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2017 saw a year of strong operating performance for OUE C-REIT. It is a testament to the Manager's clarity in vision and ability to operate with agility amidst challenging constraints. Bolstered by the resilience of a quality portfolio of strategically located commercial properties comprising OUE Bayfront and One Raffles Place in Singapore and Lippo Plaza in Shanghai, OUE C-REIT is focused on creating greater value with sustainable performance.

OUE Commercial Real Estate Investment Trust ("OUE C-REIT") is a real estate investment trust ("REIT") listed on the 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 \$\$3.5 billion as at 31 December 2017.

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 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.

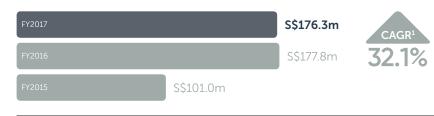
OUE C-REIT is managed by OUE Commercial REIT Management Pte. Ltd. (the "Manager"), a wholly owned subsidiary of OUE Limited (the "Sponsor"). OUE Limited is a diversified real estate owner, developer and operator with a real estate portfolio located in prime locations in Asia and the USA.

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").

KEY HIGHLIGHTS

REVENUE

S\$176.3m



DISTRIBUTION PER UNIT ("DPU") (FY2017)

4.67 cents

NET ASSET VALUE ("NAV") PER UNIT

(As at 31 December 2017)

S\$0.91

NET PROPERTY INCOME

S\$138.2m



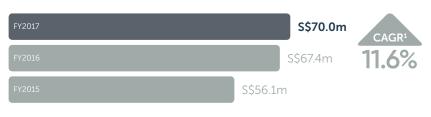
AGGREGATE LEVERAGE

(As at 31 December 2017)

37.3%

AMOUNT AVAILABLE FOR DISTRIBUTION

S\$70.0m



WEIGHTED AVERAGE ALL-IN COST OF DEBT

(As at 31 December 2017)

3.5%

PERCENTAGE FIXED RATE DEBT

(As at 31 December 2017)

84.3%

ASSETS UNDER MANAGEMENT

S\$3,515.1m



PORTFOLIO COMMITTED OCCUPANCY

(As at 31 December 2017)

96.8%

Note:

 $^{^{\}rm 1}$ $\,$ Compound annual growth rate from FY2015 to FY2017

FINANCIAL HIGHLIGHTS	2017	2016	CHANGE	
Revenue (S\$'000)	176,297	177,809	(0.9)%	
Net Property Income (S\$'000)	138,186	138,631	(0.3)%	
Amount Available for Distribution (\$\$'000)	69,950	67,417	3.8%	
Distribution per Unit (cents)	4.67	5.18	(9.8)%	
BALANCE SHEET HIGHLIGHTS		As at 31 De	cember 2017	
Total Assets (S\$'000)			3,573,570	
Total Borrowings (S\$'000)			1,221,058 ²	
Unitholders' Funds (S\$'000)			1,407,285	
Market Capitalisation (\$\$'000)			1,111,689	
Number of Units in Issue and to be Issued ('0	00)		1,546,769	
KEY FINANCIAL RATIOS		As at 31 De	cember 2017	
NAV per Unit (S\$)			0.91	
Aggregate Leverage (%)			37.3	
Weighted Average All-in Cost of Debt (% per	annum)		3.5	
Weighted Average Term to Maturity of Debt (years)		2.7	
Interest Cover Ratio (times)	erest Cover Ratio (times)		3.2	

Note:

² Includes OUE C-REIT's share of OUB Centre Limited's Ioan. OUE C-REIT's interest in One Raffles Place is held via its indirect interest in OUB Centre Limited

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 OUE Bayfront is a commercial building with an ancillary retail component comprising:

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



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; and
- 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.



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 most established business districts in Shanghai, attracting multinational corporations, international financial institutions and Chinese state-owned 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 Grade A 36-storey commercial building, with a three-storey retail podium and basement carpark.

05

REVENUE (FY2017)

S\$57.9m

COMMITTED OCCUPANCY

(As at 31 December 2017)

98.2%

PROPERTY VALUATION

(As at 31 December 2017)

S\$1,153.0m

NET LETTABLE AREA

(As at 31 December 2017)

37,128.4 sq m

REVENUE (FY2017)

S\$85.4m

COMMITTED OCCUPANCY

(As at 31 December 2017)

94.9%

PROPERTY VALUATION

(As at 31 December 2017)

NET LETTABLE AREA

(As at 31 December 2017)

S\$1,773.2m 65,399.0 sq m

REVENUE

S\$33.0m

COMMITTED OCCUPANCY

(As at 31 December 2017)

98.6%

PROPERTY VALUATION

(As at 31 December 2017)

S\$588.9m

NET LETTABLE AREA

(As at 31 December 2017)

39,224.5 sq m

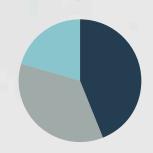
CONTRIBUTION TO PORTFOLIO VALUATION¹

(As at 31 December 2017)



•	One Raffles Place	45.9%
	OUE Bayfront	35.8%
	Lippo Plaza	18.3%

FY2017 REVENUE CONTRIBUTION¹ **BY PROPERTY**



	One Raffles Place	43.9%
	OUE Bayfront	35.7%
	Lippo Plaza	20.4%
_	пррот тага	20.7/0

FY2017 SEGMENT REVENUE¹

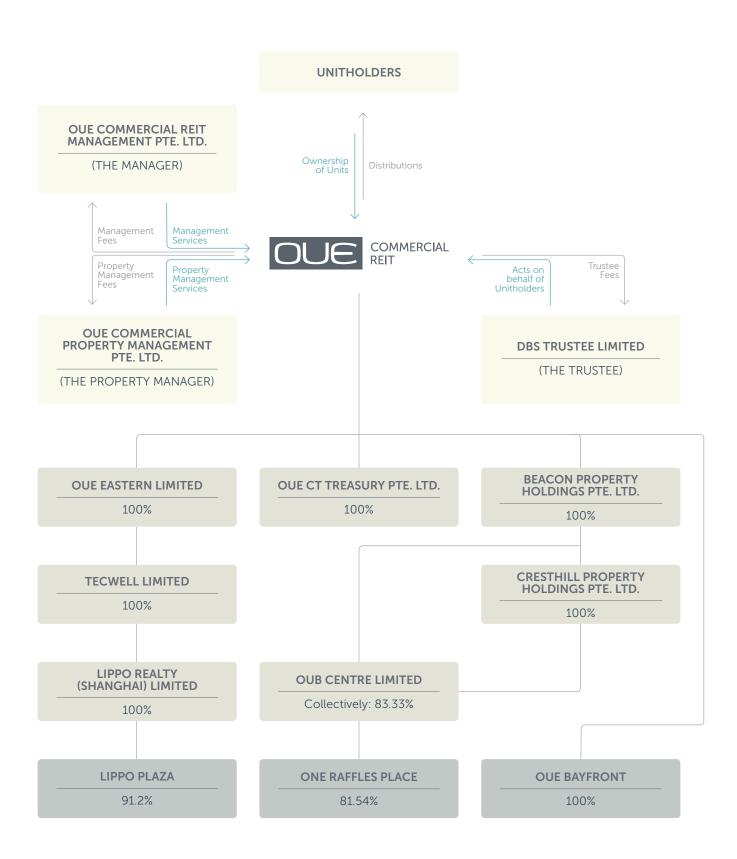


•	Office	84.0%
•	Retail	16.0%

Note:

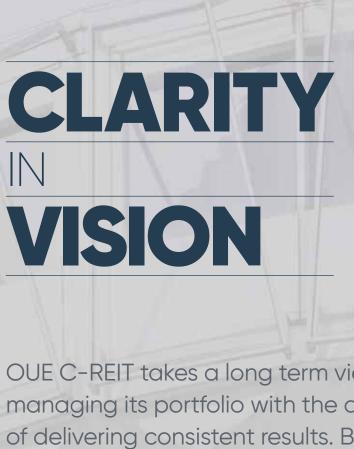
¹ Based on OUE C-REIT's proportionate interest in One Raffles Place

STRUCTURE OF OUE COMMERCIAL REIT









OUE C-REIT takes a long term view in managing its portfolio with the aim of delivering consistent results. Being forward-looking in anticipation of economic cycles, the Manager implements the right plan adapted for various market conditions. This has manifested in higher occupancy and rental rates relative to market performance. With the advantage of its Grade A commercial properties in strategic locations, OUE C-REIT continues to further its premium positioning and high quality status in a competitive market.



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The Manager's core competencies in asset and capital management, as well as its adaptability and responsiveness to changes in the operating environment have enabled us to deliver a sustainable return for Unitholders.

Dear Unitholders.

We are pleased to present a good set of results for FY2017 with a 3.8% year-on-year ("YoY") increase in the amount available for distribution to S\$70.0 million. With the Manager's clarity in strategy and purpose, as well as its ability to navigate the challenging operating conditions in the office rental markets of Singapore and Shanghai, OUE C-REIT's portfolio of properties achieved strong operational performance in 2017.

During the year, the Manager also executed effectively on its capital management strategy, in strengthening OUE C-REIT's balance sheet and improving its financial flexibility to ensure longer-term sustainability. We believe this positions OUE C-REIT favourably to potentially capitalise on the nascent recovery seen in the Singapore office rental market.

The Manager's core competencies in asset and capital management, as well as its adaptability and responsiveness to changes in the operating environment have enabled us to deliver a sustainable return for Unitholders. As we continue to build on our track record, we remain committed in clear pursuit of our vision of establishing OUE C-REIT as a leading commercial real estate investment trust in Singapore.

DELIVERING RESILIENT RESULTS

Revenue of S\$176.3 million was achieved in FY2017 compared to FY2016's revenue of S\$177.8 million due to the absence of one-off income. With lower property operating expenses in FY2017,

net property income of S\$138.2 million was achieved against FY2016 net property income of S\$138.6 million.

Due to the absence of performance fees as well as higher income support drawn, FY2017 amount available for distribution was \$\$70.0 million, 3.8% higher YoY, with a distribution per unit ("DPU") of 4.67 cents.

As at 31 December 2017, OUE C-REIT's properties were valued at \$\$3,515.1 million, a 3.1% increase compared to the valuation of \$\$3,408.5 million as at 31 December 2016. Higher valuations were recorded across the portfolio, supported by improved cashflows. This translated to a net asset value per Unit of \$\$0.91 as at 31 December 2017.

MAXIMISING OPERATIONAL PERFORMANCE

While overall occupancy in the Singapore and Shanghai office markets experienced a decline in 2017 due to significant new supply which intensified leasing competition, all three of OUE C-REIT's properties saw increased occupancy to levels which outperformed their respective markets. As a result, portfolio committed occupancy improved to 96.8% as at 31 December 2017, from 94.8% a year ago.

In addition, committed office rents achieved across the portfolio in 2017 were in line with or higher than the respective market rents.

AMOUNT AVAILABLE FOR DISTRIBUTION

S\$70.0m

DISTRIBUTION PER UNIT

4.67 cents

The outstanding operational performance attests to the high quality of OUE C-REIT's portfolio, and also demonstrates the Manager's successful efforts in proactive portfolio management.

In a market which saw Singapore's CBD office occupancy declining 4.1 percentage points ("ppt") to 89.2% in 2017, OUE Bayfront's committed office occupancy remained high and stable at 98.2% as at 31 December 2017, whilst One Raffles Place delivered strong results which saw committed office occupancy increasing 4.3 ppt YoY to 96.5% as at 31 December 2017. The average office passing rent at OUE Bayfront and One Raffles Place for December 2017 was \$\$11.43 per square foot ("psf") per month and \$\$9.92 psf per month respectively, both at a premium to Raffles Place Grade A office rents as at 4Q 2017 of \$\$9.24 psf per month.

At One Raffles Place Shopping Mall, where a significant proportion of leases went through their first

LETTER TO UNITHOLDERS

renewal cycle in 2017, the Manager focused on rebalancing the retail tenant mix, for a more sustainable tenant profile to cater to the working population in the CBD given the challenging retail leasing environment. Committed retail occupancy continued to be resilient at 86.4% as at 31 December 2017.

Lippo Plaza's committed office occupancy as at 31 December 2017 was 100%, for the third consecutive quarter since June 2017, outperforming the overall Shanghai CBD Grade A office occupancy of 89.4%. While the market occupancy declined 2.0 ppt during the year, Lippo Plaza recorded a commendable 5.5 ppt increase in occupancy in the same period. This was achieved without compromising on rental rates, as committed rates for new and renewal office rents were in line with or above market, and resulted in average passing rent of RMB9.79 per square metre per day (\$\$5.661 psf per month) for December 2017.

On the retail front, Victoria's Secret's first flagship store in China opened in Lippo Plaza in 1Q 2017, testament to Lippo Plaza's continued appeal as a prime location for retail concepts in Shanghai. Retail occupancy was steady and in line with market occupancy levels, on the back of the Manager's efforts to introduce more services-oriented tenants within the beauty & wellness as well as health & fitness trades, to better cater to shoppers' preferences.

ENHANCING QUALITY ASSETS, IMPROVING EFFICIENCY

The Manager continually seeks out opportunities to uplift the value proposition and increase the

appeal of OUE C-REIT's assets, thus improving its performance.

At One Raffles Place Tower 1, the asset enhancement programme to improve the quality of building specifications has progressed well in 2017, with the replacement of the air-conditioning chillers largely completed. The latter is expected to reduce utility costs at One Raffles Place due to better energy efficiency.

In addition, the basement lift lobbies have been upgraded for a more contemporary finish, while lift modernisation has been planned for improvement of the efficiency of vertical transportation at the office tower.

PRUDENT AND PROACTIVE CAPITAL MANAGEMENT

In line with its prudent and disciplined approach to capital management, the Manager raised a total of \$\$300 million via debt and equity markets in 2017 to strengthen OUE C-REIT's balance sheet, as well as diversify funding sources.

Backed by strong demand from institutional and other investors, S\$150 million of gross proceeds were raised through a private placement in March 2017. In addition to the maiden issuance of S\$150 million fixed rate medium-term notes in September 2017, OUE C-REIT in December 2017 obtained unsecured loan facilities as part of its strategy to shift towards unsecured borrowings.

These moves improved OUE C-REIT's financial flexibility, while maintaining a high proportion of fixed rate debt with an extended debt maturity profile. OUE C-REIT's aggregate leverage as at 31 December 2017

was 37.3% with a weighted average all-in cost of debt of 3.5% per annum. To mitigate interest rate volatility, about 84.3% of borrowings are on fixed rate basis.

The Manager also proactively manages OUE C-REIT's capital structure to ensure longerterm sustainability. \$\$175 million convertible perpetual preferred units ("CPPUs") have been redeemed from November 2017 to date, so as to reduce the amount of CPPUs outstanding to mitigate future DPU dilution from potential conversion of CPPUs into new Units. Post redemptions, the proforma aggregate leverage as at 31 December 2017 is expected to be approximately 40.3%, in line with our long-term optimal level of gearing.

To align with our objective of delivering sustainable and stable DPU to Unitholders, the Manager in 2017 has elected to receive 20% of its base management fees to be paid in cash, with the balance in Units.

SUSTAINABILITY REPORTING

The Manager recognises that integrating sustainability into our business can contribute significantly to our strategy of enhancing quality assets and maximising operational performance, and complement the creation of long-term value for Unitholders.

Building on the disclosure of our sustainability practices in prior years, we are pleased to present OUE C-REIT's inaugural sustainability report which has been prepared with reference to the Global Reporting Initiative's ("GRI") 2016 Standards. This report is aligned to the SGX-ST's sustainability reporting requirements which took effect in 2018.

Note:

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We share our sustainability efforts, policies and practices relating to areas of significance to OUE C-REIT's business and operations. The Manager seeks to continuously improve our reporting practices and welcomes feedback as we continue our sustainability reporting journey.

LOOKING AHEAD

The Ministry of Trade and Industry in Singapore expects GDP growth of between 1.5% and 3.5% in 2018, moderating from 2017 but remaining firm, driven by the stronger growth outlook for Singapore's key demand markets such as the US, Eurozone and China.

The firmer economic fundamentals, stronger-than-expected levels of commitment at the newly completed office buildings, coupled with lower office supply over the medium term in Singapore have led to an earlier-than-expected recovery in CBD Grade A office rents. The extent of the rebound, however, could be moderated by potential secondary vacancy in older buildings due to relocation to newly completed buildings.

OUE C-REIT's rental income in 2018 may be impacted by the full-year impact of negative rental reversions of Singapore office leases committed in 2017. Negative rental reversions may continue into 2018, although we expect that magnitude to be lower than recorded in the previous year, depending on the pace of recovery in market rents.

This is, however, mitigated as only 8.6% of OUE Bayfront's gross rental income is due for renewal in 2018 and its rental revenue has downside protection from the income support arrangement which expires only in 2019. At One Raffles Place, the 2018 revenue base would have improved

We will continue our proactive efforts to attract and retain tenants to ensure high occupancy, and optimise rents.

due to the notable 4.3 ppt increase in occupancy achieved in 2017, which mitigates potential negative rental reversions. We will continue to focus on driving occupancy and improving operational efficiency so as to maximise property income.

China's GDP growth in 2018 is expected to moderate from the 6.9% growth achieved in 2017, due to tighter monetary conditions as policymakers act to curb financial risks from excessive debt growth, as well as a cooling property sector as the authorities continue to rebalance the economy. As China continues to develop its financial sector, Shanghai is expected to continue to attract foreign and domestic financial institutions, which should underpin office demand in the medium term. Meanwhile, the rapidly expanding technology sector is also shaping up to be a firm demand growth source in the Grade A office market.

Despite the ongoing absorption from these key source sectors, further new office supply coming onstream in 2018 is expected to keep the overall CBD Grade A vacancy rate elevated and may impact rental growth. We expect a stable performance at Lippo Plaza given its prime location which remains attractive to business tenants, and resilient income stream from the long-term lease committed by Victoria's Secret for its flagship store in China.

We will continue our proactive efforts to attract and retain tenants to ensure high occupancy, and optimise rents. The Manager will also continue its focus on active cost management measures so as to effectively mitigate any impact on rental income as a result of negative rental reversions.

In the medium to longer term, the Manager will continue to seek growth through value-adding investments from third parties as well as from our Sponsor.

ACKNOWLEDGMENTS

We would like to express our appreciation to Mr Ng Lak Chuan and Mr Carl Gabriel Florian Stubbe, who resigned from the Board of the Manager in 2017, for their invaluable guidance to management and contributions to the Board since the listing of OUE C-REIT. We welcome independent directors Dr Lim Boh Soon and Ms Usha Ranee Chandradas to the Board, and look forward to working closely with them as we tap their wealth of experience and expertise to create value for OUE C-REIT.

Our sincere gratitude goes out to our valued tenants, business partners and Unitholders for their continued trust and support. Last but not least, we would also like to extend our heartfelt thanks to the directors of the Board and employees of the Manager for their continued dedication and commitment to the success of OUE C-REIT.

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、

我们感到很荣幸能在此献上2017 财政年度的佳绩,宣布最终可派息 金额同比上涨了3.8%,为7千万 新元。管理人明确的策略和目标, 结合其应对新加坡和上海极具挑战的 办公楼市场的能力,使华联企业 商业房地产投资信托("本信托")的 物业投资组合于2017年取得了强劲 的营运表现。

在本年度中,管理人也有效地执行了资本管理策略来加强本信托的资产负债表和提高其财务灵活性,以确保长期的可持续发展。我们坚信这将有利于本信托抓紧新加坡办公楼市场开端复苏所呈现的任何机会。

管理人于资产和资本管理方面的 主要专长,以及其对于营运环境的 应变和适应能力,为单位持有人 继续宣布持续性回报定下了巩固的 基础。在建立业绩的同时,我们坚持 信念,务必让本信托实现新加坡 商业房地产投资信托之翘楚的远景。

呈献坚韧的业绩

因少了一次性收入,2017财政年度的收入为1.763亿新元,与2016财政年度的1.778亿新元有别。有鉴于2017财政年度物业经营费用的调低,本财政年度的物业净收入为1.382亿新元对比上个财政年度的1.386亿新元。

由于管理人没有收取表现费加上收入补贴水平的提升,2017财政年度的最终可派息金额比去年同期上升了3.8%,为7千万新元,而本财政年度的每单位派息额则为4.67分。

截至2017年12月31日,本信托的物业估值为35亿1,510万新元,对比截至2016年12月31日的34亿850万新元估值上扬了3.1%。投资组合因现金流的改善,而全线提升估值。这导致截至2017年12月31日期间的每单位资产净值为0.91新元。

优化营运表现

新加坡和上海办公楼市场因出现大量 新供应上市,从而加剧租赁竞争,导致 2017年呈现出租率下滑的趋势。然而, 本信托的所有三个物业都取得比个别 市场高的增进出租率,使投资组合的 出租率从一年前的94.8%上涨至截至 2017年12月31日的96.8%。

除此之外,投资组合于2017年所锁定的办公楼租金处于个别出租市场水平内或以上。本信托的杰出营运表现见证了我们投资组合的卓越素质,并同时展现了管理人积极管理投资组合的成功策略。

新加坡的中央商业区办公楼出租率于2017年下跌4.1百分点至89.2%。华联海湾大厦的所锁定办公楼出租率却一反市场趋势,截至2017年12月31日保持在平稳的98.2%高水平,而第一莱佛士坊也同时呈交了同比增长4.3百分点至96.5%的强劲出租率。截至2017年12月31日,华联海湾大厦和第一莱佛士坊的每平方尺平均办公室月租个别为11.43新元和9.92新元。两者都比截至2017年第4季度每平方尺9.24新元的莱佛士坊甲级办公楼租金优越。

因为第一莱佛士坊购物商场大部分的租赁于2017年经历第一轮的续租周期,管理人专注于重新定位零售租户综合,以在竞争激烈的零售租赁环境中,打造一个可持续性租户组合来迎合中央商业区工作人士的需求。所锁定的零售出租率截至2017年12月31日继续保持在坚韧的86.4%水平中。

截至2017年12月31日,力宝广场的锁定办公室出租率自2017年6月已连续第3个季度维持在100%,超越整体上海中央商业区甲级办公室平均出租率的86.1%。虽然市场出租率在这一年里下滑了3.7百分点,但是力宝广场却在同期呈献了5.5百分点的优越出租率增长。这份佳绩是在没有影响出租率的情况下取得的,因为全新和

续租的锁定办公楼租金价格都处于市场水平内或以上。有鉴于此,截至2017年12月的办公室日均租金为每平方米9.79人民币(即每月每平方尺5.66¹新元)。

上海的零售环节则目睹Victoria's Secret的旗舰店于2017年第1季度在中国的力宝广场掀开序幕,从而奠定了该物业做为上海零售概念优质首选的地位。零售出租率保持平稳,并处于市场出租率水平内。这对管理人精心引入更多美容与保健和健康与健身的服务业租户来迎合购物者的策略无疑是种肯定。

提升优质资产,提高营运效力

管理人继续寻求提升本信托的价值 定位和增加资产吸引力的机会, 以促进其的表现。

改良第一莱佛士坊一号楼建筑规格 的资产提升计划于2017年进行顺利。 冷水机组已多数完成更换,使该大厦 有望因提升能源效率,而减少水电费 的开支。

不仅如此,底层电梯大厅也已被改造与更新,呈现更为现代简约的外观,而大楼电梯的翻新工程已规划妥当,以提升办公大楼的效率。

积极谨慎的资本管理

根据其谨慎和严谨的资本管理手法,管理人于2017年通过债务和股票市场筹集了3亿新元的总资金来加强本信托的资产负债表和多样化资金的来源。

凭机构和其他投资者的踊跃支持,本信托于2017年3月通过股票配售方式,筹集了1亿5千万新元的总款项。除了于2017年9月首次发行市值为1亿5,000万新元的中期固定利率票据,本信托还于2017年12月成功取得无抵押贷款,以迎合我们转向无抵押借款的策略。

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这些策略将提升本信托的财务灵活性,让我们能同时维持拥有延长债务期限的高比例固定利率债务组合。本信托截至2017年12月31日的总杠杆比率为37.3%,而平均年利率则为3.5%。为了缓和利率的波动,本信托约84.3%的借款已被锁定为固定利率。

管理人也积极管理其资本结构,以确保本信托能长期持续营运。除此之外,从2017年11月至今,已有1亿7,500万新元的可转换永久优先单位被赎回,以减少未付的可转换永久优先单位金额,来抵消潜在的可转换永久优先单位被兑换成新单位所将造成的每单位派息额稀释。单位被赎回后,截至2017年12月31日的备考总杠杆比率预计将为40.3%,符合我们的长期杠杆优化率。

为了实现给单位持有人提供即可持续 又稳定的每单位派息的目标,管理人 于2017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。

可持续发展报告

管理人意识到建立一个可持续发展的业务能对我们提升优质资产和优化营运表现起着重大的贡献,并能有助为单位持有人创造长期价值。

建基于过去几年的可持续发展的实践,我们有幸呈献本信托根据全球报告倡议组织2016年标准所编写的首份可持续发展报告。这份报告符合新加坡证券交易所于2018年生效的可持续发展报告要求。

我们与利益相关者分享本信托的业务和营运方面重要领域的可持续发展贡献,以及政策和事项。管理人力求继续改进我们的报告事项,并在这个可持续发展的旅程中,欢迎任何有建设性的反馈。

展望未来

由新加坡的主要需求市场,如美国、欧元区和中国的强劲增长趋势展望所推动,2018年全球经济虽稍有缓和的迹象,但仍保持稳固。有鉴于此,新加坡贸工部预计2018年国内经济增长介于1.5%至3.5%。

较平稳的经济基础、新完成的办公 大楼呈献比预计强劲的出租率, 再加上中期间新加坡办公楼供应 降低,因而导致中央商业区甲级 办公楼的租金比预期更快复苏。 不过,反弹的程度却可能因租户从 较老旧的建筑迁移到新建筑,导致 市场出现潜在二线空置的影响。

本信托于2018年的租金收入可能受到2017年新加坡办公楼租金全年负面调整的冲击。虽然我们预计调整幅度比去年少,但是负面的租金调整可能持续至2018年,视市场租金复苏的步伐而定。

然而,华联海湾大厦办公楼却仅有 8.6%的总租金收入是于2018年到期, 而且该大厦的租金收入保留着于 2019年才到期的收入补贴机制有 下行保护效用,有助抵消负面冲击。 与此同时,第一莱佛士坊的收入基础 将因2017年所取得的优异4.3百分点 出租率增长,而有所提升,使其呈献 缓解潜在负面的租金调整的效应。 我们将继续专注于提升该大厦的 出租率,并提高营运效率,以优化 物业收入。

在2018年,中国的国内经济增长 将因政府采取紧缩货币政策,以遏制 过度债务增长所带来的金融风险; 以及政府在继续平衡经济的同时所 引致的降温房地产效应,而继续 从2017年的6.9%放缓。中国在继续 发展其金融行业之际,上海预计将 继续吸引国外和国内的金融机构前来 投资,使其在中期内的办公楼需求 有所支持。与此同时,迅速扩张的科技 行业也有望成为甲级办公楼市场平稳 需求增长的重要来源。 尽管主要行业不断吸纳办公楼 供应,2018年陆续将上市的更多 新办公楼供应预料将使整体中央 商业区甲级办公楼空置率保持上扬 的状态,而且可能影响租金增长。 鉴于力宝广场的优越地点,以及 Victoria's Secret于中国的旗舰店 所签订的长期租赁,而贡献的坚韧 收入流,我们预测该物业收入将 保持平稳。

管理人将继续积极引进和保留租户,以确保高出租率和优化租金。管理人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。

在中至长期间,管理人将继续通过第三方和保荐人的物业收购,寻求增长新动力。

致谢感言

我们谨此向已于2017年从经理人董事会卸任的黄立川先生和Carl Gabriel Florian Stubbe 先生致谢,答谢他们自本信托上市以来为管理层和董事会所不懈给予的指导与贡献。在此,我们也要热烈欢迎新任的独立董事林宝顺博士和Usha Ranee Chandradas女士加入董事会,并期待借助他们的经验与专长,共同为本信托制造更优异的价值。

我们由衷向所有的尊贵租户、业务 伙伴和单位持有人致谢,感谢他们 一路来所给予的信任和支持。最后, 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,让本信托取得 如此辉煌的成绩。

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





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

Mr Williams is presently the deputy chairman of OUE Limited and a non-independent non-executive director of OUE Hospitality REIT Management Pte. Ltd. ("OUEHRM") and OUE Hospitality Trust Management Pte. Ltd. ("OUEHTM"). He was also the chairman of the board of directors of OUEHRM and OUEHTM from April 2013 to November 2017. He was appointed as director of OUB Centre Limited in January 2014, and director of 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 LOH LIAN HUAT

LEAD 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 Lead Independent Director, Chairman of the Audit and Risk Committee of the Manager and a member of the Nominating and Remuneration Committee of the Manager.

Mr Loh is presently the executive director and managing partner of Silkrouteasia Asset Management Pte. Ltd., a joint venture company with New Silkroutes Capital Pte. Ltd. and Global Advisory & Investments Pte. Ltd.. He is also a non-executive director of Gemdale Properties and Investment Corporation Limited (a company listed on the Hong Kong Stock Exchange ("HKEx")), and a non-independent non-executive director of EFA RET Management Pte Ltd, the trusteemanager of EFA Real Economy Trust.

Mr Loh was previously the chief executive officer of Silkrouteasia Capital Partners Pte Ltd, an investment advisory, asset management and direct real estate investments firm, before it was struck off in July 2017. 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.

