0 million (2015: $880.0 million). As at 31 December 2015, interest rate swaps of the Trust included forward start interest rate swaps of $110.0 million which would be effective in 2016.

At the reporting date, 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.

27 FINANCIAL RISK MANAGEMENT (CONT'D)

Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Manager monitors its liquidity risk and maintains a level of cash and cash equivalents deemed adequate to finance the Group's operations and to mitigate the effects of fluctuations in cash flows. The Manager also monitors and observes the CIS Code issued by the MAS concerning limits on total borrowings.

In addition, as at 31 December 2016, the Group maintains term loan and revolving credit facilities of $1,390 million (2015: $1,451 million) with banks. At the reporting date, $1,310 million (2015: $1,321 million) of the facilities was utilised.

In December 2016, the Group obtained a five-year term loan and revolving credit facilities of $680.0 million which were used to re-finance certain borrowings in January 2017.

The following are the contractual maturities of financial liabilities, including estimated interest payments and excluding the impact of netting agreements:

			← Cash flows		→
	Carrying amount $'000	Contractual cash flows $'000	Within 1 year $'000	Within 2 to 5 years $'000	More than 5 years $'000
Group					
2016					
Non-derivative financial liabilities					
Trade and other payables*	93,802	(93,802)	(54,606)	(36,245)	(2,951)
Loans and borrowings	1,303,745	(1,367,763)	(367,148)	(976,757)	(23,858)
	1,397,547	(1,461,565)	(421,754)	(1,013,002)	(26,809)
Derivative financial instruments					
Interest rate swaps used for hedging (net-settled)	(315)	279	(603)	882	–
Interest rate swaps used for hedging (net-settled)	7,790	(7,745)	(6,947)	(798)	–
	7,475	(7,466)	(7,550)	84	–
	1,405,022	(1,469,031)	(429,304)	(1,012,918)	(26,809)
2015					
Non-derivative financial liabilities					
Trade and other payables*	90,063	(90,063)	(50,786)	(35,023)	(4,254)
Loans and borrowings	1,303,916	(1,425,831)	(40,869)	(1,384,962)	–
	1,393,979	(1,515,894)	(91,655)	(1,419,985)	(4,254)
Derivative financial instruments					
Interest rate swaps used for hedging (net-settled)	(6,603)	7,073	(546)	7,619	–
Interest rate swaps used for hedging (net-settled)	180	(142)	(890)	748	–
	(6,423)	6,931	(1,436)	8,367	–
	1,387,556	(1,508,963)	(93,091)	(1,411,618)	(4,254)

* Excluding advance rental received

27 FINANCIAL RISK MANAGEMENT (CONT'D)

Liquidity risk (cont'd)

	Carrying amount $'000	Contractual cash flows $'000	← Cash flows Within 1 year $'000	Within 2 to 5 years $'000	More than 5 years → $'000
Trust					
2016					
Non-derivative financial liabilities					
Trade and other payables*	27,858	(27,858)	(15,774)	(12,084)	–
Loans and borrowings	978,349	(1,016,051)	(357,919)	(658,132)	–
	1,006,207	(1,043,909)	(373,693)	(670,216)	–
Derivative financial instruments					
Interest rate swaps used for hedging (net-settled)	(288)	278	(603)	881	–
Interest rate swaps used for hedging (net-settled)	6,483	(6,576)	(5,609)	(967)	–
	6,195	(6,298)	(6,212)	(86)	–
	1,012,402	(1,050,207)	(379,905)	(670,302)	–
2015					
Non-derivative financial liabilities					
Trade and other payables*	25,884	(25,884)	(11,833)	(10,346)	(3,705)
Loans and borrowings	975,011	(1,060,974)	(27,779)	(1,033,195)	–
	1,000,895	(1,086,858)	(39,612)	(1,043,541)	(3,705)
Derivative financial instruments					
Interest rate swaps used for hedging (net-settled)	(6,603)	7,073	(546)	7,619	–
Interest rate swaps used for hedging (net-settled)	180	(142)	(890)	748	–
	(6,423)	6,931	(1,436)	8,367	–
	994,472	(1,079,927)	(41,048)	(1,035,174)	(3,705)

* 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.

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27 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		Trust	
	2016 $'000	2015 $'000	2016 $'000	2015 $'000
Fixed rate instruments				
Cash at bank	15,051	11,537	–	–
Interest rate swaps	(1,000,000)	(770,000)	(820,000)	(770,000)
	(984,949)	(758,463)	(820,000)	(770,000)
Variable rate instruments				
Loans and borrowings	(1,310,509)	(1,321,070)	(982,000)	(987,000)
Interest rate swaps	1,000,000	770,000	820,000	770,000
	(310,509)	(551,070)	(162,000)	(217,000)

Fair value sensitivity analysis for fixed rate instruments

The Group does not account for the fixed rate financial assets at fair value through profit or loss. 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.

