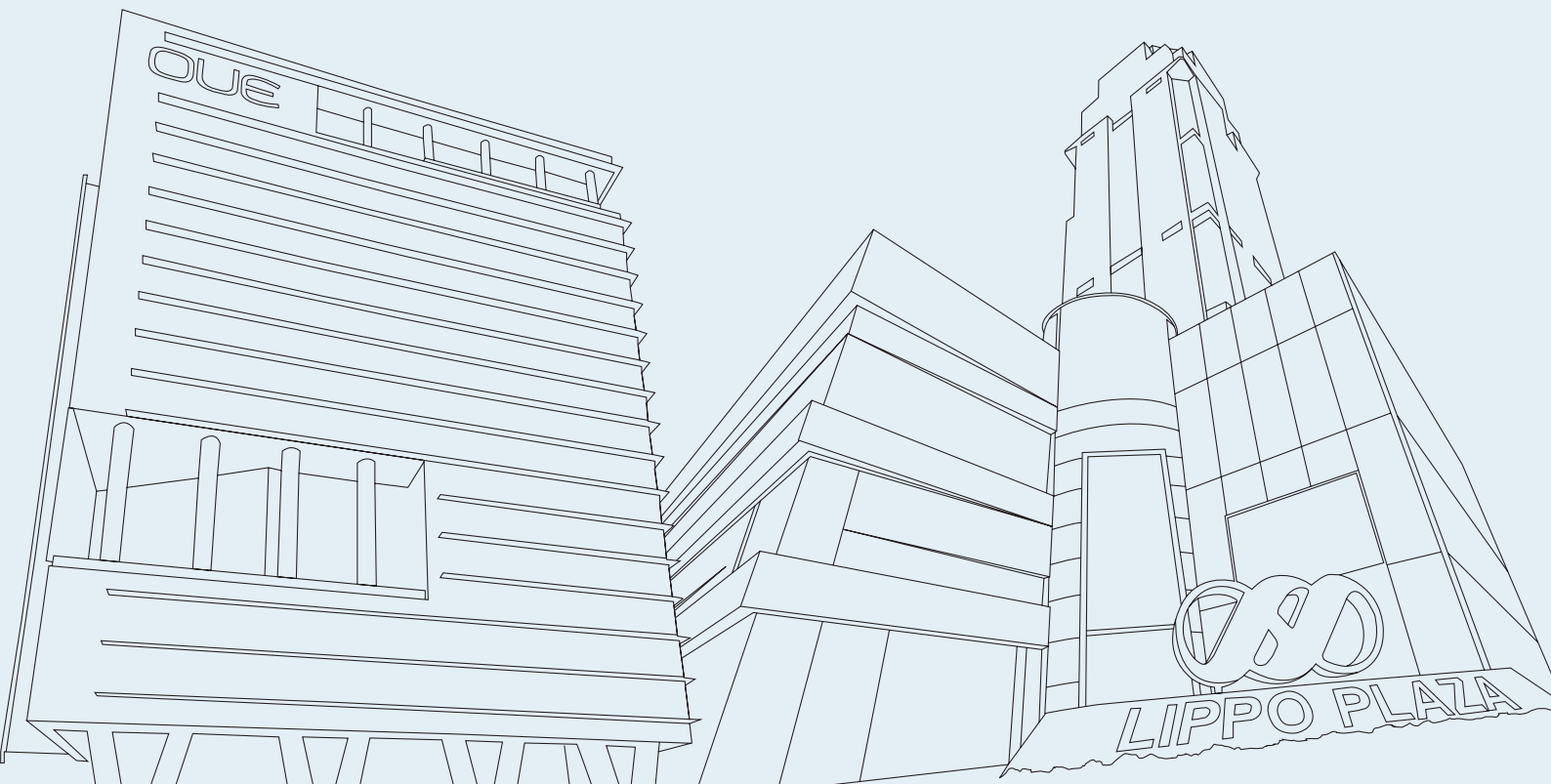


A NEW BEGINNING A STRONG SHOWING

OUE Commercial Real Estate Investment Trust
Annual Report 2014



OUE Commercial Real Estate Investment Trust (“OUE C-REIT”) is a real estate investment trust (“REIT”) listed on the Singapore Exchange Securities Trading Limited (the “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 two strategically located landmark commercial properties in Singapore and China with a combined asset size of S\$1.6 billion as at 31 December 2014.

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”); 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”).

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PROMISES DELIVERED EXPECTATIONS EXCEEDED

We are off to a good start.

Exceeding expectations, OUE C-REIT has demonstrated its ability to deliver stable and sustainable distributions to Unitholders. In its inaugural financial report for FY2014¹, distribution per unit (“DPU”) of 5.27 cents outperformed OUE C-REIT’s Forecast² at initial public offering (“IPO”) by 4.4%.

Through pro-active and professional asset management, the Manager has optimised the potential of OUE C-REIT’s portfolio to achieve better than expected occupancy rates and rental growth. The Manager’s focus on disciplined capital and risk management ensures the resilience of OUE C-REIT’s financial position, given today’s uncertain and changing market conditions.

With a firm foundation laid, we believe that OUE C-REIT is poised to take advantage of future growth opportunities as they arise. Going forward, the Manager remains committed to providing Unitholders with stable distributions and sustainable long-term growth while maintaining an appropriate capital structure.

Gross Revenue

Actual³

S\$71.5m

Forecast²

S\$69.0m

↑ 3.6%

Amount Available For Distribution

Actual³

S\$45.9m

Forecast²

S\$43.9m

↑ 4.5%

Net Property Income

Actual³

S\$53.8m

Forecast²

S\$50.3m

↑ 7.0%

Distribution Per Unit

Actual³

5.27 cents

Forecast²

5.05 cents

↑ 4.4%

¹ FY2014 refers to the period from Listing Date of 27 January 2014 to 31 December 2014

² Forecast is derived by pro-rating the forecast for 2014 as disclosed in OUE C-REIT’s Prospectus dated 17 January 2014

³ For the period from Listing Date of 27 January 2014 to 31 December 2014

IMPRESSIVE
PERF



PERFORMANCE

We are committed to expanding our strengths in pursuit of one clear goal: to generate stable and sustainable returns for our Unitholders. Our relentless spirit to constantly deliver an impressive performance also defines our biggest strengths - passion, innovation and inspiration. These tenets will be the catalyst from which we will continue to elevate our performance for now and the future.

KEY HIGHLIGHTS

Outstanding Performance

Total Portfolio Value

As at 31 December 2014

S\$1,630.6m

Net Asset Value (“NAV”) Per Unit

As at 31 December 2014

S\$1.10

As at 30 September 2013¹

S\$1.04

Aggregate Leverage

As at 31 December 2014

38.3%

Committed Portfolio Occupancy

As at 31 December 2014

98.0%

As at 30 September 2013²

92.0%

Distribution Yield³

Annualised

7.0%

Distribution Per Unit

Actual⁴

5.27 cents

Forecast⁵

5.05 cents

¹ Based on proforma financial information as at 30 September 2013 as disclosed in OUE C-REIT's Prospectus dated 17 January 2014

² Based on property information as at 30 September 2013 as disclosed in OUE C-REIT's Prospectus dated 17 January 2014

³ Based on annualised DPU of 5.67 cents and unit closing price of S\$0.805 as at 31 December 2014

⁴ For the period from Listing Date of 27 January 2014 to 31 December 2014

⁵ Forecast is derived by pro-rating the forecast for 2014 as disclosed in OUE C-REIT's Prospectus dated 17 January 2014

Financial Highlights

	Listing Date to 31 December 2014		Change
	Actual	Forecast	
Gross Revenue (S\$'000)	71,545	69,040	3.6%
Net Property Income (S\$'000)	53,830	50,319	7.0%
Amount Available For Distribution (S\$'000)	45,909	43,914	4.5%
DPU (cents)			
- For the period	5.27	5.05	4.4%
- Annualised	5.67	5.44	4.2%

Selected Balance Sheet Highlights

	As at 31 December 2014
Total Assets (S\$'000)	1,680,963
Total Net Borrowings (S\$'000)	632,898
Unitholders' Funds (S\$'000)	957,785
Market Capitalisation (S\$'000)	700,508
Number of Units in Issue and to be Issued ('000)	872,430

Key Financial Ratios

	As at 31 December 2014
NAV per Unit (S\$)	1.10
Aggregate Leverage (%)	38.3
Average Cost of Debt (% per annum)	2.81
Weighted Average Term to Maturity of Debt (years)	2.95
Interest Cover Ratio (times)	3.87

Quarterly Results

	Listing Date to 31 March 2014	2Q 2014	3Q 2014	4Q 2014	Listing Date to 31 December 2014
Gross Revenue (S\$'000)	13,819	18,670	19,493	19,563	71,545
Net Property Income (S\$'000)	10,317	14,292	14,860	14,361	53,830
Amount Available For Distribution (S\$'000)	8,643	12,473	12,216	12,577	45,909
DPU (cents)	1.00	1.43	1.40	1.44	5.27

PROPERTIES AT A GLANCE

OUE BAYFRONT



KEY PROPERTY HIGHLIGHTS

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

OUE Bayfront is a commercial building with ancillary retail comprising:

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

Gross Revenue¹

S\$48.6m

Property Valuation

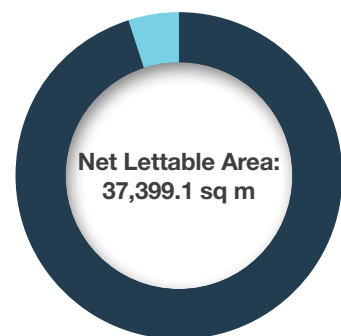
As at 31 December 2014

S\$1,135m

Committed Occupancy

As at 31 December 2014

100%



● Office 95.1%
● Retail 4.9%

¹ For the period from Listing Date of 27 January 2014 to 31 December 2014

LIPPO PLAZA



KEY PROPERTY HIGHLIGHTS

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

The Huangpu district is one of the oldest business districts in Shanghai, attracting multinational corporations, international financial institutions and 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. OUE C-REIT has 91.2% strata ownership of Lippo Plaza.

Gross Revenue¹

S\$22.9m

Property Valuation

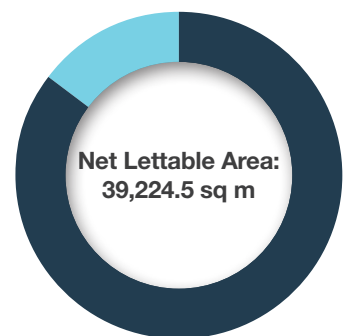
As at 31 December 2014

S\$495.6m

Committed Occupancy

As at 31 December 2014

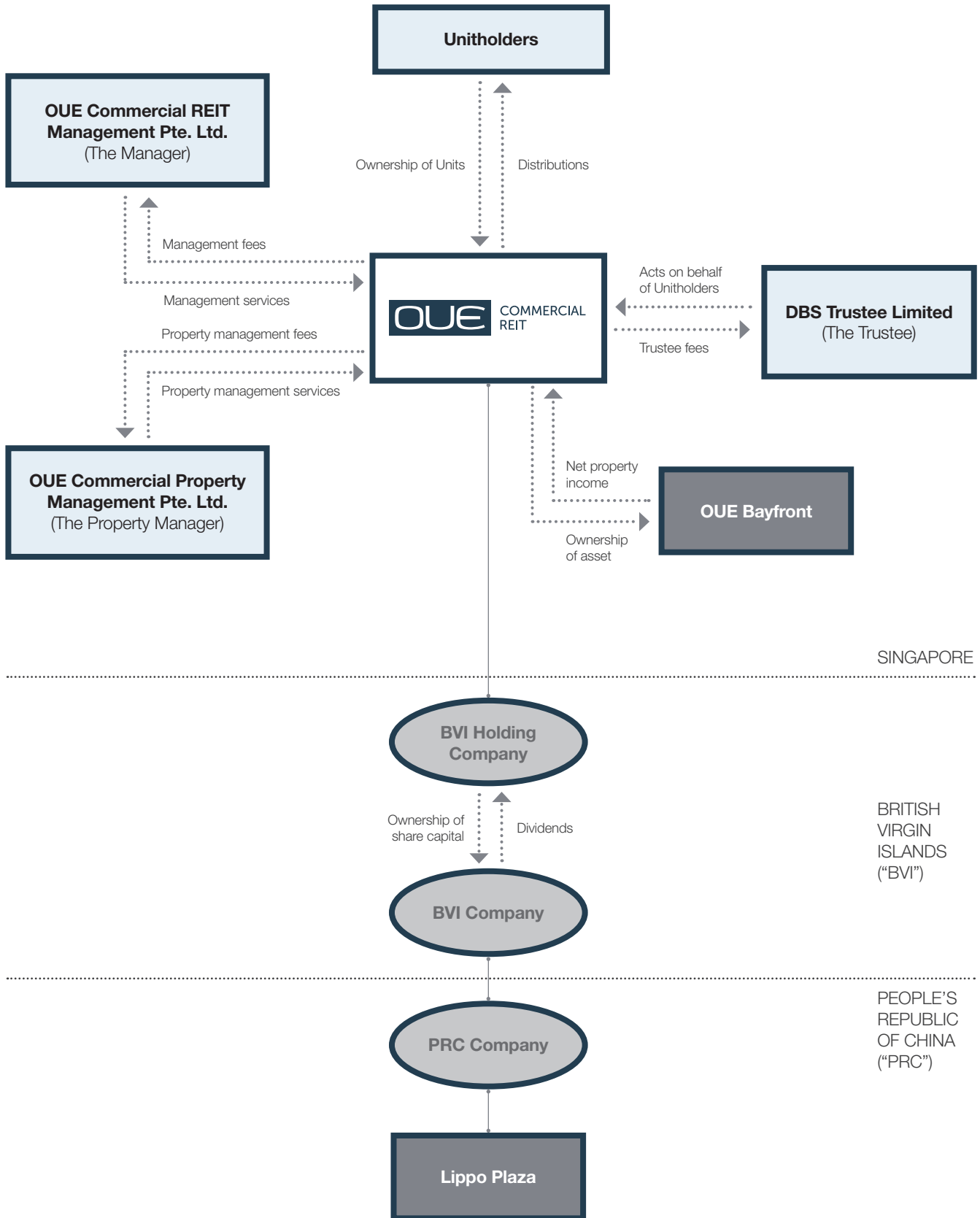
96.0%



- Office 85.5%
- Retail 14.5%

¹ For the period from Listing Date of 27 January 2014 to 31 December 2014

STRUCTURE OF OUE C-REIT



STRATEGY

Our Strategic Business Model



STRATEGY

OUR 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

1 MAXIMISING OPERATIONAL PERFORMANCE

2 GROWTH THROUGH QUALITY ACQUISITIONS

3 PRO-ACTIVE CAPITAL AND RISK MANAGEMENT

1 Maximising Operational Performance

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.

2 Growth Through Quality Acquisitions

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 enhances its growth profile significantly. In addition to sourcing third-party acquisitions on its own, the Manager also leverages on its Sponsor's experience and network of contacts to source potentially yield-accretive acquisitions.

3 Pro-active Capital and Risk Management

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.

The Manager closely monitors and actively manages OUE C-REIT's property portfolio to drive organic growth and maximise income generation potential, seeking to maintain high tenant retention and occupancy levels to achieve sustainable rental growth. It also ensures that OUE C-REIT's properties are occupied by high quality and reputable tenants across diverse business sectors.

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

To achieve stable and sustainable rental growth, the Manager aims to balance lease expiry and rent review profiles in consideration of the cyclical nature of the office sector. This may involve extending longer lease tenures and incorporating

periodic rental step-up provisions in selected tenancy agreements. As part of revenue management, the Manager also actively monitors any rental arrears and other aspects of tenant performance to mitigate instances of default.

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

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

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

Yield requirements

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

Location

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

Strong real estate fundamentals and growth potential

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

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

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

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

- Optimise the cost of debt financing and manage potential refinancing or repayment risks;
- Adopt appropriate interest rate hedging and currency risk management strategies to mitigate exposure to market volatility; and

- Ensure diversified funding sources from financial institutions and capital markets to support OUE C-REIT's funding requirements.

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

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

STRONG LEADERS

The collective leadership strength behind our team inspires us and drives us further. It gives us strength and belief in the pursuit of our goals. It is what unites us and is central to driving results while creating value. This is what makes a great team, demonstrated successfully by our leadership who continue to set the pace for our success.



HIP



LETTER TO UNITHOLDERS

“Following OUE C-REIT’s listing, the Manager has focused on delivering on its commitments made at IPO. We are pleased to report that OUE C-REIT has delivered a strong set of inaugural financial results and outperformed its IPO forecast.”

Dear Unitholders,

On behalf of the Board of Directors of the Manager, we are pleased to present OUE C-REIT’s inaugural Annual Report to Unitholders for the financial period ended 31 December 2014.

A New Beginning

OUE C-REIT made its debut on the Main Board of the Singapore Exchange Securities Trading Limited on 27 January 2014 (“Listing Date”) following its successful IPO which raised gross proceeds of S\$346.4 million from institutional and retail investors at an offer price of S\$0.80 per Unit. The offering garnered strong support from cornerstone investors, and the public tranche was 4.8 times subscribed.

OUE C-REIT was established with the objective of offering Unitholders exposure to high quality commercial properties in the financial and business hubs of key gateway cities, and its IPO portfolio comprises two strategically located landmark commercial properties in Singapore and China. In Singapore, OUE Bayfront is a premium Grade A office building with complementary retail facilities located between the Marina Bay downtown and Raffles Place financial hub in the CBD of Singapore. In China, Lippo Plaza is a 36-storey Grade A commercial building located within the Huangpu district in the Puxi area, one of Shanghai’s established core CBD locations.

A Strong Showing

Following OUE C-REIT’s listing, the Manager has focused on delivering on its commitments made at IPO. We are pleased to report that OUE C-REIT has delivered a strong set of inaugural financial results and outperformed its IPO forecast. For the financial period from Listing Date to 31 December 2014 (“FY2014”), OUE C-REIT achieved a DPU of 5.27 cents which was 4.4% above Forecast¹. Based on the closing price per Unit of S\$0.805 on 31 December 2014, this translates to an annualised distribution yield of 7.0%.

Gross revenue of S\$71.5 million was 3.6% ahead of Forecast, due to better occupancy and rental rates achieved during the financial period. Net property income of S\$53.8 million reflects a 7.0% outperformance over Forecast due to higher gross revenue contribution from the properties, as well as savings from lower utilities and maintenance costs incurred. The lower utilities expenses was the result of the Manager’s pro-active cost management to bulk purchase OUE Bayfront’s electricity consumption. The amount available for distribution for FY2014 was S\$45.9 million, 4.5% above Forecast, due to higher net property income, and lower trust expenses incurred.

OUE C-REIT’s properties also increased in value from S\$1,578.0 million³ as at 30 September 2013, to S\$1,630.6 million

Gross Revenue

Actual²

S\$71.5m

Forecast¹

S\$69.0m

↑ 3.6%

Net Property Income

Actual²

S\$53.8m

Forecast¹

S\$50.3m

↑ 7.0%

Distribution Per Unit

Actual²

5.27 cents

Forecast¹

5.05 cents

↑ 4.4%

¹ Forecast is derived by pro-rating the forecast for 2014 as disclosed in OUE C-REIT’s Prospectus dated 17 January 2014

² For the period from Listing Date of 27 January 2014 to 31 December 2014

³ Based on the Unaudited Proforma Statement of Financial Position of OUE C-REIT as at 30 September 2013 as disclosed in the Prospectus dated 17 January 2014

Mr Christopher James Williams, Chairman and Non-Executive Director
Ms Tan Shu Lin, Chief Executive Officer and Executive Director

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COMMERCIAL RETT



LETTER TO UNITHOLDERS

as at 31 December 2014. This translates to an improvement in NAV per Unit over the same period from S\$1.04 to S\$1.10.

The solid set of results highlights the underlying quality of OUE C-REIT's premium portfolio, and the Manager's pro-active asset management efforts and effective cost management initiatives.

Robust Portfolio Performance

The strengths identified above led to a high committed occupancy rate for OUE C-REIT's portfolio of 98.0% as at 31 December 2014. This is a vast improvement from the 92.0% committed occupancy rate as at 30 September 2013 as disclosed in the Prospectus. We are also pleased to report that positive office rental reversions were achieved at both OUE Bayfront and Lippo Plaza in FY2014.

At OUE Bayfront, full occupancy was maintained throughout FY2014, above Singapore's core CBD office occupancy of 95.7% as at 31 December 2014. Office leases renewed during the period enjoyed an average 14.9% uplift in renewed rents compared to preceding rates. As a result, the monthly average office passing rent at OUE Bayfront rose to S\$10.58 per square foot ("psf") per month as at 31 December 2014, up from S\$10.40 psf per month as at 30 September 2013 as disclosed in the Prospectus.

In Shanghai, Lippo Plaza's committed occupancy was 96.0% as at 31 December 2014, a 7.8 percentage point increase from committed occupancy of 88.2% as at 30 September 2013 as disclosed in the Prospectus. Both the retail and office components of the property achieved committed occupancy rates that were higher than the market average as at 31 December 2014. Office renewal rents at Lippo Plaza in FY2014 were 6.0% higher than preceding rates leading to an improvement in the office passing rent

from RMB9.06 per square metre ("psm") per day as at 30 September 2013 as disclosed in the Prospectus, to RMB9.14 psm per day as at 31 December 2014. This result was especially commendable since Grade A office rents in the Puxi area remained stagnant for the year at around RMB8.80 psm per day as a consequence of a higher-than-average level of supply coming to market.

Other than driving the underlying performance of OUE C-REIT's assets, the Manager also seeks to maintain or augment the quality of the properties and to mitigate leasing risks. The refurbishment of the office lobby in Lippo Plaza was completed in 2014, giving the property a more contemporary look comparable with newer properties. In line with the objective of achieving a well-balanced lease expiry profile, the Manager has already renewed about 25% of leases by net lettable area expiring in 2015 as at 31 December 2014, resulting in 19.8% of portfolio gross rental income due for renewal in 2015.

Prudent and Pro-active Capital Management

One of our key strategies is prudent capital management, optimising OUE C-REIT's capital structure as well as adopting appropriate hedging strategies to manage interest rate and foreign exchange volatility. As at 31 December 2014, OUE C-REIT's aggregate leverage ratio was 38.3%. Total borrowings were S\$644.4 million with an average all-in interest cost of 2.81% per annum. With a weighted average debt maturity of 2.95 years, OUE C-REIT has no refinancing requirement until 2017.

Given the less benign interest rate environment and outlook, the Manager has hedged about 73.6% of OUE C-REIT's interest rate exposure into fixed rates, with a weighted average fixed debt

maturity of 3.19 years. This significantly minimises its exposure to interest rate fluctuations. Going forward, we will continue to seek to optimise borrowing costs, as well as diversify funding sources for OUE C-REIT, including the establishment of a medium term note programme to support OUE C-REIT as it grows.

Looking Ahead

Given the uneven global recovery, Singapore's Ministry of Trade and Industry expects the domestic economy to grow between 2.0% and 4.0% in 2015. Core CBD Grade A office rents in Singapore rose by 14.9% year-on-year in 2014 as office demand remained steady, while good quality space within the core CBD area was in short supply. With new supply remaining limited in 2015, the outlook for the office rental market is expected to remain positive, which will benefit lease renewals at OUE Bayfront.

As the authorities continue to focus on economic reforms in China, GDP growth is expected to be more moderate and sustainable. Though a higher-than-average level of new supply is expected in 2015 for the Shanghai CBD Grade A office market, Shanghai remains an important and attractive regional hub for companies seeking a foothold in China, and greater Asia. Hence, the Manager expects office demand to remain steady, but anticipates a more subdued rental outlook for Lippo Plaza.

Given the strategic locations and premium positioning of OUE C-REIT's properties, we expect the performance of the portfolio to remain steady in 2015. The Manager remains focused on executing on its strategy of maximising asset performance through active lease management and driving operational efficiency, to deliver on the forecast set out in the Prospectus for the year ending 31 December 2015.



To maintain the prime positioning of Lippo Plaza, we will continue with the asset enhancement programme, focusing on improvements to the common areas and restrooms of the office tower, and upgrading of the lifts.

Concurrently, we will seek growth through yield accretive acquisitions from our Sponsor, as well as from third parties. OUE C-REIT has a Right of First Refusal over the Sponsor’s portfolio of strategically located commercial properties. Within Singapore, this includes One Raffles Place and OUE Downtown, with a combined lettable area of over 1.5 million sq ft. Given the size and quality of these assets, OUE C-REIT has a strong and visible pipeline of potential acquisitions which could significantly enhance its growth.

Acknowledgements

The Manager would like to take this opportunity to express its deepest appreciation to Unitholders, business

partners and tenants, for their continued confidence and unwavering support for OUE C-REIT.

We would also like to thank members of the Board, colleagues, partners and advisors for helping OUE C-REIT chart a new beginning on the Singapore REIT market. The successful listing of OUE C-REIT, and strong showing since, would not have been possible without the hard work and support of all our stakeholders.

We look forward to another successful year ahead, and remain committed to deliver stable distributions and sustainable long-term growth in returns to Unitholders.