BOARD OF DIRECTORS





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DR LIM BOH SOON

INDEPENDENT DIRECTOR

Dr Lim Boh Soon was appointed as an Independent Director of the Board of the Manager on 5 June 2017. 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.

Dr Lim is currently the managing director of Arise Asset Management Pte Ltd, a fund management company which he founded in 2001. He is also an independent non-executive director of Jumbo Group Limited (a company listed on SGX-ST). He has previously held directorships in Auric Pacific Group Limited (delisted from SGX-ST on 17 April 2017), CSE Global Limited (a company listed on SGX-ST) and AcrossAsia Limited (delisted from HKEx on 13 June 2017).

Dr Lim is a fellow of the Singapore Institute of Directors, senior member of Singapore Computer Society and member of Singapore Institute of Management and Chartered Institute of Management (UK) in Singapore and an associate member of the Royal Aeronautical Society in the United Kingdom. He also served as a member of the committee of Singapore Competitiveness in the Finance and Venture Capital for the Government of Singapore.

Dr Lim has been in the venture capital and private equity fund management industry in Asia for more than 23 years. He was the first non-Muslim chief executive officer of Kuwait Finance House (Singapore) Pte Limited. Prior to that, he was the first foreign chief executive officer of Vietcombank Fund Management Company, a partner co-heading UBS Capital Asia Pacific (S) Limited and a key founding member of Rothschild Ventures Asia Pte Limited. He has held various senior management positions in major Singapore corporations such as the NatSteel Group, and the Singapore Technologies Group.

Dr Lim graduated from the University of Strathclyde (formerly known as Royal College of Science & Technology) in the United Kingdom with a Bachelor of Science (First Class Honours) in Mechanical Engineering and subsequently a PHD in Mechanical Engineering.

MS USHA RANEE CHANDRADAS

INDEPENDENT DIRECTOR

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

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

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

Ms Chandradas has served as a council member of the Law Society of Singapore and is a co-author of the LexisNexis Annotated Statutes of Singapore Income Tax Act & Economic Expansion Incentives (Relief from Income Tax) Act.

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

BOARD OF DIRECTORS





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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 Asiasec Properties 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 11 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

As we continue to build on our track record, we remain committed in clear pursuit of our vision of establishing OUE C-REIT as a leading real estate investment trust in Singapore.



From left to right:

MS LIM CAI YUN
ASSISTANT FINANCE MANAGER

MS CELINE KAM

EXECUTIVE SECRETARY

MS TAN YI QIAN SENIOR FINANCE MANAGER

MS TAN SHU LIN
CHIEF EXECUTIVE OFFICER
AND EXECUTIVE DIRECTOR

MS ELAINE CHEONG
HEAD, INVESTOR RELATIONS

MR NG NGAI

MS ANGELINE TEOW ACCOUNTS EXECUTIVE

MR RODNEY YEO
HEAD, ASSET AND
INVESTMENT MANAGEMENT

MS NATALIE WONG
CHIEF FINANCIAL OFFICER

Absent:
MS JOANNE LOKE
SENIOR FINANCE MANAGER

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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 21.

MS NATALIE WONG

CHIEF 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.

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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.



AGILITY

IN

OPERATIONS

With a firm foundation in the Manager's strategy, OUE C-REIT is adaptable and responsive to changes in challenging operating environment. It adopts proactive leasing and asset management in optimising its operational efficiency to improve yield. With its versatility in finding solutions and well-coordinated execution, the Manager is constantly committed to enhancing the value of OUE C-REIT's portfolio of assets.

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:

MAXIMISING OPERATIONAL PERFORMANCE

GROWTH
THROUGH QUALITY
ACQUISITIONS

PROACTIVE CAPITAL AND RISK MANAGEMENT

The Manager actively manages OUE C-REIT's property portfolio and strives to maintain high occupancy levels and optimise rental growth, so as to achieve sustainable revenue and net property income. Working in partnership with the Property Manager, the Manager is focused on building strong and long-lasting relationships with tenants to better cater to their space requirements and optimise tenant retention.

The Manager also strives to improve operational and cost efficiency to ensure optimal building performance without compromising on the safety or comfort of tenants. To support and enhance organic growth, the Manager will also seek property enhancement opportunities where feasible.

The Manager aims to pursue investment opportunities in the financial and business hubs of key gateway cities with strong real estate fundamentals and growth potential, to provide attractive cash flows and yields to improve future income and capital growth to Unitholders.

OUE C-REIT's Right Of First
Refusal ("ROFR") over its Sponsor's
income-producing commercial
properties provides a strong
and visible pipeline that can
potentially enhance its growth
profile significantly. In addition to
sourcing third-party acquisitions
on its own, the Manager intends
to leverage on its Sponsor's
experience and network of
contacts to source potentially
value-adding investments.

The Manager adopts a prudent capital management strategy and strives to maintain a strong 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.

Key objectives of its capital management strategy include optimising the cost of debt financing and managing potential refinancing or repayment risks, as well as ensuring OUE C-REIT has access to diversified funding sources. Appropriate hedging strategies to manage interest rate volatility and foreign exchange exposure are also adopted.

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MANAGER'S REPORT

DELIVERING RESULTS

FY2017 Revenue

S\$176.3m

FY2017 Net Property Income

S\$138.2m

FY2017 Amount Available for Distribution

S\$70.0m

FINANCIAL REVIEW

FY2017 revenue of S\$176.3 million was achieved compared to FY2016 revenue of S\$177.8 million.

With lower property operating expenses in FY2017, net property income of S\$138.2 million was achieved against FY2016 net property income of S\$138.6 million.

of 4.67 cents. FY2017 DPU was 9.8% lower YoY due to an enlarged unit base from the private placement completed in March 2017.

Excluding the income support payments received by OUE C-REIT from the Sponsor in relation to OUE Bayfront, FY2017 DPU would have been 4.48 cents.

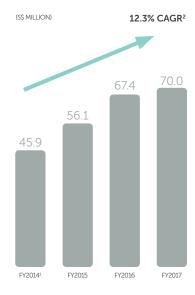
OUE C-REIT has consistently delivered growth in amount available for distribution to Unitholders, achieving a compound annual growth rate of 12.3% since listing.

Growth in Amount Available for Distribution from FY2014¹ to FY2017

FY2017 Financial Results

	FY2017 S\$'000	FY2016 S\$'000	CHANGE
Revenue	176,297	177,809	(0.9%)
Net Property Income	138,186	138,631	(0.3%)
Amount Available for Distribution to Unitholders	69,950	67,417	3.8%
Distribution per Unit (cents)	4.67	5.18	(9.8%)

Due to the absence of performance fees as well as higher income support drawn, FY2017 amount available for distribution was \$\$70.0 million, 3.8% higher year-on-year ("YoY"), with DPU OUE C-REIT has continued to pay out 100% of unitholder's distribution, as part of our commitment to deliver stable and sustainable returns to Unitholders. We are pleased to report that



Notes:

- $^{\rm 1}$ $\,$ Period commencing from OUE C-REIT's listing date of 27 January 2014 to 31 December 2014
- 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

MANAGER'S REPORT

STRONG OPERATIONAL PERFORMANCE

Portfolio Committed Occupancy

(As at 31 December 2017)

96.8%

Portfolio Weighted Average Lease Expiry

(By Gross Rental Income as at 31 December 2017)

2.6 Years

New and Renewed Office Leases Committed in 2017

418,000 sq ft

PORTFOLIO REVIEW

While overall occupancy in the Singapore and Shanghai office markets experienced a decline in 2017 due to a significant increase in new supply which intensified leasing competition, all three of OUE C-REIT's properties saw increased occupancy to levels which outperformed their respective markets. As at 31 December 2017, committed portfolio occupancy was 96.8%, 2.0 percentage points ("ppt")

higher YoY. Further, committed rental rates in 2017 for renewed office leases were in line with or above market rates, although some office leases were committed at rental rates that were lower than expiring rates.

During the year, an aggregate of approximately 418,000 sq ft of new office leases and renewals was committed. New leases made up about 47.8% 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.

OUE Bayfront

OUE Bayfront's committed office occupancy improved 0.5 ppt YoY to 98.2% as at 31 December 2017,

Resilient Portfolio Committed Occupancy



Note:

³ Pro forma committed occupancy as at 30 September 2013 as disclosed in OUE C-REIT's Prospectus dated 17 January 2014

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significantly above the Singapore CBD office market occupancy of 89.2%⁴. The range of committed rents for new and renewed office leases in 2017 was \$\$10.00 per square feet ("psf") per month to \$\$14.00 psf per month, which was above CBD Grade A office rents recorded in the same period. The high occupancy and above-market office rents committed at OUE Bayfront reflects the premium quality and positioning of the property.

The average office passing rent at OUE Bayfront for December 2017 was \$\$11.43 psf per month, at a premium to Raffles Place Grade A office rents in 4Q 2017 of \$\$9.24 psf per month.

One Raffles Place

Committed office occupancy at One Raffles Place increased 4.3 ppt YoY to 96.5% as at 31 December 2017, a notable increase given the significant new office developments that came on-stream during the year which saw Singapore's CBD office market occupancy declining 4.1 ppt to 89.2% in the same period.

Rental rates of new and renewed leases for 2017 ranged from \$\$7.00 psf per month to S\$11.80 psf per month. Excluding the lease for one sub-optimal unit on a low floor committed in 3Q 2017 of S\$7.00 psf per month, the range of committed rents would be \$\$8.00 psf per month to \$\$11.80 per month. The weighted average rent of new and renewed office leases was consistently in line with or above market throughout the year. Consequently, the average office passing rent was was \$\$9.92 psf per month for December 2017.

At One Raffles Place Shopping Mall, where a significant proportion of leases went through their first renewal cycle in 2017, the Manager focused on rebalancing the retail tenant mix for a more sustainable tenant profile given the competitive environment. New tenants at One Raffles Place Shopping Mall include existing brands as well as new-to-market concepts. Committed retail occupancy continued to be resilient at 86.4% as at 31 December 2017.

Lippo Plaza

Lippo Plaza's committed office occupancy as at 31 December 2017 was 100%, for the third consecutive quarter since June 2017, outperforming the overall Shanghai CBD Grade A office average occupancy rate of 89.4%5. Lippo Plaza saw a commendable 5.5 ppt increase in occupancy during the year, while the market occupancy declined 2.0 ppt in the same period. Committed rates for new and renewed office rents were in line with or above market. resulting in average passing rent of RMB9.79 per square metre ("psm") per day (\$\$5.666 psf per month) for December 2017.

On the retail front, Victoria's Secret's first flagship store in China opened in Lippo Plaza in 1Q 2017, testament to Lippo Plaza's standing as a prime location for retail concepts in Shanghai. Retail occupancy was steady and in line with market occupancy levels, on the back of the Manager's efforts to introduce more services-oriented tenants within the beauty & wellness as well as health & fitness trades, to better cater to shoppers' preferences.

FY2017 Committed Office Rents In Line or Above Market Rates

	FY2017 RANGE OF COMMITTED OFFICE RENTS ⁷	AVERAGE OFFICE PASSING RENTS ⁸
OUE Bayfront	S\$10.00 - S\$14.00 psf per month	S\$11.43 psf per month
One Raffles Place	S\$7.00 - S\$11.80 psf per month	S\$9.92 psf per month
Lippo Plaza	RMB8.00 – RMB12.00 psm per day (S\$4.62 – S\$6.94 psf per month)	RMB9.79 psm per day (\$\$5.66 psf per month)

Notes:

- ⁴ Independent Market Review of Singapore Office and Retail Market, JLL, March 2017
- ⁵ Independent Market Review of Shanghai Office and Retail Market, JLL, March 2017
- ⁶ Translated at an SGD:CNY exchange rate of 1:4.888
- ⁷ Committed rents for lease renewals and new leases
- 8 For the month of December

MANAGER'S REPORT

Diversified Tenant Profile

The Manager maintains a diverse tenant trade sector profile for OUE C-REIT so as to mitigate concentration risk from any one particular industry. The Banking, Insurance & Financial Services sector contributed 31.4% to gross rental income while the Retail & Services and Energy, Commodities, Maritime & Logistics sectors contributed 12.4% and 9.8% respectively to gross rental income.

Tenant Diversification

The top ten tenants of the portfolio accounted for 27.5% of OUE C-REIT's monthly gross rental income for December 2017, with these tenants having leases expiring only in 2019 and beyond.

Balanced Lease Expiry Profile

The Manager actively manages the properties' lease expiry profiles to mitigate the concentration of lease expiry in any given year, in line with its objective to achieve stable and sustainable gross rental income. The weighted average lease expiry of new leases entered into during the year is 3.4 years, with the new leases contributing 14.1% to OUE C-REIT's committed gross rental income as at 31 December 2017.

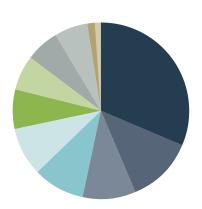
While the outlook for Singapore office rents is more positive on the back of improved economic fundamentals and lower supply of office expected over the mediumterm, negative rental reversions may

continue into 2018, depending on the pace of recovery in market rents. However this is mitigated as only 8.6% of OUE Bayfront's gross rental income is due for renewal in 2018. While 22.4% of One Raffles Place's gross rental income is due for renewal in 2018, more than 70% of this is due only in the second half of 2018, when rental growth is expected to pick up more significantly.

At the portfolio level, about 19.3% of OUE C-REIT's gross rental income is due for renewal in 2018. Overall, the weighted average lease to expiry of OUE C-REIT's portfolio by gross rental income as at 31 December 2017 is 2.6 years.

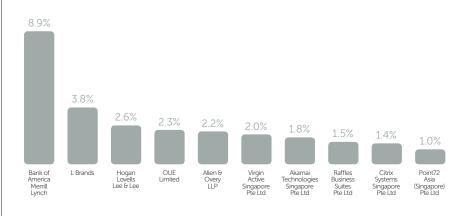
Tenant Trade Sectors by Gross Rental Income

(For December 2017 and excluding retail turnover rent)

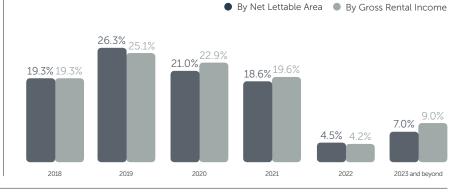


•	Banking, Insurance & Financial Services	31.4%
	Retail & Services	12.4%
•	Energy, Commodities, Maritime & Logistics	9.8%
	Business Consultancy	9.4%
	IT, Media & Telecommunications	8.8%
	Legal	7.1%
	Food & Beverage	6.4%
	Manufacturing & Distribution	6.2%
•	Real Estate & Property Services	6.1%
•	Pharmaceuticals & Healthcare	1.5%
	Others	0.9%

Top 10 Tenants by Gross Rental Income



Balanced Portfolio Lease Expiry Profile



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Enhancing Quality Assets

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

At One Raffles Place Tower 1, the three-year asset enhancement programme to upgrade the building's mechanical and engineering equipment which commenced in 2016 has progressed well in 2017 with the replacement of the airconditioning chillers largely completed. The improvement in operating efficiency once the performance of the new chillers is optimised is expected to lower utility consumption in One Raffles Place Tower 1, and potentially result in cost savings.

With the lift modernisation underway, the basement lift lobbies have been upgraded for a more contemporary finish, while further works have been planned for improvement of the efficiency of vertical transportation at One Raffles Place Tower 1.

These works done as part of the asset enhancement programme have been phased over a three-year period from 2016 as the 62-storey office tower continues to be operational throughout the entire exercise.

Portfolio and Net Asset Value

As at 31 December 2017, OUE C-REIT's properties were assessed by independent valuers at \$\$3,515.1 million⁹, 3.1% increase from \$\$3,408.5 million as at 31 December 2016. Valuations were higher across the portfolio, supported by improved cashflows.

Net assets attributable to Unitholders as at 31 December 2017 was \$\$1,407.3 million, translating to net asset value per Unit of \$\$0.91.

Contribution to Portfolio Valuation¹⁰



	One Raffles Place	45.9%
	OUE Bayfront	35.8%
•	Lippo Plaza	18.3%

Notes

- ⁹ Based on valuations carried out by CBRE Limited, Cushman & Wakefield VHS Pte. Ltd. and Savills Valuation And Professional Services (S) Pte Ltd
- $^{\rm 10}~$ Based on OUE C-REIT's proportionate interest in One Raffles Place

MANAGER'S REPORT

MANAGING CAPITAL FOR SUSTAINABILITY

Aggregate Leverage

(As at 31 December 2017)

37.3%

Percentage Fixed Rate Debt

(As at 31 December 2017)

84.3%

Weighted Average Term to Maturity of Debt

(As at 31 December 2017)

2.7 Years

MANAGING CAPITAL FOR STABILITY AND SUSTAINABILITY

Prudent and Disciplined Capital Management

The Manager adopts a prudent and disciplined approach towards capital management, and maintains a strong balance sheet by continually reviewing and optimising OUE C-REIT's capital structure for sustainability over the long-term.

As at 31 December 2017, OUE C-REIT's total debt was S\$1,221.1 million, inclusive of the proportionate share of loans at OUB Centre Limited¹¹ ("OUBC"), translating to an aggregate leverage of 37.3%.

The Manager takes a proactive approach towards securing funds to refinance borrowings well ahead of maturity. In January 2017, we completed the refinancing of

As at 31 December 2017

Singapore dollar loans due in 2017 and 2019 with a five-year facility of \$\$680 million maturing in 2022.

As part of the Manager's mediumterm strategy to strengthen OUE C-REIT's balance sheet, as well as diversify funding sources and improve OUE C-REIT's financial flexibility, a total of \$\$300 million was raised from the debt and equity capital markets in 2017.

On 17 March 2017, the Manager raised gross proceeds of S\$150 million through a private placement of 233,281,400 new units to institutional and other investors. As at 31 December 2017, the gross proceeds from the private placement have been fully utilised for (i) the partial repayment of the amount outstanding under OUE C-REIT's term loan due in 2018 and revolving credit facility; and (ii) the transaction costs incurred in connection with the private placement as well as working capital requirements. The gross

Capital Management Indicators

Aggregate Leverage (%)	37.3
Total Debt (S\$ million)	1,221.112
Percentage Fixed Rate Debt (%)	84.3
Weighted Average All-in Cost of Debt (% per annum)	3.5
Weighted Average Term to Maturity of Debt (years)	2.7
Weighted Average Term to Maturity of Fixed Debt (years)	2.0
Interest Cover Ratio (times)	3.2

Notes:

- ¹¹ OUE C-REIT's interest in One Raffles Place is held via its indirect interest in OUB Centre Limited
- ¹² 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

ANNUAL REPORT 2017

proceeds have been disbursed in accordance with the stated use as disclosed in the announcement dated 9 March 2017.

In September 2017, a further S\$150 million was successfully raised from the debt capital markets via the maiden issuance of 3.03 per cent. fixed rate notes maturing 2020. The issuance was supported by robust demand from high quality institutional investors, with the final order book in excess of \$\$400.0 million. The strong interest garnered is testament to the confidence investors have in the quality of OUE C-REIT's portfolio as well as the solid operational performance the Manager has demonstrated since listing. To further improve OUE C-REIT's financial flexibility, the Manager has also successfully obtained unsecured credit facilities to augment available facilities for working capital and other shortterm funding requirements.

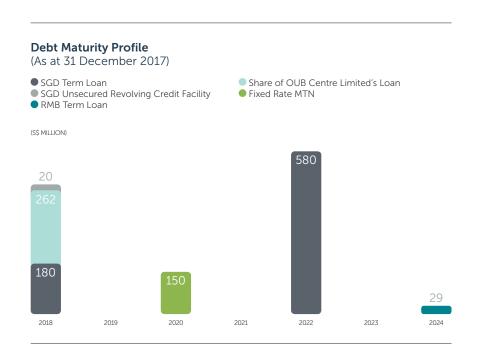
The Manager also proactively manages OUE C-REIT's capital structure to ensure longer-term sustainability. \$\$175 million convertible perpetual preferred units ("CPPUs") have been redeemed from November 2017 to date, so as to reduce the amount of CPPUs outstanding to mitigate future DPU dilution from potential conversion of CPPUs into new Units. Post redemptions, the pro forma aggregate leverage as at 31 December 2017 is expected to be approximately 40.3%, in line with our long-term optimal level of gearing.

For the borrowings due in the second half of 2018, the Manager is already in active negotiations to complete the refinancing ahead of maturity.

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.

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. As at 31 December 2017, 84.3% of OUE C-REIT's borrowings are on fixed rate basis.

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. In relation to overseas distributions which may be remitted to Singapore, the Manager may enter into forwards or options to hedge the translation risk where feasible.







PORTFOLIO OVERVIEW

OUE BAYFRONT

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

SINGAPORE

50, 60 & 62 COLLYER QUAY SINGAPORE 049321/049322/ 049325

PROPERTY DESCRIPTION

OUE Bayfront comprises:

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

TITLE

OUE Bayfront & OUE Tower:

99-year leasehold title commencing 12 November 2007

OHE Link

15-year leasehold title commencing 26 March 2010

Underpass:

99-year leasehold title commencing 7 January 2002

GROSS FLOOR AREA

46,774.6 sq m / 503,482 sq ft

NET LETTABLE AREA¹

Overall

37,128.4 sq m / 399,646 sq ft

Office

35,298.3 sq m / 379,947 sq ft

Retail

1,830.1 sq m / 19,699 sq ft

COMMITTED OCCUPANCY¹

Overall

98.2%

Office

98.2%

Retail

100.0%

NUMBER OF TENANTS¹

57

NUMBER OF CARPARK LOTS

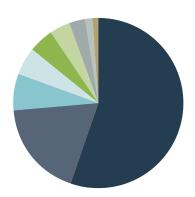
245

MAJOR TENANTS

- Bank of America Merrill Lynch
- Hogan Lovells Lee & Lee
- OUE Limited

TRADE SECTOR BY GROSS RENTAL INCOME

(For December 2017 and excluding retail turnover rent)



•	Banking, Insurance & Financial Services	55.4%
•	Legal	18.4%
•	Real Estate & Property Services	7.0%
	Energy, Commodities, Maritime & Logistics	5.3%
•	IT, Media & Telecommunications	4.5%
	Manufacturing & Distribution	4.0%
	Food & Beverage	3.1%
	Business & Consultancy	1.4%
	Retail & Services	0.9%

Note

ANNUAL REPORT 2017 39 **FY2017 REVENUE** S\$57.9m **PURCHASE CONSIDERATION** S\$1,005.0m VALUATION² S\$1,153.0m VEIGHTED AVERAGE LEASE EXPIRY³ ears Based on valuation carried out by Savills Valuation and Professional Services (S) Pte Ltd as at 31 December 2017. Valuation was determined by the Income Capitalisation Method and Discounted Cashflow Analysis
By monthly gross rental income as at 31 December 2017

PORTFOLIO OVERVIEW

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

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

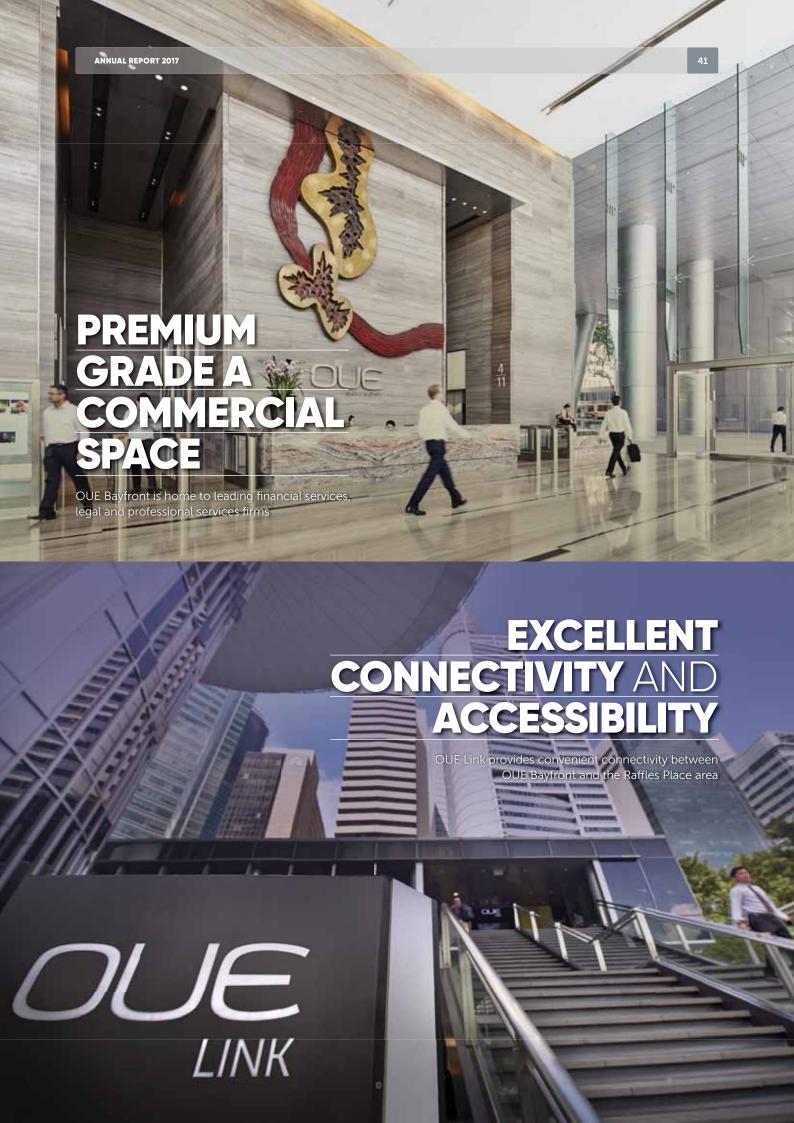
Accorded heritage conservation status for its historic significance, OUE Tower houses one of only two waterfront revolving restaurants in Singapore and the only one in the CBD.

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 the Raffles Place area.

OUE Bayfront enjoys superb connectivity and accessibility to major transport networks. 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. The property is also a short drive away to major expressways, providing enhanced connectivity to other parts of Singapore.