27 FINANCIAL RISK MANAGEMENT (CONT'D)

Interest rate risk (cont'd)

Sensitivity analysis for variable instruments

For the variable rate instruments, a change in 20 (2015: 50) basis points (bp) in interest rate at the reporting date would impact total return and unitholders' funds (before any tax effects) by the amounts shown below. This analysis assumes that all other variables remain constant.

	Statement of Total Return		Unitholders' funds	
	Increase in interest rate $'000	**Decrease in interest rate $'000**	**Increase in interest rate $'000**	**Decrease in interest rate $'000**
Group				
2016				
Variable rate instruments				
Loans and borrowings (20 bp)	(2,621)	2,621	–	–
Interest rate swaps (20 bp)	2,104	(2,221)	31	(151)
	(517)	400	31	(151)
2015				
Variable rate instruments				
Loans and borrowings (50 bp)	(6,626)	6,626	–	–
Interest rate swaps (50 bp)	3,850	(3,850)	331	(363)
	(2,776)	2,776	331	(363)
Trust				
2016				
Variable rate instruments				
Loans and borrowings (20 bp)	(1,964)	1,964	–	–
Interest rate swaps (20 bp)	1,744	(1,861)	(10)	(74)
	(220)	103	(10)	(74)
2015				
Variable rate instruments				
Loans and borrowings (50 bp)	(4,935)	4,935	–	–
Interest rate swaps (50 bp)	3,850	(3,850)	331	(363)
	(1,085)	1,085	331	(363)

27 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.

	2016 HKD $'000	2016 USD $'000	2015 HKD $'000	2015 USD $'000
Group				
Cash and cash equivalents	949	77	1,083	–

Changes in the exchange rates between the above currencies and the Singapore dollar would not have a significant impact to the Group's total return before tax.

27 FINANCIAL RISK MANAGEMENT (CONT'D)

Accounting classifications and fair values

The fair values of financial assets and liabilities, including their levels in the fair value hierarchy are set out below. It does not include the fair value information of financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

		Carrying amount				Fair value			
	Note	Loans and receivables $'000	Fair value – hedging instruments $'000	Other financial liabilities $'000	Total $'000	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
Group									
2016									
Financial assets measured at fair value									
Financial derivatives	8	–	315	–	315	–	315	–	315
Financial assets not measured at fair value									
Trade and other receivables^	7	9,947	–	–	9,947				
Cash and cash equivalents	9	29,278	–	–	29,278				
		39,225	–	–	39,225				
Financial liabilities measured at fair value									
Financial derivatives	8	–	(7,790)	–	(7,790)	–	(7,790)	–	(7,790)
Financial liabilities not measured at fair value									
Loans and borrowings	10	–	–	(1,303,745)	(1,303,745)				
Trade and other payables#	11	–	–	(93,802)	(93,802)	–	–	(90,992)	(90,992)
		–	–	(1,397,547)	(1,397,547)				
2015									
Financial assets measured at fair value									
Financial derivatives	8	–	6,603	–	6,603	–	6,603	–	6,603
Financial assets not measured at fair value									
Trade and other receivables^	7	12,758	–	–	12,758				
Cash and cash equivalents	9	25,913	–	–	25,913				
		38,671	–	–	38,671				
Financial liabilities measured at fair value									
Financial derivatives	8	–	(180)	–	(180)	–	(180)	–	(180)
Financial liabilities not measured at fair value									
Loans and borrowings	10	–	–	(1,303,916)	(1,303,916)				
Trade and other payables#	11	–	–	(90,063)	(90,063)	–	–	(87,453)	(87,453)
		–	–	(1,393,979)	(1,393,979)				

^ Excluding prepayments

Excluding advance rental received

Notes to the Financial Statements
Year ended 31 December 2016

27 FINANCIAL RISK MANAGEMENT (CONT'D)

Accounting classifications and fair values (cont'd)

		Carrying amount				Fair value			
	Note	Loans and receivables $'000	Fair value – hedging instruments $'000	Other financial liabilities $'000	Total $'000	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
Trust									
2016									
Financial assets measured at fair value									
Financial derivatives	8	–	288	–	288	–	288	–	288
Financial assets not measured at fair value									
Trade and other receivables^	7	2,783	–	–	2,783				
Cash and cash equivalents	9	3,107	–	–	3,107				
		5,890	–	–	5,890				
Financial liabilities measured at fair value									
Financial derivatives	8	–	(6,483)	–	(6,483)	–	(6,483)	–	(6,483)
Financial liabilities not measured at fair value									
Loans and borrowings	10	–	–	(978,349)	(978,349)				
Trade and other payables#	11	–	–	(27,858)	(27,858)	–	–	(27,239)	(27,239)
		–	–	(1,006,207)	(1,006,207)				
2015									
Financial assets measured at fair value									
Financial derivatives	8	–	6,603	–	6,603	–	6,603	–	6,603
Financial assets not measured at fair value									
Trade and other receivables^	7	5,823	–	–	5,823				
Cash and cash equivalents	9	5,690	–	–	5,690				
		11,513	–	–	11,513				
Financial liabilities measured at fair value									
Financial derivatives	8	–	(180)	–	(180)	–	(180)	–	(180)
Financial liabilities not measured at fair value									
Loans and borrowings	10	–	–	(975,011)	(975,011)				
Trade and other payables#	11	–	–	(25,884)	(25,884)	–	–	(24,809)	(24,809)
		–	–	(1,000,895)	(1,000,895)				