Christopher James Williams
Chairman and Non-Executive Director

Tan Shu Lin
Chief Executive Officer and Executive Director



1. Listing of OUE C-REIT on 27 January 2014
2. Commemorative piece to mark OUE C-REIT’s IPO

致单位信托持有人之信函

尊敬的单位信托持有人，

我们谨代表华联企业商业房地产投资信托管理董事会，向单位信托持有人呈报华联企业商业房地产投资信托（“本信托”）截止2014年12月31日的首届年度报告。

新的开始

本信托在2014年1月27日，以0.80新元的单位发行价，首次在新加坡证券交易所公开上市。本信托的首次公开发行，获得基础投资者给予的大力支持，公开发行部份获4.8倍的认购率，并成功地募集3亿4640万新元。

本信托旨在为单位信托持有人提供位于主要金融商业门户城市的优质商业资产的投资机会。首次公开发行的投资组合由位于新加坡和中国的两处位置优越的地标性建筑组成。位于新加坡的华联海湾大厦，是包括零售业务设施的优质甲级办公楼，毗邻中央商业区的滨海湾与莱佛士坊金融中心一带。在中国上海，力宝广场是36层高的甲级商业大厦，位于上海中央商业区之一的浦西黄浦区。

强健的表现

上市之后，我们致力于实现在公开发行时对单位信托持有人承诺的各项义务。我们很高兴地向各位

汇报，本信托交出了亮丽的业绩，超越了其公开发行时的预测。自其上市之日起至2014年12月31日期间（“2014财政年度”），每单位派息额为5.27分，比预测¹高出4.4%。基于2014年12月31日的收盘价0.805新元计算，本信托的年化派息率相当于7.0%。

由于本财政年度出租率和租金价格较高，总收入达到7150万新元，比预测高出3.6%。此较高总收入的贡献加上电力与维护费用的成本节约，实现了该财政年度物业净收入为5380万新元，比预测超出7.0%。电力成本的节约归功于本信托的管理人积极管理成本，对华联海湾大厦的用电量进行了大宗采购交易。由于物业净收入的增加，和信托费用的降低，2014财政年度可派息金额为4590万新元，高于预测4.5%。

本信托物业估值从2013年9月30日的15亿7800万新元²增加到2014年12月31日的16亿3060万新元。因此，在此期间本信托的每单位资产净值从1.04新元增长至1.10新元。

以上的稳健业绩展现了本信托投资组合的优良本质，以及管理人积极管理资产的不懈努力和有效的成本管理措施。

投资组合的强劲业绩

凭借上述优势，截至2014年12月31日，本信托产业组合的出租率从2013年9月30日招股说明书所披露的92.0%大幅度增加至98.0%。我们也很高兴地汇报，华联海湾大厦与力宝广场在本财政年度的办公室租金均有所调升。

华联海湾大厦在2014财政年度一直保持100%出租率，超出新加坡中央商业区办公楼95.7%的出租率（截至2014年12月31日）。在此期间办公室续约的租金相比之前的租金平均上涨了14.9%。因此，华联海湾大厦办公室每平方英尺的平均月租从2013年9月30日的10.40新元，增至2014年12月31日的10.58新元。

截至2014年12月31日，上海力宝广场出租率为96.0%，相比2013年9月30日的88.2%出租率高出7.8个百分点。该产业的商场零售及办公室出租率均超出市场平均水平。本财政年度，力宝广场办公室的续约日租金相比之前的日租金高出6.0%。也因此，力宝广场办公室日均租金从每平方米9.06人民币（截至2013年9月30日）增加至每平方米9.14人民币（截至2014年12月31日）。由于浦西甲级办公楼市场在2014年供应较高，每平米8.80人民币的日租金水平已停滞一年之久，因此能取得上述租金收益，的确值得称道。

¹ 上述预计来自于2014年的盈利预测，具体数据收录在本信托至2014年1月17日的招股说明书。

² 根据截至2013年9月30日未经审计的备考资产负债表。

管理人除了进一步推进本信托资产业绩，也力求维持并提升物业品质，和降低租赁风险。力宝广场办公楼大厅的整修工程已于2014年竣工，大厦焕然一新，外观亦更时尚。

为了平衡到期的租约，截至2014年12月31日，2015年到期的租赁合同中有四分之一（按可出租净面积计算）已预先续约，剩余在2015年期间续约的租赁合同，占为投资组合租金总收入的19.8%。

积极谨慎的资本管理

管理人的重要策略包括谨慎的资本管理，优化本信托资本结构以及采用适当对冲策略，管理利率和外汇率波动。截至2014年12月31日，本信托总杠杆比率为38.3%。借款总额为6亿4440万新元，平均年利率为2.81%。凭借2.95年的平均债务期限，本信托直至2017年都不需要再融资。鉴于利率环境和前景并不理想，管理人将73.6%的债务锁定为固定利率，从而降低利率波动风险。同时锁定了其平均固定债务期限为3.19年。这将显著降低利率波动带来的风险。展望未来，我们将继续优化债务成本，实现融资渠道多元化，其中包括推行中期证券计划，以支持本信托的增长。

展望未来

鉴于全球经济复苏快慢不一，新加坡贸工部预计2015年国内经济维持2.0%至4.0%的增长。由于办公楼租赁需求稳定，中央商业区优质办公空间仍供不应求，因此2014年新加坡中央商业区甲级办公楼的租金同比上升14.9%。随着2015年办公楼供应数量限制，办公楼租赁市场前景备受看好，华联海湾大厦续租有望从中受益。

中国政府将继续关注经济改革，预计其国内生产总值将持续稳健的增长趋势。虽然2015年上海中央商业区甲级办公楼市场预期会出现供应高峰，上海作为重要的区域枢纽，对有志于立足中国、进军亚洲的各大公司而言仍深具吸引力。于是，我们预计上海中央商业区甲级办公楼需求会仍然持续稳定，但对力宝广场租金前景较为审慎。

鉴于本信托物业的优越位置以及定位，我们预计投资组合在2015年将保持稳健的业绩。我们将通过积极管理租赁资产，提高营运效率，从而提高资产盈利表现，实现截至2015年12月31日招股说明书中设定的收益预测。我们将继续实施资产增值计划，专注于改善力宝广场公共区域和卫生设施，翻新电梯，维持该物业的高端定位。

与此同时，我们将通过对保荐人以及第三方的物业收购，寻求增长新动力。本信托对保荐人优越的商业物业，拥有优先受让权。其中就包括新加坡第壹莱佛士坊和华联城，共150多万平方英尺组合可出租面积。鉴于这以上有规模和质量潜在可投资项目，本信托无疑具有强劲的增长潜能。

致谢

我们谨此向单位信托持有人、业务伙伴和租户表示衷心的感谢，感谢你们给予我们坚定不移的信心和鼎力支持。

同时我们还要感谢董事会、同事、合作伙伴和顾问的大力支持，协助本信托进军新加坡房地产投资信托市场，开启新的发展里程。我们的成功上市以及强劲表现离不开各方的共同努力和支持。

我们期待来年成功，再创佳绩，继续为各位提供稳定的收益，实现长期可持续的增长目标。

Christopher James Williams

主席

陈淑铃

总裁

BOARD OF DIRECTORS



From left to right:
Mr Christopher James Williams | Mr Ng Lak Chuan
Mr Loh Lian Huat

Mr Christopher James Williams
Chairman and Non-Executive Director

Mr Christopher James Williams was appointed as the Chairman and Non-Executive Director of the Board of the Manager on 25 October 2013.

Mr Williams is a founding partner of Howse Williams Bowers, Hong Kong and was previously a partner of Richards Butler, Hong Kong from May 1994 to December 2007, a partner of Richard Butler in Association with Reed Smith from January 2008 to December 2010 and a partner of Reed Smith Richard Butler from January 2011 to December 2011. He is presently the deputy chairman of OUE Limited and was a non-executive chairman of Food Junction Holdings Limited from November 2009 to December 2013. He was appointed as the chairman and non-executive director of OUE Hospitality REIT Management Pte. Ltd. and OUE Hospitality Trust Management Pte. Ltd. in April 2013.

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

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

Mr Ng Lak Chuan
Lead Independent Director

Mr Ng Lak Chuan was appointed as an Independent Director of the Board of the Manager on 8 January 2014. He serves as the Chairman of the Audit and Risk Committee of the Manager.

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

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

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

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

Mr Loh Lian Huat
Independent Director

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

Mr Loh is presently the chief executive officer of Silkrouteasia Capital Partners Pte Ltd, an investment advisory, asset management and direct real estate investments firm. 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



From left to right:
Mr Carl Gabriel Florian Stubbe | Mr Jonathan Miles Foxall
Ms Tan Shu Lin

Mr Carl Gabriel Florian Stubbe
Independent Director

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

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

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

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

Mr Jonathan Miles Foxall
Non-Executive Non-Independent
Director

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

He is currently the general manager (Properties) of Lippo China Resources Limited ("LCR") (a company listed on the HKEx) and a director of Lippo Realty Limited. Since Mr Foxall joined the Lippo group in 1991, he has completed numerous major property acquisitions and disposals for the Lippo group and has been managing its property portfolio outside of Indonesia. Mr Foxall has held various senior executive appointments and directorships within the Lippo group. He has previously held directorships in LCR, The Hong Kong Building Loan Agency Limited and Asia Securities International Limited (now known as Dan Form Holdings Company Limited), which are companies listed on the HKEx.

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

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

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

Ms Tan Shu Lin
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 12 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



Standing from left to right:

Ms Tan Yi Qian (Assistant Finance Manager) | Mr Ng Ngai (Company Secretary) | Ms Celine Kam (Executive Secretary)

Seated from left to right:

Ms Janica Tan (Chief Financial Officer) | Ms Tan Shu Lin (Chief Executive Officer and Executive Director)



Standing from left to right:
 Mr Rodney Yeo (Head, Asset and Investment Management) | Ms Elaine Cheong (Head, Investor Relations)
 Ms Janice Lim (Senior Finance Manager) | Ms Lisa Mak (Senior Accounts Executive)

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 23.

Ms Janica Tan Chief Financial Officer

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

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

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

Mr Rodney Yeo Head, 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 as well as asset management. Previously, Mr Yeo was vice president, Investment and Asset Management with Wachovia Bank's Real Estate Asia team from 2007 to 2010 and from 2006 to 2007, he was with Kailong REI in Shanghai, as vice president, Investment and Asset Management. Prior to this, Mr Yeo had worked in the USA for about 8 years in various real estate acquisition and asset management roles.

Mr Yeo graduated from the University of Southern California, USA, 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.

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 from Nanyang Technological University, Singapore.

Ms Janice Lim Senior Finance Manager

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

Ms Lim was formerly the finance manager of the Sponsor, where she was responsible for the managing all the finance-related matters of assigned companies within the Sponsor group. Prior to joining the Sponsor in 2010, she was a senior auditor with the Defence Science Technology, where she performed internal audit functions and reviewed internal processes and controls. From 2009 to 2010, she was internal audit manager with MediaCorp Pte Ltd. Ms Lim started her career with KPMG LLP Singapore as an external auditor.

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

CORPORATE INFORMATION

OUE Commercial REIT

Website : www.ouect.com
 Email : enquiry@ouect.com
 SGX Code : TS0U
 Bloomberg: OUE CT SP

Manager of OUE Commercial REIT

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-Executive Director)

Mr Ng Lak Chuan

(Lead Independent Director)

Mr Loh Lian Huat

(Independent Director)

Mr Carl Gabriel Florian Stubbe

(Independent Director)

Mr Jonathan Miles Foxall

(Non-Executive Non-Independent Director)

Ms Tan Shu Lin

(Chief Executive Officer and Executive Director)

Audit and Risk Committee

Mr Ng Lak Chuan

(Chairman)

Mr Loh Lian Huat

Mr Carl Gabriel Florian Stubbe

Company Secretary

Mr Ng Ngai

Trustee of OUE Commercial REIT

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
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 Singapore 048623
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 Fax: (65) 6438 8710

Auditor

KPMG LLP

16 Raffles Quay
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 Singapore 048581
 Tel : (65) 6231 3388
 Fax: (65) 6225 0984

Partner-in-charge: Ms Lo Mun Wai
 (Appointed since the financial period ended 31 December 2014)

WELL-BALANCED
**ASSET
MANAGE**



MENT

We believe our success comes from having a keen eye for opportunities and inspiring our exceptional team of people to find new and better ways to make property perform. For us, it is the satisfaction of creating an environment where people are proud to work and businesses can flourish. We will ensure this outcome by acquiring assets that meet our tenants' needs and managing those assets with experience and expertise.



MANAGER'S REPORT

HIGHLIGHTS

Financial Performance

Gross revenue of

S\$71.5m

exceeded Forecast¹ by 3.6%

Net property income of

S\$53.8m

was 7.0% ahead of Forecast

Amount available for distribution of

S\$45.9m

was 4.5% higher than Forecast

DPU of

5.27 cents

was 4.4% ahead of Forecast

Pro-active Portfolio Management

- Achieved higher portfolio committed occupancy of 98.0% compared to 92.0% as at 30 September 2013²
- Positive office rental reversion of 14.9% over preceding rents at OUE Bayfront, resulting in an increase in average office passing rent to S\$10.58 psf per month as at 31 December 2014 from S\$10.40 psf per month as at 30 September 2013
- At Lippo Plaza, renewed office rents were 6.0% higher than preceding rents, with the average office passing rent increasing from RMB9.06 psm per day as at 30 September 2013 to RMB9.14 psm per day as at 31 December 2014
- About 25% of leases due in 2015 by net lettable area already committed by 31 December 2014, resulting in 19.8% of portfolio gross rental income due for renewal in 2015

Prudent Capital Management

- Aggregate leverage is healthy at 38.3% as at 31 December 2014
- About 73.6% of OUE C-REIT's interest rate exposure has been hedged into fixed rates for the next 3.19 years
- Average all-in interest cost as at 31 December 2014 of 2.81% per annum
- Asset value of S\$1,630.6 million as at 31 December 2014 translates to NAV per Unit of S\$1.10, an increase of 5.8% from NAV per Unit of S\$1.04 as at 30 September 2013³

¹ Forecast is derived by pro-rating the forecast for 2014 as disclosed in OUE C-REIT's Prospectus dated 17 January 2014

² Based on property information as at 30 September 2013 as disclosed in OUE C-REIT's Prospectus dated 17 January 2014

³ Based on proforma financial information as at 30 September 2013 as disclosed in OUE C-REIT's Prospectus dated 17 January 2014

FINANCIAL REVIEW

In its debut year, OUE C-REIT delivered a creditable performance for Unitholders. FY2014¹ amount available for distribution of S\$45.9 million exceeded Forecast² by 4.5%. This translated to DPU of 5.27 cents, outperforming the Forecast DPU of 5.05 cents by 4.4%.

FY2014 Financial Results

FY2014	Actual	Forecast	Change
Gross Revenue (S\$'000)	71,545	69,040	3.6%
Net Property Income (S\$'000)	53,830	50,319	7.0%
Amount Available For Distribution (S\$'000)	45,909	43,914	4.5%
DPU (cents)			
- For the period	5.27	5.05	4.4%
- Annualised	5.67	5.44	4.2%

Gross revenue of S\$71.5 million was 3.6% higher than Forecast, driven by better occupancy and higher rental reversions. The portfolio recorded healthy office rental reversions at OUE Bayfront and Lippo Plaza, where renewed leases were secured at rates that were respectively 14.9% and 6.0% higher than preceding rents. Through the Manager's pro-active lease management, OUE Bayfront maintained 100% committed occupancy throughout FY2014, while Lippo Plaza's committed occupancy of 96.0% at 31 December 2014 was notably higher than that as at 30 September 2013 of 88.2%³.

Besides pro-active lease management, the Manager was also focused on keeping costs under control. During the year, OUE Bayfront transitioned to bulk-purchase of its electricity requirements, resulting in cost savings in utilities expenses. This, together with lower maintenance costs incurred, led to the outperformance of the net property income against Forecast by 7.0%. Net property income margin improved to 75.2% from about 72.9% expected for the Forecast.

Distribution History

Period	Payment Date	DPU cents (Actual)	DPU cents (Forecast)	Outperformance against Forecast
Listing Date to 30 June 2014	2 September 2014	2.43	2.32	4.7%
1 July 2014 to 31 December 2014	27 February 2015	2.84	2.73	4.0%
FY2014		5.27	5.05	4.4%

¹ FY2014 refers to the period from Listing Date of 27 January 2014 to 31 December 2014

² Forecast is derived by pro-rating the forecast for 2014 as disclosed in OUE C-REIT's Prospectus dated 17 January 2014

³ Based on property information as at 30 September 2013 as disclosed in OUE C-REIT's Prospectus dated 17 January 2014

MANAGER'S REPORT

PORTFOLIO REVIEW

Pro-active Asset Management

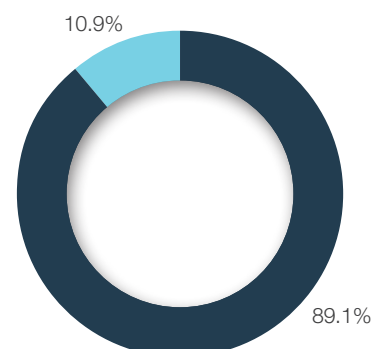
OUE C-REIT's strong leasing results and steady occupancy rates achieved have laid the foundation for stable returns. Portfolio committed occupancy rate was 98.0% as at 31 December 2014, compared to 92.0% as at 30 September 2013 as disclosed in the Prospectus. As at 31 December 2014, OUE Bayfront's overall committed occupancy rate was 100%, while Lippo Plaza's overall committed occupancy stood at 96.0%. OUE Bayfront's full occupancy for the whole of 2014, compared favourably to Singapore core CBD office occupancy of 95.7% at the end of 2014.

While the retail committed occupancy of 95.1% at Lippo Plaza as at 31 December 2014 was above the market occupancy of 92.0%⁴, Lippo Plaza's office committed occupancy of 96.2% also outperformed the Puxi CBD Grade A office sub-market occupancy rate of 91.7% as at 31 December 2014.

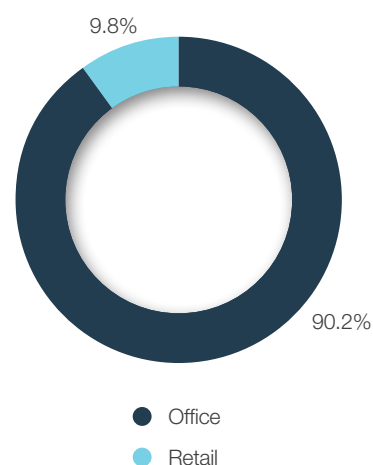
OUE C-REIT's Portfolio Committed Occupancy

	As at 30 September 2013	As at 31 December 2014
OUE Bayfront		
Office	95.9%	100.0%
Retail	100.0%	100.0%
Overall	96.1%	100.0%
Lippo Plaza		
Office	86.5%	96.2%
Retail	97.8%	95.1%
Overall	88.2%	96.0%
Portfolio	92.0%	98.0%

FY2014 Gross Rental Contribution by Sector



Net Lettable Area by Sector



⁴ Refers to the occupancy rate of mid- to high-end shopping centres located in prime areas in Shanghai as at 31 December 2014
Source: Colliers International Shanghai Retail 4Q14 Research & Forecast Report

Through the Manager’s pro-active asset and lease management, about 174,700 sq ft of office space in OUE Bayfront was leased and renewed during the financial period. Committed office rents for new and renewal leases for the property were in the range of S\$11.22 psf per month to S\$15.50 psf per month. This resulted in robust rental reversions where renewal rents for office leases in FY2014 were 14.9% higher than preceding rents.

In Lippo Plaza, about 17,870 sq m (192,400 sq ft) of office space was leased and renewed in FY2014 and the property recorded healthy office rental reversions of 6.0%, with committed rents achieved in the range of RMB7.35 psm per day to RMB11.00 psm per day. During the period, Lippo Plaza retained about 89% of its leases in the retail podium (about 1,032 sq m by net lettable area) that were due for renewal, reflecting the continued attraction of Lippo Plaza as a prime retail destination. Committed rents for retail leases were about RMB45.00 psm per day.

Positive Rental Reversions for Office Leases in FY2014

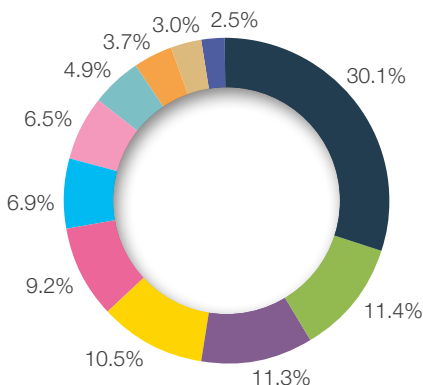
	Rental reversions ¹	Range of committed rents ²
OUE Bayfront	14.9%	S\$11.22 - S\$15.50 psf per month
Lippo Plaza	6.0%	RMB7.35 - RMB11.00 psm per day

¹ Renewal rates versus preceding rates
² Committed rents for both renewal and new leases

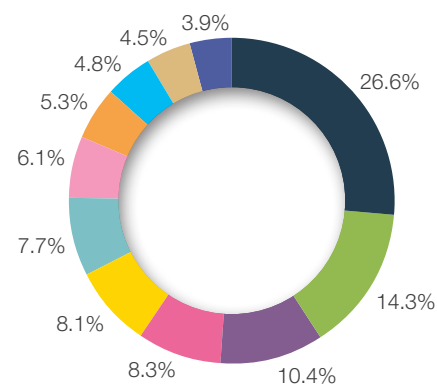
Diverse Tenant Trade Sectors

The Manager aims to maintain a diverse tenant trade sector profile to mitigate concentration risk from any one particular industry. In terms of trade sectors, the financial services sector contributed 30.1% to gross rental income while the consulting and real estate sectors contributed 11.4% and 11.3% respectively to the gross rental income.

Tenant Trade Sector by Gross Rental Income (For the month of December 2014 and excluding retail turnover rent)



Tenant Trade Sector by Net Lettable Area (As at 31 December 2014)



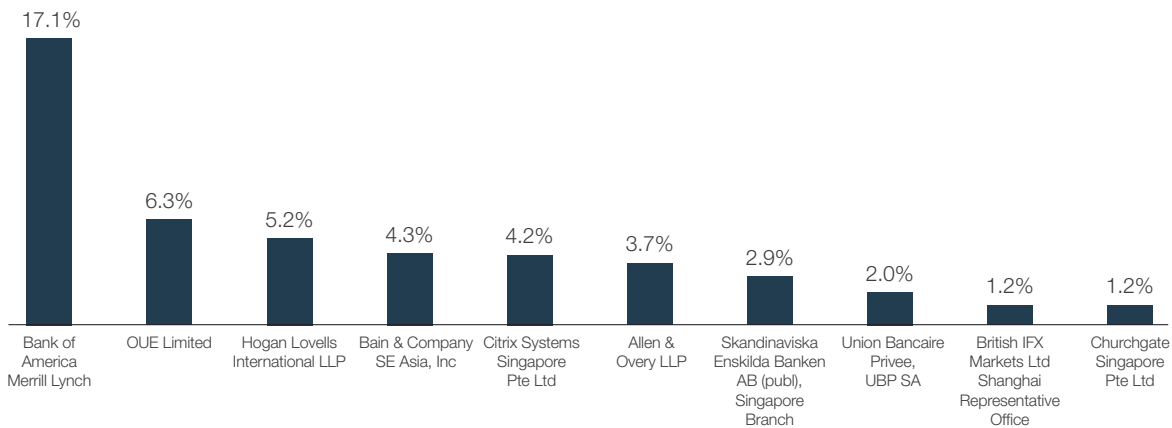
- Financial Services
- Consulting
- Real Estate
- Legal
- Trading
- Retail
- Information Technology
- Representative Office
- Pharmaceutical
- F&B
- Others

MANAGER'S REPORT

Tenant Diversification

The top ten tenants of OUE C-REIT's portfolio account for 48.1% of its gross rental income for the month of December 2014. The weighted average lease to expiry of these 10 tenants by net lettable area is 3.9 years.

Top 10 Tenants¹ by Monthly Gross Rental Income



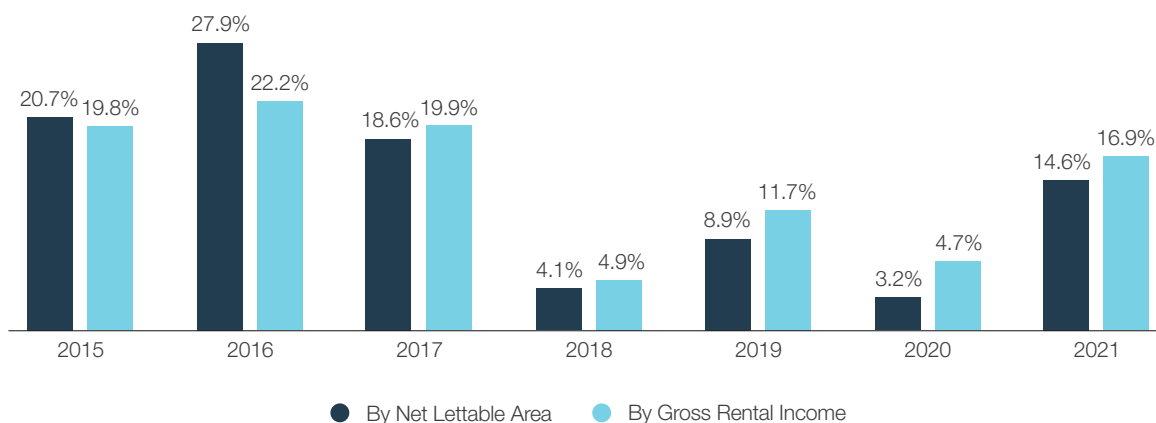
¹ The top 10 tenants of the portfolio does not take into account two tenants who would otherwise be among the top 10 tenants by gross rental income as they have not consented to the disclosure of details of their tenancy agreements. If the two tenants are taken into account, top 10 tenants of the portfolio would contribute no more than 49.5% of the total gross rental income for the month of December 2014

Balanced Lease Expiry Profile

The lease terms of tenants of OUE Bayfront typically range from three to five years. At Lippo Plaza, the lease terms of tenants range from two to three years, although larger space occupiers may have longer lease tenures of up to five years.

The Manager endeavours to achieve stable and sustainable rental growth and pro-actively manages the properties' lease expiry profiles to mitigate the concentration of lease expiry in any given year. At 31 December 2014, about 25% of leases by net lettable area expiring in 2015 were already committed by way of confirmed take-up, resulting in 19.8% of portfolio gross rental income due for renewal in 2015. The weighted average lease to expiry of OUE C-REIT's portfolio by gross rental income as at 31 December 2014 is 3.1 years.

Portfolio Lease Expiry Profile by Gross Rental Income and Net Lettable Area (As at 31 December 2014)



Asset Enhancement Initiatives

As part of its on-going review of OUE C-REIT’s portfolio, the Manager will evaluate asset enhancement opportunities to maintain or enhance the quality of the portfolio.

To enhance Lippo Plaza’s competitiveness and maintain its prime positioning, its office lobby was refurbished to give the property a more contemporary look comparable with other newer office properties in the market. With the lobby works completed in 2014, we will continue with the asset enhancement programme in 2015, focusing on improvements to the common areas and restrooms of the office tower, as well as upgrading of the lifts.

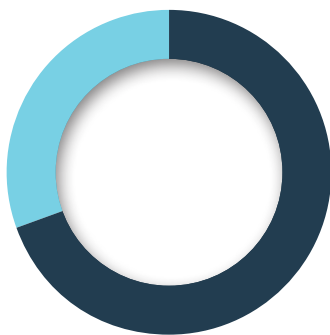
As OUE Bayfront is a relatively new development completed in 2011, no major asset enhancements are expected in 2015. To optimise operational costs, plans are in place to replace the current lighting in OUE Bayfront’s common areas with energy-efficient LED lighting.

Portfolio and Net Asset Value

As at 31 December 2014, OUE C-REIT’s investment properties were independently assessed by Colliers International Consultancy & Valuation (Singapore) Pte Ltd and Colliers International (Hong Kong) Ltd at S\$1,630.6 million. The independent valuer had assumed a capitalisation rate of 3.75% for OUE Bayfront’s office component, 25 basis points higher than the capitalisation rate used in the previous valuation as at 30 September 2013.