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





PORTFOLIO OVERVIEW

ONE RAFFLES PLACE

Iconic integrated commercial development strategically located in the heart of Singapore's main financial district Raffles Place

SINGAPORE

1 RAFFLES PLACE, SINGAPORE 048616

PROPERTY DESCRIPTION

One Raffles Place comprises:

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

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

GROSS FLOOR AREA

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

NET LETTABLE AREA¹

Overall

65,399.0 sq m / 703,949 sq ft

Office

56,013.0 sq m / 602,917 sq ft

Retail

9,386.0 sq m / 101,032 sq ft

COMMITTED OCCUPANCY¹

Overall

94.9%

Office

96.5%

Retail

86.4%

NUMBER OF TENANTS¹

221

NUMBER OF CARPARK LOTS

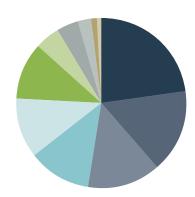
326

MAJOR TENANTS

- Virgin Active Singapore Pte Ltd
- Akamai Technologies Singapore Pte Ltd
- Raffles Business Suites Pte Ltd

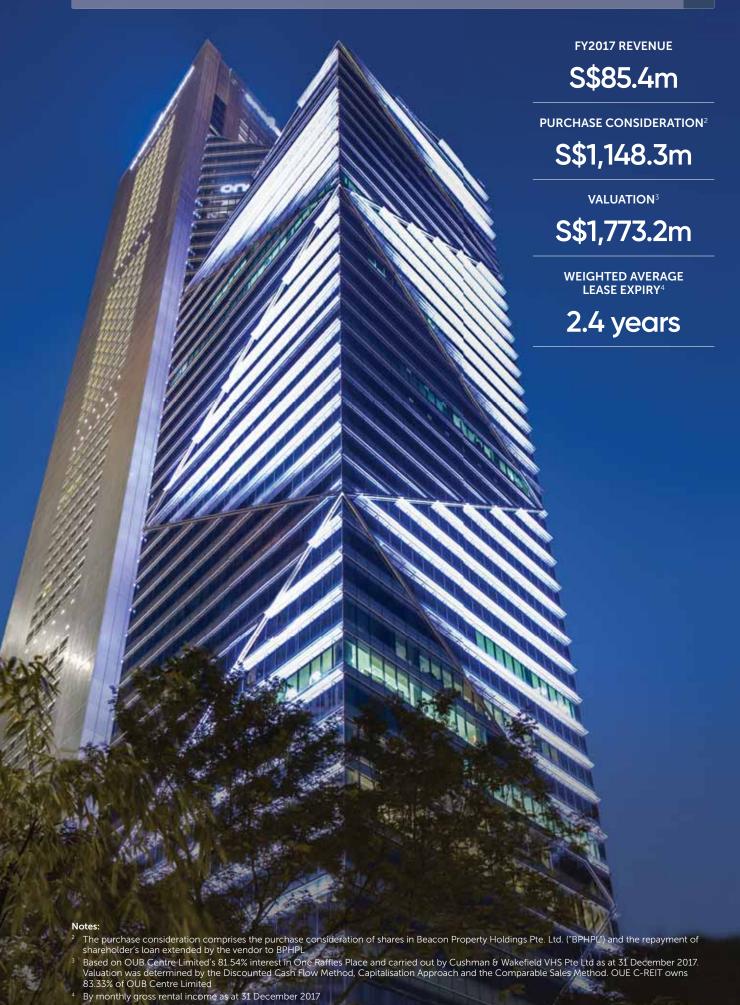
TRADE SECTOR BY GROSS RENTAL INCOME

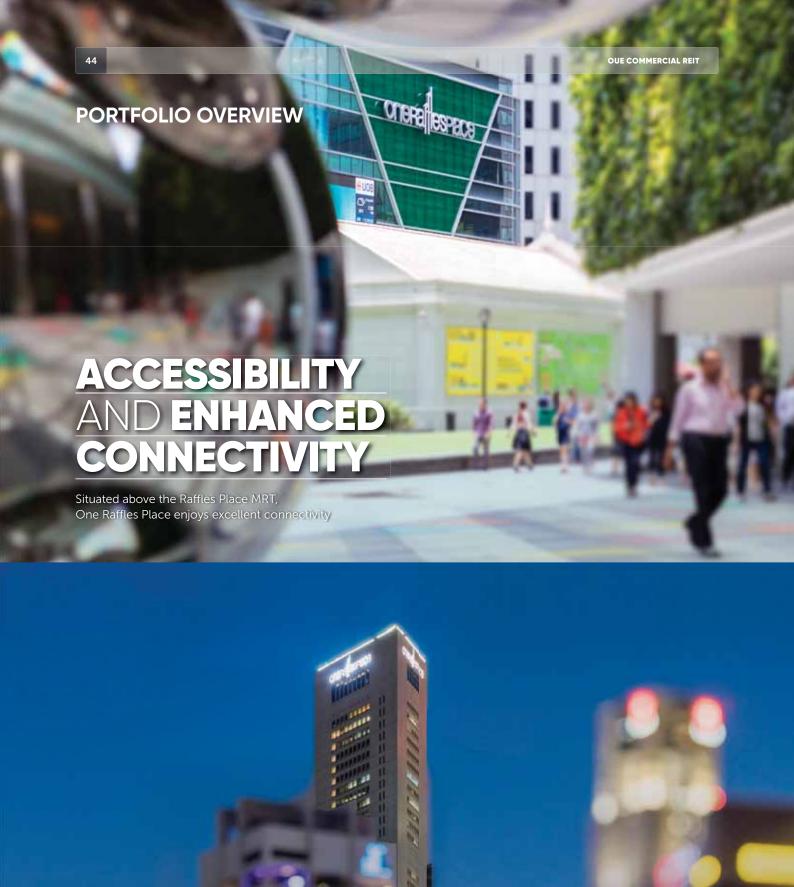
(For December 2017 and excluding retail turnover rent)



•	Banking, Insurance & Financial Services	24.4%
•	Energy, Commodities, Maritime & Logistics	15.5%
	Retail & Services	13.7%
•	Business & Consultancy	11.7%
•	IT, Media & Telecommunications	11.1%
	Food & Beverage	10.6%
•	Real Estate & Property Services	4.8%
	Manufacturing & Distribution	4.0%
	Legal	2.5%
	Others	1.1%
•	Pharmaceuticals &	0.6%

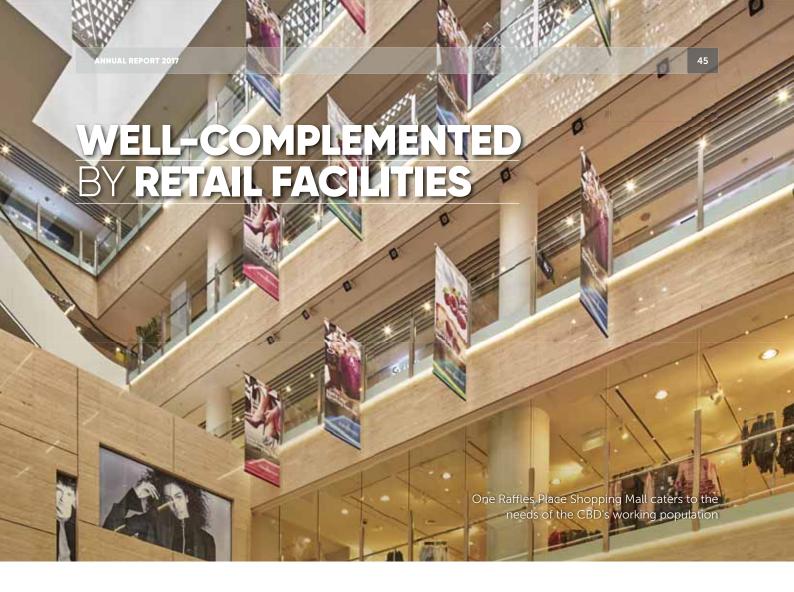
Note





ICONIC DEVELOPMENT WITH STRATEGIC LOCATION

One Raffles Place Tower 1 offers unparalled views of the city skyline



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 unparalled views of the city skyline. One Raffles Tower 1 is certified with the Green Mark Gold Award by the BCA.

One Raffles Place Tower 2 is a 38-storey Grade A office completed in 2012, awarded the Platinum Green Mark Award by the BCA 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 via an extensive underground network of pedestrian walkways.

PORTFOLIO OVERVIEW

LIPPO PLAZA

Conveniently located on Huaihai Zhong Road along a major retail artery and within the established Huangpu commercial district in downtown Shanghai

CHINA

222 HUAIHAI ZHONG ROAD, SHANGHAI, PRC 200021

PROPERTY DESCRIPTION

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

LAND USE RIGHT EXPIRY

50 years commencing 2 July 1994

GROSS FLOOR AREA

58,521.5 sq m / 629,925 sq ft

NET LETTABLE AREA¹

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 OCCUPANCY¹

Overall

98.6%

Office

100.0%

Retail

90.4%

NUMBER OF TENANTS¹

96

NUMBER OF CARPARK LOTS

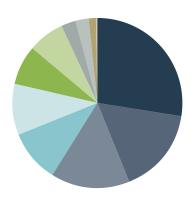
168

MAJOR TENANTS

- Victoria's Secret
- TMF Management Consultancy Limited, Co.
- Bole Associates

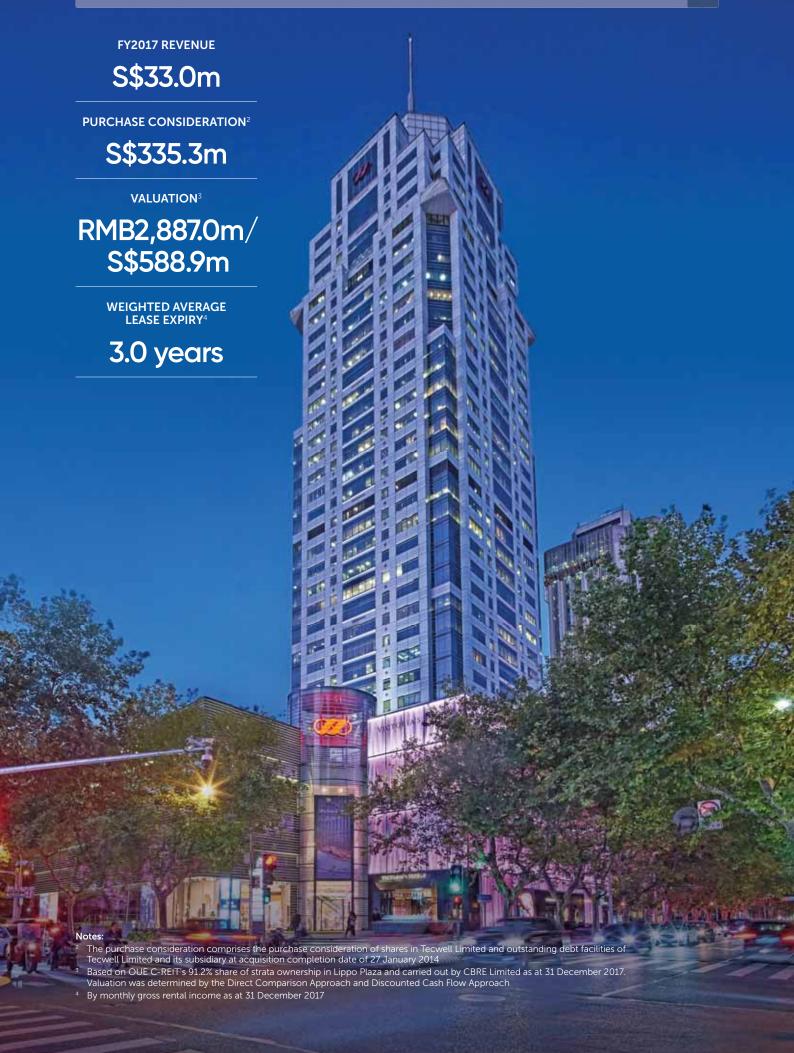
TRADE SECTOR BY GROSS RENTAL INCOME

(For December 2017 and excluding retail turnover rent)



	Retail & Services	27.7%
	Business & Consultancy	16.4%
	Manufacturing & Distribution	14.9%
•	IT, Media & Telecommunications	9.9%
	Banking, Insurance & Financial Services	9.8%
	Real Estate & Property Services	7.6%
	Pharmaceuticals & Healthcare	6.9%
	Energy, Commodities, Maritime & Logistics	2.9%
	Others	2.5%
	Food & Beverage	1.2%
	Legal	0.2%

Note



PORTFOLIO OVERVIEW

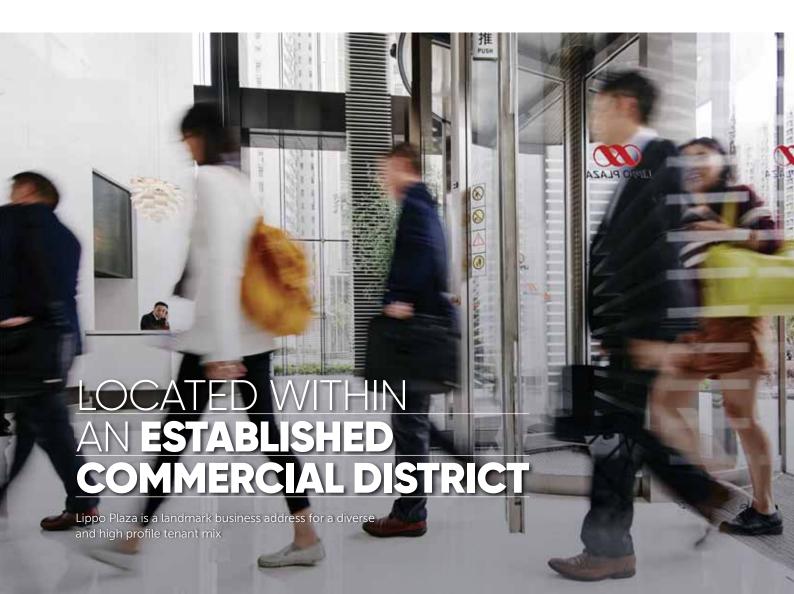
Comprising a 91.2% share of strata ownership in Lippo Plaza, Lippo Plaza is a 36-storey Grade A commercial building with retail podium located near the eastern end of Huaihai Zhong Road, within the established Huangpu business district in the Puxi area of downtown Shanghai.

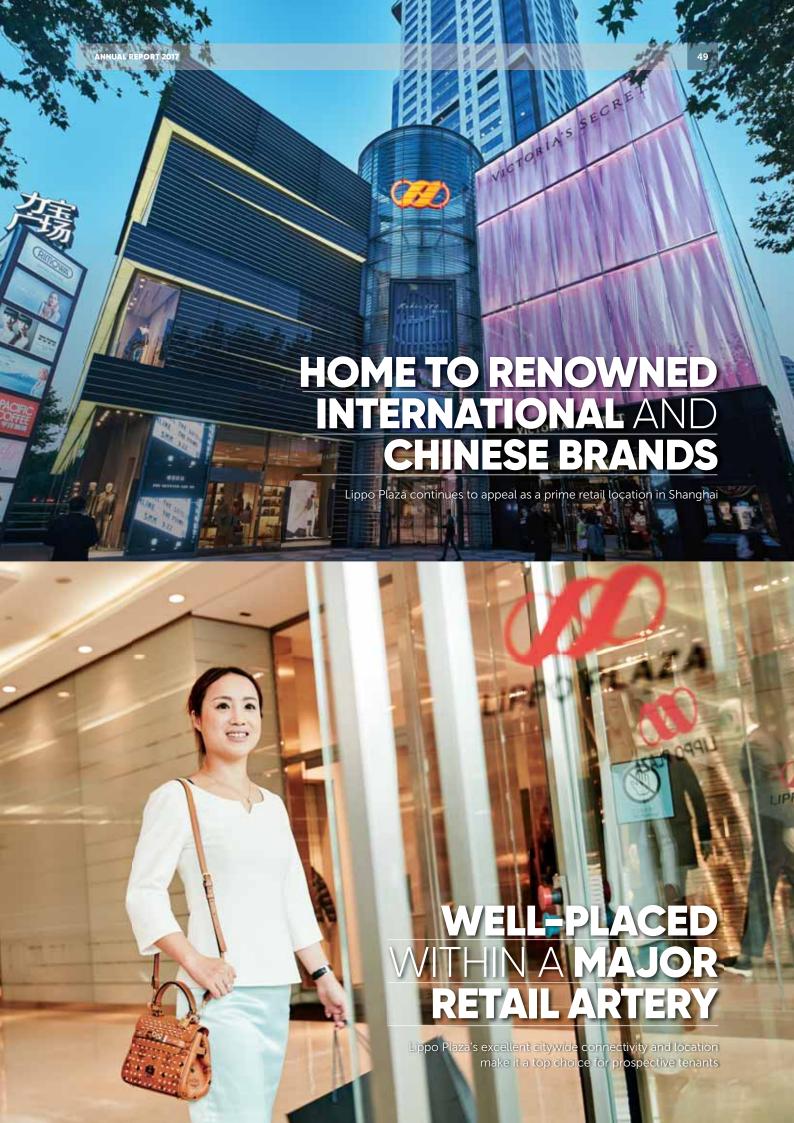
The retail podium at Lippo Plaza was refurbished and repositioned to a prime retail mall in 2010 which is home to renowned international and local brand names, while the refurbishment of the office lobby was completed in 2014.

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

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

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





INDEPENDENT MARKET REVIEW SINGAPORE

BY JLL

ECONOMIC OVERVIEW

Gross Domestic Product ("GDP") Growth, Unemployment and Inflation

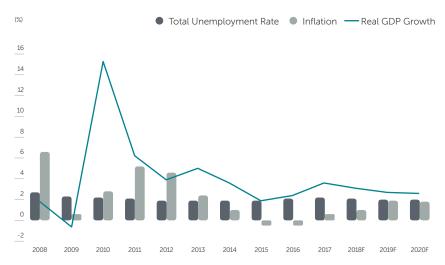
According to the World Bank, the global economy is experiencing a cyclical recovery led by a rebound in investment, manufacturing activity and trade. In 2017, global economic growth is estimated to have picked up from 2.4% in 2016 to 3.0%. The growth is broad-based and investment-led, facilitated by favourable financing costs, rising profits and improved business sentiment across both advanced economies and emerging market and developing economies. This synchronous, investment-led recovery is expected to provide a substantial boost to global exports and imports in the near term.

Singapore is a trade-dependent economy. Benefiting from strengthening global demand, the Singapore economy grew by 3.6% year-on-year ("YoY") in 2017, stronger than the 2.4% YoY growth in 2016, according to the Ministry of Trade and Industry ("MTI").

Inflation moderated towards year end, rising 0.4% YoY in December 2017 compared to 0.6% YoY in November 2017, reflecting lower inflation in services, the prices of private road transport, food and accommodation. For the whole of 2017, inflation was 0.6%, reversing two consecutive years of negative inflation.

According to the Ministry of Manpower, the average unemployment rate rose to 2.2% in 2017 from 2.1% in 2016.

Real GDP Growth, Inflation and Unemployment Rate



Source: Department of Statistics, Oxford Economics, JLL Research

Notwithstanding the rise, the overall unemployment situation has improved since June 2017. The contraction in total employment in 2017 was the result of a contraction in foreign employment, even as local employment continued to grow and tighten, led by employment growth in the services sector, including financial and insurance as well as administrative and support services.

Economic Outlook

Singapore is expected to maintain a firm and healthy pace of growth in 2018, buoyed by higher growth expected in the US and sustained growth in the key Association of Southeast Asian Nations (ASEAN) economies. The pace of growth, however, is expected to moderate in 2018, compared to 2017. In 2018, the MTI expects the Singapore economy to grow by 1.5% to 3.5% and growth will likely come in slightly above the middle of the forecast range, barring the materialisation of downside risks.

Growth in 2018 is expected to be broad-based, underpinned by expansion in the manufacturing sector, particularly the electronics and precision engineering clusters, on the back of robust global demand for semiconductors and semiconductor equipment. External-oriented services such as finance and insurance as well as transportation and storage will continue to expand in 2018, albeit at a moderated pace compared to 2017. Domestically oriented services such as retail and goods services will also recover on the back of an improvement in consumer sentiment amid a pick-up in the labour market.

While global macroeconomic risks have receded in 2018, there remain downside risks such as ongoing trade protectionism under the Trump administration and easing growth in China on the back of a slowdown in investment that could weigh on the global economy and

Singapore's heavily trade-dependent open economy. Furthermore, upside surprises in inflation could normalise monetary policy in the US ahead of expectations that could potentially lead to sharp corrections in the financial markets and a consequential pullback in investment and consumption growth in debtladen regional economies.

Domestically, employment is expected to grow in 2018, although there will be some patchiness across sectors. Employment opportunities will prevail in the manufacturing and services sectors, including info-communications and media, finance and insurance, healthcare and professional services. However, growth in the labour workforce is expected to be modest due to underlying demographic trends while foreign workforce growth will continue to remain moderate.

In 2018, cost pressures in the economy are expected to remain relatively restrained. While the labour market conditions have picked up recently, the gradual absorption of previously accumulated slack will moderate wage pressures in the near term. The Monetary Authority of Singapore is expecting the overall annual inflation to be within 0.0% to 1.0% in 2018, picking up from 0.6% in 2017, largely reflecting mild imported inflation.

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 Mass Rapid Transit ("MRT")

Station, an interchange station for both the East-West and North-South lines.

As of end-2017, there was an estimated total of 47.6 million square feet ("sq ft") of investment grade office space island-wide. Of this, 31.2 million sq ft or approximately 66% is in the central business district ("CBD"). The key newly completed office developments in 2017 were UIC Building with 285,000 sq ft of net lettable area ("NLA") located in Shenton Way and Marina One with close to 2.0 million sq ft of office NLA located in Marina Bay. Outside the CBD, there was no other investment grade office space completed during the year.

Demand and Occupancy

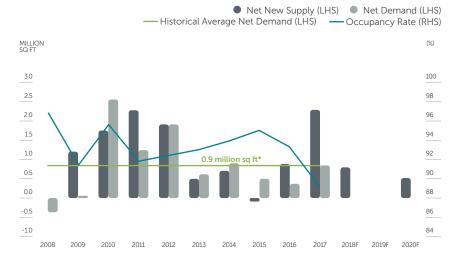
Following a lacklustre 2016, net demand for office space in the CBD picked up in 2017 to 840,000 sq ft, exceeding that of 2015 and 2016. The uplift in the economy and promising business

conditions underpinned this demand. Nevertheless, due to the significant amount of newly completed office supply in the market, the CBD occupancy rate fell 4.1 percentage points ("ppt") YoY to 89.2%.

Overall demand in 2017 remained broad-based and came from the finance and insurance, technology, and business services sectors. In the finance sector, the worst for financial institutions seemed to be over as consolidation efforts tapered off. As for the technology sector, some social media companies, travel companies and those involved in the sharing economy have taken up more space in the CBD to cater to the increase in headcounts. In the business services sector, co-working operators continued to seek more space to carve a larger foothold in a competitive business environment.

At the sub-market level, Marina Bay and Shenton Way received net positive demand. There was an outflow of tenants from the

Net Supply, Demand and Occupancy in the CBD



*The historical average net demand is based on data from 2008 to 2017 Source: JLL Research, 4Q 2017

INDEPENDENT MARKET REVIEW

SINGAPORE

BY JLL

other sub-markets into the newly completed buildings – Marina One located in Marina Bay and UIC Building located in the Shenton Way sub-market. The attractive rents of the new buildings offered to prospective tenants also lifted occupier demand in these sub-markets, although these incentives were gradually withdrawn as leases were signed and commitment rates increased

Potential Supply

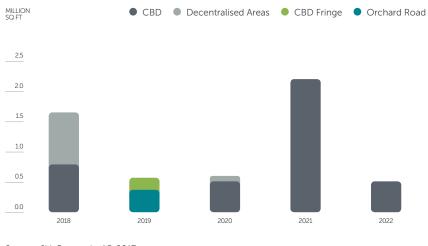
A total of approximately 5.6 million sq ft of island-wide en bloc office supply will be available between 2018 and 2022, of which an estimated 73% will be located in the CBD.

In 2018, completion of Frasers Tower (0.7 million sq ft) and 18 Robinson (0.1 million sq ft) will contribute 14.2% of the upcoming island-wide supply. After a quiet 2019, supply in the CBD will pick up in 2020 with the expected completion of redevelopment at CPF Building (0.5 million sq ft). In the following year, supply will surge as the Central Boulevard site and the redevelopment of the Golden Shoe car park are likely to complete in 2021, contributing about 1 million sq ft of office space each. In 2022, the mixeduse development on the Beach Road government land sale site is expected to complete, adding at least 0.6 million sq ft of office space based on the tender requirements.

Rents

Following two consecutive years of decline, the average gross rent of Grade A office buildings in the CBD staged a recovery in 2017 after hitting a bottom in 1Q 2017. Rent growth was led by healthier occupier demand that lifted the take-up rates of new and upcoming

Potential Island-wide Office Supply



Source: JLL Research, 4Q 2017

Average Gross Rents of Grade A Office



Source: JLL Research, 4Q 2017

buildings, as the economy and the business outlook improve amid supply tightness in 2018 and 2019.

The average gross rent of Grade A office space in Marina Bay grew 10.6% YoY to \$\$10.49 per sq ft ("psf") per month while that of Raffles Place increased by 5.3% YoY to \$\$9.24 psf per month in 2017. It is noteworthy that rents in the Marina Bay area grew at a faster pace and commanded a premium to those

at Raffles Place due to the new, quality and efficient layout of the office space in the area. The relocation of some tenants to new offices outside of the CBD, leading to landlords offering more attractive rents to fill the vacant spaces, further weighed on the rent growth at Raffles Place.

Notwithstanding the above, Marina Bay and Raffles Place remain the key financial and

business hubs of Singapore. Collectively, these two areas appeal to a wide base of corporate occupiers, depending on the real estate budget.

Capital Value and Investment Market

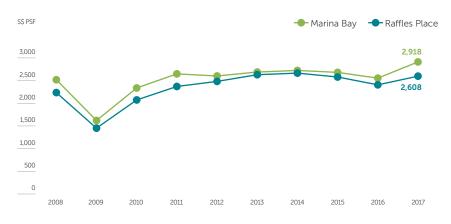
In 2017, the growth in the capital value of Grade A office space in the CBD outpaced rent growth. This reflects investor interest in this asset class and their willingness to pay a premium to secure assets given the higher-than-anticipated increase in rents. A low interest rate and high liquidity environment also paved the way for the stronger pace in price appreciation.

The average capital value of Grade A office space in the Marina Bay sub-market increased 14.0% YoY to \$\$2,918 psf while that of Raffles Place rose 7.9% YoY to \$\$2,608 psf. Some of the largest en bloc investment deals in 2017 included the sale of Asia Square Tower 2 at \$\$2.1 billion and PwC Building at \$\$747 million, as well as the government land sale of the Beach Road site at \$\$1.6 billion in the Marina Centre sub-market.

Singapore Office Market Outlook

In 2018, the net demand for office space in the CBD is expected to exceed that of 2017, as occupier demand is likely to remain firm on the back of a favourable economic and business outlook in Singapore and globally. Singapore's

Average Capital Values of Grade A Office



Source: JLL Research, 4Q 2017

pro-business environment and attractiveness as a springboard into the South East Asian markets will further facilitate drawing new businesses into Singapore.

Considering the supply tightness in 2018 amid the healthy occupier demand, rents of prime office space in the CBD are expected to continue on the uptrend in 2018, growing at a faster pace than in 2017. Strategically located properties that are linked to the Raffles Place MRT Station, such as One Raffles Place and OUE Bayfront, are expected to ride on this wave of rent recovery alongside the market.

RETAIL PROPERTY MARKET OVERVIEW

Major Retail Locations

The retail scene in Singapore comprises an array of malls that are frequented by both domestic shoppers and overseas visitors. The Orchard sub-market includes retail assets lining Orchard Road and Scotts Road and is a wellknown shopping destination for both residents and tourists, while the Marina sub-market¹ comprises retail space that caters primarily to the working population based within the vicinity of the CBD. Shopping centres in the Suburban sub-market² contain malls supported by the residents who conduct their necessity shopping within the relative catchment areas.

Notes:

- 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

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OUE Link comprises retail space that is fully leased to a variety of food and beverage ("F&B") and fashion trades. Set within the CBD, the overhead pedestrian link bridge connects the Raffles Place MRT Station to the Marina Bay financial district. One Raffles Place Shopping Mall has attracted a mix of F&B, services and fashion retailers, conveniently located directly above the Raffles Place MRT Station. Both retail amenities cater primarily to the working population of the district.

Stock

As at 4Q 2017, there was about 14.0 million sq ft of retail space in the Marina sub-market and this constitutes 34.7% of the total retail stock in Singapore. As the demography of shoppers that support the retail trades within the Marina sub-market is largely made up of the working population from

the offices in the CBD, thus the sub-market features a variety of F&B operators, including cafes and quick-bites, as well as other necessity services ranging from banking to laundry. Adding to the convenience of the retail space being in proximity to the CBD, lifestyle concepts and fitness-related offerings have also been on the uptrend of late.

Net Supply, Demand and Occupancy

2017 marked the completion of three retail amenities in the Marina sub-market, namely Downtown Gallery (160,000 sq ft), DUO Galleria (56,000 sq ft) and The Heart (Marina One) (140,000 sq ft). Following the closure of Raffles Hotel Shopping Arcade (60,500 sq ft) for redevelopment in 1Q 2017, net supply grew by 295,500 sq ft, resulting in a 5.5% YoY increase in

the retail stock in the Marina sub-market in 2017.

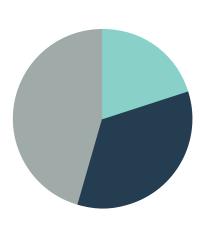
Demand in 2017 improved to 283,000 sq ft, a reversal from a contraction in 2016, underpinned by leasing pre-commitments in the three retail malls newly completed during the year. Consequently, occupancy in the Marina submarket rose 0.1% YoY to 93.1% in 2017. This compares favourably with the island-wide occupancy rate of 96.3%, which registered no overall improvement in 2017.

Below are the trends and challenges affecting occupier demand in the retail sector.

Retail Trends

Large format retail outlets:
 The availability of larger space
 has enabled retailers to fuse
 multiple brands and/or concepts.
 Retailers have also leveraged the

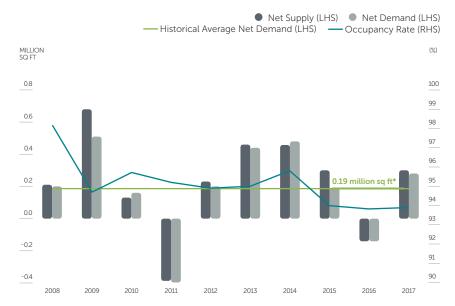
Breakdown of Retail Stock (4Q 2017)



	Orchard	20.0%	8.1 million sq ft
•	Marina	34.7%	14.0 million sq ft
	Suburban	45.3%	18.3 million sq ft

Source: JLL Research, 4Q 2017

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



*The historical average net demand is based on data from 2008 to 2017 Source: JLL Research, 4Q 2017

larger space to bring in a wider variety of products and services, boosting the overall in-store experience for shoppers.

• Omni-channel retailing: While the term is not new, for retailers, the initiative is an ongoing process as part of upgrading and bridging their online platform with their physical outlet with the aim of providing shoppers with a wholesome and convenient shopping experience. For instance, the click-and-collect method of ordering food is now in demand.

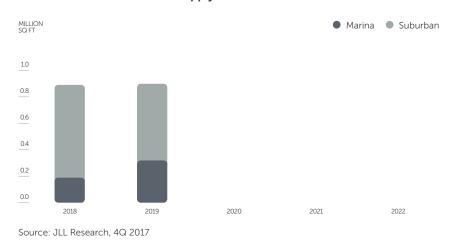
Speciality F&B:

F&B operators have been pushed to innovate and recreate their menus in order to satisfy consumers' needs for the new and trendy. Likewise, the introduction of technology into their daily operations, for instance, in the ordering of food, also adds to the "wow" factor for their customers.

Challenges

Fashion trades suffering:
 Despite improvements in consumer confidence in 2017, multiple fashion trades have decided to terminate their businesses. The poor occupier demand, for instance, comes

Potential Island-wide Retail Supply



on the back of the sheer lack of comparable demand there is for F&B, lifestyle and fitness-related goods.

In addition to the above, retailers in the Marina sub-market have the added challenge of having retail business hours largely on working days, due to the nature of their locations being in the business district of the CBD, which further limits sales and shopper traffic. This has led some retailers to hold promotions to draw the weekend crowd in order to sustain their businesses.

Potential Supply

Between 2018 and 2021, an estimated 1.8 million sq ft of retail space is due to be completed. This will come from a total of eight new and refurbished retail complexes located within the Suburban submarket (71.3%), as well as the Marina sub-market (28.7%).