^ Excluding prepayments

Excluding advance rental received

27 FINANCIAL RISK MANAGEMENT (CONT'D)

Valuation techniques and significant unobservable inputs

The following tables show the valuation techniques used in measuring Level 2 and Level 3 fair values.

Financial instruments measured at fair value

Type	Valuation technique
Group and Trust	
Interest rate swaps	*Market comparison technique:* The fair values are based on broker quotes. Similar contracts are traded in an active market and the quotes reflect the actual transactions in similar instruments.

Financial instruments not measured at fair value

Type	Valuation technique
Group and Trust	
Trade and other payables	*Discounted cash flows*

There were no transfers between Level 2 and 3 during the year.

Capital management

The Manager's principal objectives are to deliver regular and stable distributions to Unitholders and to achieve sustainable long-term growth in distributions and in the net asset value per Unit, while maintaining an appropriate capital structure. Capital consists of all components of equity of the Group.

The Group's capital funding objectives are to maintain a strong statement of financial position, manage the cost of debt financing, and potential refinancing or repayment risks, secure diversified funding sources and implement appropriate hedging strategies to manage interest rate volatility and foreign exchange exposure, after taking into account the prevailing market conditions.

The Group has income derived from its investments in the PRC. The conversion of the Chinese Renminbi is subject to the rules and regulations of foreign exchange control promulgated by the PRC government.

The Trust and its subsidiaries are subject to the aggregate leverage limit as defined in the Property Funds Appendix of the CIS Code issued by the MAS. The CIS Code stipulates that the total borrowings and deferred payments (together the "Aggregate Leverage") of a property fund should not exceed 45.0% of its Deposited Property.

The Aggregate Leverage of the Group as at 31 December 2016 was 39.8% (2015: 40.1%) of its Deposited Property. This complied with the Aggregate Leverage limit as described above.

There were no substantial changes in the Group's and the Trust's approach to capital management during the year.

28 COMMITMENTS

The Group and the Trust has the following commitments as at the reporting date:

(a) Capital commitments

	Group		Trust	
	2016 $'000	2015 $'000	2016 $'000	2015 $'000
Contracted but not provided for in the financial statements:				
- Expenditure in respect of investment properties	13,728	573	–	–

(b) Operating lease commitments

Non-cancellable operating lease rentals are receivable as follows:

	Group		Trust	
	2016 $'000	2015 $'000	2016 $'000	2015 $'000
Within 1 year	153,251	153,354	50,828	54,103
After 1 year but within 5 years	247,552	282,926	109,318	133,372
After 5 years	96,264	62,320	–	12,351
	497,067	498,600	160,146	199,826

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.

29 RELATED PARTY TRANSACTIONS

In the normal course of the operations of the Trust, the Manager's management fee and Trustee's fee have been paid or are payable to the Manager and Trustee respectively. Property management fees are payable to the Property Manager, a related party of the Manager.

During the financial year, other than the transactions disclosed elsewhere in the financial statements, there were the following related party transactions:

	Group		Trust	
	2016 $'000	2015 $'000	2016 $'000	2015 $'000
Acquisition of subsidiaries from a related party	–	1,148,254	–	1,148,254
Hotel service expenses paid/payable to related parties	84	55	84	55
Settlement of liabilities by related parties of the Manager on behalf of the Group and the Trust	20	249	20	249

30 FINANCIAL RATIOS

	Group		Trust	
	2016 %	2015 %	2016 %	2015 %
Expenses to weighted average net assets[1]				
- including performance component of the Manager's fees[2]	1.56	1.17	1.75	1.32
- excluding performance component of the Manager's fees[2]	1.34	1.17	1.48	1.32
Portfolio turnover rate[3]	–	–	–	–

1 The annualised ratios are computed in accordance with the guidelines of the Investment Management Association of Singapore. The expenses used in the computation relate to expenses of the Group and the Trust, excluding property expenses and finance expenses.

2 Excluding acquisition fee and costs associated with the acquisition of subsidiaries.

3 The annualised ratio is computed based on the lesser of purchases or sales of underlying investment properties of the Group and the Trust expressed as a percentage of daily average net asset value.