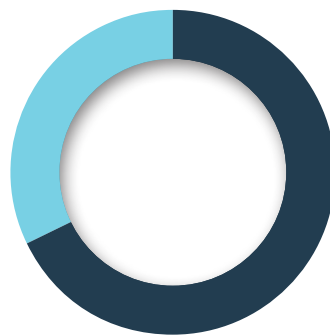
Notwithstanding the increase in capitalisation rate, OUE Bayfront saw an increase in its valuation by 3.0% due to the improvement in cashflows as a result of better occupancy and office rental rates. The valuation of Lippo Plaza has remained stable. As a result, total assets of OUE C-REIT as at 31 December 2014 was S\$1,681.0 million, translating to NAV per Unit of S\$1.10. This is 5.8% higher than the NAV per Unit of S\$1.04 as at 30 September 2013.

Valuation Breakdown by Asset



● OUE Bayfront 69.6%
● Lippo Plaza 30.4%

FY2014 Revenue Contribution by Asset



● OUE Bayfront 67.9%
● Lippo Plaza 32.1%

MANAGER'S REPORT

CAPITAL AND RISK MANAGEMENT

Prudent Capital Management

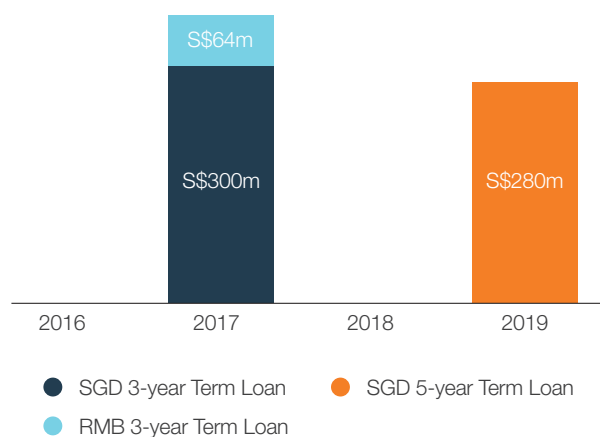
The Manager adopts a prudent and pro-active approach towards capital management, and endeavours to maintain a strong balance sheet by employing an appropriate mix of debt and equity. Currently, OUE C-REIT has total credit facilities of approximately S\$744.4 million, comprising (i) S\$580.0 million term loan facilities, (ii) S\$100.0 million revolving credit facility and (iii) RMB304.3 million term loan facility. Approximately S\$644.4 million of the facilities were utilised as at 31 December 2014, translating to an aggregate leverage of 38.3% and weighted average term of debt of 2.95 years.

The Manager also actively manages OUE C-REIT's cashflow position, 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. As a result of the Manager's prudent approach to cash management, as at 31 December 2014 OUE C-REIT has repaid S\$38.1 million of total borrowings drawn at IPO of S\$682.4 million.

Key Capital Management Indicators

	As at 31 December 2014
Aggregate Leverage	38.3%
Total Debt (S\$ million)	644.4
Fixed debt as % of total debt	73.6%
Average all-in debt cost (p.a.)	2.81%
Weighted average term to maturity of debt outstanding (years)	2.95
Weighted average term to maturity of fixed debt outstanding (years)	3.19
Interest cover ratio (times)	3.87

Debt Maturity Profile (As at 31 December 2014)



As part of its capital and risk management strategy, the Manager periodically evaluates the feasibility of putting in place the appropriate level of financial derivative instruments to hedge OUE C-REIT's interest rate and currency exposures.

During the financial period, the Manager progressively entered into more interest rate swaps to mitigate OUE C-REIT's exposure to volatility in interest rates. This is in view of the challenging interest rate environment going forward, as the US Federal Reserve concluded its quantitative easing measures and looks to raise interest rates on the back of the US recovery. Consequently, 73.6% of OUE C-REIT's interest rate exposure has been hedged into fixed rates for the next 3.19 years as at 31 December 2014. The average all-in cost of borrowings was 2.81% per annum.

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

Use of IPO Proceeds

In January 2014, OUE C-REIT raised gross proceeds of S\$346.4 million from its IPO. The IPO proceeds have been materially disbursed and the use of the IPO proceeds is in accordance with the stated uses in the Prospectus. S\$5.0 million was allocated for working capital (as stated in the Prospectus) and OUE C-REIT had used such amount to repay part of its borrowings under the revolving credit facility.

LO



STRATEGIC CATIONS

We have a vision and a clear defined path to fulfil our ambitions. We trust our strengths, strategies and our performance. Our two strategically located landmark properties in prime commercial districts of Singapore and Shanghai are right in the centre of where we want to be - accessible, vibrant, contemporary and bustling with activity day and night.



PORTFOLIO OVERVIEW

OUE BAYFRONT SINGAPORE

A landmark commercial development strategically located between the new 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 one of the latest premium office buildings in the Singapore CBD, with 18 floors of Grade A commercial space and rooftop

restaurant premises, commanding panoramic views of Marina Bay.

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

Across the open plaza of OUE Bayfront is OUE Link, an air-conditioned overhead pedestrian bridge with retail shops commanding double frontages,

which provides convenient and sheltered access to Raffles Place. Other than easy access to the Telok Ayer and Raffles Place Mass Rapid Transit ("MRT") Stations, the Downtown MRT Station is also within walking distance via an underground pedestrian linkway.

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

Property Description	Located at Collyer Quay in Singapore's CBD comprising: <ul style="list-style-type: none"> • OUE Bayfront: 18-storey premium Grade A office building with rooftop restaurant premises • OUE Tower: Conserved tower building with panoramic views of the Marina Bay • OUE Link: Overhead pedestrian bridge with retail shops
Address	50, 60 & 62 Collyer Quay, Singapore 049321/049322/049325
Title	OUE Bayfront & OUE Tower: 99-year leasehold title commencing 12 November 2007 OUE Link: 15-year leasehold title commencing 26 March 2010 Underpass: 99-year leasehold title commencing 7 January 2002
Vendor	Clifford Development Pte. Ltd.
Acquisition Date	27 January 2014
Purchase Consideration	S\$1,005 million
Valuation¹	S\$1,135 million
Gross Floor Area	46,774.6 sq m 503,482 sq ft
Net Lettable Area²	Overall: 37,399.1 sq m 402,564 sq ft Office: 35,569.0 sq m 382,865 sq ft Retail: 1,830.1 sq m 19,699 sq ft
Committed Occupancy²	Overall: 100.0% Office: 100.0% Retail: 100.0%
Gross Revenue³	S\$48.6 million
Number of Tenants²	46
Major Tenants	Bank of America Merrill Lynch OUE Limited Hogan Lovells International LLP
Number of Carpark Lots	245
Weighted Average Lease Expiry⁴	3.8 years

¹ Based on valuation carried out by Colliers International Consultancy & Valuation (Singapore) Pte Ltd as at 31 December 2014. Valuation was determined by Investment Method, Discounted Cashflow Analysis and Direct Comparison Method

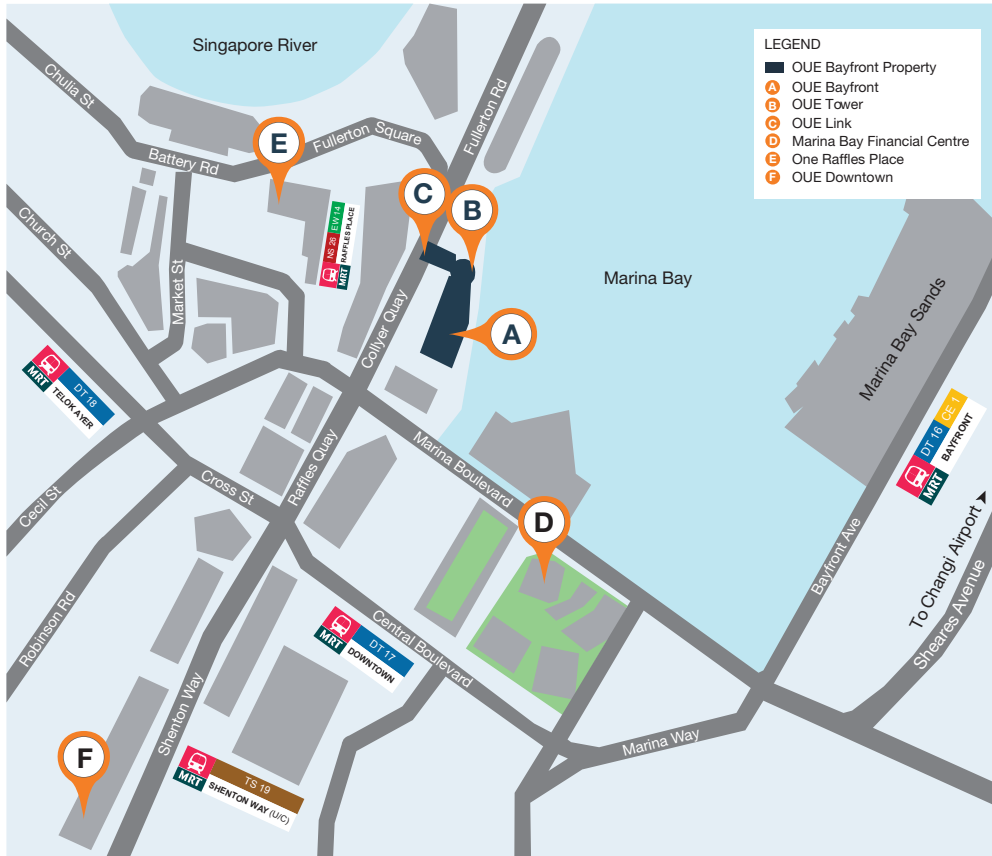
² As at 31 December 2014

³ For the period from Listing Date of 27 January 2014 to 31 December 2014

⁴ By monthly gross rental income as at 31 December 2014



PORTFOLIO OVERVIEW



Landmark Premium Office

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

Excellent Connectivity and Accessibility

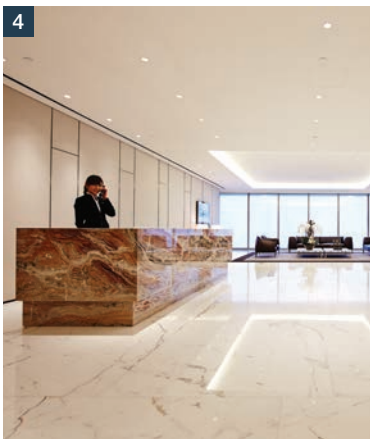
OUE Bayfront enjoys superb connectivity and accessibility to major transport networks. It provides convenient access to the Raffles Place MRT Station, the Telok Ayer MRT Station, as well as to the

Downtown MRT Station. The property is also a short drive away to major expressways which provides easy connectivity to other parts of Singapore.

Unique Ancillary Developments

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





1. QUE Bayfront office lobby
 2. View of QUE Tower
 3. Pedestrian access to QUE Link
 4. A typical office floor at QUE Bayfront

PORTFOLIO OVERVIEW

LIPPO PLAZA SHANGHAI, CHINA

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 now home to

flagship stores of two international luxury brand names, while refurbishment of the office lobby was completed in 2014.

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

With its unique and varied architectural styles, the Huaihai Road precinct is

also an established prime retail area in Shanghai, popular with top-end international designer brands and well-known Chinese brand names.

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 future Huaihai Zhong Road Station on the upcoming Metro Line 13.

Property Description	Located in the commercial district of Huangpu in central Shanghai, comprising 91.2% share of strata ownership of a Grade A 36-storey commercial building with retail podium and carpark lots
Address	222 Huaihai Zhong Road, Shanghai, PRC 200021
Land Use Right Expiry	50 years commencing 2 July 1994
Vendor	Lippo China Resources Limited
Acquisition Date	27 January 2014
Purchase Consideration¹	S\$335.3 million
Valuation²	RMB2,340 million S\$495.6 million
Gross Floor Area	58,521.5 sq m 629,925 sq ft
Net Lettable Area³	Overall: 39,224.5 sq m 422,213 sq ft Office: 33,538.6 sq m 361,009 sq ft Retail: 5,685.9 sq m 61,203 sq ft
Committed Occupancy³	Overall: 96.0% Office: 96.2% Retail: 95.1%
Gross Revenue⁴	S\$22.9 million
Number of Tenants³	94
Major Tenants	Ermenegildo Zegna Louis Vuitton British IFX Markets Ltd Shanghai Representative Office
Number of Carpark Lots	168
Weighted Average Lease Expiry⁵	1.7 years

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

² Valuation as at 31 December 2014 based on OUE C-REIT's 91.2% stake in the property and carried out by Colliers International (Hong Kong) Ltd. Valuation was determined by Discounted Cashflow Analysis

³ As at 31 December 2014

⁴ For the period from Listing Date of 27 January 2014 to 31 December 2014

⁵ By monthly gross rental income as at 31 December 2014



PORTFOLIO OVERVIEW



▶ Located within an Established Commercial District

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

▶ Easy Connectivity and Accessibility

Lippo Plaza is conveniently located within a five-minute walk from the South Huangpi Road Metro station, which serves the key Metro Line 1, the main north-south line of the Shanghai Metro. The property is also

accessible to other key commercial areas and transportation lines by virtue of its close proximity to major expressways.

▶ Well-placed within a Major Retail Artery

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





1. Main entrance to Lippo Plaza office
 2. Cafe at Lippo Plaza retail podium
 3. Lippo Plaza office lobby
 4. Facade view of Lippo Plaza

INDEPENDENT MARKET REVIEW

SINGAPORE

BY CBRE PTE LTD

THE SINGAPORE ECONOMY

In 2014, Singapore’s economy faced a number of cyclical and structural factors that weighed on its GDP growth. The manufacturing sector struggled with sluggish external demand, as well as a loss of competitiveness due to higher wages and an appreciation in the Singapore dollar nominal effective exchange rate (“S\$NEER”).

The manufacturing sector is the largest contributor to Singapore’s economy, accounting for 18.7% of GDP. This is followed by the business services and finance & insurance sectors, key contributors to the office leasing market, which attributed 14.1% and 11.8% respectively to Singapore’s GDP.

Meanwhile, financial and business service sectors have been affected by volatility in global risk aversion. In addition, domestic conditions have also weakened, with a correction in the housing market weighing on residential investment and household spending. Business investment has also declined.

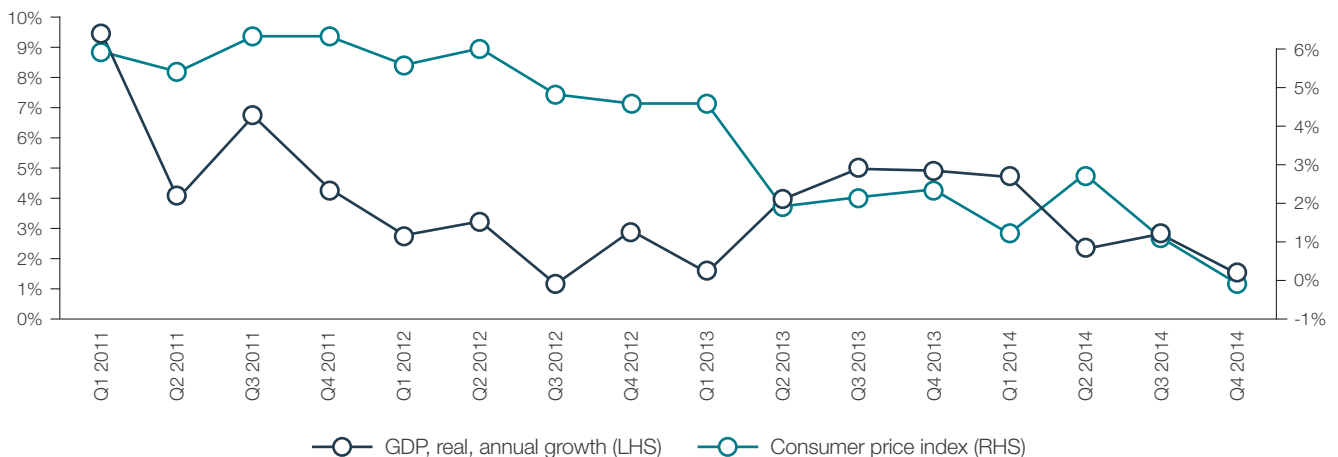
As a result, the Ministry of Trade and Industry reported a 2014 GDP growth of 2.9% for the Singapore economy. Supported mainly by the finance & insurance and business services sectors, the services producing industries grew by 3.2% in 2014. Despite finishing the year stronger than expected, the Singapore economy still slowed from the year before, and the subdued outlook for 2015 remains unchanged.

Inflation for the whole of 2014 registered at 1.0%, down from 2.4% in the previous year. However, core inflation for the whole of 2014, which excludes changes in the price of private road transport and accommodation, edged up to 1.9% from 1.7 % in 2013.

In addition, the Monetary Authority of Singapore (“MAS”) adjusted its monetary policy in January 2015 and allowed the Singapore dollar to appreciate at a slower pace. This measured adjustment to the policy stance is consistent with the more benign inflation outlook in 2015 and appropriate for ensuring medium-term price stability in the economy.

MAS has thus revised its inflation forecasts for 2015 to range from -0.5% to 0.5%, with core inflation expected in the range of 2.0% to 3.0%.

Singapore Gross Domestic Product (GDP) Change vs Consumer Price Index (CPI)



Source: Department of Statistics, Oxford Economics

The Singapore economy is expected to grow at a moderate pace in 2015. External demand is expected to pick up on the back of a modest but patchy global recovery. As a result, externally-oriented sectors such as manufacturing, wholesale trade and finance & insurance are likely to provide support to growth. The outlook for domestically-oriented sectors is mixed, with business services segment expected to remain resilient while labour-intensive ones like construction, retail and food services could see their growth affected by labour constraints. Barring any downside risks, the Singapore economy is expected to grow by 2.0% to 4.0% in 2015.

SINGAPORE OFFICE MARKET REVIEW

Existing Supply

As at Q4 2014, the total islandwide office stock in Singapore as tracked by CBRE Research stood at 55.5 million square feet ("sq ft"). The CBD Core sub-market accounted for the majority of the islandwide office stock at 50.1%. The Fringe CBD and Decentralised sub-markets accounted for 26.4% and 23.5% respectively.

Traditionally, the CBD Core is the pre-eminent destination for office occupiers where most front-office financial services functions are concentrated. Totalling 27.8 million sq ft, this sub-market consists of the Marina Bay, Raffles Place, Shenton Way and Marina Centre micro-markets.

Over the past four years from 2011 to 2014, approximately 7.5 million sq ft of new office supply was added to the CBD Core office stock. The bulk of this new supply was delivered in 2011 when slightly over 3.0 million sq ft of new office supply was added to this sub-market.

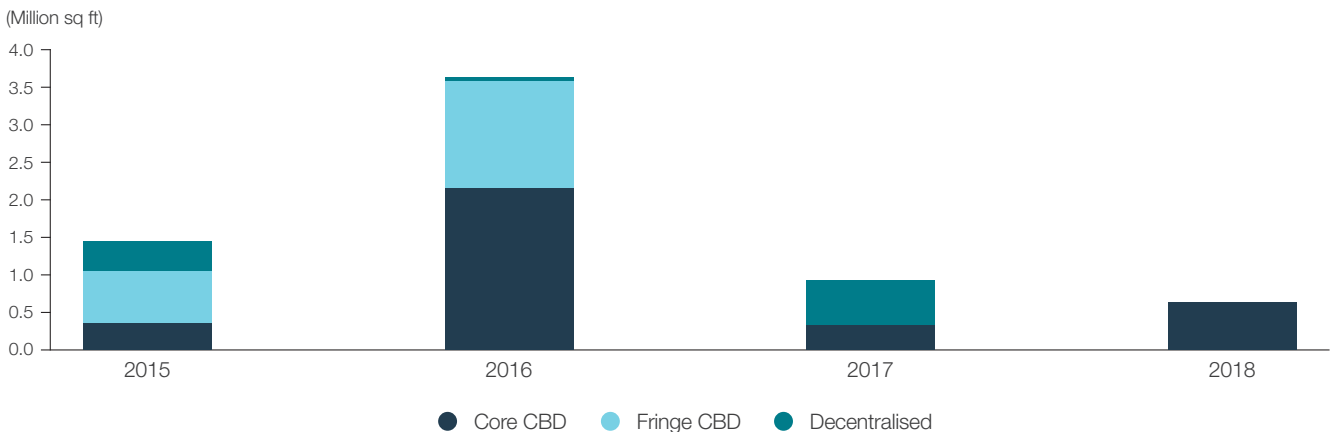
In 2014, CapitaGreen (0.72 million sq ft) was the only office development that came on-stream.

Future Supply

Approximately 6.66 million sq ft of new office supply is expected from 2015 to 2018. The CBD Core sub-market accounts for the majority of future office supply pipeline at 52.2% while the Fringe CBD sub-market represents 31.8% and Decentralised sub-market 16.0% respectively.

Out of the 6.66 million sq ft of expected supply, approximately 1.35 million sq ft or 20.2% of this pipeline comprises office developments that are slated to be sold on a strata-titled basis. The remaining 5.32 million sq ft of office space which is expected to be available for lease will translate to approximately 1.33 million sq ft per annum over a four-year period from 2015 to 2018. This is lower than the past five-year (2010 to 2014) average supply of 1.68 million sq ft per annum.

Island-wide Future Office Supply



Source: CBRE Research

INDEPENDENT MARKET REVIEW SINGAPORE

New supply is very limited in 2015 as the bulk of the new supply comprises projects that are either sold on a strata-titled basis or are part of a mixed development and offer less than 100,000 sq ft of office space. Apart from South Beach Tower (0.53 million sq ft), the other office developments are either smaller than 0.2 million sq ft or has been sold on a strata titled basis.

Post 2015, the situation will change as a sizeable total of 3.63 million sq ft of new office space is expected to complete by end-2016. This will include Marina One (1.88 million sq ft) in Marina Bay, Guoco Tower (0.85 million sq ft), Duo (0.57 million sq ft) and 5 Shenton Way (0.28 million sq ft).

By end-2017, four office developments are expected to be completed totaling a relatively modest 0.93 million sq ft of future office space, of which only about 0.22 million sq ft is expected to be available for lease to institutional tenants. Frasers Tower (0.65 million sq ft) is the only office development scheduled to be completed by end-2018.

Demand & Vacancy

In 2014, office leasing demand became more diverse with occupiers from a wider variety of industries relocating and/or expanding. The industries include commodity and energy companies, maritime, insurance, legal and professional services companies. Whilst the traditionally dominant financial sector remains fairly quiet, there has been some notable upswing in interest from Asia Pacific financial institutions. Transactions and active occupier requirements were more focused within the 5,000 sq ft to 20,000 sq ft range. It is also noted that many leasing transactions have been driven by some occupiers upgrading to better quality developments and rent advantage.

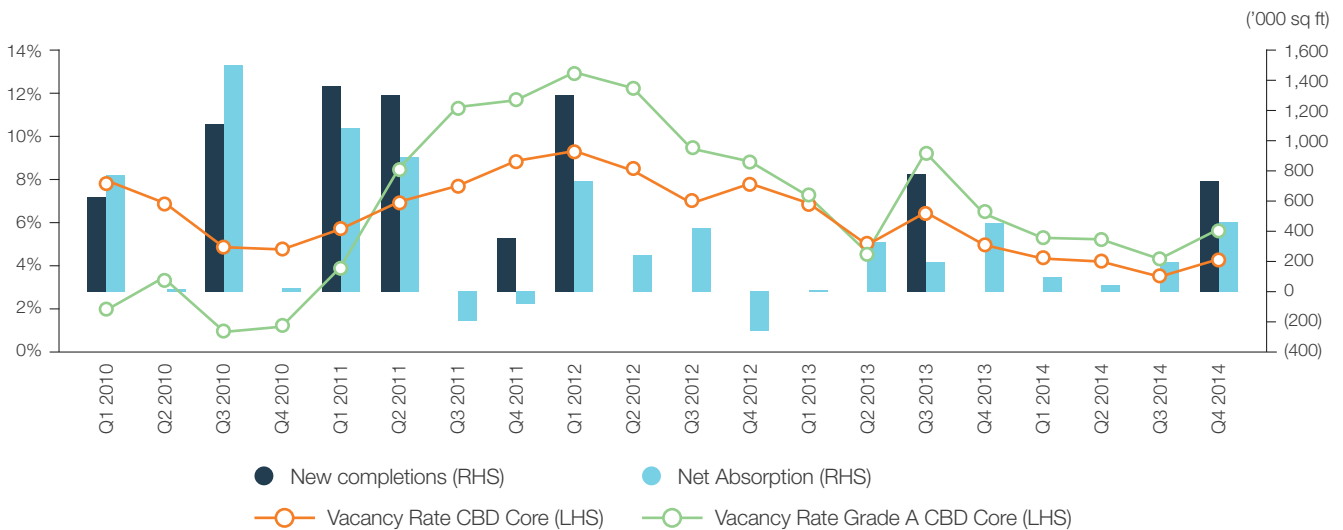
The CBD Core sub-market continued to be the primary target of occupier interest, recording net absorption of 791,180 sq ft for the whole of 2014. This figure is below the 10-year net absorption average of 903,259 sf per annum.

However, the Grade A CBD Core¹ sub-market recorded a net absorption of 705,226 sq ft, which is 36.4% higher compared to the 10-year net absorption average.

As a result of the positive demand, 2014 ended with the office vacancy rate for the CBD Core at 4.3%, a 0.5 percentage point decrease year-on-year (“YoY”), whilst the vacancy rate for Grade A CBD Core office market was at a respectable 5.8%.

Over the past three years, vacancy levels have been on a downward trend. Going forward, this low vacancy situation will likely continue due to low new office supply over the next 18 months.