In 2018, we expect approximately 188,300 sq ft of potential retail space to complete within the Marina sub-market, including the retail podiums of the restored Raffles Hotel Shopping Arcade (60,500 sq ft), City Gate (71,200 sq ft) and 18 Robinson (56,600 sq ft).

INDEPENDENT MARKET REVIEW

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Rents

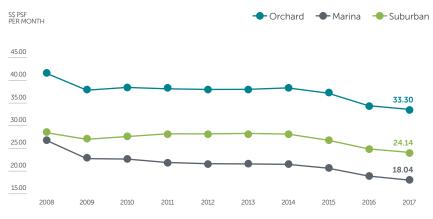
The retail scene in Singapore witnessed a rosier year in 2017. Over the first 11 months of 2017, retail sales, excluding motor vehicles, recorded YoY growth in eight out of 11 months, as the improved economic conditions boosted consumer confidence, which drove retail sales. Notwithstanding this, retailers still require a period of sustained growth before the improvement in retail sales lifts occupier demand, translating to a rent recovery.

As a result, rents continued to taper in 2017, in line with expectations, but at a less pronounced pace than in the previous year. As at 4Q 2017, the average gross rents for malls tracked by JLL in the Marina sub-market fell 4.7% YoY to S\$18.04 psf per month, compared to a decline of 8.3% YoY in 2016. In light of pending new supply and weaker occupier demand in the Marina sub-market, rents for the corresponding retail space remained lower than those in the Orchard and Suburban sub-markets.

Singapore Retail Market Outlook

While economic conditions and retail sales have improved, the Singapore retail scene continues

Average Gross Rents of Prime Retail Space



Source: JLL Research, 4Q 2017

to grapple with manpower constraints as well as competition from online retailing and regional countries. Regional countries, where operational costs are lower and labour is more readily available, also continue to compete with Singapore for retailers looking to expand operations.

These factors, coupled with a surge in new retail supply expected in the short-to-medium term, will further intensify competition in the leasing market, resulting in a flat growth in rents in 2018.

Within the Marina sub-market, rents are expected to remain relatively flat. Likewise, rents at OUE Link and One Raffles Place Shopping Mall will likely reflect a similar trend, with a marginal upside approaching end-2018. This is in view of these malls' strategic locations, strong traffic flow and attractive mix of retail and F&B offerings that are within the convenient reach of the working population from the offices within the vicinity.

INDEPENDENT MARKET REVIEW SHANGHAI

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CHINA AND SHANGHAI ECONOMIC OVERVIEW

GDP, Economic Structure and Foreign Direct Investment

China GDP

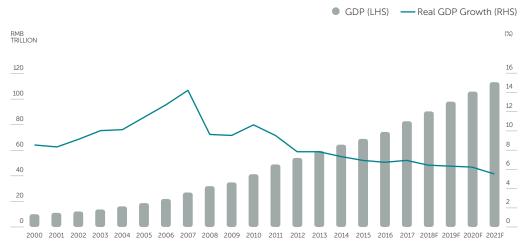
China's GDP rose to RMB82.7 trillion in 2017 as growth exceeded expectations, accelerating to 6.9% compared to 6.7% in 2016. Most

economists expect a more pronounced slowdown in the coming years as China focuses on deleveraging debt-laden industries and gradually adopts a more sustainable growth trajectory, fueled by domestic consumption. EIU forecasts GDP to reach RMB105.9 trillion by 2020, 156% greater than the 2010 figure.

China Economic Structure

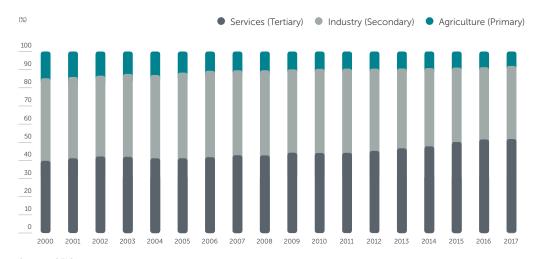
For most of China's reform period, the secondary sector (industry) accounted for the largest share of the economy, followed by the tertiary sector (services) and agriculture at a distant third. This has changed over the past several years, as the tertiary sector grew to equal the secondary sector in 2012; by the end of 2017, 52% of China's economy was driven by services.

China GDP and Real GDP Growth



Source: CEIC, Oxford Economics forecasts

China GDP Breakdown



Source: CEIC

INDEPENDENT MARKET REVIEW

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China Foreign Direct Investment

China's utilised foreign direct investment ("FDI") reached USD131 billion in 2017. 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. Foreign investment in software and technology-related services rose 147% YoY in 2017 to USD20.9 billion

and accounted for 14% of the total annual FDI.

Shanghai GDP

Shanghai's 2017 GDP was approximately RMB3.0 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. Despite China's

overall slowdown and its own relatively mature development level, Shanghai's economic growth has held up well thanks to its robust services and financial sectors.

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 2017 accounted for 69% 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 USD17.0 billion in 2017, accounting for approximately 13% 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 primary entry point for foreign firms investing in China. The service sector accounted for a 91.7% share of FDI through the first eleven months of 2017.

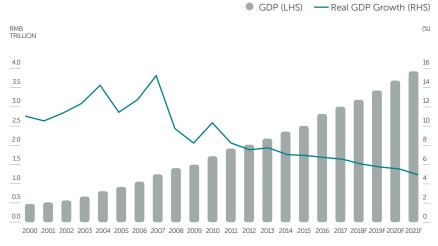
Financial services and information services have grown at strong rates in recent years, in line with the local government's development priorities.

Disposable Income and Consumption Expenditure

China Disposable Income and Consumption Expenditure

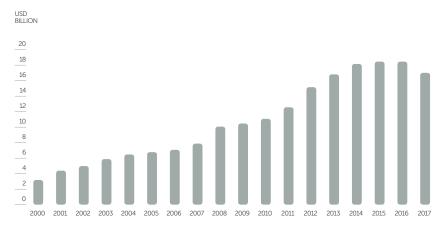
Incomes and consumer spending for China's urban households have risen at rapid rates for the past 15 years, with growth in the former supporting the latter. China's shift from capital-intensive industry to services,

Shanghai GDP and Real GDP Growth



Source: CEIC, EIU forecasts

Shanghai Foreign Direct Investment



Source: CEIC

which is more labour-intensive, has undoubtedly benefited consumption, redirecting income away from the corporate sector and into households.

Per capita disposable incomes for urban residents rose at a compound annual growth rate of 10.9% over 2000-2017, while per capita consumer expenditures for the same group rose at 9.8%. Growth rates for both disposable incomes and consumption have slowed in

recent years, broadly in line with China's overall economic slowdown.

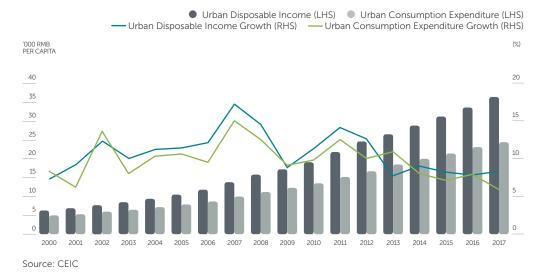
Shanghai Disposable Income and Consumption Expenditure

In 2017, Shanghai's per capita disposable income for urban consumers reached RMB62,596, 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

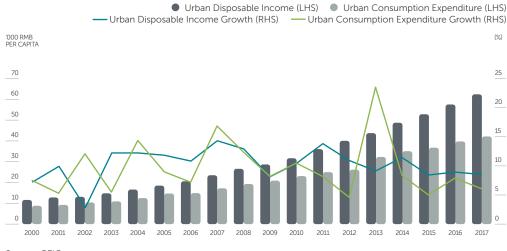
sophisticated consumers in the country.

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 2017 than the national average, suggesting that Shanghai is holding up well even as the rest of the country slows.

China Urban Disposable Income and Consumption



Shanghai Urban Disposable Income and Consumption



Source: CEIC

INDEPENDENT MARKET REVIEW

SHANGHAI

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GRADE A OFFICE PROPERTY MARKET OVERVIEW

Major Business Districts in Shanghai

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 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 sub-markets in Shanghai. In Puxi CBD, the four sub-markets are Changning, Huangpu, Jing'an, and Xuhui. In Pudong CBD, the two sub-markets are Lujiazui and Zhuyuan.

Shanghai Grade A Office Map



Stock

As of 4Q 2017, Shanghai's overall (CBD and decentralised) Grade A office stock totals 11.9 million square metres ("sq m") in gross floor area ("GFA"). Pudong CBD market accounts for 23% of Grade A office stock, with around 2.7 million sq m GFA. Puxi CBD market accounts for 29% of Grade A office stock, with around 3.5 million sq m GFA. The decentralised market, which has undergone significant expansion over the past couple of years, now accounts for 48% of total stock, with around 5.7 million sq m GFA. 73% of the total decentralised stock is in Puxi.

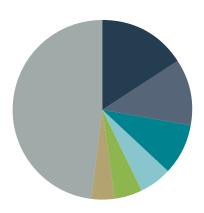
Supply, Demand and Occupancy

Annual supply reached a recordhigh level in both the CBD and the decentralised market in 2017. In the CBD, six projects with a total GFA of 630,439 sq m were completed, two of which are located in Pudong including the new landmark project in Lujiazui - Shanghai Tower. The other four projects are located in Puxi CBD. In the decentralised market, 29 projects with a total GFA of 448,356 sq m were completed, of which 11 are located in Pudong with the rest in Puxi. Overall Grade A new supply reached over 2.2 million sq m, which more than doubled from that of last year.

In Puxi CBD, net absorption was more than 226,000 sq m in 2017, on par with the last three years' average annual net absorption volume. Domestic financial services and foreign retail companies continued to lead demand in Puxi, while telecommunications, media and technology ("TMT") sectors were a rising demand source in the CBD.

The decentralised market continued to see strong leasing activities as net absorption reached 832,000 sq m in 2017, up 10.4% from the average net absorption of the last three years. Improved metro accessibility, retail

Overall Shanghai Grade A Office Stock by Sub-market



•	Lujiazui	16%
	Huangpu	12%
•	Jing'an	9%
	Zhuyuan	6%
•	Changning	5%
	Xuhui	4%
•	Decentralised	48%

Source: JLL Research, March 2018

CBD Grade A New Supply in 2017

Project Name	Area	Sub-market	GFA (sq m)
Shanghai Tower	Pudong	Lujiazui	204,453
China Life Finance Center	Pudong	Lujiazui	107,056
Bund Finance Center \$18\$2	Puxi	Huangpu	155,682
China Overseas International Center	Puxi	Huangpu	85,227
HKRI Centre Two	Puxi	Jing'an	61,387
ITC Phase 1	Puxi	Xuhui	16,634

Source: JLL Research, March 2018

In Pudong CBD, net absorption exceeded 225,000 sq m in 2017, double the annual average for the past three years. This is mainly a result of increased supply, especially in the Lujiazui CBD, which helped to unleash pent-up demand in the market due to relatively limited supply in the recent years. Domestic financial services, especially asset management and securities, were the most active sectors.

facilities, as well as new projects with high specifications continued to attract tenants. Firms upgrading and expanding from older Grade A and B buildings drove demand for new space.

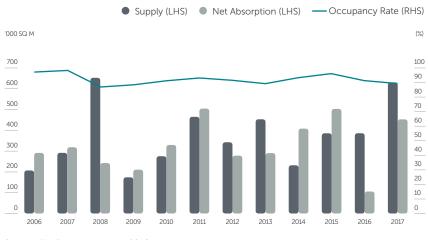
In addition, co-working operators expanded aggressively in both the overall CBD and the decentralised markets, and have become a significant new demand driver in 2017.

INDEPENDENT MARKET REVIEW

SHANGHAI

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Shanghai CBD Grade A Supply, Demand, and Occupancy



Source: JLL Research, March 2018

In 2017, Huangpu CBD recorded a net absorption of 140,338 sq m, attributable mainly to the newly completed projects Bund Financial Center S1/2 (on the Bund) and China Overseas International Center (one metro station south of Xintiandi). Co-working operator WeWork leased a whole building (27,000 sq m) within the China Overseas International Center development. In the meantime, as tenants looking for space have more options now amid the supply boom in both the CBD and the decentralised market, older Grade A projects in Huangpu continue to experience leasing pressure.

Overall, the Shanghai CBD occupancy rate decreased 2.0% YoY to 89.4% in 2017. The office occupancy rate in Huangpu decreased 6.7% YoY to 84.9% as a result of new supply as well as

tenants' relocations to the newer and more affordable projects in the decentralised market.

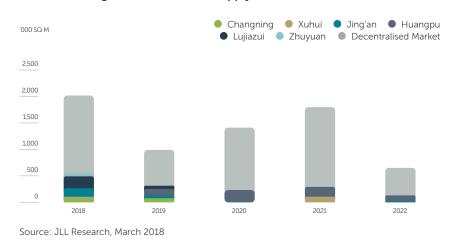
Potential Supply

New supply in the Shanghai Grade A office market is expected at around

7.1 million sq m between 2018 and 2022. The CBD market accounts for approximately 24% of that supply, with the balance located in the decentralised areas. Pudong CBD will receive 345,124 sq m of new supply between 2018 and 2022, accounting for only 5% of the total five-year supply figure. Puxi CBD will receive approximately 19% of the total Grade A office supply with the breakdown as follows: Jing'an (139,814 sq m, 2%), Xuhui (416,070 sq m, 6%), Huangpu (672,176 sq m, 9%), and Changning (160,826 sq m, 2%).

Looking ahead, high levels of new supply is expected in 2018. In Pudong CBD, five Grade A office buildings are expected to reach completion in 2018, four of which are located in the Lujiazui sub-market. In Puxi CBD, major developments in the pipeline for 2018 include One Museum (114,000 sq m) in Jing'an and Raffles City Changning Tower 1 (80,800 sq m) in Changning. Huangpu CBD will receive no new supply in 2018.

Potential Shanghai Grade A Office Supply



Grade A Office Rents

The abundance of leasing options in the market gave tenants more bargaining power, which led landlords to offer more competitive terms in order to compete for or retain tenants in the market. As a result, Shanghai CBD Grade A rents recorded a 1.4% YoY decrease to RMB10.3 per sq m ("psm") per day.

In Huangpu, the overall Huangpu CBD rents decreased slightly to RMB9.3 psm per day. Several older projects faced rental pressure due to increasing competition from the high quality new completions in the decentralised market where rents are more affordable. Meanwhile, new completions within the Huangpu CBD with good metro access saw strong rental performance after securing good pre-leasing progress.

Investment Market

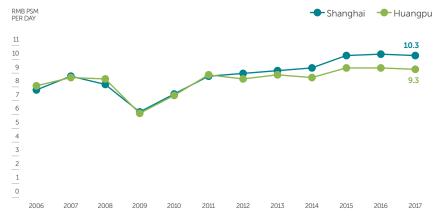
In 2017, China's total transaction volume reached RMB208 billion, on par with the record-high volume in 2016. Shanghai contributed significantly to transaction volume, with total investments for the full year increasing by 1.6% YoY to RMB94.2 billion, or 45.3% of China's total.

Looking forward, as the RMB stabilises and China's government continues to support foreign investment, foreign buyers are expected to remain active in the investment market in 2018. At the same time, rising financing costs could potentially lead some domestic buyers to reduce their pace of buying. At the same time, due to increasingly limited land available for development, developers are likely to seek en-bloc investment opportunities.

Shanghai Office Market Outlook

In 2018, a significant amount of new office supply is expected to continue to come onstream in both the Shanghai CBD and the decentralised market. CBD landlords are expected to remain conservative on rents given the supply pressure. On the other hand, strong demand from domestic financial and professional services companies, as well as the expansion in demand from the TMT sector will mitigate any significant increase in the market vacancy rate. Overall, Shanghai CBD office is expected to face moderate rental pressure in 2018.

Grade A CBD Office Average Rents



Source: JLL Research, March 2018

INDEPENDENT MARKET REVIEW

SHANGHAI

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PRIME RETAIL PROPERTY MARKET OVERVIEW

Major Retail Markets in Shanghai

Prime retail markets in Shanghai 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.

Stock

As at the end of 2017, the five major prime retail sub-markets combined have 3.1 million sq m of stock, accounting for 63.9% of total prime retail stock of 4.9 million sq m. Huaihai Road is the biggest prime retail sub-market with a total stock of 846,190 sq m, representing 17.4% of total prime retail stock. The Huaihai Road sub-market is dominated by shopping malls (87.3% of total stock), while department store stock has been declining in recent years.

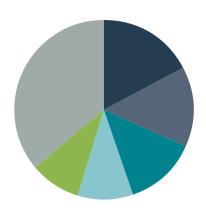
Prime and Decentralised Retail Markets in Shanghai

Decentralised AreaPrime Area



Source: JLL Research, March 2018

Distribution of Prime Retail Stock by Sub-market



•	Huaihai Road	17.4%
•	West Nanjing Road	14.5%
	East Nanjing Road	13.1%
	Lujiazui	10.0%
	Xujiahui	8.9%
•	Prime - Others	36.1%

Source: JLL Research, March 2018

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 2017, six new shopping malls and one refurbished project with a total GFA of 484,310 sq m were launched in the prime retail markets. Unlike the adjacent West Nanjing Road sub-market which had two new completions (HKRI Taikoo Hui and Fengsheng Li, representing 24.4% of the annual new supply), there was no new completion of retail property in the Huaihai Road sub-market.

In terms of leasing demand in the prime markets, F&B and experienceoriented brands were the major demand drivers. Mall operators and retailers have gradually made unique shopping experiences a prevailing focus in order to improve customer retention. "New retail" concepts gained traction as retailers sought to leverage digital strategies. Onlineintegrated supermarkets opened flagship stores, while many online retailers opened pop-up stores in popular malls to boost sales during the "Double 11" online shopping festival.

Domestic brands have maintained expansion momentum. In particular, multiple popular domestic brands ranging from fashion to F&B have secured financing from investors to fuel further expansion. Children's retailers continued to expand, as well as fitness centres, sportswear brands and other tenants promoting a healthy lifestyle. Sentiment improved among luxury retailers, although they are not in expansion mode yet.

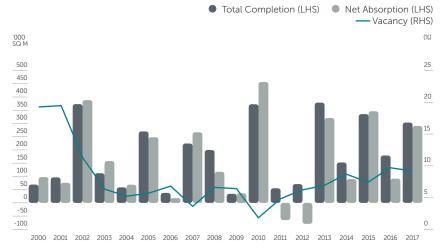
Prime retail vacancy decreased from 9.7% to 9.2% YoY as a result of improved occupancy in new projects such as Raffles City Changning and mature projects such as Mosaic. Specifically, vacancy in the Huaihai Road sub-market declined from 12.3% to 9.4% YoY in 4Q 2017. Projects such as SML Mall, iapm and SOHO

Fuxing Plaza saw considerable improvement in occupancy.

Potential Supply

In the prime retail market, we expect 15 projects with a total GFA of 778,953 sq m to be delivered over 2018 compared to 484,310 sq m in 2017. Many completions initially scheduled for 2017 were delayed.

Total 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 2018

Potential Prime Retail Supply



Source: JLL Research, March 2018

INDEPENDENT MARKET REVIEW

SHANGHAI

BY JLL

Rents

Prime retail open-market ground floor base rental growth accelerated from 1.3% YoY in 4Q 2016 to 2.6% in 4Q 2017, with rents reaching RMB51.7 psm per day.

Shanghai Retail Market Outlook

Decentralisation is expected to intensify in 2018, as metro lines and residential population further move into the decentralised and suburban regions. The emergence of experience-oriented "community malls" have taken away the sales and foot traffic from ageing projects in traditional retail sub-markets. As the retail landscape grows and revolves, eventually most routine shopping and recreational needs can be handled in the new generation of decentralised malls, while prime markets are expected to remain the preferred destination for the newentrant brands and niche shopping.

Demand drivers for 2018 will mostly come from F&B, health and children brands, with the growing middle class leading to improved leasing markets focused on mid-to-high and high-end consumption. A key retail trend is "full channel" retailing, referring to retailers' strategy to compete for consumers both online and offline, and also across logistics channels in a holistic manner.

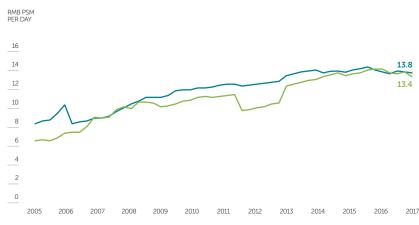
In the prime retail market, average ground floor rental growth will likely remain moderate, slightly edging up from 2.9% YoY in 2018 to 3.1% YoY in 2019, due to supply pressure and decentralisation. Looking beyond 2019 to the medium term, average prime retail ground floor rental growth is expected to range from 3.3% to 3.7% as the completion of project enhancements will enable quality projects to demand higher rents.

Rents of Prime Markets and Huaihai Road Sub-market

Ground Floor Rents



Average Rents



Source: JLL Research, March 2018

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Figures, calculations and other information contained in this document have been provided by third parties and have not been independently verified by JLL. Any projections or analyses represent best estimates only and may be based on assumptions, which, while reasonable, may not be correct.



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 2017, the management team met with more than 100 investors and research analysts through analyst briefings, one-on-one and group meetings and investor conferences. To connect with more retail investors, the Manager also presented at REITs Symposium 2017 jointly organised by ShareInvestor and the REIT Association of Singapore (REITAS), which attracted about 1,100 retail participants. The Manager has also conducted property tours to OUE C-REIT's properties for analysts and institutional investors to have a better understanding of its operations.



UNIT PRICE PERFORMANCE

s\$	2017	2016
Opening Price on First Trading Day of Year	0.700	0.650
Closing Price on Last Trading Day of Year	0.720	0.695
Highest Closing Price	0.735	0.715
Lowest Closing Price	0.670	0.590
Average Closing Price	0.708	0.670

TRADING VOLUME

NUMBER OF UNITS	2017	2016
Total Volume Traded	141,104,900	272,993,200
Average Daily Trading Volume	568,971	1,093,334

2017 TRADING PERFORMANCE



INVESTOR RELATIONS ACTIVITIES IN 2017

1 ST QUARTER		
Analyst Briefing for Financial Results fo	26 January 2017	
4Q 2016 Post-results investor luncheo	7 February 2017	
2 ND QUARTER		
Third Annual General Meeting		21 April 2017
1Q 2017 Post-results investor luncheor	n, Singapore	8 May 2017
DBS Non-Deal Roadshow, Bangkok		11-12 May 2017
DBS Non-Deal Roadshow, Singapore		17 May 2017
Citi ASEAN C-Suite Conference 2017, S	ingapore	25 May 2017
REITs Symposium 2017, ShareInvestor a	and REITAS, Singapore	27 May 2017
Citi Asia Pacific Property Conference, H	Hong Kong	22 June 2017
3 RD QUARTER		
Analyst Briefing for Financial Results fo	r 2Q 2017	2 August 2017
2Q 2017 Post-results investor luncheo	n, Singapore	3 August 2017
SGX-REITAS Education Series, Singapo	re	14 August 2017
Citi Non-Deal Roadshow, Tokyo	26 September 2017	
4 [™] QUARTER		
3Q 2017 Post-results investor meeting.	3 November 2017	
FINANCIAL CALENDAR	2017	2018 (TENTATIVE)
First Quarter Financial Results Announcement	5 May 2017	May 2018
Payment of Advanced Distribution to Unitholders ¹	6 June 2017	_
Second Quarter Financial Results Announcement	2 August 2017	August 2018
Payment of Distribution to Unitholders	5 September 2017	September 2018
Third Quarter Financial Results Announcement	2 November 2017	November 2018
Full Year Financial Results Announcement	31 January 2018	January 2019
Payment of Distribution to Unitholders	9 March 2018	March 2019
A 1.C 1.M 1.	244 112040	A :1.2040

Note:

Annual General Meeting

OUE C-REIT pays out its distribution on a semi-annual basis. Pursuant to the private placement which was completed on 16 March 2017, an advanced distribution for the period from 1 January 2017 to 16 March 2017 was paid on 6 June 2017. The balance distribution from 17 March 2017 to 30 June 2017 was paid on 5 September 2017

24 April 2018

ANALYST COVERAGE

As at 31 December 2017

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

UNITHOLDERS' ENQUIRIES

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

THE MANAGER
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:

April 2019

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

Fax: +65 6236 8888 Website: www.cdp.sgx.com

SUSTAINABILITY REPORT

We believe that the commitment to sustainable practices provides opportunities to enhance our proposition as landlord and employer, as well as to demonstrate our commitment to being a responsible corporate citizen.

BOARD STATEMENT

The Board of Directors (the "Board") of OUE Commercial REIT Management Pte. Ltd. (the "Manager") is pleased to present OUE C-REIT's first Sustainability Report.

We recognise sustainability can contribute significantly to our strategy of enhancing quality assets and maximising operational performance. It also supports our mission to create and deliver long-term value to our stakeholders. We believe that the commitment to sustainable practices provides opportunities to enhance our proposition as landlord and employer, as well as demonstrate our commitment to being a responsible corporate citizen. Although we have just begun our sustainability journey, we look forward to exploring these opportunities further in the future.

The Board considers sustainability issues as part of the Manager's overall strategy and oversees the management of sustainability-related performance as well as the development of the sustainability report. The Board is supported by the Sustainability Steering Committee ("SSC"), made up of senior management from the Manager as well as across OUE Limited and its subsidiaries

("OUE Group"). Supporting the SSC is OUE C-REIT's Sustainability Working Committee ("SWC"), which comprises representatives from various departments.

Our Sustainability Report is aligned to the Singapore Exchange Securities Trading Limited ("SGX-ST") Listing Rules 711A and 711B – Sustainability Reporting Guide and references the internationally recognised Global Reporting Initiative ("GRI") Standards (2016).

We believe it is important for us to focus on the aspects where we can have the most impact. The Board validated the results of a materiality assessment that was conducted to identify areas of significance to OUE C-REIT's business and operations. We set out how we manage our sustainability efforts, as well as our performance for FY2017 and targets for the upcoming year.

WHO WE ARE

[GRI 102-16]

OUE C-REIT is a real estate investment trust established with the principal investment strategy of investing, directly or indirectly, in a portfolio of income-producing real estate used primarily for commercial purposes in financial and business hubs in key gateway cities.

The Manager of OUE C-REIT is 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.

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

Maximising Operational Performance, Opportunities from Sustainability

[GRI 102-18]

OUE C-REIT's portfolio of strategically located office properties recorded improved occupancy levels, with committed rents achieved at levels that were in line with or above market, despite the supply overhang in the Singapore office market faced in 2017 amid modest occupier demand. This is a result of the premium positioning of OUE C-REIT's assets and the Manager's clear strategic focus on driving operational performance.

ANNUAL REPORT 2017

In capitalising on the quality of OUE C-REIT's portfolio of commercial properties and our asset management capability, we seek to continually enhance value for OUE C-REIT. Viewing our business policies through a sustainability lens presents new opportunities for value-creation. Opportunities include improving the eco-efficiency of OUE C-REIT's assets, potentially enhancing their desirability and value. Other opportunities focus on the end use of the properties, be it offices or retail malls, and ensuring they provide safe, enjoyable experiences for tenants and visitors.

The Board and senior management play vital roles in providing strategic direction to the Manager. The Board is responsible for overseeing and approving key sustainability related matters. Supporting the Board is the SSC which comprises senior management from the Manager as well as across the OUE Group. The SSC is supported by OUE C-REIT'S SWC, which includes representatives from various departments.

Managing Risks

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 Manager also established a business continuity plan ("BCP") to assist OUE C-REIT in maintaining continuity in business operations, and minimise financial and reputational damage. The framework recognises potential threats and risks to the business and sets out safeguards to ensure the protection of assets in the event of a disruption to operations.

Both the ERM and BCP frameworks are reviewed by the Manager and the Audit and Risk Committee, supported by the Board, on a regular basis.

ABOUT THIS REPORT

[GRI 102-50]

OUE C-REIT's inaugural sustainability report is published as an affirmation of its commitment to sustainability. The report addresses OUE C-REIT's material environmental, social and governance ("ESG") topics from 1 January to 31 December 2017.

Reporting Scope

[GRI 102-46]

This report focuses on OUE C-REIT's sustainability performance across its portfolio in Singapore, comprising OUE Bayfront, a premium Grade A commercial building, as well as One Raffles Place, an integrated commercial development comprising two Grade A office towers and a retail mall. In defining the reporting scope, the Manager of OUE C-REIT considered its level of operational control over the various activities as well as the significance of any resulting environmental, social and governance impacts.

Unless otherwise specified, the performance data reported pertain to the Manager, OUE Bayfront and One Raffles Place. As OUE C-REIT is managed externally by the Manager, which is a wholly-owned subsidiary of OUE Limited, as well as the property managers which oversee daily property operations, we have set targets in areas only directly within the Manager's locus of control. As such, targets pertain only to the Manager, and where relevant the property manager of One Raffles Place due to the holding structure of OUE C-REIT's interest in One Raffles Place, and excludes the properties.

SUSTAINABILITY REPORT

Our data is reported in good faith and to the best of our knowledge. In the coming years, we will continue to enhance our sustainability processes by advocating transparency and accountability. These continue to be the fundamental aspects required to build trust with our stakeholders.

Reporting Standard

[GRI 102-54]

This report has been prepared in compliance with the requirements of SGX-ST Listing Rules 711A and 711B. The report references the Global Reporting Initiative (GRI) Standards (2016), and includes

consideration of the GRI Construction and Real Estate Sector Disclosures. We have selected the GRI Standards as our sustainability framework as they are widely used by sustainability reporters globally. The GRI Index and the relevant references are presented on pages 84 to 85.