31 SUBSEQUENT EVENTS

There were the following events subsequent to the reporting date:

- On 26 January 2017, the Manager declared a distribution of $2,765,000 to the CPPU holder in respect of the period from 1 July 2016 to 31 December 2016.

- On 26 January 2017, the Manager declared a distribution of 2.50 cents per Unit, amounting to $32,565,000, in respect of the period from 1 July 2016 to 31 December 2016.

- On 1 February 2017, the Trust issued 2,786,985 Units at $0.6857 per Unit, amounting to $1,911,000, to the Manager as payment of the management base fee for the period from 1 October 2016 to 31 December 2016.

- On 1 February 2017, the Trust issued 1,979,251 Units at $0.6857 per Unit, amounting to $1,357,000, to the Manager as payment of the management performance fee for the year ended 31 December 2016.

Interested Person and Interested Party Transactions

	Aggregate value of all interested person/party transactions during FY2016 (excluding transactions less than S$100,000 and transactions conducted under unitholders' mandate pursuant to Rule 920) S$'000	Aggregate value of all interested person/party transactions conducted under unitholders' mandate pursuant to Rule 920 (excluding transactions less than S$100,000) S$'000
OUE Limited & its subsidiaries		
Gross rental income	1,265	–
Carpark income	288	–
Utilities	165	–
Manager's management fee[1]	12,141	–
Property management fee[1]	2,432	–
DBS Trustee Limited		
Trustee's fee[1]	551	–
Auric Pacific Group Limited		
Gross rental income	1,236	–
Related corporations of PT Lippo Karawaci Tbk		
Gross rental income	2,377	–
One Realty Pte Limited		
Gross rental income	605	–

Please also see Significant Related Party Transactions in Note 29 to the Financial Statements.

Saved as disclosed above, during the financial year ended 31 December 2016, there were no additional interested person/party transactions (excluding transactions less than S$100,000 each) or any material contracts entered into by OUE C-REIT involving the interests of the Chief Executive Officer, each director or controlling shareholder of the Manager or controlling Unitholder.

OUE C-REIT has not obtained a general mandate from Unitholders for interested person/party transactions.

Note:

1 The fees and charges payable by OUE C-REIT to the Trustee and Manager under the Trust Deed and to the Property Manager under the Master Property Agreement and the Individual Property Management Agreement (each as defined in the prospectus of OUE C-REIT dated 17 January 2014 (the "Prospectus")) each of which constitutes an Interested Person Transaction, are deemed to have been specifically approved by the Unitholders upon subscription for the Units and are therefore not subject to Rule 905 and Rule 906 of the Listing Manual to the extent that there is no subsequent change to the rates and/or the bases of the fees charged thereunder which will adversely affect OUE C-REIT.

Income support arrangements of approximately S$2.6 million pursuant to the Deed of Income Support (as defined in the Prospectus) has been excluded from the table above as they are deemed to have been specifically approved by the Unitholders upon subscription for the Units and are therefore not subject to Rules 905 and 906 of the Listing Manual insofar that, in respect of each such agreement, there are no subsequent changes to the terms thereunder which will adversely affect OUE C-REIT.

The following table sets out a summary of Units issued for payment of the management fees during or in respect of the financial period from 1 January 2016 to 31 December 2016.

For Period	Issue Date	Units Issued	*Issue Price (S$)
1 January 2016 to 31 March 2016	13 May 2016	2,883,098	0.6507
1 April 2016 to 30 June 2016	5 August 2016	2,801,092	0.6665
1 July 2016 to 30 September 2016	4 November 2016	2,696,205	0.7000
1 October 2016 to 31 December 2016	1 February 2017	4,766,236	0.6857

* Based on the volume weighted average traded price for a Unit for all trades on the SGX-ST in the ordinary course of trading on the SGX-ST for the last ten business days of the relevant period in which the management fee accrues.

Statistics of Unitholdings
As at 8 March 2017

1,302,598,200 Units (one vote per Unit) in issue.
Market capitalisation of S$911,818,740 based on the market closing Unit price of S$0.70 on 8 March 2017.

DISTRIBUTION OF UNITHOLDINGS

Size of Unitholdings	Number of Unitholders	%	Number of Units	%
1 - 99	16	0.20	670	0.00
100 - 1,000	362	4.58	265,813	0.02
1,001 - 10,000	4,935	62.45	28,052,509	2.15
10,001 - 1,000,000	2,565	32.46	168,867,778	12.97
1,000,001 and above	24	0.31	1,105,411,430	84.86
TOTAL	**7,902**	**100**	**1,302,598,200**	**100**