CBD Core Office Supply and Demand



Source: CBRE Research

¹ Grade A definition

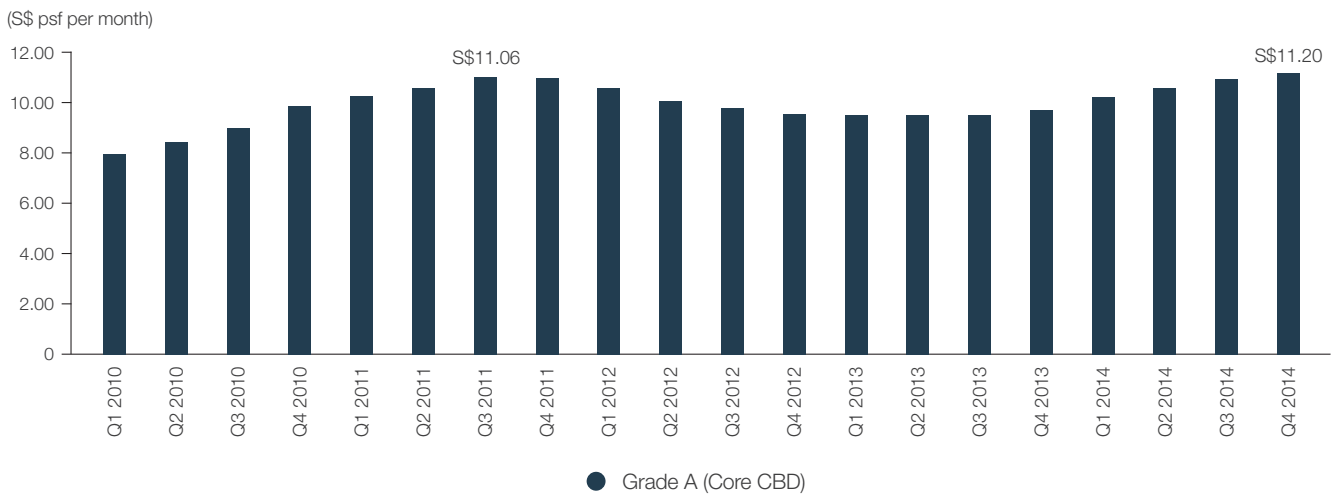
A prestigious landmark building occupying a prime location in the Central Business District (Raffles Place, Marina Centre and Marina Bay) with a modern flexible layout and column free floor plates in excess of 15,000 sq ft. The total gross floor area is at least 300,000 sq ft with a sheltered parking to GFA ratio of 1/2000. The building will possess high quality furnishing, hi-tech facilities, and excellent accessibility from public transport. The building will also attract a tenant mix of premier office users.

Rental Values

Driven more by the tightness of available space rather than higher demand, office rents across all sectors continued to rise, albeit at a slackening pace in the second half of 2014. For the whole of 2014, the average Grade A CBD Core office rents grew by 14.9% YoY to reach S\$11.20 per sq ft per month.

Looking ahead, the Grade A office market is expected to continue to show reasonable growth in rentals given the low prevailing vacancy levels.

Grade A CBD Core Office Rental Values



Source: CBRE Research

INDEPENDENT MARKET REVIEW SINGAPORE

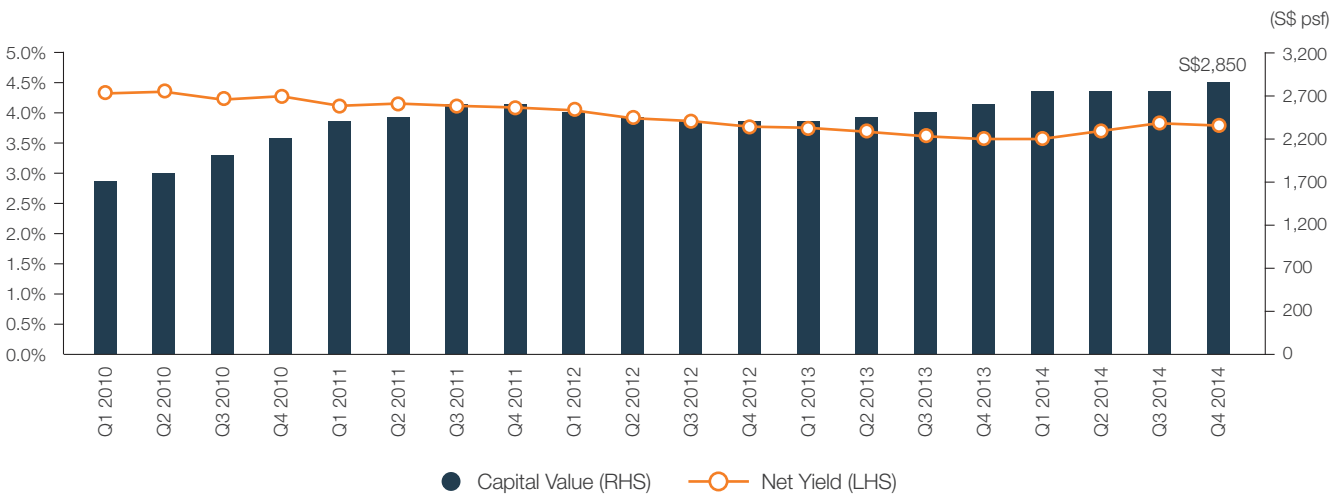
Investment Market

The top five notable office developments transacted in 2014 included Straits Trading Building (S\$450.0 million), Prudential Tower (S\$512.0 million), Equity Plaza (S\$550.0 million), Westgate Tower (S\$579.4 million) and one-third stake in Marina Bay Financial Centre Tower 3 (S\$1.2 billion).

Most of these investment deals were transacted at low initial yields, with buyers' expectation for higher yields arising from positive rental reversions in the future. In addition, Prudential Tower and Equity Plaza were sold to buyers who were reportedly sub-dividing the buildings into smaller strata-title floors or units for sale.

Grade A office capital values stood at about S\$2,850 psf as at end-2014, with net yields at about 3.75%.

Grade A Office Capital Values and Net Yield



Source: CBRE Research

SINGAPORE OFFICE OUTLOOK

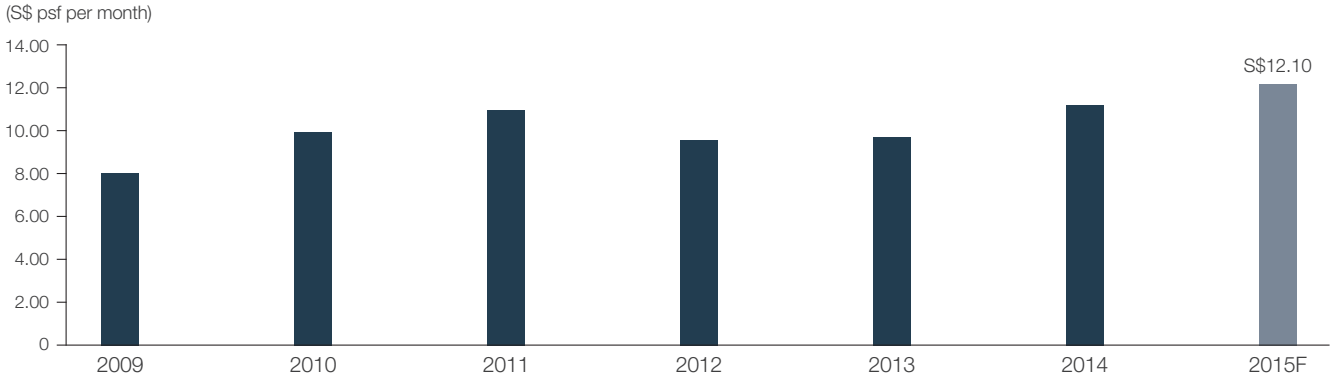
Singapore's economic outlook for 2015 remains positive with an anticipated growth forecast of 2.0% to 4.0%. However, there are downside risks and challenges ahead both globally and in Singapore such as the possibility of rising interest rates and staff shortages in Singapore translating to increasing labour costs.

With the office market entering a 12-month period of limited supply, the market outlook is still positive. The main focus of leasing activity going forward is likely to be in the CBD Core sub-market with the range of leasing options in the CBD Core tightening noticeably, especially for tenants seeking more than 50,000 sf of contiguous space. As such, the CBD Core net absorption for 2015 is expected to remain positive, though weighed by a function of very limited supply. Generally, the CBD Core vacancy rate is expected to remain low, at below 7%, over the next few years.

Leasing demand is expected to remain positive at reasonable levels, in part by some enforced relocation activity arising from the displacement of tenants from office developments that are slated for refurbishment and/or due to be re-packaged as strata-titled sale opportunities. With much of the leasing activity concentrated in the higher quality buildings, rental growth is likely to be led by the Grade A segment of the market.

In line with the above, the upward rental growth trajectory is expected to maintain through 2015, underpinned by low vacancy and steady demand. However, given the impending wave of supply in 2016, the pace of rental growth is expected to be slower than that experienced in 2014.

Projected Grade A Core CBD Rental Values



Source: CBRE Research

Qualifying Clause

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INDEPENDENT MARKET REVIEW

SHANGHAI

BY COLLIERS INTERNATIONAL PROPERTY
CONSULTANTS (SHANGHAI) CO. LTD.

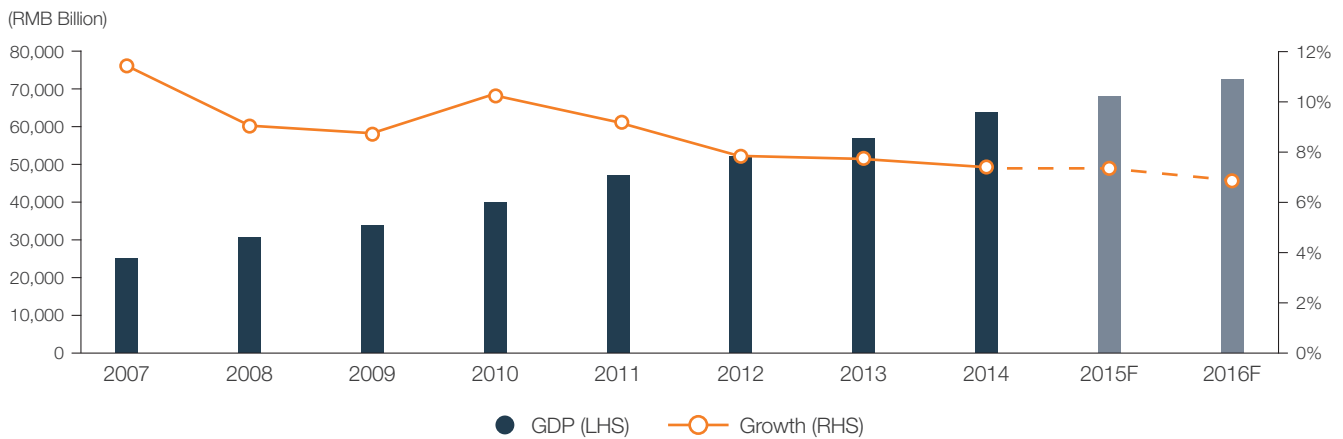
CHINA MACROECONOMIC HIGHLIGHTS

China Gross Domestic Product

Following its reform and opening-up policies, China became one of the fastest-growing economies in the world. At the end of 2014, China's GDP reached RMB63.7 trillion, a YoY increase of 7.4%. Projections for China's GDP forecast from 2015 to 2016 by many economists saw a slight decrease in line with the government's target of more measured and sustainable growth as a result of economic reform.

Looking ahead, the Chinese government will continue its economic restructuring, while seeking to increase its value-added in manufacturing with a minimal increase in energy consumption, in part through new technologies and new methods of energy generation.

China GDP and Growth



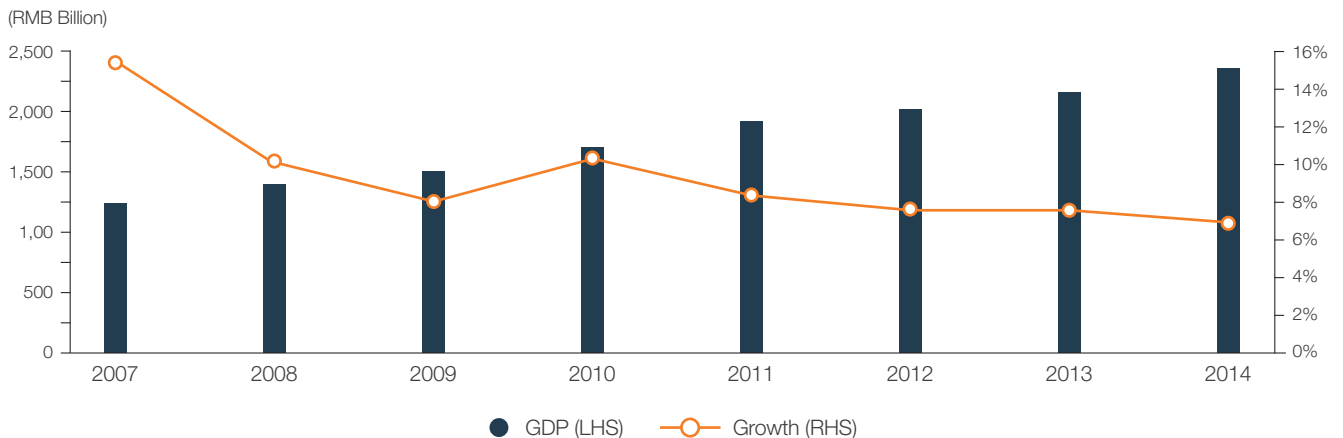
Source: China National Bureau of Statistics

Shanghai Gross Domestic Product

Shanghai's GDP reached RMB2,356.1 billion at the end of 2014. The GDP growth rate was 7.0% YoY, the lowest recorded for a number of years. This is expected as the GDP of Shanghai has almost doubled since 2007 and continues to mature. As at 2013, Shanghai's GDP has already overtaken key financial cities in Asia such as Singapore and Hong Kong.

The tertiary sector accounted for 64.8% of Shanghai's overall GDP in 2014, an increase of 8.8% YoY. Secondary industry and primary industry grew by 4.3% and 0.1% respectively.

Shanghai GDP and Growth

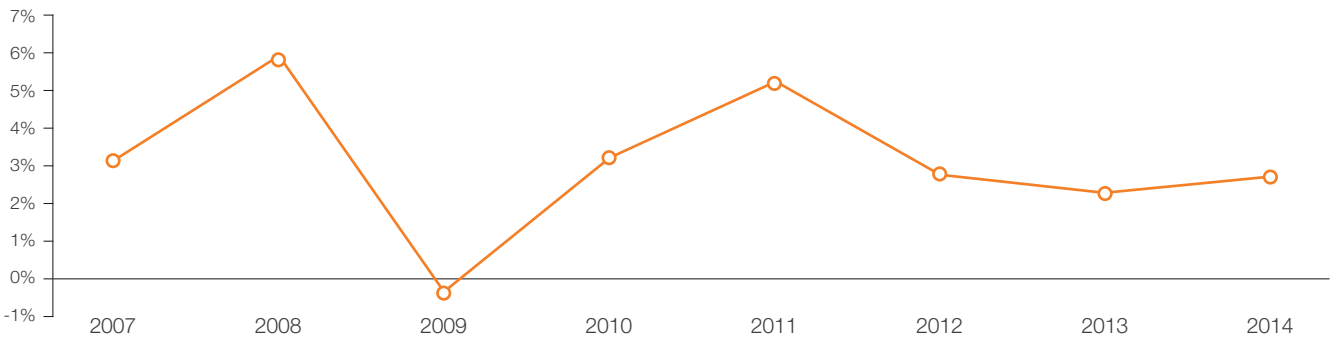


Source: Shanghai Municipal Bureau of Statistics

Shanghai CPI and Consumer Spending Trend

Shanghai's Consumer Price Index ("CPI") increased by 2.7% YoY in 2014. The rate of increase in prices is still in line with the government's target of 3% per annum. Food, house rental and energy costs were the major drivers of CPI growth for the year.

Shanghai CPI

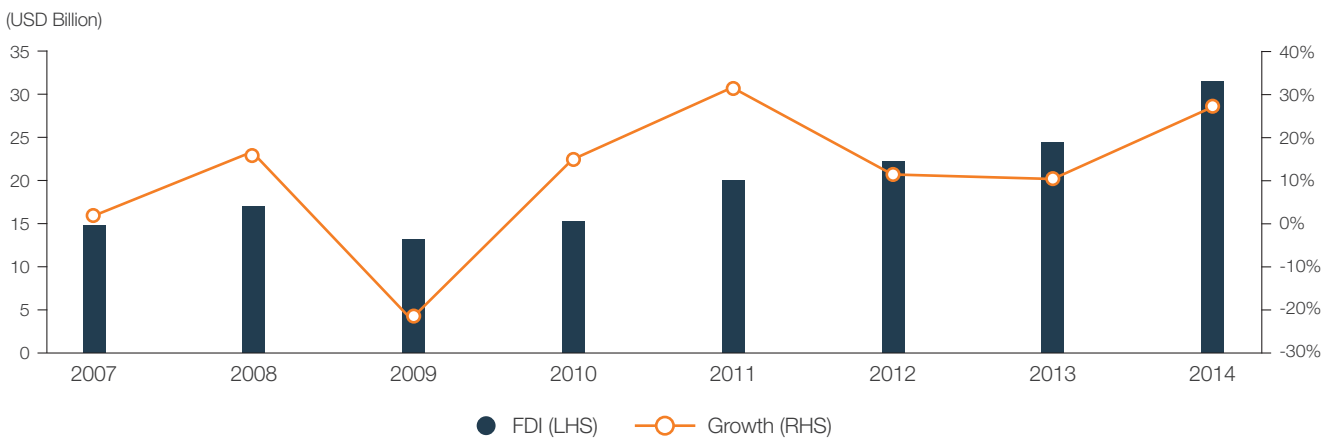


Source: Shanghai Municipal Bureau of Statistics

Shanghai Foreign Direct Investment

Growth in Shanghai's Foreign Direct Investment ("FDI") stabilised after a decline in 2009, reaching USD24.6 billion at the end of 2013. It grew 26.8% YoY in 2014 with a total investment volume contracted at USD31.6 billion. The proportion of FDI attributed to the secondary industry increased 5.2% YoY, while contribution from the industrial sector fell 4.8% YoY, as a result of manufacturing industries moving out of Shanghai. The tertiary industry's share of FDI increased 25.4% YoY as Shanghai's pilot Free Trade Zone attracted more FDI into the service industry since its inception in September 2013.

Shanghai FDI and Growth



Source: Shanghai Municipal Bureau of Statistics

INDEPENDENT MARKET REVIEW SHANGHAI

SHANGHAI CBD GRADE A OFFICE MARKET OVERVIEW

Shanghai’s office market has evolved to comprise three distinct markets, the Central Business Districts (“CBD”), Decentralised Business Districts (“DBD”) and Business Parks.

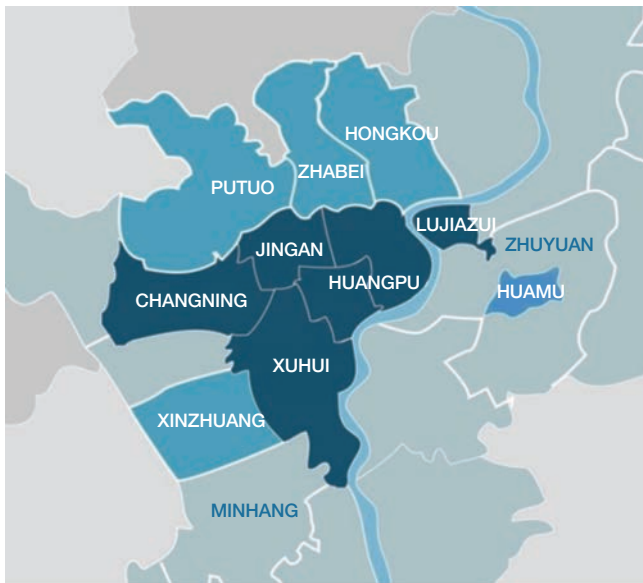
Shanghai CBD, DBD and Business Park Key Indicator Comparison (As at 31 December 2014)

Segment	Average Rental (RMB psm per day)	Vacancy Rate	Total Stock (sq m)	Total Stock By 2016* (sq m)
CBD	9.3	5.6%	5,353,358	6,778,865
DBD	5.6	18.0%	1,670,564	3,800,952
Business Park	3.6	14.8%	6,927,591	9,262,731

* based on known developer’s schedules, may be subject to change

Source: Colliers International

Shanghai CBD Grade A Office Overview



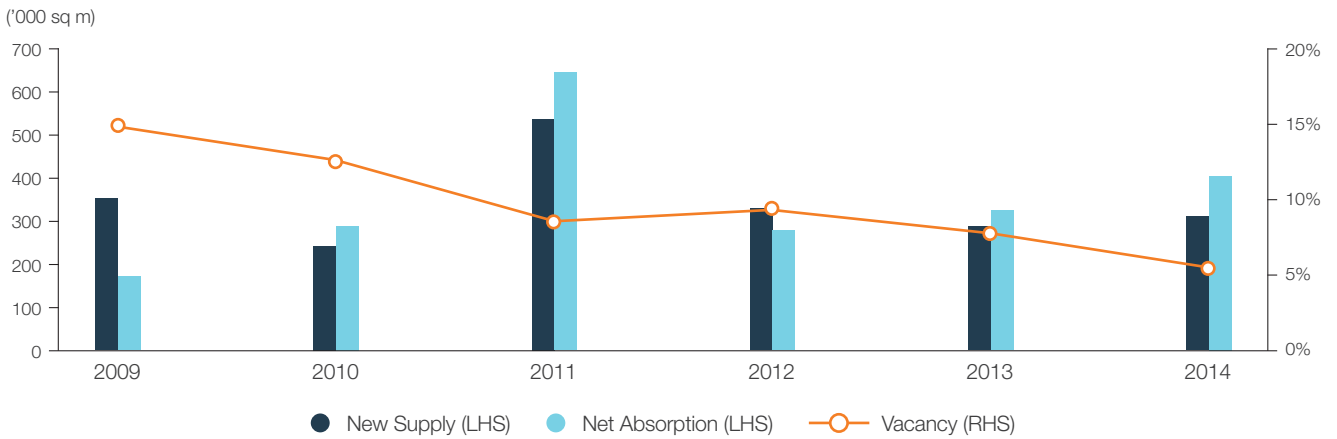
● Core CBD ● Decentralised Area

Source: Colliers International

Existing Supply

By the end of 2014, Shanghai had approximately 5.4 million square meters (“sq m”) of CBD Grade A non-strata-titled office stock, a 6% increase over 2013. In 2014, new supply in the downtown area comprised a total of six developments, with many of the prime office buildings attaining pre-commitment rates of 50% or more.

Shanghai Grade A Office Annual New Supply, Net Absorption and Vacancy Rate

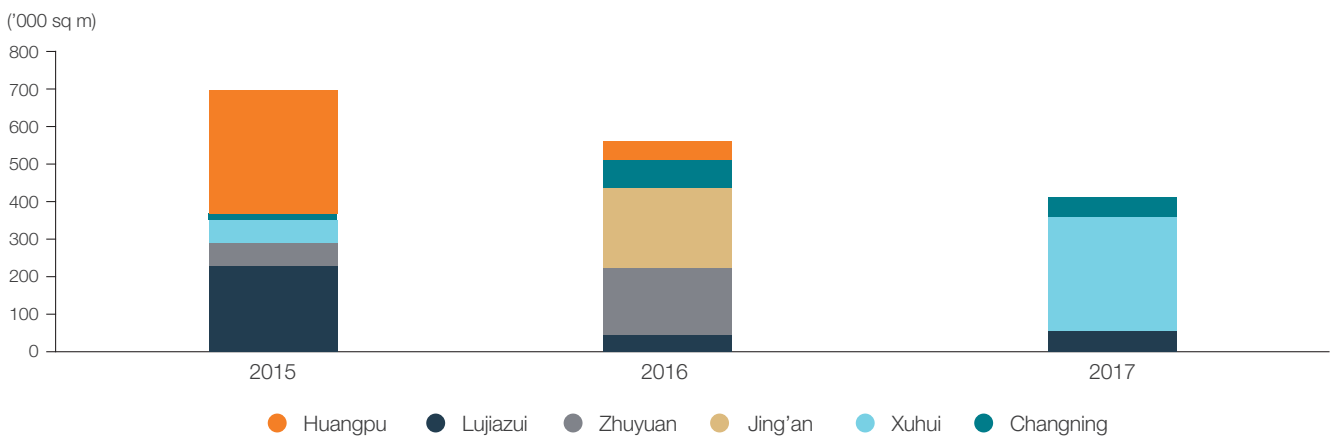


Source: Colliers International

Future Supply

From 2015 until 2017, approximately 1.7 million sq m of new Grade A office stock is expected to come onstream in Shanghai. When broken down into the key districts, approximately 374,000 sq m or 22.1% of the pipeline is in Huangpu district. The Xuhui district represents 21.5% of the pipeline, followed by Lujiazui at 19.9%, Zhuyuan at 14.6%, Jing’an at 12.8% and Changning at 9.0%.

Shanghai CBD Grade A Office Future Supply



Source: Colliers International

INDEPENDENT MARKET REVIEW SHANGHAI

Demand and Vacancy

Demand for quality office space in Shanghai has remained stable, as foreign companies continue to enter or expand, and as domestic companies continue to seek to enter the market. Net absorption in Shanghai’s office market increased by approximately 24.8% YoY as at the end of 2014 to total 406,428 sq m, with Puxi (west of the Huangpu River) and Pudong (east of the Huangpu River) sub-markets recording differing levels of absorption compared to the previous year.

In 2014, net absorption in Puxi totaled 306,260 sq m, almost double that of the previous year. The significantly higher level of net absorption in Puxi CBD in 2014 was due to the timing of completion of new office supply in 2013. The majority of new supply in 2013 came onstream in the the second half of the year, resulting in absorption spilling over to 2014 as well. Further, most of the new supply in 2014 was completed within the first half of the year, exacerbating the increased level of take-up compared to 2013. As a result, the vacancy rate in Puxi declined from 11.1% as at the end of 2013, to 8.3% at the end of 2014.

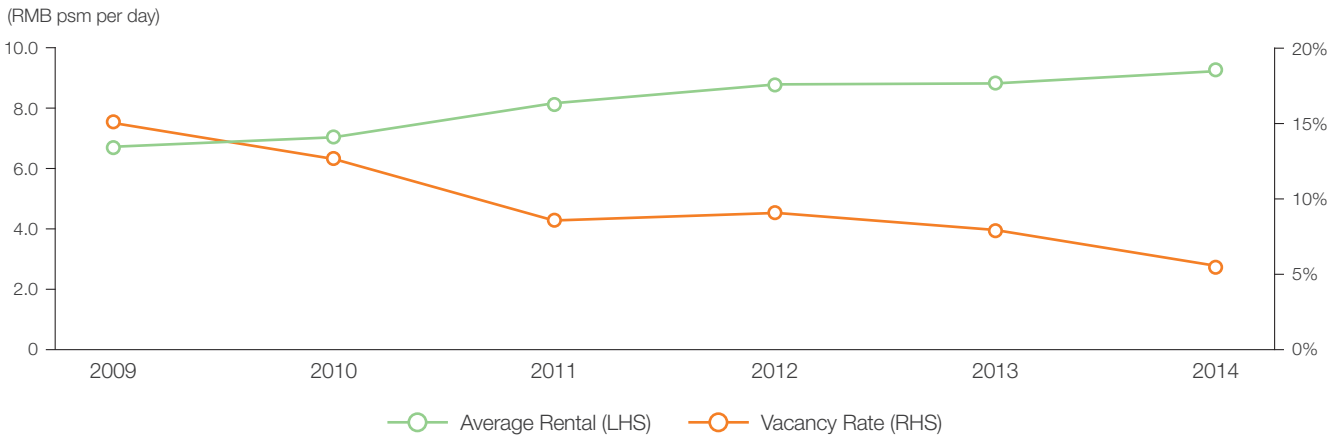
Pudong CBD’s net absorption in 2014 was 100,168 sq m, decreasing 34% YoY. The Pudong area’s extremely limited vacancy (end-2013: 3.6%; end-2014: 1.8%) constrained the demand from new set-ups and corporate clients’ expansion requirements, whilst increasing rents also drove some more price-sensitive tenants to seek more competitive alternatives in Puxi or decentralised areas.