Feedback

[GRI 102-53]

The Manager welcomes feedback as we seek to improve our sustainability practices. Please send your questions or feedback to enquiry@ouect.com.

ASSESSING MATERIALITY WITH OUR STAKEHOLDERS IN MIND

Engaging with Our Stakeholders

[GRI 102-40] [GRI 102-42] [GRI 102-43]

The Manager is committed to maintaining regular, timely and transparent communication with Unitholders, prospective investors, analysts, the media, tenants, employees, as well as the government and regulators. Regular engagement enables ongoing learning within the organisation and fosters accountability between OUE C-REIT and its stakeholders.

Stakeholders

Engagement Methods

Unitholders and Prospective Investors

- Release of financial results, announcements, press releases, presentation slides and other relevant disclosures through SGXNet and OUE C-REIT's website
- Email alert subscriptions via OUE C-REIT's website
- · Annual General Meeting
- Extraordinary General Meeting, where necessary
- Quarterly post-results meetings with senior management
- Updates through one-on-one and group meetings and investor conferences
- Property tours to OUE C-REIT's properties for analysts and institutional investors
- Publication of annual report

Analysts and the Media

- · Analysts' briefings for half-year and full-year results, conducted by senior management
- Updates through one-on-one and group meetings
- Property tours to OUE C-REIT's properties for analysts and institutional investors

Tenants

- One-on-one feedback sessions and discussions
- Annual tenant gatherings
- Informal outreach and networking sessions
- Management circulars

Employees

- Training and development programmes
- Annual performance reviews
- · Recreational and team building activities
- · Ongoing dialogue regarding any concerns

Government and Regulators

- Industry networking functions
- Annual regulatory audits
- Compliance with mandatory reporting requirements

Materiality Assessment

[GRI 102-47]

Insights gained from these interactions have been considered when determining the content of this report. The SSC conducted a materiality assessment in January 2017 with the aim of selecting ESG factors that are significant to OUE C-REIT's business as well as provide potential opportunities to enhance our buildings and our practices. An independent sustainability consultant was engaged to facilitate this process, which involved an online questionnaire and a physical workshop. The assessment covered OUE C-REIT's operations, and was conducted in accordance with the GRI Materiality Principle.

In prioritising the material factors, SSC considered the following:

- global and local emerging sustainability trends;
- main topics and future challenges for the real estate sector, as identified by peers;
- insights gained from regular day-to-day interactions with external stakeholders; and
- key organisational strategies and risks identified in OUE C-REIT's existing ERM Framework.

Through the materiality assessment and taking into account the Manager's level of operational control and involvement in the day-to-day operations of the properties owned by OUE C-REIT, we identified eight factors which are specifically material to OUE C-REIT.

Activities Conducted

STFP

Identify material ESG factors

- Market research and peer landscape/ benchmarking
- Pre-workshop questionnaire completed by members of the SSC, which includes senior management from OUE C-REIT

STEP

Prioritise material **ESG** factors

Validate material **ESG** factors

- Sustainability reporting workshop attended by members of the SSC, which includes senior management from OUE C-REIT
- Approval and validation by the Board

The eight material factors in the table below form the focus of OUE C-REIT's inaugural sustainability report.

OUE C-REIT's

Sustainability Focus Areas

Material Topics



Economic



Workforce

Economic Performance



Workplace Health and Safety



Talent Retention Career Development



Community



Customer Health and Safety



Governance







Compliance with Local Laws and Regulations



Environment

Compliance with Environmental Laws and Regulations

The Manager is also committed to supporting the OUE Group's efforts with regards to other ESG factors which are material to their business. Thus OUE C-REIT's performance with regards to these factors below is also briefly discussed in this report on pages 75, 76, 82 and 83:

Sustainability Focus Areas

Material Topics



Workforce



Environment

- Diversity and Equal Opportunity
- Energy & Emissions
- Water
- Effluents & Waste

SUSTAINABILITY REPORT



ECONOMIC PERFORMANCE

Led by the Manager's focused and proactive portfolio management strategy, OUE C-REIT achieved healthy growth in FY2017 amount available for distribution alongside its strong operational performance, despite heightened competition from a significant amount of new office completion.

Please refer to the Key Highlights section of the annual report (see pages 2 - 3) as well as the Financial Statements (see pages 98 - 171) for more information on OUE C-REIT's economic performance for the financial year ended 31 December 2017.



WORKFORCE

WORKPLACE HEALTH & SAFETY

IGRI 403-21

Performance in 2017

Zero Accident Frequency Rate (AFR) & Accident Severity Rate (ASR)

Target for 2018

Maintain zero incidents resulting in employee permanent disability or fatality

The Manager is directly responsible for the health and safety of employees of the Manager in the workplace, and encourage our property managers to ensure proper safety procedures are followed to provide a safe working environment for all employees within our properties.

We ensure the health and safety of our employees by cultivating a strong safety culture. We do this by referring to the Ministry of Manpower's Workplace Safety and Health ("WSH") Act to implement an occupational health and safety management framework comprising a Code of Practice for workplace health and safety.

Employees are required to ensure that ample safety measures are in place prior to carrying out work that requires the use of heavy machinery or industrial plant and equipment. Operational personnel receive relevant training and supervision, and are trained to conduct risk

assessments to identify workplace hazards and implement risk control measures. Any workplace related injuries or incidents are reported to the human resource department for proper management and treatment.

The property managers conduct regular meetings with third party service providers to discuss and monitor their health and safety performance. Service providers are also obligated under the terms and conditions of their contracts to maintain relevant WSH certifications throughout the course of engagement. In addition, they are required to abide by a workmen's compensation policy and take up WSH insurance prior to the commencement of the contracted work

In 2017, there were zero work-related fatalities and zero work-related injuries across the Manager and the properties¹. Absentee rate for the year stood at 6.5 days.

Note:

¹ Data excludes the workplace safety and health performance of contractors

TALENT RETENTION

IGRI 102-81 IGRI 401-11

Performance in 2017

Target for 2018

Rate of New Employee Hires: 64%
Rate of Employee Turnover : 66%

Achieve employee turnover rate below national industry average

The employees of the Manager are vital players in our mission to maximise the operational performance of OUE C-REIT's properties. We emphasise employing individuals with the necessary competencies, experience, qualifications and mind-set to make a positive contribution to the values and business objectives of OUE C-REIT. This means attracting those with relevant experience and qualifications in real estate investment and management.

We also continually endeavour to create an environment where our employees feel valued and respected, as well as foster an inclusive workplace that is free from discrimination. The Manager leverages on the Sponsor's human resource strategies and policies which are grounded on equal opportunity and fair employment practices, and subscribes to the Tripartite Alliance for Fair & Progressive Employment Practices ("TAFEP") guidelines and government employment legislation in all its recruitment and selection practices. The employee handbook contains a human resource manual which includes policies on hiring, and

learning and development. Employees are selected based on merit and their assessed potential to contribute to the business.

Employee Well-being

Investing in the well-being of our employees is part of creating a work environment which respects individuals and acknowledges achievements. Our employees are entitled to benefits such as health insurance, subsidised mobile packages and gym memberships, as well as corporate discounts.

To encourage staff cohesion, the Manager participated in various social and recreational activities during the year. Team bonding activities include the New Year's welcome gathering, annual Dinner and Dance, and Christmas celebrations which were held in conjunction with OUE Group's annual Stars of Christmas community programme. 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.

We advocate a positive workplace culture and proactively engage our people to establish a conducive and family-friendly work environment. Employees are 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 (EWYFD") 2017 campaign, employees were encouraged to leave the office early on scheduled days to spend quality time with their families over dinner. Commencing 31 August 2017, EWYFD increased its frequency to four times per year and is scheduled on a quarterly basis on the last day of each school term.

In 2017, the workforce for the Manager and property manager of One Raffles Place², including permanent and temporary employees, totalled 50 in Singapore. During the period, the rate of new employee hires was 64%. Employee turnover rate was 66%. The high employee turnover rate in FY2017 was due to a planned revamp of operations management at One Raffles Place in line with the Manager's strategy of optimising operational efficiency.

Note:

² The scope of this section is limited to the Manager's employees in Singapore and employees under the property manager of One Raffles Place. Employees under the property manager of OUE Bayfront are not included as they are separately reported under OUE Group

SUSTAINABILITY REPORT



2017 WORKFORCE

MaleFemale

Employee Hire and Turnover BY GENDER NEW HIRE 19 13 TURNOVER Temporary Employees Employee Hire and Turnover BY AGE GROUP NEW HIRE 5 21 6 TURNOVER 4 22 7

30-50 >50



Stars of Christmas 2017

As part of its community engagement efforts, the Manager joined OUE Group in its annual Stars of Christmas community programme to share the joy of giving by contributing Christmas presents to children with illnesses and special needs. Christmas presents were donated by employees and other participants from the wider OUE Group according to the name, age and gender of the beneficiaries.

On 15 December 2017, the beneficiaries from Children's Cancer Foundation, Club Rainbow and

various other children's welfare organisations under Community Chest, along with their family and caregivers, were guests-of-honour at a Christmas luncheon which was also attended by employees of OUE Group. After sharing an afternoon of entertainment and a Christmas feast, the celebration ended on a merry note with Santa and his helpers presenting gifts. With the generosity and support of the donors, more than 1,500 presents were given to the beneficiaries for Stars of Christmas 2017, which were presented to the children at various homes and hospitals.

CAREER DEVELOPMENT

IGRI 404-31

Performance in 2017

Annual performance appraisals conducted for 100% of relevant employees

Target for 2018

Continue to conduct annual performance appraisals for 100% of relevant employees

We believe in the importance of nurturing and developing our employees, as human capital is pivotal in contributing to the success of our business. We fully support the training and development of staff in order to help them to achieve their full potential. It is also important to recognise and reward good performance to continuously motivate staff and retain talent.

The Manager leverages on the Sponsor's initiatives to provide training and development opportunities for employees, which are vital to talent retention. Our training policy focuses on enabling continuous learning and development throughout the employment cycle.

All new joiners are required to go through an orientation session where they are introduced to the firm's key policies, which include the Employee Code of Conduct. Throughout their careers, employees are exposed to a wide array of training programmes and opportunities which are aimed at building their functional and core competencies. In addition, employees are encouraged to make arrangements with their supervisors to attend ad-hoc training courses, seminars or workshops which are relevant to their field of work. These courses or programmes includes training courses specific to the real estate sector, relevant accounting and taxation updates, as well as those pertaining to compliance with laws and regulations.

Employees' training hours are tracked to ensure adequate exposure and equal opportunity. Employees received an average of 9 hours of training during the year³. In addition, the Manager also monitors compliance with regulations administered

by the Monetary Authority of Singapore ("MAS") mandating minimum Continuing Professional Development ("CPD") training hours as part of the licensing requirements for capital markets service providers.

Employees are also encouraged to pursue development opportunities to further their careers. Examples of such opportunities include 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.

Note

The scope of this section is limited to the Manager's employees in Singapore and employees under the property manager of One Raffles Place. Employees under the property manager of OUE Bayfront are not included as they are separately reported under OUE Group

SUSTAINABILITY REPORT



CUSTOMER HEALTH & SAFETY

[GRI 416-2]

Performance in 2017

Zero non-compliance with regulations and/or voluntary codes concerning the health and safety of tenants and building users resulting in a fine, penalty or warning

Target for 2018

Maintain zero non-compliance with regulations and/or voluntary codes concerning the health and safety of tenants and building users resulting in a fine, penalty or warning

OUE C-REIT's portfolio of properties in Singapore is home to 278 business tenants, while the retail components enjoy more than 12 million visitors a year. Their experience within our properties is of paramount importance to us and our property managers. A safe and hazard-free environment is vital to an enjoyable experience and we are committed to adhering to safety laws and regulations within our control as a landlord as well as achieving the best of industry standards.

The Manager works closely with the property managers to employ a comprehensive approach in managing the health and safety of tenants and visitors to OUE C-REIT's properties. Risk assessments are conducted to identify potential hazards and implement effective risk control measures. Any identified hazards are adequately signposted to prevent accidents or injuries.

We maintain strict safety procedures which include regular scheduled maintenance of equipment such as escalators and elevators to ensure that they are in safe operating condition.

The property managers are trained to swiftly adapt to adhoc situations to safeguard the health and safety of tenants and visitors. Measures are taken to ensure that floors are cleaned and kept dry on rainy days. In the event of haze, air purifiers are installed around and in our properties to limit the amount of harmful haze particles within our buildings. Automated defibrillators at each of the properties are also available in case of emergency when required.

Regular health and safety inspections are conducted within OUE C-REIT's properties. In addition, we also meet with the property managers every month to discuss and assess

the safety performance of the properties. The property managers are required to submit incident reports and maintenance records on a monthly basis. The properties are subject to annual internal audits to review their safety management systems.

To strengthen our operational readiness, fire drills are carried out across OUE C-REIT's properties. Joint exercises are also conducted with the Singapore Civil Defence Force and Singapore Police Force to guard against terrorist attacks and bomb threats. During the annual National Day Parade and year-end countdown events, OUE Bayfront is placed on lockdown to prevent unauthorised access in anticipation of large crowds in the vicinity of the building.

Tenant Engagement and Appreciation

Apart from ensuring the safety of our tenants, we also take effort to enrich the customer experience. As 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 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 ongoing requirements and to improve our service standards.

In appreciation of our tenants' continued support, the Manager, together with our property

managers host annual year-end tenant get-togethers. 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

The Manager together with the Health Promotion Board continued the "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. For 2017, attendance of about 2,400 participants was recorded for the various activities. OUE Bayfront received the Special Award for Healthy Workplace Ecosystem which recognises developments that provide added value to tenant companies through the creation of workplaces environments conducive for workers' holistic health and safety.

MINDS Christmas Premiums

The Manager collaborated with a unit of voluntary welfare organisation Movement for the Intellectually Disabled of Singapore ("MINDS"), MINDS Bakers, for the second year in 2017 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, well-being and aspirations of persons with intellectual disability.

SUSTAINABILITY REPORT



ANTI-CORRUPTION

[GRI 205-3]

Performance in 2017	Target for 2018			
Zero confirmed incidents of corruption	Zero confirmed incidents of corruption			

COMPLIANCE WITH LOCAL LAWS AND REGULATIONS

[GRI 419-1]

Performance in 2017	Target for 2018
Zero confirmed incidents	Zero confirmed incidents
of corruption	of corruption

We are committed to maintaining good standards of corporate governance and business conduct to safeguard our stakeholders' interests and ensure the smooth running of OUE C-REIT as well as the success and stability of its returns.

In September 2017, the Manager pledged to maintain high standards of corporate governance as part of the Securities Investors Association (Singapore)'s 8th Singapore Corporate Governance Week.

We comply with the Sponsor's Code of Business Conduct and Ethics (the "Code") which sets out expectations of employees in relation to issues such as fraud, bribery, segregation of duties and anti-competitive conduct. Upon commencement of employment, newcomers are required to agree to comply with all policies by acknowledging on the staff employment form.

We also adopt the Sponsor's whistle-blowing policy which sets out the responsibility of every employee, director and officer to

report any activity or suspected activity which might be prohibited by the Code, or which might otherwise be considered sensitive in preserving the reputation of OUE C-REIT. We do not permit retaliation or harassment of any kind against individuals for complaints submitted that are made in good faith. The Audit and Risk Committee of the Board is responsible for overseeing the whistle-blowing policy, which is administered with the assistance of the head of OUE's Internal Audit department. Under this policy, procedures are in place for all complaints and concerns received to be independently investigated and appropriately followed-up on.

The Manager does not condone any form of money laundering, bribery or corruption. We comply with the Sponsor's Anti-Money Laundering ("AML") Manual. In addition, all employees receive regular training on the prevention of money laundering and countering the financing of terrorism. We also utilise Thomson Reuters World Check One portal to screen prospective tenants or clients for AML risks and perform

ongoing monitoring. The portal supports our due diligence checks performed during the Know Your Customer ("KYC") and supplier onboarding processes, which are required as part of our standard operating procedures.

The Board and Manager strive to act in the best interests of OUE C-REIT while simultaneously ensuring compliance with local laws and regulations. The Manager is responsible for ensuring compliance with applicable requirements, laws and regulations, such as those set out in the listing manual of the SGX-ST, the Code on Collective Investment Schemes and the Capital Markets Services Licence for REIT management issued by the MAS, and the Securities and Futures Act of Singapore.

Our operations are guided by a framework of prudent and effective controls which enable the assessment and management of financial, operational and compliance risks. For instance, material contracts are put forward by the respective department heads to the legal department,



COMPLIANCE WITH ENVIRONMENTAL LAWS AND REGULATIONS

IGRI 307-11

Performance in 2017

Zero non-compliance with environmental laws and/or regulations resulting in significant fines and non-monetary sanctions

Target for 2018

Maintain zero non-compliance with environmental laws and/or regulations resulting in significant fines and non-monetary sanctions

which reviews the arrangements for compliance with applicable laws, regulations and internal policies prior to endorsement by authorised signatories. In the event of any identified incidence of non-compliance, the legal team will assess the legal and regulatory impacts and suggest remedial plans.

To keep pace with developments in the commercial real estate sector as well as the fastchanging laws and regulations, the legal department monitors legislative changes relevant to OUE C-REIT. Where necessary, external consultants are engaged to conduct training sessions or assist with the implementation of policies or frameworks to adapt to changes in regulatory requirements. The Manager also arranges for the Directors to be kept abreast of developments in the sector on a regular basis. In addition, the Directors have an ongoing budget to receive further relevant training of their choice in connection with their duties as Directors of the Manager.

OUE C-REIT's properties in Singapore are subject to environmental laws and regulations, including the Building Control (Environmental Sustainability) Regulations administered by the Building and Construction Authority ("BCA"), as well as the Energy Conservation Act and Environment Protection and Management Act governed by the National Environment Agency ("NEA").

The property managers conduct regular checks within the buildings and ensure compliance with reporting requirements pertaining to the submission of environmental data.

Properties are also subject to periodic environmental audits by the local authorities. In addition, OUE C-REIT's asset management team regularly engages with the property managers to discuss compliance with BCA regulations. When new regulatory requirements are released, the asset management team will check for compliance and engage contractors to implement upgrades to the properties, where necessary.

SUSTAINABILITY REPORT



The following section briefly discusses OUE C-REIT's environmental performance in support of the OUE Group's efforts in managing their environmental impact.

ENERGY & EMISSIONS

As the manager of real estate assets, we recognise the contribution of real estate to global energy use and associated greenhouse gas ("GHG") emissions. We acknowledge our responsibility to be part of the solution to the environmental issues these bring. We support Singapore's pledge in 2015, as one of more than 190 nations, to limit their GHG emissions through "nationally determined contributions" as part of the Paris Agreement.

Although the Manager does not have direct operational control over the use of energy in OUE C-REIT's buildings, we support the OUE Group's mission to efficiently manage energy use and do our part by encouraging good energy management amongst OUE C-REIT's tenants and visitors.

The Manager conducts regular meetings with the property managers to discuss resource consumption. The property managers adopt green practices such as energy and water efficiency measures that reduce impact on the environment. Some of the initiatives which have been implemented include:

In addition, the Manager has in place a formal policy for the management of energy consumption. Energy utilisation at the properties is reviewed at least once every quarter. For building spaces which were identified to consume the most energy, the asset management team will decide if it is necessary to install automatic meters or set monthly targets to reduce energy use. The property managers abide by a Green Procurement policy which encourages the purchase of energy efficient equipment or fixtures. Further, the property managers also conduct checks to ensure that existing energy efficient features are in good operating condition. For instance, chiller plant efficiency is constantly monitored and action is taken in the event of any unusual spikes or deviation from the targeted measure of efficiency.

OUE Bayfront and One Raffles Place Tower 1 have both achieved the Green Mark Gold certification as awarded by BCA. We are pleased to report that One Raffles Place Tower 2 has been re-certified Green Mark Platinum in 2017. The BCA Green Mark is a green building certification that looks into the overall environmental performance and practices of buildings as they relate to sustainable design, construction, and operations. Criteria for a Green Mark rating include energy, water and waste efficiency; environmental protection, indoor environmental quality, and green innovations.

The bulk of OUE C-REIT's energy consumption is from purchased grid electricity. In 2017, electrical

OUE Bayfront

- Installation of energy-efficient LED lighting in common areas;
- Installation of eco-friendly building fittings such as motion-activated light controls in restrooms, stairwells and carpark to conserve electricity when the facilities are not in use;
- Requiring tenants to abide by Green Guidelines while carrying out fit-out and renovation works;
- Use of refrigerants (R134a) to limit the increase in global warming through the release of ozone depleting substances and greenhouse gases;
- Installation of photo sensors at the link way and plaza area for better electricity management;
- Installation of carbon dioxide sensors at air handling units ("AHUs") to regulate the fresh air intake for improved efficiency; and
- Installation of carbon dioxide sensors in the carpark to ensure sufficient fresh air.

One Raffles Place

- Installation of energy-efficient LED lighting in common areas;
- Installation of eco-friendly building fittings such as motion-activated light controls in restrooms, stairwells and carpark to conserve electricity when the facilities are not in use;
- Ongoing upgrading of air-conditioning system and building management system to improve energy efficiency at Tower 1;
- Installation of carbon dioxide sensors at AHUs to regulate the fresh air intake for improved efficiency; and
- Installation of carbon dioxide sensors in the carpark to ensure sufficient fresh air.

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energy consumption⁴ at both properties amounted to 24,849 megawatt hours (MWh). Overall building energy intensity recorded 514.58 kilowatt hour per square meter (kWh/m²) in 2017.

OUE C-REIT's indirect GHG emissions⁵ and intensity from electrical energy in 2017 was approximately 10,546 tonnes of carbon dioxide equivalent (tCO₂e) and 0.22 tCO₂e/m², respectively.

WATER

Water is essential to an enhanced operational performance of OUE C-REIT's properties as tenants and visitors expect to be supplied with clean potable water. At the same time, Singapore's water resources are limited and, as asset owners, we recognise the contribution we can make to good water management.

The Manager engages with tenants and our employees to promote efficient water consumption. Informative signs are displayed at One Raffles Place to encourage occupants to limit unnecessary water usage. At OUE Bayfront, tenants receive a Green Guide which promotes the installation of water efficient fittings in tenanted areas. Employees at the building are also educated on the potential environmental impacts of their activities as well as the benefits of improved environmental performance.

OUE C-REIT's properties are certified under the Public Utilities Board's Water Efficient Building ("WEB") Certification Programme. This signifies that the buildings have been installed with approved water efficient fittings per the Water Efficient Labelling Scheme ("WELS") and adopted WEB recommended flow rates and flush volumes. OUE Bayfront has in place water sub meters and a leak detection system to enable the timely identification and rectification of any water leaks. The Manager is exploring the implementation of a similar system at One Raffles Place.

While majority of the water supply is sourced from public utilities, the buildings also utilise water from alternative sources to reduce the reliance on potable water. Non-potable water is used in cooling towers, for irrigation as well as flushing in lavatories.

Total building water consumption⁶ at the two properties in 2017 recorded 198,419 m³. Overall building water intensity recorded 4.11 m³/m² during the year.

EFFLUENTS AND WASTE

Reducing waste generation and proper waste management remains a priority in Singapore given the limited space for landfills. OUE C-REIT does not have direct control over the production of waste by tenants and visitors. Therefore focus is placed on

providing good waste management and recycling facilities as part of the Manager's efforts to reduce our environmental footprint. We recognise that there are opportunities for the functionality of the buildings we manage to contribute towards a more sustainable economy, where byproducts and materials are recycled or reused.

The Manager encourages the recycling and reuse of waste. Recycling bins are provided at most common areas for the recycling of glass, paper, metal, plastic, and other waste. The total amount of waste generated at the properties is sorted, collected, quantified and monitored. Monitoring is performed based on waste management reports received from external waste collectors.

Tenants are educated on the effective ways of sorting, diverting and recycling waste through periodic management circulars. Tenants are also encouraged to reuse paper or to minimise paper consumption by reducing printing or printing on both sides of every sheet of paper. Where possible, tenants are encouraged to use environmentally friendly or 100% recycled paper.

In 2017, the total weight of hazardous and non-hazardous waste generated at the two properties was 1,450 tonnes. Total waste sent for recycling amounted to 50 tonnes in 2017.

Notes:

- 4 Energy consumption excludes tenanted areas that are not within the operational control of OUE C-REIT
- ⁵ GHG emissions is derived based on the latest available Singapore's Grid Emission Factors published by the Energy Market Authority
- ⁶ Water consumption excludes tenanted areas that are not within the operational control of OUE C-REIT

GRI INDEX

GRI Standards (2016) Notes/Page number(s)		GRI Star	ndards (2016)	Notes/Page number(s)		
General Disclosures		General	Disclosures			
Organis	ational Profile		Stakeho	lder Engagement		
102-1	Name of the organisation	OUE Commercial Real Estate Investment Trust ("OUE C-REIT")	102-40	List of stakeholder groups	Assessing Materiality with Our Stakeholders in Mind, Engaging with Our Stakeholders, page 72	
102-2	Activities, brands, products, and services	Manager's Report, pages 29 - 35 Properties At A Glance, pages 4 - 5 Portfolio Overview, pages 38 - 49	102-41	Collective bargaining agreements	None of our employees are covered by collective bargaining agreements	
102-3	Location of headquarter	Corporate Information (inside back page of annual report)	102-42	Identifying and selecting stakeholders	Assessing Materiality with Our Stakeholders in Mind, Engaging with Our Stakeholders, page 72	
102-4	Location of operations	Corporate Profile, page 1 Properties At A Glance, page 4 Portfolio Overview, pages 38, 42, 46	102-43	Approach to stakeholder engagement	Assessing Materiality with Our Stakeholders in Mind, Engaging	
102-5	Ownership and legal form	Structure of OUE C-REIT, page 6			with Our Stakeholders, page 72	
102-6	Markets served	Corporate Profile, page 1 Manager's Report, pages 30 - 31 Portfolio Overview, pages 38, 42, 46	102-44	Key topics and concerns raised	OUE C-REIT has not disclosed the key topics and concerns that have been raised through stakeholder engagement and	
102-7	Scale of the organisation	Manager's Report, pages 29 - 35 Portfolio Overview, pages 38 - 49			may do so in future periods.	
102-8	Information on		Reportin	ng Practice		
102-8	employees and other workers	Workforce, Talent Retention, pages 75 - 76	102-45	Entities included in the consolidated financial	Financial Statements, page 100	
		There is no significant variation in employment numbers during the reporting period.	102-46	Defining report content and topic Boundaries	About this Report, Reporting Scope, pages 71 - 72	
102-9	Supply chain	Supply chain is minimal and not significant to report on.	102-47	List of material topics	Assessing Materiality with	
102-10	Significant changes to organisation and its	There is no significant change to the organisation and its supply			Our Stakeholders in Mind, Materiality Assessment, page 73	
	supply chain	chain during the reporting period.	102-48	Restatements of information	Not applicable	
102-11	Precautionary principle or approach	OUE C-REIT does not specifically address the principles of the Precautionary approach.	102-49	Changes in reporting	Not applicable	
102-12	External initiatives	Tripartite Alliance for Fair and	102-50	Reporting period	1 January 2017 – 31 December 2017	
		Progressive Employment Practices	102-51	Date of most recent report	Not applicable	
102-13	Membership of associations	REIT Association of Singapore	102-52	Reporting cycle	Annual	
Strategy	,		102-53	Contact point for questions regarding the report	About this Report, Feedback, page 72	
102-14	Statement from senior decision-maker	Board Statement, page 70	102-54	Claims of reporting in accordance with	About this Report, Reporting Standard, page 72	
Ethics a	nd Integrity			GRI Standards		
102-16	Values, principles, standards, and norms	Who We Are, Maximising Operational Performance,	102-55	GRI content index	The GRI content index is laid out on pages 84 - 85	
	of behaviour	Opportunities from Sustainability, pages 70 - 71	102-56	External assurance	Not applicable	
Governance						
102-18	Governance structure	Who We Are, Maximising Operational Performance, Opportunities from				

GRI Star	ndards (2016)	Notes/Page number(s)
Manage	ment Approach	
103-1	Explanation of the material topic and its boundary The management approach and	Workforce, Workplace Health & Safety, page 74 Workforce, Talent Retention, pages 75 - 76 Workforce, Career Development, page 77
103-3	Evaluation of the management approach	Community, Customer Health & Safety, pages 78 - 79 Governance, Anti-corruption, page 80 Governance, Compliance with Local Laws and Regulations, page 80 Environment, Compliance with Environmental Laws and Regulations, page 81
Material	Topics	
Econom	ic Performance	
201-1	Direct economic value generated and distributed	Key Highlights, page 2 - 3 Manager's Report, page 29 Financial Statements, pages 104 - 117
Anti-cor	ruption	
205-3	Confirmed incidents of corruption and actions taken	Governance, Anti-corruption, page 80
Environ	mental Compliance	
307-1	Non-compliance with environmental laws and regulations	Environment, Compliance with Environmental Laws and Regulations, page 81
Employr	nent	
401-1	New employee hires and employee turnover	Workforce, Talent Retention, page 76
Occupat	tional Health and Safety	
403-2	Types of injury and rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities	Workforce, Workplace Health & Safety, page 74
Training	and Education	
404-3	Percentage of employees receiving regular performance and career development reviews	Workforce, Career Development, page 77
Custome	er Health and Safety	
416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	Community, Customer Health & Safety, page 78
Socioec	onomic Compliance	
419-1	Non-compliance with laws and regulations in the social and economic area	Governance, Compliance with Local Laws and Regulations, page 80

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 2017 ("FY2017") with specific reference to guidelines set out in the Code of Corporate Governance 2012 (the "Code"). The Manager is pleased to report that it has complied in all material aspects with the principles and guidelines set out in the Code, save for certain 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 wellqualified 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;
- 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 six Board meetings were held in FY2017. 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 or video conference where Directors are unable to be of OUE C-REIT. The newlyappointed Directors will also be briefed on the Manager's governance practices, including board processes, policies on disclosure of interests in securities, prohibitions on dealing

Attendance of Board and Board Committee Meetings

Name of Director	Number of me Board	etings attended ARC	in FY2017 NRC
Christopher James Williams	6	_	1
Ng Lak Chuan ¹	5	4	1
Carl Gabriel Florian Stubbe ²	3	2	1
Loh Lian Huat ³	6	5	
Jonathan Miles Foxall	3	_	_
Tan Shu Lin	6	_	_
Dr Lim Boh Soon ⁴	3	3	_
Usha Ranee Chandradas ⁵		_	_
Number of meetings held in FY2017	6	5	1

- ¹ Mr Ng Lak Chuan resigned as Independent Non-Executive Director of the Manager on 29 September 2017.
- ² Mr Carl Gabriel Florian Stubbe resigned as Independent Non-Executive Director of the Manager on 5 June 2017.
- Mr Loh Lian Huat was appointed as Lead Independent Director of the Manager on 29 September 2017.
- Dr Lim Boh Soon was appointed as Independent Non-Executive Director of the Manager on 5 June 2017.
- Ms Usha Ranee Chandradas was appointed as Independent Non-Executive Director of the Manager on 8 November 2017.

physically present at such meetings. Directors may raise questions and seek clarification through discussion forums with the Management in respect of significant matters passed via circular resolutions.