TWENTY LARGEST UNITHOLDERS

No.	Name of Unitholder	Number of Units	%
1.	CITIBANK NOMINEES SINGAPORE PTE LTD	848,017,595	65.10
2.	DBS NOMINEES (PRIVATE) LIMITED	88,867,403	6.82
3.	RAFFLES NOMINEES (PTE) LIMITED	60,823,480	4.67
4.	OUE COMMERCIAL REIT MANAGEMENT PTE. LTD.	46,898,200	3.60
5.	OCBC SECURITIES PRIVATE LIMITED	20,538,750	1.58
6.	HSBC (SINGAPORE) NOMINEES PTE LTD	7,209,410	0.55
7.	UNITED OVERSEAS BANK NOMINEES (PRIVATE) LIMITED	6,424,090	0.49
8.	PHILLIP SECURITIES PTE LTD	2,541,860	0.20
9.	GOH YEW GEE	2,506,800	0.19
10.	QUEK SIN KONG	2,000,000	0.15
11.	THIO GIM HOCK	2,000,000	0.15
12.	GOH YEU TOH	1,850,000	0.14
13.	OCBC NOMINEES SINGAPORE PRIVATE LIMITED	1,804,510	0.14
14.	JACK INVESTMENT PTE LTD	1,568,200	0.12
15.	HENG SIEW ENG	1,534,900	0.12
16.	SAY KIN HENG	1,500,000	0.12
17.	GOH YEO HWA	1,338,550	0.10
18.	LIM HOON MIN	1,289,250	0.10
19.	HAN CHEE JUAN	1,279,000	0.10
20.	LIM KOK MIN	1,200,000	0.09
TOTAL		**1,101,191,998**	**84.53**

DIRECTORS’ INTERESTS IN UNITS AS AT 21 JANUARY 2017

Directors	Direct Interest	%	Deemed Interest	%
Christopher James Williams	–	–	181,250	0.01
Ng Lak Chuan	362,500	0.03	–	–
Loh Lian Huat	145,000	0.01	217,500	0.02
Tan Shu Lin	362,500	0.03	–	–

Statistics of Unitholdings
As at 8 March 2017

SUBSTANTIAL UNITHOLDERS' INTERESTS AS AT 8 MARCH 2017

	⟵ Direct Interest ⟶		⟵ Deemed Interest ⟶			
Name of Substantial Unitholder	No. of Units held	%	No. of Units held	%	Total No. of Units held	%
Clifford Development Pte. Ltd. ("Clifford")	804,153,700	61.73[21]	–	–	804,153,700	61.73[21]
OUE Limited	–	–	851,051,900[1]	65.33[21]	851,051,900	65.33[21]
OUE Realty Pte. Ltd. ("OUER")	–	–	851,051,900[2]	65.33[21]	851,051,900	65.33[21]
Golden Concord Asia Limited ("GCAL")	–	–	851,051,900[3]	65.33[21]	851,051,900	65.33[21]
Fortune Code Limited ("FCL")	–	–	851,051,900[4]	65.33[21]	851,051,900	65.33[21]
Lippo ASM Asia Property Limited ("LAAPL")	–	–	851,051,900[5]	65.33[21]	851,051,900	65.33[21]
Pacific Landmark Holdings Limited ("Pacific Landmark")	–	–	851,051,900[6]	65.33[21]	851,051,900	65.33[21]
HKC Property Investment Holdings Limited ("HKC Property")	–	–	851,051,900[7]	65.33[21]	851,051,900	65.33[21]
Hongkong Chinese Limited ("HCL")	–	–	851,051,900[8]	65.33[21]	851,051,900	65.33[21]
Hennessy Holdings Limited ("HHL")	–	–	851,051,900[9]	65.33[21]	851,051,900	65.33[21]
Prime Success Limited ("PSL")	–	–	851,051,900[10]	65.33[21]	851,051,900	65.33[21]
Lippo Limited ("LL")	–	–	852,744,200[11]	65.46[21]	852,744,200	65.46[21]
Lippo Capital Limited ("LCL")	–	–	852,744,200[12]	65.46[21]	852,744,200	65.46[21]
Lanius Limited ("Lanius")	–	–	852,744,200[13]	65.46[21]	852,744,200	65.46[21]
Admiralty Station Management Limited ("Admiralty")	–	–	851,051,900[14]	65.33[21]	851,051,900	65.33[21]
ASM Asia Recovery (Master) Fund ("AARMF")	–	–	851,051,900[15]	65.33[21]	851,051,900	65.33[21]
ASM Asia Recovery Fund ("AARF")	–	–	851,051,900[16]	65.33[21]	851,051,900	65.33[21]
Argyle Street Management Limited ("ASML")	–	–	851,051,900[17]	65.33[21]	851,051,900	65.33[21]
Argyle Street Management Holdings Limited ("ASMHL")	–	–	851,051,900[18]	65.33[21]	851,051,900	65.33[21]
Kin Chan ("KC")	–	–	851,051,900[19]	65.33[21]	851,051,900	65.33[21]
V-Nee Yeh ("VY")	–	–	851,051,900[20]	65.33[21]	851,051,900	65.33[21]

Statistics of Unitholdings
As at 8 March 2017

Notes:

(1) OUE Limited is the holding company of the REIT Manager and Clifford, and has a deemed interest in the Units held by the REIT Manager and Clifford.