As at end-2014, the overall Shanghai CBD office vacancy rate declined to approximately 5.6%, down 2.8 percentage points YoY, despite new supply of approximately 308,778 sq m during the year.

Rental Values

Currently, the healthy level of absorption of high quality office space is supporting a stable average rental rate for office space in Shanghai, which reached approximately RMB9.3 per sq m per day as at end-2014, 4.6% growth YoY. Rentals in Pudong were RMB9.9 per sq m per day, rising 9.6% YoY as at end-2014; while rentals in Puxi were RMB8.8 per sq m per day, edging up 0.6% YoY.

Shanghai CBD Grade A Office Rental and Vacancy Rate

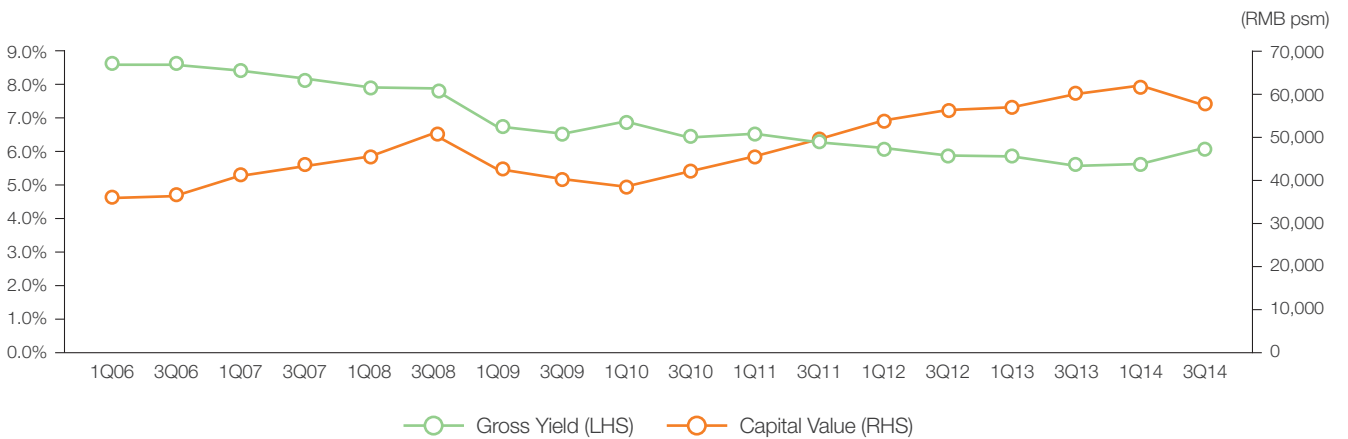


Source: Colliers International

Gross Yield and Capital Value

Since 2005, average gross yields of Shanghai office properties have shown a general downward trend. In 2005, the average gross yield of Shanghai office properties peaked at approximately 8.3%. Since then, average gross yields have steadily declined. At the end of 2014, Shanghai CBD Grade A office market capital value was around RMB56,000 per sq m, with a gross yield of about 6.0%.

Shanghai CBD Grade A Office Gross Yield and Capital Value



Source: Colliers International

SHANGHAI CBD GRADE A OFFICE OUTLOOK

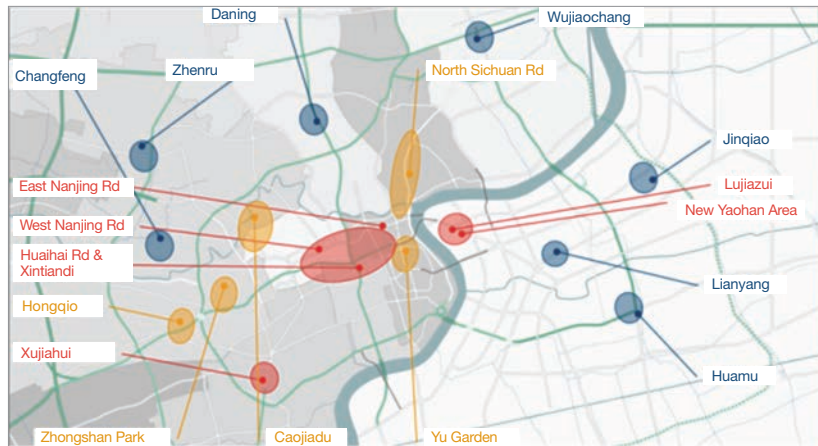
In 2015, Shanghai’s CBD Grade A office market is expected to see eight new completions with a total combined office GFA of approximately 701,798 sq m, an increase of 127% from the level of new supply in 2014. Of this future supply, six properties with a total office GFA of approximately 406,962 sq m are located in Puxi, whilst two projects with a total office GFA of 294,836 sq m are in Pudong, representing respectively 12.9% and 13.4% of the existing stock of the two areas.

Correspondingly, the overall vacancy rate in CBD is expected to increase moderately in 2015. This is expected to lead to downward pressure on rentals in the market, although this is not likely to be significant given higher building specifications and correspondingly higher rents at the majority of the new completions. By sub-market, the average rental growth in the Pudong CBD is expected to decelerate in 2015 in light of increased competition, whilst rents in Puxi are expected to edge down moderately.

INDEPENDENT MARKET REVIEW SHANGHAI

SHANGHAI RETAIL MARKET OVERVIEW

Shanghai's Major Retail Areas



- Prime Retail Area
- Inner Ring Retail Area
- Decentralised Retail Area

Source: Colliers International

Shanghai's prime retail areas in Puxi are located in Huaihai Road & Xintiandi, East Nanjing Road, West Nanjing Road and Xujiahui. In Pudong, they are concentrated in Lujiazui and New Yaohan Area.

Supply

Shanghai's retail sales of consumer goods increased to RMB871.9 billion by the end of 2014, up 8.6% YoY. By the end of 2014, disposable income reached RMB35,769 per annum, an increase of 0.6 percentage points YoY. Consumption expenditure was RMB23,276 per annum, increasing 3.1 percentage points YoY.

Four new projects, The Place (South Retail), Shanghai Arch Walk, MTR City Plaza (North Tower) and Chamtime Plaza, with a total retail GFA of 364,000 sq m completed in the fourth quarter of 2014, driving the total stock to increase by 9.8% YoY to nearly 4.1 million sq m. All of these projects are located in non-prime retail areas, bringing the proportion of non-prime stock to 66%. Supply in the prime retail area remained limited. In spite of the non-prime location, all four projects are easily accessible by metro; in some cases, the developments are connected directly to the metro station.

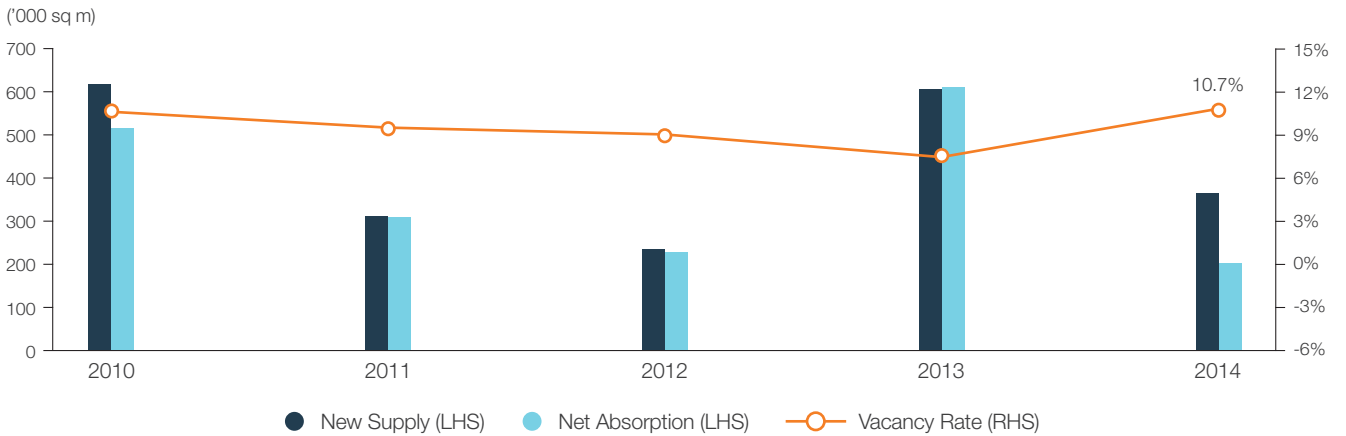
Eight new projects with nearly 580,000 sq m of GFA are scheduled to launch in 2015, increasing the total stock of retail space by 14.2% YoY.

Demand

Fast fashion retailers continued to expand within the city in 2014, launching new stores in all four new projects. Solid economic fundamentals and the growing sophistication of many consumers in Shanghai drew several brands to choose the city for their first store in China in 2014. Given the limited available space in existing mature projects, the on-going trade and brand mix adjustments in several developments continued to create opportunities for certain retailers to lease new stores. Landlords of certain developments continued to increase the proportion of experiential trade in the projects, to compete with the rapid growth of online shopping.

Shanghai's overall retail vacancy rate was 10.7% as at end-2014, 3.3 percentage points higher YoY. This was primarily a short-term effect of new supply, all of which launched in the fourth quarter of 2014. In prime retail areas, average vacancy had declined by 0.2 percentage points YoY to 8.0% as at end-2014, mainly due to on-going internal adjustments at several projects in the end of 2014 such as Xintiandi South Block and Hong Kong Plaza.

Shanghai Prime Retail Market New Supply, Net Absorption and Vacancy Rate



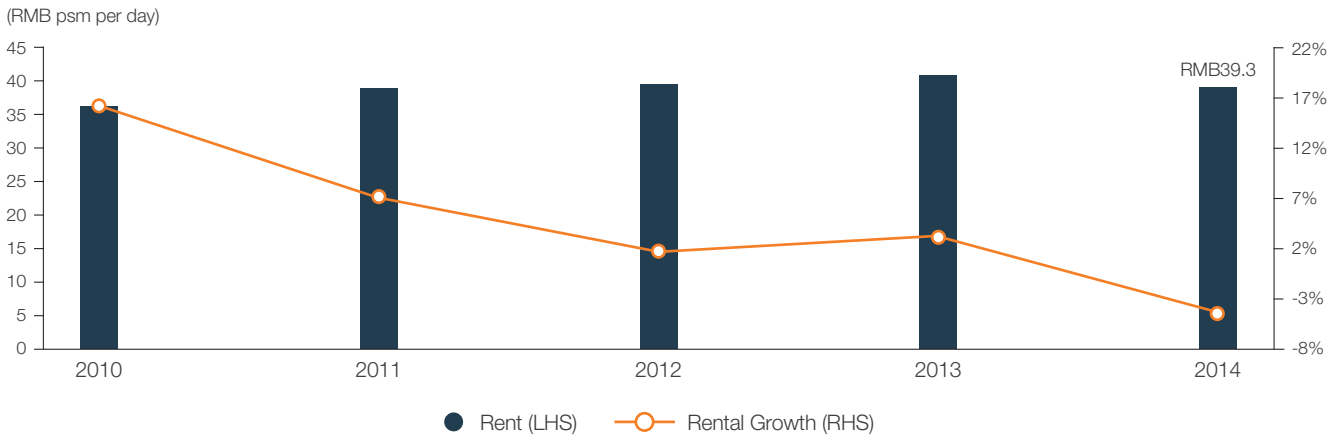
Source: Colliers International Shanghai Research

INDEPENDENT MARKET REVIEW SHANGHAI

Rental Values

In prime retail areas, limited supply amid sustained demand supported a 3.0% YoY rise in rents to RMB57.8 per sq m per day. In non-prime areas, below-average rents achieved by new retail developments pulled down the average rent by 7.2% YoY to RMB29.7 per sq m per day. Overall, the average ground floor rent for Shanghai's mid- to high-end shopping centres declined to RMB39.3 per sq m per day as at end-2014, down 4.3% YoY.

Shanghai Average Retail Market Rental and Growth (2010 to 2014)



Source: Colliers International Shanghai Research

SHANGHAI RETAIL MARKET OUTLOOK

Eight new projects with nearly 580,000 square meters of GFA are scheduled to launch in 2015. However, only three of these projects will be located within the prime areas. The remaining five developments (representing 357,500 sq m of GFA) are located in non-prime retail areas. Notably, The Hub, a long-awaited project, will be completed in 2015, and may create a new retail hub in western Shanghai. A significant amount of new supply in the pipeline will drive further competition among landlords.

Combined with the challenges from e-commerce, several landlords will be forced to make adjustments in order to stabilise the occupancy rates of their projects, including changes to rental collection strategies, as well as trade and brand mixes. The proportion of experiential consumption trade is expected to continue to rise.

The large amount of new supply in non-prime areas, and their expected below-average rent, is forecast to pull down the average ground floor fixed rent in these segments, and further constrain the city's overall rental growth. However, high-quality projects in prime locations will continue to enjoy buoyant rental growth.

Qualifying Clause

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CORPORATE SOCIAL RESPONSIBILITY



Community, People and Environment

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

Community Engagement

We believe that strong and progressive communities are essential to the continual success of any business. The Manager actively supports the aid of causes that benefit underprivileged children and the elderly, especially in the areas of health and education, and aims to contribute meaningfully to our local community through financial contributions, in-kind donations and volunteer work by the different companies within the OUE group.

Comchest HeartStrings Walk 2014

The annual ComChest HeartStrings Walk is one of the fund-raising activities the Community Chest holds to support charities that provide critical social service programmes to help children with special needs, people with disabilities, the elderly and families facing difficulties. For 2014, Community Chest aided more than 200 social service programmes to help over 300,000 beneficiaries. In support of our Sponsor being a contributing partner of ComChest HeartStrings Walk 2014 held at the Marina Bay on 3 August 2014, staff of the Manager and their families

participated in the Fun Walk, and enjoyed the sights and attractions along the Marina Bay Waterfront Trail.

Stars of Christmas 2014

OUE Limited, together with the Manager, held its annual 'Stars of Christmas' community project, to spread blessings of the festive season and bring the message of hope to beneficiaries of non-profit organisations providing programmes and services to underprivileged children as well as children suffering from life-threatening diseases. This year, our partner organisations include VIVA Foundation for Children with Cancer, the Children's Cancer Foundation and the Community Chest.

Decorative stars bearing the name, age and gender of each beneficiary adorned the Christmas tree at the lobby of the Mandarin Orchard Singapore. Hotel guests, visitors and employees from the OUE group picked the stars and purchased presents to be delivered to the children before Christmas Day. Stars of Christmas culminated in a Toy Run on 13 December 2014 where Santas and Santarinas on a convoy of Harley-Davidson motorcycles and Jeeps® delivered Christmas presents to the children at various hospitals and homes. More than 600 children were benefitted with gifts from this segment of the programme.

As part of the community drive, beneficiaries from the Children's Cancer Foundation and Community Chest together with their family members and caregivers were guests of honour at a Christmas luncheon held at Mandarin Orchard Singapore, where they were treated to an afternoon of fun and entertainment.

World Of Art Brut Culture China

At Lippo Plaza, we worked with World of Art Brut Culture (WABC), a Shanghai-based non-governmental organisation which helps the mentally-disabled to express themselves through art therapy, to sponsor a month-long exhibition. The exhibition included two special one-off reproductions for Lippo Plaza by their resident student-artist, Xiaoyanzi. WABC was also sponsored with a fund-raising art and craft booth during the mall's Christmas market fair held over 20 to 21 December 2014, with all proceeds going back to the organisation to purchase training materials.

Tenant Engagement and Appreciation

As customers, tenants of OUE C-REIT are important stakeholders and participants within its business ecosystem. In support of tenants' efforts to lead a healthier lifestyle, bicycle bays are available at OUE Bayfront, thereby encouraging tenants to cycle to work by offering the convenience of designated areas to secure their bicycles.

1. Santas and Santarinas at the Stars of Christmas Toy Run
2. Tenant lunch at ME@OUE
3. Comchest HeartStrings Walk
4. Christmas luncheon in honour of Stars of Christmas beneficiaries



To strengthen tenant relations, the Manager organises regular networking events to engage tenants and foster closer ties. We hold regular dialogue sessions with tenants to gather feedback on property management matters so as to better understand their on-going requirements and to improve our service standards. In appreciation of tenants' continued support, the Manager hosted a year-end lunch event at ME@OUE in OUE Bayfront, where staff from both the Manager and Property Manager met with tenants to share some yuletide cheer.

Developing Human Capital

The Manager believes that human capital is to be nurtured and developed as one of our key assets. Other than acquiring the relevant skills and knowledge for business excellence, the Manager recognises the importance of training and development opportunities for employees as vital to talent retention. Employees are encouraged to pursue development opportunities such as certified skills training programmes, industry seminars and conferences or obtain professional qualifications. Full-time employees can apply for paid examination leave to pursue studies of their interest. In encouraging employees to chart their own career and personal development journey, annual performance evaluations are conducted,

where employees discuss their work performance, training plans and future aspirations with their supervisors.

Employee Engagement and Wellness

The Manager advocates a positive workplace culture and pro-actively engages our people to establish a conducive work environment. To encourage staff cohesion, the Manager participated in various social and recreational activities during the year. Team bonding activities organised include the annual Dinner and Dance, as well as Mid-Autumn and Christmas celebrations. To promote employee well-being, the Manager organises exercise sessions to encourage employees to stay healthy and fit. In addition, the benefits scheme under the Manager's human resource policies provide for annual health screenings and complimentary flu vaccinations.

The Manager endeavours to create a family-friendly environment through its workplace policies. 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" national campaign on 30 May 2014, employees were encouraged to leave the office earlier to spend quality time with their families over dinner.

Environmental Protection

The Manager embraces green practices that reduce our impact on the environment. As part of its commitment to the global environment protection initiative, OUE C-REIT joined OUE group in support of World Wide Fund for Nature (WWF Singapore) Earth Hour on 29 March 2014. Façade lights and all other non-essential lighting at OUE Bayfront were switched off for an hour. Notices were also sent to our tenants in advance of the event to encourage them to participate in this initiative.

To reduce resource consumption, energy and water efficiency measures have been implemented in our properties. Motion-activated light controls have been installed in the restrooms at OUE Bayfront to conserve electricity when the facilities are not in use. The use of recycled water in OUE Bayfront's cooling towers helps to reduce the consumption of water. At both OUE Bayfront and Lippo Plaza, plans are in place for fluorescent tubes in common areas to gradually be replaced with energy-efficient LED lighting.

We are also pleased to report that OUE Bayfront has achieved the Green Mark Gold certification for green-rated buildings, as administered by the BCA in Singapore.

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.



Since listing, the management team has met with over 100 investors and research analysts through analyst briefings, one-on-one and group meetings and investor conferences. The Manager has

also conducted property tours of OUE C-REIT's properties for analysts and institutional investors to have a better understanding of its operations.

Analyst Coverage

- CIMB Securities
- Citi Research
- CLSA Singapore Pte Ltd
- OCBC Investment Research

Investor Relations Activities in 2014

2 nd Quarter	
1Q 2014 Post-results investor luncheon, Singapore	9 May 2014
Citi ASEAN Investor Conference, Singapore	12 June 2014
Citi Asia Pacific Property Conference, Hong Kong	26 June 2014
3 rd Quarter	
Analyst Briefing for Financial Results for 2Q 2014	30 July 2014
2Q 2014 Post-results investor luncheon, Singapore	31 July 2014
Macquarie ASEAN Conference, Singapore	26 August 2014
JP Morgan ASEAN Yield 1x1 Forum, Tokyo	26 September 2014
4 th Quarter	
3Q 2014 Post-results investor luncheon, Singapore	3 November 2014

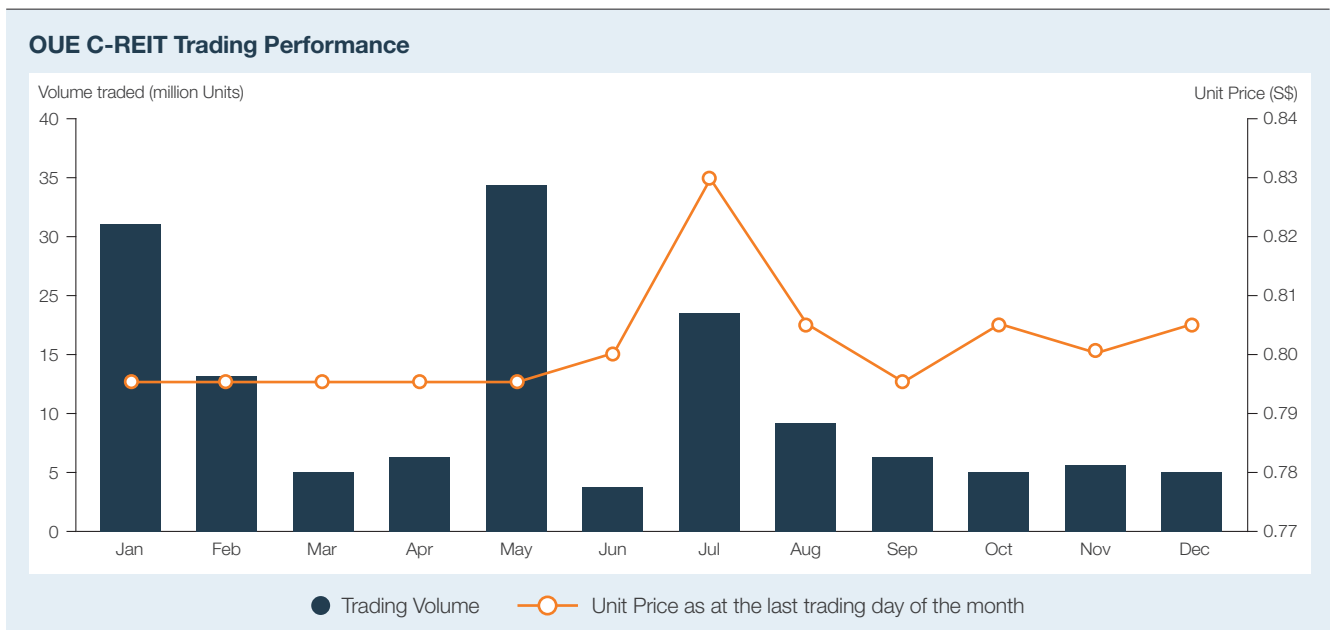
Financial Calendar	2014	2015 (tentative)
First Quarter Financial Results Announcement	8 May 2014 ¹	May 2015
Second Quarter Financial Results Announcement	30 July 2014	July 2015
Payment of Distribution to Unitholders (6 months ending June)	2 September 2014	September 2015
Third Quarter Financial Results Announcement	31 October 2014	October 2015
Full Year Financial Results Announcement	26 January 2015	January 2016
Payment of Distribution to Unitholders (6 months ending December)	27 February 2015	March 2016
Annual General Meeting	29 April 2015	April 2016

¹ Results announced was for the period from Listing Date of 27 January 2014 to 31 December 2014

2014 Trading Performance

Unit Price Performance	S\$
IPO Offer Price	0.800
Highest Closing Price	0.830
Lowest Closing Price	0.780
Unit Closing Price on 31 December 2014	0.805

Volume Traded	Number of Units
Total Volume Traded (27 January 2014 to 21 December 2014)	151,556,000
Average Daily Trading Volume	650,455



Source: Bloomberg

Unitholders' Enquiries

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

The Manager

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 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.

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 #32-01 Singapore Land Tower
 Singapore 048623
 Tel: +65 6536 5355
 Fax: +65 6438 8710
 Website: www.boardroomlimited.com

Unitholder Depository

For depository-related matters, please contact:

The Central Depository (Pte) Limited

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 Tel: +65 6236 8888
 Fax: +65 6535 6994
 Website: www.cdp.sg.com

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 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, and is critical to the performance of the Manager. This report sets out OUE C-REIT’s corporate governance practices for the financial period ended 31 December 2014 (“FY2014”) with specific reference to guidelines set out in the Singapore Code of Corporate Governance 2012 (the “Code”). The Manager is pleased to report that they have complied in all material aspects with the principles and guidelines set out in the Code, save for deviations from the Code which are explained under the respective sections.

The Manager of OUE C-REIT

The Manager has general powers of management over the assets of OUE C-REIT. The Manager’s main responsibility is to manage OUE C-REIT’s assets and liabilities for the benefit of unitholders of OUE C-REIT (the “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 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 contained in the Listing Rules of Singapore Exchange Securities Trading Limited (the “SGX-ST”), the Code on Collective Investment Schemes (“CIS”) (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 and the Securities and Futures Act, Chapter 289 of Singapore (“SFA”), as well as ensuring that the Manager’s obligations under the Trust Deed are properly carried out; and
- establishing a framework of prudent and effective controls which enable financial, operational and compliance risks, to be assessed and managed.

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

The Manager has been 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 independent of the Management. The Board is supported by the audit and risk committee of the Manager (the “ARC”). The ARC is governed by clear terms of reference setting out the duties and authority which have been approved by the Board.

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 of 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 that require Board approval for investments, divestments and borrowings. The Manager has adopted a framework of delegated authorisation, as set out in its Limit of Authority ("LOA"). The LOA defines 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 by the Board for 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 meetings on a quarterly basis, with *ad hoc* meetings convened when circumstances warrant. A total of five Board meetings were held in FY2014. The report on the attendance of the Directors for Board and ARC meetings is set out below. Directors who are unable to attend Board or ARC meetings may convey their views to the Chairman or the company secretary of the Manager (the "Company Secretary"). The Manager's Articles of Association provide for participation in meetings via telephone and/or video conference where Directors are unable to be physically present at such meetings. Where required, Directors may raise questions and seek clarification through discussion forums with the Management in respect of matters passed via circular resolutions.