Board Orientation and Training

Upon their appointment to the Board, the newly-appointed Director will be given a formal letter which sets out the duties and obligations of a Director. In addition, the Manager will provide orientation programmes for newly-appointed Directors to familiarise them with the business, operations and financial performance

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 the SGX-ST on 27 January 2014 (the "Listing Date"). Save for Dr Lim Boh Soon and Ms Usha Ranee Chandradas, who were appointed as Independent Directors on 5 June 2017 and 8 November 2017, respectively, 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.

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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 relevant 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 judgment 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 dominates 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 Independence Requirements").

Under the Enhanced Independence 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.

For the purpose of the Enhanced Independence Requirements, the independent director is Ms Usha Ranee Chandradas.

Prior to 4 August 2017, Dr Lim Boh Soon was 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 Independence Requirements because he was an independent non-executive director on the board of Across Asia Limited ("Across Asia")⁶, a related corporation of Lanius Limited which was a substantial shareholder of OUE Limited (who is the sponsor (the "Sponsor") and a substantial unitholder of OUE C-REIT) and a substantial unitholder of OUE C-REIT⁷. The Manager is a whollyowned subsidiary of the Sponsor. Nonetheless, the Board had in its review taken the following into consideration:

- As a director of Across Asia, Dr Lim owed a fiduciary duty to Across Asia to act in its interest. Also, as Dr Lim was a non-executive director, he was not involved in the day-to-day management and operation of Across Asia.
- As an independent director of Across Asia, Dr Lim was not accustomed to act in accordance with the directions of Lanius Limited. Dr Lim also exercised independent judgment as a member of the audit committee of Across Asia.

⁶ Dr Lim resigned as a director of Across Asia on 4 August 2017.

Lamitosigned ded director of the Sponsor and a substantial unitholder of OUE C-REIT on 6 December 2017.

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- Lanius Limited did not make any payment to Dr Lim for his directorship on Across Asia.
- Across Asia did not operate in the same industry or business sector as OUE C-REIT.
- Dr Lim did not own any interest in Across Asia.

Based on the above, the Board was of the view that Dr Lim's role as an independent non-executive director of Across Asia should not interfere with his ability to exercise independent judgment and to act in the interests of all the unitholders of OUE C-REIT as a whole. Therefore, the Board had determined that Dr Lim should still be considered an independent Director. Nonetheless, Dr Lim resigned as a director of Across Asia on 4 August 2017.

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 Independence Requirements because he is obliged to act in accordance with the directions of the Sponsor 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 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 for his Gemdale directorship.

Based on the above, the Board is of the view that Mr Loh's appointment as the Sponsor's nominee director on Gemdale should not interfere with his ability to exercise independent judgment and act in the interests of all the unitholders of OUE C-REIT as a whole. Therefore, 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.

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

Board Composition

Board Member

Christopher James Williams	Chairman and Non-Independent Non-Executive Director		
Loh Lian Huat ⁸	Lead Independent Director		
Lim Boh Soon ⁹	Independent Director		
Usha Ranee Chandradas ¹⁰	Independent Director		
Jonathan Miles Foxall	Non-Independent Non-Executive Director		
Tan Shu Lin	Chief Executive Officer and Executive Director		

- 8 Mr Loh Lian Huat was appointed as Lead Independent Director of the Manager on 29 September 2017.
- ⁹ Dr Lim Boh Soon was appointed as Independent Non-Executive Director of the Manager on 5 June 2017.
- Ms Usha Ranee Chandradas was appointed as Independent Non-Executive Director of the Manager on 8 November 2017.

the Board has determined that Mr Loh should still be considered 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

the Manager's role vis-a-vis
OUE C-REIT, for effective decisionmaking. 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 customerbased experience or knowledge,

CORPORATE GOVERNANCE

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 16 to 21 of the Annual Report.

The Board is chaired by Mr Christopher James Williams, who is a non-independent nonexecutive 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 Loh Lian Huat, an Independent Director, is the Lead Independent Director. As the Lead Independent Director, Mr Loh Lian Huat 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 Dr Lim Boh Soon, Mr Christopher James Williams and Mr Loh Lian Huat. Dr Lim Boh Soon is the chairman of the NRC. The NRC met once in FY2017.

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, and 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 the existence of relationships 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 interest

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 are (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 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 FY2017, 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

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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) selfmanagement 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). on a named basis, 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 disclosure of the remuneration of each individual Director, the CEO and the top five executive officers on a named basis, whether in exact quantum or in bands of \$\$250,000, 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 nondisclosure of the remuneration whether in exact quantum or in bands of S\$250,000, of each individual Director, the CEO and top five executive officers, and the total remuneration paid to the top five key management personnel, 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 \$\$50,000 during FY2017. 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 FY2017.

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 Loh Lian Huat, Dr Lim Boh Soon
and Ms Usha Ranee Chandradas,
who are all independent Directors.
Mr Loh Lian Huat is the chairman of the
ARC and is also the Lead Independent
Director. All members of the ARC
have many years of management
level experience. The Board is of
the view that the ARC members are
appropriately qualified to discharge
their responsibilities. A total of five ARC
meetings were held in FY2017.

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

 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.

- 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 judgments 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.
- 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.
- 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.
- 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.
- 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 nonaudit 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.
- 11. Making recommendations to the Board on the proposals to the Unitholders on the appointment, reappointment 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

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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.

In the review of the financial statements, the ARC has discussed with the Management the accounting principles that were applied and their judgment of items that might affect the integrity of the financial statements. The ARC reviewed, amongst other matters, the key audit matter (Table 1) as reported by the external auditors for the financial year ended 31 December 2017.

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

The ARC has reviewed the nonaudit fees paid to the external auditors. The ARC has considered the nature and extent of the nonaudit 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 FY2017 was \$\$98,000. The ARC is satisfied that OUE C-REIT has complied with the requirements of Rules 712 and 716 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 24 April 2018. 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.

Key audit matter How the issue was addressed by the ARC Valuation of The ARC reviewed the outputs of the year-end investment properties valuation process of OUE C-REIT's investment properties and discussed the details of the valuation with the Management, focusing on significant changes in fair value measurements and key drivers of the changes. The ARC considered the findings of the external auditors, including their assessment of the appropriateness of valuation methodologies and the underlying key assumptions applied in the valuation of investment properties. The ARC was satisfied with the valuation process, the methodologies used and the valuation for investment properties as adopted as at

The details of the remuneration of the auditors of OUE C-REIT during FY2017 are as follows:

31 December 2017.

Breakdown of Audit and Non-Audit Services	Amount (S\$)			
Audit Services	297,000			
Non-Audit Services	98,000			

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 followup 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 2017 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 2017 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.

In carrying out its functions, OUE IA has adopted the Standards

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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 at least twice a year, to answer questions. More details on the Manager's investor relations activities and efforts are found on pages 68 to 69 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.

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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 104 to 171, in accordance with the limitations imposed on the investment and borrowing powers set out in the Trust Deed.

For and on behalf of the Trustee, DBS Trustee Limited

Jane Lim Puay Yuen Director

Singapore 5 March 2018

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 104 to 171 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 2017, 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 2017, in accordance with the recommendations of Statement of Recommended Accounting Practice 7 "Reporting Framework for Unit Trusts" issued by the Institute of Singapore Chartered Accountants and the provisions of the Trust Deed between DBS Trustee Limited and the Manager dated 10 October 2013 (as amended). At the date of this statement, there are reasonable grounds to believe that the Group and the Trust will be able to meet the respective financial obligations as and when they materialise.

For and on behalf of the Manager,
OUE Commercial REIT Management Pte. Ltd.

Tan Shu Lin *Executive Director*

Singapore 5 March 2018

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 2017, and the consolidated statement of total return, distribution statement, statement of movements in unitholders' funds and statement of cash flows of the Group and the statement of total return, distribution statement and statement of movements in unitholders' funds of the Trust for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 104 to 171.

In our opinion, the accompanying consolidated financial statements of the Group and the statement of financial position, portfolio statement, statement of total return, distribution statement and statement of movements in unitholders' funds of the Trust present fairly, in all material respects, the financial position and portfolio holdings of the Group and the Trust as at 31 December 2017 and the consolidated total return, consolidated distributable income, consolidated movements in unitholders' funds and consolidated cash flows of the Group and the total return, distributable income and movements in unitholders' funds of the Trust for the year then ended on that date in accordance with the recommendations of Statement of Recommended Accounting Practice 7 Reporting Framework for Unit Trusts ("RAP 7") issued by the Institute of Singapore Chartered Accountants.

Basis for opinion

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

Key audit matters

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

ANNUAL REPORT 2017

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 \$3.5 billion as at 31 December 2017. 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 contained in the annual report. Other information is defined as all information in the annual report other than the financial statements and our auditors' report thereon.

We have obtained all other information prior to the date of this auditors' report except for the Statistics of Unitholdings ("the Report") which is expected to be made available to us after that date.

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

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

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

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

INDEPENDENT AUDITORS' REPORT

Responsibilities of the Manager for the financial statements

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

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

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

Auditors' responsibilities for the audit of the financial statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.
- Obtain an understanding of internal controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Manager.
- Conclude on the appropriateness of the Manager's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

The engagement partner on the audit resulting in this independent auditors' report is Koh Wei Peng.

KPMG LLP

Public Accountants and Chartered Accountants

Singapore 5 March 2018

STATEMENTS OF FINANCIAL POSITION

AS AT 31 DECEMBER 2017

		Group Trust			
	Note	2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000
Non-current assets					
Plant and equipment		512	486	_	_
Investment properties	4	3,515,148	3,408,535	1,153,000	1,146,000
Intangible asset	5	4,751	9,203	4,751	9,203
Investments in subsidiaries	6	_	_	1,376,992	1,400,935
Trade and other receivables	7	290	309	_	_
Financial derivatives	8	_	315	_	288
		3,520,701	3,418,848	2,534,743	2,556,426
Current assets					
Trade and other receivables	7	12,555	11,302	2,919	2,820
Cash and cash equivalents	9	40,314	29,278	19,948	3,107
		52,869	40,580	22,867	5,927
Total assets	-	3,573,570	3,459,428	2,557,610	2,562,353
Non-current liabilities					
Borrowings	10	748,319	961,949	720,893	636,553
Trade and other payables	11	38,489	39,196	12,186	12,084
Financial derivatives	8	10,705	7,747	9,754	6,440
Deferred tax liabilities	12	84,152	66,267	_	-
Deferred tax habitates		881,665	1,075,159	742,833	655,077
Current liabilities	-	331,333	2/0/0/200	,,	000,0
Borrowings	10	514,016	341,796	198,783	341,796
Trade and other payables	11	157,268	57,590	116,177	16,319
Financial derivatives	8	487	43	166	43
Current tax liabilities		16,052	15,962	_	_
Carrett tax tiabilities		687,823	415,391	315,126	358,158
Total liabilities		1,569,488	1,490,550	1,057,959	1,013,235
Net assets		2,004,082	1,968,878	1,499,651	1,549,118
Represented by:					
Unitholders' funds		1,407,285	1,206,751	1,137,760	1,018,353
Convertible Perpetual Preferred Units ("CPPU") holder's funds	13	361,891	530,765	361,891	530,765
		1,769,176	1,737,516	1,499,651	1,549,118
Non-controlling interests		234,906	231,362	_	_
-		2,004,082	1,968,878	1,499,651	1,549,118
Units in issue and to be issued ('000)	14	1,546,769	1,302,598	1,546,769	1,302,598
Net asset value per Unit (\$)	15	0.91	0.93	0.74	0.78
, , , , , , , , , , , , , , , , , , ,		0.02	0.50	<u> </u>	J J

STATEMENTS OF TOTAL RETURN

YEAR ENDED 31 DECEMBER 2017

		G	roup	Trust		
	Note	2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000	
Revenue	16	176,297	177,809	95,893	109,642	
Property operating expenses	17	(38,111)	(39,178)	(11,471)	(12,806)	
Net property income		138,186	138,631	84,422	96,836	
Other income	18	3,312	2,552	3,312	2,552	
Amortisation of intangible asset	5	(4,452)	(4,471)	(4,452)	(4,471)	
Manager's management fees	19	(9,593)	(12,141)	(9,593)	(12,141)	
Trustee's fee		(557)	(551)	(557)	(551)	
Other expenses		(1,692)	(1,404)	(1,069)	(707)	
Finance income		5,997	6,135	4,013	6,227	
Finance costs		(49,077)	(62,178)	(36,228)	(46,630)	
Net finance costs	20	(43,080)	(56,043)	(32,215)	(40,403)	
Net income		82,124	66,573	39,848	41,115	
Net change in fair value of investment properties	4	101,617	25,495	6,740	(229)	
Total return for the year before tax	21	183,741	92,068	46,588	40,886	
Tax expense	22	(36,058)	(21,823)			
Total return for the year	-	147,683	70,245	46,588	40,886	
Total return attributable to:						
Unitholders and CPPU holder		136,310	61,998	46,588	40,886	
Non-controlling interests		11,373	8,247	_		
		147,683	70,245	46,588	40,886	
Earnings per Unit (cents)						
Basic	23	8.78	4.37			
Diluted	23	6.43	3.17			

DISTRIBUTION STATEMENTS

YEAR ENDED 31 DECEMBER 2017

	Group		Trust	
	2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000
Amount available for distribution to Unitholders at beginning of the year	32,783	30,765	32,783	30,765
Total return for the year attributable to Unitholders and CPPU holder	136,310	61,998	46,588	40,886
Less: Amount reserved for distribution to CPPU holder	(5,311)	(5,500)	(5,311)	(5,500)
Distribution adjustments (Note A)	(61,049)	10,919	28,673	32,031
Amount available for distribution to Unitholders for the current year (Note B)	69,950	67,417	69,950	67,417
Distributions to Unitholders:				
- 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)
- Distribution of 2.50 cents per Unit for the period from 1/7/2016 to 31/12/2016	(32,565)	_	(32,565)	_
- Distribution of 1.00 cents per Unit for the period from 1/1/2017 to 16/3/2017	(13,026)	_	(13,026)	_
- Distribution of 1.38 cents per Unit for the period from 16/3/2017 to 30/6/2017	(21,269)	_	(21,269)	_
	(66,860)	(65,399)	(66,860)	(65,399)
Amount available for distribution to Unitholders at the end of the year	35,873	32,783	35,873	32,783
Distribution per Unit (DPU) (cents)	4.67	5.18	4.67	5.18

NOTE A - DISTRIBUTION ADJUSTMENTS

	Group		Trust	
	2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000
Net change in fair value of investment properties	(101,617)	(25,495)	(6,740)	229
Amortisation of intangible asset	4,452	4,471	4,452	4,471
Amortisation of debt establishment costs	6,769	10,383	4,972	8,331
Net change in fair value of financial derivatives	2,326	(6,001)	2,326	(6,227)
Ineffective portion of changes in fair value of cash flow hedges	(5,310)	2,209	(3,811)	2,020
Hedging reserve transferred from unitholders' funds due to discontinuation of hedge accounting	714	10,915	433	8,811
Manager's management fees paid/payable in Units	7,674	8,899	7,674	8,899
Trustee's fee	557	551	557	551
Foreign exchange differences	234	451	32	3
Deferred tax expense	18,840	7,964	_	_
Straight-lining of lease incentives	(16)	(3,212)	_	_
Transfer to statutory reserve	(1,492)	(1,302)	_	_
Net income of subsidiaries not distributed to the Trust	_	_	18,438	4,410
Other items	5,820	1,086	340	533
Distribution adjustments	(61,049)	10,919	28,673	32,031

NOTE B - AMOUNT AVAILABLE FOR DISTRIBUTION TO UNITHOLDERS

	Gro	up and Trust
	2017 \$'000	2016 \$'000
Comprises:		
- From operations	27,999	29,336
- From tax exempt income	26,580	25,517
- From Unitholders' contribution	15,371	12,564
	69,950	67,417

STATEMENTS OF MOVEMENTS IN UNITHOLDERS' FUNDS

YEAR ENDED 31 DECEMBER 2017

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

	◆ —Attribu	utable to		Non-	
	Unitholders \$'000	CPPU holder \$'000	Total \$'000	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 interests	_	_	_	(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	10 504		10 EG 4	754	10.015
accounting	10,564		10,564	351 206	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 2017

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

	◄ Attribu	→ 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 decrease in net assets resulting from transactions with owners	(56,500)	(4,016)	(60,516)	
Hedging transactions				
Effective portion of change in fair value of cash flow hedges	(16,828)	_	(16,828)	
Hedging reserve transferred to statement of total return 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	

PORTFOLIO STATEMENTS

AS AT 31 DECEMBER 2017

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 (2016: 1 to 10 years). Subsequent renewals are negotiated with the respective lessees.

		◀	◄ Group —		
Location	Existing use	Carrying value at 31/12/2017 \$'000	Percentage of Unitholders' funds at 31/12/2017 %	Carrying value at 31/12/2016 \$'000	Percentage of Unitholders funds at 31/12/2016 %
50 Collyer Quay, OUE Bayfront, Singapore 049321	Commercial	1,153,000	82	1,146,000	95
60 Collyer Quay, OUE Tower, Singapore 049322					
62 Collyer Quay, OUE Link, Singapore 049325					
1 Raffles Place, One Raffles Place, Singapore 048616	Commercial	1,773,200	126	1,738,300	144
222 Huaihai Zhong Road,	Commercial	588,948	42	524,235	4
	Commercial	000,5 10		02 1,200	
Huangpu District, Shanghai, PRC 200021					
PRC 200021		Z 515 1 <i>1</i> 0	250	Z 100 5Z5	20/
PRC 200021		3,515,148	250 (107)	3,408,535	
PRC 200021		(1,511,066)	(107)	(1,439,657)	(119
PRC 200021		(1,511,066) 2,004,082	(107) 143	(1,439,657) 1,968,878	(119
PRC 200021		(1,511,066)	(107)	(1,439,657)	282 (119 163 (44 (19

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PORTFOLIO STATEMENTS

AS AT 31 DECEMBER 2017

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

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 1 to 10 years (2016: 2 to 10 years). Subsequent renewals are negotiated with the respective lessees.

		◀	Tr	ust —	-
Location	Existing use	Carrying value at 31/12/2017 \$'000	Percentage of Unitholders' funds at 31/12/2017 %	Carrying value at 31/12/2016 \$'000	Percentage of Unitholders' funds at 31/12/2016 %
50 Collyer Quay, OUE Bayfront, Singapore 049321	Commercial	1,153,000	101	1,146,000	113
60 Collyer Quay, OUE Tower, Singapore 049322					
62 Collyer Quay, OUE Link, Singapore 049325					
		1,153,000	101	1,146,000	113
		346,651	30	403,118	40
		1,499,651	131	1,549,118	153
		(361,891)	(31)	(530,765)	(53)
		1,137,760	100	1,018,353	100

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CONSOLIDATED STATEMENT OF CASH FLOWS

YEAR ENDED 31 DECEMBER 2017

	Group	
	2017 \$'000	2016 \$'000
Cash flows from operating activities		
Total return for the year	147,683	70,245
Adjustments for:		
Amortisation of intangible asset	4,452	4,471
Depreciation of plant and equipment	209	205
Finance costs	48,763	61,727
Finance income	(5,997)	(6,135)
Manager's fees paid/payable in Units	7,674	8,899
Net change in fair value of investment properties	(101,617)	(25,495)
Loss on disposal of plant and equipment	16	_
Tax expense	36,058	21,823
Operating income before working capital changes	137,241	135,740
Changes in working capital:		
Trade and other receivables	(1,241)	(644)
Trade and other payables	3,055	5,330
Cash generated from operating activities	139,055	140,426
Tax paid	(17,033)	(8,598)
Net cash from operating activities	122,022	131,828
Cash flows from investing activities		
Additions to plant and equipment	(245)	(31)
Payment for capital expenditure on investment properties	(19,873)	(1,386)
Interest received	687	134
Net cash used in investing activities	(19,431)	(1,283)

		C	Group
	Note	2017 \$'000	2016 \$'000
Cash flows from financing activities			
Distributions paid to Unitholders		(66,860)	(65,399)
Distributions paid to CPPU holder		(5,681)	(4,016)
Distributions paid to non-controlling interests		(7,600)	(10,000)
Interest paid		(37,478)	(38,124)
Proceeds from issue of Units		150,000	_
Proceeds from issue of Notes		150,000	_
Payment of transaction costs related to the issue of Units		(906)	_
Payment of transaction costs related to borrowings		(11,139)	_
Proceeds from borrowings		788,200	141,855
Redemption of CPPUs		(75,000)	_
Repayment of borrowings		(974,700)	(150,755)
Movement in restricted cash		_	1,719
Net cash used in financing activities	_	(91,164)	(124,720)
Net increase in cash and cash equivalents		11,427	5,825
Cash and cash equivalents at beginning of the year		29,278	24,149
Effect of exchange rate fluctuations on cash held		(391)	(696)
Cash and cash equivalents at end of the year	9	40,314	29,278

Significant non-cash transactions

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

Financial year ended 31 December 2017

• a total of 10,889,407 Units, amounting to \$7,674,000, were or would be issued to the Manager as satisfaction of the Manager's management fees for the financial year.

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.

YEAR ENDED 31 DECEMBER 2017

These notes form an integral part of the financial statements.

The financial statements were authorised for issue by the Manager and the Trustee on 5 March 2018.

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 2017, 80% (2016: 80%) of the management base fee payable were in the form of Units. There was no management performance fee payable in the form of Units in 2017 (2016: 50%).

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.

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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 judgments

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

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

Information about assumptions and estimation uncertainties that have the most significant effect on the amounts recognised in the financial statements is described in Note 4 – valuation of investment properties.

Measurement of fair values

A number of the Group's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.

The Group has an established process with respect to the measurement of fair values.

The Manager reviews significant unobservable inputs and valuation adjustments. If third party information is used to measure fair values, then the Manager assesses and documents the evidence obtained from the third parties to support the conclusion that such valuations meet the requirements of FRS, including the level in the fair value hierarchy in which such valuations should be classified.

Significant valuation issues are reported to the Audit and Risk Committee.

2 BASIS OF PREPARATION (CONT'D)

2.4 Use of estimates and judgments (cont'd)

Measurement of fair values (cont'd)

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

Level 1 : quoted prices (unadjusted) in active markets for identical assets or liabilities.

 Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

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

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

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

- Note 4 investment properties
- Note 25 financial risk management

2.5 Changes in accounting policy

Revised standards

The Group has applied the following amendments for the first time for the annual period beginning on 1 January 2017:

- Disclosure Initiative (Amendments to FRS 7);
- Recognition of Deferred Tax Assets for Unrealised Losses (Amendments to FRS 12); and
- Clarification of the scope of FRS 112 (Improvements to FRSs 2016).

Other than the amendments to FRS 7, the adoption of these amendments did not have any impact on the current or prior period and is not likely to affect future periods.

Disclosure Initiative (Amendments to FRS 7)

From 1 January 2017, as a result of the amendments to FRS 7, the Group has provided additional disclosure in relation to the changes in liabilities arising from financing activities for the year ended 31 December 2017. Comparative information has not been presented (see Note 10).

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3 SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied by the Group entities consistently to all the periods presented in these financial statements, except as explained in Note 2.5, which addresses changes in accounting policies.

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.

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NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2017

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.2 Foreign currencies (cont'd)

(i) Foreign currency transactions (cont'd)

Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are translated to the functional currency at the exchange rate at the date that the fair value was determined. Non-monetary items in a foreign currency that are measured in terms of historical cost are translated using the exchange rate at the date of the transaction. Foreign currency differences arising on translation are recognised in the statement of total return, except for differences arising from the 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.

(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.

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.3 Plant and equipment (cont'd)

(ii) Depreciation

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

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

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

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

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

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

3.4 Investment properties

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

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

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

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

3.5 Intangible 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.

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NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2017

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.5 Intangible asset (cont'd)

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.

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.

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.6 Financial instruments (cont'd)

(ii) Non-derivative financial liabilities (cont'd)

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 borrowings.

(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.

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3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.6 Financial instruments (cont'd)

(iii) Derivative financial instruments, including hedge accounting (cont'd)

Cash flow hedges (cont'd)

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.

3.7 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.

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.7 Impairment (cont'd)

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

Loans and receivables (cont'd)

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.

(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.

YEAR ENDED 31 DECEMBER 2017

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.9 Convertible perpetual preferred units

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

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

3.10 Revenue recognition

(i) Rental income

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

(ii) Service fee income

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

(iii) Car park income

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

(iv) Dividend income

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

3.11 Employee benefits

(i) Short term employee benefits

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

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

(ii) Defined contribution plans

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

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.12 Levies

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

3.13 Finance income and finance costs

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.

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3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.14 Tax (cont'd)

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

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

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

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

Tax Transparency Ruling

Pursuant to the Tax Transparency Ruling issued by 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;

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.14 Tax (cont'd)

Tax Transparency Ruling (cont'd)

A "Qualifying Unitholder" is a Unitholder who is:

- 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).

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.

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3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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.

4 INVESTMENT PROPERTIES

		Group		Trust		
	2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000		
At 1 January	3,408,535	3,403,178	1,146,000	1,146,000		
Capital expenditure capitalised	14,460	1,200	260	229		
Lease incentives	(19)	3,198	_	_		
Fair value changes recognised in the statement of total return (unrealised)	101,617	25,495	6,740	(229)		
Translation differences	(9,445)	(24,536)	_	_		
At 31 December	3,515,148	3,408,535	1,153,000	1,146,000		

As at 31 December 2017, investment properties with a carrying amount of \$1,741,948,000 (2016: \$1,670,235,000) 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. The fair values of OUE Bayfront, Lippo Plaza and One Raffles Place as at 31 December 2017 were based on independent valuations undertaken by Savills Valuation and Professional Services (S) Pte Ltd, CBRE Limited and Cushman & Wakefield VHS Pte Ltd, respectively. 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 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).

4 INVESTMENT PROPERTIES (CONT'D)

Measurement of fair value (cont'd)

(ii) Valuation techniques and significant unobservable inputs

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

Valuation techniques	Significant unobservable inputs	Country Singapore	China	Inter-relationship between key unobservable inputs and fair value measurement
Discounted cash flow method: The discounted cash flow method	Expected market rental growth rate	0.9% - 6.0% (2016: 0% - 6.5%)	4.5% (2016: 4.5%)	The estimated fair value would increase/ (decrease) if:
involves the estimation and projection of an	Discount rate	6.5% - 7.0% (2016: 7.0% - 9.0%)	6.9% (2016: 7.0% - 7.3%)	 expected market rental growth rate was
income stream over a period and discounting the income stream with an internal rate of return to arrive at the market value	Terminal yield rate	3.9% - 4.9% (2016: 3.9% - 4.9%)	3.8% - 4.3% (2016: 4.0% - 4.3%)	higher (lower); discount rate was lower (higher); terminal yield rate was lower (higher).
Capitalisation method: The capitalisation method capitalises an income stream into a present value using single-year capitalisation rate	Capitalisation rate	3.6% to 5.5% (2016: 3.6% 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)	\$2,458 - \$2,607 (2016: \$2,462 - \$2,932)	\$1,435 (2016: \$1,309)	The estimated fair value would increase/ (decrease) if the price psf was higher (lower).

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5 INTANGIBLE ASSET

	Group and Trust \$'000
Cost	
At 1 January 2016, 31 December 2016 and 31 December 2017	33,000
Amortisation and impairment loss	
At 1 January 2016	19,326
Amortisation for the year	4,471
At 31 December 2016	23,797
Amortisation for the year	4,452
At 31 December 2017	28,249
Carrying amount	
At 1 January 2016	13,674
At 31 December 2016	9,203
At 31 December 2017	4,751

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 \$3,312,000 (2016: \$2,552,000) under the Deed of Income Support during the financial year (Note 18). As at 31 December 2017, the Group and the Trust has drawn down \$22,074,000 (2016: \$18,762,000) under the Deed of Income Support.