(2) OUER is the immediate holding company of OUE Limited and has a deemed interest in the Units in which OUE Limited has a deemed interest.

(3) GCAL has a deemed interest in the Units through the deemed interests of its wholly-owned subsidiary, OUER.

(4) FCL has a deemed interest in the Units through the deemed interests of its wholly-owned subsidiary, GCAL.

(5) LAAPL is deemed to have an interest in the Units in which its subsidiary, FCL, has a deemed interest.

(6) LAAPL is jointly held by Pacific Landmark and Admiralty. Accordingly, Pacific Landmark is deemed to have an interest in the Units in which LAAPL has a deemed interest.

(7) HKC Property is the immediate holding company of Pacific Landmark. Accordingly, HKC Property is deemed to have an interest in the Units in which Pacific Landmark has a deemed interest.

(8) HCL is an intermediate holding company of Pacific Landmark. Accordingly, HCL is deemed to have an interest in the Units in which Pacific Landmark has a deemed interest.

(9) HHL is an intermediate holding company of Pacific Landmark. Accordingly, HHL is deemed to have an interest in the Units in which Pacific Landmark has a deemed interest.

(10) PSL is an intermediate holding company of Pacific Landmark. Accordingly, PSL is deemed to have an interest in the Units in which Pacific Landmark has a deemed interest.

(11) LL is an intermediate holding company of Pacific Landmark. Accordingly, LL is deemed to have an interest in the Units in which Pacific Landmark has a deemed interest, as well as a deemed interest in the 1,692,300 Units held by Hong Kong China Treasury Limited, a subsidiary of LL (the "HKCTL Units").

(12) LCL is a holding company of LL and Pacific Landmark. Accordingly, LCL is deemed to have an interest in the Units in which Pacific Landmark has a deemed interest, as well as a deemed interest in the HKCTL Units in which LL has a deemed interest.

(13) Lanius is the holder of the entire issued shares capital of LCL, which in turn is a holding company of LL and Pacific Landmark. Accordingly, Lanius is deemed to have an interest in the Units in which Pacific Landmark has a deemed interest, as well as a deemed interest in the HKCTL Units in which LL has a deemed interest. Lanius is the trustee of a discretionary trust the beneficiaries of which include Stephen Riady and other members of his family.

(14) LAAPL is jointly held by Pacific Landmark and Admiralty. Accordingly, Admiralty is deemed to have an interest in the Units in which LAAPL has a deemed interest.

(15) AARMF is a majority shareholder of Admiralty. Accordingly, AARMF is deemed to have an interest in the Units in which Admiralty has a deemed interest.

(16) AARF is a majority shareholder of AARMF. Accordingly, AARF is deemed to have an interest in the Units in which AARMF has a deemed interest.

(17) ASML manages AARF. Accordingly, ASML is deemed to have an interest in the Units in which AARF has a deemed interest.

(18) ASMHL is the immediate holding company of ASML. Accordingly, ASMHL is deemed to have an interest in the Units in which ASML has a deemed interest.

(19) KC is the beneficial holder of more than 20% of the issued share capital of ASMHL. Accordingly, KC is deemed to have an interest in the Units in which ASMHL has a deemed interest.

(20) VY is the beneficial holder of more than 20% of the issued share capital of ASMHL. Accordingly, VY is deemed to have an interest in the Units in which ASMHL has a deemed interest.

(21) The Unitholding percentage is calculated based on 1,302,598,200 issued Units as at the 8 March 2017.

PUBLIC FLOAT

Rule 723 of the Listing Manual of SGX-ST requires that at least 10% of the total number of issued units that is listed on the SGX-ST is at all times held by the public. Based on information available to the Manager as at 8 March 2017, approximately 34.28% of OUE C-REIT's Units were held in the hands of the public.

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN that the Annual General Meeting ("AGM") of the holders of units ("Unitholders") of OUE Commercial Real Estate Investment Trust ("OUE C-REIT") will be held at Mandarin Orchard Singapore, Mandarin Ballroom I, II and III, 6th Floor, Main Tower, 333 Orchard Road, Singapore 238867 on Friday, 21 April 2017 at 2:00 p.m. to transact the following business:

(A) AS ORDINARY BUSINESS

(Ordinary Resolution 1)

1. To receive and adopt the following:

   - the Report of DBS Trustee Limited, as trustee for OUE C-REIT (the "Trustee");
   - the Report of OUE Commercial REIT Management Pte. Ltd., as manager of OUE C-REIT (the "Manager"); and
   - the Audited Financial Statements of OUE C-REIT for the financial year ended 31 December 2016, together with the Independent Auditors' Report thereon.