Attendance of Board Members

Name of Director	Number of Board meetings attended in FY2014
Christopher James Williams (Chairman)	5
Ng Lak Chuan	5
Loh Lian Huat	5
Carl Gabriel Florian Stubbe	5
Jonathan Miles Foxall	4
Tan Shu Lin (Chief Executive Officer & Executive Director)	5
Number of Board meetings held in FY2014	5

Attendance of ARC Members

Name of Director	Number of ARC meetings attended in FY2014
Ng Lak Chuan (Chairman)	4
Loh Lian Huat	4
Carl Gabriel Florian Stubbe	4
Number of ARC meetings held in FY2014	4

CORPORATE GOVERNANCE

Board Orientation and Training

The Manager will conduct an orientation programme for the newly appointed Directors to familiarise them with the business, operations and financial performance of OUE C-REIT. They will also be briefed on the governance practices, including board processes, policies on disclosure of interests in securities, prohibitions on dealing in 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 and no new directors were appointed for the remaining period of FY2014.

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

The Manager also arranges 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, 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. They are also given unrestricted access to professionals for consultation as and when they deem it 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 ARC members. The Directors may also attend other appropriate courses, conferences and seminars, at the Manager's expense. These include programmes run by the Singapore Institute of Directors.

The Board reviews and recommends training programmes for the Directors.

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

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

Board Composition

Board Member	
Christopher James Williams	Chairman and Non-Executive Director
Ng Lak Chuan	Lead Independent Director ¹
Loh Lian Huat	Independent Director
Carl Gabriel Florian Stubbe	Independent Director
Jonathan Miles Foxall	Non-Executive Non-Independent Director
Tan Shu Lin	Chief Executive Officer and Executive Director

The integrity and professionalism of the Directors have enabled and facilitated them in discharging their responsibilities with due care and diligence.

¹ Mr Ng Lak Chuan was appointed as the Lead Independent Director of the Manager on 26 January 2015

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

Key information on the Directors' particulars and background can be found on pages 20 to 23 of the Annual Report.

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

The Code recommends that a company should appoint a lead independent director where, *inter alia*, the Chairman is not an independent director. In this regard, Mr Ng Lak Chuan, an Independent Director, was appointed as the Lead Independent Director on 26 January 2015. As the Lead Independent Director, Mr Ng Lak Chuan has the discretion to hold meetings with the independent Directors without the presence of the Management as he deems appropriate or necessary and to provide feedback to the Chairman after such meetings.

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

There is a clear separation of responsibilities between the Chairman and the Chief Executive Officer (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

As the Manager is not a listed entity itself, the Manager does not consider it necessary for the Board to establish a nominating committee. The Manager believes that its performance, and hence the Board's performance, is reflected in the long-term success of OUE C-REIT. Therefore, the Board itself performs the functions that a nominating committee would otherwise perform. The Board administers board nominations and reviews the independence of the Directors.

The principal responsibilities of the Board 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 ARC, assessing and being mindful of the independence of the Directors, reviewing the training and professional development programs for the Board and reviewing the retirement and re-election of the Directors.

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

In its selection, appointment and re-appointment process, the Board 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 Board may tap on its networking contacts and/or engage external professional headhunters to assist with identifying and shortlisting candidates.

The Board assesses its effectiveness as a whole and the ARC and the contribution by each Director to the effectiveness of the Board. A formal appraisal process to assess the effectiveness of the Board 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 shall compile the Directors' responses to the questionnaire into a consolidated report. The report is discussed at a Board meeting and shared with the entire Board. In evaluating each Director's performance and that of the Board and the ARC, the Board considers, *inter alia*, the Directors' attendance, contribution and participation at Board and ARC 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 Board's review, the Board and the ARC operate effectively and each Director has contributed to the effectiveness of the Board.

CORPORATE GOVERNANCE

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 Board 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 Board believes that setting a maximum limit on the number of directorships a Director can hold is arbitrary, given that time requirements for each 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 and the listing manual of the SGX-ST (the "Listing Manual"), real estate-related matters and other areas to enhance their performance as Board and ARC 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 key management personnel and the Company Secretary. The function of the Company Secretary and other key management personnel of the Manager is to ensure that all Board procedures are followed and that applicable rules and regulations prescribed by the Companies Act, the Listing Manual and all other applicable 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 committees and between senior management and non-executive Directors.

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 remuneration of Directors and Management is paid by the Manager, and not by OUE C-REIT. The Board has carefully considered the remuneration policies and practices of its sponsor, OUE Limited ("OUE"), and believes that such policies and practices will provide the Manager with a transparent and adequate remuneration policy. OUE has a remuneration committee that determines and recommends to the OUE board of directors the framework of remuneration, terms of engagement, compensation and benefits for senior executives of OUE and its subsidiaries, which include the CEO and the Management. The remuneration of non-executive Directors takes into account their level of contribution and respective responsibilities.

Since OUE C-REIT does not bear the remuneration of the Board and the Management, the Manager does not consider it necessary to include information on the remuneration of its Directors and its key management personnel.

C. ACCOUNTABILITY & AUDIT

Principle 10 : Accountability

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

Principle 12 : Audit and Risk Committee

The ARC consists of three non-executive Directors, namely Mr Ng Lak Chuan, Mr Loh Lian Huat and Mr Carl Gabriel Florian Stubbe, who are all independent Directors. Mr Ng Lak Chuan is the chairman of the ARC. All members of the ARC have many years of experience in senior management positions. The Board is of the view that the ARC members are appropriately qualified to discharge their responsibilities. A total of four ARC meetings were held in FY2014.

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

1. Monitoring and evaluating the effectiveness of the Manager's internal controls. Reviewing and reporting to the Board at least annually the adequacy and effectiveness of the Manager's risk management and internal control policies and systems, including financial, operational, compliance and information technology controls. Such review can be carried out internally or with the assistance of any competent third parties.
2. Reviewing the financial statements of OUE C-REIT and reviewing the quality and reliability of information prepared for inclusion in financial reports.
3. Reviewing the significant financial reporting issues and judgements so as to ensure the integrity of the financial statements of OUE C-REIT and any formal announcements relating to the financial performance of OUE C-REIT, including the quarterly and full-year financial statements of OUE C-REIT.
4. Reviewing the annual audit plans of the external and internal auditors. The ARC may suggest matters to be included for review by the external and internal auditors during their audit of OUE C-REIT.
5. Reviewing with the external and internal auditors their findings on their evaluation of the system of the internal accounting controls of OUE C-REIT and the Manager.
6. Reviewing the external audit reports to ensure that where deficiencies in internal controls have been identified, appropriate and prompt remedial action is taken by the Management.
7. 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.
8. 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 (the "Property Funds Appendix") relating to Interested Party Transactions (as defined in the Property Funds Appendix) (both types of transactions constituting "Related Party Transactions").
9. Reviewing the adequacy, scope and performance/results of the external audit and its cost effectiveness.
10. Reviewing the independence and objectivity of the external auditors annually and stating (a) the aggregate amount of fees paid to the external auditors for that financial year, and (b) a breakdown of the fees paid in total for audit and non-audit services respectively, or an appropriate negative statement, in OUE C-REIT's Annual Report. Where the external auditors also supply a substantial volume of non-audit services to OUE C-REIT and/or the Manager, the ARC should keep the nature and extent of such services under review, seeking to balance the maintenance of objectivity and value for money.
11. Making recommendations to the Board on the proposals to the Unitholders on the appointment, re-appointment and removal of OUE C-REIT's external auditors, and approving the remuneration and terms of engagement of the external auditors.
12. Reviewing the scope and results of the internal audit procedures, and, at least annually, reviewing the adequacy and effectiveness of the Manager's internal audit function.
13. Ensuring that the internal audit function is independent from the Management, that the internal audit function will report to the Chairman and that the internal audit function is adequately qualified to perform an effective role.

CORPORATE GOVERNANCE

14. Ensuring that the internal audit function is adequately resourced, staffed with persons with the relevant qualifications and experience, and has appropriate standing within the Manager.
15. Ensuring that the internal auditors carry out their function according to the standards set by nationally or internationally recognised professional bodies including the Standards for the Professional Practice of Internal Auditing set by The Institute of Internal Auditors.
16. Meeting with the external auditors and with the internal auditors, in each case without the presence of the management of the Manager, at least annually.
17. Monitoring the procedures implemented to ensure compliance with the applicable legislation, the Listing Manual and the Property Funds Appendix.

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

The ARC has reviewed the non-audit fees paid to the external auditors and it 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/accrued to the external auditors in respect of FY2014 was S\$712,000. The ARC is satisfied that OUE C-REIT has complied with the requirements of Rule 712 and 715 of the Listing Manual in relation to the appointment of its auditing firm. Accordingly, the ARC has recommended to the Board the nomination of the external auditors, Messrs KPMG LLP, for re-appointment at the forthcoming Annual General Meeting to be held on 29 April 2015. The ARC has met the external auditors and with the internal auditors without the presence of the Management.

The details of the remuneration of the auditors of OUE C-REIT during FY2014 are as follows:

Breakdown of Audit and Non-Audit Services	Amount (S\$)
Audit Services	207,205
Non-Audit Services	
- IPO related services	671,000
- Other	41,000

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 Internal Audit. Under these procedures, arrangements are in place for independent investigation of such matters raised and for appropriate follow-up action to be taken. The ARC is empowered to conduct or authorise investigations into any activity within its terms of reference, and obtain independent professional advice as it deems necessary. The ARC has full access to and co-operation from the Management and full discretion to invite any Director or executive officer to attend its meetings, and has adequate resources to enable it to discharge its functions properly.

In carrying out its duties, the ARC is guided by the Guidebook for Audit Committees in Singapore. The external auditors, Messrs KPMG LLP, had conducted a briefing on changes in financial reporting standards and updated the ARC members on recent developments in accounting and governance standards.

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

The Manager has an established risk assessment and management framework (the “Framework”) for OUE C-REIT, which has been approved by the Board. The Framework is used by the Manager to determine the nature and the extent of the significant risks in order to achieve strategic objectives. The 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 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 ARC, the Manager 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 in 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 CFO of the Manager that:

- (a) the financial records of OUE C-REIT have been properly maintained and the financial statements for the period ended 31 December 2014 give a true and fair view of OUE C-REIT’s operations and finances; and
- (b) the 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 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 2014 to address the material financial, operational, compliance and information technological risks faced by OUE C-REIT.

The Board notes that the 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’s Internal Audit Department (“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 are 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 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.

CORPORATE GOVERNANCE

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 Manager's CEO. The Manager's CEO, Chief Financial Officer and senior management are present at analysts' 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 66 to 67 of this Annual Report.

In addition, Unitholders will be 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 shall be 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 related to IPTs (as defined therein). The ARC and the Board review the IPTs on a quarterly basis. Any IPTs requiring disclosure are found in the Annual Report. Apart from the disclosures in OUE C-REIT's Prospectus, there were no IPTs during FY2014 which, pursuant to the Listing Manual, required immediate announcement or Unitholders' approval.

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 officers 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 public 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 annual results and (where applicable) property valuations; or
- (c) any time while in possession of price-sensitive information.

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

FINANCIAL STATEMENTS

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REPORT OF THE TRUSTEE

DBS Trustee Limited (the “Trustee”) is under a duty to take into custody and hold the assets of OUE Commercial Real Estate Investment Trust (the “Trust”) held by it or through its subsidiaries (collectively, the “Group”) in trust for the holders of units in the Trust. In accordance with the Securities and Futures Act, Chapter 289 of Singapore, its subsidiary legislation and the Code on Collective Investment Schemes, the Trustee shall monitor the activities of OUE Commercial REIT Management Pte. Ltd. (the “Manager”) for compliance with the limitations imposed on the investment and borrowing powers as set out in the trust deed dated 10 October 2013 (as amended) (the “Trust Deed”) between the Manager and the Trustee in each annual accounting period and report thereon to unitholders in an annual report.

To the best knowledge of the Trustee, the Manager has, in all material respects, managed the Trust and its subsidiaries during the period covered by these financial statements set out on pages 81 to 125, in accordance with the limitations imposed on the investment and borrowing powers set out in the Trust Deed.

**For and on behalf of the Trustee,
DBS Trustee Limited**

Jane Lim Puay Yuen
Director

Singapore
27 February 2015

REPORT OF THE MANAGER

In the opinion of the directors of OUE Commercial REIT Management Pte. Ltd. (the “Manager”), the manager of OUE Commercial Real Estate Investment Trust (the “Trust”), the accompanying financial statements set out on pages 81 to 125 comprising the Statements of Financial Position, Statements of Total Return, Distribution Statements, Statements of Movements in Unitholders’ Funds and Portfolio Statements of the Trust and its subsidiaries (the “Group”) and of the Trust, the Consolidated Statement of Cash Flows of the Group and Notes to the Financial Statements are drawn up so as to present fairly, in all material respects, the financial position of the Group and the Trust as at 31 December 2014, the total return, distributable income, movements in unitholders’ funds and cash flows of the Group and the total return, distributable income and movements in unitholders’ funds of the Trust for the period from 10 October 2013 (date of constitution) to 31 December 2014, in accordance with the recommendations of Statement of Recommended Accounting Practice 7 “Reporting Framework for Unit Trusts” issued by the Institute of Singapore Chartered Accountants and the provisions of the Trust Deed between DBS Trustee Limited and the Manager dated 10 October 2013 (as amended). At the date of this statement, there are reasonable grounds to believe that the Group and the Trust will be able to meet the respective financial obligations as and when they materialise.

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

Tan Shu Lin
Executive Director

Singapore
27 February 2015

INDEPENDENT AUDITORS' REPORT

Unitholders

OUE Commercial Real Estate Investment Trust

Report on the financial statements

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

Manager's responsibilities for the financial statements

OUE Commercial REIT Management Pte. Ltd., the Manager of the Trust (the "Manager"), is responsible for the preparation and fair presentation of these financial statements in accordance with the recommendations of Statement of Recommended Accounting Practice 7 "Reporting Framework for Unit Trusts" issued by the Institute of Singapore Chartered Accountants, and for such internal control as the Manager of the Trust determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Manager, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the consolidated financial statements of the Group and the financial statements of the Trust present fairly, in all material respects, the financial positions of the Group and the Trust as at 31 December 2014 and the total return, distributable income, movements in unitholders' funds of the Group and the Trust and the cash flows of the Group for the period then ended in accordance with the recommendations of Statement of Recommended Accounting Practice 7 "Reporting Framework for Unit Trusts" issued by the Institute of Singapore Chartered Accountants and the provisions of the Trust Deed.

KPMG LLP

*Public Accountants and
Chartered Accountants*

Singapore
27 February 2015

STATEMENTS OF FINANCIAL POSITION

AS AT 31 DECEMBER 2014

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

STATEMENTS OF TOTAL RETURN

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

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

DISTRIBUTION STATEMENTS

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

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

Note A – Net tax adjustments comprise:

Non-tax deductible/(chargeable) items:

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

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

STATEMENTS OF MOVEMENTS IN UNITHOLDERS' FUNDS

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

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

PORTFOLIO STATEMENTS

AS AT 31 DECEMBER 2014

Description of property	Leasehold tenure	Location	Existing use	Group	
				Carrying value at 31/12/2014	Percentage of total net assets at 31/12/2014
				\$'000	%
Singapore					
OUE Bayfront (and adjoining properties comprising OUE Tower and OUE Link)	OUE Bayfront and OUE Tower: 99-year lease from 12 November 2007	50 Collyer Quay, OUE Bayfront, Singapore 049321	Commercial	1,135,000	118
An integrated commercial development comprising an 18-storey office building, a conserved tower building and a retail link bridge at Collyer Quay, Singapore	OUE Link: 15-year lease from 26 March 2010	60 Collyer Quay, OUE Tower, Singapore 049322			
	Underpass: 99-year lease from 7 January 2002	62 Collyer Quay, OUE Link, Singapore 049325			
Shanghai					
Lippo Plaza	50-year land use right commencing from 2 July 1994	222 Huaihai Zhong Road, Huangpu District, Shanghai, PRC 200021	Commercial	495,612	52
A 36-storey commercial building with retail podium at Shanghai, China excluding (i) Unit 2 in Basement 1, (ii) the 12 th , 13 th , 15 th and 16 th floors and (iii) 4 car park lots					
Investment properties, at valuation				1,630,612	170
Other assets and liabilities (net)				(672,827)	(70)
Net assets				957,785	100

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

PORTFOLIO STATEMENTS

AS AT 31 DECEMBER 2014

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

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

CONSOLIDATED STATEMENT OF CASH FLOWS

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

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

CONSOLIDATED STATEMENT OF CASH FLOWS

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

Notes:

(A) Acquisition of subsidiaries, net of cash acquired

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

(B) Acquisition of investment property and intangible asset

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

(C) Significant non-cash transactions

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

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

NOTES TO THE FINANCIAL STATEMENTS

These notes form an integral part of the financial statements.

The financial statements were authorised for issue by the Manager and the Trustee on 27 February 2015.

1 GENERAL

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

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

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

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

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

(a) Manager's fees

The Manager is entitled to receive the following remuneration:

- (i) a base fee of 0.3% per annum (or such lower percentage as may be determined by the Manager in its absolute discretion) of the value of the Deposited Property (as defined in the Trust Deed);
- (ii) a performance fee of 25% per annum of the difference in DPU (as defined in the Trust Deed) in a financial year with the DPU in the preceding full financial year (calculated before accounting for the performance fee but after accounting for the base fee in each financial year) multiplied by the weighted average number of Units in issue for such financial year. The performance fee is payable if the DPU in any financial year exceeds the DPU in the preceding financial year, notwithstanding that the DPU in the financial year in which the performance fee is payable may be less than the DPU in the financial year prior to any preceding financial year;
- (iii) an acquisition fee of 0.75% of the acquisition price of an investment property for acquisitions from related parties and 1.0% of the acquisition price for all other cases;
- (iv) a divestment fee of 0.5% of the sale price of an investment property on all future disposals of properties; and
- (v) a development management fee of 3.0% of the total project costs incurred in a development project undertaken by the Manager on behalf of the Trust.

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

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

The acquisition, divestment and development management fees are payable in the form of Units and/or cash as the Manager may elect, and such proportion as may be determined by the Manager.

NOTES TO THE FINANCIAL STATEMENTS

1 GENERAL (CONT'D)

(b) Fees under the property management agreements

Pursuant to the property management agreement between the Trust and OUE Commercial Property Management Pte. Ltd. (the "Property Manager") in respect of OUE Bayfront, the following fees are payable:

- A property management fee of (a) 2% per annum of the gross revenue of the relevant property and (b) 2% of the gross revenue less property expenses ("Net Property Income") for the relevant property (calculated before accounting for the property management fee in that financial period); and
- A lease management fee of 0.5% of the Net Property Income for the relevant property (calculated before accounting for the property management fee in that financial period) in respect of lease management services.

The property and lease management fees are payable monthly in arrears.

The Property Manager is also entitled to a project management fee at a scale of between 1.35% to 3.0% of the construction cost or a fee to be mutually agreed in writing between the Manager, the Trustee and the Property Manager. During the financial period, no project management services were provided by the Property Manager. Where development management fees are payable to the Manager, there will not be any project management fees payable to the Property Manager and vice versa.

(c) Trustee's fee

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

2 BASIS OF PREPARATION

2.1 Statement of compliance

The financial statements have been prepared in accordance with the Statement of Recommended Accounting Practice ("RAP") 7 "Reporting Framework for Unit Trusts" issued by the Institute of Singapore Chartered Accountants, the applicable requirements of the Code on Collective Investment Schemes (the "CIS Code") issued by the Monetary Authority of Singapore (the "MAS") and the provisions of the Trust Deed. RAP 7 requires the accounting policies to generally comply with the recognition and measurement principles of Singapore Financial Reporting Standards ("FRS").

2.2 Basis of measurement

The financial statements have been prepared on the historical cost basis, except as described below.

2.3 Functional and presentation currency

The financial statements are presented in Singapore dollars, which is the functional currency of the Trust. All financial information presented in Singapore dollars has been rounded to the nearest thousand, unless otherwise stated.

NOTES TO THE FINANCIAL STATEMENTS

2 BASIS OF PREPARATION (CONT'D)

2.4 Use of estimates and judgments

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

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

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

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

Measurement of fair values

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

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

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

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

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

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

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

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

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

- Note 4 – investment properties; and
- Note 25 – financial instruments.

NOTES TO THE FINANCIAL STATEMENTS

3 SIGNIFICANT ACCOUNTING POLICIES

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

3.1 Basis of consolidation

Subsidiaries

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

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

Transactions eliminated on consolidation

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

Subsidiaries in the separate financial statements

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

3.2 Foreign currencies

Foreign currency transactions

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

Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated to the functional currency at the exchange rate at the date that the fair value was determined. Non-monetary items in a foreign currency that are measured in terms of historical cost are translated using the exchange rate at the date of the transaction. Foreign currency differences arising on retranslation are recognised in the statement of total return, except for differences arising from the retranslation of a financial liability designated as a hedge of the net investment in a foreign operation, or qualifying cash flow hedges, which are recognised in unitholders' funds.

NOTES TO THE FINANCIAL STATEMENTS

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.2 Foreign currencies (cont'd)

Foreign operations

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

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

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

3.3 Investment properties

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

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

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

Investment properties are not depreciated. The properties are subject to continued maintenance and regularly revalued on the basis set out above. For income tax purposes, the Group may claim capital allowances on assets that qualify as plant and machinery under the Income Tax Act.

3.4 Intangible asset

The intangible asset acquired by the Group is measured at cost less accumulated amortisation and accumulated impairment losses.

The intangible asset is amortised in the statement of total return on a straight-line basis over its estimated useful life of 5 years. The intangible asset is tested for impairment as described in Note 3.6.

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

NOTES TO THE FINANCIAL STATEMENTS

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.5 Financial instruments

Non-derivative financial assets

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

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

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

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

Loans and receivables

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

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

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and bank deposits.

Non-derivative financial liabilities

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

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.5 Financial instruments (cont'd)

Derivative financial instruments, including hedge accounting

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

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

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

Cash flow hedges

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

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

Other derivative financial instruments

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

NOTES TO THE FINANCIAL STATEMENTS

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.6 Impairment

Non-derivative financial assets

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

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

Loans and receivables

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

In assessing collective impairment, the Group uses historical trends of the probability of default, the timing of recoveries and the amount of loss incurred, adjusted for management's judgment as to whether current economic and credit conditions are such that the actual losses are likely to be greater or less than suggested by historical trends.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Losses are recognised in the statement of total return and reflected in an allowance account against loans and receivables. Interest on the impaired asset continues to be recognised. When the Group considers that there are no realistic prospects of recovery of the asset, the relevant amounts are written off. If the amount of impairment loss subsequently decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, then the previously recognised impairment loss is reversed through the statement of total return.

Non-financial assets

The carrying amounts of the Group's non-financial assets, other than investment properties, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. An impairment loss is recognised if the carrying amount of an asset or its related cash-generating unit (CGU) exceeds its estimated recoverable amount.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGUs.

An impairment loss is recognised if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses are recognised in the statement of total return.

Impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

NOTES TO THE FINANCIAL STATEMENTS

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.7 Unitholders' funds

Unitholders' funds are classified as equity.

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

3.8 Revenue recognition

Rental income

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

Service fee income

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

Car park income

Car park income consists of seasonal and hourly parking income. Seasonal parking income is recognised on a straight-line basis over the non-cancellable lease term. Hourly parking income is recognised on utilisation of car parking facilities.

Dividend income

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

3.9 Employee benefits

Short term employee benefits

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

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

Defined contribution plans

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

3.10 Finance income and finance costs

Finance income comprises interest income which is recognised as it accrues, using the effective interest method.

Finance costs comprise interest expense on borrowings, including amortisation of transaction costs incurred on the borrowings. Finance costs are recognised in the statement of total return using the effective interest method.

Foreign currency gains and losses are reported on a net basis as either finance income or finance costs depending on whether foreign currency movements are in a net gain or net loss position.

NOTES TO THE FINANCIAL STATEMENTS

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.11 Tax

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

Current tax is the expected tax payable or receivable on the taxable income or loss for the period, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous periods.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for the temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit, and temporary differences relating to investments in subsidiaries to the extent that the Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future.

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

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.11 Tax (cont'd)

Tax Transparency Ruling

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

- (i) Where the beneficial owners are Qualifying Unitholders, the Trustee and the Manager will make the distributions to such Unitholders without deducting any income tax; or
- (ii) Where the beneficial owners are Qualifying Foreign Non-Individual Unitholders, the Trustee and the Manager will deduct Singapore income tax at the reduced rate of 10% for distributions made up to 31 March 2020, unless the concession is extended.

A "Qualifying Unitholder" is a Unitholder who is:

- an individual;
- a company incorporated and tax resident in Singapore;
- a branch in Singapore of a company incorporated outside Singapore that has obtained IRAS' approval for distributions to be made by the Trust to it without deduction of tax; and
- a body of persons (excluding partnerships) incorporated or registered in Singapore, including:
 - (i) a charity registered under the Charities Act (Cap 37) or established by any written law;
 - (ii) a town council;
 - (iii) a statutory board;
 - (iv) a co-operative society registered under the Co-operative Societies Act (Cap 62); or
 - (v) a trade union registered under the Trade Unions Act (Cap 333).

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

- who does not have a permanent establishment in Singapore; or
- who carries on an operation in Singapore through a permanent establishment, where the funds used by that person to acquire units of the Trust are not obtained from that operation in Singapore.

The Tax Transparency Ruling does not apply to gains or profits from the disposal of any properties such as immovable properties and shares that are determined by the IRAS to be revenue gains chargeable to tax and income derived by the Trust but not distributed to the Unitholders in the same year in which the income is derived. Tax on such gains or profits will be subject to tax in accordance with Section 10(1)(a) of the Income Tax Act (Cap. 134) and collected from the Trustee. Distribution made out of the after-tax amount will not be subject to any further tax. Where the disposal gains are regarded as capital in nature, they will not be subject to tax and the Trustee and the Manager may distribute the capital gains without tax being deducted at source.

Foreign-Sourced Income Tax Exemption Ruling

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

NOTES TO THE FINANCIAL STATEMENTS

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.12 Segment reporting

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

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

3.13 New standards and interpretations not adopted

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning after 10 October 2013 (date of constitution), and have not been applied in preparing these financial statements. None of these are expected to have a significant effect on the financial statements of the Group. The Group does not plan to adopt these standards early.

4 INVESTMENT PROPERTIES

	Note	Group \$'000	Trust \$'000
At 10 October 2013		–	–
Acquisitions (including acquisition costs)	(i)	1,309,027	972,000
Capital expenditure capitalised		108	78
Fair value changes (unrealised) recognised in the statement of total return		316,585	162,922
Translation differences		4,892	–
At 31 December 2014		1,630,612	1,135,000

(i) This relates to the acquisition of OUE Bayfront (and adjoining properties comprising OUE Tower and OUE Link) and Lippo Plaza in January 2014.