6 INVESTMENTS IN SUBSIDIARIES

		Trust
	2017 \$'000	2016 \$'000
Equity investments at cost	1,376,992	1,400,935

The shares held by the Trust in certain subsidiaries with a carrying amount of \$1,138,854,000 (2016: \$1,138,854,000) are pledged as security to secure bank loans (see Note 10).

6 INVESTMENTS IN SUBSIDIARIES (CONT'D)

Details of the subsidiaries are as follows:

Name of subsidiaries	Principal place of business/ Country of incorporation			ership erest
	,		2017 %	2016 %
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
Triplan Pte Ltd ⁽⁴⁾	Singapore	Property development and investment	_	83.33
Eyton Pte Ltd (4)	Singapore	Property development	_	83.33
Chilatin Pte Ltd (4)	Singapore	Investment holding and property management	-	83.33
Ardenis Pte Ltd (4)	Singapore	Investment holding	_	54.17

 $^{^{\}scriptsize (1)}$ 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⁾ These subsidiaries were liquidated during the year.

YEAR ENDED 31 DECEMBER 2017

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		
		2017 %	2016 %	
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.

Revenue Profit and total comprehensive income Profit and total comprehensive income attributable to NCI	2017 \$'000 85,381 68,238 11,373	2016 \$'000 87,013 49,478 8,247
Profit and total comprehensive income	68,238	49,478
	· · · · · · · · · · · · · · · · · · ·	· · · · · · · · · · · · · · · · · · ·
Profit and total comprehensive income attributable to NCI	11,373	8,247
Front and total comprehensive income attributable to NCI		
Non-current assets	1,773,804	1,739,099
Current assets	11,929	10,965
Non-current liabilities	(32,548)	(329,838)
Current liabilities	(343,749)	(32,194)
Net assets	1,409,436	1,388,032
Net assets attributable to NCI	234,906	231,362
Cash flows from operating activities	50,706	63,746
Cash flows used in investing activities	(12,940)	(556)
Cash flows used in financing activities	(38,686)	(63,492)
Net decrease in cash and cash equivalents	(920)	(302)

7 TRADE AND OTHER RECEIVABLES

	C	Group		Trust		
	2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000		
Current						
Trade receivables from:						
- the Manager	_	9	_	9		
- other related parties	14	80	14	80		
- third parties	974	1,130	37	338		
	988	1,219	51	427		
Other receivables from:						
- subsidiaries	_	_	332	674		
- other related parties	1,881	1,091	1,881	1,091		
- third parties	8,502	7,093	97	73		
	10,383	8,184	2,310	1,838		
Deposits	544	544	519	518		
	11,915	9,947	2,880	2,783		
Prepayments	640	1,355	39	37		
	12,555	11,302	2,919	2,820		
Non-current						
Prepayments	290	309	_			

Included in other receivables from related parties of the Group and the Trust is income support receivable on OUE Bayfront of \$1,881,000 (2016: \$1,091,000) (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:

	Gi	oup	Trust		
	2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000	
Not past due	477	703	51	341	
Past due 0 – 30 days	212	377	_	32	
Past due 31 – 90 days	209	120	_	54	
Past due over 90 days	90	19	-	_	
	988	1,219	51	427	

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

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8 FINANCIAL DERIVATIVES

	Group		Trust		
	2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000	
Derivative assets					
Interest rate swaps used for hedging					
- Non-current	_	315	_	288	
Derivative liabilities					
Interest rate swaps used for hedging					
- Current	(487)	(43)	(166)	(43)	
- Non-current	(10,705)	(7,747)	(9,754)	(6,440)	
	(11,192)	(7,790)	(9,920)	(6,483)	
	(11,192)	(7,475)	(9,920)	(6,195)	
Financial derivatives as a percentage of net assets	(0.6%)	(0.4%)	(0.7%)	(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 \$930.0 million (2016: \$1,050.0 million), of which \$50.0 million (2016: \$50.0 million) relates to forward start interest rate swaps which will be effective in 2018 (2016: 2018). The Trust has interest rate swap contracts with a total notional amount of \$700.0 million (2016: \$820.0 million). The interest rate swap contracts have tenors of between 4 months to 5 years (2016: 4 months to 5 years). Under the contracts, the Group and the Trust pay fixed interest rates of 1.21% to 2.55% (2016: 0.85% 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.

8 FINANCIAL DERIVATIVES (CONT'D)

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

	Gross amounts of recognised financial instruments \$'000	Gross amounts of recognised financial instruments offset in the statement of financial position \$'000	Net amounts of financial instruments included in the statement of financial position \$'000	Related financial instruments that are not offset \$'000	Net amount \$'000
Group					
31 December 2017 Derivatives liabilities Interest rate swaps used for hedging	(11,192)	_	(11,192)	_	(11,192)
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 2017 Derivatives liabilities Interest rate swaps used for hedging	(9,920)	_	(9,920)	_	(9,920)
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)

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9 CASH AND CASH EQUIVALENTS

	Gı	roup	Trust		
	2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000	
Cash at bank	10,134	14,227	2,112	3,107	
Short-term deposits with financial institutions	30,180	15,051	17,836	_	
	40,314	29,278	19,948	3,107	

10 BORROWINGS

		Group	Т	rust
	2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000
Bank loans				
- Secured	1,103,974	1,310,509	760,000	982,000
- Unsecured	19,500	_	19,500	_
Unsecured notes	150,000	_	_	_
Loan from a subsidiary	_	_	150,000	_
Less: Unamortised transaction costs	(11,139)	(6,764)	(9,824)	(3,651)
	1,262,335	1,303,745	919,676	978,349
Classified as:				
Current	514,016	341,796	198,783	341,796
Non-current	748,319	961,949	720,893	636,553
	1,262,335	1,303,745	919,676	978,349

Terms and debt repayment schedule

Terms and conditions of outstanding borrowings are as follows:

			(Group	٦	Trust
	Nominal interest rate %	Year of maturity	Face value \$'000	Carrying amount \$'000	Face value \$'000	Carrying amount \$'000
2017						
Bank loans						
- SGD	0.80 - 2.62	2018 - 2022	1,094,000	1,083,497	779,500	770,304
- Chinese Renminbi	4.90	2024	29,474	29,466	_	
Unsecured notes	3.03	2020	150,000	149,372	_	_
Loan from a subsidiary	3.03	2020	_	_	150,000	149,372
			1,273,474	1,262,335	929,500	919,676
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

10 BORROWINGS (CONT'D)

(a) Secured bank loans

The Group has secured term loans and revolving credit facilities of 3 to 8 years (2016: 3 to 8 years) which are secured on the following:

- investment properties with a total carrying amount of \$1,741,948,000 (2016: \$1,670,235,000) (Note 4);
- assignment of insurance policies on the above investment properties;
- assignment of all rights, titles, benefits and interests in connection with the sale and tenancy agreements, tenancy deposits/proceeds, sales deposits/proceeds, property management agreements and the receivables of certain properties;
- assignment of all rights, titles, benefits and interests in connection with the Deed of Income Support over OUE Bayfront;
- a debenture incorporating a fixed charge over book debt, charged accounts, goodwill, intellectual property and plant and machinery in connection with OUE Bayfront and floating charge over generally all of the present and future assets of the Trust in connection with OUE Bayfront;
- 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.

(b) Unsecured bank loan

At 31 December 2017, the Group has drawn \$19.5 million (2016: \$Nil) on the uncommitted revolving credit facility with a bank, which is repayable on demand.

(c) Unsecured notes

In 2015, the Trust, through its wholly-owned subsidiary, OUE CT Treasury Pte. Ltd., established a \$1.5 billion Multicurrency Debt Issuance Programme (the "Programme"). Under the Programme, OUE CT Treasury Pte. Ltd. may from time to time issue notes and/or perpetual securities in series or tranches.

The unsecured notes outstanding as at 31 December 2017 under the Programme is \$150.0 million (2016: \$Nil). The unsecured notes has a fixed rate of 3.03% per annum payable semi-annually in arrears, fully repayable on 5 September 2020.

The unsecured notes and the coupons relating thereto of all series will constitute direct, unconditional, unsubordinated and unsecured obligations of OUE CT Treasury Pte. Ltd. and shall at all times rank pari passu, without any preference or priority among themselves, and pari passu with all other present and future unsecured obligations (other than the subordinated obligations and priorities created by law) of OUE CT Treasury Pte. Ltd.. All sums payable in respect of the unsecured notes will be unconditionally and irrevocably guaranteed by the Trustee.

(d) Loan from a subsidiary

OUE CT Treasury Pte. Ltd. has on-lent the proceeds from the issuance of the notes to the Trust.

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10 BORROWINGS (CONT'D)

Reconciliation of movements of liabilities to cash flows arising from financing activities

	Liabili	ities	Derivative (a held to hed borre		
	Borrowings \$'000	Accrued interest payable \$'000	Interest rate swap used for hedging – assets \$'000	Interest rate swap used for hedging – liabilities \$'000	Total \$'000
Balance at 1 January 2017	1,303,745	5,617	(315)	7,790	1,316,837
Changes from financing cash flows					
Proceeds from issue of unsecured notes	150,000	_	_	_	150,000
Payment of transaction costs related to borrowings	(11,139)	_	_	_	(11,139)
Proceeds from bank loans	788,200	_		_	788,200
Repayment of bank loans	(974,700)	_	_	_	(974,700)
Interest paid	_	(37,478)		_	(37,478)
Total changes from financing cash flows	(47,639)	(37,478)	_	_	(85,117)
The effect of changes in foreign					
exchange rates	(540)	(2)	_	_	(542)
Change in fair value		_	315	3,402	3,717
Other changes					
Liability-related					
Amortisation of debt establishment costs	6,769		_	_	6,769
Interest expense		38,954	-		38,954
Total liability-related other changes	6,769	38,954	_		45,723
Balance at 31 December 2017	1,262,335	7,091	_	11,192	1,280,618

11 TRADE AND OTHER PAYABLES

	Group		Trust	
	2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000
Current				
Trade payables	2,992	4,486	598	299
Other payables due to:				
- subsidiaries	_	_	238	537
- related parties	101,194	2,275	101,194	2,275
- third parties	7,257	9,602	673	717
Advance rental received	4,264	2,984	824	545
Accrued expenses	18,707	17,082	4,646	4,266
Interest payable to:				
- a subsidiary	_	_	1,469	_
- third parties	7,091	5,617	4,132	4,154
Rental deposits				
- related parties	442	298	442	298
- third parties	13,828	13,657	1,443	2,665
Other deposits				
- related parties	57	35	38	35
- third parties	1,436	1,554	480	528
	157,268	57,590	116,177	16,319
Non-current				
Rental deposits				
- related parties	1,149	1,480	978	1,480
- third parties	37,340	37,716	11,208	10,604
	38,489	39,196	12,186	12,084

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

Included in other payables due to related parties is an amount payable to Clifford Development Pte. Ltd. (a wholly-owned subsidiary of OUE) of \$100,504,000 (2016: \$Nil), arising from the issuance of the irrevocable redemption notice on 1 December 2017 to redeem 100,000,000 CPPUs.

Included in other payables due to third parties are payables for capital expenditure of \$Nil (2016: \$4.5 million).

Included in accrued expenses is property tax payable of \$3.1 million (2016: \$4.1 million) on a property relating to prior years. Where such amounts are not required to be paid, they will be refunded to the vendor of the property.

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12 DEFERRED TAX LIABILITIES

Deferred tax liabilities are attributable to the following:

	Group		Trust	
	2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000
Investment properties	75,677	59,929	_	_
Plant and equipment	7,032	5,269	_	_
Other items	1,443	1,069		_
	84,152	66,267	_	_

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
2017				
At 1 January 2017	59,929	5,269	1,069	66,267
Recognised in statement of total return (Note 22)	16,588	1,858	394	18,840
Exchange differences	(840)	(95)	(20)	(955)
At 31 December 2017	75,677	7,032	1,443	84,152
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

13 CONVERTIBLE PERPETUAL PREFERRED UNITS

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

- the CPPU holder has the right to receive preferential non-cumulative distribution of an amount equivalent to 1.0% per annum of the issue price which may be declared by the Manager at its sole discretion;
- any preferential distribution or part thereof not due or payable shall not accumulate for the benefit of the CPPU holder or entitle the CPPU holder to any claim in respect thereof against the Trust, the Trustee and/ or the Manager;
- the CPPUs rank senior to the Units in respect of the entitlement to participate in the distributions of the Trust and rank senior to the Units in respect of the entitlement to receive out of the assets of the Trust the amount equivalent to the number of CPPUs held by the CPPU holder multiplied by the issue price and outstanding preferred and special preferred distribution upon the liquidation of the Trust. The CPPUs rank junior to the claims of all other present and future creditors of the Trust;
- the CPPU holder has the sole right to convert the CPPUs into Units, provided that the number of CPPUs converted in each financial year shall not exceed one-third of the total number of CPPUs initially issued to the CPPU holder, at a conversion price of \$0.841 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.

On 2 November 2017, there was a partial redemption of 75.0 million CPPUs at \$1.00 per Unit.

On 1 December 2017, the Manager issued an irrevocable redemption notice to redeem 100.0 million CPPUs on 2 January 2018 at \$1.00 per Unit.

The CPPUs are classified as equity instruments in the statement of financial position. The \$361,891,000 (2016: \$530,765,000) presented in the statement of financial position represents the carrying value of the remaining 375.0 million CPPUs and the total return attributable to the CPPU holder from the last distribution date.

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14 UNITS IN ISSUE AND TO BE ISSUED

	Grou	Group and Trust		
	2017 \$'000	2016 \$'000		
Units in issue				
At 1 January	1,297,832	1,285,799		
Creation of Units:				
- Private placement	233,282	_		
- Manager's management fees paid in Units	12,899	12,033		
At 31 December	1,544,013	1,297,832		
Units to be issued				
Manager's management fees payable in Units	2,756	4,766		
Units in issue and to be issued	1,546,769	1,302,598		

Financial year ended 31 December 2017

During the financial year, the following Units were issued:

- 12,899,421 Units were issued at \$\$0.69 to \$\$0.71 per Unit, amounting to \$\$8,960,000, as satisfaction of the Manager's management fees payable in Units; and
- 233,281,400 Units were issued at \$\$0.643 per Unit amounting to \$\$150,000,000 pursuant to the private placement completed in March 2017.

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.

Each Unit in the Trust represents an undivided interest in the Trust.

A Unitholder has no equitable or proprietary interest in the underlying asset of the Group and is not entitled to the transfer to it of any asset (or any part thereof) or of any real estate, any interests in any asset and the real estate-related assets (or any part thereof) of the Group.

A Unitholder's liability is limited to the amount paid or payable for any Units. The provisions of the Trust Deed provide that no Unitholders will be personally liable to indemnify the Trustee or any creditor of the Trustee in the event that liabilities of the Trust exceed its assets.

15 NET ASSET VALUE PER UNIT

		Group Trust			Trust
	Note	2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000
Net asset value per Unit is based on: - Net assets attributable to Unitholders					
(\$'000)		1,407,285	1,206,751	1,137,760	1,018,353
- Units in issue and to be issued at 31 December ('000)	14	1,546,769	1,302,598	1,546,769	1,302,598

16 REVENUE

	Group		Trust	
	2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000
Rental income	152,471	152,381	47,526	48,353
Service fee income	14,215	14,001	6,162	6,095
Carpark income	3,661	3,428	1,501	1,576
Dividend income	_	_	37,995	49,976
Others	6,149	8,623	2,709	3,642
Less: Business and other taxes	(199)	(624)	_	_
	176,297	177,809	95,893	109,642

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 \$662,000 (2016: \$751,000) and \$106,000 (2016: \$111,000) recognised in the statement of total return for the Group and the Trust, respectively.

Included in the revenue of the Group and the Trust are amounts derived from related parties of \$6,565,000 (2016: \$7,114,000) and \$6,199,000 (2016: \$7,093,000), respectively.

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YEAR ENDED 31 DECEMBER 2017

17 PROPERTY OPERATING EXPENSES

	Group		Trust	
	2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000
Property maintenance expenses	10,228	8,958	3,138	3,310
Property management fees	2,387	2,432	2,387	2,432
Property-related taxes	16,161	17,332	4,616	5,672
Insurance	297	339	92	94
Utilities	2,656	3,082	979	1,065
Centre management costs	4,700	4,620	_	_
Others	1,682	2,415	259	233
	38,111	39,178	11,471	12,806
Centre management costs comprise:				
Salaries, bonuses and other costs	4,186	4,102	_	_
Contributions to defined contribution plans	514	518	_	_
	4,700	4,620	_	_

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

18 OTHER INCOME

		Gro	oup and Trust
	Note	2017 \$'000	2016 \$'000
Income support on OUE Bayfront	5	3,312	2,552

19 MANAGER'S MANAGEMENT FEES

	Group	and Trust
	2017 \$′000	2016 \$'000
Base fee	9,593	9,427
Performance fee	_	2,714
	9,593	12,141

The Manager's management fees comprise an aggregate of 10,889,407 (2016: 13,146,631) Units, amounting to approximately \$7,674,000 (2016: \$8,899,000), 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 \$0.69 to \$0.72 (2016: \$0.65 to \$0.70) per Unit.

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20 NET FINANCE COSTS

	G	roup	Trust	
	2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000
Finance income				
Interest income	687	134	202	_
Ineffective portion of changes in fair value of cash flow hedges	5,310	_	3,811	_
Net change in fair value of derivatives	_	6,001	_	6,227
	5,997	6,135	4,013	6,227
Finance costs				
Amortisation of debt-related transaction costs	(6,769)	(10,383)	(4,972)	(8,331)
Interest payable to a subsidiary	_	_	(1,469)	_
Interest paid/payable to banks	(38,954)	(38,220)	(26,925)	(27,465)
Ineffective portion of changes in fair value of cash flow hedges	_	(2,209)	_	(2,020)
Net change in fair value of derivatives	(2,326)	_	(2,326)	_
Hedging reserve transferred from unitholders' funds due to discontinuation of hedge				
accounting	(714)	(10,915)	(433)	(8,811)
Net foreign exchange losses	(314)	(451)	(103)	(3)
	(49,077)	(62,178)	(36,228)	(46,630)
Net finance costs	(43,080)	(56,043)	(32,215)	(40,403)

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	
	2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000
Total interest income on financial assets	687	134	202	_
Total interest expense on financial liabilities	(35,145)	(40,021)	(24,751)	(28,787)

21 TOTAL RETURN FOR THE YEAR BEFORE TAX

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

	Group			Trust
	2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000
Audit fees paid to:				
- Auditors of the Trust	240	252	147	159
- Other auditors	57	58	_	_
Non-audit fees paid to:				
- Auditors of the Trust	92	71	76	67
- Other auditors	6	6	_	_
Valuation fees	56	71	16	25

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22 TAX EXPENSE

	G	roup	Tr	Trust	
	2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000	
Current tax expense					
Current year	14,403	12,875	_	_	
Under/(Over) provision in respect of prior years	1,472	(188)	_	_	
	15,875	12,687	_	_	
Withholding tax	1,343	1,172	_	_	
Deferred tax expense					
Origination and reversal of temporary differences	21,085	7,964	_	_	
Over provision in respect of prior years	(2,245)	_	_	_	
	18,840	7,964	_	_	
	36,058	21,823	_		
Reconciliation of effective tax rate					
Total return for the year before tax	183,741	92,068	46,588	40,886	
Tax calculated using Singapore tax rate of					
17% (2016: 17%)	31,236	15,652	7,920	6,951	
Effect of tax rates in foreign jurisdictions	7,842	3,460	_	_	
Non-tax deductible items	6,888	9,248	5,080	7,591	
Non-taxable items	(5,695)	(2,491)	(1,794)	(1,059)	
Tax exempt income	(26)	(23)	(6,459)	(8,496)	
Tax incentives	(10)	(20)	_	_	
Over provision in respect of prior years	(773)	(188)	_	_	
Tax transparency (Note 3.14)	(4,747)	(4,987)	(4,747)	(4,987)	
Withholding tax	1,343	1,172	_		
_	36,058	21,823		_	

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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

	Gi	roup
	2017 \$'000	2016 \$'000
Total return for the year attributable to Unitholders and CPPU holder	136,310	61,998
Less: Amount reserved for distribution to CPPU holder	(5,311)	(5,500)
Total return attributable to Unitholders	130,999	56,498

Weighted average number of Units

		Group
	2017 ′000	2016 ′000
Units issued or to be issued at beginning of the year	1,302,598	1,289,452
Effect of Units issued during the year	189,452	4,275
Effect of Units to be issued as payment of the Manager's management fees payable in Units	7	13
Weighted average number of Units during the year	1,492,057	1,293,740

(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		
	2017 \$'000	2016 \$'000	
Total return attributable to Unitholders (basic)	130,999	56,498	
Add: Amount reserved for distribution to CPPU holder	5,311	5,500	
Total return attributable to Unitholders and CPPU holder (diluted)	136,310	61,998	
Weighted average number of Units (diluted)			

		Group
	2017 ′000	2016 ′000
Weighted average number of Units (basic)	1,492,057	1,293,740
Effect of the Manager's management fees payable in Units	6,777	8,858
Effect of conversion of CPPUs into Units (1)	621,651	653,984
Weighted average number of Units (diluted)	2,120,485	1,956,582

 $^{^{} ext{(1)}}$ Assume conversion of the CPPUs at the conversion price of \$0.841 per CPPU.

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24 OPERATING SEGMENTS

The Group has two reportable segments, which are Singapore and China. The reporting segments operate in different countries and are managed separately because of the differences in operating and regulatory environment. For each of the reporting segments, the Board of Directors of the Manager 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 2017			
Revenue	143,279	33,018	176,297
Property operating expenses	(31,605)	(6,506)	(38,111)
Reportable segment net property income	111,674	26,512	138,186
Other income	3,312	_	3,312
Depreciation and amortisation	(4,643)	(18)	(4,661)
Finance income	5,512	459	5,971
Finance costs	(47,400)	(1,376)	(48,776)
Unallocated items			
- Finance income			26
- Finance costs			(301)
- Expenses		_	(11,633)
Net income			82,124
Net change in fair value of investment properties			101,617
Tax expense		_	(36,058)
Total return for the year		_	147,683
31 December 2017			
Non-current assets (1)	2,931,555	589,146	3,520,701

⁽¹⁾ Excluding financial assets

24 OPERATING SEGMENTS (CONT'D)

Information about reportable segments (cont'd)

	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 FINANCIAL RISK MANAGEMENT

Risk management framework

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

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

Overview

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

- credit risk
- liquidity risk
- market risk

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

NOTES TO THE FINANCIAL STATEMENTS

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25 FINANCIAL RISK MANAGEMENT (CONT'D)

Credit risk

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

Credit evaluations are performed before lease agreements are entered into with prospective tenants. Rental deposits are obtained, where appropriate, to mitigate credit risk. In addition, the Manager monitors closely the balances due from its tenants.

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 short-term 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 \$930.0 million (2016: \$1,050.0 million), of which \$50.0 million (2016: \$50.0 million) relate to forward start interest rate swaps which will be effective in 2018 (2016: 2018). The Trust has interest rate swap contracts with a total notional amount of \$700.0 million (2016: \$820.0 million).

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.

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 2017, the Group maintains term loans and revolving credit facilities of \$1,289.5 million (2016: \$1,390.0 million) with banks. At the reporting date, \$1,123.5 million (2016: \$1,310.5 million) of the facilities was utilised.

In September 2017, unsecured notes of \$150.0 million (2016: \$Nil) was issued through OUE CT Treasury Pte. Ltd..

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

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25 FINANCIAL RISK MANAGEMENT (CONT'D)

Liquidity risk (cont'd)

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

			← 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						
2017						
Non-derivative financial liabilities						
Trade and other payables*	191,493	(191,493)	(153,004)	(34,200)	(4,289)	
Borrowings	1,262,335	(1,367,529)	(545,573)	(801,555)	(20,401)	
	1,453,828	(1,559,022)	(698,577)	(835,755)	(24,690)	
Derivative financial instruments Interest rate swaps						
used for hedging (net-settled)	11,192	(11,232)	(6,741)	(4,491)		
	_1,465,020	(1,570,254)	(705,318)	(840,246)	(24,690)	
2016						
Non-derivative financial liabilities						
Trade and other payables*	93,802	(93,802)	(54,606)	(36,245)	(2,951)	
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) Interest rate swaps	(315)	279	(603)	882	_	
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)	

^{*} Excluding advance rental received

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25 FINANCIAL RISK MANAGEMENT (CONT'D)

Liquidity risk (cont'd)

			◀	— Cash flows –	-
	Carrying amount \$'000	Contractual cash flows \$'000	Within 1 year \$'000	Within 2 to 5 years \$'000	More than 5 years \$'000
Trust					
2017					
Non-derivative financial liabilities					
Trade and other payables*	127,539	(127,539)	(115, 353)	(12,186)	_
Borrowings	919,676	(1,010,391)	(221,564)	(788,827)	_
	1,047,215	(1,137,930)	(336,917)	(801,013)	_
Derivative financial instruments					
Interest rate swaps					
used for hedging (net-settled)	9,920	(9,944)	(5,550)	(4,394)	_
	1,057,135	(1,147,874)	(342,467)	(805,407)	_
2016					
Non-derivative financial liabilities					
Trade and other payables*	27,858	(27,858)	(15,774)	(12,084)	_
Borrowings	978,349	(1,016,051)	(357,919)	(658,132)	_
3	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)	_

^{*} 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.

25 FINANCIAL RISK MANAGEMENT (CONT'D)

Market risk

Market risk is the risk that changes in market prices, such as interest rates and foreign exchange rates, will affect the Group's total return or the value of its holding of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

Interest rate risk

The Manager's strategy to manage the risk of potential interest rate volatility may be through the use of interest rate hedging instruments and/or fixed rate borrowings. The Manager will regularly evaluate the feasibility of putting in place the appropriate level of interest rate hedges, after taking into account the prevailing market conditions.

Derivative financial instruments are used to manage exposures to interest rate risks arising from financing activities. Derivative financial instruments are not used for trading purposes. However, derivatives that do not qualify for hedge accounting are accounted for as trading instruments.

The Group's exposure to changes in interest rates relate primarily to interest-earning financial assets and interest-bearing financial liabilities. At the reporting date, the interest rate profile of the interest-bearing financial instruments was as follows:

	Nominal amount				
		Group	-	Trust	
	2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000	
Fixed rate instruments					
Short-term deposits with financial institutions	30,180	15,051	17,836	_	
Borrowings	(150,000)	_	(150,000)	_	
Interest rate swaps	(880,000)	(1,000,000)	(700,000)	(820,000)	
	(999,820)	(984,949)	(832,164)	(820,000)	
Variable rate instruments					
Borrowings	(1,123,474)	(1,310,509)	(779,500)	(982,000)	
Interest rate swaps	880,000	1,000,000	700,000	820,000	
	(243,474)	(310,509)	(79,500)	(162,000)	

Fair value sensitivity analysis for fixed rate instruments

The Group does not account for the fixed rate financial assets and liabilities at fair value through 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.

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25 FINANCIAL RISK MANAGEMENT (CONT'D)

Interest rate risk (cont'd)

Sensitivity analysis for variable instruments

For the variable rate instruments, a change in 50 (2016: 20) 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	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				
2017				
Variable rate instruments				
Borrowings (50 bp)	(5,617)	5,617	_	_
Interest rate swaps (50 bp)	4,400	(4,400)	508	(572)
	(1,217)	1,217	508	(572)
2016				
Variable rate instruments				
Borrowings (20 bp)	(2,621)	2,621	_	_
Interest rate swaps (20 bp)	2,104	(2,221)	31	(151)
	(517)	400	31	(151)
Trust				
2017				
Variable rate instruments				
Borrowings (50 bp)	(3,898)	3,898	_	_
Interest rate swaps (50 bp)	3,500	(3,500)	370	(417)
, , ,	(398)	398	370	(417)
2016				
Variable rate instruments				
Borrowings (20 bp)	(1,964)	1,964	_	_
Interest rate swaps (20 bp)	1,744	(1,861)	(10)	(74)
The estrate swaps (20 bp)	(220)	103	(10)	(74)
	(LEO)	199	(20)	(7 1)

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25 FINANCIAL RISK MANAGEMENT (CONT'D)

Currency risk

In order to manage the currency risk involved in investing in assets outside Singapore, the Manager adopts the currency risk management strategies that may include:

- the use of foreign currency denominated borrowings to match the currency of the asset investment as a natural currency hedge;
- the use of cross currency swaps to swap a portion of debt in another currency into the currency of the asset investment to reduce the underlying currency exposure; and
- entering into currency forward contracts to hedge the foreign currency income received from its foreign subsidiaries, back into Singapore Dollars.

The following table details the Group's exposure at the end of the reporting period to currency risk arising from recognised assets or liabilities denominated in a currency other than the functional currency of the entity to which they relate.