(Ordinary Resolution 2)

2. To re-appoint Messrs KPMG LLP as Independent Auditors of OUE C-REIT and to hold office until the conclusion of the next AGM of Unitholders and to authorise the Manager to fix their remuneration.

(B) AS SPECIAL BUSINESS

To consider and, if thought fit, to pass with or without any modifications, the following resolutions as Ordinary Resolution:

(Ordinary Resolution 3)

3. That authority be and is hereby given to the Manager, to

   (a) (i) issue new units in OUE C-REIT ("Units") whether by way of rights, bonus or otherwise; and/or

   (ii) make or grant offers, agreements or options (collectively, "Instruments") that might or would require Units to be issued, including but not limited to the creation and issue of (as well as adjustments to) securities, warrants, debentures or other instruments convertible into Units,

   at any time and upon such terms and conditions and for such purposes and to such persons as the Manager may in their absolute discretion deem fit; and

   (b) issue Units in pursuant of any Instrument made or granted by the Manager while this Resolution was in force (notwithstanding that the authority conferred by this Resolution may have ceased to be in force).

   Provided that:

   (1) the aggregate number of Units to be issued pursuant to this Resolution (including Units to be issued in pursuant of Instruments made or granted pursuant to this Resolution), shall not exceed fifty per cent (50%) of the total number of issued Units (excluding treasury Units, if any) (as calculated in accordance with sub-paragraph (2) below), of which the aggregate number of Units to be issued other than on a pro rata basis to Unitholders shall not exceed twenty per cent (20%) of the total number of issued Units (excluding treasury Units, if any) (as calculated in accordance with sub-paragraph (2) below).

Notice of Annual General Meeting

(2) subject to such manner of calculation as may be prescribed by Singapore Exchange Securities Trading Limited (the "SGX-ST") for the purpose of determining the aggregate number of Units that may be issued under sub-paragraph (1) above, the total number of issued Units (excluding treasury Units, if any) shall be based on the number of issued Units (excluding treasury Units, if any) at the time this Resolution is passed, after adjusting for:

   (a) any new Units arising from the conversion or exercise of any Instruments which are outstanding at the time this Resolution is passed; and

   (b) any subsequent bonus issue, consolidation or subdivision of Units;

(3) in exercising the authority conferred by this Resolution, the Manager shall comply with the provisions of the Listing Manual of SGX-ST for the time being in force (unless such compliance has been waived by SGX-ST), the trust deed dated 10 October 2013 constituting OUE C-REIT (as amended) (the "Trust Deed") for the time being in force (unless otherwise exempted or waived by the Monetary Authority of Singapore);

(4) (unless revoked or varied by the Unitholders in a general meeting) the authority conferred by this Resolution shall continue in force until (i) the conclusion of the next AGM of Unitholders or (ii) the date by which the next AGM of Unitholders is required by law to beheld, whichever is earlier;

(5) where the terms of the issue of the Instruments provide for adjustment to the number of Instruments or Units into which the Instruments may be converted, in the event of rights, bonus or other capitalisation issues or any other events, the Manager is authorised to issue additional Instruments or Units pursuant to such adjustment notwithstanding that the authority conferred by this Resolution may have ceased to be in force at the time the Instruments are issued; and

(6) the Manager and the Trustee be and are hereby severally authorised to complete and do all such acts and things (including executing all such documents as may be required) as the Manager or the Trustee may consider expedient or necessary or in the interest of OUE C-REIT to give effect to the authority conferred by this Resolution.

(Please see Explanatory Notes.)

By Order of the Board

Ng Ngai
Company Secretary
OUE COMMERCIAL REIT MANAGEMENT PTE. LTD.
(as manager of OUE C-REIT)
(Company Registration No. 201327018E)

4 April 2017

Notice of Annual General Meeting

Important Notice:

1. A Unitholder of OUE C-REIT (who is not a relevant intermediary) entitled to attend and vote at the AGM is entitled to appoint not more than two proxies to attend and vote in his/her stead. A proxy need not be a Unitholder of OUE C-REIT.

2. Where a Unitholder of OUE C-REIT appoints more than one proxy and does not specify the proportion of his/her Unitholding to be represented by each proxy, then the Units held by the Unitholder are deemed to be equally divided between the proxies.

3. A Unitholder who is a relevant intermediary entitled to attend and vote at the AGM is entitled to appoint more than two proxies to attend and vote at the AGM, but each proxy must be appointed to exercise the rights attached to a different Unit or Units held by such Unitholder. Where the Unitholder's instrument appointing a proxy or proxies (the "Proxy Form") appoints more than two proxies, the number of Units in relation to each proxy must be specified in the Proxy Form.