As at 31 December 2014, the investment properties are pledged as security to secure bank loans (see Note 10).

NOTES TO THE FINANCIAL STATEMENTS

4 INVESTMENT PROPERTIES (CONT'D)

Measurement of fair value

(i) Fair value hierarchy

The investment properties are stated at fair value as at 31 December 2014 based on independent valuations undertaken by Colliers International Consultancy & Valuation (Singapore) Pte Ltd and Colliers International (Hong Kong) Limited who have appropriate recognised professional qualifications and recent experience in the location and category of the properties being valued. The fair values are based on market values, being the estimated amount for which a property could be exchanged on the date of the valuation between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion. The Group undertakes an independent valuation of its investment property portfolio annually.

The valuation methods used in determining the fair value involve certain estimates including those relating to discount rate, terminal yield and capitalisation rate. The specific risks inherent in each of the properties are taken into consideration in arriving at the valuations. In relying on the valuation reports, the Manager has exercised its judgment and is satisfied that the valuation methods and estimates used are reflective of the current market conditions.

The net change in fair value of the investment properties has been recognised in the statement of total return in accordance with the Group's accounting policies.

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

(ii) Level 3 fair value

Valuation techniques and significant unobservable inputs

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

Valuation techniques	Significant unobservable inputs	Inter-relationship between key unobservable inputs and fair value measurement
Discounted cash flow method	<ul style="list-style-type: none"> Expected market rental growth rate of 3.8% to 8.0% Terminal yield rate of 4.0% to 8.0% Risk-adjusted discount rate of 7.0% to 9.0% 	<p>The estimated fair value would increase/(decrease) if:</p> <ul style="list-style-type: none"> expected market rental growth rate was higher (lower); terminal yield rate was (lower) higher; risk-adjusted discount rate was lower (higher).
Investment method	<ul style="list-style-type: none"> Capitalisation rate of 3.8% to 6.0% 	<p>The estimated fair value would increase/(decrease) if the capitalisation rate was (lower) higher.</p>
Direct comparison method	<ul style="list-style-type: none"> Price per square feet (psf) of \$1,174 to \$2,819 	<p>The estimated fair value would increase/(decrease) if the price psf was higher (lower).</p>

NOTES TO THE FINANCIAL STATEMENTS

5 INTANGIBLE ASSET

	Group and Trust \$'000
Cost	
At 10 October 2013	–
Acquisition	33,000
At 31 December 2014	33,000
Amortisation and impairment loss	
At 10 October 2013	–
Amortisation for the period	6,139
Impairment loss	14,300
At 31 December 2014	20,439
Carrying amount	
At 10 October 2013	–
At 31 December 2014	12,561

Intangible asset represents the unamortised income support receivable by the Group and the Trust under the Deed of Income Support entered into with OUE Limited (“OUE”), a related corporation, in relation to OUE Bayfront.

Pursuant to the terms of the Deed of Income Support, OUE will provide income support on OUE Bayfront of up to \$12 million per annum, for 5 years from 27 January 2014. As at 31 December 2014, the Group and the Trust has drawn down \$7,863,000 under the Deed of Income Support.

Impairment test

During the year, as OUE Bayfront achieved higher than expected rental income, the Group and the Trust were entitled to lower income support than expected from OUE. As a result, the Group and the Trust carried out an impairment assessment of its intangible asset.

The recoverable amount of the intangible asset was based on its value in use and determined by discounting the estimated future cash flows to be derived under the Deed of Income Support over the balance period. The carrying amount was determined to be higher than its recoverable amount and an impairment loss of \$14,300,000 was recognised in the statement of total return.

The key assumptions used in the estimation of the recoverable amount are set out below.

	Group and Trust 2014
Average market rental growth rate	3.8% - 4.4%
Discount rate	7%

Following the impairment loss recognised, the recoverable amount is equal to the carrying amount. Therefore, any adverse movement in the key assumptions would lead to a further impairment.

NOTES TO THE FINANCIAL STATEMENTS

6 INVESTMENT IN SUBSIDIARIES

	Trust 2014 \$'000
Equity investment at cost	262,081

Details of the subsidiaries are as follow:

Name of subsidiaries	Country of incorporation	Principal activities	Ownership interest 2014 %
Direct subsidiary			
OUE Eastern Limited ⁽¹⁾	British Virgin Island	Investment holding	100
Indirect subsidiaries			
Tecwell Limited ⁽¹⁾	British Virgin Island	Investment holding	100
Lippo Realty (Shanghai) Limited ⁽²⁾	China	Property owner	100

⁽¹⁾ Not required to be audited under the laws of the country in which it is incorporated.

⁽²⁾ Audited by KPMG China (a member firm of KPMG International).

7 FINANCIAL DERIVATIVES

	Group 2014 \$'000	Trust 2014 \$'000
Non-current		
Derivative assets		
Interest rate swaps used for hedging	1,478	1,478
Derivative liabilities		
Interest rate swaps used for hedging	(973)	(973)
	505	505
Financial derivatives as a percentage of net assets	0.05%	0.06%

The Group uses interest rate swaps to manage its exposure to interest rate movements on its floating rate interest-bearing bank loans by swapping the interest expense of bank loans from floating rates to fixed rates.

As at 31 December 2014, the Group and the Trust have interest rate swap contracts with a total notional amount of \$520.0 million and tenors of between 2 years to 5 years, of which \$110.0 million relate to forward start interest rate swaps which will be effective in 2016. Under the contracts, the Group and the Trust pay fixed interest rates of 0.83% to 2.45% and receive interest at the three-month Singapore Dollar swap offer rate.

NOTES TO THE FINANCIAL STATEMENTS

7 FINANCIAL DERIVATIVES (CONT'D)

Master netting or similar agreements

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

The above ISDA agreements do not meet the criteria for offsetting in the statement of financial position. This is because they create a right of set-off of recognised amounts that is enforceable only following an event of default, insolvency or bankruptcy of the Group or the counterparties. In addition, the Group and its counterparties do not intend to settle on a net basis or to realise the assets and settle the liabilities simultaneously.

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

	Gross amounts of recognised financial instruments \$'000	Gross amounts of recognised financial instruments offset in the statement of financial position \$'000	Net amounts of financial instruments included in the statement of financial position \$'000	Related financial instruments that are not offset \$'000	Net amount \$'000
Group and Trust					
31 December 2014					
Derivatives assets					
Interest rate swaps used for hedging	1,478	–	1,478	(722)	756
Derivatives liabilities					
Interest rate swaps used for hedging	(973)	–	(973)	722	(251)

NOTES TO THE FINANCIAL STATEMENTS

8 TRADE AND OTHER RECEIVABLES

	Group 2014 \$'000	Trust 2014 \$'000
Trade receivables from:		
- the Manager	7	7
- other related parties	51	22
- third parties	173	134
	231	163
Other receivables from:		
- a subsidiary	-	1,971
- other related parties	4,256	4,244
- third parties	163	85
	4,419	6,300
Deposits	517	517
	5,167	6,980
Prepayments	28	23
	5,195	7,003

Included in other receivables from related parties of the Group and the Trust is income support receivable on OUE Bayfront of \$4,244,000 (see Note 5).

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

The ageing of trade receivables at the reporting date is:

	Gross	
	Group 2014 \$'000	Trust 2014 \$'000
Not past due	199	160
Past due 0 – 30 days	2	2
Past due 31 – 90 days	14	-
Past due 91 – 180 days	16	1
	231	163

Based on historical default rates, the Group believes that no impairment losses is necessary in respect of trade receivables as these receivables mainly arose from tenants that have a good track record with the Group and there are sufficient security deposits as collateral.

NOTES TO THE FINANCIAL STATEMENTS

9 CASH AND CASH EQUIVALENTS

	Group 2014 \$'000	Trust 2014 \$'000
Cash at bank	15,240	5,247
Fixed deposits with financial institutions	15,826	–
Cash and cash equivalents in the statement of financial position	31,066	5,247
Restricted cash	(2,330)	–
Cash and cash equivalents in the statement of cash flows	28,736	5,247

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

10 LOANS AND BORROWINGS

	Group 2014 \$'000	Trust 2014 \$'000
Secured bank loans	644,447	580,000
Less: Unamortised transaction costs	(11,549)	(10,879)
	632,898	569,121
Classified as:		
Current	168	–
Non-current	632,730	569,121
	632,898	569,121

The Group has put in place credit facilities on a secured basis, comprising:

- (i) term loan facilities (“TLF”) of \$580.0 million comprising (a) a five-year term loan facility of \$280.0 million and (b) a three-year term loan facility of \$300.0 million; and
- (ii) a three-year revolving credit facility (“RCF”) of \$100.0 million; and
- (iii) an onshore term loan facility (“Onshore Facility”) of RMB304.3 million, with a loan maturity of three years.

The TLF and RCF are secured on:

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

NOTES TO THE FINANCIAL STATEMENTS

10 LOANS AND BORROWINGS (CONT'D)

The Onshore Facility is secured on:

- first priority mortgages over the rights, title and interests of Lippo Realty (Shanghai) Limited (the “PRC Company”), a subsidiary, in Lippo Plaza;
- the account control over certain bank accounts of the PRC Company;
- an assignment of rights under the property management agreement, insurance policies save in respect of third party liability insurance, to the lender as first loss payee; and
- first priority pledge over the receivables of Lippo Plaza including all monetary rights, title, claims and interest, present and future, actual and contingent arising from any existing and future tenancy agreements with respect of any part of Lippo Plaza.

Terms and debt repayment schedule

Terms and conditions of outstanding borrowings are as follows:

	Nominal interest rate	Year of maturity	Group		Trust	
			Face value	Carrying amount	Face value	Carrying amount
			2014 \$'000	2014 \$'000	2014 \$'000	2014 \$'000
	%					
Bank loans						
- SGD	0.89 – 1.04	2017 – 2019	580,000	569,121	580,000	569,121
- Chinese Renminbi	6.77	2017	64,447	63,777	–	–
			644,447	632,898	580,000	569,121

11 TRADE AND OTHER PAYABLES

	Group 2014 \$'000	Trust 2014 \$'000
Current		
Trade payables	3,236	706
Other payables due to:		
- subsidiaries	–	1,777
- related parties	66	66
- third parties	910	864
Advance rental received	2,095	713
Accrued expenses	12,682	3,060
Interest payable	2,572	1,797
Rental deposits		
- related parties	145	–
- third parties	6,551	2,471
Other deposits	651	512
	28,908	11,966

NOTES TO THE FINANCIAL STATEMENTS

11 TRADE AND OTHER PAYABLES (CONT'D)

	Group 2014 \$'000	Trust 2014 \$'000
Non-current		
Rental deposits		
- related parties	1,753	1,711
- third parties	14,624	9,988
	16,377	11,699

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

Included in accrued expenses is property tax payable of \$5.8 million on a property relating to prior years. Where such amounts are not required to be paid, they will be refunded to the vendor of the property.

12 DEFERRED TAX LIABILITIES

Deferred tax liabilities are attributable to the following:

	Group 2014 \$'000	Trust 2014 \$'000
Investment properties	38,804	-
Plant and equipment	1,477	-
Other items	(66)	-
	40,215	-

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

	At 10 October 2013 \$'000	Recognised in statement of total return (Note 21) \$'000	Exchange differences \$'000	At 31 December 2014 \$'000
Deferred tax liabilities				
Investment properties	-	38,416	388	38,804
Plant and equipment	-	1,435	42	1,477
Other items	-	(65)	(1)	(66)
	-	39,786	429	40,215

NOTES TO THE FINANCIAL STATEMENTS

13 UNITS IN ISSUE AND TO BE ISSUED

	Group and Trust '000
Units in issue	
At 10 October 2013	*
Creation of Units:	
- initial public offering	433,000
- Units issued in partial satisfaction of the purchase consideration for an investment property acquired	433,000
- Manager's management fee paid in Units	4,197
At 31 December 2014	870,197
Units to be issued	
Manager's management fee payable in Units	2,233
Units in issue and to be issued	872,430

* Less than 1,000 units

During the financial period, the following Units were issued:

- 1 Unit was issued at \$1 per Unit on establishment of the Trust;
- 433,000,000 Units were issued at \$0.80 per Unit, amounting to \$346,400,000, during the Group's initial public offering exercise;
- 432,999,999 Units were issued at \$0.80 per Unit, amounting to \$346,399,999, as partial satisfaction of the purchase consideration for an investment property acquired; and
- 6,429,898 Units were or would be issued at \$0.79 to \$0.80 per Unit, amounting to \$5,130,000, as satisfaction of the Manager's management fees payable in units.

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

14 NET ASSET VALUE PER UNIT

	Note	Group 2014	Trust 2014
Net asset value per Unit is based on:			
- Net assets (\$'000)		957,785	829,611
- Total Units issued and to be issued at 31 December ('000)	13	872,430	872,430

15 GROSS REVENUE

	For the period from 10 October 2013 to 31 December 2014	
	Group \$'000	Trust \$'000
Rental income	62,733	39,274
Service fee income	5,747	5,747
Carpark income	1,688	1,414
Others	2,677	2,169
Less: Business and other taxes	(1,300)	-
	71,545	48,604

Under the terms of the lease agreements for the properties, the Group and the Trust are generally entitled to a fixed rent component and/or a variable rent component computed based on a certain percentage of the revenue. Included in rental income is variable rent of \$1,053,000 and \$120,000 recognised in the statement of total return for the Group and the Trust respectively.

Included in the gross revenue of the Group and the Trust are amounts derived from related parties of \$6,913,000 and \$6,673,000, respectively.

NOTES TO THE FINANCIAL STATEMENTS

16 PROPERTY OPERATING EXPENSES

	For the period from 10 October 2013 to 31 December 2014	
	Group \$'000	Trust \$'000
Property maintenance expenses	4,189	2,423
Property management fees	1,969	1,969
Property-related taxes	8,102	5,149
Insurance	125	74
Utilities	1,653	1,639
Centre management costs	1,227	–
Others	450	215
	17,715	11,469

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

	For the period from 10 October 2013 to 31 December 2014	
	Group \$'000	Trust \$'000
Centre management costs:		
Salaries, bonuses and other costs	1,157	–
Contributions to defined contribution plans	70	–
	1,227	–

17 OTHER INCOME

	Note	For the period from 10 October 2013 to 31 December 2014	
		Group \$'000	Trust \$'000
Income support on OUE Bayfront	5	7,863	7,863

NOTES TO THE FINANCIAL STATEMENTS

18 MANAGER'S MANAGEMENT FEES

	For the period from 10 October 2013 to 31 December 2014	
	Group and Trust	\$'000
Base fee		4,618
Performance fee		512
		<u>5,130</u>

The Manager's management fees comprise an aggregate of 6,429,898 Units, amounting to approximately \$5,130,000, that have been or will be issued to the Manager as satisfaction of the Manager's management fees payable in Units at unit prices ranging from \$0.79 to \$0.80 per Unit.

For financial period ended 31 December 2014, given there is no preceding financial year for the Group, for the purpose of computing the performance fee, the difference in DPU is the difference between the actual DPU and the forecast DPU based on the pro-rated profit forecast which is derived for the year ended 31 December 2014 as set out in the Trust's prospectus dated 17 January 2014.

19 OTHER EXPENSES

Included in other expenses are the following:

	For the period from 10 October 2013 to 31 December 2014	
	Group \$'000	Trust \$'000
Audit fees paid to:		
- Auditors of the Trust	164	164
- Other auditors	43	-
Non-audit fees paid to:		
- Auditors of the Trust	41	41
Valuation fees	53	20

NOTES TO THE FINANCIAL STATEMENTS

20 NET FINANCE COSTS

	For the period from 10 October 2013 to 31 December 2014	
	Group \$'000	Trust \$'000
Finance income		
Interest income	192	2
Net foreign exchange gain	176	–
	368	2
Finance costs		
Amortisation of debt-related transaction costs	(4,071)	(3,781)
Interest paid/payable to banks	(11,998)	(8,006)
Net foreign exchange loss	–	(4)
	(16,069)	(11,791)
Net finance costs	(15,701)	(11,789)

The above finance income and expenses include the following interest income and expense in respect of assets and liabilities not at fair value through profit or loss:

	For the period from 10 October 2013 to 31 December 2014	
	Group \$'000	Trust \$'000
Total interest income on financial assets	192	2
Total interest expense on financial liabilities	(13,297)	(9,015)
	(13,105)	(9,013)

NOTES TO THE FINANCIAL STATEMENTS

21 TAX EXPENSE

	For the period from 10 October 2013 to 31 December 2014	
	Group \$'000	Trust \$'000
Current tax expense		
Current period	1,825	–
Withholding tax	406	–
Deferred tax expense		
Origination and reversal of temporary differences	39,786	–
	42,017	–
Reconciliation of effective tax rate		
Total return for the period before tax	335,025	168,758
Tax calculated using Singapore tax rate of 17%	56,954	28,689
Effect of tax rates in foreign jurisdictions	13,264	–
Non-tax deductible items	5,162	5,080
Non-taxable items	(27,697)	(27,697)
Tax transparency (Note 3.11)	(6,072)	(6,072)
Withholding tax	406	–
	42,017	–

22 EARNINGS PER UNIT

Basic earnings per Unit is based on:

	Group 2014 \$'000	Trust 2014 \$'000
Total return for the period from 10 October 2013 to 31 December 2014	293,008	168,758

	Number of Units	
	Group 2014 '000	Trust 2014 '000
Weighted average number of Units:		
- issued during the period	868,163	868,163
- to be issued as payment of the Manager's management fees payable in Units	142	142
	868,305	868,305

Diluted earnings per Unit is the same as the basic earnings per Unit as there are no dilutive instruments in issue during the period.

NOTES TO THE FINANCIAL STATEMENTS

23 ISSUE COSTS

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

Included in issue costs are \$671,000 of fees paid to the auditors of the Group for services rendered in relation to the initial public offering of the Trust.

24 OPERATING SEGMENTS

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

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

Information about reportable segments

	Singapore \$'000	China \$'000	Others \$'000	Total \$'000
Group				
Period from 10 October 2013 to 31 December 2014				
Gross revenue	48,604	22,941	–	71,545
Property operating expenses	(11,469)	(6,246)	–	(17,715)
Reportable segment net property income	37,135	16,695	–	53,830
Other income	7,863	–	–	7,863
Depreciation and amortisation	(6,139)	(6)	–	(6,145)
Impairment loss on intangible asset	(14,300)	–	–	(14,300)
Finance income	2	174	192	368
Finance costs	(11,787)	(4,282)	–	(16,069)
Unallocated costs				(7,107)
Net income				18,440
Net change in fair value of investment properties	162,922	153,663	–	316,585
Tax expense	–	(42,017)	–	(42,017)
Total return for the period				<u>293,008</u>
31 December 2014				
Non-current assets ⁽¹⁾	1,147,561	495,663	–	1,643,224

⁽¹⁾ Excluding financial assets

NOTES TO THE FINANCIAL STATEMENTS

25 FINANCIAL RISK MANAGEMENT

Capital management

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

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

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

The Trust and its subsidiaries are subject to the aggregate leverage limit as defined in the Property Funds Appendix of the CIS Code issued by the MAS. The CIS Code stipulates that the total borrowings and deferred payments (together the "Aggregate Leverage") of a property fund should not exceed 35.0% of its Deposited Property except that the Aggregate Leverage of a property fund may exceed 35.0% of its Deposited Property (up to a maximum of 60.0%) if a credit rating of the property fund from Fitch Inc., Moody's or Standard and Poor's is obtained and disclosed to the public. The property fund should continue to maintain and disclose a credit rating so long as its Aggregate Leverage exceeds 35.0% of its Deposited Property.

The Aggregate Leverage of the Group as at 31 December 2014 was 38.3% of its Deposited Property. This complied with the Aggregate Leverage limit as described above.

The Trust has a corporate rating of Ba1 from Moody's.

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

Overview of risk management

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

The Audit and Risk Committee of the Manager assists the Manager's Board in reviewing the effectiveness of the Group's material internal controls, including those relating to financial, operational and compliance.

NOTES TO THE FINANCIAL STATEMENTS

25 FINANCIAL RISK MANAGEMENT (CONT'D)

Credit risk

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

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

The Group establishes an allowance for impairment, based on a specific loss component that relates to individually significant exposures, that represents its estimate of incurred losses in respect of trade and other receivables.

The allowance account in respect of trade and other receivables is used to record impairment losses unless the Group is satisfied that no recovery of the amount owing is possible. At that point, the financial asset is considered irrecoverable and the amount charged to the allowance account is written off against the carrying amount of the impaired financial asset.

Cash and fixed deposits are placed with financial institutions which are regulated. Investments and transactions involving derivative financial instruments are allowed only with counterparties who have sound credit ratings. As at the reporting date, the Group and the Trust have entered into interest rate swaps with a total nominal amount of \$520.0 million, of which \$110.0 million relate to forward start interest rate swaps which will be effective in 2016.

At 31 December 2014, there was no significant concentration of credit risk. The maximum exposure to credit risk is represented by the carrying value of each financial asset on the statement of financial position.

Liquidity risk

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

In addition, the Group maintains the following lines of credit:

- A total of \$580.0 million secured term loan facilities with banks. At the reporting date, these facilities were fully drawn down;
- \$100.0 million secured revolving credit facilities with banks. At the reporting date, the facility was not utilised;
- RMB304.3 million secured term loan facility with banks. At the reporting date, this facility was fully drawn down.

NOTES TO THE FINANCIAL STATEMENTS

25 FINANCIAL RISK MANAGEMENT (CONT'D)

Liquidity risk (cont'd)

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

	Carrying amount \$'000	Contractual cash flows \$'000	Cash flows		
			Within 1 year \$'000	Within 2 to 5 years \$'000	More than 5 years \$'000
Group					
2014					
Non-derivative financial liabilities					
Trade and other payables*	43,190	(43,190)	(26,813)	(12,031)	(4,346)
Loan and borrowings	632,898	(692,850)	(12,745)	(680,105)	–
	676,088	(736,040)	(39,558)	(692,136)	(4,346)
Derivative financial instruments					
Interest rate swaps used for hedging (net-settled)	(1,478)	1,644	(1,273)	2,917	–
Interest rate swaps used for hedging (net-settled)	973	(893)	(684)	(209)	–
	(505)	751	(1,957)	2,708	–
	675,583	(735,289)	(41,515)	(689,428)	(4,346)
Trust					
2014					
Non-derivative financial liabilities					
Trade and other payables*	22,952	(22,952)	(11,253)	(7,353)	(4,346)
Loan and borrowings	569,121	(619,697)	(8,330)	(611,367)	–
	592,073	(642,649)	(19,583)	(618,720)	(4,346)
Derivative financial instruments					
Interest rate swaps used for hedging (net-settled)	(1,478)	1,644	(1,273)	2,917	–
Interest rate swaps used for hedging (net-settled)	973	(893)	(684)	(209)	–
	(505)	751	(1,957)	2,708	–
	591,568	(641,898)	(21,540)	(616,012)	(4,346)

* Excluding advance rental received

The maturity analyses show the contractual undiscounted cash flows of the Group's and the Trust's financial liabilities on the basis of their earliest possible contractual maturity. Derivative financial instruments held are normally not closed out prior to contractual maturity. The disclosure shows net cash flow amounts for derivatives that are net cash-settled.

All the derivative financial instruments are designated as cash flow hedges. The table above reflects the periods in which the cash flows associated with cash flow hedges are expected to occur and to impact the total return.

NOTES TO THE FINANCIAL STATEMENTS

25 FINANCIAL RISK MANAGEMENT (CONT'D)

Market risk

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

Interest rate risk

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

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

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

	Nominal amount	
	Group 2014 \$'000	Trust 2014 \$'000
Fixed rate instruments		
Cash at bank	15,826	-
Interest rate swaps	(410,000)	(410,000)
	(394,174)	(410,000)
Variable rate instruments		
Loans and borrowings	(644,447)	(580,000)
Interest rate swaps	410,000	410,000
	(234,447)	(170,000)

NOTES TO THE FINANCIAL STATEMENTS

25 FINANCIAL RISK MANAGEMENT (CONT'D)

Interest rate risk (cont'd)

Fair value sensitivity analysis for fixed rate instruments

The Group does not account for any fixed rate financial assets and liabilities at fair value through total return. The Group does not designate interest rate swaps as hedging instruments under a fair value hedge accounting model. Therefore a change in interest rates at the reporting date would not affect total return.

Sensitivity analysis for variable instruments

For the variable rate instruments, a change of 10 basis points (bp) in interest rate at the reporting date would increase/ (decrease) total return and unitholders' funds (before any tax effects) by the amounts shown below. This analysis assumes that all other variables remain constant.

	Statement of Total Return		Unitholders' funds	
	10 bp increase \$'000	10 bp decrease \$'000	10 bp increase \$'000	10 bp decrease \$'000
Group				
2014				
Variable rate instruments				
Loans and borrowings	(651)	651	-	-
Interest rate swaps	410	(410)	(14)	(73)
	(241)	241	(14)	(73)
Trust				
2014				
Variable rate instruments				
Loans and borrowings	(580)	580	-	-
Interest rate swaps	410	(410)	(14)	(73)
	(170)	170	(14)	(73)

NOTES TO THE FINANCIAL STATEMENTS

25 FINANCIAL RISK MANAGEMENT (CONT'D)

Currency risk

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

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

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

	2014 HKD \$'000
Group	
Cash and cash equivalents	1,025

Sensitivity analysis

A 5% strengthening of the HKD against the Singapore dollar at the reporting date would have increased total return before tax by the amount shown below. There is no impact on Unitholders' funds. The analysis assumes that all other variables, in particular interest rates, remain constant.

	Increase in total return S\$'000
2014	
HKD (5% strengthening)	51

A 5% weakening of the HKD against the Singapore dollar at the reporting date would have the equal but opposite effect on the above currency to the amounts shown above, on the basis that all other variables remain constant.