	HKD \$'000	USD \$'000	RMB \$'000
Group			
2017 Cash and cash equivalents	104	71	17,836
2016 Cash and cash equivalents	949	77	

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.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2017

25 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									
2017									
Financial assets not measured at fair value									
Trade and other									
receivables ^	7	11,915	_	_	11,915				
Cash and cash equivalents	9	40,314	_	_	40,314				
040		52,229	_	_	52,229				
Financial liabilities measured at fair value									
Financial									
derivatives	8		(11,192)		(11,192)	_	(11,192)	_	(11,192)
Financial liabilities not measured at fair value									
Borrowings: - Bank loans	10			(1 112 067)	(1,112,963)				
- Darik toaris - Unsecured	10	_	_	(1,112,503)	(1,112,303)				
notes	10	_	_	(149,372)	(149,372)	_	(150,453)	_	(150,453)
Trade and other									
payables #	11		_	(191,493)	(191,493)	_	_	(188,598)	(188,598)
				(1,453,828)	(1,453,828)				

[^] Excluding prepayments

[#] Excluding advance rental received

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25 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
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				
Financial liabilities measured at fair value Financial derivatives	8	39,225	(7,790)		39,225	_	(7,790)	-	(7,790)
Financial liabilities not measured at fair value									
Bank loans	10	-	-	(1,303,745)	(1,303,745)				
Trade and other payables #	11		<u>-</u>	(93,802) (1,397,547)	(93,802) (1,397,547)	_	_	(90,992)	(90,992)

[^] Excluding prepayments
Excluding advance rental received

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2017

25 FINANCIAL RISK MANAGEMENT (CONT'D)

Accounting classifications and fair values (cont'd)

		←	—— Carrying	amount —	-	←	——— Fair	r value	-
	Note	Loans and receivables \$'000	Fair value — hedging instruments \$'000	Other financial liabilities \$'000	Total \$'000	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
Trust									
2017									
Financial assets not measured at fair value									
Trade and other receivables ^	7	2,880	_	_	2,880				
Cash and cash equivalents	9	19,948	_	_	19,948				
·		22,828	_	_	22,828				
Financial liabilities measured at fair value									
Financial derivatives	8		(9,920)	_	(9,920)	_	(9,920)	-	(9,920)
Financial liabilities not measured at fair value Borrowings:									
- Bank loans	10	_	_	(770,304)	(770,304)				
- Loan from a subsidiary	10	_	_	(149,372)	(149,372)	_	(150,453)	_	(150,453)
Trade and other				(407.570)	(407.570)			(40500=)	(405007)
payables #	11			(127,539) (1,047,215)	(127,539) (1,047,215)	_	_	(126,927)	(126,92/)

[^] Excluding prepayments

[#] Excluding advance rental received

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25 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				
- 4		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									
Bank loans	10	_	_	(978,349)	(978,349)				
Trade and other payables #	11		_	(27,858)	(27,858)	_	_	(27,239)	(27,239)
			_	(1,006,207)	(1,006,207)				

[^] Excluding prepayments

Туре

Valuation techniques and significant unobservable inputs

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

Valuation technique

Financial instruments measured at fair value

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.

[#] Excluding advance rental received

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2017

25 FINANCIAL RISK MANAGEMENT (CONT'D)

Financial instruments not measured at fair value

Туре	Valuation technique
Group	
Trade and other payables	Discounted cash flows
Unsecured notes	The fair value of the unsecured notes is based on the quoted price at reporting date.
Trust	
Trade and other payables	Discounted cash flows
Loan from subsidiary	Loan from a subsidiary is based on the same terms as the unsecured notes and therefore, the fair value of the loan from a subsidiary is determined based on the fair value of the unsecured notes.

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 2017 was 37.3% (2016: 39.8%) 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.

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26 COMMITMENTS

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

(a) Capital commitments

	G	iroup	Trust		
	2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000	
Contracted but not provided for in the financial statements: - Expenditure in respect of investment properties	638	13,728	_	-	

(b) Operating lease commitments

Non-cancellable operating lease rentals are receivable as follows:

	G	iroup	Trust		
	2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000	
Within 1 year	152,964	153,251	51,325	50,828	
After 1 year but within 5 years	243,807	247,552	91,814	109,318	
After 5 years	25,369	47,707	_	_	
	422,140	448,510	143,139	160,146	

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.

27 RELATED PARTY TRANSACTIONS

In the normal course of the operations of the Trust, the Manager's management fee and Trustee's fee have been paid or are payable to the Manager and the Trustee respectively. Property management fees are payable to the Property Manager, a related party of the Manager.

During the financial year, other than the transactions disclosed elsewhere in the financial statements, there were the following related party transactions:

	Gro	oup	Trust		
	2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000	
Hotel service expenses and professional fees paid/payable to related parties	93	84	83	84	
Settlement of liabilities by related parties of the Manager on behalf of the Group and the Trust	33	20	33	20	

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2017

28 FINANCIAL RATIOS

	G	Group		rust
	2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000
Expenses to weighted average net assets 1				
 including performance component of the Manager's fees 	1.24	1.56	1.42	1.75
 excluding performance component of the Manager's fees 	1.24	1.34	1.42	1.48
Portfolio turnover rate ²	_	_	_	_

¹ The annualised ratios are computed in accordance with the guidelines of the Investment Management Association of Singapore. The expenses used in the computation relate to expenses of the Group and the Trust, excluding property expenses and finance expenses.

29 SUBSEQUENT EVENTS

There were the following events subsequent to the reporting date:

- On 31 January 2018, the Manager declared a distribution of \$1,890,000 to the CPPU holder in respect of the period from 1 July 2017 to 31 December 2017.
- On 31 January 2018, the Manager declared a distribution of 2.29 cents per Unit, amounting to \$35,421,000, in respect of the period from 1 July 2017 to 31 December 2017.
- On 5 February 2018, the Trust issued 2,756,222 Units at \$0.7190 per Unit, amounting to \$1,982,000, to the Manager as payment of the management base fee for the period from 1 October 2017 to 31 December 2017.

30 ADOPTION OF NEW STANDARDS

A number of new standards and amendments to standards are effective for annual periods beginning after 1 January 2017 and earlier application is permitted; however, the Group has not early adopted the new or amended standards in preparing these financial statements.

Applicable to 2018 financial statements

The following new FRS, amendments to and interpretations of FRS are effective from annual periods beginning on or after 1 January 2018.

- FRS 115 Revenue from Contracts with Customers and Amendments to FRS 115 Clarifications to FRS 115;
- FRS 109 Financial Instruments; and
- Transfers of Investment Property (Amendments to FRS 40).

The annualised ratio is computed based on the lesser of purchases or sales of underlying investment properties of the Group and the Trust expressed as a percentage of daily average net asset value.

30 ADOPTION OF NEW STANDARDS (CONT'D)

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

FRS 115 Revenue from Contracts with Customers

FRS 115 establishes a comprehensive framework for determining whether, how much and when revenue is recognised. It also introduces new cost guidance which requires certain costs of obtaining and fulfilling contracts to be recognised as separate assets when specified criteria are met.

When effective, FRS 115 replaces existing revenue recognition guidance, including FRS 18 Revenue, FRS 11 Construction Contracts, INT FRS 113 Customer Loyalty Programmes, INT FRS 115 Agreements for the Construction of Real Estate, INT FRS 118 Transfers of Assets from Customers and INT FRS 31 Revenue – Barter Transactions Involving Advertising Services.

FRS 115 offers a range of transition options including full retrospective adoption where an entity can choose to apply the standard to its historical transactions and retrospectively adjust each comparative period presented in its financial statements for the year ending 31 December 2018. When applying the full retrospective method, an entity may also elect to use a series of practical expedients to ease transition.

Impact on the financial statements

The Group does not expect a significant effect on the 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.

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.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2017

30 ADOPTION OF NEW STANDARDS (CONT'D)

FRS 109 Financial Instruments (cont'd)

Impact on the financial statements (cont'd)

Impairment – The Group plans to apply the simplified approach and record lifetime expected credit losses on trade receivables. For other loans and receivables, the Group plans to apply the general approach and record 12-months expected credit losses. On adoption of FRS 109, the Group does not expect a significant increase to its 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 in 2018 without restating comparative information.

The Group does not expect the application of the above standards and interpretations to have a significant impact on the financial statements.

Applicable to financial statements for the year 2019 and thereafter

The following new FRS, amendments to and interpretations of FRS are effective for annual periods beginning after 1 January 2018:

Applicable to 2019 financial statements

- FRS 116 Leases
- INT FRS 123 Uncertainty over Income Tax Treatments

The Group is still in the process of assessing the impact of the new FRSs, amendments to and interpretations of FRSs on the financial statements. The Group's preliminary assessment of FRS 116, which has minimal impact on the Group, is as described below.

FRS 116

FRS 116 replaces existing lease accounting guidance. FRS 116 is effective for annual periods beginning on or after 1 January 2019, with early adoption permitted if FRS 115 is also applied. FRS 116 eliminates the lessee's classification of leases as either operating leases or finance leases and introduces a single lessee accounting model. Applying the new model, a lessee is required to recognise right-of-use (ROU) assets and lease liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value.

The Group plans to adopt the standard when it becomes effective in 2019 and expects to apply the standard using the modified retrospective approach. The Group also expects the ROU assets recognised at date of initial application to be equal to their lease liabilities.

The Group is likely to elect the practical expedient not to reassess whether a contract contains a lease at the date of initial application, 1 January 2019. Accordingly, existing lease contracts that are still effective on 1 January 2019 continue to be accounted for as lease contracts under FRS 116. The Group has performed a preliminary assessment of the impact on its financial statements based on its existing operating lease arrangements.

30 ADOPTION OF NEW STANDARDS (CONT'D)

FRS 116 (cont'd)

(i) The Group as lessee

The Group expects its existing operating lease arrangements to be recognised as ROU assets with corresponding lease liabilities under FRS 116. Under the new standard, remaining lease payments of the operating leases will be recognised at their present value discounted using appropriate discount rate. In addition, the nature of expenses related to those leases will now change as FRS 116 replaces the straight-line operating lease expense with depreciation charge of ROU assets and interest expense on lease liabilities.

(ii) The Group as lessor

FRS 116 substantially carries forward the current existing lessor accounting requirements. Accordingly, the Group continues to classify its leases as operating leases, and to account for these leases using the existing operating lease accounting model. However, FRS 116 requires more extensive disclosures to be provided by a lessor.

Until 2018, the approximate financial impact of the standard is unknown due to factors that impact calculation of lease liabilities such as discount rate, expected term of leases including renewal options and exemptions for short-term leases. The Group will continue to assess its portfolio of leases to calculate the impending impact of transition to the new standard.

Impact on the financial statements

The Group does not expect a significant effect on the financial statements.

INTERESTED PERSON AND INTERESTED PARTY TRANSACTIONS

	Aggregate value of all interested person/party transactions during FY2017 (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 \$\$100,000) \$\$'000
OUE Limited & its subsidiaries		
Carpark income	300	_
Utilities	173	_
Manager's management fee ¹	9,593	_
Property management fee ¹	2,387	_
DBS Trustee Limited		
Trustee's fee ¹	557	-
Auric Pacific Group Limited & its subsidiaries		
Gross rental income	5,805	_

Please also see Significant Related Party Transactions in Note 27 to the Financial Statements.

Saved as disclosed above, during the financial year ended 31 December 2017, there were no additional interested person/party transactions (excluding transactions less than \$\$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 the 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 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\$3.3 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 2017 to 31 December 2017.

For Period	Issue Date	Units Issued	*Issue Price S\$
1 January 2017 to 31 March 2017	11 May 2017	2,716,315	0.6888
1 April 2017 to 30 June 2017	7 August 2017	2,660,899	0.7118
1 July 2017 to 30 September 2017	7 November 2017	2,755,971	0.6993
1 October 2017 to 31 December 2017	5 February 2018	2,756,222	0.7190

^{*} 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 5 MARCH 2018

1,546,769,007 Units (one vote per Unit) in issue.

Market capitalisation of \$\$1,090,472,149.93 based on the market closing Unit price of \$\$0.705 on 5 March 2018.

DISTRIBUTION OF UNITHOLDINGS

Size of Unitholdings	Number of Unitholders	%	Number of Units	%
1 - 99	25	0.31	1,065	0.00
100 - 1,000	373	4.69	272,963	0.02
1,001 - 10,000	4,893	61.49	27,808,719	1.80
10,001 - 1,000,000	2,641	33.19	172,120,298	11.13
1,000,001 and above	25	0.32	1,346,565,962	87.05
TOTAL	7,957	100	1,546,769,007	100

TWENTY LARGEST UNITHOLDERS

No.	Name of Unitholder	Number of Units	%
1.	CITIBANK NOMINEES SINGAPORE PTE LTD	977,878,195	63.22
2.	UNITED OVERSEAS BANK NOMINEES (PRIVATE) LIMITED	111,200,900	7.19
3.	DBS NOMINEES (PRIVATE) LIMITED	98,664,123	6.38
4.	OUE COMMERCIAL REIT MANAGEMENT PTE. LTD.	57,787,607	3.74
5.	RAFFLES NOMINEES (PTE) LIMITED	49,925,496	3.23
6.	OCBC SECURITIES PRIVATE LIMITED	17,808,950	1.15
7.	HSBC (SINGAPORE) NOMINEES PTE LTD	3,861,400	0.25
8.	THIO GIM HOCK	3,000,000	0.19
9.	GOH YEW GEE	2,940,000	0.19
10.	PHILLIP SECURITIES PTE LTD	2,440,160	0.16
11.	HENG SIEW ENG	2,424,600	0.16
12.	OCBC NOMINEES SINGAPORE PRIVATE LIMITED	2,040,210	0.13
13.	QUEK SIN KONG	2,000,000	0.13
14.	GOH YEU TOH	1,640,000	0.11
15.	JACK INVESTMENT PTE LTD	1,631,200	0.11
16.	MAYBANK KIM ENG SECURITIES PTE. LTD.	1,515,421	0.10
17.	SAY KIN HENG	1,500,000	0.10
18.	GOH YEO HWA	1,338,550	0.09
19.	LIM HOON MIN	1,289,250	0.08
20.	HAN CHEE JUAN	1,279,000	0.08
TOT	AL	1,342,165,062	86.79

DIRECTORS' INTERESTS IN UNITS AS AT 21 JANUARY 2018

Directors	Direct Interest	%	Deemed Interest	%
Christopher James Williams	-	-	181,250	0.01
Loh Lian Huat	-	-	72,500	0.00
Tan Shu Lin	362.500	0.02	_	_

STATISTICS OF UNITHOLDINGS

AS AT 5 MARCH 2018

SUBSTANTIAL UNITHOLDERS' INTERESTS AS AT 5 MARCH 2018

	→ 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	51.99(27)	-	-	804,153,700	51.99(27)
OUE Limited	-	-	861,941,307(1)	55.73(27)	861,941,307	55.73(27)
OUE Realty Pte. Ltd. ("OUER")	-	-	861,941,307(2)	55.73(27)	861,941,307	55.73(27)
Golden Concord Asia Limited ("GCAL")	-	-	861,941,307(3)	55.73(27)	861,941,307	55.73(27)
Fortune Code Limited ("FCL")	-	-	861,941,307(4)	55.73(27)	861,941,307	55.73(27)
Lippo ASM Asia Property Limited ("LAAPL")	-	-	861,941,307(5)	55.73(27)	861,941,307	55.73(27)
Pacific Landmark Holdings Limited ("Pacific Landmark")	-	-	861,941,307(6)	55.73(27)	861,941,307	55.73 ⁽²⁷⁾
HKC Property Investment Holdings Limited ("HKC Property")	-	-	861,941,307 ⁽⁷⁾	55.73(27)	861,941,307	55.73 ⁽²⁷⁾
Hongkong Chinese Limited ("HCL")	-	-	861,941,307(8)	55.73(27)	861,941,307	55.73(27)
Hennessy Holdings Limited ("HHL")	-	-	861,941,307 ⁽⁹⁾	55.73(27)	861,941,307	55.73(27)
Prime Success Limited ("PSL")	-	-	861,941,307(10)	55.73(27)	861,941,307	55.73(27)
Lippo Limited ("LL")	-	-	863,641,707(11)	55.84(27)	863,641,707	55.84(27)
Lippo Capital Limited ("LCL")	-	-	863,641,707(12)	55.84(27)	863,641,707	55.84(27)
Lippo Capital Holdings Company Limited ("LCH")	-	-	863,641,707(13)	55.84(27)	863,641,707	55.84 ⁽²⁷⁾
Lippo Capital Group Limited ("LCG")	-	-	863,641,707(14)	55.84(27)	863,641,707	55.84(27)
Dr. Stephen Riady	-	-	863,641,707(15)	55.84(27)	863,641,707	55.84(27)
PT Trijaya Utama Mandiri ("PT Trijaya")	-	-	863,641,707(16)	55.84(27)	863,641,707	55.84(27)
Mr. James Tjahaja Riady	-	-	863,641,707(17)	55.84(27)	863,641,707	55.84(27)
Admiralty Station Management Limited ("Admiralty")	-	-	861,941,307(18)	55.73(27)	861,941,307	55.73(27)
ASM Asia Recovery (Master) Fund ("AARMF")	-	-	861,941,307(19)	55.73(27)	861,941,307	55.73(27)
ASM Asia Recovery Fund ("AARF")	-	-	861,941,307(20)	55.73(27)	861,941,307	55.73(27)
Argyle Street Management Limited ("ASML")	-	-	861,941,307(21)	55.73(27)	861,941,307	55.73 ⁽²⁷⁾
Argyle Street Management Holdings Limited ("ASMHL")	-	-	861,941,307(22)	55.73(27)	861,941,307	55.73(27)
Kin Chan ("KC")	-	-	861,941,307(23)	55.73(27)	861,941,307	55.73(27)
V-Nee Yeh ("VY")	-	-	861,941,307(24)	55.73(27)	861,941,307	55.73(27)
Tang Gordon @ Tang Yigang @ Tang Gordon ("GT")	146,662,485	9.48(27)	54,300,000(25)	3.51(27)	200,962,485	12.99(27)
Celine Tang @ Chen Huaidan @ Celine Tang ("CT")	95,115,200	6.15(27)	-	-	95,115,200	6.15(27)
Yang Chanzhen @ Janet Yeo ("JY")	70,000,000	4.53(27)	54,300,000(26)	3.51(27)	124,300,000	8.04(27)

Notes:

(II) 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.

- 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.
- 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.
- 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 1,700,400 Units held by Hongkong China Treasury Limited, a subsidiary of LL (the "HKCTL Units").
- LCL is an intermediate holding company of Pacific Landmark and the immediate holding company of LL. 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.
- LCH is an intermediate holding company of Pacific Landmark and LL. Accordingly, LCH 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.
- LCG is the holding company of LCH, which in turn is an intermediate holding company of Pacific Landmark and LL. Accordingly, LCG 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.
- ⁽¹⁵⁾ Dr. Stephen Riady holds all the shares in LCG, which is the holding company of LCH. LCH in turn is an intermediate holding company of Pacific Landmark and LL. Accordingly, Dr. Stephen Riady 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.
- (16) PT Trijaya holds more than 20% of the shares in LCL, which in turn is an intermediate holding company of Pacific Landmark and LL. Accordingly, PT Trijaya 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.
- ⁽¹⁷⁾ Mr. James Tjahaja Riady effectively holds all the shares in PT Trijaya, which holds more than 20% of the shares in LCL. LCL in turn is an intermediate holding company of Pacific Landmark and LL. Accordingly, Mr. James Tjahaja Riady 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.
- (18) 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.
- (19) 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.
- (20) 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.
- ^[2]] ASML manages AARF. Accordingly, ASML is deemed to have an interest in the Units in which AARF has a deemed interest.
- (22) 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.
- (23) 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.
- (24) 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.
- (25) GT's deemed interest in the 54,300,000 Units held by Gold Pot Developments Limited arises from the powers granted to him under a power of attorney executed by Gold Pot Developments Limited dated 19 October 2016.
- ⁽²⁶⁾ JY is the sole shareholder of Gold Pot Developments Limited. Accordingly, JY has deemed interest in 54,300,000 Units held by Gold Pot Developments Limited.
- The Unitholding percentage is calculated based on 1,546,769,007 issued Units as at 5 March 2018.

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 5 March 2018, approximately 23.77% 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 Tuesday, 24 April 2018 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 2017 and the Independent Auditors' Report thereon.

(Ordinary Resolution 2)

2. To re-appoint Messrs KPMG LLP as Independent Auditors of OUE C-REIT to hold office until the conclusion of the next AGM of OUE C-REIT, 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 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 its absolute discretion deem fit; and

(b) issue Units in pursuance 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 at the time such Units are issued).

ANNUAL REPORT 2017

Provided that:

(1) the aggregate number of Units to be issued pursuant to this Resolution (including Units to be issued in pursuance 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);

- 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 the SGX-ST for the time being in force (unless such compliance has been waived by the 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 OUE C-REIT or (ii) the date by which the next AGM of OUE C-REIT is required by applicable laws and regulations or the Trust Deed to be held, 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 or Units are issued; and

NOTICE OF ANNUAL GENERAL MEETING

(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.)

To consider and, if thought fit, to pass with or without any modifications, the following Extraordinary Resolution:

(Extraordinary Resolution 1)

- 4. That:
 - (a) approval be and is hereby given to amend the Trust Deed to include provisions regarding electronic communications of notices and documents to Unitholders in the manner set out in Annex A of the appendix to the Notice of Annual General Meeting (the "Appendix") dated 2 April 2018 (the "Proposed Electronic Communications Trust Deed Supplement"); and
 - (b) 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, as the case may be, the Trustee, may consider expedient or necessary or in the interests of OUE C-REIT to give effect to the Proposed Electronic Communications Trust Deed Supplement.

(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)

2 April 2018

ANNUAL REPORT 2017

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 that 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

Ordinary Resolution 3 above, if passed, will empower the Manager from the date of this AGM until the earliest of (i) the conclusion of the next AGM of OUE C-REIT or (ii) the date by which the next AGM of OUE C-REIT is required by applicable laws and regulations or the Trust Deed to be held, whichever is earlier, or (iii) the date on which such authority is revoked or varied by the Unitholders in a general meeting, 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.

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 OUE C-REIT, 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 the purpose of determining the aggregate number of Units that may be issued, the percentage of issued Units will be calculated based on the total number of issued Units at the time 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 Ordinary Resolution 3 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 the SGX-ST, the Trust Deed or any applicable laws and regulations in such instances, the Manager will then obtain the approval of Unitholders accordingly.

2. Extraordinary Resolution 1

In connection with the amendments to the Companies Act, Chapter 50 of Singapore (the "Companies Act"), companies are allowed to send notices and documents electronically to their shareholders with the express, deemed or implied consent (the "Deemed Consent Regime" and the "Implied Consent Regime", respectively) of the shareholders if the constitution of the company provides for it and the specified modes of electronic communications are set out in the constitution of the company (the "Companies Act Electronic Communications Amendments"). The SGX-ST has recently amended the listing rules of the SGX-ST (the "Listing Rules") to align the Listing Rules with the Companies Act Electronic Communications Amendments, with issuers allowed to transmit certain types of notices and documents to shareholders (or Unitholders, in the case of a listed real estate investment trust ("REIT") such as OUE C-REIT) electronically with the express, deemed or implied consent of shareholders.

Although OUE C-REIT is not bound by the Companies Act, it is nonetheless bound by the Listing Rules as a listed REIT. On 15 December 2017, the Monetary Authority of Singapore also clarified in their response to the consultation paper on "Proposed Amendments to the Code on Collective Investment Schemes" that a REIT may also send its accounts and reports to its unitholders by electronic means. Accordingly, the Manager proposes to amend the Trust Deed to adopt certain provisions of the Listing Rules to implement the Implied Consent Regime and the Deemed Consent Regime and allow for such electronic transmission of notices and documents in relation to OUE C-REIT.

(See the Appendix in relation to the Proposed Electronic Communications Trust Deed Supplement for further details.)

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 (or their agents) in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the Unitholder's breach of warranty.



OUE COMMERCIAL REAL ESTATE INVESTMENT TRUST

(Constituted on 10 October 2013 under the laws of the Republic of Singapore)

PROXY FORM ANNUAL GENERAL MEETING

- PORTANT:

 A relevant intermediary may appoint more than two proxies to attend, speak and vote at the Annual General Meeting (please see note 3 for the definition of "relevant intermediary").

 For CPF/SRS investors who have used their CPF/SRS monies to buy units in OUE Commercial Real Estate Investment Trust, this form of proxy is not valid for use and shall be ineffective for all intents and purposes if used or purported to be used by them. CPF/SRS investors should contact their respective Agent Banks/SRS Operators if they have any queries regarding their appointment as proxies.

 By submitting an instrument appointing a proxy(jes) and/or
- By submitting an instrument appointing a proxy(ies) and/or representative(s), the Unitholder accepts and agrees to the personal data privacy terms set out in the Notice of Annual General Meeting dated 2 April 2018.

٠,٤			(, , , , , , , , , , , , , , , , , , ,	ort No./Company	registration no.
of					(Address
being	a unitholder/unitho	olders of OUE COMMERCIAL R	REAL ESTATE INVESTMENT TRU	IST ("OUE C-REIT "), hereby appoint
				Proportion o	f Unitholdings
	Name	Address	NRIC/Passport No.	No. of Units	%
	or (delete as approp	··iata)			
ar iu/C	or (detete as appropr			Proportion o	f Unitholdings
	Name	Address	NRIC/Passport No.	No. of Units	%
			the resolution to be proposed proxies will vote or abstain from		
No.				For*	Against*
	ORDINARY BUSIN	IESS			
1.	Audited Financial	adopt the Trustee's Report, Statements of OUE C-REIT 7 together with the Independe	, the Manager's Report, the for the financial year ended ent Auditors' Report.		
2.		MG LLP as Independent Auditors the Independent Auditors rer	rs of OUE C-REIT and authorise muneration.		
	SPECIAL BUSINES	SS			
3.	To authorise the instruments.	Manager to issue Units and	to make or grant convertible		
 3. 4. 	instruments.		to make or grant convertible		
4. * If yo	instruments. To approve the Prush to exercise all you		ations Trust Deed Supplement.		
4. * If yo Alter	instruments. To approve the Prusible of the P	oposed Electronic Communic	ations Trust Deed Supplement.		
4. * If yo Alter	instruments. To approve the Prusible of the P	oposed Electronic Communic r votes "For" or "Against", please tick (√) he number of votes as appropriate.	ations Trust Deed Supplement.		

Notes:

- 1. A unitholder of OUE C-REIT ("Unitholder") entitled to attend and vote at the AGM is entitled to appoint one or two proxies to attend and vote in his/her stead.
- 2. Where a Unitholder appoints more than one proxy, he/she must specify the proportion of his/her holding (expressed as a percentage of the whole) to be represented by each proxy. Where a Unitholder 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 equally divided between the proxies. A proxy need not be a Unitholder.
- 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 form of proxy.

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.

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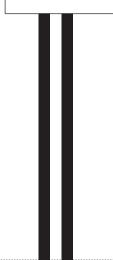
BUSINESS REPLY SERVICE PERMIT No. 09222

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OUE Commercial REIT Management Pte. Ltd.

(as manager of OUE Commercial Real Estate Investment Trust)
c/o Unit Registrar
Boardroom Corporate & Advisory Services Pte. Ltd.
50 Raffles Place, #32-01
Singapore Land Tower
Singapore 048623

Postage will be paid by addressee. For posting in Singapore only.



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- 4. The Proxy Form must be deposited at the office of OUE C-REIT's Unit Registrar, Boardroom Corporate & Advisory Services Pte. Ltd., 50 Raffles Place, #32-01 Singapore Land Tower, Singapore 048623, not less than 48 hours before the time set for the AGM.
- 5. Completion and return of the Proxy Form shall not preclude a Unitholder from attending and voting at the AGM.
- 6. The Proxy Form must be executed under the hand of the appointor or of his/her attorney duly authorised in writing. Where the Proxy Form is executed by a corporation, it must be executed either under its common seal or under the hand of its attorney or a duly authorised officer.
- 7. Where the Proxy Form is signed on behalf of the appointor by an attorney or a duly authorised officer, the power of attorney or other authority (if any) under which it is signed, or a notarially certified copy of such power or authority must (failing previous registration with the Manager) be lodged with the Proxy Form, failing which the Proxy Form may be treated as invalid.
- 8. The Manager shall be entitled to reject a Proxy Form which is incomplete, improperly completed or illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified on the Proxy Form. In addition, in the case of Units entered in the Depository Register, the Manager may reject a Proxy Form if the Unitholder, being the appointor, is not shown to have Units entered against his/her name in the Depository Register as at 48 hours before the time appointed for holding the AGM, as certified by CDP to the Manager.
- 9. All Unitholders will be bound by the outcome of the AGM regardless of whether they have attended or voted at the AGM.

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 Loh Lian Huat

(Lead Independent Director)

Dr Lim Boh Soon

(Independent Director)

Ms Usha Ranee Chandradas

(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 Loh Lian Huat

(Chairman)

Dr Lim Boh Soon

Ms Usha Ranee Chandradas

NOMINATING AND REMUNERATION COMMITTEE

Dr Lim Boh Soon

(Chairman)

Mr Christopher James Williams

Mr Loh Lian Huat

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 Tel: (65) 6878 8888 Fax: (65) 6878 3977

UNIT REGISTRAR

Boardroom Corporate & Advisory Services Pte. Ltd.

50 Raffles Place #32-01 Singapore Land Tower Singapore 048623

Tel: (65) 6536 5355 Fax: (65) 6438 8710

AUDITOR

KPMG LLP

16 Raffles Quay #22-00 Hong Leong Building Singapore 048581

Tel: (65) 6231 3388 Fax: (65) 6225 0984

Partner-in-charge: Mr Koh Wei Peng (Appointed since the financial year

ended 31 December 2017)



50 Collyer Quay #04-08 OUE Bayfront Singapore 049321

www.ouect.com