   A "relevant intermediary" is:

   (a) a banking corporation licensed under the Banking Act, Chapter 19 of Singapore or a wholly-owned subsidiary of such a banking corporation, whose business includes the provision of nominee services and who holds Units in that capacity;

   (b) a person holding a capital markets services licence to provide custodial services for securities under the Securities and Futures Act, Chapter 289 of Singapore and who holds Units in that capacity; or

   (c) the Central Provident Fund Board ("CPF Board") established by the Central Provident Fund Act, Chapter 36 of Singapore, in respect of Units purchased under the subsidiary legislation made under that Act providing for the making of investments from the contributions and interest standing to the credit of members of the Central Provident Fund, if the CPF Board holds those Units in the capacity of an intermediary pursuant to or in accordance with the subsidiary legislation.

4. The Proxy Form must be lodged at the Unit Registrar's office at Boardroom Corporate & Advisory Services Pte. Ltd., 50 Raffles Place #32-01, Singapore Land Tower, Singapore 048623 not less than 48 hours before the time appointed for the AGM.

Notice of Annual General Meeting

Explanatory notes:

1. Ordinary Resolution 3

   The Ordinary Resolution 3 above, if passed, will empower the Manager from the date of this AGM until the date of the next AGM of Unitholders, to issue Units and to make or grant Instruments (such as securities, warrants or debentures) convertible into Units and issue Units pursuant to such Instruments, up to a number not exceeding 50% of the total number of issued Units (excluding treasury Units, if any) of which up to 20% of the total number of issued Units (excluding treasury Units, if any) may be issued other than on a pro rata basis to Unitholders.

   The Ordinary Resolution 3 above, if passed, will also empower the Manager from the date of this AGM until the date of the next AGM of Unitholders, to issue Units as either full or partial payment of fees which the Manager is entitled to receive for its own account pursuant to the Trust Deed.

   For determining the aggregate number of Units that may be issued, the percentage of issued Units will be calculated based on the issued Units at the time the Ordinary Resolution 3 above is passed, after adjusting for new Units arising from the conversion or exercise of any Instruments which are outstanding at the time this Resolution is passed and any subsequent bonus issue, consolidation or subdivision of Units.

   Fund-raising by issuance of new Units may be required in instances of property acquisitions or debt repayments. In any event, if the approval of Unitholders is required under the Listing Manual of SGX-ST, the Trust Deed or any applicable laws and regulations in such instances, the Manager will then obtain the approval of Unitholders accordingly.

Personal data privacy:

By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the AGM and/or any adjournment thereof, a Unitholder (i) consents to the collection, use and disclosure of the Unitholder's personal data by the Manager and the Trustee (or their agents) for the purpose of the processing and administration by the Manager and the Trustee (or their agents) of proxies and representatives appointed for the AGM (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the AGM (including any adjournment thereof), and in order for the Manager and the Trustee (or their agents) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "Purposes"), (ii) warrants that where the Unitholder discloses the personal data of the Unitholder's proxy(ies) and/or representative(s) to the Manager and the Trustee (or their agents), the Unitholder has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Manager and the Trustee (or their agents) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (iii) agrees that the Unitholder will indemnify the Manager and the Trustee in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the Unitholder's breach of warranty.

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Corporate Information

OUE COMMERCIAL REAL ESTATE INVESTMENT TRUST

Website: www.ouect.com
Email: enquiry@ouect.com
SGX Code: TS0U
Bloomberg: OUECT SP

MANAGER OF OUE COMMERCIAL REAL ESTATE INVESTMENT TRUST

OUE Commercial REIT Management Pte. Ltd.
50 Collyer Quay
#04-08 OUE Bayfront
Singapore 049321
Tel: (65) 6809 8700
Fax: (65) 6809 8701

BOARD OF DIRECTORS

Mr Christopher James Williams
(Chairman and Non-Independent Non-Executive Director)

Mr Ng Lak Chuan
(Lead Independent Director)

Mr Carl Gabriel Florian Stubbe
(Independent Director)

Mr Loh Lian Huat
(Independent Director)

Mr Jonathan Miles Foxall
(Non-Independent Non-Executive Director)

Ms Tan Shu Lin
(Chief Executive Officer and Executive Director)

AUDIT AND RISK COMMITTEE

Mr Ng Lak Chuan
(Chairman)

Mr Carl Gabriel Florian Stubbe

Mr Loh Lian Huat

NOMINATING AND REMUNERATION COMMITTEE

Mr Carl Gabriel Florian Stubbe
(Chairman)

Mr Christopher James Williams

Mr Ng Lak Chuan

COMPANY SECRETARY

Mr Ng Ngai

TRUSTEE OF OUE COMMERCIAL REAL ESTATE INVESTMENT TRUST

DBS Trustee Limited
12 Marina Boulevard, Level 44
Marina Bay Financial Centre Tower 3
Singapore 018982
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Fax: (65) 6878 3977

UNIT REGISTRAR

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Singapore 048581
Tel: (65) 6231 3388
Fax: (65) 6225 0984

Partner-in-charge: Ms Lo Mun Wai
(Appointed since the financial period ended 31 December 2014)

design & production by **Q-Plus Design**

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