NOTES TO THE FINANCIAL STATEMENTS

25 FINANCIAL RISK MANAGEMENT (CONT'D)

Fair values

Accounting classifications and fair values

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

	Note	Carrying amount			Fair value			
		Loans and receivables \$'000	Fair value – hedging instruments \$'000	Other financial liabilities \$'000	Total carrying amount \$'000	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000
Group								
2014								
Financial assets measured at fair value								
Financial derivatives	7	–	1,478	–	1,478	1,478		1,478
Financial assets not measured at fair value								
Trade and other receivables [^]	8	5,167	–	–	5,167			
Cash and cash equivalents	9	31,066	–	–	31,066			
		36,233	–	–	36,233			
Financial liabilities measured at fair value								
Financial derivatives	7	–	(973)	–	(973)	(973)		(973)
Financial liabilities not measured at fair value								
Loans and borrowings	10	–	–	(632,898)	(632,898)			
Trade and other payables [#]	11	–	–	(43,190)	(43,190)		(42,769)	(42,769)
		–	–	(676,088)	(676,088)			

[^] Excluding prepayments

[#] Excluding advance rental received

NOTES TO THE FINANCIAL STATEMENTS

25 FINANCIAL RISK MANAGEMENT (CONT'D)

Fair values (cont'd)

Accounting classifications and fair values (cont'd)

	Note	Carrying amount			Fair value			
		Loans and receivables \$'000	Fair value - hedging instruments \$'000	Other financial liabilities \$'000	Total carrying amount \$'000	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000
Trust								
2014								
Financial assets measured at fair value								
Financial derivatives	7	-	1,478	-	1,478	1,478		1,478
Financial assets not measured at fair value								
Trade and other receivables ^	8	6,980	-	-	6,980			
Cash and cash equivalents	9	5,247	-	-	5,247			
		12,227	-	-	12,227			
Financial liabilities measured at fair value								
Financial derivatives	7	-	(973)	-	(973)	(973)		(973)
Financial liabilities not measured at fair value								
Loans and borrowings	10	-	-	(569,121)	(569,121)			
Trade and other payables #	11	-	-	(22,952)	(22,952)		(22,835)	(22,835)
		-	-	(592,073)	(592,073)			

^ Excluding prepayments

Excluding advance rental received

NOTES TO THE FINANCIAL STATEMENTS

25 FINANCIAL RISK MANAGEMENT (CONT'D)

Fair values (cont'd)

Measurement of fair values

Valuation techniques and significant unobservable inputs

The following tables show the valuation techniques used in measuring Level 2 and Level 3 fair values, as well as the significant unobservable inputs used.

Financial instruments measured at fair value

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

Financial instruments not measured at fair value

Type	Valuation technique	Significant unobservable input
Group and Trust		
Trade and other payables	<i>Discounted cash flows</i>	• Discount rate (0.94% - 6.77%)

26 COMMITMENTS

Operating lease rental receivable

Non-cancellable operating lease rentals are receivable as follows:

	Group 2014 \$'000	Trust 2014 \$'000
Within 1 year	69,379	46,178
After 1 year but within 5 years	159,174	124,715
After 5 years	27,883	27,883
	256,436	198,776

The above operating lease receivables are based on the fixed component of the rent receivable under the lease agreements, adjusted for increases in rent where such increases have been provided for under the lease agreements.

NOTES TO THE FINANCIAL STATEMENTS

27 RELATED PARTY TRANSACTIONS

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

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

	For the period from 10 October 2013 to 31 December 2014	
	Group \$'000	Trust \$'000
Acquisition of investment property and intangible asset from a related party	1,005,000	1,005,000
Acquisition of subsidiaries from a related party	143,500	143,500
Settlement of liabilities by related parties of the Manager on behalf of the Group and the Trust	2,100	2,100

28 FINANCIAL RATIOS

	Group 2014 %	Trust 2014 %
Expenses to weighted average net assets ¹		
- including performance component of the Manager's fees	0.77	0.85
- excluding performance component of the Manager's fees	0.72	0.79
Portfolio turnover rate ²	–	–

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

² The annualised ratio is computed based on the lesser of purchases or sales of underlying investment properties of the Group and the Trust expressed as a percentage of daily average net asset value.

29 COMPARATIVE INFORMATION

No comparative figures have been presented as this is the first set of financial statements prepared for the Trust since the date of constitution.

INTERESTED PERSON AND INTERESTED PARTY TRANSACTIONS

	Aggregate value of all interested person/party transactions during the financial period under review (excluding transactions less than S\$100,000) S\$'000
OUE Limited & its subsidiaries	
Gross rental income	22,286
Carpark income	189
Utilities	137
Manager's management fee ¹	5,130
Property management fee ¹	1,969
DBS Trustee Limited	
Trustee's fee ¹	345
International Realty (Singapore) Pte. Limited (formerly known as Lippo Realty (Singapore) Pte Limited)	
Gross rental income	2,063
Termination of lease ²	1,834
Related Corporations of PT Lippo Karawaci Tbk	
Gross rental income	2,507
One Realty Pte Limited	
Gross rental income ²	1,834

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

Saved as disclosed above, during the financial period under review, there were no additional interested person/party transactions (excluding transactions less than S\$100,000 each) nor 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 transactions.

¹ As set out in OUE C-REIT's Prospectus dated 17 January 2014 (the "Prospectus"), 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 Management Agreement and the Individual Property Management Agreements (each as defined in the Prospectus) are not subject to Rule 905 and Rule 906 of the Listing Manual. Such payments are not to be included in the aggregate value of total related party transactions as governed by Rules 905 and 906 of the Listing Manual insofar, in respect of each such agreement, there are no subsequent change to the rates and/or bases of the fees charged thereunder which will adversely affect OUE C-REIT.

Income support arrangements of approximately S\$7.8 million pursuant to the Deed of Income Support (as defined in the Prospectus) and lease agreements with interested persons of approximately S\$9.3 million as disclosed in the Prospectus have been excluded from the table above as they are deemed to have been specifically approved by the Unitholders upon purchase of 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.

² The lease agreement entered into with International Realty (Singapore) Pte. Limited was pre-terminated during the financial period under review and a new lease was entered into with One Realty Pte Ltd.

As disclosed in the Prospectus, the Manager has elected to receive 100.0% of its management fees in the form of Units for the financial period from Listing Date of 27 January 2014 to 31 December 2014.

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 Listing Date of 27 January 2014 to 31 December 2014.

For Period	Issue Date	Units issued	*Issue Price (S\$)
27 January 2014 to 31 March 2014	14 May 2014	1,105,242	0.7938
1 April 2014 to 30 June 2014	4 August 2014	1,527,601	0.7994
1 July 2014 to 30 September 2014	5 November 2014	1,564,000	0.7982
1 October 2014 to 31 December 2014	29 January 2015	2,233,055	0.7983

* 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 3 MARCH 2015

ISSUED AND FULLY PAID UNITS

872,429,898 Units (voting rights: 1 vote per Unit) in issue. There is only 1 class of units in OUE C-REIT.
Market capitalisation of S\$702,306,067.89 based on the market closing Unit price of S\$0.805 on 3 March 2015.

DISTRIBUTION OF UNITHOLDINGS

Size of Unitholdings	Number of Unitholders	%	Number of Units	%
1 - 99	2	0.03	11	0.00
100 - 1,000	455	6.05	449,256	0.05
1,001 - 10,000	5,133	68.30	23,939,468	2.75
10,001 - 1,000,000	1,911	25.43	123,824,614	14.19
1,000,001 and above	14	0.19	724,216,549	83.01
TOTAL	7,515	100.00	872,429,898	100.00

TWENTY LARGEST UNITHOLDERS

No.	Name of Unitholder	Number of Units	%
1.	CITIBANK NOMINEES SINGAPORE PTE. LTD.	488,611,100	56.01
2.	RAFFLES NOMINEES (PTE) LIMITED	143,770,550	16.48
3.	OCBC SECURITIES PRIVATE LIMITED	29,283,000	3.36
4.	BANK OF SINGAPORE NOMINEES PTE. LTD.	23,652,000	2.71
5.	DBS NOMINEES (PRIVATE) LIMITED	16,431,600	1.88
6.	OUE COMMERCIAL REIT MANAGEMENT PTE. LTD.	6,429,898	0.74
7.	HSBC (SINGAPORE) NOMINEES PTE LTD	3,528,000	0.40
8.	UNITED OVERSEAS BANK NOMINEES (PRIVATE) LIMITED	3,067,800	0.35
9.	PHILLIP SECURITIES PTE LTD	2,395,800	0.27
10.	THIO GIM HOCK	2,000,000	0.23
11.	SAY KIN HENG	1,500,000	0.17
12.	CIMB SECURITIES (SINGAPORE) PTE. LTD.	1,430,501	0.16
13.	KGI FRASER SECURITIES PTE. LTD.	1,111,200	0.13
14.	OCBC NOMINEES SINGAPORE PRIVATE LIMITED	1,005,100	0.12
15.	GOH YEO HWA	1,000,000	0.11
16.	QUEK SIN KONG	1,000,000	0.11
17.	CHAN TUCK SING	950,000	0.11
18.	ABN AMRO NOMINEES SINGAPORE PTE LTD	905,000	0.10
19.	LEE FUI JOON @ LEE PUI JOON	849,800	0.10
20.	JACK INVESTMENT PTE LTD	800,000	0.09
TOTAL		729,721,349	83.63

DIRECTORS' INTERESTS IN UNITS AS AT 21 JANUARY 2015

Directors	Direct Interest	%	Deemed Interest	%
Tan Shu Lin	250,000	0.03	-	-
Ng Lak Chuan	250,000	0.03	-	-
Loh Lian Huat	100,000	0.01	150,000	0.02
Christopher James Williams	-	-	125,000	0.01

There were no changes in any of the abovementioned interest in OUE C-REIT between the end of the financial period and 21 January 2015.

STATISTICS OF UNITHOLDINGS

AS AT 3 MARCH 2015

SUBSTANTIAL UNITHOLDERS' INTERESTS

Name of Substantial Unitholder	Direct Interest		Deemed Interest		Total No. of Units held	
	No. of Units held	%	No. of Units held	%		%
Clifford Development Pte. Ltd. ("Clifford")	414,006,000	47.45	-	-	414,006,000	47.45
OUE Limited	-	-	420,435,898 ⁽¹⁾	48.19 ⁽²³⁾	420,435,898	48.19 ⁽²³⁾
OUE Realty Pte. Ltd. ("OUER")	-	-	420,435,898 ⁽²⁾	48.19 ⁽²³⁾	420,435,898	48.19 ⁽²³⁾
Golden Concord Asia Limited ("GCAL")	-	-	420,435,898 ⁽³⁾	48.19 ⁽²³⁾	420,435,898	48.19 ⁽²¹⁾
Fortune Code Limited ("FCL")	-	-	420,435,898 ⁽⁴⁾	48.19 ⁽²³⁾	420,435,898	48.19 ⁽²³⁾
Lippo ASM Asia Property Limited ("LAAPL")	-	-	420,435,898 ⁽⁵⁾	48.19 ⁽²³⁾	420,435,898	48.19 ⁽²³⁾
Pacific Landmark Holdings Limited ("Pacific Landmark")	-	-	420,435,898 ⁽⁶⁾	48.19 ⁽²³⁾	420,435,898	48.19 ⁽²³⁾
HKC Property Investment Holdings Limited ("HKC Property")	-	-	420,435,898 ⁽⁷⁾	48.19 ⁽²³⁾	420,435,898	48.19 ⁽²³⁾
Hongkong Chinese Limited ("HCL")	-	-	426,905,898 ⁽⁸⁾	48.93 ⁽²³⁾	426,905,898	48.93 ⁽²³⁾
Hennessy Holdings Limited ("HHL")	-	-	426,905,898 ⁽⁹⁾	48.93 ⁽²³⁾	426,905,898	48.93 ⁽²³⁾
Prime Success Limited ("PSL")	-	-	426,905,898 ⁽¹⁰⁾	48.93 ⁽²³⁾	426,905,898	48.93 ⁽²³⁾
Lippo Limited ("LL")	-	-	426,905,898 ⁽¹¹⁾	48.93 ⁽²³⁾	426,905,898	48.93 ⁽²³⁾
Lippo Capital Limited ("LCL")	-	-	426,905,898 ⁽¹²⁾	48.93 ⁽²³⁾	426,905,898	48.93 ⁽²³⁾
Lanius Limited ("Lanius")	-	-	426,905,898 ⁽¹³⁾	48.93 ⁽²³⁾	426,905,898	48.93 ⁽²³⁾
Admiralty Station Management Limited ("Admiralty")	-	-	420,435,898 ⁽¹⁴⁾	48.19 ⁽²³⁾	420,435,898	48.19 ⁽²³⁾
ASM Asia Recovery (Master) Fund ("AARMF")	-	-	420,435,898 ⁽¹⁵⁾	48.19 ⁽²³⁾	420,435,898	48.19 ⁽²³⁾
ASM Asia Recovery Fund ("AARF")	-	-	420,435,898 ⁽¹⁶⁾	48.19 ⁽²³⁾	420,435,898	48.19 ⁽²³⁾
Argyle Street Management Limited ("ASML")	-	-	420,435,898 ⁽¹⁷⁾	48.19 ⁽²³⁾	420,435,898	48.19 ⁽²³⁾
Argyle Street Management Holdings Limited ("ASMHL")	-	-	420,435,898 ⁽¹⁸⁾	48.19 ⁽²³⁾	420,435,898	48.19 ⁽²³⁾
Kin Chan ("KC")	-	-	420,435,898 ⁽¹⁹⁾	48.19 ⁽²³⁾	420,435,898	48.19 ⁽²³⁾
V-Nee Yeh ("VY")	-	-	420,435,898 ⁽²⁰⁾	48.19 ⁽²³⁾	420,435,898	48.19 ⁽²³⁾
Wealthy Fountain Holdings Inc ("Wealthy Fountain")	126,700,000	14.52	-	-	126,700,000	14.52 ⁽²³⁾
Shanghai Summit Pte. Ltd. ("SSPL")	-	-	126,700,000 ⁽²¹⁾	14.52 ⁽²³⁾	126,700,000	14.52 ⁽²³⁾
Tong Jinquan	13,400,000	1.53	126,700,000 ⁽²²⁾	14.52 ⁽²³⁾	140,100,000	16.06 ⁽²³⁾

STATISTICS OF UNITHOLDINGS

AS AT 3 MARCH 2015

Notes:

- (1) OUE Limited is the holding company of the Manager and Clifford, and has a deemed interest in the Units held by the Manager and Clifford.
- (2) OUER is the immediate holding company of OUE Limited and has a deemed interest in the Units in which OUE Limited has a deemed interest.
- (3) GCAL has a deemed interest in the Units through the deemed interests of its wholly-owned subsidiary, OUER.
- (4) FCL has a deemed interest in the Units through the deemed interests of its wholly-owned subsidiary, GCAL.
- (5) LAAPL is deemed to have an interest in the Units in which its subsidiary, FCL, has a deemed interest.
- (6) LAAPL is jointly held by Pacific Landmark and Admiralty. Accordingly, Pacific Landmark is deemed to have an interest in the Units in which LAAPL has a deemed interest.
- (7) HKC Property is the immediate holding company of Pacific Landmark. Accordingly, HKC Property is deemed to have an interest in the Units in which Pacific Landmark has a deemed interest.
- (8) HCL is an intermediate holding company of Pacific Landmark. Accordingly, HCL is deemed to have an interest in the Units in which Pacific Landmark has a deemed interest, as well as a deemed interest in 6,470,000 Units held by Wonder Plan Holdings Limited, a wholly-owned subsidiary of HCL.
- (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, as well as a deemed interest in 6,470,000 Units in which HCL 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, as well as a deemed interest in 6,470,000 Units in which HCL has a deemed interest.
- (11) LL is an intermediate holding company of Pacific Landmark. Accordingly, LL is deemed to have an interest in the Units in which Pacific Landmark has a deemed interest, as well as a deemed interest in 6,470,000 Units in which HCL has a deemed interest.
- (12) LCL is a holding company of Pacific Landmark. Accordingly, LCL is deemed to have an interest in the Units in which Pacific Landmark has a deemed interest, as well as a deemed interest in 6,470,000 Units in which HCL has a deemed interest.
- (13) Lanius is the holder of the entire issued shares capital of LCL, which in turn is a holding company of Pacific Landmark. Accordingly, Lanius is deemed to have an interest in the Units in which Pacific Landmark has a deemed interest, as well as a deemed interest in 6,470,000 Units in which HCL has a deemed interest. Lanius is the trustee of a discretionary trust the beneficiaries of which include Stephen Riady and other members of his family.
- (14) LAAPL is jointly held by Pacific Landmark and Admiralty. Accordingly, Admiralty is deemed to have an interest in the Units in which LAAPL has a deemed interest.
- (15) AARMF is a majority shareholder of Admiralty. Accordingly, AARMF is deemed to have an interest in the Units in which Admiralty has a deemed interest.
- (16) AARF is a majority shareholder of AARMF. Accordingly, AARF is deemed to have an interest in the Units in which AARMF has a deemed interest.
- (17) ASML manages AARF. Accordingly, ASML is deemed to have an interest in the Units in which AARF has a deemed interest.
- (18) ASMHL is the immediate holding company of ASML. Accordingly, ASMHL is deemed to have an interest in the Units in which ASML has a deemed interest.
- (19) KC is the beneficial holder of more than 20% of the issued share capital of ASMHL. Accordingly, KC is deemed to have an interest in the Units in which ASMHL has a deemed interest.
- (20) VY is the beneficial holder of more than 20% of the issued share capital of ASMHL. Accordingly, VY is deemed to have an interest in the Units in which ASMHL has a deemed interest.
- (21) SSPL has a deemed interest in the Units through the direct and deemed interests of its wholly-owned subsidiary, Wealthy Fountain.
- (22) Tong Jinquan is the sole shareholder of SSPL. Accordingly, Tong Jinquan is deemed to have an interest in the Units in which SSPL has a deemed interest.
- (23) The unitholding percentage is calculated based on 872,429,898 issued Units as at 3 March 2015.

PUBLIC FLOAT

Rule 723 of the Listing Manual of the 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 3 March 2015, approximately 34.92% 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 on Wednesday, 29 April 2015 at 10:00 a.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 period from 10 October 2013 (date of constitution of OUE C-REIT) to 31 December 2014, together with the Independent Auditors’ Report thereon.

(Ordinary Resolution 2)

2. To re-appoint Messrs KPMG LLP as Independent Auditors of OUE C-REIT and to hold office until the conclusion of the next Annual General Meeting of Unitholders and to authorise the Manager to fix their remuneration.

(B) AS SPECIAL BUSINESS

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

(Ordinary Resolution 3)

3. That authority be and is hereby given to the Manager, to
 - (a) (i) issue new units in OUE C-REIT (“Units”) whether by way of rights, bonus or otherwise; and/or
 - (ii) make or grant offers, agreements or options (collectively, “Instruments”) that might or would require Units to be issued, including but not limited to the creation and issue of (as well as adjustments to) securities, warrants, debentures or other instruments convertible into Units,

at any time and upon such terms and conditions and for such purposes and to such persons as the Manager may in their absolute discretion deem fit; and

 - (b) issue Units in pursuant of any Instrument made or granted by the Manager while this Resolution was in force (notwithstanding that the authority conferred by this Resolution may have ceased to be in force).

Provided that:

- (1) the aggregate number of Units to be issued pursuant to this Resolution (including Units to be issued in pursuant of Instruments made or granted pursuant to this Resolution), shall not exceed fifty per cent (50%) of the total number of issued Units (excluding treasury Units, if any) (as calculated in accordance with sub-paragraph (2) below, of which the aggregate number of Units to be issued other than on a pro rata basis to Unitholders shall not exceed twenty per cent (20%) of the total number of issued Units (excluding treasury Units, if any) (as calculated in accordance with sub-paragraph (2) below).

NOTICE OF ANNUAL GENERAL MEETING

- (2) subject to such manner of calculation as may be prescribed by Singapore Exchange Securities Trading Limited (the "SGX-ST") for the purpose of determining the aggregate number of Units that may be issued under sub-paragraph (1) above, the total number of issued Units (excluding treasury Units, if any) shall be based on the number of issued Units (excluding treasury Units, if any) at the time this Resolution is passed, after adjusting for:
 - (a) any new Units arising from the conversion or exercise of any Instruments which are outstanding at the time this Resolution is passed; and
 - (b) any subsequent bonus issue, consolidation or subdivision of Units;
- (3) in exercising the authority conferred by this Resolution, the Manager shall comply with the provisions of the Listing Manual of SGX-ST for the time being in force (unless such compliance has been waived by 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 Annual General Meeting of Unitholders or (ii) the date by which the next Annual General Meeting of Unitholders is required by law 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 are issued; and
- (6) the Manager and the Trustee be and are hereby severally authorised to complete and do all such acts and things (including executing all such documents as may be required) as the Manager or the Trustee may consider expedient or necessary or in the interest of OUE C-REIT to give effect to the authority conferred by this Resolution.

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)

30 March 2015

NOTICE OF ANNUAL GENERAL MEETING

Important Notice:

1. A Unitholder of OUE C-REIT entitled to attend and vote at the Annual General Meeting 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 two proxies 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. 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 Annual General Meeting.

Explanatory notes on Ordinary Resolution 3:

The Ordinary Resolution 3 above, if passed, will empower the Manager from the date of this Annual General Meeting until the date of the next Annual General Meeting of Unitholders, to issue Units and to make or grant Instruments (such as securities, warrants or debentures) convertible into Units and issue Units pursuant to such Instruments, up to a number not exceeding 50% of the total number of issued Units (excluding treasury Units, if any) of which up to 20% of the total number of issued Units (excluding treasury Units, if any) may be issued other than on a pro rata basis to Unitholders.

The Ordinary Resolution 3 above, if passed, will also empower the Manager from the date of this Annual General Meeting until the date of the next Annual General Meeting of Unitholders, to issue Units as either full or partial payment of fees which the Manager is entitled to receive for its own account pursuant to the Trust Deed.

For determining the aggregate number of Units that may be issued, the percentage of issued Units will be calculated based on the issued Units at the time the Ordinary Resolution 3 above is passed, after adjusting for new Units arising from the conversion or exercise of any Instruments which are outstanding at the time this Resolution is passed and any subsequent bonus issue, consolidation or subdivision of Units.

Fund-raising by issuance of new Units may be required in instances of property acquisitions or debt repayments. In any event, if the approval of Unitholders is required under the Listing Manual of 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.

Personal data privacy:

By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the AGM and/or any adjournment thereof, a Unitholder (i) consents to the collection, use and disclosure of the Unitholder's personal data by the Manager and the Trustee (or their agents) for the purpose of the processing and administration by the Manager and the Trustee (or their agents) of proxies and representatives appointed for the AGM (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the AGM (including any adjournment thereof), and in order for the Manager and the Trustee (or their agents) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "Purposes"), (ii) warrants that where the Unitholder discloses the personal data of the Unitholder's proxy(ies) and/or representative(s) to the Manager and the Trustee (or their agents), the Unitholder has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Manager and the Trustee (or their agents) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (iii) agrees that the Unitholder will indemnify the Manager and the Trustee in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the Unitholder's breach of warranty.

**OUE COMMERCIAL
REAL ESTATE INVESTMENT TRUST**
(Constituted on 10 October 2013 under the laws
of the Republic of Singapore)

PROXY FORM

FIRST ANNUAL GENERAL MEETING

IMPORTANT:

- For investors who have used their CPF monies to buy units in OUE Commercial Real Estate Investment Trust, the Annual Report is forwarded to them at the request of their CPF Approved Nominees and is sent solely FOR INFORMATION ONLY.
- This Proxy Form is not valid for use by CPF Investors and shall be ineffective for all intents and purposes if used or purported to be used by them.
- CPF Investors who wish to attend the Annual General Meeting as an observer must submit their requests through their CPF Approved Nominees within the time frame specified. If they also wish to vote, they must submit their voting instructions to the CPF Approved Nominees within the time frame specified to enable them to vote on their behalf.

Personal data privacy

By submitting an instrument appointing a proxy(ies) and/or representative(s), the member accepts and agrees to the personal data privacy terms set out in the Notice of Annual General Meeting dated 30 March 2015.

I/We _____
_____ (Name(s) and NRIC No. / Passport No. / Company Registration No.)

of _____

being a unitholder/unitholders of OUE COMMERCIAL REAL ESTATE INVESTMENT TRUST ("OUE C-REIT"), hereby appoint:

Name	Address	NRIC/ Passport No.	Proportion of Unitholdings	
			No. of Units	%

and/or (delete as appropriate)

Name	Address	NRIC/ Passport No.	Proportion of Unitholdings	
			No. of Units	%

or, both of whom failing, the Chairman of the First Annual General Meeting, as my/our proxy/proxies to attend and to vote for me/us on my/our behalf and, if necessary, to demand a poll at the First Annual General Meeting of OUE C-REIT to be held at Mandarin Orchard Singapore, Mandarin Ballroom I, II and III, 6th Floor, Main Tower, 333 Orchard Road, Singapore 238867, on Wednesday, 29 April 2015 at 10:00 a.m. and at any adjournment thereof.

I/We direct my/our proxy/proxies to vote for or against the resolution to be proposed at the First Annual General Meeting as indicated hereunder. If no specific direction as to voting is given, the proxy/proxies will vote or abstain from voting at his/her discretion.

No.	Ordinary Resolutions	To be used on a show of hands		To be used in the event of a poll	
		For*	Against*	No. of Votes For**	No. of Votes Against**
ORDINARY BUSINESS					
1.	To receive and adopt the Trustee's Report, the Manager's Report, the Audited Financial Statements of OUE C-REIT for the financial period from 10 October 2013 (date of constitution of OUE C-REIT) to 31 December 2014 and the Independent Auditors' Report thereon.				
2.	To re-appoint KPMG LLP as Independent Auditors of OUE C-REIT and authorise the Manager to fix the Independent Auditors' remuneration.				
SPECIAL BUSINESS					
3.	To authorise the Manager to issue Units and to make or grant convertible instruments.				

* If you wish to exercise all your votes "For" or "Against", please tick (X) within the box provided.

** If you wish to exercise all your votes "For" or "Against", please tick (X) within the box provided. Alternatively, please indicate the number of votes as appropriate.

Dated this _____ day of _____ 2015

Signature(s) of Unitholder(s) or
Common Seal of Corporate Unitholder

Total No. of Units held

IMPORTANT: Please read notes on the reverse



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 two proxies 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.
3. A proxy need not be a Unitholder.
4. The instrument appointing a proxy or proxies (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 later than Monday, 27 April 2014 at 10.00 a.m. being 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.
10. At any meeting, a resolution put to the vote of the meeting shall be decided on a show of hands unless a poll is (before or on the declaration of the result of the show of hands) demanded by the Chairman or by five or more Unitholders present in person or by proxy, or by one or more Unitholders present in person or by proxy holding or representing not less than one-tenth in value of the Units represented at the meeting. Unless a poll is so demanded, a declaration by the Chairman that such a resolution has been carried or carried unanimously or by a particular majority or lost shall be conclusive evidence of the fact without proof of the number or proportion of the votes recorded in favour of or against such resolution.
11. On a show of hands, every Unitholder who (being an individual) is present in person or by proxy or (being a corporation) is present by one of its officers as its proxy shall have one vote. On a poll, every Unitholder who is present in person or by proxy shall have one vote for every Unit of which he/she is the Unitholder. There shall be no division of votes between a Unitholder who is present in person and voting at the AGM and his/her proxy(ies). A person entitled to more than one vote need not use all his/her votes or cast them the same way.

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